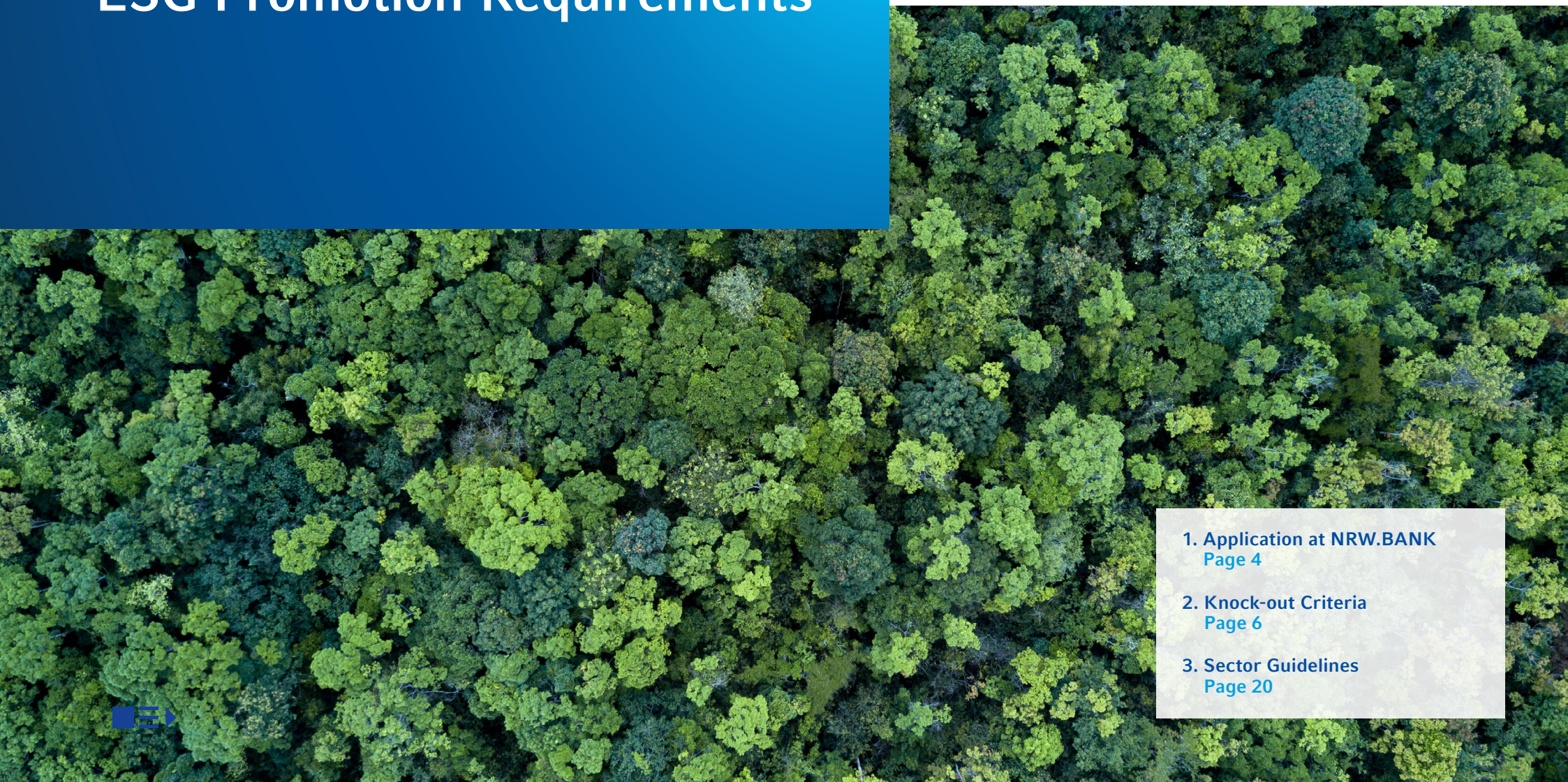
NRW.BANK
Promoting Ideas

January 2026

ESG Promotion Requirements



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Introduction and Systematics

NRW.BANK's Sustainability Strategy sets out conditions and knock-out criteria for promotional funding. These are summarised in the ESG (Environmental, Social and Governance) Promotion Requirements and replace the definitions from NRW.BANK's previous Sustainability Guidelines.

This document is aimed in particular at the beneficiaries of NRW.BANK's promotional programmes, the house banks cooperating with NRW.BANK and all other interested stakeholders of the Bank.

The knock-out criteria set out in this document and the Sector Guidelines introduced in February 2025 ensure that the sustainability aspects relevant to NRW.BANK as well as compatibility with the Paris climate goals are taken into account adequately and transparently in the Bank's promotional offerings. The ESG Promotion Requirements are regularly reviewed and successively refined and updated.

As an accompanying document of NRW.BANK's Sustainability Strategy, the ESG Promotion Requirements were adopted by NRW.BANK's Managing Board on December 2, 2025, and implemented in NRW.BANK's rules and regulations and overall strategy with effect from January 1, 2026.

1. Application at NRW.BANK

1.1 Motivation

NRW.BANK expressly recognises its responsibility as the promotional bank for North Rhine-Westphalia acting in accordance with the principle of sustainability. NRW.BANK strives to improve environmental, social and economic living conditions as well as to support the transformation towards sustainable and future-proof economic structures, in particular through its promotional business. By extending its promotional loans for a specific purpose, NRW.BANK pursues positive sustainability goals (e.g. energy transition, efficient use of resources, promotion of rental housing, preservation of historical monuments, sports promotion and promotion of social infrastructure).

The ESG Promotion Requirements specified in this document are also anchored in the programme conditions.

In addition to promoting environmental and social measures, the Bank is committed to a preventive approach in order to reduce business activities that pollute the environment and disrespect the dignity of human beings and/or animals. This also includes the protection of biodiversity and ecosystems, of all living beings and of society as a whole.

The knock-out criteria set out in this document ensure that the sustainability aspects relevant to NRW.BANK are transparently included in its promotional programmes.

In addition, NRW.BANK has defined sector guidelines for its promotional business in order to ensure appropriate consideration of its compatibility with the Paris Climate Agreement. The sector guidelines – which are based on the KfW approach – will support the goal of aligning new business in NRW.BANK's promotional programmes with the Paris Climate Agreement.

In summary, the ESG Promotion Requirements ensure that sustainability and transition risks are appropriately taken into account in NRW.BANK's products and services. Due to the fundamental dynamics of the sustainability issue, the ESG Promotion Requirements are regularly reviewed and successively refined and updated.

1.2 Implementation

Just like other risks, sustainability risks both in direct business and under the house bank principle are assessed as part of the regulated lending approval process. Compliance of the financing request with NRW.BANK's ESG Promotion Requirements is checked based on the information available.

Promotion under the house bank principle:
In the case of an application for promotional funds under the house bank principle, the checks are carried out by the house bank. The house bank must ensure compliance with the programme conditions, including the ESG Promotion Requirements. In a second step, NRW.BANK performs a separate check for knock-out criteria. In addition, regular random checks of exposures under the house bank principle are also carried out to ensure compliance with the promotional conditions.

Promotion in direct business:
In direct business, compliance with the ESG Promotion Requirements is checked by NRW.BANK. This check results in votes on each individual transaction, which are submitted to the relevant in-house authority holders for decision. If the opinions of the players involved in the Bank's internal decision-making process differ, established escalation mechanisms take effect.

1.3 Protection of Existing Business

Compliance with the ESG Promotion Requirements is explicitly limited to new business applied for after the respective requirements came into force because existing business was concluded at the terms and conditions prevailing at the time of conclusion. There are no plans to automatically adjust the existing business as NRW.BANK has already taken the sustainability aspects applicable at the time into account in the past.

2. Knock-out Criteria

NRW.BANK defines **controversial business practices, business activities and business fields** as knock-out criteria. These controversies are not in line with the ethical and social values of NRW.BANK and contradict the sustainable fulfilment of its public mission in the field of structural, economic, social and housing policy as well as the sustainability strategy of the federal government and the State of North Rhine-Westphalia.

Controversial business practices are defined by NRW.BANK as practices, procedures or conduct that are controversial due to their ethical, legal, social or environmental effects.

The assessment of controversial business fields and activities focuses on the question whether a company generates all or part of its revenues from products and/or services that NRW.BANK considers to be controversial.

As far as possible, NRW.BANK excludes beneficiaries or projects that are controversial from its promotional programmes.

In the case of financing for the purpose of transformation, a discretionary decision in favour or against promotion can be made after careful consideration of all circumstances.

2.1 Scope of Application

The entire promotional business of NRW.BANK, whose organisation is at its own discretion, falls within the scope of the following defined knock-out criteria.

The latter do not include on-lending to other promotional banks, state programmes[1], housing promotion to private customers as well as housing promotion and transactions on behalf of the federal state (Zuweisungsgeschäfte).

Not only the project to be funded, but also the beneficiary of the funding are assessed with regard to the knock-out criteria. For individual controversies, NRW.BANK has defined specific conditions that must be met in order for promotional funding to be realised.

1 In general, the knock-out criteria of the ESG Promotion Requirements do not apply to programmes of the federal state, as the latter is responsible for such programmes. However, the federal state has proactively decided to take them into account for selected federal programmes. This is indicated accordingly in the promotional conditions.

Digression: Affordable Housing Promotion

The creation of an affordable and diversified supply of transgenerational housing meeting actual demand and of an attractive housing environment in socially stable neighbourhoods is a key objective of the Bank's public housing promotion activities. In this context, demographic developments that call for new forms of housing – also in connection with support and care services for the elderly – are also taken into account. Apart from building new homes to current standards, another goal is to modernise those parts of the existing housing stock that do not meet current living requirements as well as technical and energy efficiency standards. To implement these goals, NRW.BANK extends loans to promote housing investments in North Rhine-Westphalia on behalf of the State of NRW. These loans serve to finance the creation and the modernisation of social rental housing as well as the acquisition of owner-occupied housing in order to make it easier for households below a certain income threshold ("marginal households") to acquire own homes that meet their needs.

Affordable housing romotion also includes special offerings for people with disabilities as well as students. It is always conditional on compliance with certain social criteria (especially income thresholds) for tenants or owners and thus leads to positive effects in the social dimension of sustainability with regard to the target group. Housing promotion also pays special attention to energy-efficient building standards as well as to the removal of barriers. The promotional conditions are based on legal regulations to ensure that the promotion of other matters is ruled out by definition. Compliance with these conditions is checked by the approval authorities of the State of North Rhine-Westphalia in the context of the statutory promotional process.



2.2 Controversial Business Practices, Business Fields and Business Activities

NRW.BANK considers the following business practices, business activities and business fields to be controversial (general overview):

Controversial Business Practices



Human Rights Violations

Exclusion of transactions that are related to acts that violate human rights (e.g. human trafficking)



Child Labour

Exclusion of transactions that are associated with child or forced child labour



Labour Law Violations

Exclusion of transactions that are related to labour law violations (e.g. discrimination)



Controversial Economic Practices

Exclusion of controversial economic parctices (e.g. corruption, bribery, fraud, accounting fraud or money laundering)



Controversial Environmental Behaviour

Exclusion of controversial environmental behaviour (e.g. environmental damage within the meaning of the German Law on Environmental Harms (Umweltschadensgesetz – USchadG))



Animal Testing

Exclusion of animal testing outside the legal framework according to Section 7a of the German Animal Protection Act (Tierschutzgesetz – TierSchG)

Controversial Business Fields and Activities



Energy Generation/ Fossil Fuels

Exclusion of measures that are related to fossil fuels that are not considered useful for the energy transition (e.g. in the fields of nuclear power, mineral oil and natural gas)



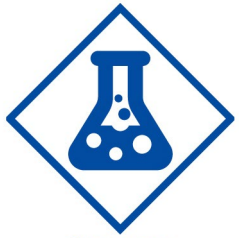
Gambling

Exclusion of business relationships in the field of gambling



Mobility/Transport

Exclusion of the purchase, financing, rental, leasing and operation of Class M1 passenger vehicles under certain conditions



Substances

Exclusion of measures that are related to certain substances (including harmful, ozone-depleting substances) as well as biocides, radioactive material, etc.



Defence and Weapons Industry

Exclusion of business relationships with companies in the weapons industry (including manufacture, trade and transport of controversial weapons and important components)



Controversies in the Field of the Environment, Nature and Living Beings

Exclusion of controversies in the field of the environment, nature and living beings

Controversial Business Practices

As a matter of principle, NRW.BANK categorises non-compliance with legal rules and regulations as a controversy.

For all projects (co-)financed by NRW.BANK, the beneficiaries of its promotional programmes are obliged to comply at least with the environmental and social law requirements and standards applicable in the country of investment.

NRW.BANK especially considers the following business practices to be unacceptable and explicitly excludes them:



Human Rights Violations

Above and beyond its direct obligation to respect human rights in accordance with the Basic Law of the Federal Republic of Germany and the Constitution of the State of North Rhine-Westphalia, NRW.BANK's actions are based on the Universal Declaration on Human Rights by the UN General Assembly (first published on December 10, 1948). Consequently, NRW.BANK excludes transactions that are related to acts that violate human rights and/or that are connected to illegal activities (e.g. human or organ trafficking/smuggling, slavery). In addition, NRW.BANK bases its actions on the UN Guiding Principles and the OECD Guidelines and expects the beneficiaries of its promotional programmes to do the same.



Child Labour

NRW.BANK bases its definition of child labour on the internationally accepted definition of the United Nations Convention on the Rights of Children (CRC) of the years 1989/1990. Transactions that are associated with child or forced labour are therefore excluded.



Systematic/Discriminatory Labour Law Violations

In addition to the German and European protection laws, NRW.BANK accepts the Core Conventions of the International Labour Organisation (ILO), which define social and labour standards as well as humane working conditions, as a code of conduct against systematic labour law violations.

Violations of these protection laws and standards such as forced labour, discrimination or unequal pay will result in a ban on business activities.



Controversial Economic Practices

Economic practices such as corruption, bribery, fraud, accounting fraud, anti-trust violations, money laundering, insider trading or tax compliance violations are considered controversial and/or unethical business practices by NRW.BANK. The Bank has introduced corresponding internal guidelines based on applicable European and German laws.

In addition, NRW.BANK does not provide promotional funding to beneficiaries who engage in food speculation. This includes futures, forwards and options on agricultural commodities (both long and short positions, on exchanges or over-the-counter), except for physical commodity transactions used to hedge prices.

With regard to tax and compliance aspects, the Bank is of the opinion that it makes sense to exclude certain countries and/or companies and vehicles domiciled in certain countries from its business activities in the event of a dubious tax structure. When analysing and reviewing potential investments, NRW.BANK uses the applicable "EU list of non-cooperative jurisdictions for tax purposes" (black list, grey list and potentially additional lists) for guidance. In addition, those countries which are mentioned in the context of the EU Delegated Directive on the "prevention of the use of the financial system for the purposes of money laundering or terrorist financing" must be taken into account.

NRW.BANK reserves the right to make concrete promotional decisions at its own discretion taking all circumstances into account (checking, among other things, whether there is any suspicion of money laundering or obvious signs of dubious tax structures) and to document this in connection with the decision-making process. Generally, there may be diverse reasons (e.g., documentation relief, lower costs, simpler and unbureaucratic processes) for establishing a company that is not regarded as controversial in one of the countries concerned.



Controversial Environmental Behaviour

As a matter of principle, NRW.BANK considers controversial environmental behaviour outside the legally permitted framework to be unacceptable. In particular, violations of the Federal Law on Conservation and Environmental Care (Bundesnaturschutzgesetz - BNatSchG) and/or the German Law on Environmental Harms (USchadG) as well as similar legal regulations and/or damage to the environment within the meaning of the USchadG are considered controversial environmental behaviour by NRW.BANK.



Animal Testing

In the field of animal protection, NRW.BANK also takes the existing legal framework into account. Only legally permitted and/or required animal testing in accordance with Section 7a of the Animal Protection Act (TierSchG) is not considered controversial business practice.

Controversial Business Fields and Activities

Taking sustainability issues into account is a key precondition for NRW.BANK's promotional activities. In order to meet this requirement, NRW.BANK has defined business fields and activities which, in their current state, do not contribute to the vision of sustainable and future-proof economic structures.



Energy Generation/Fossil Fuels

In line with the climate protection and energy policy objectives of the Federal Republic of Germany as well as the State of North Rhine-Westphalia, including the aspect of supply security, NRW.BANK supports promotional measures with regard to the energy transition. Sustainable energy thus also makes a positive contribution to protecting the environment. Against this background, NRW.BANK feels obliged to exclude from promotion any measures related to fossil fuels that are not sensible in the context of the energy transition. In particular, the sensibility with regard to achieving the Paris Climate Protection Agreement must be taken into account in the decision-making process.

Consequently, NRW.BANK will not finance the following business fields and activities:

i. **Nuclear power plants** (except for measures that reduce environmental hazards of existing plants) and mines with uranium as an essential resource

ii. **Prospection, exploration and mining of coal, gas production** through **coal coking, land-based transport and infrastructure essentially used for coal, power stations, heating plants and combined heat and power plants essentially fired by coal**, as well as **associated branch lines**

iii. **Prospection, exploration, and production of crude oil (upstream), transport and storage infrastructure for crude oil, oil terminals and oil ports,** as well as **refineries**

Condition to be complied with iii: In order to enable the transformation in this field, promotion is possible if

- in the case of refineries primarily used for material purposes, it concerns investments made for site concentration (without net expansion) and for extending the technical lifespan as well as the re-refining and energy use of waste oil,
- greenhouse gas reduction and efficiency measures, as long as these do not take place in prospecting, exploration, and oil production (upstream), do not lead to a capacity expansion of more than 10%,
- it concerns financing for CO_2 capture and storage.



Energy Generation/Fossil Fuels

iv. **Prospection, exploration and extraction of natural gas (upstream), construction of new natural gas networks and pipelines, ships for laying gas pipelines, LNG liquefaction terminals,** as well as

v. **Production facilities for grey hydrogen** (steam reforming of fossil fuels, without CCS)

Condition to be complied with iv and v: In order to enable the transformation in this field, promotion is possible if

- in the construction of new natural gas networks, the networks are technically designed for 100% hydrogen use (including conversion measures),
- greenhouse gas reduction and efficiency measures, as long as they do not take place in prospection, exploration, and natural gas extraction (upstream), do not lead to a capacity expansion of more than 10%,
- it concerns financing for CO_2 capture and storage.

vi. **Construction of dams and power plants in areas particularly worthy of protection**

Condition to be complied with for dams/hydropower
Large dam and hydropower projects are based on the recommendations of the World Commission on Dams (WCD). This applies to dams with a height of at least 15 metres measured from the foundation or dams with a height between 5 and 15 metres with a reservoir volume of more than 3 million cubic metres.



Gambling

NRW.BANK excludes corporate financing in the field of gambling.



Mobility/Transport

NRW.BANK offers various promotional programmes to support the transformation towards climate-neutral mobility in NRW, which is made necessary by the challenges of climate protection and sustainable development. The Bank intends to increasingly promote transformative propulsion technologies, as they contribute to the desired greenhouse gas neutrality. Conversely, the Bank feels obliged to restrict or no longer promote investments with increased CO_2 emissions. Special emergency vehicles (fire brigade, police and rescue services) must be considered separately within the meaning of basic supply. As a matter of principle, NRW.BANK will not promote the following:

Purchase, financing, rental, leasing and operation of Class M1 passenger vehicles and Class N1 light commercial vehicles (<3.5 t) that do not comply with the conditions below.

Condition to be complied with: The purchase, financing, rental, leasing and operation of Class M1 passenger vehicles and Class N1 light commercial vehicles (<3.5 t) that fall within the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council may be promoted by NRW.BANK if the specific emissions of CO_2 are below 50 g CO_2/km at the time of the application (until December 31, 2029).



Defence and weapons industry

NRW.BANK condemns acts of aggression and breaches of the peace (as defined in the United Nations Charter) and the associated negative impacts (in particular human rights violations, endangerment of the civilian population and massive environmental destruction). By contrast, effective actions to prevent and eliminate threats to the national and internal security of the Federal Republic of Germany and its allies in the interests of peace should be supported.

Consequently, companies in the defence and weapons industry are generally eligible for promotional funding from NRW.BANK if the business activity of the beneficiary and/or the relevant financing serves to maintain or strengthen internal security and/or the defence of state sovereignty. This also includes technological research in these fields as well as defence-tech (e.g. drone defence, robotics, artificial intelligence and defence in cyberspace). The focus of the states to be supplied is on NATO partners, EU countries and accession candidates as well as peace missions (e.g. of the UN). A company is assigned to the "defence and weapons industry" if it or one of its affiliated companies is involved in arms and weapons and this business segment accounts for more than 10 percent of total revenues.

In keeping with its corporate responsibility, NRW.BANK strictly grants no promotional funds to companies involved in the manufacture, trade, transport, repair or storage of controversial weapons or important components thereof.

These include in particular cluster bombs, nuclear, biological or chemical weapons (NBC weapons), antipersonnel weapons, radioactive ammunition, enriched uranium and weapons of mass destruction as well as other weapons outlawed under international law.

Dual-use products (products that may be used both to produce controversial weapons and for civilian or non-controversial military purposes; e.g. chemicals that may be used for the production of chemical weapons or as fertilisers in agriculture) may be supported in exceptional and individual cases after due consideration of the risks (especially reputational risks).



Substances

Sustainability also includes health protection and human well-being as part of the social dimension. In keeping with a preventive approach, products that are harmful to health and often also damage the environment should therefore be avoided. Against this background, NRW.BANK excludes the following:

— **Production or trade of products and activities that are subject to national or international phase-out or prohibition** or are subject to an international ban, e.g.

i. certain harmful pharmaceuticals, pesticides, herbicides and other toxic substances (according to the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"),
ii. ozone-depleting substances (according to the Montreal Protocol),
iii. prohibited cross-border trade in waste (under the Basel Convention), as well as

— **Production, trade of**

i. **organochlorine mass products,**
ii. **hormone-altering chemicals** (endocrine disrupters as defined by EU Regulation (EU) No. 2100/2017),
iii. **biocides,**
iv. **radioactive material** (this does not include the procurement of medical devices and quality control equipment or other uses for which the radioactive source is insignificant and/or adequately shielded),
v. **unbound asbestos** (this does not apply to the purchase or use of cement formwork with bound asbestos and an asbestos content of less than 20 percent).

Controversies in the Field of the Environment, Nature and Living Beingsn

In view of the breadth of the field of the environment, nature and living beings, NRW.BANK has categorised the controversies it believes to exist.

Category "Environment and Nature"

NRW.BANK is committed to reducing business activities that have a particularly negative impact on the environment and to protecting the environment and nature in accordance with a preventive approach. NRW.BANK therefore does not make available any funds for investments which are likely to irreparably damage the environment.

Against this background, the following business activities are excluded from promotion:

- Investments that threaten to entail the destruction or significant impairment – without adequate compensation according to international standards – of areas of special conservation interest. This refers to

  i. the destruction or severe degradation of the integrity of an area caused by a major and long-lasting change in the use of land or water, or
  ii. the alteration of a habitat in such a way that the ability of the area to perform its function is lost.

- Production and trade of palm oil and timber of non-sustainable companies

Condition to be complied with for timber and palm oil
The promotion of farms producing or trading palm oil or timber for agricultural or forestry purposes is possible if they comply with recognised international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions or are in a process ultimately leading to such compliance.

Controversies in the Field of the Environment, Nature and Living Beingsn

Living Creatures

The Bank is committed to preventive protection of all living beings. Consequently, animal welfare also plays a key role in the Bank's activities.

As a matter of principle, the following business activities are excluded from promotion:

- **fur farming,**
- **trade in protected animals and animal products as well as plants and plant products** (according to CITES/the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora),
- **destructive fishing methods or the use of driftnets in deep-sea fishing** when using nets longer than 2.5 kilometres,
- **inappropriate (intensive) livestock farming.**

Condition to be complied with for (intensive) livestock farming
As a matter of principle, promotion by NRW.BANK is possible only if the relevant breeding, production and rearing farms, livestock transporters and wholesalers of live animals as well as (large) slaughterhouses can prove that the animals come from species-appropriate husbandry. NRW.BANK currently considers level 4 or 5 of the German "Haltungsform" (husbandry) label (and comparable forms of husbandry) or organic certification to be fundamentally species-appropriate.

In order to enable the transformation in this field, promotion is possible, however, if the beneficiary of the funding is in a comprehensible process towards species-appropriate husbandry.

- Research with human embryonic stem cells (ES cells) is highly controversial against the background of the protection of (unborn) human life. Given that the Bank is committed to a preventive approach to the protection of living beings, NRW.BANK excludes **research in the field of human embryology from its promotion if the conditions below are not complied with.**

Condition to be complied with for research into human embryos
Promotion by NRW.BANK is possible only if it has been authorised by the responsible ethics committee.

2.3 Handling of Conflicting Objectives

Promotional policy requirements to be met by the Bank may conflict with NRW.BANK's Sustainability Strategy.

In commercial promotional business, a conflict between the economic sustainability and environmental and social sustainability aspects may also arise.

Moreover, it is a key goal of the Bank to support the beneficiaries of its promotional programmes as best as possible in reducing controversial business fields and activities and to enable an ecological transformation – also in the interest of sustainable and viable continuation of business. This may also lead to fundamentally conflicting objectives.

However, these conflicting objectives cannot be fully resolved or addressed in advance. Against this background, individual assessments and case-by-case decisions will remain necessary. This ensures continued discussion about such issues, which results in positive development dynamics and prevents being stuck in fixed assessment schemes.

This means that, if a company requires special promotion (e.g. special importance for the place in which it is located or comprehensible transformation of the business model), critical aspects with respect to sustainability criteria do not necessarily result in its exclusion from promotion.

If only a small percentage of revenues is generated in controversial business fields and activities (accumulated <10%), this does not necessarily result in the exclusion of a borrower, either.

NRW.BANK reserves the right to make decisions in favour of or against a promotional case at its discretion and to document the decision-making process to make this evident. Sustainability remains a very dynamic issue. The pressing challenges (including climate change and biodiversity loss) and evolving regulatory requirements (including the Corporate Sustainability Reporting Directive (CSRD)), as well as changing standards, industry and technology developments, will lead to the further development of the knock-out criteria.

2.4 Outlook

NRW.BANK's objective is to become carbon-neutral in all its business units in the future so as to optimally support the State of North Rhine-Westphalia in achieving the climate neutrality goal by 2045.

In view of the pressing transformation challenges in North Rhine-Westphalia, NRW.BANK will place a clear focus on achieving the Paris climate goals. This is likely to lead to further adjustments of the knock-out criteria.

The following developments of the knock-out criteria are already foreseeable or intended:

Category "Mobility/Transport"

NRW.BANK aims to further reduce the threshold values for Class M1 passenger vehicles and Class N1 light commercial vehicles (<3.5 t) to 0 g CO_2/km from January 1, 2030.

3. Sector Guidelines

At the Paris Climate Conference in 2015, the international community reached a binding agreement under international law to limit global warming to well below 2°C, or at best even 1.5°C, compared to pre-industrial levels. NRW.BANK is legally committed to the goal of climate neutrality through the NRW Climate Protection Act (Klimaschutzgesetz NRW) and supports the State of North Rhine-Westphalia in its transformation towards becoming the first carbon-neutral industrial region in Europe.

As a key measure for achieving greenhouse gas neutrality of its promotional business by 2045, NRW.BANK introduced sector guidelines for selected greenhouse gas-intensive sectors at the beginning of 2025. The present sector guidelines, which are based on KfW's sector guidelines, provide the framework for aligning the new business under NRW.BANK's control with the temperature target of the Paris Climate Agreement. The guidelines cover the sectors:

- Shipping
- Aviation
- Iron and steel production
- Oil and natural gas
- Power generation
- Automotive
- Buildings

Within these seven sectors, specific minimum requirements for the climate compatibility of financed technologies are defined and scientifically derived from the recognised Paris-compatible climate scenarios of the International Energy Agency (IEA). The guidelines specify the mix of transitional and transformative technologies which can be used to successfully shape the transformation towards greenhouse gas neutrality in the individual sectors.

NRW.BANK will continue to increasingly promote transformative technologies and business models that contribute directly to the targeted greenhouse gas neutrality (such as renewable energies and green hydrogen).

3.1 Scope of Application

In addition to its promotional programme business, the sector guidelines also apply to NRW.BANK's equity and special financing activities. However, in the promotional programme business, the relevant programme-specific conditions in the respective information sheets are decisive. Compatibility with the sector guidelines is checked regularly and, if necessary, anchored in the respective programme conditions upon the introduction of new programmes or the adjustment of existing ones.

General corporate financing or financing without technologically definable purpose are not regulated.

Affordable housing promotion and capital market financing (especially with respect to general municipal financing) as well as syndicated financing are not subject to the sector guidelines, nor are the state's promotional programmes and the on-lending business with other promotional banks.

3.2 Guidelines

3.2.1 Shipping Sector

The sector guideline defines individual efficiency requirements based on the Energy Efficiency Design Index (EEDI) of ship types and sizes for new NRW.BANK financing in the shipping sector (NACE code 50.1 and 50.2). In addition, the shipping portfolio is guided towards a 1.5°C reduction path based on real emissions data of the assets financed in accordance with the Poseidon Principles.

Anwendungsbereich

The following cases are governed by the sector guideline:

- New financing for the acquisition or leasing of new ships in the "Ship type" categories below must meet the efficiency requirements shown in the table (this also applies to structurally reinforced ship types such as ice class with corresponding EEDI reduction factors in accordance with the IMO requirements)
- If retrofits (conversion of existing ships) extend the technical service life of the respective ship, they are treated as new ships. As a result of such retrofits, the requirements according to the "Ship type" categories below must be met (see scope of application for "New ship" and for "Major conversion" according to Resolution MEPC.203(62), Annex 19)

The following cases are not governed by the sector guideline:

- New commitments for ships that are not subject to the IMO regulations and for which no International Energy Efficiency Certificate is therefore issued
- New commitments for the acquisition or leasing of new ships outside the "Ship type" categories below
- New commitments for ships in the "Ship type" categories listed below in domestic promotional programmes, provided that they conform to the technical test criteria of the EU taxonomy for sustainable activities (environmental objective of climate protection)
- Retrofits that do not extend the technical service life of the respective ship (e.g. exhaust gas cleaning)
- Financing of individual ship components
- Financing without technologically definable purpose. This also applies to financing for financial intermediaries, provided that the purpose is not technologically definable
- General corporate financing, for example, for shipping companies

Efficiency Requirements for New Ship Financing

The efficiency requirements are based on the savings targets defined by the IMO in its GHG strategy (–40%/–70% compared to 2030/2050; –50% absolute CO_2 emissions by 2050). Financing is possible if the reduction factor specified in the table below in relation to the reference EEDI is complied with at the time of ordering. The EEDI is calculated in accordance with the IMO regulations (e.g. Resolution MEPC.203(62)).

NRW.BANK does not provide financing for crude oil tankers >120,000 DWT, specialised oil vessels and vessels for the laying of oil and natural gas pipelines.

Table 1: EEDI reduction factor (in %) in relation to the reference EEDI per ship class and size

Ship Type	Size	Bis 31. 12. 2029	1. 1. 2030 bis 31. 12. 2039	1. 1. 2040 bis 31. 12. 2049
Bulk Carrier	20 000 DWT and above	30	55	>55
	10 000 DWT – 20 000 DWT	0 – 30*	0 – 55*	0 –>55*
Gas Carrier	10 000 DWT and above	30	55	>55
	2 000 DWT – 10 000 DWT	0 – 30*	0 – 55*	0 –>55*
Tanker	20 000 DWT and above	30	55	>55
	4 000 DWT – 20 000 DWT	0 – 30*	0 – 55*	0 –>55*
Container ship	200 000 DWT and above	50	55	>55
	120 000 DWT – 200 000 DWT	45	55	>55
	80 000 DWT – 120 000 DWT	40	55	>55
	40 000 DWT – 80 000 DWT	35	55	>55
	15 000 DWT – 40 000 DWT	30	55	>55
	10 000 DWT – 15 000 DWT	0 – 30*	0 – 55*	0 –>55*
General Cargo Ships	15 000 DWT and above	30	55	>55
	3 000 DWT – 15 000 DWT	0 – 30*	0 – 55*	0 –>55*
Refrigerated cargo carrier	5 000 DWT and above	30	55	>55
	3 000 DWT – 5 000 DWT	0 – 30*	0 – 55*	0 –>55*
Combination carrier	20 000 DWT and above	30	55	>55
	4 000 DWT – 20 000 DWT	0 – 30*	0 – 55*	0 –>55*
LNG carrier	10 000 DWT and above	30	55	>55
Ro-ro cargo ship (vehicle carrier)	10 000 DWT and above	30	55	>55
Ro-ro cargo ship	2 000 DWT and above	30	55	>55
	1 000 DWT – 2 000 DWT	0 – 30*	0 – 55*	0 –>55*
Ro-ro passenger ship	1 000 DWT and above	30	55	>55
	250 DWT – 1 000 DWT	0 – 30*	0 – 55*	0 –>55*
Cruise passenger ship (having non conventional propulsion)**	85 000 DWT and above	30	55	>55
	25 000 DWT – 85 000 DWT	0 – 30*	0 – 55*	0 –>55*

* Linear interpolation of the value based on the ship size. The small value applies to the small ship.
** This applies to cruise passenger ships with non-conventional propulsion, including diesel-electric propulsion, turbine propulsion and hybrid propulsion systems.

3.2.2 Aviation Sector

The sector guideline for aviation applies to the financing of aircraft for the transport of passengers and freight (NACE codes 51.1 and 51.21) as well as to the financing of aircraft lessors (NACE code 77.35). As a general rule, NRW.BANK favours the best available techniques. Transformative and transitional technologies are defined for aircraft financing (table 2), for which financing commitments are possible.

Anwendungsbereich

The following cases are governed by the sector guideline:

- Commitments of NRW.BANK for the financing of aircraft for passenger (NACE code 51.1) and freight transport (NACE code 51.21) in the aviation sector, including portfolio financing
- General financing to lessors in the aviation sector (NACE code 77.35)

The following cases are not governed by the sector guideline:

- Commitments outside aircraft financing, e.g. airports and the development or production of new aircraft
- General corporate financing outside aircraft leasing, e.g. commitments to suppliers (e.g. manufacturers of aircraft engines)
- Financing for financial intermediaries (with the exception of financing to lessors), provided that purpose is not technologically definable

Table 2: Transformative and transitional technologies

Transformative technologies	
Aircraft powered by one of the energy sources to the right	Sustainable Aviation Fuel (SAF)
	Hydrogen
	Biomass
	Electricity
Retrofitting of aircraft (engines or tanks) for the use of the energy sources to the right	Sustainable Aviation Fuel (SAF)
	Hydrogen
	Biomass
	Electricity
Transitional technologies	
Aircraft that are technically prepared for conversion to the use of one of the energy sources to the right	Sustainable Aviation Fuel (SAF)
	Hydrogen
	Biomass
	Electricity

3.2.3 Iron and Steel Production Sector

The sector guideline for iron and steel production (NACE code 24.10, partly also NACE code 19.10) covers crude steel production technologies.

Technologies that are not mentioned in the sector guideline can be considered as transformative technologies, provided that ambitious threshold values with respect to emissions (t CO_2) per tonne of crude steel are met.

Scope of Application

The following cases are governed by the sector guideline:
- Financing for crude steel production technologies in the iron and steel production sector

The following cases are not governed by the sector guideline:
- Financing without technologically definable purpose. This also applies to financing for financial intermediaries, provided that the purpose is not technologically definable

- General corporate financing for iron and steel manufacturers

Transformative technologies

The following transformative technologies can be financed without restrictions:
New constructions
- Hydrogen-based or natural gas-based direct reduction route (DRI[1])
- Smelting reduction (hydrogen-based)
- Blast furnace converter route (BF-BOF)/DRI with CCS/BECCU/S with certified sustainable biomass
- Electric arc furnace (EAF[2])
- Iron electrolysis
- Recycling technologies increasing the recycling ratio in steel production

Stock
- Addition of transformative crude steel production technologies
- Retrofitting of transitional crude steel production technologies with CCS/BECCU/S

In addition, all plants/technologies with a greenhouse gas intensity of 0.1 t CO_2 per tonne of crude steel or less can be financed[3].

1 If a DRI plant is to be operated predominantly with hydrogen from 2035 based on a plausible concept, transitional operation with natural gas is still permissible until then. Only in this case, a natural gas-based DRI plant is considered as a transformative technology.
2 For the EU, only commitments for best available techniques (BAT) in accordance with the current BREF report of the European Commission (see EC Best Available Techniques (BAT) Reference Document for Iron and Steel Production). BREF compatibility is generally a legal requirement for the commissioning of plants in Europe. BREF compatibility of the main plant should also be possible in case of under-deliveries, provided that the sub-deliveries are covered by BREF and this can be checked by the specialist department. Given that the BREF report covers specific techniques, application outside the EU should also be possible, provided that information on the technological specifications is available to the specialist department.
3 The specified emission intensity refers only to the Scope 1 system limits.

In addition, all financing for plants/technologies with a greenhouse gas intensity of more than 0.1 t CO_2 per tonne of crude steel which are not classified as transformative technologies is governed by the sector guideline.

Financing for Associated Plants and Optimisation Measures

Financing for plants associated with crude steel production technologies[4], such as casting and rolling plants as well as optimisation measures[5] remains possible. Associated plants[4] and optimisation measures[5] are, however, handled differently depending on the time of construction of the crude steel production plant.

Financing for associated plants[4] and optimisation measures[5] is permitted in the following cases:

Transformative technologies

New constructions
- Permitted for associated plants[4]

Stock
- Permitted for associated plants[4]
- Permitted for optimisation measures[4]

4 In this sector guideline, the term "associated plants" refers to plants that are associated with crude steel production technologies (e.g casting and rolling plants).
5 In this sector guideline, "optimisation measures" include energy efficiency, GHG reduction and environmental protection measures.

3.2.4 Oil and Natural Gas Sector

The sector guideline for oil[6] and natural gas applies to financing along the oil and natural gas value chain with and without definable purpose. The 1.5°C compatibility of financing in the oil and natural gas sector is ensured by means of exclusions and financing limits. There is also financing that is in line with the 1.5°C climate target and therefore not subject to any restrictions.

Exclusions in the Oil and Natural Gas Sector

In accordance with the sector guideline for oil and natural gas, NRW.BANK does not make any commitments for:

- Prospection, exploration and extraction of oil and natural gas (upstream) as well as optimisation, greenhouse gas reduction and efficiency measures for prospection, exploration and extraction projects

- Construction, acquisition or refurbishment of production and administrative buildings for the exploration and extraction of oil or natural gas[7]

- Transport and storage infrastructure for crude oil, crude oil terminals and oil ports as well as oil refineries[8]:
  - Oil pipelines and pumping stations
  - Special oil-related vessels (e.g. vessels for the construction of oil drilling platforms)
  - Oil ports and terminals
  - Vehicles for the overland transport of crude oil
  - Railway lines explicitly for oil transport
  - Wagons for crude oil
  - Storage tanks for crude oil
  - Tank storage portfolios with a revenue-based crude oil share of about 10%
  - Crude oil tankers >120,000 DWT
  - Ships for laying oil and natural gas pipelines

- Construction of new natural gas networks and pipelines

- LNG liquefaction terminals

- Construction of new refineries for construction fuels[9]
  - New construction projects (including net extensions)
  - New construction projects (excluding net extensions, site concentration)
  - Extension of the service life without improving the efficiency

- Refineries mainly for material use:
  - New construction projects (including net extensions)
  - New construction projects (excluding net extensions, site concentration)
  - Extension of the service life without improving the efficiency
  - Conversion to material use

- Production facilities for grey hydrogen (steam reforming of fossil fuels, without CCS)

- Construction, acquisition or refurbishment of production and administrative buildings for the processing and distribution of oil or natural gas

- LNG regasification terminals

- Acquisition, building or leasing of LNG tankers

6 In the oil and natural gas sector guideline, the term "oil" includes both crude oil and products made from it, unless specified otherwise in the respective context.
7 Promotional programmes that cannot exclude individual production sectors for reasons of state aid law are exempt from this exclusion.
8 Only crude oil is excluded here, but not mineral oil
9 Refineries that are exclusively used for the re-refining and energy use of waste oil – e.g. as part of the conversion to diesel – can still be financed.

- Acquisition, building or leasing of product tankers (IMO Class III) that are technically designed for the transport of mineral oil products at a share of at least 50% by mass
- Acquisition or construction of new tank storage facilities or tank storage portfolios for natural gas or mineral oil products
- Acquisition or manufacturing of new vehicles for the overland transport of mineral oil products or natural gas
- Acquisition or building of new wagons or wagon portfolios for the transport of mineral oil products and of wagons or wagon portfolios for the exclusive transport of natural gas
- Acquisition or construction of railway lines explicitly for natural gas transport
- Associated infrastructure in accordance with the IFC's performance standards for excluded purposes

Phased Exclusions in the Oil and Natural Gas Sector

In accordance with the sector guideline for oil and natural gas, NRW.BANK will not make any commitments for the following from 2035:

- Maintenance and rehabilitation measures for definable purposes in the oil and natural gas sector outside oil and natural gas prospection, exploration and extraction
- Acquisition of existing natural gas pipelines or grids

In accordance with the sector guideline for oil and natural gas, NRW.BANK will not make any commitments for the following from 2045:

- Oil and natural gas trade financing
- General corporate financing[10]

10 General corporate financing is governed by the sector guideline if the borrower is classified in accordance with one of the following NACE codes: 6.1, 6.2, 19.2, 35.22, 35.23, 42.21, 46.71.2, 49.5. A distinction is made between three use cases. If the intended use is known and the credit line is used exclusively for oil and natural gas purposes, the entire financing is governed by the sector guideline. If it is known that the credit line is used exclusively for other purposes (outside oil and natural gas), the entire financing is not governed by the sector guideline. In the third case, the intended use is unknown (use of proceeds unknown). In this case, it has to be checked whether the company is mainly active in the oil/natural gas sector. If the company is to about 50% active in the oil/natural gas sector based on revenues, the entire financing is governed by the sector guideline. If the company is to about 50% active in other sectors (outside oil and natural gas) based on revenues, the entire financing is not governed by the sector guideline.

Purposes in the Oil and Natural Gas Sector That Are in Line with the 1.5°C Path and Can Be Financed Without Restrictions

- Energy efficiency measures with a maximum capacity expansion of <=10% outside oil or natural gas prospection, exploration or extraction
- Carbon capture and storage (CCS)
- GHG reduction measures outside prospection, exploration and extraction projects
- Pipelines that are technically designed for 100% hydrogen use (including conversion measures)
- Production facilities for green or blue hydrogen
- Refineries for bio-based products (construction of new refineries, site concentration, capacity expansion, conversion)
- Reprocessing (re-refining) and energetic use of waste oil – e.g. as part of the conversion to diesel
- Acquisition of natural gas grids for which a letter of intent to convert to hydrogen has been issued
- Construction of new hydrogen networks that are mainly used to supply industrial end customers

3.2.5 Power Generation Sector

The sector guideline for power generation supports the expansion of renewable energies that can be financed without restrictions as transformative technologies (e.g. wind power, photovoltaics, solar thermal power plants, geothermal power plants, hydropower and tidal power plants, power plants for electricity generation from sustainable biomass[11]). For a successful transition towards greenhouse gas neutrality, the sector guideline also takes into account the role of natural gas power plants. In accordance with the sector guideline for power generation, NRW.BANK does not make any commitments for coal-fired power plants, nuclear power plants or oil/diesel-fired power plants (neither for the construction of new plants nor for the modernisation of existing ones).

Scope of Application

The following cases are governed by the sector guideline:
- Commitments of NRW.BANK in the power generation sector, provided that the financed power plants are designed to feed into the interconnected or electricity grid for public power supply
- Commitments for electricity storage facilities

The following cases are not governed by the sector guideline:
- Interconnected or electricity grids
- Power plants that are primarily used for operational needs and do not feed into the interconnected or electricity grid for public power supply or only do so on a subordinate basis[12]
- Financing without technologically definable purpose. This also applies to financing for financial intermediaries, provided that the purpose is not technologically definable
- General corporate financing for power generation companies.

Transformative Technologies

The following technologies classified as transformative technologies can be financed without restrictions within the meaning of the sector guideline[13]:
- Onshore and offshore wind farms
- Photovoltaic (PV) power plants (including battery storage systems as hybrid power plants)
- Concentrated solar power (CSP) plants
- Hydropower and tidal power plants
- Geothermal power plants
- Power plants for electricity generation from sustainable biomass (certification of sustainability is required, e.g. Global Bioenergy Partnership (GBEP), FSC or Roundtable on Sustainable Palm Oil (RSPO), voluntary certification systems (provisionally) approved by the European Commission[14])

11 Certification of sustainability is required for the generation of electricity from biomass fuels in plants with a total rated thermal input of about 20 MW and in the case of gaseous biomass fuels with a total rated thermal input of about 2 MW.

12 Mini grids and generators (e.g. for refugee accommodation) that are not connected to the interconnected or electricity grid for public power supply are treated as power plants used for operational needs.

13 Moreover, further restrictions may apply outside the sector guideline.

14 https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes_en

— Power plants that are demonstrably operated with 100% green or blue hydrogen from commissioning (including CHP)

— _ Electricity storage facilities (e.g. batteries for integration)[15]

Transitional Technologies

Due to the uncertainties associated with the availability of hydrogen, the following minimum conditions apply to the financing of natural gas power plants. Natural gas power plants (including CHP) can be financed on the basis of a comprehensive criteria-based individual assessment if the following minimum conditions are met: However, measured by the annual commitment volume for natural gas power plants and renewable energies (see transformative technologies above) within the scope of application of the sector guideline, the annual new commitments for natural gas power plants that meet the minimum conditions may not exceed a share of 1/3. Compliance with this ratio can be checked using a multi-year average.

Operation as balancing power plant or as a buffer for renewable energies **or**

— Contractual commitment to operate natural gas power plants with hydrogen from 2030 at the latest **or**

— Contractual commitment to operate natural gas power plants with CCUS from 2035 at the latest, provided this does not result in any additional CO_2 emissions **or**

— H_2-readiness (plant and peripherals) from 2030 (possible if commissioning date is 2030 or earlier) and letter of intent for operation with H_2 as well as contractual arrangements that do not prevent operation with H_2/CCUS.

Optimisation Measures

In addition to the above transformative and transitional technologies, the following measures can also be financed, but are not counted towards the above ratio:

— Optimisation measures for natural gas power plants without service life extension[16]

— Natural gas power plants with CCS[17]

— Power plants operated from commissioning with 100% hydrogen that is not exclusively green and/or blue or where the colour of the hydrogen is not clear

— Waste incineration plants[18] with energy use

15 In the "Net Zero by 2050" scenario of the International Energy Agency, on which the sector guideline is based, batteries are recognised as part of the capacity in the electricity sector. This is why electricity storage facilities are explicitly included in the sector guideline.

16 In this sector guideline, "optimisation measures" include energy efficiency, GHG reduction and environmental protection measures. A service life extension can be assumed if components of the core process are replaced; in the case of gas power plants, these are in particular the gas or steam turbine, the gas engine, the boiler and the generator.

17 Definition according to the German Carbon Dioxide Storage Act (KSpG) – Section 3: 1. Permanent storage: injection or containerless storage of carbon dioxide and secondary components of the carbon dioxide stream in deep underground rock strata with the aim of preventing leakage indefinitely.

18 In this sector guideline, waste incineration is limited to the incineration of municipal waste. Hazardous waste incineration is not governed by this sector guideline.

3.2.6 Automotive Sector

The sector guideline for the automotive sector refers to the manufacturing and research/development (R&D) of passenger vehicles and light commercial vehicles (<3.5 t) as well as suppliers and infrastructure (NACE codes 29.1, 29.2 and 29.3)[19]. With a focus on drive technologies, the sector guideline defines the following technologies:

i. **Transformative propulsion technologies** contribute directly to the desired greenhouse gas neutrality. These include battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs).
ii. **Transitional drive technologies play** a relevant but steadily declining role in shaping the transitional phase towards greenhouse gas neutrality. These include internal combustion engines (ICEs), hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs).

The following cases are governed by the sector guideline:

- New financing for drive-relevant parts of automotive manufacturing (also includes suppliers that manufacture components for transformative or transitional drive technologies)
- Research/development of transformative and transitional technologies in the vehicle segments <3.5 t

The following cases are not governed by the sector guideline:

- Production, research and development in the vehicle segments >3.5t
- Drive-independent process steps, including press shops, body shops, axles, suppliers of non-drive-relevant parts (including floor, seats, bumpers, mirrors), paint shops, assembly, testing/quality control, delivery
- Financing without technologically definable purpose. This also applies to financing for financial intermediaries, provided that the purpose is not technologically definable
- General corporate financing for automotive manufacturers and suppliers of drive-relevant parts
- Financing outside NACE codes 29.1, 29.2 and 29.3 (concerns, for example, charging infrastructure[20], production of synthetic fuels, production of biofuels).
- The following cases are not directly governed by the sector guideline, but are in line with the regulations of the sector guideline and the NZE scenario due to other regulations of NRW.BANK: purchase, rental, leasing and operation of Class M1 passenger vehicles with specific CO_2 emissions of less than 50 g/km and, from January 1, 2030, with specific emissions of 0 g/km (see knock-out criteria on mobility and transport in the ESG Promotion Requirements)

19 As the requirements of the sector guideline focus on the drive train, NACE code 29.2 is only relevant under the sector guideline in the case of plant financing where the drive train cannot be considered separately.

20 Charging infrastructure is considered as a transformative technology; the promotion and financing of such projects are therefore not subject to any restrictions.

— Special emergency vehicles (fire brigade, police and rescue services) within the meaning of basic supply can be exempted from this regulation

Commitments are possible for the following transformative technologies in the automotive sector:

— Production facilities for transformative drive technologies (BEV, FCEV) as well as their suppliers and infrastructure

— Battery production for passenger vehicles (no obsolete technologies such as lead-acid/nickel-cadmium)

— Sustainable investments in drive technologies in accordance with the EU taxonomy[21]

— Replacement investments in transformative technologies

— Research and development (R&D) in transformative drive technologies

— GHG reduction, energy efficiency and environmental protection measures in the production sector

— Charging infrastructure

In this context, the following applies:

— No research and development (R&D) in transitional drive technologies

— In the case of transformative technologies, commitments for GHG reduction, energy efficiency and environmental protection measures in the production sector are generally eligible for funding, while in the case of transitional technologies, they are only eligible for funding if they do not extend the technical service life. It can be assumed that the technical service life is not extended if existing systems are upgraded and then continued to be operated (i.e. no replacement of old systems by new systems)

Financing of production facilities for transitional drive technologies (ICE, HEV, PHEV) as well as their suppliers and infrastructure are excluded.

21 PHEVs are excluded. These are categorised as transitional technologies in this sector guideline. In the EU taxonomy, PHEVs are categorised as sustainable until the end of 2024. In accordance with the EU taxonomy regulation on sustainable investment (Regulation (EU) 2020/852). The EU taxonomy is regularly updated and further specified via delegated legal acts.

3.2.7 Buildings Sector

The sector guideline applies to the construction of new buildings as well as the refurbishment and acquisition of buildings located in Germany. It includes in general all types of buildings that have to be heated or air conditioned to serve their purpose (e.g. residential buildings, administrative buildings, schools and hospitals) as well as building technology (heating, air conditioning, ventilation and lighting as well as hot water supply systems and equipment). For buildings in Germany, the minimum requirements are defined based on the established efficiency house and efficiency building standards.[22]

The following cases are governed by the sector guideline:

- Construction of new, refurbishment and acquisition of residential and non-residential buildings located in Germany, including financing of individual parts of buildings (e.g. flats and extension of existing buildings[23]) or
- Building technology (heating, air conditioning, ventilation and lighting as well as hot water supply systems and equipment)
- In the case of new buildings or complete refurbishments, both the requirements for building efficiency and for the heat generator must be met

22 The sector guideline for the buildings sector defines identical requirements for primary energy demand and transmission heat loss in accordance with the German Building Energy Act (GEG) for the efficiency house and efficiency building standard.

23 If existing buildings are extended, the building efficiency requirements must be met.

The following cases are <u>not</u> governed by the sector guideline:

- Buildings, including their building technology, located outside Germany
- Acquisition of existing flats, i.e. flats that have been occupied at least once since construction
- Construction of new, refurbishment and acquisition of listed buildings[24], industrial and production buildings, storage and dispatch buildings, data centres as well as all types of buildings that do not fall within the scope of the German Building Energy Act (GEG Section 2 (2), irrespective of whether the financed building is located in Germany or another EU member state
- Operation of buildings and technical systems for production processes in buildings

24 Listed buildings include structures that are particularly worthy of preservation. This is the case if at least one of the following requirements are met:

a) The building has been expressly designated by the municipality as a structure that is particularly worthy of preservation by statute, public listing or as part of an adopted integrated urban development or neighbourhood concept.
b) The building is part of a listed area protected by statute in accordance with Section 5 of the North Rhine-Westphalian Heritage Protection Law (Denkmalschutzgesetz – DSchG NRW).
c) The building is located in an area covered by a preservation statute in accordance with Section 172 (2) No. 1 of the German Building Code (Baugesetzbuch – BauGB).
d) The building is located in a redevelopment area in accordance with Section 142 BauGB whose special redevelopment objectives include the preservation of culturally valuable structures (Section 136 (4) No. 4 BauGB).
e) The building is otherwise protected by local building regulations (e.g. design statute, old town statute, statute for the preservation of the townscape or corresponding local building regulations laid down in the development plan) on the basis of the North Rhine-Westphalian Building Regulations (Landesbauordnung – BauO NRW).
f) The building is located in an area listed in the publication "Town centres and urban areas of special monument significance" (Stadtkerne und Stadtbereiche mit besonderer Denkmalbedeutung) of the German Association of State Monument Preservationists (Vereinigung der Landesdenkmalpfleger).
g) The building is characteristic of the townscape or landscape due to its age or its special (urban) location.
h) The building is characteristic of the townscape or landscape as part of the regional building tradition due to its specific materials, shape, construction method and architectural design.

- Individual measures, provided they are not relevant for the primary energy demand of a building, e.g. barrier-free conversion of the interior.
- Financing without technologically definable purpose. This also applies to financing for financial intermediaries, provided that the purpose is not technologically definable
- General corporate financing, for example for residential property companies and construction companies

Table 3: Requirements for new buildings and buildings to be occupied for the first time

	Jan. 1, 2025 to Dec. 31, 2027	From Jan. 1, 2028
Construction of new buildings and flats (new buildings)[25]	At least efficiency house or efficiency building standard 55 or class A in the energy certificate	At least efficiency house or efficiency building standard 40 or class A+ in the energy certificate
Acquisition of buildings and flats that have not been occupied since construction (first-time occupation)		
Construction of new buildings and acquisition of buildings and flats that have not been occupied since construction in compliance with the requirements for heat generators; see Table 4 “Heat generators”. If no new heat generator is installed and the existing heat generator is not adapted when existing buildings are extended, the requirements for the heat generator do not have to be met. If a new building is supplied via a local heating network of an existing (fossil) CHP plant, financing is permissible.		

25 The addition of self-contained residential units to a building is also considered the construction of a new building. All other cases are refurbishments.

Table 4: Requirements for the acquisition and refurbishment of buildings, individual measures and heat generators

	Jan. 1, 2025 to Dec. 31, 2034	Jan. 1, 2035 to Dec. 31, 2039	From Jan. 1, 2040
Acquisition of buildings that have been occupied at least once since construction	At least efficiency house or efficiency building standard 100 or class B in the energy certificate If the efficiency house or efficiency building standard 100 is not achieved, refurbishment within 4.5 years from commitment is mandatory (see "Refurbishment of buildings")	At least efficiency house or efficiency building standard 85 or class B in the energy certificate If the efficiency house or efficiency building standard 85 is not achieved, refurbishment within 4.5 years from commitment is mandatory (see "Refurbishment of buildings")	At least efficiency house or efficiency building standard 55 or class A in the energy certificate If the efficiency house or efficiency building standard 55 is not achieved, refurbishment within 4.5 years from commitment is mandatory (see "Refurbishment of buildings")
(Complete) refurbishment of buildings and flats[26]	At least efficiency house or efficiency building standard 100 or class B in the energy certificate	At least efficiency house or efficiency building standard 85 or class B in the energy certificate	At least efficiency house or efficiency building standard 55 or class A in the energy certificate
Individual measures[27]	Individual measures with the ambition level[28] of the efficiency house or efficiency building standard 70 or class B in the energy certificate		Individual measures with the ambition level of the efficiency house or efficiency building standard 55 or class A in the energy certificate
Heat generators	Financing of electric heat pumps, solar thermal, local and district heating, biomass and other heat generation technologies that do not produce any climate-relevant CO_2 emissions during operation is permitted. Financing of new heat generators that are operated with fossil fuels as well as the construction and acquisition of new buildings with fossil fuelled heat generators (including combined heat and power (CHP) plants) is excluded. The acquisition of existing buildings with fossil fuelled heat generators is permitted.		

26 A (complete) refurbishment is considered to have taken place if the entire building meets the above requirements after completion of the measures. If proof of this cannot be provided, the requirements for individual measures have to be met.

27 The technical requirements for individual measures are taken directly from the German Building Energy Act (GEG). If the GEG does not stipulate the corresponding ambition level, corresponding technical parameters (usually U-values) are derived. The ambition level of the individual measures must be such that the corresponding efficiency house or efficiency building standard would be achieved if the technical requirements were met as part of a complete refurbishment.

28 The technical requirements for the individual measures must be such that a reference building would achieve the corresponding standard if the requirements were met by all parts.

3.3 Handling of Conflicting Objectives

Irrespective of the scope of application of the sector guidelines, exception clauses can be used to enable higher-level promotional policy-relevant financing without taking the sector guidelines into account. These include financing and transactions on behalf of the State of North Rhine-Westphalia (Zuweisungsgeschäfte) approved by the full Managing Board of NRW.BANK.

3.4 Outlook

Climate change is characterised by increasing intensity and dynamism, and the scientific findings gained in this context as well as the technological possibilities are constantly evolving. In order to achieve the targeted greenhouse gas neutrality in other sectors as well, NRW.BANK plans to introduce sector guidelines for further greenhouse gas-intensive sectors. In addition, the existing sector guidelines are regularly reviewed and may have to be adapted in this context if, for example, the underlying climate scenarios or the transformative technologies change in the future.

Abbreviations

BAT	Best Available Techniques
BECCUS	Biobased Energy Carbon Capture, Utilisation and Storage
BEV	Battery Electric Vehicles
BOF	Basic Oxygen Furnace
BREF	Best Available Techniques Reference Document
CCS	Carbon Capture and Storage
CCU	Carbon Capture and Utilization
CCUS	Carbon Capture, Utilisation and Storage
CHP	Combined Heat and Power Generation
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CRC	Convention on the Rights of the Child
CSP	Concentrated Solar Power
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
EEDI	Energy Efficiency Design Index
EU	European Union
FCEV	Fuel Cell Electric Vehicles

FSC	Forest Stewardship Council – international certification system for more sustainable forest management
GBEP	Global Bioenergy Partnership
GEG	Gebäudeenergiegesetz (Building Energy Act)
GHG	Greenhouse Gas
HEV	Hybrid Electric Vehicle
H_2	Hydrogen
ICE	Internal Combustion Engine
ILO	International Labour Organisation
LNG	Liquefied Natural Gas
NACE	Nomenclature of Economic Activities
OECD	Organisation for Economic Co-operation and Development
PHEV	Plug-in Hybrid Electric Vehicle
R&D	Research and Development
RSPO	Roundtable on Sustainable Palm Oil – certification of the palm oil supply chain
SAF	Sustainable Aviation Fuel
UN	United Nations

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