NRW.BANK
Promoting Ideas

Explanatory Notes on the

Sustainability Strategy of NRW.BANK



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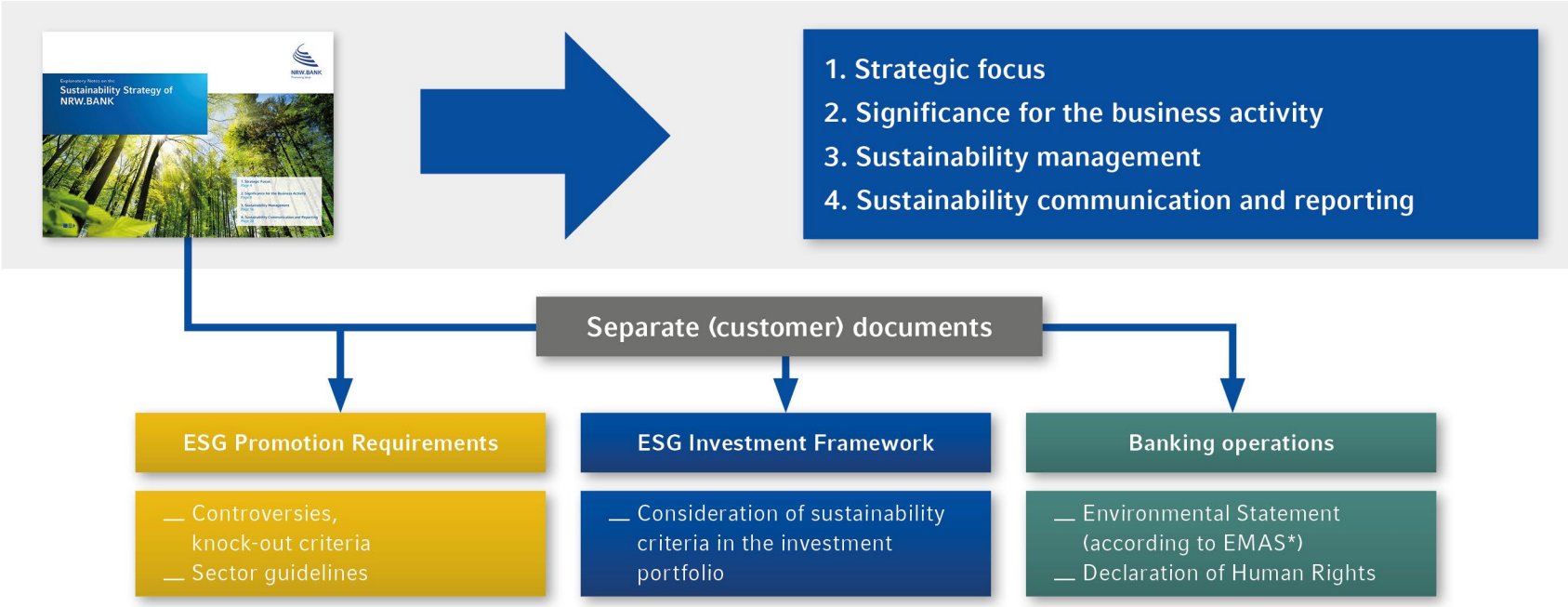
Introduction and Systematics of the Document

NRW.BANK's Sustainability Strategy was adopted by the Bank's Managing Board on December 2, 2025, discussed by the Supervisory Board on December 8, 2025 and implemented in the Bank's rules and regulations and overall strategy effective January 1, 2026. It replaces the Sustainability Strategy as last amended on January 1, 2025.

Sustainability has been anchored in NRW.BANK's Statutes and the Act on NRW.BANK since its foundation and is a key criterion in all business policy decisions. The Sustainability Strategy specifies how to handle this central guiding principle within NRW.BANK and its ongoing further development. To give all stakeholders of NRW.BANK maximum transparency, the Explanatory Notes on the Sustainability Strategy are published in an open-access format.

Documents on specific topics put the Sustainability Strategy into more concrete terms: As part of the ESG Promotion Requirements, NRW.BANK defines programme-specific promotional conditions and requirements with regard to sustainability. The ESG Investment Framework focuses on the consideration of sustainability criteria in NRW.BANK's investment portfolio, and the aspects relevant to the banking operations are specified, among others, in the Environmental Statement (according to EMAS) and a Declaration of Human Rights. These documents are also published on NRW.BANK's website.



* Eco Management and Audit Scheme (environmental management system of the EU)

1. Strategic Focus

In Brief

__ Sustainability is a central guiding principle and a key criterion for NRW.BANK's decisions on business policy. Within this framework, ecology, social affairs, economy and corporate governance are inextricably linked.

__ NRW.BANK continuously monitors relevant environmental developments. In this way, the Bank aims to ensure that not only regulatory requirements but also the demands made on its promotional activities and its role as an employer can be incorporated into the organisation's strategic development in the best possible way.

__ NRW.BANK places a clear focus on achieving the goals of the Paris Climate Agreement. The main overarching objective therefore is to become carbon-neutral in the promotional business, the capital market business and the banking operations by 2045. Enhancing NRW's social sustainability also remains a significant strategic focus for NRW.BANK.

__ All sustainability objectives and the related activities are published in NRW.BANK's Sustainability Programme on its website.

1.1 Mission and Vision

NRW.BANK's business policy activities are based on the principle of sustainability. This means, within the scope of its possibilities to "meet the needs of the present generation without compromising the ability of future generations to meet their own needs" (Brundtland Report, 1987). **Sustainability is a central guiding principle and a key criterion for NRW.BANK's decisions on business policy.**

For NRW.BANK, sustainability comprises primarily the concepts of Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) and encompasses the four dimensions of ecology, social affairs, economy and corporate governance.

NRW.BANK understands these dimensions as being inextricably linked. Naturally, there are conflicting objectives between the dimensions that cannot be entirely resolved in advance and must be carefully weighed up.

The sustainability issue is placing all players under considerable pressure to act. The significant exceeding of the planet's limits (seven out of nine limits have been exceeded (2025)[1], for example, high consumption of resources) is one of the major challenges of our time. The consequences expected to arise from the climate and biodiversity crisis are driving a fundamental transformation of the economy and society. Regulatory and political demands make achieving carbon neutrality by 2045 a mandatory task. In particular, the social compatibility of the measures taken must always be kept in mind to achieve maximum acceptance.

We therefore consider sustainability to be a key task of our times.

Sustainability is therefore reflected in all phases of NRW.BANK's corporate activities, starting from its strategic and business policy decisions to the shaping of its range of products and services down to the implementation of specific financings, its capital market activities and the advisory services it provides.

As part of its promotional business, NRW.BANK supports the development of competitive, sustainable and future-proof conditions for people, companies and municipalities in North Rhine-Westphalia in line with the federal state's legal regulations, particularly its promotional and sustainability policies. Against this background, NRW.BANK specifically promotes and finances projects that contribute to environmental and especially climate protection, the preservation of biodiversity and the circular economy, social cohesion and the strengthening of sustainable economic structures.

1 Stockholm Resilience Centre (2025)

Since its foundation, NRW.BANK has shown a high level of environmental responsibility and awareness. This also includes the protection of biodiversity and the climate. Just like the State of North Rhine-Westphalia, NRW.BANK is committed to the goals of the Paris Climate Agreement.

As regards the social dimension, NRW.BANK is committed to a society worth living in that offers equal rights and opportunities to all people in NRW and does not exclude or disadvantage individuals. It is committed, among other things, to generating demand-oriented, affordable and generation-appropriate housing, to preserving and creating jobs and to supporting the local authorities, e.g. in terms of school education.

NRW.BANK is a forward-looking and socially responsible employer and is especially committed to a responsible human resources and training policy as well as to fair dealings with all employees.

Based on the above, NRW.BANK has the following vision with regard to sustainability:

We shape NRW ecologically – fairly – successfully
Taking all four dimensions into account, NRW.BANK supports its funding recipients in their sustainable actions, thus strengthening their future viability and competitiveness in the long term.

Another cornerstone of NRW.BANK's sustainability efforts are the transparent and respectful relationships with its owner, customers, employees and society at large. NRW.BANK lives up to this commitment based on its Public Corporate Governance Code. In addition, NRW.BANK has defined the core elements of its corporate mission in its mission statement.

1.2 Relevant Environmental Developments

NRW.BANK implements its Sustainability Strategy in a dynamic and challenging environment. Social, ecological and economic changes are becoming increasingly interconnected and determine how public promotional institutions can fulfil their mandate in the future.

As the promotional bank of the State of North Rhine-Westphalia, NRW.BANK faces the task of actively contributing to shaping the transformation towards a climate-neutral, socially just and competitive economy. This is particularly important as the coming years represent a decisive phase in the sustainable transformation of both the economy and society.

The following context analysis describes the relevant surrounding developments expected in the coming years. It provides a framework and guidance for the ongoing refinement of the Sustainability Strategy and the operational implementation of the promotional mission with regard to the sustainable development of the federal state.

1. Increasing Regulatory and Disclosure Requirements
Governments and supervisory authorities are increasingly stepping up their efforts to involve the financial sector in the fight against climate change. Regulatory pressure on banks to promote the integration of sustainability aspects into their business practices has increased considerably in recent years. This is reflected in a large number of new and extended regulations regarding reporting obligations, climate protection laws and requirements, net zero obligations and transition plans.

2. Noticeable Environmental Impact
Besides the increased regulatory requirements, in particular climate change and its increasingly noticeable environmental impact are key challenges.

Current developments such as the increase in extreme weather events – including floods, droughts, heatwaves and storms – illustrate the urgency of countering these risks. Such events not only jeopardise financial stability but also have the potential to significantly affect supply chains, production processes and infrastructure.

Companies and private individuals are increasingly facing damage to their assets and a deterioration of the quality of life.

3. Biodiversity and Nature Risks
As a result, there is increasing pressure to systematically assess climate risks and integrate them into the business strategy, in order to strengthen resilience to the consequences of climate change while promoting sustainable growth. In 2025, the focus has expanded beyond purely carbon risks: biodiversity and nature risks are increasingly coming into focus as a risk and disclosure category. Reports show that many financial institutions continue to invest in sectors that contribute to deforestation and biodiversity loss, such as palm oil and beef supply chains.

This marks the transition to a more comprehensive understanding of sustainability, in which financial flows must not only be climate-neutral but also nature-positive. Regulatory initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD) are therefore gaining increased importance.

4. Challenge of Achieving the Climate Targets
Despite this growing awareness of climate and nature risks, current scientific analyses indicate that the global pressure to act is continually rising. According to the United Nations, the Earth is currently heading for global warming of around 2.8 degrees above pre-industrial levels by the end of the century. Even if all countries implement their national climate protection plans as announced, an increase of 2.3 to 2.5 degrees is still expected. According to the UN Environment Programme (UNEP), it is very likely that the internationally agreed 1.5 degree target will already be exceeded within the next decade.

Achieving the Paris climate targets is therefore becoming increasingly unlikely, and it is clear that the efforts made to date are far from sufficient.

However, in order to also be accepted by society, drastic measures must be socially compatible. All population groups must be involved in this comprehensive process of change. A successful and fair transformation requires the will to reform and invest and, in particular, transparent communication.

5. Focus on the Measurable Impact
In order to make the various declarations of intent, particularly those of financial institutions, verifiable, it must become possible to measure the demonstrable impact of sustainability. Promotional banks must increasingly prove the social and ecological added value of their activities. Against this background, the development of impact management systems is on the agenda of many institutions.

6. Technological Transformation and Digitalisation
ESG data are increasingly required for the aforementioned topics. Owing to their business model, such data are either unavailable or only partially available in promotional banks. The collection and mobilisation of ESG data are therefore becoming ever more important for making evidence-based decisions, identifying risks and measuring the impact achieved. Digital technologies – especially artificial intelligence and automated ESG data models – are fundamentally transforming sustainability management.

7. Corporate Social Responsibility
Corporate social responsibility is also becoming increasingly important – including against the backdrop of demographic developments. Taking into account social aspects such as the creation and preservation of jobs, the promotion of education and health or the protection of human rights is a key concern for NRW.BANK.

Outlook
NRW.BANK continuously monitors the environmental developments mentioned above. The coming years will be decisive in determining how ambitiously the climate and biodiversity targets set by the global community will be addressed.

For NRW.BANK, this means it must continue to actively carry its public mission into the future – as a driver of socio-ecological transformation, as a reliable partner of the federal state, municipalities and the economy, and as a creator of a sustainable financial system in North Rhine-Westphalia.

Fulfilling its mission of "promoting future viability and competitiveness" with a view to future generations requires consistent action, a clear focus on impact and transparent management.



1.3 Strategic Sustainability Objectives

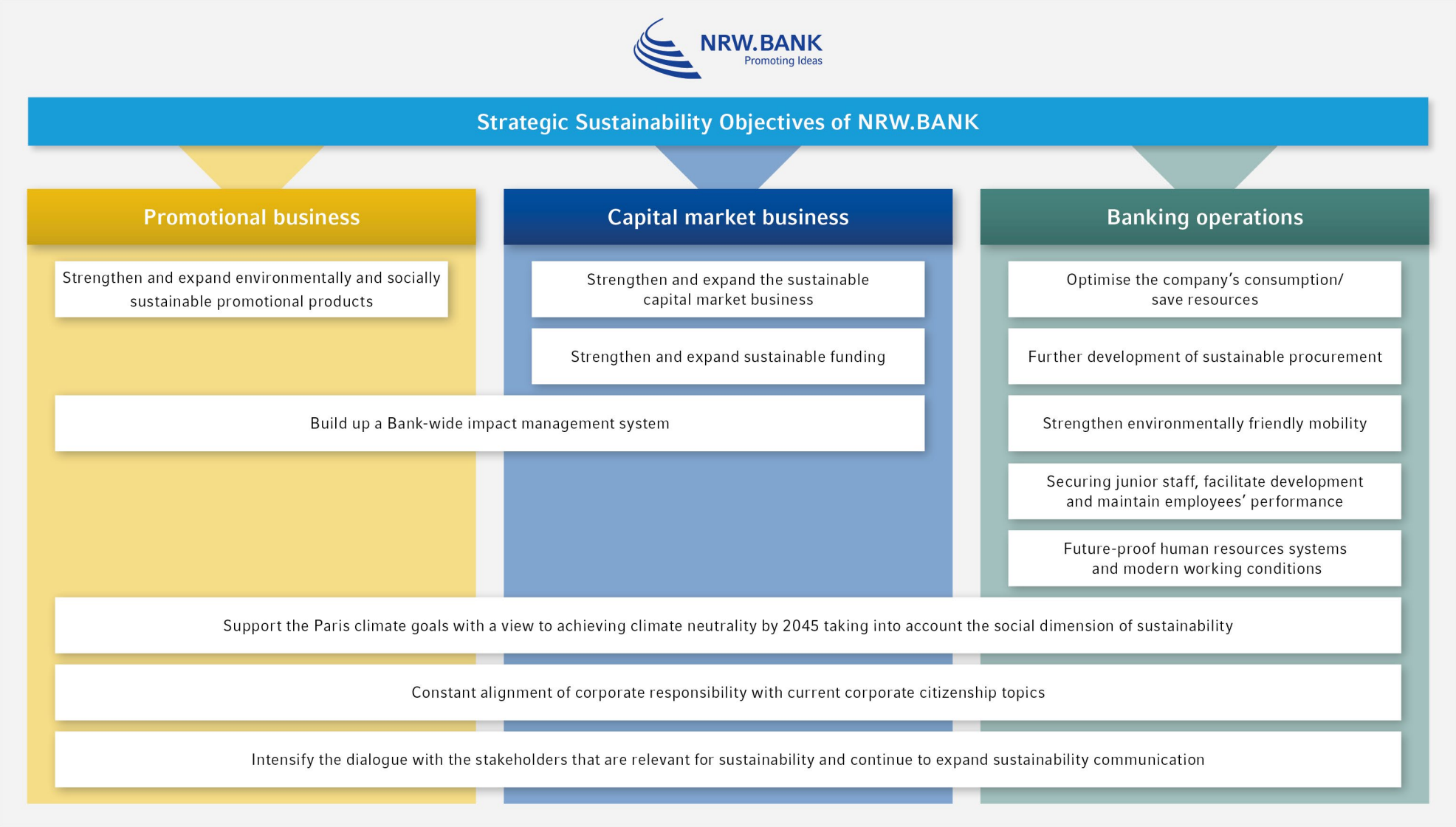
The strategic sustainability objectives demonstrate the long-term orientation of NRW.BANK's sustainability efforts. The key issues identified by the Bank – including in the context of the materiality analysis of the Corporate Sustainability Reporting Directive (CSRD) – are thus put in more concrete terms. These objectives influence the way in which NRW.BANK does business and are thus intended to ensure that the sustainability issue is further developed on an ongoing basis. NRW.BANK's business units are divided into three pillars: promotional business, capital market business and own banking operations.

To effectively drive forward NRW.BANK's sustainability efforts, there are sustainability objectives for the Bank as a whole as well as specific sustainability objectives within each pillar.

As part of the transformation challenges in NRW, NRW.BANK is placing a clear focus on achieving the goals of the Paris Climate Agreement. NRW.BANK's main overarching objective therefore is for the promotional business, the capital market business and the banking operations to become carbon-neutral in the future so as to support the State of North Rhine-Westphalia in achieving the climate neutrality goal by 2045.

Needless to say, enhancing NRW's social sustainability – especially with regard to social participation – also remains a material strategic focus for NRW.BANK.

All objectives and the related activities are refined and updated annually and published in NRW.BANK's Sustainability Programme (see chart below). The achievement of these objectives is published on NRW.BANK' Sustainability Portal on the internet.


NRW.BANK
Promoting Ideas
Strategic Sustainability Objectives of NRW.BANK
Promotional business
Capital market business
Banking operations
Strengthen and expand environmentally and socially sustainable promotional products
Strengthen and expand the sustainable capital market business
Strengthen and expand sustainable funding
Optimise the company's consumption/ save resources
Further development of sustainable procurement
Build up a Bank-wide impact management system
Strengthen environmentally friendly mobility
Securing junior staff, facilitate development and maintain employees' performance
Future-proof human resources systems and modern working conditions
Support the Paris climate goals with a view to achieving climate neutrality by 2045 taking into account the social dimension of sustainability
Constant alignment of corporate responsibility with current corporate citizenship topics
Intensify the dialogue with the stakeholders that are relevant for sustainability and continue to expand sustainability communication

2. Significance for the Business Activity

In Brief

- The principle of sustainability is anchored in the Act on NRW.BANK and the Statutes of NRW.BANK. Moreover, internal guidelines address sub-aspects of sustainability, e.g. with regard to compliance with labour standards or the fight against corruption.
- For each of NRW.BANK's business pillars (promotional business, capital market business and banking operations), there are specifications that describe the sustainability approach in detail.
- In the organisation of the promotional business, the focus is placed on the environmental and digital transformation of the economy and society and on strengthening social participation. The separate ESG Promotion Requirements contain programme-specific promotional conditions in the form of knock-out criteria and sector guidelines.
- In addition to issuing its own green and social bonds, NRW.BANK invests in designated sustainable bonds (green, social and sustainability bonds). The ESG Investment Framework contains further specifications on sustainability in the capital market business.
- In its own banking operations, NRW.BANK is committed to the responsible use of natural resources, to protecting the climate and the environment and to avoiding adverse environmental impacts. The environmental management system under EMAS (Eco Management and Audit Scheme) aims to continuously improve the Bank's environmental performance.
- NRW.BANK's membership of various initiatives and associations underlines the Bank's commitment to sustainability, while its participation in voluntary endorsements increases the traceability and comparability of its activities.

2.1 Statutory Framework and Internal Regulations

The consideration of the sustainability principle is firmly anchored in the Act on NRW.BANK (section 3, para. 1) and in the Bank's Statutes (section 5, para. 1). Special aspects resulting from the framework conditions of NRW.BANK such as "Verständigung II", the public mission and the house bank principle are also taken into account. In addition, the Bank develops internal policies addressing various aspects of sustainability at NRW.BANK.

Labour standards and human rights: NRW.BANK complies with international standards – such as human rights, the UN Convention on the Rights of the Child and the rejection of human trafficking and forced labour – as well as with European and national laws and labour standards. The right of all employees to freedom of association and the active support of statutory co-determination play an especially important role in this context.

Equal opportunities and principle of non-discrimination: To offer its employees a fair and good working environment, the Bank attaches importance to mutual respect and avoiding discrimination. This is why equal opportunities and the principle of non-discrimination are laid down in these Explanatory Notes on the Sustainability Strategy and in special internal guidelines.

Compliance and money laundering prevention: The Bank is committed to compliance with regulatory and statutory provisions as well as with internal requirements, which forms the basis for such trust. The Bank has appointed a Compliance Officer in accordance with MaRisk and WpHG each, as well as an Officer for the Prevention of Money Laundering and the Prevention of Terrorist Financing Risks and Other Criminal Acts; as well as deputies for exercising the various Compliance functions.

The tasks of these Officers primarily include the development, communication and review of the Bank-wide Compliance and Money Laundering Prevention framework and the management of the compliance risk, taking into account other risk types such as reputational and operational risks. In addition, they carry out Bank-specific risk analyses to assess the appropriateness and effectiveness of the principles, resources and processes and refine and update them. The promotional bank pursues a preventive approach to raise awareness of compliance matters. It has established a set of detailed, written internal Compliance Regulations as well as mandatory regular training courses on compliance, money laundering prevention as well as the "other criminal acts" (sonstige strafbare Handlungen) as defined in the German Banking Act (KWG) for all its employees. In addition, NRW.BANK publishes transparent information on how compliance and money laundering prevention issues are handled on its website, where the Bank also offers the possibility to use its complaint management system and whistleblower system, if required. For this purpose, a **reporting form** is available on the Bank's website.

Tax aspects: Compliance with all tax laws is as important for NRW.BANK as the principle that all tax planning measures must not only be legally permissible but also ethically acceptable. In its Group Tax Guidelines, NRW.BANK therefore undertook to avoid business relations with companies which are obviously not tax-compliant, as well as transactions suspected to use dubious tax structures. In the Bank's opinion, it consequently 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.

Data protection: Being a bank with a public mission, NRW.BANK considers compliance with data protection requirements to be an integral element of its business policy. The personal data of employees, customers and business partners are processed in accordance with the applicable legal provisions on the protection of personal data and data security. NRW.BANK promotes and encourages awareness and understanding of data protection and has therefore made regular awareness-raising and training measures on data protection and data security integral elements of its operational processes.

Corruption prevention: Besides its regulations on compliance, money laundering prevention and data protection, NRW.BANK's set of written policies and instructions also includes general instructions and regulations relating to other criminal acts as defined in section 25h of the German Banking Act (KWG). These are addressed at all employees of the Bank and also include the prevention of corruption. NRW.BANK has also established effective processes for receiving and following up reports of suspicious behaviour. In the event of infringements or the detection of other criminal acts, the central function established in the Compliance and Non-Financial Risks unit in accordance with section 25h KWG takes action. It receives potential reports and coordinates the entire process relating to reports of suspicious behaviour and risk notifications concerning other criminal acts. Charges are filed by the Legal unit only in consultation with the central function.

2.2 Specifications in the Promotional Business

The core task of the Bank is to support the State of North Rhine-Westphalia in its structural policy objectives. To fulfil this core task, NRW.BANK operates in the fields of economic, housing, infrastructure and municipal promotion. NRW.BANK's range of services is based on three pillars:

Standard bank financing (including repayment discounts), consultancy services and subsidies. As regards the third pillar, the Bank can assume service functions for subsidies provided by the federal state or provide subsidies from its own funds for initial or accompanying costs in connection with standard bank financing.

Achieving the goals of the Paris Climate Agreement (climate neutrality and climate resilience) plays an important role. Besides the existing promotional products and services for the environmental dimension of sustainability, the Bank intends to increasingly take climate implications into account in the development of promotional solutions.

The main instruments used by NRW.BANK for these purposes include low-interest rates and repayment discounts on promotional loans, risk sharing with house banks, the provision of equity and mezzanine capital as well as subsidies for initial or accompanying costs. In this context, NRW.BANK provides non-discriminatory access to promotional funds. The Bank uses its own income to finance its promotional activities.

The transformational objectives in the promotional business are prioritised and the related specific objectives are defined in close coordination with the owner and in line with NRW.BANK's mission to support the structural, economic, social and housing policy of the State of North Rhine-Westphalia.

To support the transformation processes, NRW.BANK will align its promotional offerings more closely with the challenges of environmental transformation (especially the reduction of greenhouse gas emissions and adverse environmental impacts, strengthening climate resilience, protecting biodiversity and promoting the circular economy), digital transformation and changing international dependencies.

Promotional funding will also focus on strengthening social participation by implementing and further developing the promotion of affordable and future-oriented housing. Another priority is the modernisation and adaptation of infrastructure, in particular by optimising promotional offerings to support the future-proof modernisation of (municipal) infrastructure and by further developing schemes for the adaptation of energy infrastructure.

Besides this, the impact orientation of promotional funding is being further refined, and an impact management system is being implemented in order to record the Bank's contribution to sustainable development even more systematically, to make it measurable and to present it in a transparent manner.

NRW.BANK attaches great importance to communicating its own sustainability approach to the beneficiaries of its promotional programmes and to support them in a potential change process towards sustainable structures.

ESG Promotion Requirements

To support the transformation to a sustainable society, NRW.BANK defines programme-specific promotional conditions (Programme Conditions/ Information Sheets) and requirements with regard to sustainability (ESG Promotion Requirements). The ESG Promotion Requirements include knock-out criteria and sector guidelines, which are anchored in the respective promotional conditions. Compliance with the ESG Promotion Requirements is checked by NRW.BANK, but also – if involved – by the house bank of the recipient.

NRW.BANK's knock-out criteria define controversial business practices, business activities and business fields that are inconsistent with NRW.BANK's values and contradict the sustainable fulfilment of its mission in the fields of structural, economic, social and housing policy. The entire promotional business of NRW.BANK, whose organisation is at its own discretion, falls within the scope of the defined knock-out criteria. The latter do not include on-lending to other promotional banks, state programmes, housing promotion to private customers as well as housing promotion and transactions on behalf of the federal state (Zuweisungsgeschäfte). 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.

In addition, NRW.BANK has defined sector guidelines for its promotional business. The sector guidelines – which are based on the KfW approach and take into account the requirements of NRW as a business location – are intended to support the goal of aligning new business in NRW.BANK's promotional programmes with the Paris Climate Agreement. Within this framework, sector-specific minimum requirements for the climate compatibility of the technologies financed are systematically formulated for GHG-intensive sectors. These minimum requirements are scientifically derived from the accepted "Paris-compatible" climate scenarios of the International Energy Agency (IEA) and are intended to show which mix of transitional and future technologies can be used to successfully achieve the transformation towards climate neutrality. The respective programme-specific conditions remain relevant for the promotional programmes of NRW.BANK. The promotional programmes, whose organisation is at the discretion of NRW.BANK, will successively be checked for compatibility with the sector guidelines (especially when introducing new programmes or updating programmes) and will be adapted, if feasible.

As far as possible, NRW.BANK excludes beneficiaries or projects that do not meet the Bank's ESG Promotion Requirements from NRW.BANK's promotional programmes.

The knock-out criteria and the sector guidelines of NRW.BANK, as well as their application, are described in detail in the ESG Promotion Requirements.

2.3 Specifications in the Capital Market Business

To fulfil its public mission, NRW.BANK uses the opportunities for funding via the (inter)national money and capital markets opened up by the guarantees of its guarantor on the basis of the Act on NRW.BANK to implement its promotional business largely independently of the budget. The Bank uses a wide range of products and is a respected and reliable market participant.

In the context of its capital market business, NRW.BANK pursues a conservative investment strategy to generate necessary surpluses. These are used to finance the promotional business, to secure the viability of the Bank, also with regard to the creation of its own, non-interest-bearing provisions, and to finance the banking operations in accordance with the quantitative budget. To exclude material ESG (Environmental, Social, Governance) risks of the total portfolio, NRW.BANK incorporates ESG issues into the analysis and decision-making processes for its investment portfolio.

For this purpose, the Bank has defined its own traffic light system for sustainable investments. New investments with a red MSCI ESG controversy flag adopted by NRW.BANK are excluded. Also excluded are corporates and financials (banks and insurance companies) whose ESG risk is high by industry standards ("laggards") according to an MSCI ESG rating adopted by NRW.BANK.

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The consideration of transformation opportunities/risks and the Paris climate goals based on the Implied Temperature Rise (ITR) is another key component of the achievement of the sustainability objective in NRW.BANK's capital investments. The overarching objective is the achievement of a climate-neutral investment portfolio by no later than 2045 to support the limitation of the temperature rise to 1.5 °C.

As part of its investment policy, NRW.BANK also invests in designated sustainable bonds (green, social and sustainability bonds), and, as an experienced issuer, thus also promotes the development of the thematic investment segment as an investor.

In addition, NRW.BANK pursues collaborative engagement together with other institutional investors via ISS ESG.

In line with NRW.BANK's holistic sustainability approach as an investor, the Bank has signed the UN Principles for Responsible Investment (UN PRI) in 2020 and is continuously working on the further implementation and integration of the six principles in its capital market business.

The main objective is to further develop the sustainable focus of the investment business on an ongoing basis, taking into account the dynamically evolving regulatory requirements and NRW.BANK's voluntary commitments.

The principle of sustainability is also taken into account in refinancing. The issuance of green bonds has been a fundamental component of NRW.BANK's refinancing strategy since 2013. Green bonds are used to (re)finance climate-friendly and environmentally-friendly projects in NRW. The green bond programme is based on the ICMA Green Bond Principles (GBP) and the EU taxonomy as the classification system of the EU GBS. The Green Bond Framework describes the currently valid framework and supports further development in line with market requirements.

With a view to stepping up the promotion of sustainable projects, NRW.BANK provides its funding recipients with favourable funding on a specially introduced low-interest "green" funding curve – the NRW.BANK Green Curve. To qualify for the use of the discounted "green" funding curve, the projects to be financed must at least meet the "substantial contribution" criteria in accordance with the EU Taxonomy Regulation. In addition, alignment with the relevant "do no significant harm" (DNSH) criteria as well as the "minimum social safeguards" is expected on a "best-effort" basis.

Since 2020, social bonds have been a further element in NRW.BANK's capital market business. The formal framework is provided by the ICMA Social Bond Principles (SBP). NRW.BANK uses its social bonds to fund projects that promote affordable home ownership, the preservation and creation of jobs, support for municipalities, e.g. in school education, activities in the health and care sector as well as investments in disaster management and affordable basic infrastructure.

For further specifications on the capital market business, please refer to NRW.BANK's ESG Investment Framework and NRW.BANK's Green Bond and Social Bond Portal.

2.4 Specifications in the Banking and Business Operations

a) Environmental Dimension

NRW.BANK has been committed to the responsible use of natural resources as well as to protecting the climate and the environment and to avoiding adverse environmental impacts for many years. This includes the sustainable utilisation of all resources used in its business processes and structures. Against this background, NRW.BANK has introduced an environmental management system in accordance with EMAS (Eco Management and Audit Scheme).

Avoiding emissions is a top priority and is practised in all business units of the Bank. The Bank strives to minimise unavoidable emissions by using a high proportion of environmentally friendly and renewable resources. They are elements of its activities aimed at creating a high-quality environment. The annual environmental impact resulting from banking operations is shown in an Environmental Statement.

Unavoidable emissions arising from NRW.BANK's banking operations have been offset for several years. To this end, the Bank buys climate protection certificates that offset all of its emissions.In addition, NRW.BANK annually supports a local reduction initiative in North Rhine-Westphalia (binding of CO_2 from the atmosphere).

NRW.BANK's resource efficiency and its active contributions to North Rhine-Westphalia's public life are an integral part of its corporate responsibility for present and future generations. For example, the Bank aims to implement the state of the art whenever it comes to constructing or converting buildings for its banking operations and examines in this context also the use of sustainable materials. As part of its ongoing improvement process, the Bank also recognises the key importance of sensitising its employees to the importance of making responsible use of resources. The Bank provides incentives for the sustainable commuting of its employees and makes sure that sustainable means of transport are used for business travel.

Finally, NRW.BANK ensures compliance with binding obligations via an environmental law register, which lists the environmental laws that affect it and documents its compliance with these laws.

As NRW.BANK attaches great importance to continuously improving its environmental performance as proof of its sustainable action, the Bank has committed itself to implementing an annual monitoring process of its current activities. The assessment of results is communicated transparently as part of the Bank's sustainability reporting.

Sustainable procurement: When commissioning third parties, NRW.BANK will pay attention not only to cost-efficiency but also to environmental protection, energy efficiency, the promotion of gender equality and other social aspects in accordance with the corresponding legal regulations. Since May 1, 2025, EU tenders also require the inclusion of an explicit sustainability agreement in the contract.

b) Social Dimension (and Corporate Governance))

Human resources policy: For NRW.BANK, assuming responsibility for its employees means creating an attractive long-term working environment, for example through a modern corporate culture and motivating leadership, interesting development perspectives in combination with high job safety, modern health management and regulations supporting a good work-life balance.

The Bank's "Fairness and Openness at Work" convention not only prohibits all forms of discrimination within NRW.BANK but also describes measures to prevent discrimination and defines rules relating to employees' right to file complaints.

For NRW.BANK, fair dealings with its employees also mean creating a corporate culture in which open communication, respectful interaction and a strong team spirit are values that are endorsed by all. Together with dialogue-oriented processes, these values lay the basis for a positive and productive working climate.

While there can be no doubt that a positive working environment is conducive to high performance and excellent achievements, it is important to have good qualifications to start with, as well as possibilities for further development.

This is why NRW.BANK attaches top priority to excellent vocational training, constant further training and individual development. The Bank has launched voluntary internal basic training on sustainability for its employees. It takes a look at the general understanding of sustainability, political bases and the role of the financial industry. The training also covers NRW.BANK's understanding of sustainability as well as its Sustainability Strategy and sustainability efforts.

NRW.BANK regards the professional and social skills of all employees as essential, while simultaneously providing them with attractive opportunities for further professional development. In this context, the Bank pays particular attention to equal opportunities, diversity and the balance of work and family life. A family-friendly policy is to promote and stabilise professional equality. The Equality Plan adopted by NRW.BANK to promote equal opportunities and equal pay for women and men is an important tool for human resources planning, especially for filling vacant positions and human resources development. The permanent auditing of the "work and family" approach accompanies the ongoing further development.

Corporate citizenship: NRW.BANK is aware of its social responsibility. Every year, it therefore supports projects from the fields of "Science and Education", "Arts and Culture" and "Society and Social Affairs" that are important for social cohesion in North Rhine-Westphalia. Under its remit as a promotional bank, NRW.BANK endeavours to shape a project-related collaboration with its partners on a medium to long-term basis in order to create the required continuity. The Bank strives to ensure the social and regional balance of its activities in North Rhine-Westphalia. NRW.BANK also supports its employees' volunteering efforts at non-profit organisations. In accordance with the guidelines set by the Supervisory Board, NRW.BANK makes neither direct nor indirect donations to political parties or party-related foundations. Moreover, the Bank places no advertisements in their publications.

2.5 Commitments and Initiatives

In accordance with its Sustainability Strategy, NRW.BANK pursues the sustainability goals it has identified also outside its own business activity. NRW.BANK's membership of various initiatives and associations for sustainable corporate action underlines the Bank's commitment to sustainability externally, while its participation in voluntary endorsements increases the traceability and comparability of its activities.

In the context of its special role as a facilitator of sustainable transformation for businesses and municipalities in North Rhine-Westphalia, NRW.BANK also participates in various regional initiatives that enable networking and a professional exchange with its local stakeholders. For instance, NRW.BANK is a member of **KlimaDiskurs.NRW e. V.** and **SEND e. V.**

NRW.BANK became a voluntary partner in the cooperation network "Düsseldorfer Klimapakt mit der Wirtschaft" in December 2023 and a member of the "Allianz für Klimaschutz Münster" in August 2024. The Bank thereby supports the climate targets of the two cities in line with its sustainability objectives, especially to continuously reduce the production of greenhouse gases and the consumption of resources. As an ordinary member of the Association of **German Public Sector Banks** (VÖB) and the **European Association of Public Bank**s (EAPB), NRW.BANK actively participates in working groups and panel discussions on sustainability, sustainable finance and green bonds.

Germany's "Diversity Charter"

NRW.BANK has been a signatory of the **Diversity Charter** (CdV) since 2009. The CdV is a voluntary commitment published in 2006 and a non-profit organisation committed to ensuring that organisations create a working environment that is free from prejudice. It is driving the debate on diversity management in Germany.

UNEP Finance Initiative

Also since 2009, NRW.BANK has been a member of **UNEP FI**, the Finance Initiative of the United Nations Environment Programme. The programme is a partnership between the United Nations and enterprises worldwide and aims to integrate sustainability aspects into all business areas of financial institutions. Accordingly, UNEP FI raises awareness about current sustainability issues and environmental challenges at financial institutions.

UN Global Compact

NRW.BANK was one of the first banks in Germany to sign the **United Nations (UN) Global Compact** in 2009. The UN Global Compact is the world's largest and most important initiative for sustainable and responsible corporate governance. Based on the ten universal principles and the Sustainable Development Goals, the UN Global Compact pursues the vision of a more inclusive and sustainable economy to the benefit of all people, communities and markets today and in the future. As an active participant, NRW.BANK publishes an annual progress report that illustrates its contribution to the ten principles.

UN Principles for Responsible Investments

Since 2020, NRW.BANK has also been a signatory of the **UN Principles for Responsible Investment** (UN PRI) developed in the context of the UNEP FI. This underlines NRW.BANK's endeavours to make its activities as an investor more sustainable across the board. NRW.BANK is continuously working to implement and integrate the six principles into its capital market business. For details, please refer to the ESG Investment Framework.

Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU)

Since 2015, NRW.BANK has been a member of the **Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V.** (VfU). Established in 1995, the VfU is a network of sustainable finance professionals from over 60 financial companies from the D/A/CH region. The association offers a variety of formats to facilitate the exchange with peers and thus provides a platform for the professional discussion of sustainable finance topics.

3. Sustainability Management

In Brief

__ The Sustainability Committee, in the form of an extended Board meeting, is responsible for the strategic and overarching business policy decisions with regard to sustainability.

__ In the context of the annual stakeholder dialogue, the Bank enters into an open and unbiased exchange with its key stakeholders from a sustainability point of view so as to take external input into account on an ongoing basis.

__ NRW.BANK also takes account of the sustainability risks resulting from its own activities and those of its clients across all risk types.

Sustainability has been integrated into NRW.BANK's existing control systems, as the Bank considers the implementation and further development of the sustainability principle to be an integral element of the Bank's strategic control. To ensure such implementation and further development, NRW.BANK has additionally established a Sustainability Committee as an extended Board meeting to do justice to the strategic importance of the topic. In connection with its further development, NRW.BANK considers the observations and expectations of relevant stakeholders by maintaining a stakeholder dialogue.

3.1 Strategic Control

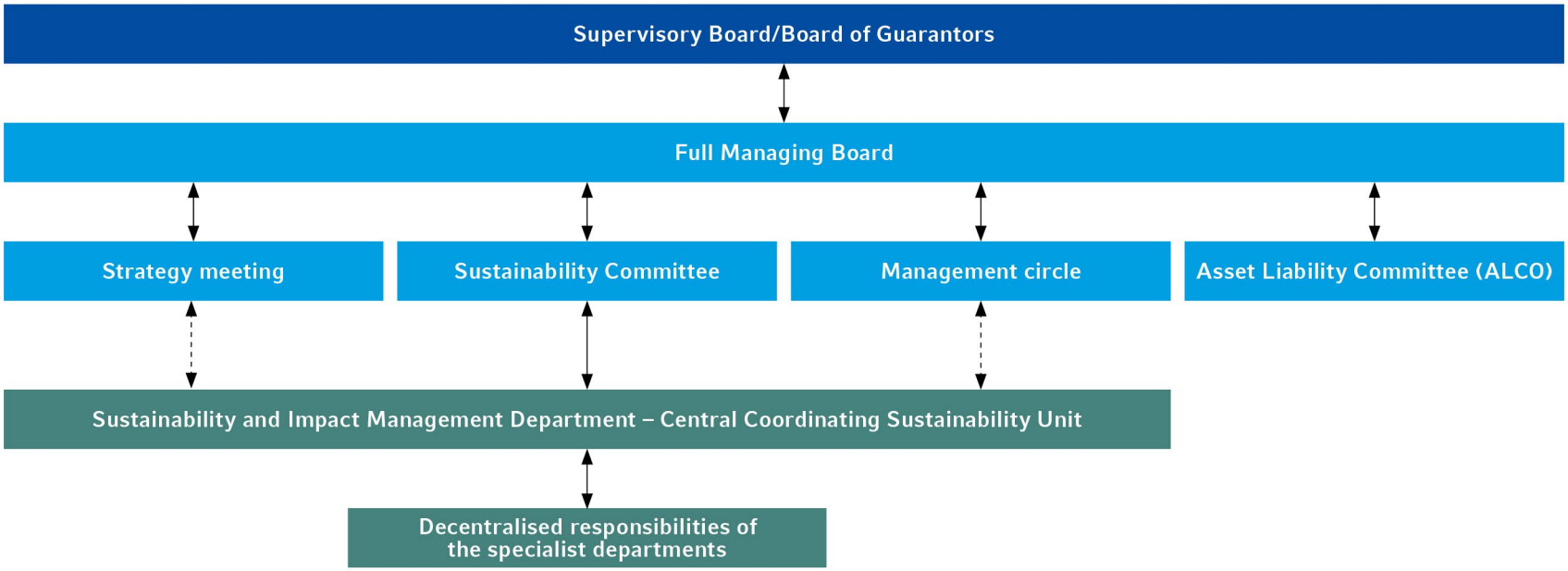
The Sustainability Committee monitors the regulatory and market-induced developments in the field of sustainability and ensures their reconciliation with the requirements of the borrowers/house banks and the Bank's objectives. Sustainability is thus firmly anchored in the Bank's organisation.

Led by the Managing Board Chairwoman, the Committee is the highest body for sustainability topics and responsible for NRW.BANK's strategic and overarching business policy decisions with regard to sustainability. This means that binding decisions can be taken directly by the Sustainability Committee with participation of NRW.BANK's full Managing Board.

Relevant information and strategic decisions of the Sustainability Committee are communicated regularly and transparently to the specialist departments.

Sustainability structure: In accordance with the Bank's decentralised organisation, responsibility for specific sustainability aspects rests with the specialist departments in charge.

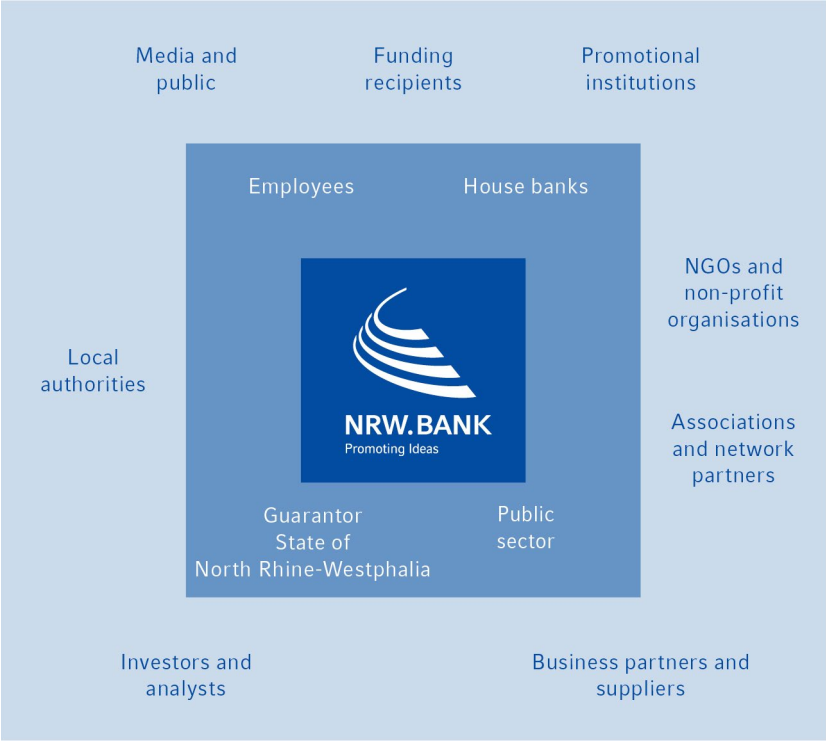
The Sustainability and Impact Management Department of the Risk Control unit is responsible for overarching coordination and control. This central coordination function is responsible for the overarching management of the various sustainability issues from the perspective of the Bank as a whole, takes current market developments into the Bank and ensures that the necessary conditions and regulations for the implementation and further development of NRW.BANK's sustainability efforts are in place.


Supervisory Board/Board of Guarantors
Full Managing Board
Strategy meeting
Sustainability Committee
Management circle
Asset Liability Committee (ALCO)
Sustainability and Impact Management Department – Central Coordinating Sustainability Unit
Decentralised responsibilities of the specialist departments

3.2 Stakeholder Dialogue

NRW.BANK understands its corporate responsibility to be a transparent process. The latter is specifically aimed at its customers, its employees and society in general. The ongoing exchange with its guarantor, the State of North Rhine-Westphalia, especially with respect to its sustainability strategy, is an important component of the Bank's sustainability efforts.

NRW.BANK has identified the following relevant stakeholders:



In connection with its sustainability efforts, the Bank maintains a regular, open and unbiased exchange with its key stakeholders from a sustainability point of view:

- guarantor/State of North Rhine-Westphalia
- house banks
- employees
- public sector clients

In the course of preparing the Sustainability Strategy, NRW.BANK decided to expand the regular exchange with its stakeholders. The Bank believes that the consideration of external input is a key aspect in the further development of the topic of sustainability. Every year, current sustainability developments are therefore discussed in detail with relevant stakeholders. The findings obtained through this exchange with stakeholders are discussed by the Bank's Sustainability Committee and assessed with regard to their feasibility and benefits. The relevant results are either implemented in a timely manner, integrated into the Bank's Sustainability Strategy or transferred to its Sustainability Programme.

A central point of contact has been established, in particular for employees, where they can make suggestions relating to sustainability at any time. These ideas are systematically and transparently recorded, reviewed and implemented, if feasible.

The stakeholder dialogue and its major findings are disclosed as part of the supplementary sustainability reporting.

3.3 Sustainability Risks

Sustainability risks are understood as the risk of financial losses or reputational damage due to events or conditions that have occurred in the environmental, social and governance dimensions. They include both possible effects of the environment on the Bank's risk positions (outside-in) as well as negative effects of the Bank's business operations on its environment (inside-out). Sustainability risks are not a risk type in its own right. This is rather a cross-sectional issue (covering several risk types) which is incorporated into the assessment of the other risk types, taking into account the various aspects from the three dimensions mentioned above.

In a risk driver analysis as part of the bank-wide risk inventory, the influence and relevance of central ESG risk drivers on the risk types taken into account in the risk-bearing capacity management is assessed.

The proportion of countries or sectors that are increasingly exposed to environmental, social or governance risks is analysed on an ongoing basis and reported on a quarterly basis in the monthly risk report and discussed in the Risk Committee. In addition, various scenarios relating to sustainability risks are carried out annually as part of the overall bank stress tests. The approach is based on current supervisory publications.

As with other risks, sustainability risks are assessed at borrower level as a standard both as part of lending decisions and as part of ongoing loan monitoring (see also ESG Promotion Requirements).

4. Sustainability Communication and Reporting

In Brief

__ NRW.BANK communicates extensively on sustainability developments both internally and externally.

__ The voluntary Sustainability Report in accordance with the CSRD, supplementary sustainability reporting and the website are the most important external communication tools.

__ Internally, NRW.BANK informs its employees primarily via a sustainability platform and also allows them to contribute their own ideas.

NRW.BANK uses all available communication options to implement the guiding principles of its Sustainability Strategy.

Basic information on the Bank's corporate responsibility is provided – also within the framework of existing legal requirements – in the annual financial report.

In the voluntary Sustainability Report in accordance with the CSRD, the Bank reports in accordance with the requirements of the European Sustainability Reporting Standards (ESRS). As part of its supplementary sustainability reporting, NRW.BANK also informs about the further development of its internal guidelines, its activities in the individual areas and the progress achieved. The report also includes a link to NRW.BANK's sustainability ratings.

Internal sustainability communication also plays an important role. Besides a regular lecture series, a digital magazine for employees and an internal sustainability platform, employees receive regular updates on the current status of key sustainability-related developments. Here, they can find out about relevant topics, ask questions and also contribute their own ideas.

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