

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Social Bond Framework

NRW.BANK

14 May 2025

### VERIFICATION PARAMETERS

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Type of instrument contemplated	<ul style="list-style-type: none"><li>▪ Social bonds</li></ul>
Relevant standard	<ul style="list-style-type: none"><li>▪ Social Bond Principles, ICMA, June 2023 (with June 2022 Appendix 1)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>▪ NRW.BANK's Social Bond Framework (as of May 12, 2025)</li><li>▪ NRW.BANK's eligibility criteria (as of May 12, 2025)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>▪ Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>▪ Valid as long as the cited Framework remains unchanged</li></ul>

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## SCOPE OF WORK

NRW.BANK (“the Issuer” or “the Company”) commissioned ISS-Corporate to assist with its social bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. NRW.BANK’s Social Bond Framework (as of May 12, 2025), benchmarked against the International Capital Market Association’s (ICMA) Social Bond Principles (SBP).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of social bonds with NRW.BANK’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

## NRW.BANK OVERVIEW

NRW.BANK operates as a state-owned development bank, assisting the German Federal State of North Rhine-Westphalia in its economic and social advancements. NRW.BANK serves small and medium-sized enterprises (SMEs)/start-ups, municipalities and the social housing sectors. In its three promotional fields, Economy, Housing, and Infrastructure/Municipalities, NRW.BANK uses a wide range of promotional tools – from low-interest promotional loans to equity financing and syndicated loans to advisory services. Its business activities are strictly limited to the Federal State of North Rhine-Westphalia. The Company was founded on Aug. 1, 2002, and is headquartered in Duesseldorf, Germany.

### *ESG risks associated with the Issuer’s industry*

NRW.BANK is classified in the development banks industry, as per ISS ESG’s sector classification. Key sustainability issues faced by companies<sup>1</sup> in this industry are labor standards and working conditions, climate change and related risks, goal-oriented promotion of sustainability issues, and sustainability standards for financial products and services.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer’s overall sustainability strategy.

<sup>1</sup> Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
<p><b>Part I:</b></p> <p><b>Alignment with the SBP</b></p>	<p>The Issuer has defined a formal concept for its social bonds regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept aligns with the SBP.</p> <p><i>* The project categories identified by the Issuer are aligned with the principles, with the exception of the Access to Public Goods and Services category and certain items within the SME Financing and Employment Generation<sup>3</sup> category, which are assessed as providing no clear environmental and/or social benefits according to our methodology (see Part II of this report).</i></p>	<p><b>Aligned with exceptions*</b></p>
<p><b>Part II:</b></p> <p><b>Sustainability quality of the eligibility criteria</b></p>	<p>The social bonds will (re)finance the following eligible asset categories:</p> <p>Affordable Home Ownership, SME Financing and Employment Generation, Access to Essential Services: Health and Well-Being, Access to Essential Services: Education, Access to Public Goods and Services, Disaster Management, Affordable Basic Infrastructure.</p> <p>Product and/or service-related use of proceeds categories<sup>4</sup> individually contribute to one or more of the following SDGs:</p> 	<p><b>Positive</b></p>

<sup>2</sup> The evaluation is based on NRW.BANK’s Social Bond Framework (May 12, 2025, version), on the analyzed selection criteria as received on May 12, 2025.

<sup>3</sup> Loans for enterprises of the German Mittelstand.

<sup>4</sup> Affordable Home Ownership, SME Financing and Employment Generation, Access to Essential Services: Health and Well-Being, Access to Essential Services: Education, Access to Public Goods and Services, Disaster Management, Affordable Basic Infrastructure.

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
	The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.	
<p><b>Part III:</b></p> <p><b>Consistency of social bonds with NRW.BANK's sustainability strategy</b></p>	The Issuer clearly describes the key sustainability objectives and the rationale for issuing social bonds. The majority of the project categories considered align with the Issuer's sustainability objectives.	<p><b>Consistent with the Issuer's sustainability strategy</b></p>

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH THE SOCIAL BOND PRINCIPLES

This section evaluates the alignment of NRW.BANK’s Social Bond Framework (as of May 12, 2025) with the SBP.

SBP	ALIGNMENT	OPINION
<p><b>1. Use of proceeds</b></p>	<p>✓ *with exceptions</p>	<p>The use of proceeds description provided by NRW.BANK’s Social Bond Framework is <b>aligned* with exceptions</b> with the SBP.</p> <p>The Issuer’s social categories align with the project categories as proposed by the SBP. Criteria are clearly and transparently defined. All underlying loans have already been disbursed at the time of issuance, and a commitment to report by project category has been provided, with social benefits described.</p> <p>The Issuer disclose that the totality of assets are refinanced, in line with best market practice.</p> <p><i>* The project categories identified by the Issuer are aligned with the principles, with the exception of the Access to Public Goods and Services category and certain items within the SME Financing and Employment Generation<sup>5</sup> category, which are assessed as providing no clear environmental and/or social benefits according to our methodology (see Part II of this report).</i></p>
<p><b>2. Process for project evaluation and selection</b></p>	<p>✓</p>	<p>The process for project evaluation and selection described in NRW.BANK’s Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>The project selection process is well-defined. ESG risks associated with the project categories are identified and appropriately managed. Furthermore, the selected projects align with the Issuer’s sustainability strategy and clearly demonstrate the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful project categories.</p>

<sup>5</sup> Loans for enterprises of the German Mittelstand.

SBP	ALIGNMENT	OPINION
<p><b>3. Management of proceeds</b></p>	<p>✓</p>	<p>The management of proceeds provided by NRW.BANK’s Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>Net proceeds collected will equal the amount allocated to eligible projects. These net proceeds are tracked appropriately and managed on an aggregated basis for multiple social bonds (portfolio approach). The Issuer specifies that 100% of the proceeds will be immediately allocated, ensuring no unallocated proceeds remain.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by NRW.BANK’s Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>The Issuer commits to disclosing the allocation of proceeds transparently and reporting with appropriate frequency. This reporting will be publicly available on the Issuer’s website. NRW.BANK has disclosed the type of information that will be reported and clarifies that the expected level of reporting will be at the project category level. Moreover, the Issuer commits to reporting annually until the bond matures.</p> <p>The Issuer demonstrates transparency regarding the level of impact reporting and the information reported, further defining the duration, scope and frequency of the impact reporting, in line with best market practice.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE SOCIAL BONDS TO THE U.N. SDGs<sup>6</sup>

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain.



#### 1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the social bonds’ use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Affordable Home Ownership</b></p> <ul style="list-style-type: none"> <li>Loans to individuals and families with a taxable household income of less than TEUR 100 p.a. (couple) or TEUR 75 p.a. (single) + TEUR 20 per child (under 18 years old).<sup>7</sup></li> </ul>	<p><b>Contribution</b></p>	
<p><b>Affordable Home Ownership</b></p> <ul style="list-style-type: none"> <li>Projects focusing on disability access.</li> </ul>		

<sup>6</sup> The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.

<sup>7</sup> The Issuer confirms that all loans are eligible for use as a primary residence only, and not as an investment for borrowers.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Affordable Home Ownership</b></p> <ul style="list-style-type: none"> <li>Projects focusing on security, such as outdated or inadequate door and window locks, insufficient outdoor lighting, lack of security cameras or alarm systems, or inadequate entry point security.</li> </ul>	<p><b>Contribution</b><sup>8</sup></p>	
<p><b>Affordable Home Ownership</b></p> <ul style="list-style-type: none"> <li>Projects focusing on the alleviation of health hazards, such as exposure to mold, asbestos, lead-based paint, poor indoor air quality, pest infestations or structural deficiencies.<sup>9</sup></li> </ul>		
<p><b>SME Financing and Employment Generation</b></p> <ul style="list-style-type: none"> <li>Loans for small and medium-sized enterprises.<sup>11</sup></li> </ul>	<p><b>Contribution</b></p>	
<p><b>SME Financing and Employment Generation</b></p> <ul style="list-style-type: none"> <li>Loans for enterprises of the German Mittelstand.<sup>12</sup></li> </ul>		<p><b>No Net Impact</b></p>
<p><b>Access to Essential Services: Health and Well-Being</b></p> <ul style="list-style-type: none"> <li>Loans for health and care infrastructure, such as hospitals and ambulances.</li> </ul>	<p><b>Contribution</b><sup>13</sup></p>	
<p><b>Access to Essential Services: Health and Well-Being</b></p> <ul style="list-style-type: none"> <li>Loans for health and care infrastructure, such as homes for the elderly.</li> </ul>		

<sup>8</sup> The review is limited to examples spelled out in the Framework.

<sup>9</sup> Project financing will exclude corporate stakeholders from being beneficiaries.

<sup>10</sup> The review is limited to examples spelled out in the Framework.

<sup>11</sup> SMEs as defined by the EU Commission.

<sup>12</sup> Given the economic scale of NRW and the correspondingly larger average company size, NRW.BANK extends the EU definition of SMEs to include predominantly privately owned companies with annual turnover up to EUR 500 million.

<sup>13</sup> The review is limited to examples spelled out in the Framework.

<sup>14</sup> Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<p><b>Access to Essential Services: Health and Well-Being</b></p> <ul style="list-style-type: none"> <li>Loans for health and care infrastructure, such as homes for the disabled.</li> <li>Loans for health and care infrastructure, such as refugee homes.<sup>15</sup></li> </ul>	<p><b>Contribution</b><sup>16</sup></p>		
<p><b>Access to Essential Services: Health and Well-Being</b></p> <ul style="list-style-type: none"> <li>Loans for health and care infrastructure, such as shelters for individuals in vulnerable situations (e.g., homeless people).</li> </ul>		<p><b>Contribution</b><sup>17</sup></p>	
<p><b>Access to Essential Services: Education</b></p> <ul style="list-style-type: none"> <li>Loans for educational projects, such as construction, renovation or refurbishment of educational facilities (i.e., early education, schools, vocational training centres, universities and sports facilities).</li> <li>Loans for educational projects, such as digital education hardware and software.</li> </ul>		<p><b>Contribution</b><sup>18</sup></p>	
<p><b>Access to Public Goods and Services</b></p> <ul style="list-style-type: none"> <li>Loans for investment to structurally weak municipalities for infrastructure.<sup>19</sup></li> <li>Budgetary (consumptive) loans to structurally weak municipalities for public services.</li> </ul>	<p><b>No Net Impact</b></p>		
<p><b>Disaster Management</b></p> <ul style="list-style-type: none"> <li>Loans for disaster control infrastructure, such as firefighting.</li> </ul>	<p><b>Contribution</b></p>		
<p><b>Disaster Management</b></p> <ul style="list-style-type: none"> <li>Loans for disaster control infrastructure, such as the Federal Agency for Technical Relief (THW).</li> </ul>		<p><b>Contribution</b></p>	




<sup>15</sup> The public sector covers expenses for refugees residing in refugee housing.

<sup>16</sup> The review is limited to examples spelled out in the Framework.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Structurally weak regions are defined as those with a GDP per capita in the lowest quartile and an unemployment rate exceeding the regional average. The classification of relevant municipalities is based on data from the Federal Employment Agency and DESTATIS.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<p><b>Affordable Basic Infrastructure</b></p> <ul style="list-style-type: none"> <li>Loans supporting the affordability and provision of basic infrastructure and services for disadvantaged and underserved populations, such as public transportation infrastructure.</li> </ul>	<p><b>Contribution</b></p>		
<p><b>Affordable Basic Infrastructure</b></p> <ul style="list-style-type: none"> <li>Loans supporting the affordability and provision of basic infrastructure and services for disadvantaged and underserved populations, such as grid infrastructure.</li> </ul>		<p><b>Contribution</b></p>	
<p><b>Affordable Basic Infrastructure</b></p> <ul style="list-style-type: none"> <li>Loans supporting the affordability and provision of basic infrastructure and services for disadvantaged and underserved populations, such as water and sanitation infrastructure.<sup>20</sup></li> </ul>		<p><b>Contribution</b></p>	

<sup>20</sup> For affordable basic infrastructure projects under this category, ISS-Corporate considers the most direct impact to be linked to environmental topics. However, these activities might generate other social impacts. NRW.BANK has decided to classify this as a social category.

**B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA**

The table below evaluates the eligibility criteria against issuance-specific KPIs. All assets are and will remain located in the state of North Rhine-Westphalia, Germany.

**ASSESSMENT AGAINST KPIs**

**Integration of ESG guidelines into the financing process**

NRW.BANK conducts due diligence for each new project under promotional lending, adhering to defined sectoral guidelines for the shipping, aviation, iron and steel production, oil and natural gas, power generation, automotive, and buildings sectors. Its [ESG Promotion Requirements](#) are utilized to identify and evaluate ESG risks associated with lending activities. Internal decision-makers vote on individual transactions to assess alignment with NRW.BANK’s ESG Promotion Requirements. In cases of internal disagreement regarding the ESG assessment, higher-level internal authorities are consulted for input. The escalation of internal decision-making within NRW.BANK follows this order: team-level, unit-level, area-level, and executive-level. Furthermore, NRW.BANK borrowers are required to report any significant ESG breaches and are subject to inspections as agreed upon in the loan agreement’s terms and conditions. Should significant issues be reported or discovered, the loan agreement provides for a remedy period or warning, effectively enabling borrowers to implement corrective or mitigation measures. If issues persist and are not remedied, NRW.BANK reserves the right to terminate the loan agreement.

**Labor, health and safety**



All financed assets will be located in Germany, a country that has ratified all core International Labour Organization conventions and is an Equator Principles Designated Country. Consequently, high labor, health and safety standards are ensured through relevant national legislation and the European Union’s mandatory social standards.

**Biodiversity**



All financed assets will be located in Germany, an Equator Principles Designated Country. Therefore, the Issuer ensures that its environmental impacts are mitigated and reduced in alignment with the European Union’s standards for environmental and social impact assessment. Furthermore, NRW.BANK’s [ESG Promotion Requirements](#) specify the exclusion of lending that destroys or significantly impairs areas of special conservation interest without adequate compensation according to international standards, as well as the production and trade of palm oil and timber from non-sustainable companies.

**Community dialogue**

All financed assets will be located in Germany, an Equator Principles Designated Country. Therefore, the Issuer ensures that its community impacts have been mitigated and reduced in alignment with the European Union's standards for environmental and social impact assessment.



Furthermore, NRW.BANK's promotional business and operations foster community dialogues for both affected communities and potentially affected stakeholders. Primary stakeholder inputs are internalized annually by stakeholder representatives. Past discussions have refined the exclusion criteria, improved the Issuer's compliance and governance transparency, and facilitated the implementation of the Eco-Management and Audit Scheme. Concerns and inputs from secondary stakeholders are captured through public consultations and information sessions conducted by most municipalities financed in the NRW region. Consequently, these dialogues have incorporated feedback from project-affected parties and informed municipal planning law.

### **Inclusion**



The Issuer confirms that the activities financed will be accessible to the targeted vulnerable populations. Lending activities will be located in Germany, where the [legal framework](#) ensures equal treatment for all individuals regardless of sex, parentage, race, language, homeland and origin, faith, or religious or political opinions.

### **Responsible treatment of customers experiencing debt repayment problems**



The Issuer has implemented various measures to responsibly minimize debt repayment problems for municipalities and businesses. For example, for all corporate clients, NRW.BANK confirms to offer a conservative loan-to-value ratio, long-term fixed interest rates for a maximum of 30 years, referrals to external debt counseling service organizations upon request, debt restructuring that does not increase the total cost of originated loans and alternatives to avoid foreclosure.

NRW.BANK refrains from offering internal debt counseling primarily due to legal considerations and the potential for conflicts of interest. German law requires an independent expert report (Sanierungsgutachten) during specific phases of a corporate crisis to evaluate insolvency risks. Therefore, if a corporate client requires restructuring and seeks support, NRW.BANK provides referrals to external debt counseling organizations. Moreover, foreclosure alternatives are exclusively offered to corporate clients, given the regulatory framework in Germany that precludes municipal insolvency.

### **Exclusion criteria**

The Issuer's policies<sup>21</sup> exclude companies that have a significant environmental impact or are active in the production of weapons, as further specified by its knock-out criteria. These criteria include an extensive list of controversial business practices, encompassing human rights violations, child labor, labor law violations, controversial economic practices, controversial environmental behavior, animal testing, energy generation/fossil fuels, gambling, mobility/transport, the defense and weapons industry, controlled substances, and controversies in the field of the environment, nature and living beings. The Issuer may make exceptions if the financing plays a crucial role in transforming business models, a small proportion of revenues (<~10%) stems from controversial activities, or due to specific production sectors for reasons of state aid law.

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<sup>21</sup> NRW.BANK's full exclusion list, referred to as knock-out criteria, can be found on pages 8-17 of its [ESG Promotion Requirements](#).

## PART III: CONSISTENCY OF SOCIAL BONDS WITH NRW.BANK'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG objectives</b></p>	<p>As part of its overarching <a href="#">sustainability strategy</a>, the Issuer focuses on achieving carbon neutrality by 2045 within its three major business units: Promotional Business, Capital Market Business and Banking Operations. These strategic sustainability objectives were established to target key material issues in accordance with the Corporate Sustainability Reporting Directive and to align with the goals of the Paris Agreement.</p>
<p><b>ESG goals/targets</b></p>	<p>To achieve its strategic ESG objectives, the Issuer has established 12 objectives across its three business units. For example, the Promotional Business unit aims to strengthen and expand its offering of environmentally and socially sustainable promotional products, the Capital Market Business unit aims to strengthen and expand its sustainable capital markets business, and the Banking Operations unit aims to optimize the company's resource consumption and savings.</p> <p>These objectives and associated measures for NRW.BANK's targets are <a href="#">publicly available</a> and regularly monitored by the Sustainability Committee.</p> <p>The Issuer does not currently have verified science-based targets.</p>
<p><b>Action plan</b></p>	<p>The Issuer maintains an extensive <a href="#">list</a> of activities to achieve the 12 objectives across its three business units: Promotional Business, Capital Market Business and Banking Operations. To achieve these objectives, the Issuer does not have an explicit budget; however, it has 14 full-time employees dedicated to improving sustainability.</p>
<p><b>Climate transition strategy</b></p>	<p>NRW.BANK's climate commitment centers on achieving climate - neutrality across its Promotional Business, Capital Market Business and Banking Operations by 2045. This goal supports limiting the global temperature increase to 1.5°C, in accordance with the Paris Agreement. To achieve this objective, the Issuer has <a href="#">outlined</a> the following activities for 2025:</p> <ul style="list-style-type: none"> <li>▪ Carry out a biodiversity check</li> <li>▪ Further development of the sector guidelines</li> <li>▪ Development of a climate transition plan for the Bank</li> </ul>

TOPIC	ISSUER APPROACH
	<ul style="list-style-type: none"> <li>▪ Restructure and optimize the promotional offerings to promote transformation</li> <li>▪ Greater consideration of resource-efficient, circular value creation in the promotional business</li> <li>▪ Expand the beneficial conditions for companies making special efforts to reduce GHG (climate bonus)</li> <li>▪ Review starting points for the provision of promotional incentives for projects that increase climate resilience</li> <li>▪ Pilot additional beneficial conditions for municipal projects that comply with the EU taxonomy (taxo bonus)</li> <li>▪ Test additional beneficial conditions for municipalities and sponsors of infrastructure projects making special efforts to reduce GHG (climate bonus)</li> <li>▪ Review approaches to better support the energy transition, especially with regard to the realisation of municipal heating plans</li> <li>▪ Support municipalities in developing and implementing concepts relating to digitalisation as well as climate protection and climate resilience</li> <li>▪ Support the federal state’s efforts to further develop university hospitals in a climate-friendly way</li> </ul>
<p><b>Sustainability reporting</b></p>	<p>The Issuer reports annually on its ESG performance and initiatives. The report is prepared according to European Sustainability Reporting Standards and fulfills additional reporting requirements in accordance with the United Nations Global Compact and the Principles for Responsible Investment recommendations.</p>
<p><b>Industry associations, collective commitments</b></p>	<p>The Issuer is a member of the Diversity Charter and the United Nations Environment Programme Finance Initiative since 2009, the International Capital Market Association Green Bond Principles and Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU) since 2015, and a signatory to the United Nations Global Compact (since 2009) and Principles for Responsible Investment (since 2020).</p>
<p><b>Previous sustainable or sustainability-linked issuances or transactions and publication of sustainable</b></p>	<p>NRW.BANK launched its green bond and social bond programs in 2013 and 2020, respectively. In 2024, sustainable issuances (green and social) accounted for 25% of the Issuer’s annual funding volume. As of April 2025, NRW.BANK had issued 16 green bonds and 10 social bonds, with a total volume of EUR 9.5 billion and EUR 6.6 billion, respectively.</p>

TOPIC	ISSUER APPROACH
<b>financing framework</b>	

*Rationale for issuance*

Since the launch of the green bond program in 2013, NRW.BANK has expanded its efforts to support socially beneficial projects by establishing the Social Bond Framework in 2020. The Issuer aims to decrease disparities, promote social cohesion, and harmonize living conditions across the North Rhine-Westphalia region by supporting the local economy, stimulating affordable home ownership, building and maintaining social infrastructure, and ensuring liquidity for municipalities. These lending programs underpin NRW.BANK’s social bonds.

NRW.BANK is convinced that social bonds are an effective tool to channel investments to assets that have social benefits and thereby contribute to the achievement of societal goals. NRW.BANK believes that social bonds offer transparency and traceability to investors who wish to allocate funds to social assets, thereby helping target populations.

**Opinion:** *The Issuer clearly describes the key sustainability objectives and the rationale for issuing social bonds. The majority of the project categories financed align with the Issuer’s sustainability objectives.*

## DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

NRW.BANK commissioned ISS-Corporate to compile a social bond SPO. The second-party opinion process includes verifying whether the Social Bond Framework aligns with the Social Bond Principles and assessing the sustainability credentials of its social bonds, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant standards for this second-party opinion:

- Social Bond Principles, ICMA, June 2023 (with June 2022 Appendix 1)

### ISSUER'S RESPONSIBILITY

NRW.BANK's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the asset level

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the social bonds to be issued by NRW.BANK has been conducted based on proprietary methodology and in line with the Social Bond Principles.

The engagement with NRW.BANK took place from February to May 2025.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

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