

## **Sustainability Report 2016**

We Promote Sustainability



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This is an unofficial translation of the Nachhaltigkeitsbericht 2016 (German Sustainability Report 2016) and is provided for convenience purposes only. In the event of any ambiguity, the German text will prevail.



## Foreword by the Managing Board



Dear Readers,

Sustainability is a key factor for the social acceptance of a company – and hence for its economic success. Being the development bank of North Rhine-Westphalia, we are obliged to operate sustainably by law and by our statutes. But we also understand sustainability as a source of motivation – we operate sustainably out of conviction as we support the State of North Rhine-Westphalia in its long-term economic, social and environmental development.

Since 2004, we have documented the progress made and the impacts of our efforts in our Sustainability Report. In 2009, we additionally signed the ten internationally accepted principles of the UN Global Compact, which are incorporated into our day-to-day work. We have since reported annually on the progress achieved – and for the second time, we are doing so in a separate

Sustainability Report. The contents of this year's report already comply with the requirements of the German Sustainability Code, which means that we have taken another important step by increasing transparency even further in line with the provisions of EU Directive 2014/95/EU.

The term "sustainability" is used increasingly often these days and it is interpreted in many different ways. To us, however, sustainability is much more than a buzzword – it is what we do and strive for every day. Climate and environmental protection is a guiding principle for our work as a development bank. Since many years, we have operated resource-efficiently in order to protect the environment and the climate. For example, in building, renovating and management of our buildings we endeavour to use the most state-of-the-art construction and technical standards available. Our banking operations have been carbon-neutral for many years already. The basic rule is that where we cannot avoid emissions, we fully neutralise them through the acquisition of certificates.

NRW.BANK also attaches great importance to fairness, partnership and esteem in dealing with its employees and is committed to mutual respect, openness and non-discrimination. This way, we create an attractive environment, high motivation and a productive internal climate. At the same time, we also understand sustainability as a social mission. Balancing work and family life and supporting education for young people are important goals of NRW.BANK.

With our wide range of promotion products and services, we offer the right product for any promotion purpose in North Rhine-Westphalia. Geared to sustainability, NRW.BANK's promotion business continued to grow strongly in 2016. A volume of new commitments of € 11.2 billion marks a new record in the history of the Bank. As in the previous years, a focus was placed on the promotion of small and medium-sized enterprises including new business start-ups as well as housing construction and infrastructure in municipalities. In 2016 we also added offerings for innovative companies as well as business start-ups in the digital sector to our range of products and services.

With our annual Green Bond issue investors have been given the opportunity since 2013 to invest in ecological and sustainable investments. Since then, we have issued four Green Bonds worth a total amount of € 1.75 billion. These funds are exclusively invested in sustainable projects focusing on climate and environmental protection. In addition, the Wuppertal Institute has calculated the greenhouse gas emissions that have been saved by the projects selected for the 2016 Green Bond. Over the 10-year term of the NRW.BANK.Green Bond 2016, the projects avoid roughly 3.4 million tons of CO<sub>2</sub> equivalents. The result underlines the positive impact on the environment of these projects.

The present Sustainability Report will give you a detailed overview of our internal efforts and the progress made as well as the diverse measures and the current promotion programmes for sustainable operation in North Rhine-Westphalia. We hope this provides you with an interesting read and look forward to communicating with you.

#### The Managing Board of NRW.BANK



Eckhard Forst  
Chairman of the  
Managing Board



Gabriela Pantring  
member of the  
Managing Board



Michael Stölting  
member of the  
Managing Board



Dietrich Suhlrie  
member of the  
Managing Board

## Profile of NRW.BANK and Key Performance Indicators

NRW.BANK is the state development bank of North Rhine-Westphalia. Its mission is to support its owner, the state of North Rhine-Westphalia, in the completion of its structural and economic policy tasks. In its three fields of promotion "Economy", "Housing" and "Infrastructure/Municipalities", NRW.BANK uses a wide range of promotion tools – from low-interest promotion loans to equity financing to advisory services. It cooperates with all banks and savings banks on a competition-neutral basis. The clients of NRW.BANK benefit from favourable conditions as well as from long maturities and fixed interest periods. The Bank secures access to promotion loans through optional liability releases for on-lending house banks.

The Bank is a strong and reliable partner to small and medium-sized enterprises in North Rhine-Westphalia and supports them with the right products in any phase of their lifecycles.

In the context of its social housing promotion activities, NRW.BANK advises the approval authorities of the responsible municipal or local governments as well as prospective developers and owners on the possibilities to make social housing construction modern, flexible and profitable using suitable promotion programmes.

Municipal financing also forms part of NRW.BANK's public mission. The Bank is the ideal partner of the North Rhine-Westphalian municipalities, which it supports with advisory services and promotion products also in times of low interest rates.

In the previous year, NRW.BANK for the first time published its Sustainability Report as a separate report. This year's report even more strongly reflects the criteria of the German Sustainability Code. The progress made is presented in an even more transparent manner and the course has been set for future reports to meet the requirements of EU Directive 2014/95/EU, whose transposition into German law the German Bundestag decided in March 2017 by adopting the Act on the Implementation of the CSR Regulation.

## Key performance indicators

€ **142.1** *billion*

in **total assets** reported by NRW.BANK  
as of 31 December 2016.

**100** %

of the unavoidable CO<sub>2</sub> emissions resulting from NRW.BANK's  
business activity are offset by certificates to make the Bank  
**climate neutral**. In addition, 100% of its electricity  
comes from renewable energy sources.

€ **11.2** *billion*

in **net new commitments** in FY 2016  
mark a new promotion record.

**12** *years*

have passed since NRW.BANK started **reporting** on  
sustainability. Inspiring the development bank to continuously  
develop its sustainability philosophy further.

€ **500** *million*

was the amount of the fourth NRW.BANK.Green Bond  
issued in November 2016, bringing NRW.BANK's total  
**Green Bonds** issuance to € 1.75 bn.

## Sustainability balance

<b>Economic performance indicators</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>Unit</b>
<b>Financial performance indicators</b>				
Total assets	142,066	141,175	143,843	€ m
Equity capital pursuant to the German Commercial Code	17,983	17,982	17,933	€ m
Net interest and net commission income <sup>1)</sup>	738	700	568	€ m
Administrative expenses	215	210	215	€ m
Operating result	465	364	381	€ m
Cost income ratio	31.6	36.6	36.1	%
Non performing loans ratio	0.2	0.5	0.7	%
Common Equity Tier 1 capital ratio	41.76	42.58	40.09	%
Leverage ratio <sup>2)</sup>	11.63	11.80	-	%
Liquidity coverage ratio	>100	> 100	-	%
<b>NRW.BANK.Green Bonds</b>				
Volume	500	500	500	€ m
Maturity	10	10	4	years
Focus	Energy	Energy	Energy	
Second Opinion	oekom	oekom	oekom	
oekom-Rating <sup>3)</sup>	pending	Approved (B+)	Approved (B+)	
CO <sub>2</sub> -savings per year <sup>4)</sup>	685	540	400	t/€ m
<b>Fields of promotion (new commitments)</b>				
Housing & Living	6,792	5,148	4,278	€ m
Seed & Growth	3,028	3,344	3,178	€ m
Development & Protection	1,341	1,185	1,441	€ m

## Sustainability balance

Social performance indicators	2016	2015	2014	Unit
<b>Employee structure</b>				
Number of permanent employees	1,301	1,271	1,233	employees
Women in % of total workforce	52.4	52.8	52.1	%
Share of women in management positions	31.6	30.3	27.2	%
Part-time employees in % of total workforce	28.8	24.9	23.8	%
Turnover ratio	3.7	3.1	2.6	%
Average period of employment	16.4	16.6	16.6	years
Average age	44.6	44.5	44.4	years
Additionally: temporary employees	34	53	66	employees
Additionally: apprentices/trainees	37	38	50	employees
<b>Vocational and further training</b>				
Participation in internal seminars	762	866	650	employees
Participation in external seminars	373	361	372	employees
In-house trainers	172	191	190	employees
<b>Balance of work and family life</b>				
Part-time employees	375	316	294	employees
Executives working part-time	34	24	22	employees
Employees on passive parental leave <sup>5)</sup>	40	40	50	employees
<b>Corporate citizenship</b>				
Total	0.8	0.7	0.7	€ m
Science & Education	49	49	47	%
Society & Social Affairs	31	14	14	%
Arts & Culture	20	37	39	%



## Sustainability balance

Environmental performance indicators	2016	2015	2014	Unit
<b>Greenhouse gas emissions<sup>6)</sup></b>				
Total emissions	2,330	2,220	2,106	t CO <sub>2</sub>
thereof direct emissions (Scope 1 <sup>7)</sup> )	412	626	707	t CO <sub>2</sub>
thereof indirect emissions (Scope 2 <sup>7)</sup> )	818	940	579	t CO <sub>2</sub>
thereof indirect emissions (Scope 3 <sup>7)</sup> )	1,100	653	821	t CO <sub>2</sub>
Emissions per employee	1.7	1.5	1.6	t CO <sub>2</sub>
thereof offset <sup>8)</sup>	100	100	100	%
<b>Building energy</b>				
Total electricity consumption	5,846,930	5,381,110	5,802,897	kWh
thereof from green electricity	100	100	100	%
Electricity consumption per employee	4,148	3,747	4,287	kWh
Total heating energy	5,406,170	4,846,170	4,433,420	kWh
Heating energy per employee	3,836	3,374	3,276	kWh
<b>Business travel</b>				
Total kilometres travelled	4,565,586	4,584,672	4,324,270	km
Kilometres travelled per employee	3,239	3,192	3,195	km
<b>Paper</b>				
Total paper consumption <sup>9)</sup>	42,936	44,077	46,620	kg
Paper consumption per employee <sup>9)</sup>	30.5	30.7	34.4	kg
thereof recycled paper	63.4	71.1	53.0	%
<b>Waste</b>				
Total waste <sup>10)</sup>	227.0	249.9	210.4	t
Recycling ratio	53.2	55.3	48.3	%
Waste per employee	161	174	156	kg
<b>Full-time equivalents</b>				
For the calculation per employee	1,409	1,436	1,353	employee

## Sustainability balance

Ratings	2016	2015	2014
<b>Creditworthiness ratings (long-term)</b>			
Fitch Ratings	AAAs	AAAs	AAAs
Moody's	Aa1s	Aa1s	Aa1s
Standard & Poor's	AA-s	AA-s	AA-s
Dagong Europe	AA+s	AA+s	AA+s

Sustainability	oekom research	imug	MSCI ESG	Vigeo
	Prime (C)	Positive (B)	AA	not public

<sup>1)</sup> As of fiscal 2016, interest effects from provisions not related to the banking business (mainly provisions for pensions and provisions for additional benefits) are no longer recognised in net interest income but in other operating income. The prior year figures were adjusted accordingly. The figures for 2014 still reflect the old valuation method.

<sup>2)</sup> Pursuant to Disclosure Report

<sup>3)</sup> oekom research rates sustainability bonds on a 12-points scale from "excellent" (A+) to "largely non-transparent" (D-). "Approved" status (B- or better) is assigned to green bonds that qualify for green portfolios.

<sup>4)</sup> The savings of the Green Bonds 2014 and 2015/2016 cannot be compared due to different calculation methods.

<sup>5)</sup> As of 31 December. Does not include employees who work part-time during parental leave. They are shown under "Part-time employees".

<sup>6)</sup> The conversion factors correspond to the 2015 VfU Update. To facilitate comparability with the previous years, the figures for 2014 were also determined using these conversion factors, which has resulted in deviations from the report 2014.

<sup>7)</sup> Distinction between direct and indirect emissions: Direct greenhouse gas emissions come from sources owned or controlled by NRW.BANK. Indirect greenhouse gas emissions result from the business activity of NRW.BANK – their sources are owned or controlled by third parties. In accordance with the "Greenhouse Gas Protocol", emissions are divided into three categories depending on the degree of influence exerted by NRW.BANK:

– Emission category (Scope 1): all direct emissions.

– Emission category (Scope 2): all indirect emissions produced, for instance, in the generation of electricity, steam or thermal energy sourced by NRW.BANK from external sources.

– Emission category (Scope 3): all other indirect emissions in the field of logistics, material consumption, supplies and disposal. This also includes the emissions produced by service providers or manufacturing companies and their upstream suppliers.

<sup>8)</sup> NRW.BANK offsets its CO<sub>2</sub> emissions through the purchase of certificates from wind park projects in developing countries.

<sup>9)</sup> Printing and copying paper, excl. printed matter, envelopes and marketing materials

<sup>10)</sup> Only office waste, excl. kitchen and other waste

Abbreviations: CO<sub>2</sub>: carbon dioxide; kg: kilogramme; km: kilometre; kWh: kilowatt hour; m: million; t: tons



## // STRATEGY AND GOVERNANCE

Transparent, responsible and conscientious dealings with its owner, its customers, its employees and society form the basis of the sustainable operations of NRW.BANK.

The Bank is committed to living up to its corporate responsibility and to evolving it in a far-sighted manner across all areas of the company.

## Living up to Our Corporate Responsibility

In accordance with the law under which it was founded as the development bank of North Rhine-Westphalia, NRW.BANK accepts its corporate responsibility. Its activity is geared to the principle of sustainability, which it has defined as follows: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

NRW.BANK sees sustainability as a central guiding principle and a key criterion in taking decisions on business policy. This credo is 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 its offering of consulting services.

NRW.BANK understands the economic, environmental and social dimensions of sustainability as being inextricably linked. In accordance with its sustainability strategy, NRW.BANK specifically promotes such funds projects and programmes which are designed to improve living conditions, social development as well as environmental and climate protection in North Rhine-Westphalia.

NRW.BANK's promotion activities are geared to funding projects of proven economic viability while taking its customers' interests into account and paying particular attention to environmental protection needs. Projects with unacceptable environmental impacts or unacceptable negative impacts on social development are excluded from NRW.BANK's support to the extent that such exclusion is permissible within the legal framework under which NRW.BANK operates.

In the fiscal year 2016, NRW.BANK set up a Sustainability Working Group, which is charged with pushing ahead the Bank's sustainability efforts. It is planned, among other things, to develop and adopt sustainability guidelines which ultimately outline NRW.BANK's approach to sustainability and support its ongoing evolution.

The Sustainability Working Group has also been tasked with anchoring the processes that have so far been implemented in the context of the "Principles of Corporate Responsibility at NRW.BANK" of 7 December 2012 even more strongly in the organisational structure and the overall strategy of NRW.BANK.

### Objectives

In the context of the planned sustainability guidelines, NRW.BANK will set itself objectives that will push ahead the sustainable development of NRW.BANK and have a positive influence on the future of North Rhine-Westphalia

The corporate objectives agreed between the Supervisory Board and the Managing Board are divided into objectives of general importance which are to be achieved over a long to medium-term period and objectives to be achieved within twelve months. These are derived from NRW.BANK's overall strategy, which in turn follows the general principle: "The Bank's activities are guided by the principles of sustainability. The details are outlined in the Principles of Corporate Responsibility at NRW.BANK."

The promotion strategy plays a big role in NRW.BANK's overall strategy. It defines the objective of promoting measures for the protection of resources, the increase of efficiency and the development of renewable energy. Another objective of NRW.BANK is to support the state of North Rhine-Westphalia in achieving its environmental policy objectives.

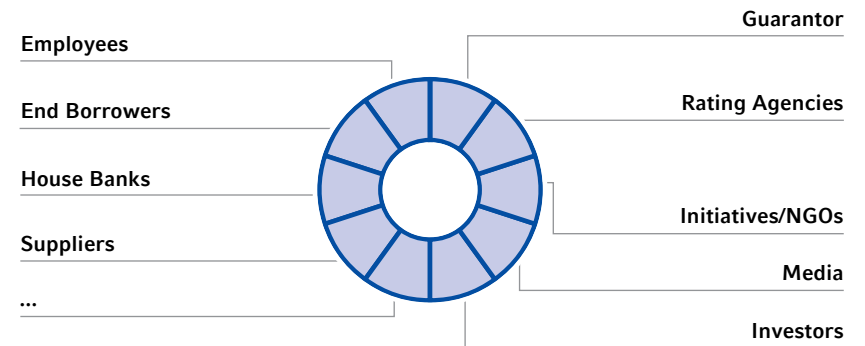
### Stakeholder Dialogue

The essential cornerstones of the sustainability efforts pursued by NRW.BANK include transparent and responsible relations 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 corporate mission statement.

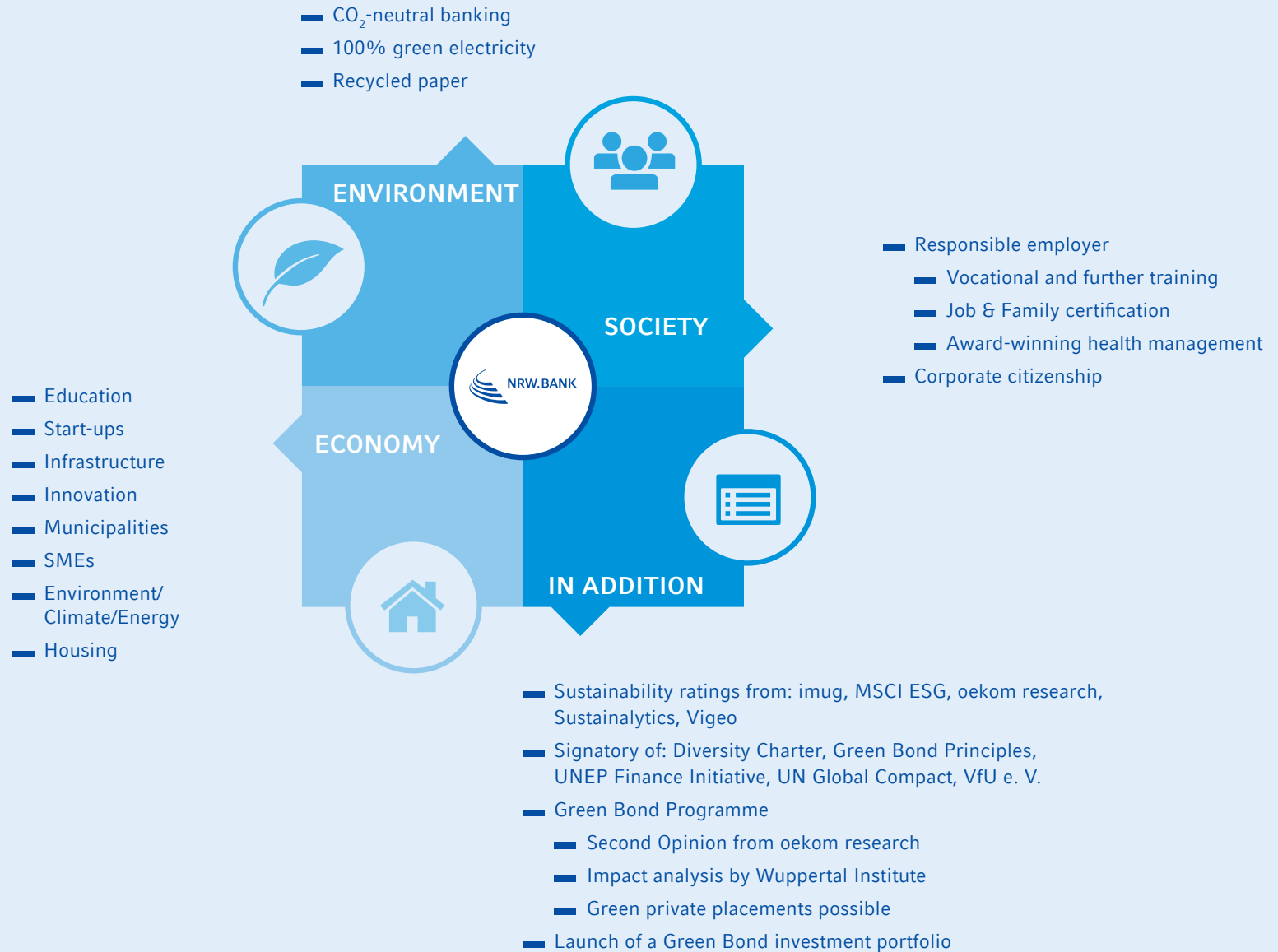
By developing new and expanding existing promotion products, the Bank supports the North Rhine-Westphalian government's structural and economic measures as well as its energy and climate protection targets. The further development of its promotion offerings is based on trusting communication and close coordination with the responsible state ministries

The annual financial report and the Sustainability Report are the most important communication tools used by NRW.BANK to supply its stakeholders with transparent information about its corporate responsibility. The sustainability portal on the Bank's website provides additional information. NRW.BANK continuously expands the information offered and added a new page about its Green Bond programme back in 2013.

### Interest groups



# Living up to Our Corporate Responsibility



In performing its tasks, NRW.BANK is guided by the principle of sustainability. This is firmly anchored in its statutes (section 5, para. 1) and the Act on NRW.BANK (section 3, para. 1) and thus underlines the importance of this topic. Sustainability is also a general principle of overriding importance in the Bank's strategy.

### **Statutory Framework and Internal Regulations**

As a matter of course the Bank complies with the statutory provisions applicable in Germany. NRW.BANK has additionally formulated its own "[Principles of Corporate Responsibility](#)". They contain rules on cultivating sustainable relations with customers, employees and society as well as special aspects resulting from the framework conditions of NRW.BANK such as "Verständigung II", public mission and house bank principle.

In addition, the Bank has developed internal policies addressing various aspects of sustainability at NRW.BANK.

### **Labour Standards and Human Rights**

Compliance with human rights and with the labour standards that are applicable in Germany as well as the rejection of child and forced labour are a matter of course for NRW.BANK at all its locations and has been anchored in its Principles of Corporate Responsibility.

### **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 the Principles of Corporate Responsibility and in special internal guidelines.

### **Compliance and Money Laundering Prevention**

The business model of NRW.BANK hinges on its owner, its employees, customers, business partners and the public trusting in its expertise,

performance and integrity. The Bank is committed to compliance with regulatory and statutory provisions as well as with internal requirements, which forms the basis for such trust.

Compliance-related topics are implemented in accordance with the Minimum Requirements for Risk Management (MaRisk), the Anti Money Laundering Act (GwG) and the Securities Trading Act (WpHG).

The Compliance Department, which forms part of the Risk Control unit, is the central body that is responsible for addressing these tasks. The Bank has appointed a Compliance Officer (MaRisk, WpHG) as well as a Money Laundering and OP Risk Officer as well as deputies for exercising the various Compliance functions. They report directly to the Managing Board and are bound by instructions only from the latter in performing their tasks.

Its tasks primarily include: development, communication and review of the Bank-wide Compliance/Money Laundering Prevention framework, managing the compliance risk whilst taking other risk types into account, 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. They assist the Managing Board in all compliance-related matters and regularly report to the latter.

The development 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 and other criminal acts for all its employees.

Both locations of NRW.BANK have the same risk profile.

### Data Protection

To ensure that data are handled responsibly and confidentially in the context of its business activity, NRW.BANK has regulated all activities in the area of data protection and banking secrecy in a set of written policies and instructions.

The Bank meets its statutory training obligations relating to data protection and information security towards its staff.

### Corruption Prevention

Besides its regulations on compliance, anti money laundering and data protection, NRW.BANK's set of written policies and instructions also include general instructions and regulations relating to other criminal acts as defined in section 25h of the 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 pursuing reports of suspicious behaviour. In the event of infringements or the detection of other criminal acts, the central function established in the Risk Control 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 relating to money laundering and other criminal acts. Charges are filed by the Legal unit only in consultation with the central function.

There was no evidence of infringements or reports of suspicious behaviour at NRW.BANK in the reporting year, nor were any fines or non-monetary penalties imposed on NRW.BANK.

### Sustainable Procurement

NRW.BANK is committed to the economic, economical, efficient and sustainable procurement of goods as well as construction and other services.

All purchases are made in accordance with the applicable regulations of public procurement law and, in particular, with the North Rhine-Westphalian wage law for public procurement (TVgG-NRW).

NRW.BANK is fully aware of its role model function for sustainable procurement and consistently implements environmental, economic and social sustainability in the procurement process. Compliance with a number of essential sustainability aspects is mandatory under the Restriction of Competition Act (GWB), the TVgG-NRW and the Minimum Wage Act (MiLoG). This includes compliance with requirements relating to minimum and collective wages, environmental protection, energy efficiency, promotion of women, work-life balance as well as social criteria (ILO Core Labour Standards).

The Bank places orders which exceed the EU thresholds in accordance with the Procurement Regulations (VgV) as well as the Construction Contract Procedures (VOB/A). The Bank additionally performs an audit in accordance with section 8 of the North Rhine-Westphalian Anti-Corruption Act (KorruptionsbG) before placing orders worth € 25,000 or more. This way, the Bank can rule out bribery, fraud, influence peddling, restrictive agreements and other forms of corruption.

NRW.BANK has decided to implement a structured procurement process also for orders that do not exceed the EU thresholds for tenders.

In the context of its procurement policy, the Bank integrates environmental aspects also into the procurement of office materials as well as the ordering and logistic processes. An example is the [carbon neutral sending of mail](#) through NRW.BANK's participation in the "GoGreen" programme of Deutsche Post DHL Group. In the fiscal year, NRW.BANK won 2nd place in a sustainability competition organised by its office materials supplier.



In the reporting year, NRW.BANK again demonstrated its commitment to assuming responsibility towards society at its two locations in Düsseldorf and Münster, where the Bank promoted the employment of disabled people by commissioning workshops for disabled to provide such services as laundry and cleaning.

#### Public Corporate Governance Code

Being a development bank, NRW.BANK is very much committed to transparent and responsible action towards the public, its guarantor and owner as well as investors, customers and employees. This commitment is based on the Public Corporate Governance Code, as last amended on 1 January 2014, with which the members of the Managing Board, the Supervisory Board and the Board of Governors fully identify with. Building on this basis, the Bank publishes an annual Public Corporate Governance Report to inform about material corporate governance developments. This report is contained in the Annual Report and is additionally published as a separate document on [NRW.BANK's website](#).

For many years, the Bank has implemented transparency and responsibility in its dealings with its target groups. In early 2006, NRW.BANK was one of the first public-sector companies in Germany to adopt a Public Corporate Governance Code and to officially commit itself to this standard of corporate governance.

#### Freedom of Association and Right to Collective Bargaining

The Bank's staff council represents the interests and needs of the employees of NRW.BANK based on the North Rhine-Westphalian State Staff Representation Act. In 2016, the staff council again monitored compliance with applicable laws, regulations, collective bargaining agreements as well as labour agreements and informed the employees of both head offices at the annual staff assembly.

Being an institution under public law NRW.BANK is subject to the collective bargaining agreement for the private sector and the public banking industry.

It implements the collectively agreed results for its employees under collective agreements. This is done on a voluntary basis for the majority of employees not covered by collective agreements.

#### Initiatives and Memberships

In accordance with its Principles of Corporate Responsibility, NRW.BANK also contributes to tasks identified outside its own business activity. The Bank is a signatory of the following sustainability-relevant initiatives and/or the voluntary commitments for sustainable corporate activity developed by the latter:

- German Diversity Charter
- Green Bond Principles
- UNEP Finance Initiative
- UN Global Compact
- VfU e. V.

As an ordinary member of the Association of German Public Sector Banks and the European Association of Public Banks, NRW.BANK actively participates in working groups and panel discussions on sustainability and green bonds.

#### Sustainable Products

NRW.BANK continuously optimises its business activities with regard to sustainability and has anchored these efforts in its principles. The focus is placed on the core business segments and, hence, on the integration of the individual sustainability issues in its promotion products in order to "[design sustainable promotion for clients](#)".

Special attention is paid to sustainability risks and to compliance with the Principles of Corporate Responsibility also when launching new products. The Bank has established an internal process in the context of which each new promotion product of NRW.BANK is checked for compliance with sustainability values.

### Responsible Marketing

The Bank is firmly committed to treating customer information confidentially. The Bank's Data Protection Officer is involved in all dialogue-based marketing measures based on customer data to ensure responsible marketing.

In compliance with the provisions of the TVgG-NRW, NRW.BANK considers important aspects of corporate responsibility when making purchases or placing orders in the context of its marketing activities.

The Bank's advertising materials also reflect its commitment to sustainability and include, for instance, articles made from recycled or renewable, biodegradable materials.



## SUSTAINABILITY RATINGS

Rating agencies specialising in sustainability have rated NRW.BANK's performance in fields such as environment, society and governance for several years. In 2016, the Bank again scored good ratings.

Rating agency oekom research AG, for instance, rates the sustainability of issuers on a scale from A+ to D-. NRW.BANK scored a "C" rating, with the additional "Prime" rating thus classifying the Bank as a sustainable investment. This means that the Bank's rating is only three notches below the best sustainability rating "B" in the peer group.

In the 2016 imug sustainability rating of bank bonds, NRW.BANK ranks within the top quarter of the 42 German financial institutions analysed and is among the TOP five of the 13 development banks analysed.

In addition, DZ BANK awarded NRW.BANK with the "sustainability seal" in its "EESG" rating.

### Sustainability

	oekom research	imug	MSCI ESG	Sustainalytics	Vigeo
	Prime (C)	positive (B)	AA	not public	not public

## // PROMOTION REPORT

NRW.BANK's products and services are designed to secure the standard of living and to improve climate and environmental protection in North Rhine-Westphalia. In addition, the Bank supports a balanced social development in the North Rhine-Westphalian regions. The aim is to strengthen the stability of society. Accordingly, all of NRW.BANK's promotion and development activities make a contribution to the development of enterprises and municipalities in North Rhine-Westphalia.

# Designing Sustainable Promotion for Clients

Sustainable behaviour is a key objective of NRW.BANK's business policy and means the equal consideration of social, economic and environmental objectives and ethical matters. Most importantly, the sustainability objective shapes and guides NRW.BANK's promotion offerings.

For its promotion business the Bank uses the full range of lending tools and also steps in when banking and lending expertise is required for the promotion process. The main instruments used include low-interest promotion loans, risk assumptions and equity financing. In 2016, NRW.BANK committed promotion funds totalling € 11.2 billion. This represents yet another increase on the high of € 9.7 billion recorded in the previous year. For detailed information on the promotion business, please refer to the chapter "[The Promotional Business of NRW.BANK](#)" in the financial report.

Apart from the provision of funds, forward-looking and requirement-oriented promotion increasingly requires customer-oriented advisory services. NRW.BANK has therefore built its advisory services and solutions into a second, equally important pillar of its business.

## Partnership and Cooperation

NRW.BANK cooperates with other financial and development institutions in a spirit of partnership. NRW.BANK conducts its commercial promotion business in cooperation with the banks and savings banks in a competition-neutral manner based on the "house bank principle". According to this principle, the Bank has no direct contacts with its clients but extends its promotion loans via banks and savings banks, which act as intermediaries. The latter check the loan and promotion applications and pass those that

have been approved on to NRW.BANK. The house banks are liable to NRW.BANK for potential credit defaults and bear the full default risk for promotion loans they channel through.

To ensure that the house banks are willing to act as conduits also in the case of insufficient collateral, NRW.BANK optionally offers liability releases for house banks, resulting in the house banks and NRW.BANK sharing the risk.

Commercial promotion loans are extended directly only in case of a market failure or significant market inefficiencies. As defined in the NRW.BANK law municipal loans and commercial loans to central, regional and local governments as well as to public-sector special-purpose associations and social housing promotion programmes are typically extended directly by NRW.BANK.

## Focus of the Promotion Business

NRW.BANK's promotion business is qualitative and theme-oriented. Up to the end of 2016, NRW.BANK distinguished between three fields of promotion: "Seed & Growth", "Development & Protection" as well as "Housing & Living". Since the beginning of 2017, the promotion services are provided in the three fields of promotion "Economy", "Housing" as well as "Infrastructure/Municipalities". These fields of promotion are divided into various promotion themes. Objectives and measures defined for each of these promotion themes are put into practice using specific promotion products.

*"We are a strong partner to North Rhine-Westphalia, in particular when it comes to expanding and upgrading its infrastructure in a sustainable way. This way we help shape a livable future for everybody in the state".*

Eckhard Forst



Infrastructure development:  
**€ 2.1 bn**

NRW.BANK Energieinfrastruktur:  
**€ 471 m**

Wind power generators:  
**> 80**



*"All aspects of our promotion business are geared to sustainability. We support SMEs in all situations by giving them the right kind of promotion to ensure that no good idea goes unrealised because of lack of access to funding".*

Michael Stölting

NRW.BANK.Universalkredit und  
NRW.BANK.Mittelstandskredit:  
**€ 2.1 bn**  
(5,700 enterprises)



*"Our sustainable promotional business makes it possible for us to issue green bonds on an annual basis. The projects financed by these bonds are characterised by their favourable impact on the environment".*

Gabriela Pantring



NRW.BANK.Green Bonds:  
**€ 1.75 bn**  
(since 2013)



*"Private investors and the housing sector have stepped up their investments in social housing again. This way, we create affordable housing with a view to the future".*

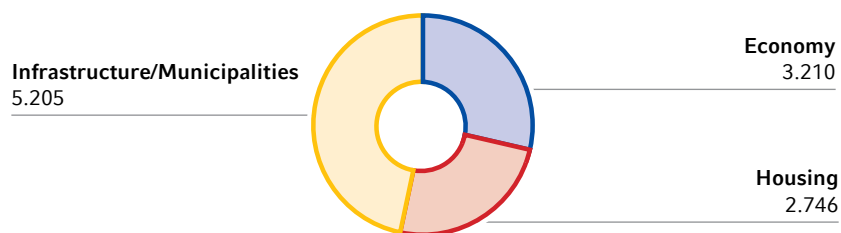
Dietrich Suhlrie

Social Housing Promotion:  
**€ 1.1 bn**  
11,149 promoted residential units



NRW.BANK's offerings in the field of promotion "Economy" cover the full lifecycle of small and medium-sized enterprises. Besides the general supply of capital for SMEs, the Bank has placed a focus on the effective promotion of investments in the protection of resources or in increasing corporate energy efficiency. Targeted support for start-ups and innovations is another special promotion theme of NRW.BANK.

#### Net New of New Commitments by New Fields of Promotion in € millions



The field of promotion "Housing" comprises NRW.BANK's offerings for the promotion of new housing construction and the modernisation of existing housing stock. When buildings are modernised, special attention is paid to energy efficiency aspects as well as to barrier-free design and suitability for the elderly. In this context, the social housing promotion programmes play a special role. The respective promotion measures are geared towards the state of North Rhine-Westphalia's annual housing promotion programme (Wohnraumförderungsprogramm, WoFP) which breaks down the state government's general promotion policy concepts into concrete promotion measures.

The field of promotion "Infrastructure/Municipalities" covers financing and advisory services supporting the solid capitalisation of municipalities and the implementation of infrastructure projects. NRW.BANK promotes both public and private projects for the improvement of infrastructures. Among other purposes, its products effectively support infrastructure measures designed to implement Germany's nuclear phase-out.

An integrated approach is required to consider environmental protection aspects and implement the nuclear phase-out. These tasks therefore relate to all three fields of promotion of NRW.BANK, albeit with different facets and promotion measures. "Energy Transition/Environmental Protection" is a cross-sectional theme addressed by all fields of promotion and had a total volume of € 1.8 billion in 2016.

#### Performance Indicators in the Promotion Business

NRW.BANK's objectives are primarily geared to providing the State of North Rhine-Westphalia, with long-term support in performing its structural and economic tasks. Due to NRW.BANK's public mission as the development bank of North Rhine-Westphalia, development and promotion is the primary business objective and the net volume of new commitments represents a key performance indicator used for controlling purposes. This performance indicator comprises the commitments for promotion funds made in the current fiscal year. Defined budget values exist for this and all other key performance indicators and are regularly subjected to plan/actual comparisons as well as scenario and forecast analyses in order to provide appropriate control stimuli.

NRW.BANK additionally records other special promotion-typical performance indicators for its performance business. The number of funded residential units, for instance, is a performance indicator for its social housing promotion operations and is reported regularly. In the various special programmes of the Bank for the promotion of environmental protection, innovations and society, suitable additional promotion-related information such as the purpose of the funded environmental projects is documented in addition to the promotion volume.

The use of promotion funds is always linked to certain promotion conditions, whose compliance is secured by NRW.BANK especially in cooperation with the house banks. Compared to more broadly based programmes, the Bank's special programmes are characterised by comprehensive promotion conditions in that they offer higher promotion amounts.

### Economic Development

*NRW.BANK.Mittelstandskredit* and *NRW.BANK.Universalkredit* are the two programmes with the highest volumes. Under these programmes, interest-subsidised loans in the total amount of € 2.1 billion were granted to some 5,700 enterprises for investments and working capital in 2016.

*NRW.BANK.Gründungskredit* is targeted at business start-ups and young companies. More than 1,300 start-up and growth projects received funding under this programme in 2016, with loans totalling approx. € 305 million. Micro start-ups with credit requirements of up to € 25,000 receive customised promotion through the *NRW/EU.Mikrodarlehen*. As this programme focuses on the viability of the concepts and the personality of the founder, projects may be financed also without proof of equity capital or the usual collateral required for bank loans. This makes it possible for formerly unemployed people to set up their own businesses.

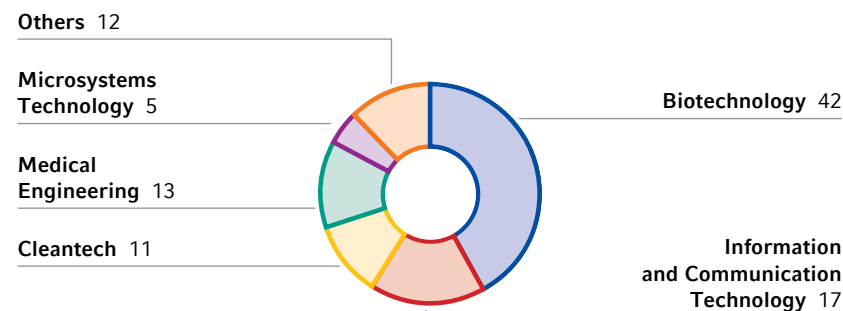
For several years, the *NRW.BANK.Innovationskredit* has helped to promote the implementation of new, technologically advanced products or production processes in the SME sector. In 2016, NRW.BANK further expanded its range of loans for the promotion of innovations by launching the programme *NRW.BANK.Innovative Unternehmen*. The aim was to offer special promotion also for the proprietary development and production of innovative products, processes and services. The new promotion programme offers favourable terms and conditions as well as an obligatory 70% liability release for the on-lending house bank. This structure takes account of the fact that it is

often difficult for innovative companies to raise loans because of a lack of unencumbered collateral.

NRW.BANK supports seed financings of business start-ups and young companies in high-technology sectors by offering equity-strengthening solutions through its *Seed and Venture Funds*, which have a combined volume of € 180 million. These funds make an important contribution to reducing the high market inefficiencies in the German venture capital market, thus providing important stimulation for innovation and the future competitiveness of North Rhine-Westphalia. In the venture capital segment, the Bank acts as a co-investor to finance newly established technology-oriented companies in sectors such as information and communication technology, biotechnology, cleantech, medical engineering and microsystems technology. The seed funds operate on a fund-of-funds basis. Currently NRW.BANK invests in ten regional seed funds, which, in turn, have made investments in 85 high-tech start-ups.

### Industry Structure in %

NRW.BANK.Venture Fonds and NRW.BANK.Seed Fonds



In the reporting year, NRW.BANK launched *NRW.SeedCap Digitale Wirtschaft*, a new product for the promotion of innovations. Under this programme, the Bank makes available equity capital or near-equity funds for start-ups from the digital sector in parallel to investments by business angels. The new offering complements the win *NRW.BANK Business Angels Initiative*, in the context of which the Bank helps capital-seeking innovative companies gain access to business angels.

The *NRW.BANK.Effizienzcredit* is a central offering to support the nuclear phase-out and to promote environmental protection in the field of economic development. The loan offers strongly interest-subsidised terms for investments with clear ecological merits. To qualify for promotion, borrowers must prove that their projects will increase energy and resource efficiency permanently by at least 20% and 6%, respectively. Replacement investments with lower efficiency increases are eligible for promotion only on the basis of certified environmental protection processes (e.g. PIUS Check or environmental management system).

## GREEN IT COMBINES ECONOMY AND ECOLOGY



Ecological thinking starts at your own front door – this is the motto of Green IT, a systems house based in Dortmund. The company aims for zero emissions and produces its own electricity for its IT and print environment.

Installed in front of the company building, an 18 square metre photovoltaic system called “smartflower” generates electricity for in-house consumption. It produces 4,000 Kwh of electricity per year, which corresponds to the consumption of an average household of four.

The company has been offering green IT solutions since 2012. Besides hardware and software, the focus lies on ecological consulting and services. The combination of economy and ecology plays an important role, as environmentally-friendly IT systems and their energy-efficient use effectively help reduce carbon emissions.

Green IT is supported by NRW.BANK, e.g. via the Regional Economic Promotion Programme (RWP) of the State of North Rhine-Westphalia.





## ENVIRON- MENTALLY- FRIENDLY HEAT FROM THE SEWAGE WORKS

A concept that is unparalleled in Germany is being implemented by GAG Immobilien AG in the Stammheim district of Cologne. Here a large-scale sewage works supplies environmentally-friendly heat for an entire settlement.

Building on the idea to “use heat that is already there”, the innovative project was developed by GAG Immobilien AG in cooperation with Stadtentwässerungsbetriebe Köln and RheinEnergie AG. The sewage gas in the digesters of the nearby sewage works has been used to generate electricity and heat since quite some time. As the latter exceeds the sewage works’ own requirements, 40% of the heat remained unused. This surplus is now supplied to the Stammheim settlement. It comprises 1,700 existing dwellings as well as 18 new buildings with 300 dwellings and a residential group for people with dementia that were built between 2012 and 2015 with support from NRW.BANK’s social housing promotion programmes.

The use of the previously unused heat allows for savings of 4,100 t of carbon emissions per year and has another positive effect: as the heat from the sewage works is cheaper, the operating costs charged to tenants remain stable.

### **Housing Promotion**

NRW.BANK was able to extend the volume of social housing promotion loans to € 1.1 billion in 2016 (2015: € 0.7 billion) and provided affordable, high-quality housing for low-income earners. This ensures that families with children or handicapped people continue to find affordable housing also in conurbations characterised by rising rents. A total of 11,149 residential units were funded in 2016 within the scope of social housing promotion. The majority of the promotion of new housing within the social housing promotion accounted for € 892 million for more than 7,600 rent-controlled and occupancy-controlled rental housing. Other areas of interest in the promotion of new housing were the creation of nursing homes, the construction of dormitories for students and people with disabilities, as well as the new construction of owner-occupied housing.

Indicated by the example of GAG Immobilien AG in Cologne, those measures related to energy efficiency improvements are prioritized, which are mainly used in the case of existing buildings. NRW.BANK also supported the acquisition of owner-occupied residential property, measures of urban redevelopment as well as the reduction of barriers in the existing housing stock with regard to demographic change. NRW.BANK offers low-interest capital expenditure loans for nursing homes and facilities operated by not-for-profit entities. These loans can be used, for instance, to finance modernisation and refurbishment projects or to fund the conversion of conventional care facilities into alternative nursing and care concepts.

Low-interest loans are granted under the *NRW.BANK.Gebäudesanierung* programme to support projects for raising energy efficiency as well as barrier-free refurbishment measures for privately owned buildings.

To master the challenges arising from the refugee crisis, NRW.BANK offers the North Rhine-Westphalian municipalities especially low-interest and long-term financing solutions. Funds are available for the acquisition, construction or modernisation of refugee accommodation. Promotion funds of roughly € 220 million were committed in 2016 and used to build 19,350 new places for refugees and modernise some 900 existing ones. The newly built refugee accommodation in the Gievenbeck district of the city of Münster is a good

example of the positive effects of NRW.BANK's promotion activities, as environmental aspects were considered in its design.

A special component of the rented housing promotion programme of the Social Housing Promotion unit provides effective incentives for investors in the housing sector to create refugee housing. In this context, the Bank granted loans of approx. € 152 million to help finance some 1,430 new dwellings in 2016.

### Infrastructure and Municipal Promotion

To support the expansion of the infrastructure in North Rhine-Westphalia, NRW.BANK offers both customised, individual financing solutions and standardised promotion programmes. Individual financing solutions are provided for both corporate financings and project financings. In 2016, NRW.BANK's "Social Infrastructure" competence centre extended loans totalling roughly € 604 million, of which € 516 million was used to finance the modernisation of four university hospitals in North Rhine-Westphalia.



## HOUSING FOR REFUGEES

To provide the many refugees with accommodation for their initial stay, the City of Münster opted for a sustainable and flexible alternative. Using a loan from the *NRW.BANK.Flüchtlingsunterkünfte* programme, the city built a two-storey timber building in the Gievenbeck neighbourhood.

All units have their own kitchenette as well as a bathroom. They can accommodate a total of 100 people. In choosing the location, special attention was paid to a good social infrastructure to offer refugees the best possible conditions for successful integration.

The timber frame construction method is a sustainable and economical solution at the same time – the prefabricated timber buildings are ready for turnkey handover after a construction time of only three months. At the same time, operating costs are kept at a very low level thanks to the fact that the building shell and energy technology are made to high standards.

But it is not only the protection-seekers who live there for the time being who benefit from the timber buildings. Going forward, it will be possible, for instance, to convert the buildings into accommodation for students. This way, the challenges in the housing market are mastered in an innovative and forward-looking manner.

Infrastructure improvements require both public and private investments. The *NRW.BANK.Moderne Schule* programme is specifically targeted at public investors. It offers municipal school operators and school associations long-term loans for the construction and modernisation of school buildings. In 2016, the Bank financed 38 projects under this programme, e.g. to support the inclusion strategy of the State of North Rhine-Westphalia. The projects had a total volume of approx. € 55 million. *NRW.BANK.Infrastruktur* is a programme designed to raise private capital for low-interest financing of projects in a wide range of different fields such as environmental protection, urban development, social affairs or education and qualification. In addition, NRW.BANK has launched special programmes to promote, for instance, the preservation of buildings listed as public historical monuments, the expansion of Internet broadband services in North Rhine- Westphalia, solutions for flood management and control as well as investments in sports facilities.

Investments in plants for the generation, storage and distribution of energy are promoted under the *NRW.BANK.Energieinfrastruktur* programme. In 2016, promotion loans with a total volume of € 471 million were granted under this programme, which were mainly used to finance wind turbine generators, partly in citizen wind farms. In total, more than 80 new wind turbine generators were financed in North Rhine-Westphalia. The loans were refinanced almost exclusively via the [NRW.BANK.Green Bond 2016](#).

For several years, NRW.BANK has actively supported the renaturation of the River Emscher through its promotion activities. In 2016, the Bank extended long-term loans totalling € 144 million for this purpose.

In addition to these infrastructure development and promotion programmes, NRW.BANK again was a reliable partner to the North Rhine-Westphalian municipalities in 2016. Its municipal loans and liquidity loans to North Rhine-Westphalian municipalities made an important contribution to ensuring the municipalities' ability to act. The Bank moreover supports the municipal sector with a wide range of advisory services.

### Trusting Customer Relationships

Potential recipients of promotion loans increasingly inform themselves independently about available promotion options and hence expect promotion banks to provide targeted and objective information about promotion funds. NRW.BANK has therefore optimised its Internet presence on an ongoing basis over the past years.

As the digitalisation trend continues, the demands made by customers on the availability of information and the customer-friendliness of the application procedure increase as well. To meet the changing requirements, NRW.BANK conducted a survey among its existing customers and visitors to its website in 2016 to find out what they want from and expect of a digitally positioned development bank as well as possible new digital service and information offerings. The survey was complemented by talks with house banks in their role as distribution partners of loans according to the house bank principle. This way, NRW.BANK accepts the digital challenges and prepares to accommodate the expectations of its customers.

## // GREEN BOND

Green Bonds issued by NRW.BANK allow investors to participate in ecological projects. Which in turn generate sustainable yields for the Bank investors.



## NRW.BANK.Green Bond 2016

In 2013, NRW.BANK was Europe's first regional agency to successfully launch a green bond. Since then the Bank's annual Green Bond issues have established a close link between NRW.BANK's environmentally oriented promotion programmes and its own funding activities in the international capital market.

While the proceeds from NRW.BANK's regular bonds are also used to support the social and economic aspects of its development business, the funds raised through the Green Bond programme are exclusively used to refinance previously identified ecological projects based in North Rhine-Westphalia which provide a special climatic and environmental benefit.

- Green Bond Principles define the framework
- NRW.BANK Green Bonds are Use of Proceeds Bonds
- Projects are selected by the Green Bond Team
- In selecting the loans of the asset pool, NRW.BANK applies the following criteria:
  - All selected projects have to support North Rhine-Westphalia's climate and sustainability strategy as well as the UN Sustainable Development Goals (SDGs)
  - Eligible fields include "Climate Mitigation" and "Climate Adaptation"

- Focus on climate protection
- Climate benefits to be maximised by allocating projects to the portfolio based on the highest carbon footprint reduction
- Borrowers should agree to the transparent disclosure of their project
- Loans and the issue itself are closely linked; they originate in the same calendar year
- All projects are "live"
- No risk of "green default". The maximum term of the issue is determined by the shortest loan maturity
- Internal designation of the loans is made by the sustainability officer
- Loan portfolio remains unchanged during the term of the issue
- One-off reporting is sufficient
- oekom research confirms the sustainability of the projects (second opinion)
- No "green washing"!
- Wuppertal Institut prepares impact analysis
- Reporting about the projects and their environmental benefits is transparent
- NEW: green private placements are possible!

# GREEN BOND PRINCIPLES

NRW.BANK has been an official member of the Green Bond Principles (GBPs) of the International Capital Market Association since 2015.

Green bonds permit to raise capital for, and invest in, projects which create an environmental benefit. This market has grown strongly in the past years. The GBPs are voluntary guidelines promoting transparency and disclosure as an important basis for the integrity of the green bond market. Essential elements include, in particular, the provision of information about the use of the funds, the selection of the project, the evaluation process, the administration of the proceeds as well as the subsequent reporting.

The principles thus give guidance to potential green bond issuers and at the same time support investors by making available information for the assessment of their green bond investments.

The GBPs were published at the beginning of 2014 and have been updated annually since then.

The concept underlying NRW.BANK's Green Bonds meets the standards laid down in the GBPs. Consequently it was only logical for the Bank to join the GBPs.

More information about [Green Bond Principles](#).

To be eligible for selection under the Green Bond programme, projects must have a commitment date in the current calendar year and match the defined themes. The focus is on contributing to the state of North Rhine Westphalia's climate protection policy and the United Nations' [Sustainable Development Goals](#) as well as supporting adaptation to the unavoidable implications of climate change. This is why all funded measures serve to reduce and avoid adverse environmental impacts on the climate (mitigation) and to deal with the consequences of climate change (adaptation). As the focus is on the protection of the climate, the projects are selected on the basis of the highest expected CO<sub>2</sub> savings.

The liquid Green Bonds of NRW.BANK are issued exclusively in euros in order to create a green euro benchmark curve in the long term. This will enable the Bank to illustrate a potential price difference between the green NRW.BANK curve and the regular NRW.BANK benchmark curve.

Since 2014 the ecological benefit and quality of the projects selected for the NRW.BANK.Green Bonds have been analysed and assessed by oekom research, an independent sustainability rating agency. This [second opinion](#) has confirmed their consistently sustainable concept and compliance with the requirements of the Green Bond Principles.

### Focus on the Environmental Impact

NRW.BANK has assessed the environmental impact of its Green Bonds since 2015 with the aim to publish the CO<sub>2</sub> emissions that have been saved and/or avoided by investing in its Green Bonds on an annual basis. For the analysis of the positive effect of the Green Bond 2015 on the environment, NRW.BANK found a competent partner in [Wuppertal Institut](#).



The latter prepared the analysis in accordance with the recommendations of the [Harmonized Framework for Impact Reporting](#), which were developed by multilateral development banks under the umbrella of the GBPs. This framework permits the preparation of a transparent and comparable impact analysis of green bonds as recommended by the GBPs.

Its cooperation with Wuppertal Institut enabled the Bank to publish its first detailed [impact analysis](#) for the NRW.BANK.Green Bond 2015 in 2016. According to this analysis,



## GREEN BOND AWARDS

Besides second opinions, oekom research rates green bonds. The rating is based on the sustainability standing of the issuer, transparency, external audit arrangements as well as the sustainability quality and impact of the underlying projects. Since 2016 oekom has also rated the NRW.BANK.Green Bonds and assigned "approved" status to them. The sustainability rating agency assessed the 2014 and 2015 issuance on a twelve point scale from "excellent" (A+) to "largely non-transparent" (D-) and awarded a b+ rating.

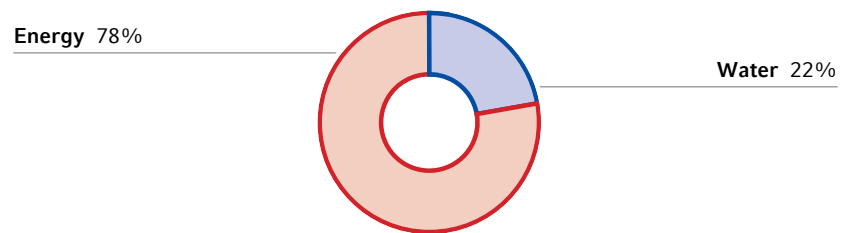
This places both issues in the top quantile of the more than 140 green bonds rated by the agency. Any rating above B- denotes "approved" status, meaning that oekom believes that a bond is a suitable addition to a green-oriented portfolio. oekom research particularly appreciated the high environmental benefits of the projects selected for the NRW.BANK Green Bonds as well as the high degree of transparency. As a result, the NRW.BANK.Green Bonds received oekom's "Sustainability Bond Approved Label".

The "[Climate Bond Initiative](#)", an NGO with a good standing in the green bond market, rated NRW.BANK positively, too, naming the Bank as a pioneer ("First Regional Development Bank") of the green bond market in 2015.

the issue avoids 2.7 million tons of CO<sub>2</sub> equivalents over its 10-year term. Based on a total issue volume of € 500 million, 540 tons of CO<sub>2</sub> equivalents are saved per € 1 million each year.

#### **NRW.BANK.Green Bond 2016**

In the past fiscal year an internal selection process identified eligible projects from the water and energy areas with a total volume of € 523 million. At approximately € 410 million, the focus was once again on energy projects. Some € 113 million was invested in water projects, in particular the Emscher 2020 project. For details of this biggest single water management project in the EU for the implementation of the European Water Framework Directive please refer to [NRW.BANK's Sustainability Report 2015](#).





NRW.BANK has unambiguously designated the selected projects as its Green Bond Asset Pool 2016 and earmarked the selected loans internally. The earmarking process is subject to the Bank's internal audit scheme and is therefore regularly scrutinised.

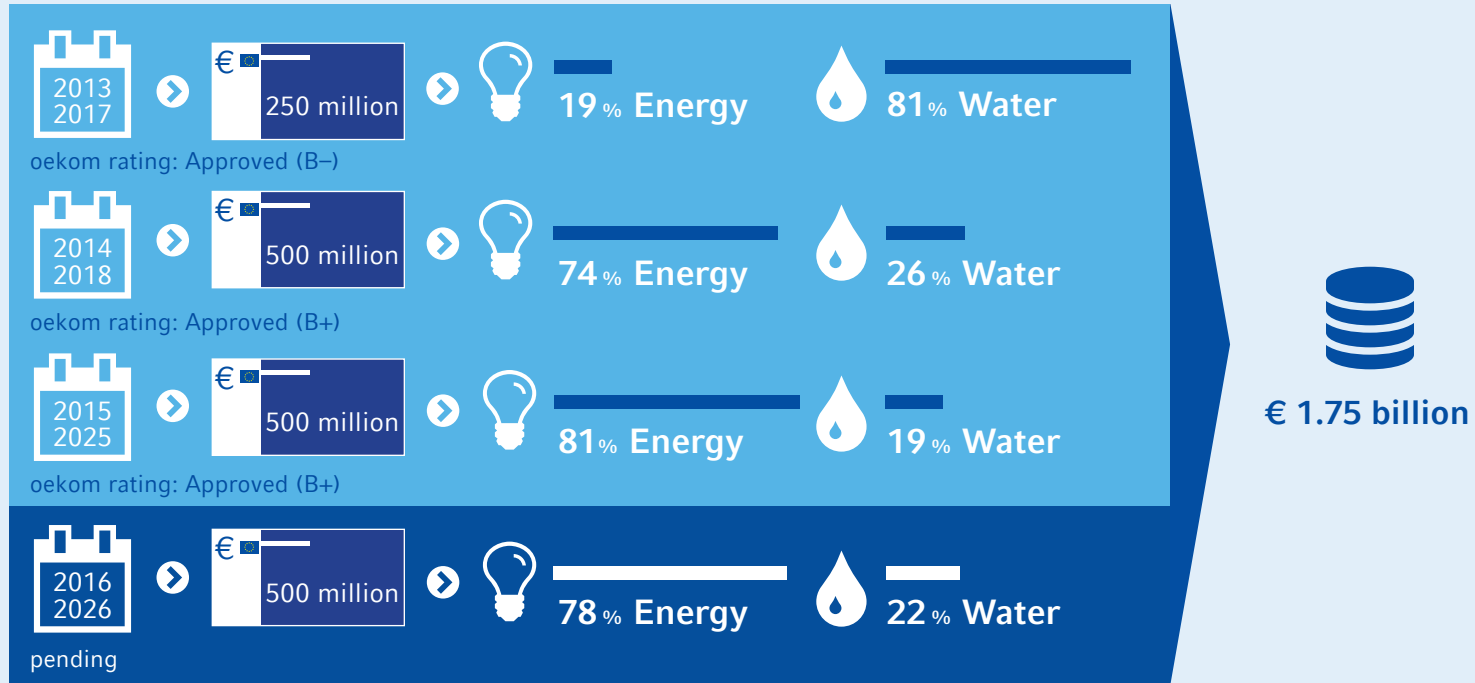
oekom research confirmed the sustainable and environmental benefit of these projects by declaring a [positive result](#) in its second opinion.

Field	Field	Topic	Number of Projects Funded	Promotion Volume in € m
<b>Water</b>	<b>Adaptation</b>	<b>River renaturation</b>	<b>1</b>	<b>113.4</b>
<b>Energy</b>	<b>Mitigation</b>	<b>Renewable Energy</b>	<b>31</b>	<b>372.1</b>
		– thereof wind power onshore	27	317.0 <sup>1)</sup>
		– thereof wind power Offshore	2	51.4
		– thereof photovoltaic	2	3.7 <sup>1)</sup>
<b>Energy</b>	<b>Mitigation</b>	<b>Energy efficiency</b>	<b>744</b>	<b>27.8</b>
		– thereof manufacturing sector	2	2.0
		– thereof building modernisation	742	25.8
<b>Energy</b>	<b>Mitigation</b>	<b>Low carbon transport</b>	<b>1</b>	<b>10.0</b>

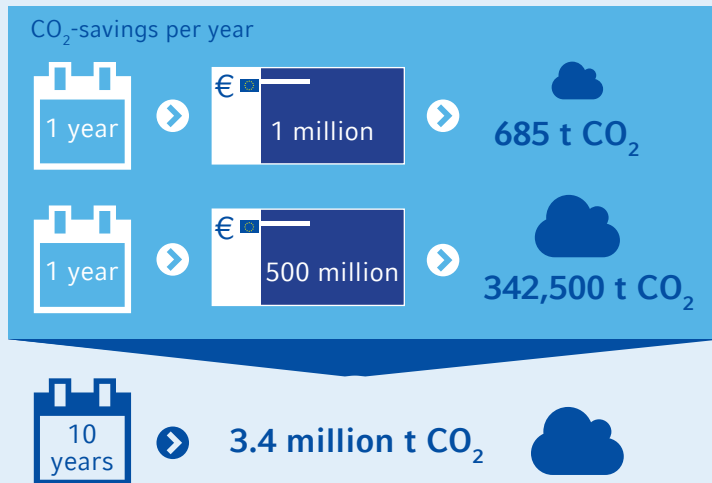
<sup>1)</sup> In contrast to the information provided in the second opinion, a project replacement in accordance with the "Use of Proceeds" resulted in the substitution of photovoltaic systems (€ 2 million) by onshore wind turbine generators (€ 2 million).

Based on this asset pool, NRW.BANK successfully issued its already fourth Green Bond, the NRW.BANK.Green Bond 2016, in November 2016. This bond with a volume of € 500 million and a term of ten years was the first issue of a European agency after the US elections. NRW.BANK guarantees its investors that over the entire term of the Green Bond 2016 its proceeds will be used to refinance projects in the fields of water management, renewable energies, energy efficiency and low carbon transport. In addition to the issuance of the Green Bond, the asset pool permits private placements.

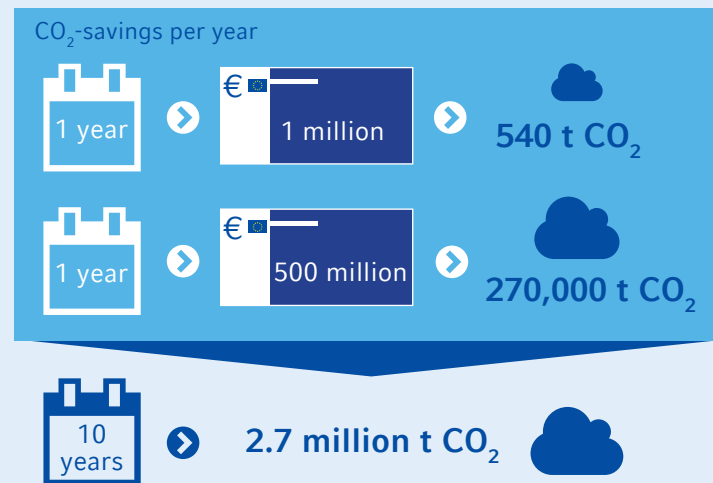
Total Volume of NRW.BANK.Green Bonds Issuance to date



NRW.BANK.Green Bond 2016



NRW.BANK.Green Bond 2015



### Environmental Impact Analysis

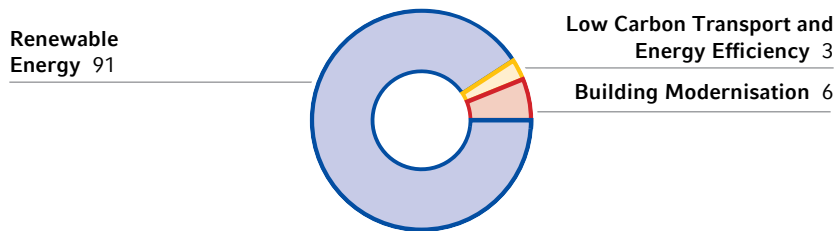
In the past fiscal year, Wuppertal Institut again determined the positive environmental effect of the selected projects in the field of "Climate Mitigation" with a total volume of € 410 million. The remaining approximately € 113 million in the field of "Climate Adaptation" were exclusively used for the renaturation of the River Emscher. NRW.BANK determined the progress made as a result of the Green Bond funding in close cooperation with the "Emschergenossenschaft" water management association.

### Field "Climate Mitigation"

The projects financed in the field of "Climate Mitigation" by the NRW.BANK.Green Bond 2016 help reduce or even avoid negative environmental influences on the climate. The projects relate to

- expansion of renewable energy (wind energy and photovoltaic),
- energy efficiency measures of enterprises and low carbon transport as well as
- refurbishment of residential buildings.

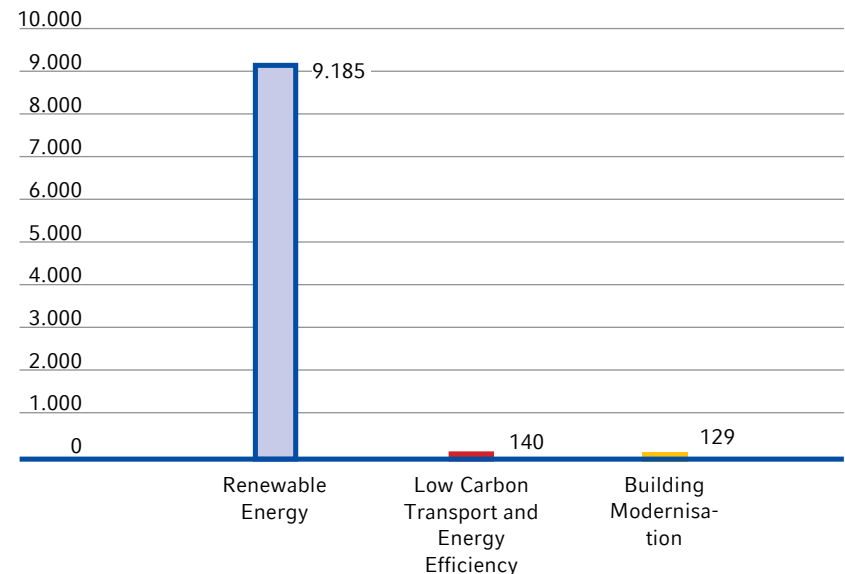
### Breakdown of Project Financing Volume in the Field "Climate Mitigation" (€ 410 million) in %



## 3.4 MILLION TONS OF CO<sub>2</sub> EQUIVALENTS SAVED

It has been calculated that these projects have avoided greenhouse gas emissions of 3.4 million t of CO<sub>2</sub> equivalents over the 10-year term of the Green Bond. This is equivalent to the CO<sub>2</sub> storage capacity of a managed forest four times the size of Berlin. Measured by the size of the Green Bond asset pool of € 523 million, 685 t of CO<sub>2</sub> equivalents are saved per € 1 million per year.

### CO<sub>2</sub> Equivalents Avoided through a € 1 Million Investment over a Ten Year Period (based on the Investment Volume of € 410 Million) in tons



Most of the emissions are avoided by renewable energy projects. The 82 onshore and offshore wind farms funded by the € 372 million produce an estimated 3,700 GWh of electricity per year. The promotion portion (9%) corresponding to the Green Bond asset pool results in the avoidance of 3.4 million t of CO<sub>2</sub> equivalents based on a 10-year term. About 90% thereof are accounted for by the onshore wind farms in North Rhine-Westphalia made possible by the funds of the Green Bond.

An amount of € 3.7 million of the Green Bond asset pool relates to the expansion of the largest photovoltaic site in Germany (see also [project examples](#)). Over the total term of the Green Bond 2016, another 33,500 t of greenhouse gas emissions are saved by it.

€ 25.8 million were invested in the *NRW.BANK.Gebäudesanierung* programme. Over its 10-year term and based on a promotion portion of 90%, this permits to save another 3,300 t of CO<sub>2</sub> equivalents.

A new project category of the Green Bond programme is “Low Carbon Transport”. In 2016, NRW.BANK provided € 10 million to purchase eight energy and climate-efficient trams ([Variotrams](#)) in Bochum, which help avoid about 1,100 t of greenhouse gas emissions over a period of ten years.

An amount of € 2.0 million of the asset pool of the Green Bond 2016 is invested in measures for improving the energy efficiency and resource efficiency in enterprises. These result in 600 tons of avoided greenhouse gas emissions over the total term of the bond.

Details as well as information on the precise method and presentation of the results in accordance with the Harmonized Framework for Impact Reporting can be found in the [impact analysis](#) prepared by Wuppertal Institut.

### Field “Climate Adaptation”

About € 113 million of the Green Bond 2016 were used to refinance measures taken by the “EmscherGenossenschaft” water management association as part of the conversion of the River Emscher. In 2016, the funds permitted to implement various water management measures – all with the aim to create a sustainable ecologically renewed riverscape in the Emscher region.

The focus is currently still on the completion of the large modern Emscher sewer (Abwasserkanal Emscher, AKE). As the sewer has meanwhile been largely completed – especially 43 km of construction phase 30 from Dortmund-Deusen to Bottrop – it is now being continued from Oberhausen to the estuary of the Emscher in Dinslaken. The construction of this modern sewer is an essential precondition for the renaturation of the River Emscher itself, which will be redeveloped into an as near as natural riverscape in the following years. Just like its already ecologically revitalised tributaries, the Emscher will then not only give nature a new chance, but also offer the people living in the region a space for leisure activities. This is already illustrated by the new ditches created and the 23-km stretch of the upper Emscher from Holzwickede to Dortmund renaturated with the help of funds from NRW.BANK.Green Bonds in previous years.

In 2016, the construction of the new sewer system of the Emscher moreover involved the conversion of the large Emschermündung sewage treatment plant into a modern regional sewage treatment plant taking future sustainable energy recuperation and resource management into account. The project also includes the construction of the three large pump stations in Gelsenkirchen, Bottrop and Oberhausen. The stations ensure the routing of the sewage stream of the large Emscher sewer on the intermediate stretches in free fall up to the sewage treatment plant at the estuary in Dinslaken and/or the Rhine. Further considerable progress was made here in 2016. The pump stations are also planned and constructed sustainably. They are characterised by minimum energy consumption, a high-quality design that blends into the urban environment and direct participation of the citizens including in the form of design workshops.

Environmental aspects are taken into consideration already when inviting bids for the individual construction phases. They are directly included in the assessment of the bids and the awarding of the contracts.

The conversion of the Emscher tributaries in the affluent regions was also pushed ahead. Examples include the Mühlenbach in Borbeck, the Berne in Essen, the Ostbach in Bochum, the Nettebach in Dortmund and the Läppkes Mühlenbach in Oberhausen.

338 km of the 429 km of new modern sewers to be constructed in the Emscher region have been built to date. Of the 326 km of new renaturated water stretches 124 km have been completed and left to develop according to their own dynamics. Various water stretches are developing so favourably that a new urban biodiversity has started to emerge.

The conversion of the Emscher realised with funds from the Green Bonds is therefore also a main theme for the “European Green Capital – Essen 2017” of the Emscher metropolis Essen.

### **Biodiversity is Increasing**

In 2016, the construction of the last pump station for the Emscher sewer began in Oberhausen. The new sewer permits to convert the Emscher from a sewage river into a new riverscape of enhanced ecological value. Particularly valuable in this context are the so-called “ecological cornerstones” along the River Emscher where the river is given ample room for its own dynamic developments. These areas have been designated as the “new nuclei” of the Emscher region’s new biodiversity.

One of these ecological cornerstones, “Holtener Bruch”, will be created in proximity to the underground pump station in Oberhausen. Modern technology in the form of the pump station and sewer and the ecological renaturation will thus go hand in hand. One is the precondition for the other and together they represent the new riverscape.

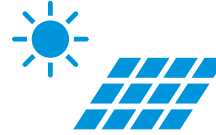
An equally important aspect in this context is the construction of the new Emscher estuary in Dinslaken and Voerde. The Emscher, which until now flew straight into the River Rhine via a large dropping structure, will here be diverted to the north and become a meandering stream which flows freely into the Rhine without the barrier effect of a drop. There will be natural exchange between the two river systems. This will permit a generous relocation of the dyke. With a flood control volume of 1 million m<sup>3</sup>, the Emscher estuary will not only contribute to the flood protection system of the Rhine, but also enrich the adjacent about 25,000 ha large Ramsar bird sanctuary “Unterer Niederrhein” with its diverse meadow landscape. Moreover, this meets the call for “more space for rivers” for sustainable and natural flood protection through larger flood areas. This is ultimately made possible by the Green Bond funds and the sewer alongside the Emscher, which creates the general systematic precondition for this measure.



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# Green Bond-projects

NRW.BANK.Green Bond funding is used to promote sustainable energy provision and manufacturing methods.



## 7.700 tons of carbon dioxide

per year are saved by the solar farm in Herzogenrath compared to the conventional production of energy.



### Solar Farm Herzogenrath

EWV ENERGIE- UND  
WASSER-VERSORGUNG GMBH,  
N.S.W. ENERGY GMBH,  
STADT HERZOGENRATH

[www.ewv.de](http://www.ewv.de)

### Solar Harvest in Herzogenrath

The solar farm in Herzogenrath and its new extension supply electricity for more than 4,500 households, which, purely arithmetically, corresponds to one third of the city. With the beginning of the sunny months in April, the solar farm extension Solarpark 2 and its “big brother” Solarpark 1 can generate a peak output of approximately four megawatts and ten megawatts, respectively. Compared to the conventional production of energy, this reduces carbon dioxide emissions by a total of 7,700 tons per year. It would be possible to produce enough solar power for the entire city of Herzogenrath: Additional sites on the land of the former sand pit are already included in the zoning plan – another four megawatts could be generated on them. The Solarpark 2 was financed with the help of € 3.7 million from the *NRW.BANK.Energieinfrastruktur* promotion programme and thanks to its inclusion in the Green Bond Asset Pool 2016.



## 42 Variotrams

more for Bochum and Gelsenkirchen.



### Local Transport

BOGESTRA AG

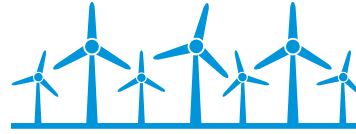
[www.bogestra.de](http://www.bogestra.de)

### Attractive Local Public Transport

Climate-friendly mobility: In September 2016, BOGESTRA AG started to deliver 42 new trams of the Variotram type, of which eight were delivered by the end of 2016 as part of the Green Bond Asset Pool 2016. These energy-efficiently produced trams improve passenger comfort through such features as air conditioning, an information system and video surveillance.

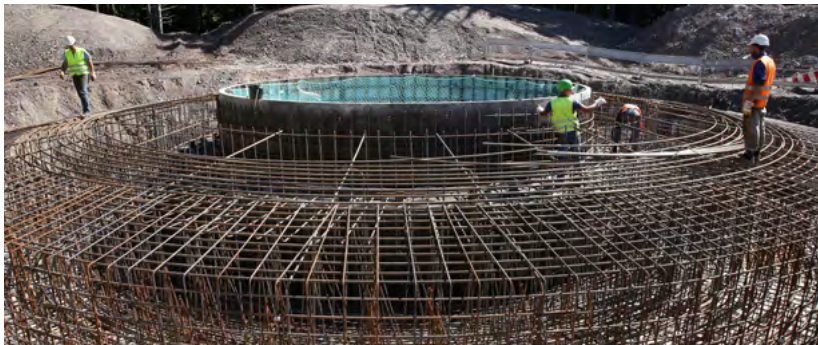
The electric trams permit emission-free local mobility and feed the energy generated during braking back into the battery. At the same time, the ample space they provide for passengers ensures extremely low CO<sub>2</sub> emissions per passenger. Funds from the *NRW.BANK.Infrastruktur* promotion programme were instrumental in putting on track this low carbon project with an investment volume of € 110 million.





**30.000** households

are supplied with renewable energy from the largest wind farm in North Rhine-Westphalia.



## Wind Farm Dahlem

WINDPARK  
DAHLEM-BAASEMER WALD  
GMBH & CO. KG

[www.dunoair.com](http://www.dunoair.com)

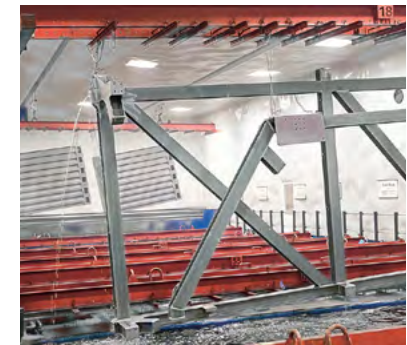
## Largest Wind Farm in North Rhine-Westphalia

For the investment of € 50 million into North Rhine-Westphalias largest forest wind farm, DunoAir relied on funding from the *NRW.BANK.Energieinfrastruktur* promotion programme. The municipality of Dahlem and its citizens participate in the wind farm via various value-added models. Municipal initiatives and associations receive the lease income of at least € 55,000 per year and system. This is not the only reason why the construction of the wind farm in the middle of the forest was largely accepted by the residents: The public was informed well in advance by politicians, the municipal administration and the investor DunoAir Windpark Planung GmbH, and involved in the planning process. The electricity produced by the wind power generators in the forest of Dahlem-Baasem is fed into the public grid and up to 30,000 households (arithmetically) in the Euskirchen district are supplied with environmentally friendly electric power since the beginning of 2017. As this wind energy project complies with the selection criteria of the Wind Energy Generation Standards of the Climate Bond Initiative (CBI) and the sustainability criteria of oekom research, it was eligible for inclusion in the Green Bond Asset Pool 2016. In connection with the impact analysis of the Green Bond 2016, Wuppertal Institut calculated that the annual CO<sub>2</sub> emissions saved by the wind farm amount to some 38,000 tons.



**25%** *less energy*

are required for the hot dip galvanising process of Seppeler Groups' plant.



## Hot Dip Galvanising SEPPELER GRUPPE

[www.seppeler.de](http://www.seppeler.de)

### New Production Line cuts Energy Costs

Hot dip galvanising in a closed circuit: Seppeler Group headquartered in North Rhine-Westphalian Rietberg has built a new production line at its Osnabrück plant. In connection with these conversion measures, the old tank was replaced. Thanks to a working length of 8.60 meters and a depth of 3.50 meters, the new tank permits to galvanise parts weighing up to 4,000 kilograms, while saving 25 percent of energy compared to the old line.

The trick: Via a heat recovery system, the heat produced by the furnace of the production line is also used for the drying tunnel. In addition, the residual heat is used for the pre-treatment of the parts. € 2 million of the € 3.7 million invested in the closed production circuit were funded by the *NRW.BANK.Effizienzcredit* promotion programme.



*124 km renaturated*

already of the River Emscher. 326 km are planned.



## Emscher Conversion

EMSCHER-  
GENOSSENSCHAFT

[www.eglv.de](http://www.eglv.de)

## Ecological Cornerstone with a Focus on Biodiversity

It is the largest infrastructure project in North Rhine-Westphalia: In 2016, approximately € 115 million in Green Bond funding was invested in the conversion of the River Emscher. Among other things, the Emschergenossenschaft water management association began with the construction of the last pump station for the Emscher sewer in Oberhausen. This sewer permits to convert the Emscher from a sewage river into a new riverscape of enhanced ecological value.

Particularly valuable in this context are the so-called “ecological cornerstones” along the River Emscher where the river is given ample room for its own dynamic developments. These areas has been designated as “new nuclei” of the Emscher region’s new biodiversity. One of these ecological cornerstones, “Holtener Bruch”, will be created in proximity to the underground pump station in Oberhausen. In total, 124 kilometres of the 326 kilometres of the Emscher have already been renaturated.

## Outlook

NRW.BANK is committed to promoting the further evolution of the green bond market and to supporting it through its own contributions. To consistently implement this objective while at the same time making a contribution to the protection of the climate and the environment, the Bank added two further components to its Green Bond programme in the past fiscal year.

### NRW.BANK.Green Bond Private Placements

Since the end of 2016, NRW.BANK has offered sustainable investors additional green private placement options. In order to meet the various investor needs, not only does the bank offer private placements in euros but in many other currencies as well. Projects from the fields of water and sewage, electric mobility (including electric buses), energy efficiency, renewable energies as well as heat insulation were eligible for refinancing.

With this offer NRW.BANK meets the increased investors' demand for this product and thus has the opportunity to consider further high-quality green assets.

### NRW.BANK.Green Bond Investment Portfolio

In the past fiscal year, NRW.BANK furthermore made the organisational preparations for building up a Green Bond portfolio as of 2017. The Bank will then not only issue own green bonds in connection with its NRW.BANK.Green Bond programme, but also consider them for its own investments.

The Bank's aim is to establish an NRW.BANK.Green Bond investment portfolio with a volume of at least € 200 million by 2020. To qualify for this portfolio, bonds have to meet the GBPs and publish corresponding reports. In addition, the environmental benefit of the bond must be determined by a second opinion or certificate meeting the standards of the Climate Bond Initiative. NRW.BANK will preferably invest in climate protection and climate adaptation projects and report on the CO<sub>2</sub> savings achieved by these investment activities in the next sustainability reports.



## // ECO-BALANCE

Since many years, NRW.BANK has been committed to the responsible use of our natural resources and the protection of our environment and climate. The Bank verifies the sustainability of its activity on an ongoing basis to ensure that it continues to improve.

# Climate and Environmental Protection

NRW.BANK actively supports the political and social sustainability efforts and is doing everything possible also within the Bank to conserve resources and ensure sustainable operations. The Bank thus helps to implement the North Rhine-Westphalian government's guiding principle of "sustainability".

NRW.BANK uses resources consciously and sparingly in order to minimise the generation of carbon emissions from its business operations. It is the Bank's declared objective to vigorously cut the use of resources and to offset unavoidable impacts to the extent possible. To ensure that the positive trend in its environmental performance indicators continues, the Bank pays attention to resource-efficient and energy-efficient technology, uses district heat and energy-efficient IT hardware in all its buildings and sources 100% certified green electricity from run-of-river hydropower plants.

For the past 10 years, NRW.BANK has published an eco-balance in accordance with the standards of the VfU.

## Scope and Period of Reporting

To prepare its eco-balance for 2016, NRW.BANK has determined the environmental impacts resulting from its business operations. The Bank operates at two locations in Düsseldorf and at a building complex in Münster.

The reporting period corresponds to the calendar year. The consumption and flow data (input and output) were collected for the period from 1 January 2016 to 31 December 2016. Information relating to space, vehicles and employees is stated as of the reporting date 31 December 2016.

## Data Collection and Reference Values

As the data are collected in accordance with the VfU standard, they can be compared with data of companies applying the same standard. The basis is formed by the VfU's revised guidelines in conjunction with the conversion factors of the 2015 update. The data presented here is an extract from the 2016 eco-balance.

The number of employees provides the basis for the formation of relative environmental performance indicators (consumption per employee). Part-time employees are added up to full-time employees, and external temporary employees are covered for the duration of their employment. The exact number of days worked was recorded for the first time ever.

Staff numbers of 1,409<sup>1)</sup> for 2016, 1,436<sup>1)</sup> for 2015 and 1,353<sup>1)</sup> for 2014 were taken as the basis. The decline in staff numbers against the previous year is essentially attributable to the more precise recording method.

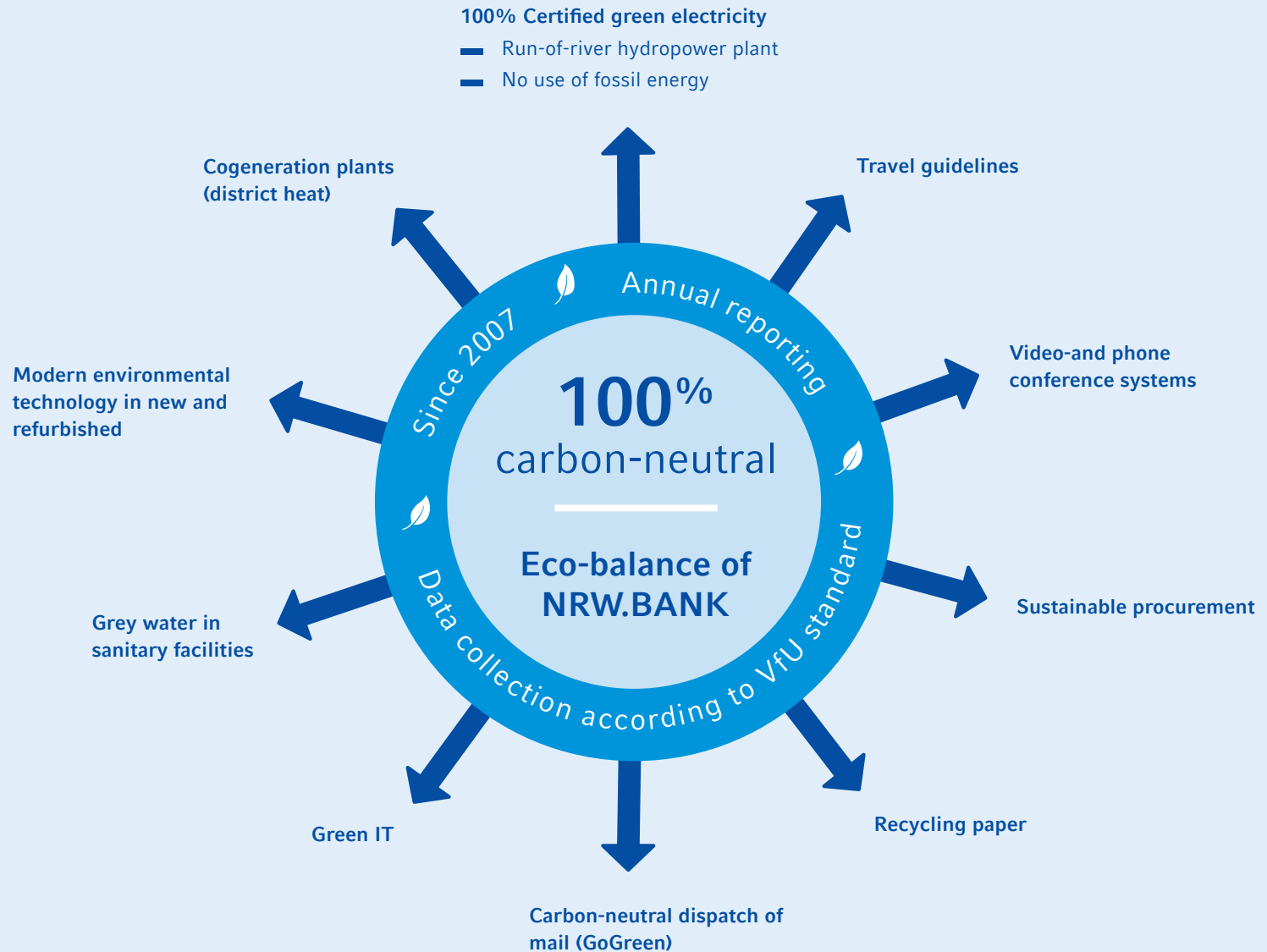
To calculate water consumption per employee<sup>1)</sup>/day the number of working days was fixed at 250 days.

## Building Energy

Resource-efficient energy sources such as certified green electricity from run-of-river hydropower plants and district heat from combined heat-and-power units are the most important elements of NRW.BANK's sustainable building management efforts. These high environmental standards are implemented at all of the Bank's locations. In addition, the photovoltaic systems in Münster produced roughly 20 MWh of electricity to cover the Bank's own requirements in 2016. Overall, NRW.BANK makes a point of using energy-efficient technology.

<sup>1)</sup>rounded to full employees

# Climate and Environmental Protection



Energy Consumption	2016	2015	2014
	kWh	kWh	kWh
Heating energy			
– total	5,406,170	4,846,170	4,433,420
– per employee/year	3,836	3,374	3,276
Electricity			
– total	5,846,930	5,381,180	5,802,897
– per employee/year	4,148	3,747	4,287

In 2016, NRW.BANK's consumption of thermal energy was up by 11.5% on the previous year. The increased consumption related to all locations. Specific per-capita consumption rose by 13.7%.

Electricity requirements were up by 8.7% on the previous year in absolute terms and by 10.7% per employee.

The increase in both thermal energy requirements and electricity consumption is within the usual range of variation and is attributable to climatic and use-specific circumstances.

### Business Travel

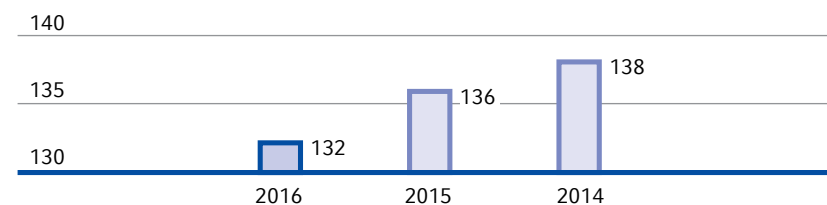
NRW.BANK's success hinges on good contacts with its clients and the maintenance of its business relationships. Business trips are therefore indispensable. However, NRW.BANK has issued travel guidelines to minimise the environmental impact of employees' travelling activity. The recommendation to use video and telephone conferences and to travel by local public transport or rail is an important factor in reducing emissions from business trips.

92.3% of the trips on Deutsche Bahn's rail services are classed as carbon neutral due to Deutsche Bahn's carbon mitigation programme and are included in the CO<sub>2</sub> balance at a reduced conversion factor. The remaining 7.7% are business trips by local public transport and the Thalys (altogether 76,663 km), which are counted at the full conversion factor for carbon emissions.

As in the previous years, the reporting of short-haul and long-haul flights, multi-leg flights<sup>1)</sup> were broken down into segments.

The expert assistance regularly provided by the Bank when it comes to selecting new company cars is another success factor in the constant reduction in the average carbon emissions of the Bank's vehicle fleet. To determine the average carbon emissions of the fleet, the Bank used the information provided by the manufacturers as well as the latest information published by the Federal Motor Transport Authority. The respective figure declined from 136.2 g/km in 2015 to 131.6 g/km in 2016, which represents a reduction by 3.4%.

### Average CO<sub>2</sub> Emissions of the Company Cars in g/km



<sup>1)</sup> Multi-leg flights comprise transfer flight and main flight

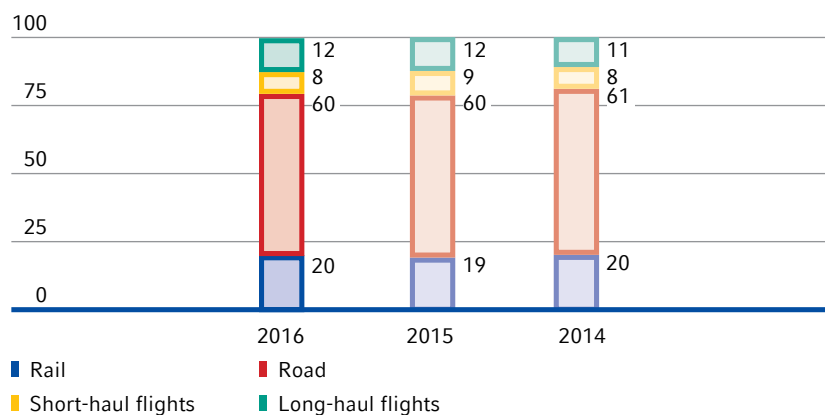


Employees of NRW.BANK travelled a total of 4,565,586 kilometres on business trips in 2016, which is equivalent to 3,239 kilometres travelled per employee. Compared to the previous year, total kilometres travelled thus declined by a negligible 0.4%, while kilometres travelled per employee rose by a moderate 1.5%.

Business Travel	2016	2015	2014
	km	km	km
Rail	915,722	866,653	870,804
Road <sup>1)</sup>	2,748,430	2,723,420	2,660,988
Short-haul flights	342,905	430,117	328,557
Long-haul flights	558,529	564,482	463,921
<b>Total</b>	<b>4,565,586</b>	<b>4,584,672</b>	<b>4,324,270</b>
Km per employee	3,239	3,192	3,195

<sup>1)</sup> total kilometres travelled on business trips with the Bank's cars, rental cars and private vehicles

#### Share of Means of Transport in %



The breakdown of the travel activity by means of transport in 2016 remained relatively stable compared to the previous years. At 60.2%, cars accounted for most of the business trips, followed by rail (20.1%) and air travel (19.7%).

#### Paper

For the 2016 eco-balance, NRW.BANK recorded all paper used in the offices including printed matter (e.g. letterhead), envelopes and communication materials (e.g. annual reports, brochures, flyers, etc.). For the first time, the paper grades of the envelopes were also determined in order to present a complete picture of all paper grades used.

Total consumption in 2016 amounted to 57.8 t (2015: 61.5 t), while consumption per employee came to 41.0 kg (2015: 42.8 kg).

The consumption of office paper, i.e. excluding envelopes and printed matter, was as follows:

Paper Consumption <sup>1)</sup>	2016	2015	2014
	kg	kg	kg
<b>Total</b>	<b>42,936</b>	<b>44,077</b>	<b>46,620</b>
Kg per employee	30.5	30.7	34.4

<sup>1)</sup> Office paper, excl. printed matter, envelopes and marketing materials

Office paper consumption declined by 2.6% in absolute terms and remained almost stable in per-capita terms, at 30.5 kg.

Besides the quantity consumed, the quality of the paper used is also an important item in the eco-balance. To determine the share of recycled paper, all paper types used (excl. envelopes) were analysed.

Paper Grades	2016	2015	2014
	%	%	%
Recycled paper	63.4	71.1	53.0
Primary fibre paper, ECF <sup>1)</sup> (inkc. wood-free)	12.8	5.6	24.1
Primary fibre paper, FSC and PEFC <sup>2)</sup>	23.8	23.3	22.9

<sup>1)</sup> Elemental chlorine-free (ECF)

<sup>2)</sup> Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification schemes, (PEFC)

In the context of an optimised reporting, NRW.BANK decided, for the first time, to fully determine the paper grades of all paper used. Based on these complete data for 2016, which also include envelopes, recycled paper accounts for 60.2%. Over the coming years, the data reflecting the change in the recycled paper ratio will become more meaningful, though.

### Water

Water is a precious resource and NRW.BANK is actively promoting its sparing use. The Bank's sanitary facilities use grey water from the air scrubbers and recooling systems and thus ensure that this water is reused. When retrofitting or buying new technical equipment, water-saving technology is considered besides other environmental aspects.

The following figures show the total water consumption, which also includes the water consumption of the kitchens at the locations in Münster and at Kavalleriestraße in Düsseldorf.

Absolute water consumption was up by 7.7% on the previous year, while consumption per employee increased by 9.7%.

Process and Drinking Water	2016	2015	2014
<b>Total consumption</b>	<b>22,266 m<sup>3</sup></b>	<b>20,669 m<sup>3</sup></b>	<b>21,281 m<sup>3</sup></b>
Daily consumption per employee <sup>1)</sup>	63.2 l	57.6 l	62.9 l

<sup>1)</sup> To calculate water consumption per employee, the number of working days was fixed at 250 days.

### Waste

The 2016 eco-balance covers the following waste types: paper (incl. documents shredded), mixed packaging, food residues, waste fats, green waste, glass, residual waste, sludge from the company's own water treatment, mixed scrap, electronic waste, data carriers, bulky waste, oily waste and fluorescent lamps.

Taking all waste types into account, the Bank produced a total of 389.8 t of waste (2015: 403.5 t). This is equivalent to 276.6 kg of waste per employee (2015: 280.9 kg).

Compared to the previous year, the total waste volume decreased by 3.4%, the waste volume per employee declined by 1.5%.

The following table shows the amounts of waste produced exclusively as a result of the banking activity and excluding waste primarily produced in conjunction with the operation of the kitchen:

Waste Volume	2016	2015	2014
	t	t	t
Waste paper	53.5	56.4	55.4
Document shredding	61.4	78.4	43.0
Residual waste	108.4	111.7	108.9
DSD ("Green Dot")	3.6	3.4	3.2
<b>Total<sup>1)</sup></b>	<b>227.0</b>	<b>249.9</b>	<b>210.4</b>
Kg per employee	161.1	174.0	155.5
Recycling ratio <sup>1)</sup>	53.2%	55.3%	48.3%

<sup>1)</sup> excl. other and kitchen waste

In 2016, the total waste volume resulting from the banking operations (excl. kitchen waste, etc.) was down by 9.2% on the previous year in absolute terms and by 7.4% in per-capita terms. This drop is primarily attributable to the reduced amount of shredded files. The moderate decline in the recycling ratio by 3.8% is also due to the reduced amount of shredded documents.

2016 was the first year in which the residual waste disposed of by Abfallwirtschaftsbetriebe Münster (awm) was analysed separately. According to the waste management company, 14.0% (2.1 t) of the waste disposed of by NRW.BANK as residual waste was recycled, which is why this percentage was counted towards the recycling ratio.

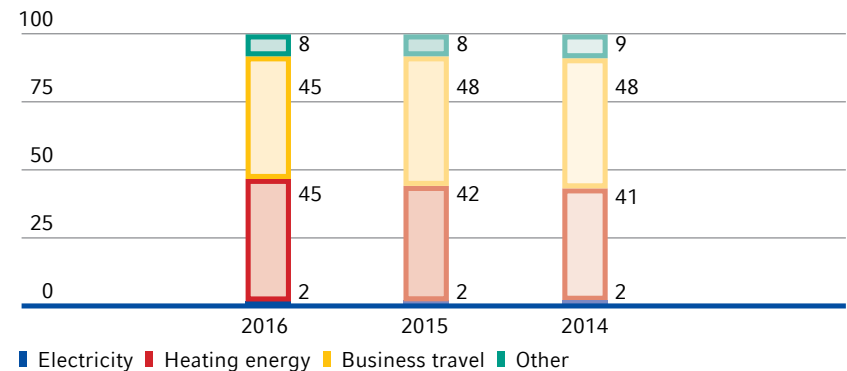
### Greenhouse Gases

NRW.BANK's CO<sub>2</sub> balance covers all the above-mentioned environmentally relevant consumption figures and wastes of NRW.BANK as well as the quantity of emergency power diesel used are summarised in a single performance indicator. This performance indicator is an important variable for assessing the Bank's environmental performance.

The conversion factors used to determine the carbon emissions correspond to the 2015 VfU Update. To facilitate comparability with the previous years, the figures for 2014 were also determined using these conversion factors, which has resulted in deviations from the report for 2014.

CO <sub>2</sub> Emissions	2016	2015	2014
	kg CO <sub>2</sub>	kg CO <sub>2</sub>	kg CO <sub>2</sub>
Electricity	41,339	38,648	39,460
Heating energy incl. emergency power diesel	1,057,644	940,157	870,750
Business travel	1,049,567	1,055,711	1,006,615
Paper	65,443	69,247	74,071
Drinking water	15,653	14,530	14,960
Waste	100,655	101,645	100,399
<b>Total emissions</b>	<b>2,330,301</b>	<b>2,219,939</b>	<b>2,106,255</b>
CO <sub>2</sub> /employee	1,653	1,546	1,556
Offset by climate certificates	2,330,301	2,219,939	2,106,255
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### CO<sub>2</sub>-Emissions by Producers in %



In 2016, NRW.BANK's CO<sub>2</sub> emissions totalled 2,330 t, which is equivalent to 1,653 kg CO<sub>2</sub> per employee. This represents a 5.0% increase on the previous year's total emissions; emissions per employee rose by 6.9%. This change is essentially attributable to the increased consumption of heating energy.

## Direct and Indirect CO<sub>2</sub> Emissions at NRW.BANK in 2016 According to VfU (Update 2015)

Greenhouse Gas Sources	Scope 1 <sup>1)</sup>	Scope 2 <sup>1)</sup>	Scope 3 <sup>1)</sup>	Total
	kg CO <sub>2</sub>	kg CO <sub>2</sub>	kg CO <sub>2</sub>	kg CO <sub>2</sub>
<b>Electricity</b>				
– renewable			39,625	<b>39,625</b>
– photovoltaic plant			1,715	<b>1,715</b>
<b>Heating energy</b>				
– district heat		817,954	230,843	<b>1,048,797</b>
– emergency power diesel	7,478		1,369	<b>8,847</b>
<b>Travel</b>				
– rail			4,186	<b>4,186</b>
– rail, carbon-neutralised			17,788	<b>17,788</b>
– road, company car	404,513		306,672	<b>711,185</b>
– road, rental car			195,797	<b>195,797</b>
– short-haul flights			58,503	<b>58,503</b>
– long-haul flights			62,108	<b>62,108</b>
<b>Paper</b>				
– recycled paper			38,280	<b>38,280</b>
– primary fibre paper (ECF, TCF, FSC, PEFC)			27,162	<b>27,162</b>
<b>Water</b>			15,653	<b>15,653</b>
<b>Waste</b>				
– waste incineration			97,175	<b>97,175</b>
– special waste			3,480	<b>3,480</b>
<b>Total</b>	<b>411,991</b>	<b>817,953</b>	<b>1,100,357</b>	<b>2,330,301</b>
<b>kg CO<sub>2</sub>/per employee</b>				<b>1,653</b>

<sup>1)</sup> Distinction between direct and indirect emissions:

Direct greenhouse gas emissions come from sources owned or controlled by NRW.BANK.

Indirect greenhouse gas emissions result from the business activity of NRW.BANK – their sources are owned or controlled by third parties. In accordance with the “Greenhouse Gas Protocol”, emissions are divided into three categories depending on the degree of influence exerted by NRW.BANK:

- Emission category (Scope 1): all direct emissions
- Emission category (Scope 2): all indirect emissions produced, for instance, in the generation of electricity, steam or thermal energy sourced by NRW.BANK from external sources
- Emission category (Scope 3): all other indirect emissions in the field of logistics, material consumption, supplies and disposal. This also includes the emissions produced by service providers or manufacturing companies and their upstream suppliers.

### Avoiding Preferred to Offsetting

Since 2013, NRW.BANK has consistently aimed to make its banking operations carbon-neutral. In this context, top priority is attached to avoiding emissions from being generated in the first place. To achieve this aim, the Bank has implemented the above-described measures for many years – including the use of certified green electricity, environmentally friendly district heat, recycled office paper and grey water from air scrubbers and cooling systems as well as providing expert assistance when it comes to choosing new company cars.

Unfortunately, not all emissions can be avoided in spite of these savings efforts. In 2013, NRW.BANK therefore decided to neutralise unavoidable emissions caused by its banking operations with the help of certificates from the NRW.BANK Climate Certificate Programme. These certificates stem from climate protection projects in developing and emerging countries and help to achieve the highest possible CO<sub>2</sub> savings in relation to the financial expenses incurred in the process.

The CO<sub>2</sub> emissions of 2,330 t produced in 2016 were voluntarily offset by the Bank through the purchase of certificates from a wind farm project in Inner Mongolia (China).

The analysis also covers the emissions resulting from postal communication with the Bank's clients. Since 2015, NRW.BANK has dispatched its mail via the carbon-neutral GoGreen programme of Deutsche Post DHL Group. In 2016, 610,000 letters were mailed under this programme. Carbon emissions resulting from this transport totalled 22.8 t. Due to the Bank's participation in the GoGreen programme, these emissions were neutralised with the help of [climate protection projects](#).



## // HUMAN RESOURCES

As a public-law institute NRW.BANK has a special responsibility to act as a role model for a sustainable human resources policy. This comprises all aspects from offering future-proof training to balancing work and family life to ensuring equal opportunities and implementing a modern health management.

## Assuming Social Responsibility for Employees

The knowledge, commitment and performance of the staff are important factors which underpin the long-term success of the Bank's business activity. The strategic objectives of the Bank's Human Resources activities therefore include winning and retaining qualified employees and preserving their performance to ensure that NRW.BANK can successfully fulfil its tasks as the development bank for North Rhine-Westphalia now and also in future.

In the context of the Bank's human resources strategy, this overriding goal involves three fields of action which ensure that all activities and measures support the accomplishment of the strategic objectives: securing junior staff, facilitating development and maintaining employees' performance.

The high relevance of these goals is not least reflected in the fact that the strategic fields of action and the medium and long-term objectives derived from them form part of the Bank's overall strategy.

### Securing Junior Staff

"Securing junior staff" sums up NRW.BANK's commitment to training young people and improving their qualifications. To ensure that junior staff can integrate smoothly into the Bank's existing workforce, their training is carefully aligned with the Bank's needs in general and the individual departments' needs in particular. This constant balancing leads to changes in the number of apprenticeships and traineeships as well as to amendments in terms of the course curricula and the job roles the young people are trained for. As a result of this regular review process, NRW.BANK changed its clerical apprenticeship programme from "office communication assistants" to "banking clerks" in summer 2016. The required practice stints in sales are organised in cooperation with savings banks in the region.

As the new training scheme was very well received by school graduates, NRW.BANK was able to quickly recruit eight suitable candidates for its commencement in summer 2016. Another eight young people were signed up for the dual-track study courses "Bachelor of Arts, Banking & Finance" and "Bachelor of Science, Business IT", which are organised in conjunction with Hochschule für Oekonomie & Management in Düsseldorf. Together with the three trainee programmes that started in 2016, NRW.BANK was thus able to fill all planned apprenticeships/traineeships.

Given that NRW.BANK trains young people to cover its own requirements, permanent employment contracts are offered to all apprentices who complete their apprenticeships with good results. Of the 17 apprentices who completed their training in 2016, 15 have signed permanent employment contracts. In addition, two trainees assumed permanent roles in the Bank after successfully completing the programme.

In view of the age structure of NRW.BANK's workforce, the Bank continues to pay great attention to its objective to "secure junior staff". The Bank wants its trainees and apprentices to replace at least part of the employees who will retire from the Bank in the coming years.

### Facilitating Development

In order to ensure their long-term retention, NRW.BANK offers its junior staff – as well as all its other employees – numerous development opportunities and prospects.

This includes challenging tasks which encourage professional and personal growth as well as the possibility to get to learn new topics and to assume responsibility. Of course this needs to be complemented by the prospect of earning higher salaries in the future.



## Award-winning vocational training

In the reporting year, two apprentices completing their training as office communication assistants in Münster were among the best of the year in their discipline. In recognition of these good results, NRW.BANK was again named one of the companies offering the best vocational training in North Rhine-Westphalia by the local Chamber of Commerce.

NRW.BANK was also voted one of the companies offering the best vocational training in a survey conducted on behalf of Focus Money magazine under the title "Germany's best providers of vocational training in 2017". Scoring 98 of 100 points, the development bank was ranked second among the 45 participating (savings) banks.

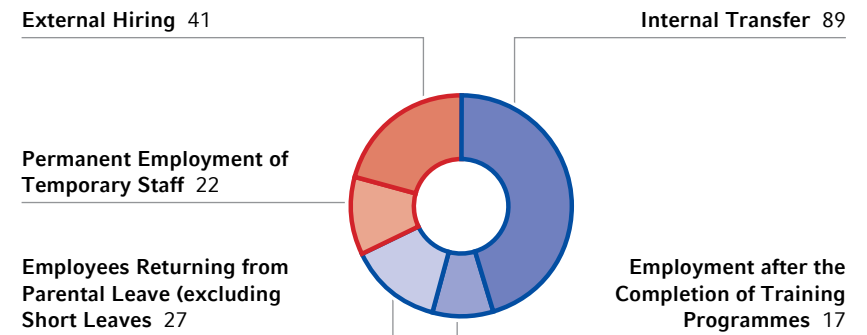
The survey was conducted by Faktenkontor GmbH on behalf of Focus Money. The criteria covered by the survey included the possibility to combine the training with a professionally qualified degree course, remuneration and additional benefits, successful completion of the training, exam results and the percentage of apprentice/trainees taken over by the company. The survey was methodologically supported by Prof. Dr. Werner Sarges, a psychologist and expert for management diagnostics and Professor Emeritus for Quantitative Methods at Universität der Bundeswehr in Hamburg.

NRW.BANK offers its employees a wide range of development opportunities by filling vacant positions according to the motto "internal promotion is preferable to external hiring"; this means that vacant positions are advertised publicly only if and when no suitable candidates can be found among the employees or the trainees.

In 2016, vacant positions were therefore mostly filled internally: 89 employees successfully applied for internally advertised positions and were able to assume new tasks. Given that internal transfers usually result in new vacant positions, consistent internal hiring offers employees numerous professional development options within the Bank.

Apart from vacancies resulting from people leaving the Bank or going into retirement, new jobs were created at NRW.BANK as a result of diverse regulatory requirements. This increase in the number of positions could not exclusively be covered by apprentices and trainees or employees returning from parental leave. As a result, the Bank filled more positions than in the previous year with people formerly employed under temporary contracts or with external applicants in 2016.

### Vacant Positions Filled in 2016

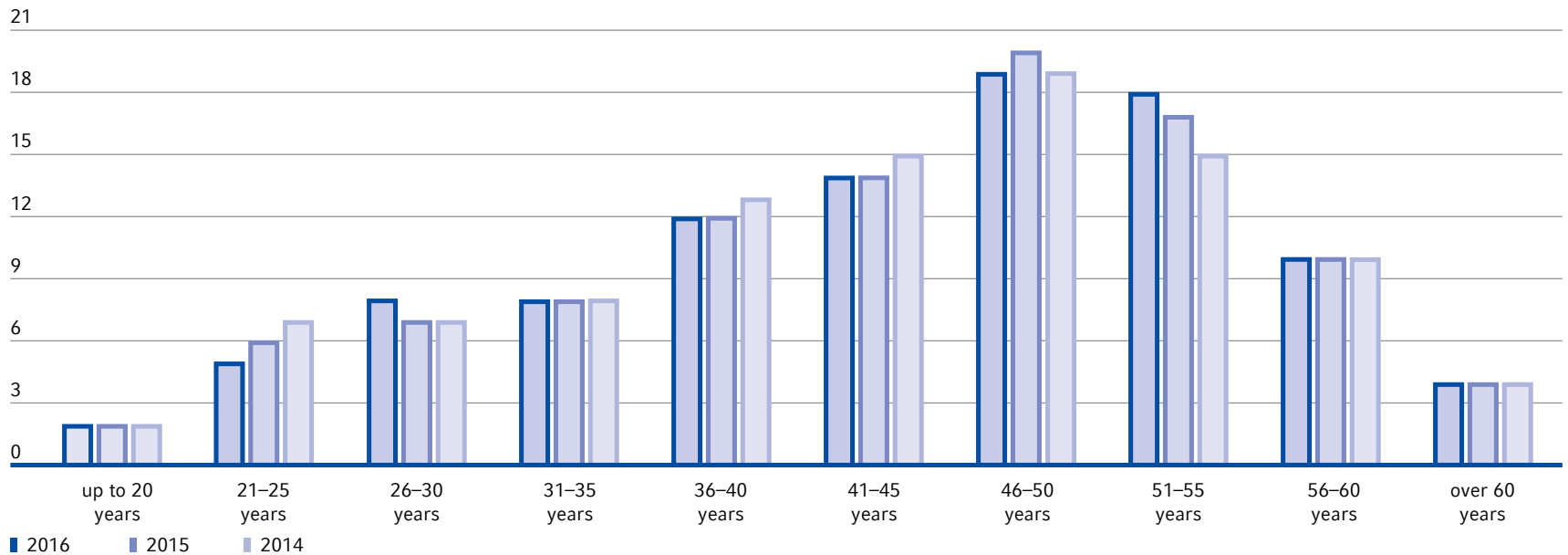




As in the previous years, NRW.BANK actively supported the restructuring of Portigon AG. Among the staff externally hired by the Bank in 2016 were six former employees of Portigon AG. In addition, the Bank arranged employment opportunities for former Portigon staff outside NRW.BANK and

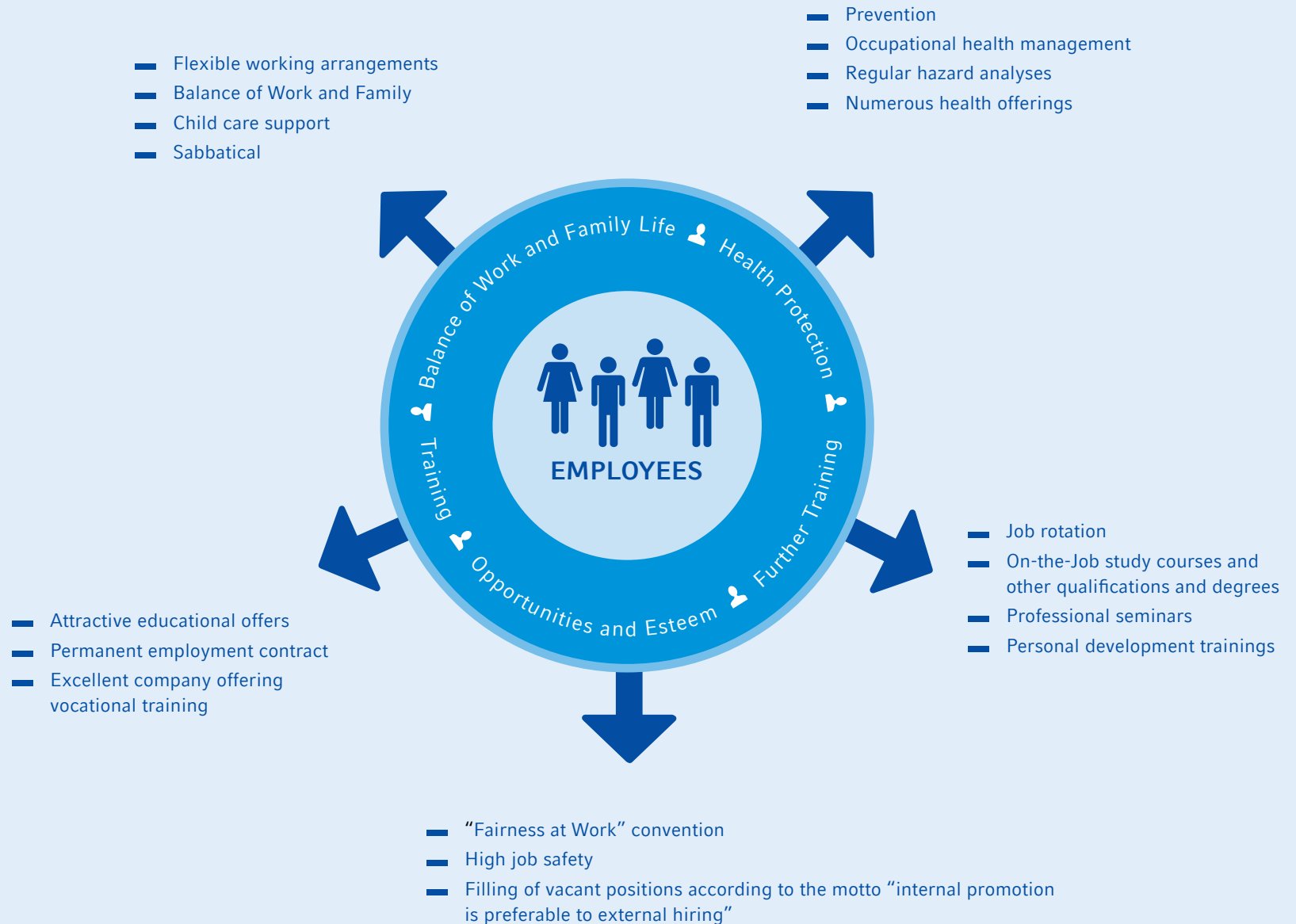
its subsidiaries in ministries and companies of the State of North Rhine-Westphalia. This resulted in the transfer of seven additional former employees of Portigon AG to different state ministries.

### Age Structure<sup>1)</sup> in %



<sup>1)</sup>Excluding employees on parental leave as well as employees under temporary contracts

# Assuming Social Responsibility for Employees



Age-related resignations will remain at a similar level in the coming years as a result of the workforce's age structure. Forward-looking planning ensures that measures to retain expertise within the Bank are taken at an early stage. In accordance with the Bank's strategic objective, these foreseeable resignations will be used to offer junior staff suitable career development opportunities.

This future-oriented planning also includes employee interviews as part of the performance review process. At least once a year, the Bank's executives hold interviews with their employees to give them feedback on their accomplishments and performance in the past year and to plan the tasks for the next year. Building on these interviews, future development opportunities and the steps required to implement them are discussed as well.

#### **Life-long Learning**

Knowledge and experience are indispensable when it comes to grasping and mastering new challenges. NRW.BANK provides a wide variety of HR development measures to support its employees in this respect. Apart from classical seminars and support in completing degree (bachelor or master) courses, this also includes job rotation schemes and other temporary assignments.

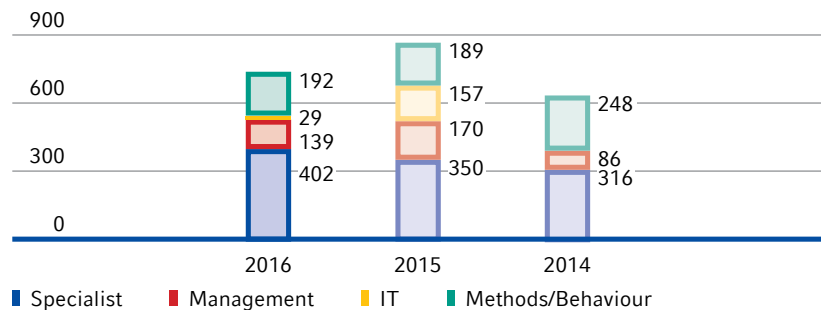
After the initial training, NRW.BANK assists employees in obtaining the above-mentioned qualifications and degrees by bearing (part of) the study and examination fees and releasing employees from work for exams and their preparation but also by organising networks and learning groups. In 2016, 16 employees obtained a degree with support from the Bank. Among them were mostly former apprentices or trainees of the Bank but also several externally hired employees. Six Master's and five Bachelor's degrees as well as five other degrees reflect employees' great interest in these on-the-job study courses made possible by the Bank.

In addition, NRW.BANK offers its employees a comprehensive range of seminars for professional and personal growth regardless of their age, their gender and their role within the company. Most of these seminars are held internally<sup>1)</sup>. Over time this form of training has proven to be a great success and has met with a very positive response from all employees due to the high quality of courses offered and how pertinent they are to the Bank's needs and requirements. Since several years e-learning and blended learning courses have been offered not only for statutory and compliance-related subjects but also for foreign language and IT skills as well as behavioural and methodological competence.

<sup>1)</sup> Internal seminars are all events organised exclusively for the Bank's employees at NRW.BANK's special request and whose contents and concepts closely meet the Bank's specific requirements and needs; such seminars may be held by in-house or external trainers.

NRW.BANK's comprehensive catalogue of regular seminars covers a range of professional subjects both at basic and specialist level, aspects of methodological and behavioural competence as well as structured and multi-layered leadership skill acquisition. This catalogue has been developed and refined in recent years, with current professional subjects being added in response to actual demand on an ongoing basis.

#### Internal Seminar Attendance by Topic



Internal professional further training increased compared to 2015 as a result of regulatory and other legal changes.

By contrast, the number of internal IT seminars declined notably against the previous year. This was due to the fact that the introduction of new software had resulted in increased training requirements in 2015.

For its executives, NRW.BANK offers a multi-part systematic executive development programme, completion of which is mandatory. In addition to an entry module, there are two follow-up modules for more experienced executives. All modules comprise several days of training which are spread over a longer period of time to enable participants to process developments and improve the transfer of learnings into practice. Compulsory training on labour and collective bargaining law as well as different systems and processes used at NRW.BANK complement the entry module.

In order to support an ongoing consideration and discussion of leadership issues, the Bank regularly offers optional workshops on related topics to all former participants of the last module. Since 2015, joint work in these workshops has focused on the defined "principles for communication, cooperation and leadership at NRW.BANK". The principle of "appreciating each other" as a basis for cooperation was the starting point and was followed by "agreeing clearly defined objectives" and "assuming responsibility" in 2016. In the coming years, the workshops will be continued to provide the participants with a more in-depth and personal insight into these principles and help them put them into practice in their day-to-day leadership efforts.

Supplementary measures enabling executives to handle special leadership situations round off the executive programme.

Annual fluctuations in the number of executives attending this programme are primarily due to the number of newly appointed executives because it is intended that they should participate in this programme shortly after having assumed their new responsibilities.

Apart from the seminars for executives, there are other selected offerings tailored to the needs of certain groups of employees. Since 2012, for instance, there has been a workshop series targeted at employees aged 50+. These workshops address issues such as knowledge, relationship, conflict and change management specifically from the point of view of people with a long professional and life experience. They also focus on measures and strategies to strengthen participants' performance.

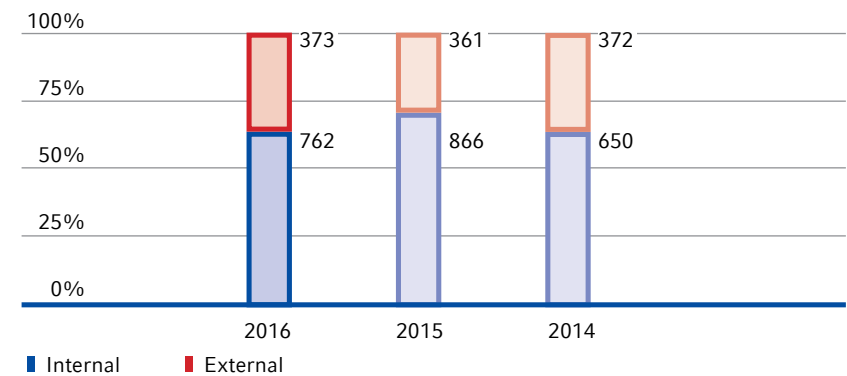
Since 2009, NRW.BANK offers women a strategy workshop that teaches them how they can position themselves in order to achieve greater success in their careers. In addition, another seminar gives inspirations and strategies for more efficient and less stressful handling of the dual roles typically fulfilled by women, namely as members of the workforce on the one hand and as household/family managers on the other.

In 2016, NRW.BANK also expanded its range of e-learning courses relating to behavioural and communication skills, which can be used flexibly in terms of time and location.

Numerous training measures on communication, presentation and business etiquette support the Bank's increasing focus on the provision of consulting services for politicians, municipalities and enterprises.

In addition to the extensive range of internal offerings, the employees of NRW.BANK may, of course, also take part in seminars organised by external providers. Similar to the previous years, 88.5% of these external seminars were professional seminars on special topics which are only relevant for a limited number of employees, which means that it would have been uneconomical to organise them internally.

Ratio of Internal and External Seminar Attendance



### Equal Opportunities and Fair Working Conditions

Since many years, NRW.BANK has pursued a policy of supporting the balance of work and family life and promoting equal opportunities. This policy received the “berufundfamilie” certification in 2015.



The self-management of working time, the individual and flexible part-time models and part-time executive positions were assessed equally positively as the various child and dependent care supports, e.g. in the form of day care facilities at both locations of NRW.BANK, the emergency and holiday care services and the tax-free child care allowance.

These comprehensive offerings especially for children below school age assist young families in balancing work and family life. The past years' trend towards a fast return of young mothers and short parental leaves of fathers continued in 2016: 69.2% of the mothers returned to work after a period of parental leave of twelve months or less. In addition, 21 fathers made use of the option to take parental leave, a few of them for more than two months. This corresponded more or less to the previous year's figures.

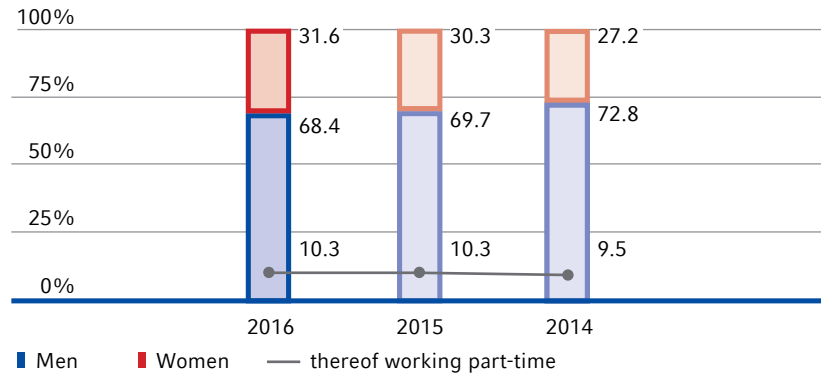
In the context of the certification, NRW.BANK decided to take further measures to improve its family-friendliness. Last year, the Bank pooled the many existing documents and information to make it easier for employees to access such information. In order to raise executives' awareness of the

special challenges resulting from the dual burden of job and family, this aspect was added to the range of executive seminars last year. Moreover, the Bank initiated an intensive discussion about the opportunities and risks of mobile workplaces. The results of these talks will be implemented by the Bank in 2017.

The equal opportunities statistics for 2016 confirm the high acceptance and success of the support offered to date. As a growing number of employees are taking advantage of the flexible and individualised working hour schemes, the percentage of part-time employees climbed to 28.8% as of 31 December 2016 (2015: 24.9%). The average working hour percentage of women and men working part time amounted to 67.0%, and 84.3%, respectively. At 10.3%, the percentage of executives working part time stayed at the prior year level.

In 2016, NRW.BANK pushed ahead with its efforts to increase the share of women in executive positions and to fill more higher positions with women. As of 31 December 2016, the share of women with leadership responsibility up to and including the Managing Board stood at 31.6% (2015: 30.3%). This positive trend is due to the consistent motivation as well as targeting and promotion of young female staff at the Bank since many years. According to the guidelines for the filling of executive positions, women moreover have to be increasingly considered for such positions.

**Development of the Percentage of Women and Part-time Employees in Executive Positions in %**



Since 1 November 2016, the Managing Board of NRW.BANK has been composed of four members. Besides former members Michael Stölting and Dietrich Suhlrie, the Supervisory Board appointed Eckhard Forst as new Chairman and Gabriela Pantring as member of the Managing Board of NRW.BANK.

NRW.BANK’s Equal Opportunities Manager also helps improve the development opportunities for women. She is involved in all measures that have or may have an impact on the equal treatment of men and women in the Bank. This applies in particular to social, organisational and personnel-related measures including job offers, selection processes and job interviews. She also participates in the preparation and updating of the Equal Opportunities Plan, which comprises all pertinent measures, and reports annually on its implementation. In addition, she advises and assists all employees in equal treatment issues.

NRW.BANK’s Equal Opportunities Officer also serves as the designated complaint recipient within the meaning of the German Equal Treatment Act. Should, in spite of the measures taken, an employee be disadvantaged or harassed because of their ethnic background, gender, religion, belief or handicap, age or sexual identity, they may contact the complaints unit. As in the previous years, no incident was reported to the complaints unit in 2016.

A fair and adequate remuneration system is one of the working conditions that have a notable impact on the satisfaction and the loyalty of the employees.

Since its inception, NRW.BANK has, in consensus with its owner, focused its remuneration system and remuneration parameters on the promotion and development tasks performed by it. Accordingly, its remuneration strategy

is derived from the overall Bank strategy taking into account its statutes, corporate culture and values. The resulting remuneration principles ensure that the remuneration system

- is aligned with the Bank's overall strategy and supports its implementation,
- is consistent with the principle of a competition-neutral development bank under public law whose primary objective is not the generation of profits
- is based on consistent and transparent rules and
- ensures that the remuneration matches the requirements.

For a detailed presentation of the remuneration system and the variable remuneration, please see the [Financial Report 2016](#).

In the context of its Ideas Management programme launched in 2007, NRW.BANK has encouraged its employees to submit and implement ideas for improvements and cost savings that go beyond the possibilities of the individual job or the team. In the past this has already resulted in a number of improvements for which premiums were awarded.

NRW.BANK also promotes the social and political commitment of its workforce. Employees who assume political honorary posts or actively support social purposes may be released from work or receive time compensation for these activities. Starting 2017, the Bank will support honorary work also financially as part of its [corporate citizenship](#).

## Maintaining Performance

### Occupational Safety and Strategic Health Management

Good working conditions and exemplary health and safety policies form part of NRW.BANK's corporate responsibility towards its employees. Since many years, the Bank has implemented this in the context of its strategic health management system which has been expanded continuously since 2006. Services range from a company doctor to a social worker offering confidential help to a variety of offerings revolving around such topics as preventive medicine, nutrition and sports.

For NRW.BANK, health means much more than just the absence of illness. Its health promotion activities therefore aim to encourage healthy behaviour and reduce avoidable strains in the workplace. Therefore, the focus is on the question "what keeps people healthy in the long term"?

An important tool to identify strains in good time is a systematic hazard analysis. All employees are regularly asked about potentially hazardous circumstances and stress factors at work. In order to obtain a more comprehensive picture, the focus is placed on varying topics when the survey is repeated. Thanks to the collaboration between the responsible persons – especially the Occupational Safety Officer, the company doctor, the staff council, the Social Officer, building management as well as the managers and executives – any strains identified by the survey are usually eliminated in an unbureaucratic way.

The excellent quality of the health protection measures has been confirmed by Unfallkasse Nordrhein-Westfalen. After analysing various aspects of health and safety at NRW.BANK, assessing the implementation of specific measures and evaluating the latter, the occupational compensation fund for North Rhine-Westphalia assigned the Bank to the highest rank of its award



scheme in recognition of its “excellent organisation of safety and health” at the end of 2015. The safety measures are also reflected in the low accident numbers, which have been between approx.15 and 20 for many years. 2016 was the only year to see the number of accidents climb to 28, of which eight alone happened in January 2016 because of bad weather. Nearly all of these accidents are commuting accidents – mostly bicycle or car accidents – and not work accidents in the narrow sense of the word.

NRW.BANK has established two working groups to address the health protection issue to the benefit of all employees:

- The Occupational Safety Committee advises the Bank on all matters of occupational safety as well as accident prevention. Its members comprise representatives of the Bank, the staff council, the company doctor, the representatives of the severely disabled, a Safety Officer and the Occupational Safety Officer.
- The Health Working Circle further develops the strategic health management and decides concrete measures. In addition to the human resources staff responsible for health management, the bi-annual meetings are attended by the company doctor, the social counsellor, the Occupational Safety Officer, the representatives of the severely disabled as well as a representative of the staff council. To ensure that the services provided by the staff restaurant can also be reasonably integrated into the development and implementation of the health protection measures, the circle of participants was extended to the catering services in 2015.

For 2016, the Working Cycle chose “Fit life, fit job” as the main topic of the year, placing a focus on maintaining and increasing physical fitness and well-being. The introductory lectures held by a sports scientist were attended by a large number of employees and were followed by a medical check-up by NRW.BANK’s company doctor. Based on the results of these check-ups, the doctor then composed an individualised set of recommended measures for the participants.

The “Weight Watchers at Work” courses illustrated the importance of a healthy and balanced diet for physical well-being. For the duration of the courses, the staff restaurant offered one dish per day which was based on the Weight Watchers’ formula to show how tasty a healthy and balanced diet can be.

The measures offered in the field of “Exercise” were designed to show participants how to maintain a healthy back and to increase their level of activity as important factors for their physical well-being. An individualised back analysis highlighted tense areas, their potential causes as well as counter-measures. Specifically designed “Fit Back” courses provided practical tips for effective exercises that can easily be integrated into everyday life to strengthen your back. In the further course of the year, NRW.BANK encouraged its employees to obtain the official “German Sports Badge” by organising preparatory training events as well as the eventual official tests.

Since 2016 NRW.BANK has additionally offered its employees the possibility to lease a bicycle by converting part of their salary. This offer has been met with great interest, with as many as 62 employees applying for a leased bicycle in the first three months up to 31 December 2016.

All health management offerings are open to all employees regardless of their role, length of employment or age. While most activities are free of charge, some – e.g. Weight Watchers at Work in 2016 – are available against a small payment.

All current occupational health and safety measures as well as NRW.BANK's future plans are detailed in the annual health report which is available to all members of the workforce.

Preventive check-ups, no matter how expertly planned and performed, cannot entirely prevent illnesses. NRW.BANK's post-illness reintegration management system – a voluntary offering aimed at defining individualised measures matched to the working environment through personal talks with employees affected by illness – helps employees to restart work after long illness and to stabilise their health in the long term. The Bank is very much aware of the sensitive personal issues touched by this process and attaches the utmost importance to ensuring absolute confidentiality and data protection.

### **Flexible Annual Working Hours**

NRW.BANK offers its employees very flexible agreements to reduce their regular working hours. In addition, the Bank provides two more possibilities that allow employees to increase the flexibility of their working time.

Since 2013, NRW.BANK has offered its employees the option to take up to two months of unpaid leave of absence in addition to the paid vacations. The number of employees who make use of this option has increased year on year. In 2016, 19 employees took advantage of this offering, most of them for two months. This offer is used by both men and women of all ages across all functions, including executives.

In 2016, the Bank introduced another possibility for employees to make their annual working time more flexible. Against a corresponding reduction of their pay, employees can take up to ten additional days off per year. This offering was announced at very short notice in 2016, when it was used by as many as 49 employees. The first part of 2017 has already seen this number double to 102. This is another very flexible and individualised solution allowing employees to better balance their private and professional life.

## NRW.BANK Personnel in Figures

	2016		2015		2014	
	absolute	in %	absolute	in %	absolute	in %
<b>Active employees, total<sup>1)</sup></b>	<b>1,301</b>	<b>100 %</b>	<b>1,271</b>	<b>100 %</b>	<b>1,233</b>	<b>100 %</b>
by sex						
– women	682	52.4 %	671	52.8 %	642	52.1 %
– men	619	47.6 %	600	47.2 %	591	47.9 %
by company location						
– Düsseldorf	898	69.0 %	874	68.8 %	829	67.2 %
– Münster	403	31.0 %	397	31.2 %	404	32.8 %
by type of employment						
– full time	926	71.2 %	955	75.1 %	939	76.2 %
– part time	375	28.8 %	316	24.9 %	294	23.8 %
by function group						
– management (incl. Managing Board)	234	18.0 %	234	18.4 %	232	18.8 %
– specialists/project workers	523	40.2 %	473	37.2 %	428	34.7 %
– case workers	437	33.6 %	454	35.7 %	471	38.2 %
– secretaries	47	3.6 %	48	3.8 %	45	3.6 %
– non-commercial functions	54	4.2 %	54	4.2 %	51	4.1 %
– special functions <sup>2)</sup>	6	0.5 %	8	0.6 %	6	0.5 %
by remuneration						
– collective pay	840	64.6 %	834	65.6 %	812	65.9 %
– non-collective pay	461	35.4 %	437	34.4 %	421	34.1 %
<b>Average age, total</b>	<b>44,6</b>		<b>44,5</b>		<b>44,4</b>	
<b>Average years of employment</b>	<b>16,4</b>		<b>16,6</b>		<b>16,6</b>	
<b>Departures, total</b>	<b>48</b>	<b>3.7 %</b>	<b>39</b>	<b>3.1 %</b>	<b>32</b>	<b>2.6 %</b>
– due to termination	21	1.6 %	9	0.7 %	10	0.8 %
– due to age	27	2.1 %	30	2.4 %	22	1.8 %
<b>In addition: temporary employees</b>	<b>34</b>		<b>53</b>		<b>66</b>	
<b>In addition: apprentices and trainees</b>						
– trainees	3		1		2	
– apprentices	34		37		48	
– thereof new apprenticeships	16		12		16	
– completed apprenticeships	17		20		25	
– hiring ratio (unlimited)	88.2 %		90.0 %		84.0 %	

<sup>1)</sup> excluding employees on parental leave, apprentices and trainees as well as employees under temporary contracts

<sup>2)</sup> as of 2016: exempted staff representatives, previously also: Equal Opportunities Officer, Occupational Safety Officer, Remuneration Officer



## // CORPORATE CITIZENSHIP

NRW.BANK is aware of its social responsibility. Every year, it supports projects from the fields of "Science & Education", "Arts & Culture" as well as "Society & Social Affairs" that contribute to society and the quality of life in North Rhine-Westphalia.



## Showing Commitment to Society

NRW.BANK also lives up to its corporate responsibility through its contributions to public and community life in North Rhine-Westphalia. Suitable measures are supported in accordance with the Bank's "Guidelines for Corporate Citizenship and Other Services" adopted by the Supervisory Board.

The Bank is committed to making its decisions on grants and sponsorships transparent and comprehensible.

The Bank has established a formal internal process for this purpose.

All requests received regarding the sponsorship of projects are documented centrally by the Bank, voted on using standardised assessment criteria and submitted to the Managing Board for decision on a quarterly basis. In exercising its senior responsibility for the allocation of funds, the Managing Board bases its promotion resolutions on these decision-making requests.

One essential precondition for approval is that the resources made available by NRW.BANK exclusively benefit projects in North Rhine-Westphalia.

The Executive and Nomination Committee is the highest controlling body for the allocation of the funds available for corporate citizenship purposes.

At the beginning of each fiscal year, NRW.BANK submits a budget for all activities planned in the context of corporate citizenship to the Executive and Nomination Committee for approval and explains the investments planned to date.

After the end of each fiscal year, NRW.BANK provides the Executive and Nomination Committee with a detailed report on the use of the corporate citizenship funds.

As part of its commitment to society and under its remit as a development bank, NRW.BANK endeavours to shape a subsidiarity-based and 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.

In 2016, NRW.BANK's investments in donations, sponsorships and memberships in North Rhine-Westphalia totalled € 800,000. The individual projects are presented on the following pages. In addition, the Managing Board decided to support employees' volunteering efforts. Starting from 2017, an amount of € 500 per employee, but no more than a total of € 20,000 per year, will be made available for this purpose.

The corporate citizenship budget is divided into the following categories: "Science & Education", "Arts & Culture", "Society & Social Affairs".

### Science & Education

The Bank's concept of corporate citizenship calls for the promotion of creativity and ideas as well as education-related topics for a young target group. The Bank consequently focused on sponsorships related to education in North Rhine-Westphalia in 2016. The following projects from the field of "Science & Education" were sponsored by the Bank:

#### Competence Center Begabtenförderung, Düsseldorf

The aim of the Competence Center Begabtenförderung is to promote highly talented students aged 11 to 18 from Düsseldorf with a focus on career counselling, the development of skills and the conveyance of values, while at the same time supporting their logical and critical thinking as well as communication skills. For this purpose, the children and youth participating in the annual programme meet experts for specialist talks and workshops. The courses are designed to meet their special interests and to challenge them intellectually.

#### Klasse in Sport – Initiative für täglichen Schulsport e.V., Cologne

"Klasse in Sport" is designed for primary schools offering full-day care, preferably in socio-economically disadvantaged regions. The association wants to optimise school sports and improve children's health. Current examinations and feedback talks with schools that have participated for many years confirm the positive effect of qualified exercise sessions during regular school hours and breaks on the children, their social behaviour and their embracing of an active lifestyle. Exercise has a positive effect on their readiness to learn and, most importantly, on their cognitive performance.

#### InteGREATER e.V., Cologne

"InteGREATER" is an organisation of people from immigrant backgrounds aged 17 to 32 who work voluntarily to attend events, discussions and lectures where they speak of their personal and successful educational career. This way they want to motivate students to aim for successful graduation from school and encourage them for their future careers. The underlying motto of InteGREATER is: "We made it, so you can make it too!"

### Arts & Culture

In 2016 NRW.BANK's sponsoring activities in the field "Arts & Culture" continued to focus on the promotion of young talent.

#### Concerts by Young Artists and Corporate Volunteering

The Bank continued to support cultural events at its two locations by making available its premises: As part of the biennial "summerwinds" festival for woodwind music, the "Amstel Quartet" performed in NRW.BANK's staff cafeteria in Münster in July 2016. As in the past, the Bank organised the event in cooperation with Gesellschaft zur Förderung der Westfälischen Kulturarbeit e.V., Münster.

For the eighth year in a row, NRW.BANK organised two evening concerts in September 2016 in the foyer of its Düsseldorf building in cooperation with the "Düsseldorf Festival": one by the Alexander Wienand Trio and the other by the Arne Jansen Trio.

NRW.BANK employees volunteered at all concerts, serving beverages and snacks to the guests. The proceeds of approximately € 1,300 were once again donated to music schools in North Rhine-Westphalia in favour of the programme “JeKits – Jedem Kind Instrumente, Tanzen, Singen”. The purpose of JeKits is to provide access to playing musical instruments, dancing and singing as an aesthetic experience for groups of children.

#### **NRW.BANK.Kunstkalender**

For the twelfth time in the series, NRW.BANK invited young photographers to submit their application for the design of the NRW.BANK.Kunstkalender. The theme chosen for the 2017 edition of this annual calendar was “NRW as the Business Location of the Future, Focus on Digitalisation: Making the Invisible Visible” and numerous impressive entries were received. NRW.BANK awarded the first prize to Hanna Zänker from Düsseldorf. Sebastian H. Schroeder from Cologne and Anna Domnik from Bielefeld finished second and third, respectively.

#### **Förderverein Kunstraum Fuhrwerkswaage e.V., Cologne**

2016 saw the fifth edition of the “new talents – biennale cologne”, which attracted more than 10,000 interested visitors. Some 60 young university graduates from the fields of media/arts, film, composition, choreography and design were given the opportunity to present their skills and to establish important contacts. As part of the “new talents biennale”, NRW.BANK again sponsored the “Long Day of New Talents” event, with all exhibitions open till midnight.

#### **Society & Social Affairs**

NRW.BANK attaches special importance to promoting responsible behaviour in socially relevant areas.

#### **Eine Welt Netz NRW e. V., Münster**

In 2016 NRW.BANK continued to support the “Eine Welt Netz NRW” initiative which organises projects to strengthen kids’ and youths’ awareness of our world. The “Eine Welt Mobil”, a white van packed with teaching materials for year 3 and older school children, responds to strong demand from schools for on-site support. The teaching units introduce school children to such topics as climate change, energy consumption, fair trade, the rain forest and responsible garment production.

#### **Christmas Activity “Leuchtende Kinderaugen”**

Marking the ninth year of this Christmas activity, NRW.BANK employees once again supported charitable institutions looking after children and youths in 2016. Stars on which children from socially deprived areas had written their Christmas wishes were hung from two large Christmas trees at the Bank’s two head offices. The employees fulfilled these wishes and donated presents for pupils of Gemeinschaftsgrundschule Stoffeler Straße in Düsseldorf-Oberbilk as well as Melanchthonschule in Münster-Coerde.

Apart from the Christmas presents, the employees donated an additional amount of roughly € 4,500 to facilities of “Lebenshilfe” in Düsseldorf and Münster for inclusive projects with children of crawling and kindergarten age. In 2017, this amount will be doubled by NRW.BANK, so that the two facilities will receive a total amount of approx. € 9,000.

### LOOP gemeinnützige Kinder- und Jugendhilfe GmbH, Düsseldorf

LOOP Kinder- und Jugendhilfe offers flexible and individualised assistance – also with the help of volunteer workers – to children, youths and young adults and their families. Two projects were financially supported by NRW.BANK.

- “LOOP-Familien – Jedem Kind ein Zuhause” is targeted at children and youths who can no longer live with their parents because of psychological and physical violence. They are placed with carefully selected families with at least one pedagogically educated parent where they learn how to live an independent adult life.
- “LOOP@Home” is a project which provides young people who can no longer live with their parents for various reasons with a new, safe home in own supervised residential units.

Besides the measures described above, which merely serve as examples, NRW.BANK supported many other projects in the areas of “Science & Education”, “Arts & Culture” as well as “Society & Social Affairs” in 2016. More information and an overview of the individual projects can be found [here](#).

In accordance with the “Guidelines for Corporate Citizenship and Other Services” set by the Supervisory Board, NRW.BANK makes neither direct nor indirect donations to political parties or party-related foundations in 2016. Moreover, the Bank places no advertisements in their publications.

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