



January 2022

**NRW.BANK**

**Social Bond Framework**



**NRW.BANK**  
Wir fördern Ideen

#### DZ Bank acts as sole sustainability advisor

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# 1 Introduction

## 1.1 Institution

NRW.BANK is a regional German development bank. The agency is a public law institute (Anstalt öffentlichen Rechts – AöR) which is fully owned by the German Federal State of North Rhine-Westphalia. The Federal State grants an explicit guarantee (Sec. 4 (3) of the NRW.BANK Act) to the agency. Based on this guarantee NRW.BANK enjoys the high ratings of North Rhine-Westphalia, the bonds are classified as HQLA and are risk-weighted 0% under Basel III and Solvency II.

NRW.BANK is viewed by the State of North Rhine-Westphalia (NRW) as an economic tool and not as a financial investment. Consequently, owner and agency agreed on a “not paying out dividend” policy in 2010. Instead of distributing its earnings, the bank uses them to strengthen its reserves.

NRW.BANK is very well capitalised. The paid-in capital position of EUR 18 billion, together with internal reserves, resulted in a CET 1 ratio significantly above 40%. NRW.BANK is not focused on earning profits, therefore its risk policy is very prudent and non-performing loans are consequently very low. The bank’s status is confirmed by the EU Commission since 2004.

According to Sec. 17 (2) of the NRW.BANK Act, “insolvency proceedings with respect to the Bank’s assets are inadmissible”.

## 1.2 Mission

NRW.BANK’s core mission is focused on the region. Within North Rhine-Westphalia, the agency offers interest subsidised loans in all tenors and advises private and public corporates, individuals and administrative bodies. Annual new development loans disbursed have increased significantly during the last years. Since 2015, this KPI exceeds EUR 10 billion. In 2020 – the year of the coronavirus pandemic – new development loans disbursed reached a record EUR 17 billion.

The development business is focused on three main sections:

- supporting SMEs in order to stimulate growth, employment and innovation
- supporting affordable housing for low-income families (NRW.BANK is responsible for the financing operation behind the social housing activities in the region)
- supporting North Rhine-Westphalian municipalities by providing loans in all tenors

The fight against climate change is an inter-sectional challenge and therefore climate mitigation and adaptation considerations are embedded across all of NRW.BANK’s activities.

In the case of lending business with SMEs, the distribution channel is based on the house bank principle. House banks lend NRW.BANK funds onward to their corporate clients. Direct lending to SMEs and PE solutions by NRW.BANK is only of marginal relevance. NRW.BANK’s lending

operation with public sector clients and the entire affordable housing financing operation is done bilaterally.

### 1.3 Funding

NRW.BANK has several options to refinance its development banking activities.

- ultra long-term lending, especially for social housing loans which is usually refinanced by equity capital (NRW.BANK offers loans up to 50 years or longer)
- medium and long-term lending is refinanced via capital market transactions, other German agencies (KfW and Rentenbank) or via MDBs (EIB and CEB)

Approximately EUR +/-13 billion are issued via the capital markets on an annual basis in several currencies and maturities. The format in different issuance sizes can be fixed or floating, public or private and plain vanilla or even slightly structured.

Part of the funding strategy is to refinance environmental friendly loans with green bonds. NRW.BANK started to issue green bonds in 2013. Since then the agency has continued to do so on an annual basis. The annual issuance volume so far fluctuates between EUR 500 million and EUR 1 billion.

From 2020 onwards, social bonds are also part of the funding strategy. The agency issues social bonds on a regular basis in several formats. Social bonds in different sizes, maturities and currencies as public listed bonds or private placements are part of the market approach. NRW.BANK also plans to offer social commercial papers.

### 1.4 Sustainability

The nature of NRW.BANK is to be sustainable. This is due to its mission and public ownership. In order to put this into a formalised framework, sustainability guidelines were published in 2018, and were updated regularly. The latest version is available on the web page.<sup>1</sup> According to these sustainability guidelines:

- Sustainability analyses are integrated in every SME credit assessment
- Municipalities and other public sector entities are committed to NRW.BANK's Sustainability Guidelines
- NRW.BANK excludes loans to any entities involved in the following controversial business practices:
  - Human rights violations
  - Child labour
  - Systematic labour law violations
  - Controversial environmental behaviour or economic practices
  - Animal testing

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<sup>1</sup> <https://www.nrwbank.de/export/.galleries/downloads/Dafuer-stehen-wir/Nachhaltigkeit/sustainability-guidelines-of-NRWBANK.pdf>

- NRW.BANK excludes loans to any entities involved in the following controversial business fields:
  - Defence and weapons industry (NBC weapons, landmines, cluster ammunition, etc.)
  - Casinos and unlicensed gambling
  - Businesses that degrade/harm the environment, nature and living beings
  - Coal/lignite value chain
  - Non-conventional fossil-fuel exploration
  - Nuclear power
  - Research on human embryos
- NRW.BANK is a UN PRI signatory
- The ESG compliance of NRW.BANK's investment portfolio is monitored daily based on a sustainability scoring system. The system integrates MSCI's ESG Rating and Controversies and Global Norms research. NRW.BANK follows a best in class approach (ESG rating of AAA to BBB). New investments in red-flagged (MSCI Controversies) issuers are not permitted.
- NRW.BANK is no longer merely an issuer of green & social bonds but also considers bonds aligned to the ICMA GBP, SBP and SBG for its own investment in a dedicated Sustainable Investment Portfolio.
- NRW.BANK is committed to the Paris Accord and the UN SDGs

## 1.5 Rationale for issuance of Social Bonds in the State of NRW

In order to decrease disparities and harmonise living conditions across the region NRW.BANK supports the local economy, stimulates affordable home ownership, builds and maintains social infrastructure and ensures liquidity of municipalities. These lending programmes underpin NRW.BANK Social Bonds or Social CPs.

### Large intra-state disparities

The State of NRW's socio-economic structure is divided in two parts. Whereas the sub-regions along the river Rhine and Westphalia are prospering, the Ruhr-metropolitan area is facing long-term structural change. Highly paid jobs in mining and steel have been lost and replaced by lower paid jobs in the service sector that haven't been able to compensate the income losses. Consequently, disposable income is lower and (long-term) unemployment is significantly higher in comparison to other sub-regions. Demographics are also challenging in the Ruhr metropolitan area where the non-EURO-zone population is higher, which in turn requires more cost-intensive integration efforts by the municipalities.

### Economically disadvantaged Municipalities

General lending to municipalities can have a significant impact on socio-economic empowerment and social cohesion. In order to target populations that are the most in need, NRW.BANK Social Bonds/CPs will limit eligibility only to those municipalities with a GDP/capita in the 1st quartile and an unemployment rate above the North Rhine-Westphalian average. In this case we can reasonably assume that the local economy is not balanced, that it is in a disequilibrium.

## Education

Loans to school boards (i.e. municipalities or denominational schools) that support improving education are also an important part of NRW.BANK's Social Bonds/CPs. Also included in this category is early childhood education as well as higher education. In doing so, NRW.BANK includes all eight levels of the International Standard Classification of Education (ISCED). Here the goal is to ensure that a qualitative and inclusive education is available to North Rhine-Westphalia citizens at all levels of education in order that they acquire the skills needed in the current and future labour market. The number of school dropouts should be reduced and human capital should be lifted in order to improve individual job prospects. Therefore, NRW.BANK's loan programmes that are education-related, such as the construction and/or upgrading of education facilities and infrastructures are an eligible project category for the Social Bond/CP programme.

## Care homes

NRW.BANK's activities in this sector focus primarily on the construction, renovation and modernisation of nursing homes for the elderly or disabled. Given that both of these groups of beneficiaries are heterogeneous, the care structure and type of residences or services may differ but the need for social integration and participation in society is the same. Also, as the population ages there is an increased need for quality residential care.

The type of homes range from nursing homes to social meeting centres. In addition, NRW.BANK supports the establishment of refugee homes and women's shelters. Therefore, NRW.BANK's lending to the care home sector is an eligible project category for the Social Bond/CP programme.

## Healthcare

The construction, renovation and modernisation of healthcare facilities and infrastructure is vital in order to ensure that the general public continue to benefit from quality healthcare services. Within the healthcare sector, NRW.BANK's efforts are concentrated on hospitals where the aim is to expand, modernise or improve hospital services. Other projects within this category include the purchase of ambulances and construction, renovation and modernisation of medical emergency facilities such as ambulance stations. Loans for improving, sustaining and extending human life are an eligible project category for the Social Bond/CP programme.

## Natural disasters

In the case of natural disasters or large scale accidents it is the fire department and the Technisches Hilfswerk (Federal Agency for Technical Relief, THW) who first respond and provide aid to people and communities as well as participate in recovery efforts to restore the affected areas. A further social aspect is that these organizations are partly or entirely made up of volunteers who willingly use their free time to be trained to provide professional emergency assistance. Therefore, loans that aid disaster relief and increase capabilities (such as technical equipment.) to deal with disasters are an eligible project category for the Social Bond/CP programme.

## Affordable home ownership

There are shortages of affordable housing across North Rhine-Westphalia. Finding

accommodation in large cities along the Rhine axis or in Westphalia for low/mid-income families is difficult and getting even more so. The bulk of NRW.BANK's activities in housing promotion is financed by equity capital. This includes social rental housing projects which are not included in the asset pool of the social bond programme. The home ownership programmes are partly covered by equity re-financing. NRW.BANK will therefore only include loans for affordable home ownership which are not refinanced by other sources in its Social Bond/CP programme.

### **Small and medium-sized enterprises**

Traditionally, SME's are the backbone of the German economy. They are extremely diverse, innovative, and located throughout the region. By supporting SMEs, NRW.BANK helps to stimulate growth and employment throughout North Rhine-Westphalia. Strengthening labour demand contributes to higher employment levels and reduces youth and/or long-term unemployment. Since SMEs are the most innovative and diverse part of the economy they are also important in contributing to safeguarding the environment and supporting rural areas. SMEs are located across North Rhine-Westphalia; they reduce rural-urban disparities by creating economic growth in rural areas. Based on the aforementioned facts, all of our SME lending qualify for (re)financing through social bonds/CPs.

NRW.BANK's definition of a SME is:

- Being part of the service, manufacturing sector or being a liberal profession
- The ownership majority are private individuals
- Annual turnover is not larger than EUR 500 million

### **Conclusion**

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

## 2 Framework Overview

In order to meet the commitments described above, and finance projects that will deliver social benefits to support NRW.BANK's mission and vision, NRW.BANK has elected to create a Social Bond Framework (the "Framework"), under which it can issue Social Bonds/CPs. This Framework is in accordance with the ICMA Social Bond Principles (SBP) 2021<sup>2</sup>.

In alignment with these principles, for each Social Bond/CP issued, NRW.BANK asserts that it will adopt the following, as set out in this Framework:

- (i) Use of Proceeds
- (ii) Process for Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting

NRW.BANK intends to follow best market practices and to review the Framework's alignment to updated versions of the SBP as and when they are released. As such, this Framework may be updated and amended in the manner described in Section 4 ("Amendments to this Framework") below. Any such updated and amended Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer, be published on NRW.BANK's website and replace this Framework.

Any Social Bonds/CPs still outstanding or issued after the update or amendment of this Framework will be subject to the updated and amended Framework.

### 2.1 Use of Proceeds



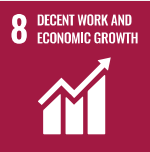

An amount equivalent to the net proceeds raised from any NRW.BANK Social Bond/CP issued under this Framework will be exclusively applied to finance, in part or in full, new eligible social expenditures ("Eligible Social Projects") and/or to refinance, in part or in full, existing Eligible Social Projects whose disbursements occurred no earlier than 36 months prior to the issuance year.

NRW.BANK will be investing an amount equal to the net proceeds of the notes in loans for projects belonging to eligible social categories ("Eligible Social Project Categories") and aligning – were possible – with the UN Sustainable Development Goals and the underlying targets. These loans are subject to and in accordance with the lending standards of the respective loan programmes.

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<sup>2</sup> ICMA's Social Bond Principles 2021 <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

The targeted SDGs have been identified based on the ICMA „Green and Social Bonds: A high-level mapping to the Sustainable Development Goals“. The projects are listed in the table below:

Eligible Social Project Categories (aligned with ICMA Social Bond Principles)	Eligibility Criteria	Alignment with UN SDG Targets
<b>Affordable Home Ownership</b>  	<ul style="list-style-type: none"> <li>— Social housing projects for low-income groups</li> <li>— Projects including disability access, safe and decent housing</li> </ul> <p><b>Target population:</b> the economically disadvantaged or large families, under the following programmes:</p> <ul style="list-style-type: none"> <li>I Taxable household income TEUR 75 p.a. + TEUR 15 per child (under 18yrs). These thresholds are in line with a Federal child allowance (Baukindergeld)<sup>3</sup></li> <li>II Taxable household income TEUR 60 (couple), TEUR 30 (single) and TEUR 12 per child (under 18yrs)</li> </ul>	<ul style="list-style-type: none"> <li>— <b>SDG 1.4:</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</li> <li>— <b>SDG 11.1:</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</li> </ul>
<b>SME Financing and Employment Generation</b> 	<p>General loans for small and medium-sized enterprises with the purpose of creating and safeguarding jobs<sup>4</sup>.          Specific loans supporting digitalisation efforts of small and medium enterprises.<sup>4</sup></p> <p><b>Target population:</b>          Small and medium-sized enterprises<sup>4</sup></p>	<ul style="list-style-type: none"> <li>— <b>SDG 8.3:</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</li> <li>— <b>SDG 8.6:</b> By 2020, substantially reduce the proportion of youth not in employment, education or training</li> </ul>
<b>Access to Essential Services: Health</b> 	<p>Good health and well-being for all at all ages. Lending to health and care infrastructure:</p> <ul style="list-style-type: none"> <li>— Hospitals and ambulances</li> <li>— Homes for the elderly or disabled</li> <li>— Refugee homes</li> <li>— Women shelters</li> </ul> <p><b>Target population:</b> Elderly or people with specific care needs, refugees and women, general population</p>	<ul style="list-style-type: none"> <li>— <b>SDG 3.4:</b> By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</li> <li>— <b>SDG 3.8:</b> Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</li> </ul>

<sup>3</sup> <https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Baukindergeld/>

<sup>4</sup> as per NRW.BANK's definition of SME see Section 1.5

Eligible Social Project Categories (aligned with ICMA Social Bond Principles)	Eligibility Criteria	Alignment with UN SDG Targets
<b>Access to Essential Services: Education</b> 	<p>Investments in educational projects aiming to reduce inequalities, increase education levels, such as:</p> <ul style="list-style-type: none"> <li>Construction, renovation or refurbishment of facilities for early education, schools and universities</li> <li>Digitalisation initiatives</li> <li>Accessibility initiatives</li> </ul> <p><b>Target population:</b> Participants in early to tertiary education</p>	<ul style="list-style-type: none"> <li><b>SDG 4.1:</b> By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</li> <li><b>SDG 4.2:</b> By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</li> <li><b>SDG 4.3:</b> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</li> </ul>
<b>Access to Public Goods &amp; Services</b>  	<p>General municipal lending for infrastructure and services</p> <p><b>Target population:</b> Citizens of municipalities and counties with a GDP/capita in the 1st quartile and an unemployment rate above the regional average<sup>5</sup>.</p>	<ul style="list-style-type: none"> <li><b>SDG 1.4:</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</li> <li><b>SDG 10.2:</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</li> </ul>
<b>Disaster Management</b> 	<p>Lending to disaster control infrastructure:</p> <ul style="list-style-type: none"> <li>Fire Fighting</li> <li>Federal Agency for Technical Relief (THW)</li> </ul> <p><b>Target population:</b> General population</p>	<ul style="list-style-type: none"> <li><b>SDG 11.5:</b> By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations</li> </ul>

<sup>5</sup> Source: IT.NRW, DESTATIS

## 2.2 Process for Project Evaluation and Selection

### 2.2.1 Existing Loan Programmes

The Affordable Home Ownership, SME Financing and Employment, Access to Education, Essential or General Services projects underlying NRW.BANK's Social Bonds/CPs are all funded through existing development loan programmes. These programmes consider DNSH criteria and follow specific guidelines as well as requiring that borrowers follow NRW.BANK's sustainability guidelines<sup>6</sup>.

Eligible Social Project Categories	Relevant Loan Programme
Affordable Home Ownership	<ul style="list-style-type: none"> <li>— <b>Wohneigentum and global loan Wohneigentum:</b> Applicants for loans to construct or acquire owner-occupied residential properties can submit one funding application per property and household, which includes the costs of all additional measures (modernization costs, land costs, additional costs, outdoor facilities etc.). The applicant will need to provide the house bank with their income data and the house bank will conduct the risk assessment on the applicant.</li> </ul>
SME Financing and Employment Generation	<ul style="list-style-type: none"> <li>— <b>Universalkredit, Digitalkredit and global loan SME:</b> Applications are made to the house bank and then forwarded to NRW.BANK. The house bank carries out the risk assessment as part of the application process for loan funds, and NRW.BANK evaluates the application.</li> </ul>
Access to Essential Services: Education	<ul style="list-style-type: none"> <li>— <b>Gute Schule:</b> Programme to promote investment in the energy efficiency, accessibility and digitalisation of municipal or denominational schools and related sports facilities in North Rhine-Westphalia. The loans are sent directly to the final beneficiary (municipal/denominational schools).</li> <li>— <b>Kommunal Invest Plus:</b> Investment promotion programme that includes support for the investment in energy efficiency, accessibility and digitalisation of municipal or denominational schools and related sports facilities in North Rhine-Westphalia. The loans are sent directly to the final beneficiary (municipal/denominational schools).</li> <li>— <b>Infrastructure:</b> Investment promotion programme that includes support for the investment in municipal or denominational kindergartens, preschools and other early childhood education facilities. The loans are sent via the house bank to the final beneficiary.</li> <li>— <b>Universities:</b> Programme to promote investment (new constructions or renovating existing buildings) of State owned universities. The loans are sent directly to the final beneficiary (university).</li> </ul>
Access to Essential Services: Health	<ul style="list-style-type: none"> <li>— <b>Kommunal Invest Plus:</b> Investment promotion programme that includes support for the investment in hospitals, homes for the elderly or disabled, refugee homes or women shelters. The loans are sent directly to the final beneficiary (municipality).</li> <li>— <b>Infrastructure:</b> Investment promotion programme that includes support for the investment in hospitals, homes for the elderly or disabled, refugee homes or women shelters. The loans are sent via the house bank to the final beneficiary.</li> </ul>
Disaster Management	<ul style="list-style-type: none"> <li>— <b>Kommunal Invest Plus:</b> Investment promotion programme that includes support for the investment in equipment and fire departments. The loans are sent directly to the end beneficiary (municipality).</li> <li>— <b>Infrastructure:</b> Investment promotion programme that includes support for the investment in equipment and facilities used by the Federal Agency for Technical Relief (THW). The loans are sent via the house bank channel the final beneficiary.</li> </ul>

<sup>6</sup> as per NRW.BANK's sustainability guidelines see Section 1.4

#### Access to Public Goods & Services

- **Direct lending:** Loans eligible under the category of Socio-Economic Empowerment are borrowed directly from NRW.BANK. Municipalities apply directly to NRW.BANK, and the application is evaluated according to several criteria, including Sustainability Guidelines referenced in Section 1.4.

### 2.2.2 Social Loan Pool

NRW.BANK's ESG team will be responsible for tracking and aggregating loan disbursements through both the existing loan programmes and the direct lending programmes to construct the social loan pool ("Social Loan Pool"). The ESG team will also monitor the alignment of the underlying loans to the Eligibility Criteria listed in Section 2.1 (Use of Proceeds). The team will leverage the pre-existing oversight and processes to ensure disbursements align to NRW.BANK's sustainability policies and to collect data on the impact metrics listed in Section 2.4 (Reporting).

### 2.3 Management of Proceeds

The Social Loan Pool of NRW.BANK Social Bonds/CPs is (partly) dynamic. Even if the lending activities in general are unchanged, the intra portfolio weights will change year by year. The Social Loan Pool will be subject to any updated or amended version of this Framework.

NRW.BANK is following a pool-to-bond approach for the management of Social Bond proceeds. Proceeds of any NRW.BANK Social Bond will be allocated to corresponding Eligible Social Projects within the Social Loan Pool. Given the dynamic composition of the Social Loan Pool, NRW.BANK is able to refinance the Social Loan Pool with Social Bonds/CPs in different tenors and currencies – independent from the loans maturities or currency – as long as the Social Loan Pool exceeds the amount – in EUR equivalents – of the outstanding Social Bonds/CPs.

Ring-fencing of the proceeds is not necessary: the underlying loans have already been disbursed and proceeds can be earmarked against the loan pool identified in the agency's systems.

### 2.4 Reporting

The Social Bond Principles require issuers to keep investors updated about the expected social impact of the issuances. An external research institute will calculate the impact. NRW.BANK reports about the Social Loan Pool at the end of each calendar year. All outstanding Social Bonds/CPs are included in this report given the pool-to-bond-approach. The results will be published annually up to mid-year in the agency's Sustainability Report in order to achieve full transparency.

#### 2.4.1 Allocation Reporting

An equivalent amount of the proceeds of each NRW.BANK Social Bond/CP will be allocated to Eligible Social Projects within the NRW.BANK's Social Loan Pool at issuance. On an annual basis, NRW.BANK will report on the following indicators for the Social Loan Pool:

- Amount allocated per Social Project Category
- Amount allocated by the year of disbursement

#### 2.4.2 Impact Reporting

NRW.BANK will publish an impact reporting on the expected social impacts of the Eligible Social

Projects. This report will be provided by an external scientific institution. The table below shows examples of KPIs that can be used in the reporting of the respective Social Bond/CPs.

This list can be updated from time to time by the ESG-team.

Eligible Social Project Categories	Examples of Social KPIs
Affordable Home Ownership	<ul style="list-style-type: none"> <li>— Number of loans granted</li> <li>— Financial relief (EUR)</li> <li>— m<sup>2</sup> refinanced</li> <li>— Number of flats or rooms</li> <li>— Number of beneficiaries</li> </ul>
SME Financing and Employment	<ul style="list-style-type: none"> <li>— Number of micro enterprises and/or SMEs funded</li> <li>— Amount of financing provided to micro enterprises and/or SMEs</li> <li>— Number of SMEs funded that are located in a region with an unemployment rate that is higher than the regional average (annual unemployment rate)</li> <li>— Number of jobs created or safe guarded</li> <li>— Sub-regional distribution</li> </ul>
Access to Education Services: Education	<ul style="list-style-type: none"> <li>— Number of education centres supported</li> <li>— Number of beneficiaries</li> <li>— Number of school dropouts by county</li> </ul>
Access to Public Goods and Services: Providing public goods and services in economically disadvantaged Counties and Municipalities	<ul style="list-style-type: none"> <li>— Number of beneficiaries</li> <li>— Number of municipalities and counties</li> <li>— Financial relief per capita in EUR</li> <li>— Additional investment per capita</li> </ul>
Access to Essential Services: Health	<ul style="list-style-type: none"> <li>— Number of beneficiaries</li> <li>— Number of projects</li> <li>— Category of projects</li> </ul>
Disaster Management	<ul style="list-style-type: none"> <li>— Number of projects</li> <li>— Category of projects</li> </ul>

All reporting will be made public on NRW.BANK's website:

<https://www.nrwbank.de/de/die-nrw-bank/investor-relations/social-bonds/>

## 3 External Review

### 3.1 Second Party Opinion

Before the Social Bond/CP issuance, NRW.BANK will publish an external review in form of an SPO on its website. This independent review will provide investors with information such as:

- Alignment of the Framework with the ICMA Social Bond Principles (SBP) (2021 edition)
- SDGs targeted by the asset categories of the loan portfolio
- Consideration of social and ecological aspects of the loan programmes
- Performance of essential KPIs: compliance with national law, fulfilment of social standards and workers' rights, etc.
- Overview of NRW.BANK's overall sustainability performance
- Alignment with the DNSH-principle

### 3.2 External Verification

NRW.BANK is committed to engage an assurance provider, or an External Reviewer to assess the compliance of any bonds issued or loans drawn against the NRW.BANK Social Bond Framework on an annual basis.

The resulting report will be publicly available at NRW.BANK's website:  
<https://www.nrwbank.de/en/about-us/financial-reports/>

## 4 Amendments to this Framework

NRW.BANK is fully aware that investors' demand for information may change. Furthermore, information collection capabilities may improve, and market standards may adjust from time to time. The agency will monitor these developments very closely and will act if necessary. As a public-sector entity, NRW.BANK always tries to be ahead of the market.

Against this background, the ESG-team intends to review this Framework on a regular basis, including its alignment to updated versions of the SBP as and when they are released. Such review may, in the sole discretion of NRW.BANK, result in this Framework being updated and amended. However, for the avoidance of doubt, NRW.BANK is under no obligation to update this Framework or to keep the information contained herein current. Any future updated or amended version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer. The updated Framework, if any, will be published on NRW.BANK's website and will replace this Framework.