

Sustainability Guidelines Application List

NRW.BANK's Sustainability Guidelines illustrate NRW.BANK's approach to the central guiding principle of sustainability and support its ongoing development.

The specifications that form part of the overarching Sustainability Guidelines also address in detail the controversial business practices and business areas that are rejected and excluded from NRW.BANK's promotional business.¹ Below please find a highly condensed overview of the individual controversies; in case of specific questions, the wording in the Sustainability Guidelines applies.



¹ The controversial business practices and business fields listed are not in line with the ethical and social values of NRW.BANK and contradict the sustainable fulfilment of its public mission in the area of structural, economic, social and housing policy. NRW.BANK uses the possibilities it has to exclude them from promotion by the Bank.

I. Rejection and Exclusion of Controversial Business Practices

- **Human rights violations** according to the Universal Declaration on Human Rights by the UN General Assembly (first published on 10 December 1948) and, building on the latter, according to the Basic Law of the Federal Republic of Germany.
- **Child labour** according to the UN Convention on the Rights of the Child (CRC) of 1989/1990.
- **Systemic/discriminatory labour rights violations** according to the ILO core labour standards (core convention of the International Labour Organisation) to ensure social standards under labour law and decent working conditions.
- **Controversial environmental behaviour** which violates the Federal Law on Conservation and Environmental Care (Bundesnaturschutzgesetz) and/or tolerates environmental damage within the meaning of the Law on Environmental Harms (Umweltschadensgesetz).
- **Controversial economic practices** or unethical business practices such as corruption, bribery, fraud, accounting fraud, etc. according to applicable European and national law.
- **Animal testing** outside the legal framework according to Section 7a of the Animal Protection Act.

II. Rejection and Exclusion of Controversial Business Fields

NRW.BANK considers the following controversial business fields to be critical and excludes the provision of promotional funds or corporate finance in these fields in accordance with the Sustainability Guidelines:

- **Defence and arms industry:** As a general rule, no funding of transactions in the arms industry; no granting of promotional funds in connection with the manufacture, trade, transport, repair or storage of controversial weapons such as
 - cluster bombs,
 - nuclear, biological or chemical weapons (ABC weapons), antipersonnel mines, radioactive ammunition and enriched uranium, weapons of mass destruction, or
 - other weapons outlawed under international law.
- **Gambling:** Excluding licensed gambling as defined in the German State Treaty on Gambling (Glücksspielstaatsvertrag)

— **Controversial Business Activities in the Field of the Environment, Nature and Living Beings:**

- Foreseeable, irreparable damage to the environment, including the destruction or significant impairment of areas of special conservation interest,
- Destruction of biodiversity.

— **Substances**

- Production or trade of products/activities that are subject to international phase-out or prohibition or are subject to a ban (e.g. certain pharmaceuticals, pesticides, herbicides and other toxic substances, ozone-depleting substances, prohibited cross-border trade in waste,
- organochlorine mass products,
- hormone-altering chemicals,
- biocides,
- production or trade of radioactive material or unbound asbestos.

— **Living Creatures**

- fur farming,
- trade in protected animals and plants (and products made from protected animals and plants),
- destructive fishing methods or the use of driftnets in deep-sea fishing when using nets longer than 2.5 km as well as
- inappropriate intensive livestock farming.

— **Controversial energy generation**

- Financing of nuclear power plants and uranium mines (except for measures that mitigate environmental hazards in existing facilities),
- financing of coal projects and related infrastructure (except for measures that mitigate environmental hazards or generate environmental improvements in the existing environment²),
- non-conventional prospecting, exploration and extraction of oil from oil shale, tar or oil sands,
- projects for non-conventional prospecting, exploration and exploitation of gas, unless the conditions on gas extraction listed below can be proven in accordance with international standards,
- financing of the construction of dams and power plants in areas particularly worthy of protection (the recommendations of the World Commission on Dams (WCD) are to be observed).

- **Embryo research:** Research in human embryology that has not been approved by the responsible ethics committees.

² The financing of investments in gas or coal-fired power plants is excluded via the KfW-funded programmes NRW.BANK.Kommunal Invest, NRW.BANK.Mittelstandskredit and NRW.BANK.Gründungskredit.

In addition, borrowers are expected to meet the following qualitative conditions in specific sectors:

1. Timber industry/Palm oil

Large farms producing palm oil or wood for agricultural or forestry purposes in countries outside the EU and OECD high-income countries must either comply with recognised international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions or be in a process ultimately leading to such compliance.

2. Dams/Hydropower

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

3. Gas extraction

Projects for non-conventional prospecting, exploration and exploitation of gas will prove, in accordance with international standards,

- that no material drawdown or contamination of groundwater is to be expected,
- that measures are taken to protect resources (especially water) and to recycle,
- that appropriate technology is used for safe drilling, which includes integrated piping of the well and pressure testing.