

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability Bond Framework

State of North Rhine-Westphalia

30 July 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainability Bond

Relevant standards

- Green Bond Principles, as administered by the ICMA (as of June 2021),
- Social Bond Principles, as administered by the ICMA (as of June 2021),
- Sustainability Bond Guidelines, as administered by the ICMA (as of June 2021)

Scope of verification

- NRW Sustainability Bond Framework (as of March 3, 2021)
- NRW Eligible Assets (as of May 28, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

State of North Rhine-Westphalia (“the Issuer” or “Land NRW”) commissioned ISS-Corporate to assist with its Sustainability Bond by assessing three core elements to determine the sustainability quality of the instruments:

1. NRW’s Sustainability Bond Framework (as of March 3, 2021) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG).
2. The Eligible Assets – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Consistency of Sustainability Bond with Land NRW’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by the Issuer.

LAND NRW OVERVIEW

Germany is located in Western Europe. Germany is a federal parliamentary republic, classified as a high-income country by the World Bank. Germany has an estimated population of 84.12 million inhabitants as of 2024, with 78% of its population living in urban areas, and a level of greenhouse gas emissions per capita of 9.1 as of 2021.

The State of NRW is located in western Germany, covering an area of 34,112 km². With a population of 18.19 million in 2023, it is the most populous state of Germany.

ESG risks associated with sovereign Issuers

ISS ESG's Country Rating identifies sustainability risks in the following key areas for Germany¹: Political system and governance, Human Rights and fundamental freedoms, Social conditions, Natural resources, Climate change and energy, Product and consumption.

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



¹ Please note, this is not an Issuer-specific assessment.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP, SBP and SBG</p>	<p>The Issuer has defined a formal concept for its Sustainability Bond regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA’s GBP, SBP and SBG.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the Eligible Assets</p>	<p>The Sustainability Bond will (re)finance eligible asset categories which include:</p> <p>Social categories: Affordable Basic Infrastructure, Access to Essential Services, Affordable Housing, Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance, Food Security and Sustainable Food Systems, Socioeconomic advancement and empowerment.</p> <p>Green categories: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Sustainable Water and Wastewater Management, Climate Change Adaptation</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p>	<p>Positive</p>

² The evaluation is based on the Land NRW’s Sustainability Bond Framework (March 3, 2021), on the analysed Asset Pool as received on May 28, 2024.

³ Clean Transportation, Climate Change Adaptation, Sustainable Water and Wastewater Management, Energy Efficiency, Environmentally Sustainable Management of Living Natural Resources and Land Use, Pollution Prevention and Control, Affordable Basic Infrastructure, Access to Essential Services, Affordable Housing, Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance, Food Security and Sustainable Food Systems, Socioeconomic advancement and empowerment.

	 <p>Process-related use of proceeds categories⁴ individually improve (i) the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>	
<p>Part III:</p> <p>Consistency of Sustainability Bond with Land NRW's Sustainability Strategy</p>	<p>The key sustainability objectives and the rationale for issuing Sustainability Bond are clearly described by the Issuer. All the project categories considered are in line with the sustainability objectives of the Issuer.</p> <p>At the date of publication of the report and leveraging ISS ESG Research no severe controversies have been identified.</p>	<p>Consistent with Issuer's sustainability strategy</p>

⁴ Renewable energy, pollution prevention and control.

SPO ASSESSMENT

PART I: ALIGNMENT WITH GBP, SBP AND SBG

This section evaluates the alignment of the Land NRW's Sustainability Bond Framework (as of March 3, 2021) with the GBP, SBP and SBG⁵.

GBP, SBP, SBG	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Land NRW's Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer's green/social categories align with the project categories as proposed by the ICMA's GBP and SBP, Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and the environmental/social benefits are described. The Issuer defines exclusion criteria for harmful projects categories.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Land NRW's Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Land NRW's Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an</p>

⁵ This was assessed in the SPO provided on 31 March 2021, <https://www.iss-corporate.com/file/documents/spo/spo-20210331-State%20of%20North%20Rhine-Westphalia.pdf>.

		<p>appropriate manner. The net proceeds are managed on an aggregated basis for multiple Sustainability Bonds (bond-by-bond approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Land NRW’s Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website⁶. NRW explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the until the proceeds have been fully allocated.</p> <p>The issuer is transparent on the level of impact reporting, information reported, frequency, scope and duration of the impact reporting, in line with best market practice</p>

⁶ NRW Sustainability Bonds: www.nachhaltigkeit.nrw.de/en/sustainability-bonds/

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBLE ASSETS

A. CONTRIBUTION OF THE INSTRUMENT_TYPE TO THE UN SDGs⁷

Sub-sovereigns can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible sub-sovereign actors, working to minimize negative externalities in their operations along the entire value chain.

1. Products and services





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

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale:




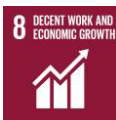
Each of the Sustainability Bond Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

Social Categories

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Affordable basic infrastructure <i>Digitalization⁸</i>	Contribution	
Affordable basic infrastructure <i>Public transport for pupils and students – Education ticket/transport</i>	Contribution	  

⁷ The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁸ The State government pursues the ambitious goal of achieving statewide fiber optic networks over the course of the decade. One of the goals is to equip every school with a fiber optic connection.

<p>Access to essential services <i>Development plan on geriatric care</i></p>	<p>Contribution</p>		
<p>Access to essential services, University Clinics <i>Conservation, remediation, and enlargement of university clinics as well as other investments</i></p>		<p>Contribution</p>	
<p>Access to essential services</p> <ul style="list-style-type: none"> ▪ <i>Training facilities for the education of special education teachers</i> ▪ <i>PlusKita and language courses at childcare facilities</i> ▪ <i>Childcare in special cases</i> 		<p>Contribution</p>	
<p>Access to essential services <i>School social work⁹</i> <i>Excellence Strategy (Support for Best-in-class Universities)¹⁰</i></p>		<p>Contribution</p>	
<p>Access to essential services <i>Support for family centres/promotion of cooperation of family formation and counselling centres with family centres</i></p>		<p>Contribution</p>	
<p>Access to essential services <i>Promotion of innovation¹¹</i></p>		<p>Contribution</p>	

⁹ Included services can be found on the following website: <https://www.schulministerium.nrw/schulsozialarbeit>.

¹⁰ More details under the following link: <https://www.exzellenzstrategie.de/>.







¹¹ Numerous fields of innovation are funded. The innovation field "Key Technologies of the Future, ICT" forms a new element of the priority strategy. Contents are, for example: Quantum computing, AI development, robotics, cyber security and industrial transformation.

<p>Affordable Housing</p> <p><i>Urban development program "Growth and Sustainable Renewal"¹²</i></p> <p><i>Target group: excluded and/or marginalized populations and/or communities</i></p>	<p>Contribution</p>		
<p>Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance</p> <p><i>Occupational integration of people with disabilities</i></p>		<p>Contribution</p>	
<p>Food security and sustainable food systems</p> <p><i>EU School program</i></p>		<p>Contribution</p>	
<p>Socioeconomic advancement and empowerment</p> <p><i>European Social Fund 2021-2027 (State's share)/Programs "No dead-end qualification"/"No dead-end qualification (compact)"¹³</i></p>		<p>Contribution</p>	
<p>Socioeconomic advancement and empowerment</p> <ul style="list-style-type: none"> ▪ <i>Protection from violence</i> ▪ <i>Measures to prevent child and youth poverty</i> 	<p>Contribution</p>		

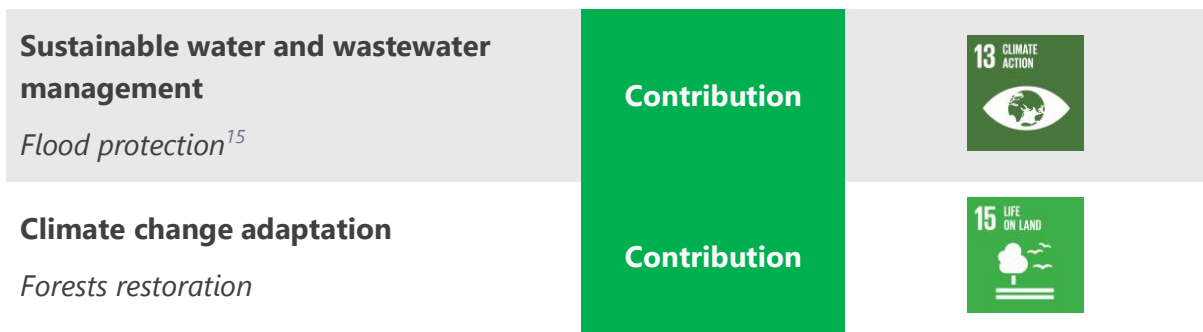
¹² Urban districts with a severe loss of functions or a high degree of abandoned or vacant property (residential, commercial, military or railway) are eligible for support under this program. Relevant issues range from urban planning and housing to economic development and social and environmental policies and include the improvement of public space and living environments

¹³ The European Social Fund (Europäischer Sozialfonds) promotes education and employment opportunities. "No dead-end qualification" – with this goal, North Rhine-Westphalia is shaping the transition from school to training and studies. The statewide transition system ensures that young people receive support early on in career orientation, in choosing a career and when starting training or studying. The aim is to give all young people after school the opportunity to continue their vocational training or studies as quickly as possible and to avoid unnecessary waiting loops through effective coordination.

Green Categories

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy efficiency <i>Climate protection technologies and low-emission mobility¹⁴</i></p>	<p>Contribution</p>	
<p>Pollution prevention and control <i>Production capacities for electrolyzers</i> <i>Hydrogen filling stations for heavy goods traffic</i> <i>Green hydrogen production</i></p>		
<p>Pollution prevention and control <i>Green production of basic chemicals</i></p>	<p>Contribution</p>	
<p>Pollution prevention and control <i>Development of supra-regional hydrogen pipelines</i></p>		
<p>Environmentally sustainable management of living natural resources and land use <i>Protection of nature</i></p>	<p>Contribution</p>	
<p>Clean transportation <i>Ticket for regional public transportation in Germany</i></p>	<p>Contribution</p>	

¹⁴ For this category, the Issuer is relying on the "Richtlinie über die Gewährung von Zuwendungen aus dem „Programm für Rationelle Energieverwendung, Regenerative Energien und Energiesparen“ (Guideline on the granting of subsidies from the "Programme for the Rational Use of Energy, Regenerative Energies and Energy Saving). To be eligible for under these guidelines, projects are expected to meet the parameters (eligibility criteria) set out in that guideline. We have reviewed the eligibility criteria set by Land NRW and assessed them as generally providing a contribution to the SDGs highlighted. However, it is worth noting that (i) not all projects financed will contribute to all SDGs (e.g., a solar projects will contribute to SDGs 7 and 13 while counselling for very small and small enterprises for becoming climate neutral only to SDG 7), (ii) criteria for some projects would need to be more precisely defined to be considered as having a clear environmental benefit according to our methodology (e.g., biomass in combination with solar) and (iii) there is a lack of visibility on the amount that will be allocated to those projects (without clear environmental benefits).



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer’s clients.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the electric utilities sector and the metals processing and production sector (which Land NRW finances) are the following:

¹⁵ For climate change adaptation measures, the State has published a 10-point work plan “Flood protection in times of climate change”, which will serve as a guideline in the coming years to implement early and environment-friendly flood control.

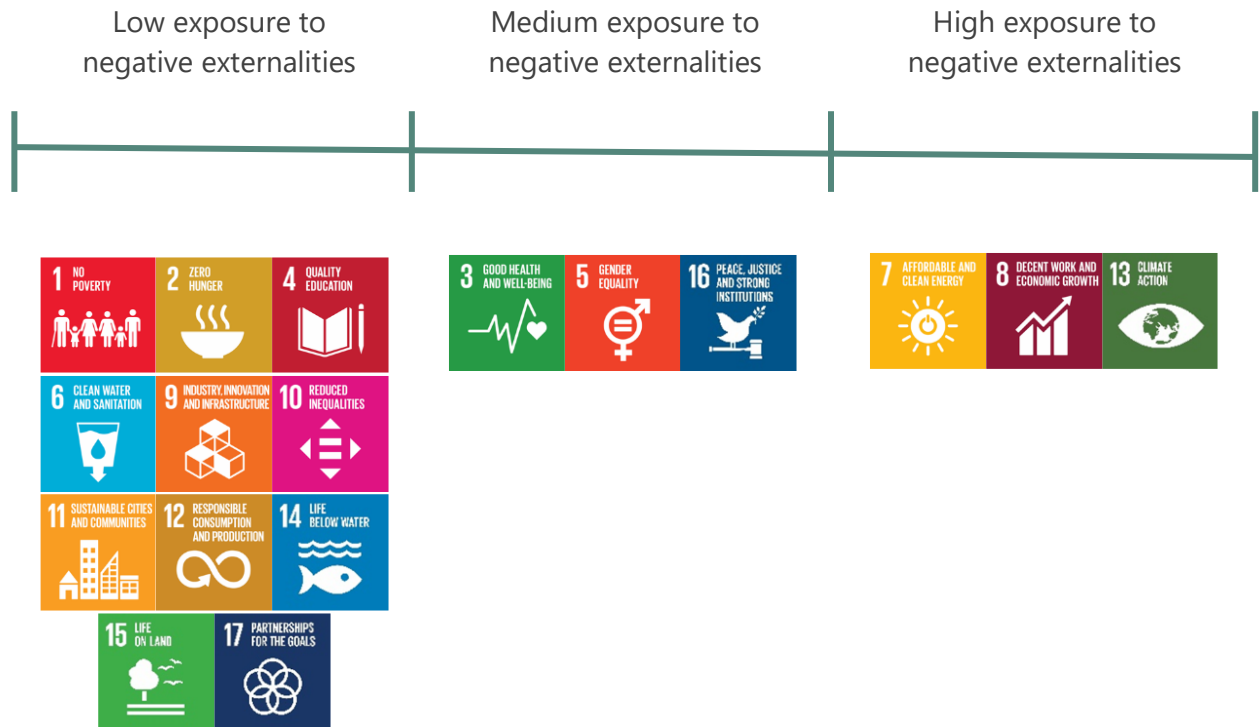


Figure 1 - Potential impacts on the SDGs related to negative operational externalities in the electric utilities sector (for the renewable energy category)

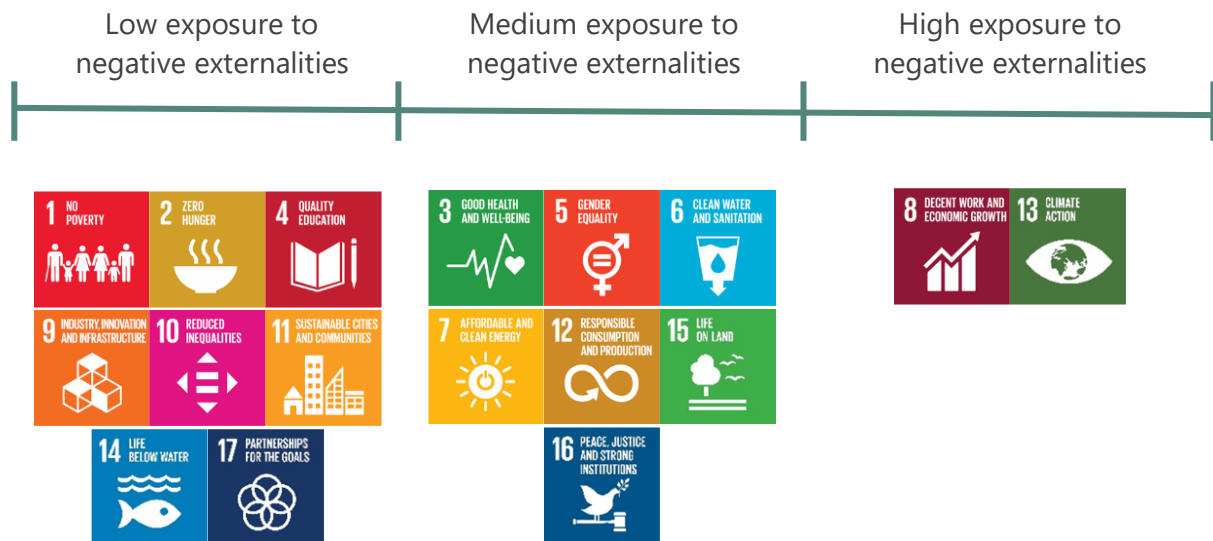





Figure 2 - Potential impacts on the SDGs related to negative operational externalities in the metals processing and production sector (for the pollution prevention and control category)

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ¹⁶	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy <i>Energy Storage</i></p>	<p>✓</p>	 
<p>Pollution prevention and control <i>Climate-neutral steel production</i></p>	<p>✓</p>	

¹⁶ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE ASSETS

Social Eligible Projects

The table below presents the findings of an ISS ESG assessment of the Social Eligible Projects against ISS ESG KPIs. All assets are located in North Rhine-Westphalia.

ASSESSMENT AGAINST ISS ESG SOCIAL KPIs

Environmental and social risks relevant for all social project categories

Labour and health & safety



For any type of expenditure, health and safety for employees, contractors, operators, etc. are ensured according to European and national legislation and standards.

User safety



For any type of expenditure, the safety of building users is ensured via national legislation and according to the building regulations of the respective federal states.



For any type of expenditure, health and safety for both passengers and operators are ensured according to European and national legislation and standards, e.g. the "Nationale Sicherheitsvorschriften für das Eisenbahnsystem in Deutschland". (National safety rules for the railway system in Germany)

Non-discriminatory access to education/programmes/offers/services



100% of projects addressing the enlargement of universities or the creation of additional training facilities are directed at public universities and colleges that currently do not charge any study fees or at professional schools with programmes heavily subsidised for participants.



A system of subsidised loans governed by the German Act on Support for Education (Bundesausbildungsförderungsgesetz/BAföG) assists socially disadvantaged students in covering their living expenses.



For 100% of projects, high social standards regarding non-discrimination are in place (in accordance with national legislation).

Environmental and social risks relevant for some green project categories only

Dialogue with local communities – for infrastructure-related project categories



100% of projects comply with the regulations of the German Building Code (Baugesetzbuch/BauGB). The regulations provide for the consideration of local residents' interests during the development of land-use plans and zoning maps (e.g. through public display of development plans, possibility to voice concerns, case-dependent compensation measures).

Green Eligible Assets

The table below evaluates the Eligible Assets against issuance-specific KPIs. All of the assets are/will be located in Germany.

ASSESSMENT AGAINST ISS ESG GREEN KPIs

Environmental and social risks relevant for all green project categories

Biodiversity



For any type of expenditure, comprehensive and specific environmental standards (regarding e.g. direct emissions to air, noise mitigation, minimisation of environmental impact during construction work), apply according to European and national legislation and standards, e.g. the "Bundesimmissionsschutzgesetz and the Gesetz über die Umweltverträglichkeitsprüfung (UVPG)". (engl: Federal Immission Control Act and the Act on Environmental Impact Assessment). However, no information is available on the number of projects for which Environmental Impact Assessments are conducted.

Waste Management & Pollution Prevention



For 100% of assets, the implementing construction companies and subcontractors have to isolate and remove waste and pollutants (in accordance with national legislation).

Water management



For any type of expenditure, measures to ensure sufficient water quality, reduce water scarcity, etc. are implemented in accordance with the EU Water Framework Directive. The Directive has been transposed into the Federal Water Act (Wasserhaushaltsgesetz – WHG)¹⁷.

Sustainable procurement



For energy-related goods, services and road vehicles above a certain size, the EU §§ 67 ff. Public Procurement Regulation (§§ 67 ff. Vergabeverordnung (VgV))

¹⁷ Federal Water Act (Wasserhaushaltsgesetz – WHG), https://www.gesetze-im-internet.de/whg_2009/index.html.

requires that energy efficiency criteria have to be taken into consideration in public procurement contracts. Further, the state government publishes on its website various procurement guidelines, ranging from electric mobility and municipal vehicles to recycled paper and LEDs. The state government also draws on guidance on sustainable procurement for communities, states and municipalities from European Commission. NRW provides information on some sustainable procurement requirements via its homepage to facilitate their usage.

Environmental and social risks relevant for some green project categories only

Environmental impact of agriculture – applicable for Environmentally sustainable management of living natural resources and land use only



Sustainability criteria such as soil and biodiversity management, water conservation in agricultural production and the climate impact of agricultural production are taken into consideration, according to European and national legislation and standards, e.g. as described in several documents regarding "Gemeinschaftsaufgabe: Verbesserung der Agrarstruktur und des Küstenschutzes (GAK)". (engl: Joint task: improvement of agricultural structure and coastal protection)

Exclusion of harmful sectors and activities

According to NRW's Sustainability Bond Framework projects in relation to fossil fuel production and generation of fossil fuel power, generation of nuclear power, and production or trade in any product or activity deemed illegal under international conventions and agreements or subject to international prohibitions are excluded. Please note that this is not an exhaustive list of potential controversial business activities.

Additionally, within the ISS ESG Country Rating, Germany has no indicated structural controversy¹⁸. Therefore, the risk of a structural controversy within the respective sustainability bond categories is considered low. In the event of a controversy arising, the issuer will ensure that appropriate mitigation processes are in place.

¹⁸ A structural controversy occurs if an internal ISS ESG threshold is exceeded related to a thematic controversy (e.g. labour right violations), indicating a structural problem. Single cases, unless very severe, do not count as a structural controversy.

PART III: CONSISTENCY OF SUSTAINABILITY BOND WITH LAND NRW'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer.

TOPIC	ISSUER APPROACH
Strategic ESG topics	The Issuer focuses on the 17 Sustainable Development Goals, in alignment with the national-level objectives set by Germany, while also defining local priorities based on an analysis of North Rhine-Westphalia's environmental, social, and economic challenges.
ESG goals/targets	To achieve its strategic ESG topics, Land NRW has set 67 goals and indicators, based on the SDGs (available in the Issuer's sustainability strategy report) ¹⁹ . The goals are public and data on sustainability indicators are regularly updated by the State Office for Information and Technology (IT.NRW). The issuer has set quantitative mid-term (2030 and 2040) target for each ESG objectives they have defined as priority topics and an overall long-term (2045) ESG targets.
Action plan	The Issuer has a program in place to achieve each of the objectives, and the high-level plan is explained in the sustainability strategy. For some objectives, the allocated budget is disclosed.
Climate Transition Strategy	<p>The Issuer's climate targets are laid down in the North Rhine-Westphalian Climate Protection Act. The goal of reducing GHG emissions by 25% compared to 1990 has been achieved by 2020. The current target is to reach an 80% reduction by 2050.</p> <p>Different areas are tackled to achieve this goal, mainly: low-emission mobility, climate neutral state administration, and making existing buildings climate neutral.</p>
Sustainable Development Goals Agenda	The Issuer's framework is designed to implement the 2030 SDGs Agenda.
ESG Risk and Sustainability Strategy Management	The State of North Rhine-Westphalia operates within the framework of the German Sustainability Strategy,

¹⁹ See section *Objectives and Indicators* from page 75: https://nachhaltigkeit.nrw.de/fileadmin/Dokumente/NRW_Sustainability_Strategy_2020.pdf

	<p>which poses the basis for the identification of risks and the local strategy. However, other stakeholders have been involved to identify risk and build the strategy through municipal umbrella organizations and representatives of social interest.</p> <p>Land NRW has process in place to manage its ESG risks. The issuer is aligned with the Climate change mitigation criteria under the EU Taxonomy Delegated Act and has polices to ensure that minimum social safeguards are in place. The state has a implemented a Climate Adaption Act to address the risks identified by the Climate impact and risk analysis for Germany 2021. The State of NRW monitors the expenses of the State to ensure that they comply with existing laws and regulations and that the intended positive environmental and social impacts are achieved. The State of NRW's parliament carries out the monitoring on a continuous basis to ensure that the State's expenses are correctly carried out within the authority provided by the statutory budget.</p>
<p>Issuer ranking against international indexes</p>	<ul style="list-style-type: none"> ▪ Human Development Index: 9, in 2021 ▪ Corruption Perception Index: 9, in 2023 ▪ Global Peace Index: 15, in 2023
<p>Issuer exposure to controversial areas</p>	<p>At the date of publication, ISS ESG has not controversial areas in which the Issuer would be involved.</p>
<p>Sustainability Reporting</p>	<p>The NRW State Office for Information and Technology (IT.NRW) provides regularly updated data on the NRW sustainability indicators. Data are available online²⁰. IT.NRW bases its reports on the indicator reporting of the Federal Statistical Office (Statistisches Bundesamt) in the context of the German Sustainability Strategy.</p>
<p>Industry associations, Collective commitments</p>	<p>-</p>
<p>Previous sustainable/sustainability-linked issuances or transactions</p>	<p>Land NRW has issued a total of ten Sustainability Bonds with issuance size of more than 22 billion euros</p>

²⁰ Website: www.nachhaltigkeitsindikatoren.nrw.de

**and publication of sustainable
financing framework**

between 2015 and 2023. The sustainability quality has been verified by ISS-Corporate.

Rationale for issuance

The state of NRW has issued a total of ten sustainability bonds with a total volume of over 22 billion euros from 2015 to 2023. The terms are between 7 and 30 years. The issuer is one of the largest in this segment. With the sustainability bond, the state is addressing investors who value investing in sustainable projects in the fields of education and sustainability research, inclusion and social cohesion, public transport and local mobility, climate protection and energy transition, environmental protection and nature conservation, sustainable urban and district development and modernization of university and health buildings.

Opinion: *The key sustainability objectives and the rationale for issuing Sustainability Bonds are clearly described by the Issuer. All the project categories financed are in line with the sustainability objectives of the Issuer.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Land NRW commissioned ISS-Corporate to compile a Sustainability Bond SPO. The Second Party Opinion process includes verifying whether the Sustainability Bond Framework aligns with the GBP, SBP and SBG and to assess the sustainability credentials of its Sustainability Bond, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- GBP
- SBP
- SBG

ISSUER'S RESPONSIBILITY

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

- Framework
- Asset pool
- Documentation of ESG risks management at the asset level

ISS-CORPORATE'S VERIFICATION PROCESS

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

This independent Second Party Opinion of the Sustainability Bond to be issued by Land NRW has been conducted based on a proprietary methodology and in line with the ICMA GBP, SBP and SBG.

The engagement with Land NRW took place from May to July 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

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

About this SPO

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

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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