



Group Sustainability Report of  
NORD/LB for the financial year from  
1 January to 31 December 2021

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# Declaration by the Chairman of the Managing Board concerning the UN Global Compact

UNGC  
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Dear readers,

In recent years, Norddeutsche Landesbank - Girozentrale - has had to maneuver through very difficult waters. Today, we are delighted to say that the transformation has been successful and that the Bank now has scope for new business and growth opportunities once again. To this end, we have a very clear focus on the issue of sustainability. In the future, we want to accompany and advise our customers on the way to more sustainable business models. Climate protection in particular is one of the great tasks of our time. NORD/LB has been financing renewable energy projects for more than 30 years – so climate protection and sustainability are part of our DNA. The Bank contributes in many ways to achieving global climate protection goals. For this reason, it was also a great priority for us to sign the climate protection commitment of the German financial sector and to take responsibility for this important issue for society as a whole.

In this Group Sustainability Report, we inform you as usual about the issues that are material for our company, the impact of our business activities, the policies and standards we have defined for our business, and their implementation in our business model. For the first time, we are taking into account the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) for the description in dealing with climate and environmental risks in this report.

NORD/LB has been expressly committed to the UN Global Compact and its principles for many years and thus contributes to implementing them in its sphere of influence. For us, taking these principles into account is an essential element of our responsibility as a financial services company for customers, for employees, and as a corporate citizen for society. The ten principles on human rights, environmental protection and anti-corruption are very close to our hearts and we are continuously working to further develop these topics in our corporate management.

I wish you an interesting reading experience.

Yours sustainably,



Jörg Frischholz  
Chairman of the Managing Board

# Declaration concerning the report

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The sustainability report (“Group Sustainability Report 2021”) has been prepared for NORD/LB Group. NORD/LB together with other companies forms a group (see below). A progress report in accordance with the requirements of the UN Global Compact is integrated into this report. For the first time NORD/LB has taken account in this report of the recommendations of the Task Force for Climate-Related Financial Disclosures on the description in dealing with climate and environmental risks.

The Group Sustainability Report 2021 has been prepared in accordance with the Global Reporting Initiative (GRI) standards, core option. As part of its reporting, the Bank describes its “management approach” for all “material topics” and includes a “disclosure” in the report. In addition, NORD/LB also voluntarily reports other disclosures, which are shown separately in the index.

The principles for defining the quality of the report have been applied. In addition, NORD/LB declares that it has taken the greatest care in the materiality analysis conducted for this report and in the compilation of the texts and data, and that the information provided in this report is correct to its knowledge and that no material facts have been omitted.

The report covers the reporting period from 1 January to 31 December 2021. Unless specified otherwise, the figures presented in this report are for financial years 2019, 2020 and 2021 (from 1 January to 31 December in each case). The Managing Board of NORD/LB approved the report at its meeting on 26 July 2022. It has not been audited externally.

NORD/LB publishes consolidated financial figures prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS). The IFRS consolidated financial statements include the Group companies consolidated in the IFRS accounts and form the data basis for the key figures contained in this report. Not included in the consolidated financial statements for NORD/LB prepared in accordance with IFRS and therefore not included in this report are Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern. The business of these two entities is not conducted in the name of or for the account of NORD/LB and is therefore not subject to consolidation in the financial statements based on IFRS principles. Accordingly, all figures indicated in this report that were determined based on IFRS accounting principles should be understood as excluding these two institutions. For further information, please refer to the financial reporting (IFRS).

The NORD/LB Group is a financial services company. Accordingly, its main business is conducting banking transactions and providing financial services. This report includes the following Group entities:

- Norddeutsche Landesbank Girozentrale (referred to below as: “NORD/LB” or the “Bank”) including Braunschweigische Landessparkasse as an institution having partial legal capacity of NORD/LB (referred to below as: “BLSK”),
- Deutsche Hypothekenbank (Aktien-Gesellschaft), Hanover (referred to below as: “Deutsche Hypo”) (integrated into NORD/LB after 1 July 2021) and
- Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel (referred to below as: “NORD/LB Luxembourg”).

Together, these three companies comprise the core business of the NORD/LB Group (as explained below, this will therefore be referred to as the “NORD/LB Group” in the report that follows). Taking account of the materiality principle in accordance with the provisions of § 315c, para. 3 of the German Commercial Code (HGB), in order to convey an understanding of the course of business, the business performance, the Company’s situation and the impact of the core business activities of the NORD/LB Group, this sustainability report primarily relates to these companies in terms of its qualitative descriptions. The other investments of the NORD/LB Group either do not represent significant investments qualitatively or quantitatively from a risk perspective, or they do not have their own staff for achieving their business purpose and would therefore not lead to materially different statements.

In this report, gender-specific double designations and neutral designations were used. The term staff generally includes all employees and managers, including the Managing Board, unless they are identified separately.

As at the reporting date of 31 December 2021, the NORD/LB Group employed 4,524 people. The staff key figures cover 100 per cent of the Group's employees.

The data for the employees and products have been obtained from multiple sources, including the accounting systems, which summarise the results of all ongoing business operations. In addition, data are generated from established processes and systems, such as facility management and personnel information systems. The personnel figures of NORD/LB and its subsidiaries have been determined based on the evidence requirements of the Group parent company NORD/LB in order to ensure a comparable and standard methodology throughout the Group.

In calculating and presenting the key figures relating to banking operations in the Banking Operations section and in calculating greenhouse gas emissions of the company, the NORD/LB Group is guided by the VfU indicators 2018 Version 1.4 of December 2020, the standard of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU).

At certain points of the report, reference is made to the Bank's financial reporting in accordance with the International Financial Reporting Standards (IFRS) and the German Commercial Code (HGB). The financial reporting is contained in the Group Annual Report 2020, which has been published on the NORD/LB website at <https://www.nordlb.com/reports>.

Any restatements of information from previous reports and the reasons for these restatements from changes to GRI standards are not required for this report.



# Materiality analysis

The materiality analysis represents one of the fundamental principles of reporting in accordance with GRI. The aim of involving stakeholders and focusing on sustainability-relevant topics is to ensure that material activities, effects and expectations of stakeholders are taken into account and reported in a transparent and complete manner.

When determining the content of the report, the NORD/LB Group bases its decisions on the GRI's reporting principles. These principles are:

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness

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NORD/LB conducted a materiality analysis for the first time for the 2015 reporting year. The final validation was carried out by the Managing Board at a Board meeting in May 2016. In 2017, the 2015 materiality analysis was reviewed and updated with the involvement of other internal and external stakeholders. In October 2017, NORD/LB commissioned imug to conduct a secondary analysis to identify material sustainability issues. The analysis included a study of social opinion-forming processes in Germany and the European Union (EU) as part of a comprehensive media analysis (media setting of 30 titles, analysis of NGO press releases and grey literature), a comprehensive study analysis of current trends and developments in the traditional financial market and market for Socially Responsible Investment (SRI) as well as a specific investigation of requirements and expectations of relevant interest groups for financial market actors in the context of sustainability (politics and authorities, SRI analysts, investors and shareholders, NGOs, associations, churches, science, research, media and trade unions).

For the 2021 business year, the materiality analysis was also validated for the first time in accordance with § 289c paragraph (2) HGB. The issues identified as material were reviewed and prioritised for the 2021 business year with regard to single materiality according to GRI and double materiality according to HGB in terms of business relevance and impact. In addition, it was examined whether further current topics should be considered as material. This is not the case for the 2021 financial year. The two material topics management of ESG issues and social and environmental impact of the financing business were combined in the course of the validation because both topics cannot be clearly separated from each other.

The results of the validation are listed below. In addition, it is shown which of the five non-financial issues (environmental issues, employee issues, social issues, respect for human rights and the fight against corruption and bribery) that are the focus of § 289c of the German Commercial Code (HGB) the significant issues identified for the NORD/LB Group relate to.

**Table 1: Material topics of the NORD/LB Group according to GRI and HGB**

| Material topic                                                                         | Materiality of GRI | Materiality of § 289c paragraph (2) HGB                                |
|----------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------|
| Occupational health and safety                                                         | Yes                | No                                                                     |
| Training and education                                                                 | Yes                | Yes<br>(employee issues, social issues)                                |
| CO <sub>2</sub> emissions                                                              | Yes                | Yes<br>(environmental issues)                                          |
| Ethics and integrity                                                                   | Yes                | No                                                                     |
| Compliant conduct and anti-corruption                                                  | Yes                | Yes<br>(social issues, fight against corruption and bribery)           |
| Information security and data protection                                               | Yes                | Yes<br>(social issues, respect for human rights)                       |
| Management of ESG topics and social and environmental impact of the financing business | Yes                | Yes<br>(social issues, environmental issues, respect for human rights) |

|                                 |     |    |
|---------------------------------|-----|----|
| Work/life balance               | Yes | No |
| Remuneration policy             | Yes | No |
| Diversity and equal opportunity | Yes | No |

A new materiality analysis is currently being prepared for the reporting year 2022. This will take into account the greatly changing regulatory requirements for sustainability reporting - in particular the revision of the GRI standards. NORD/LB is in contact with internal and external stakeholders in this process.

## Stakeholder dialogue and sustainability context

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In compliance with the understanding of GRI, the NORD/LB Group views as its stakeholders those legal entities and natural persons who can be assumed to be materially affected by the Bank's activities, or who can be expected to influence the Bank through their actions in terms of its implementation of strategies and achievement of its objectives.

NORD/LB believes that stakeholders have a wide-ranging interest in the Bank, be it a general interest in the handling of and compliance with regulatory requirements for financial institutions, its business performance, its handling of risks or specifically the future direction of the business and the associated alignment with environmental, social and economic objectives.

This report therefore focuses on environmental, social and governance (ESG) topics that have been defined as material. In order to assess sustainability performance more effectively, the figures are generally compared over a period of three years.

It is essential for businesses to recognise the requirements of their interest groups early on so that they can react appropriately to their expectations. Systematically addressing stakeholder needs is essential for NORD/LB in order to secure its long-term corporate success. NORD/LB therefore uses established discussion formats with the various social groups to exchange views on sustainability topics, gain ideas for its own sustainability-oriented actions and to develop further.

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The dialogue with stakeholders is led by NORD/LB's sustainability management team. The sustainability management team informs the Managing Board about new findings, developments and ESG trends.

In 2013, the NORD/LB Managing Board approved and implemented guidelines for dealing with interest groups. This will ensure open and consistent communication with stakeholders on sustainability trends and strengthen the Bank's position as a company that is aware of its responsibility to society and the environment.

NORD/LB and its subsidiaries have been in contact with various sustainability rating agencies for many years and actively support the feedback processes and rating dialogue. The feedback from the ratings is also used to analyse sustainability activities and develop ideas for improvements, and is reflected accordingly in the relevant specialist departments. The same applies with regard to monitoring of the media.

NORD/LB is also a regular participant in various sustainability-related working groups led by the Deutscher Sparkassen- und Giroverband (German Savings Banks Association, or DSGV), the UN Global Compact (UNGC) network, the German Global Compact Network (UN GCD), the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions, or VfU) and the Bundesverband Öffentlicher Banken Deutschlands (Association of German Public Sector Banks, or VÖB).



NORD/LB is a member of the Sustainable Finance Commission of the VöB and has participated in the UNEP FI/VfU Roundtable for many years in order to discuss the latest sustainability developments with other participants. NORD/LB made itself available for numerous expert interviews with young academics during the reporting period, for example as part of master's and bachelor's theses.

In addition, NORD/LB regularly attends various national and international conferences, ensuring that its stakeholders are aware of strategically relevant sustainability topics. Thanks to its reciprocal communication strategy, NORD/LB informs its investors about sustainability objectives and products while at the same time being able to absorb ideas from the capital market that it applies to its management and business model.

This Group Sustainability Report, which is prepared annually according to the guidelines of the Global Reporting Initiative (GRI), is an important communication medium for the interested public. This also includes the progress report of the UN Global Compact (UNGC) and the Principles for Responsible Banking (PRB). NORD/LB has taken into account the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) for the first time for the 2021 reporting year. The Sustainability Management can be contacted at any time via the bank's homepage. However, not all stakeholders can or wish to make direct contact with NORD/LB. For this reason, the Bank is open to a dialogue with various non-governmental organisations (NGOs) both in terms of direct enquiries and within the framework of various working groups and events.

The stakeholder discussions provide NORD/LB and the sustainability management team with valuable information about current developments and the interests of various stakeholder groups. Stakeholder feedback is used to continuously review and improve sustainability activities. The stakeholder discussions are also used to identify important reporting topics. The following stakeholders (in alphabetical order) are consulted when identifying important aspects of the materiality analysis:

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- Owners
- Society
- Unions
- Institutional investors
- Customers
- Media
- Employees
- NGOs
- Politics, authorities
- Ratings agencies, SRI analysts
- Associations (esp. banking and economic associations)
- Scientists, researchers

## Value chain

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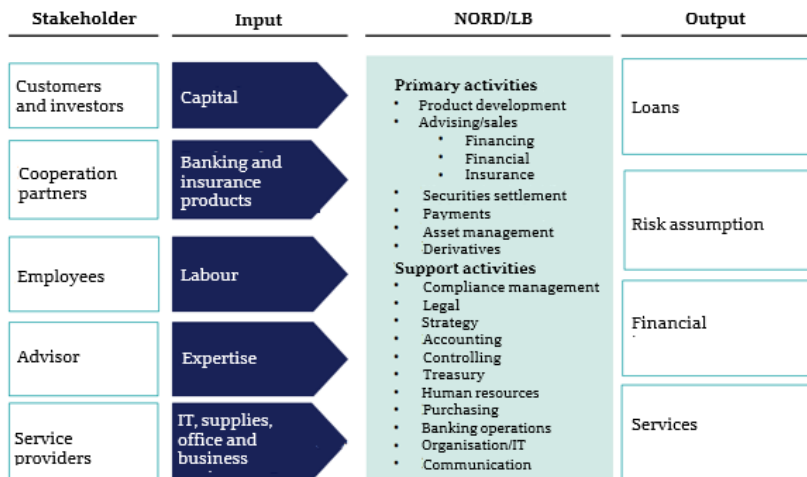
The five main sectors that impact on economic activity in a national economy are private households, business, government, foreign countries and banks. Banks in this respect are classified as part of the wealth sector, which plays a key role in economic activity; here monetary transactions are processed, the payment system is controlled and (monetary) assets are managed.

Banks, in their capacity as financial intermediaries, enable investments, which are essential for the success of businesses, by removing barriers between savers and businesses in need of finance. They therefore act as a broker between the two market participants. Short and medium-term funds from savers are combined in a loan pool from which, after the credit rating and probability of default of borrowers has been checked, long-term loans are granted. In this way banks enable a balance to be struck between demand for loans and the supply of savings. They do this by means of size transformation, term transformation and risk transformation, which are explained as follows:

- Size transformation: the conversion of amounts of money into different sized amounts of money,
- Term transformation: the balancing of different interest rates for different durations and
- Risk transformation: balancing the risk tolerance of savers and borrowers.

The importance of banks in a national economy is therefore more than just putting money into circulation; they also provide access to the capital market in order to extend the financing platform for businesses. In this way, the wealth sector becomes a driving force for a country's future economic strength. Banks use the input of various market participants to process their business activities. These participants are hereafter referred to as stakeholders. The Bank's primary and support processes therefore produce an output that is an added value for society.

Figure 1: The value-adding process of the NORD/LB Group (product-related)



## Identifying material topics

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Material topics were identified in accordance with the following GRI principles:

- Identification of information
- Prioritisation
- Validation

In order to identify material topics, first a comprehensive list of sustainability topics was created. The existing GRI disclosures were supplemented to include additional topics, such as sustainability ratings, media reports, NGO inquiries, multi-stakeholder initiatives and customer inquiries. In the next step, the topics with no obvious relevance to the business activities of NORD/LB were removed, allowing for an initial rough selection of topics.

In order to prioritise the remaining topics, NORD/LB participated in various external sector-specific and institution-specific workshops and working groups related to the topic of the materiality analysis. In these workshops, the Bank learned about the topics that generally affect companies in the financial sector and how these impact on their business practice. The topics were also rated regarding the extent to which they are fundamentally applicable to companies in the financial services sector as opposed to manufacturing companies, and whether they need to be evaluated in a different light because of the difference in business models. Topics were also rated on the basis of institution-specific characteristics, for example the perception of the savings bank and Landesbank (regional bank) function, or a public mandate.

The findings from these external events were taken up in internal workshops. Topics were then prioritised across different departments within NORD/LB as well as at discussion forums involving different companies.

The validation of the issues and stakeholders was then carried out in three steps. First, the result of the materiality analysis was discussed and evaluated in an externally led workshop. Then the result was presented to the Sustainability Steering Committee.

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The main topics that were identified were “translated” in accordance with the corresponding GRI indicators or designated as individual topics. This resulted in the identification of the following material topics. There were no significant changes in the list of material topics and their boundaries in the reporting period compared with previous reporting periods.

Figure 2: Overview of topics and limits (arranged alphabetically)

|                                                                                        | Especially significant for |           |           |           | Limit within<br>NORD/LB                     | Limit outside of<br>NORD/LB                                        | Material economic, environmental and social impact of the topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------|----------------------------|-----------|-----------|-----------|---------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                        | Society                    | Investors | Customers | Employees |                                             |                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Occupational health and safety                                                         | X                          |           |           | X         | Entire Group                                | Partic. potential applicants, social systems                       | The working world is in a state of constant change with a high level of pressure to change and the need for increased flexibility. NORD/LB believes that corporate health management (CHM) is a worthwhile investment in the health and performance of its employees, and is not just about complying with statutory requirements. The health of its employees and thus the management of occupational health also represent an important social topic for the Bank. A low sickness rate also makes it easier to have a social life, helps employees to achieve a work/life balance and eases the burden on the welfare system too.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Training and education                                                                 | X                          |           |           | X         | Entire Group                                | Partic. junior staff, potential applicants                         | NORD/LB is being affected by demographic change and a lack of skilled employees. The development offerings of NORD/LB are very important for ensuring that the Bank is an attractive employer, attracting specialist staff and successfully retaining its employees. As a result, training and development at NORD/LB is an important educational and economic factor – with an impact on the regions beyond the NORD/LB Group's own area of activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| CO <sub>2</sub> emissions                                                              | X                          |           |           |           | Partic. corporates, financial markets       | Partic. society, politicians                                       | Climate change, due primarily to CO <sub>2</sub> emissions, has a global impact. Preventing emissions in our own operations as well as with respect to financing and investments has a positive impact on all stakeholder groups; by contrast, financing projects with substantial emissions would have a negative impact.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Ethics and integrity                                                                   | X                          | X         | X         | X         | Entire Group                                | Partic. owners, society, politicians                               | Ethical conduct based on integrity is essential for gaining the trust of all stakeholders in NORD/LB and the sector as a whole. At the same time, it protects society and all stakeholder groups from the damage that might be caused by unethical conduct.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Compliant conduct and anti-corruption                                                  | X                          | X         | X         | X         | Entire Group                                | Partic. owners, society, politicians                               | See "Ethics and integrity". It is also NORD/LB's duty to identify and prevent financial crime to the best of its ability in order to protect society and all stakeholders as best as possible from damage, and to avoid or prevent unethical or corrupt behaviour.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Information security and data protection                                               |                            | X         | X         | X         | Entire Group                                | Partic. owners, business partners, investors, customers            | Protecting all types of sensitive information not only helps to keep NORD/LB competitive (legal requirements, monetary fines, outflow of knowledge), it is also an important topic for customers, especially when personal data is involved. The General Data Protection Regulation, which entered into effect in May 2018, created a uniform data protection law throughout Europe that is intended to improve the handling of personal data and increase the rights of data subjects. Banks are required to demonstrate that they have a well thought-out security strategy and adequate data protection provisions in place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Management of ESG topics and Social and environmental impact of the financing business | X                          | X         | X         | X         | Entire Group, corporates, financial markets | Partic. investors, capital market, customers, society, politicians | Banks have the ability to influence the long-term direction of the economy and society because they guide financial flows. In addition, risks in the context of ESG topics can endanger trust in financial institutions. Risks can arise, for example, as a result of socially unacceptable or illegitimate actions. In addition, investors around the world increasingly want to know the specific impact of their investments. Thus, the social/environmental return supplements the traditional investment objectives. Investors and financial institutions are increasingly taking account of climate-related risks when evaluating investments and making investment decisions, minimising the impact where possible. This includes refraining from making investments in certain areas, or curtailing such investments that they have already made.<br><br>By integrating sustainability issues in the Bank's standard investment and credit process, these risks can be minimised while at the same time driving forward sustainable development. In addition, the inclusion of ESG topics and transparent reporting are expected by a number of stakeholder groups. |

|                                 |   |  |   |   |                                                                      |                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|---|--|---|---|----------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Work/life balance               | X |  |   | X | Partic. employees,<br>HR department                                  | Partic. potential<br>applicants | Employees' non-work life is now inseparable from their work life. That is why NORD/LB, in its capacity as an employer, is taking the necessary steps to integrate its employees' different life situations into working life, thereby simultaneously boosting productivity. Work-life balance is not only an important topic when choosing an employer – it was also identified as one of the top ten most important sustainability themes in the employee survey.                                                                                              |
| Remuneration policy             | X |  | X | X | Partic. employees,<br>senior management,<br>compensation<br>managers | Partic. society,<br>customers   | NORD/LB is a significant institution as defined by the German Remuneration Ordinance for Institutions. This means that it is subject to special requirements. A central theme in the framework of the adequate governance of banks is their remuneration policy, which is especially important for employees, corporate culture and society. NORD/LB is able to attract and retain employees thanks to its attractive and market-based remuneration system. Linked to the remuneration policy is the provision of comprehensive and tailored investment advice. |
| Diversity and equal opportunity | X |  |   | X | Partic. employees,<br>HR department                                  | Partic. potential<br>applicants | A lack of skilled staff, the growing number of older employees, the requirements of generations Y and Z, and the need for more flexible forms of work are the starting point for diversity and equal opportunity at NORD/LB. With its comprehensive, integrated approach that consciously utilises the mix of skills and abilities of different groups of employees, NORD/LB is not only strengthening its economic competitiveness and role as an attractive employer, it is also supporting social cohesion and promoting the corresponding values.           |



# The NORD/LB

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Norddeutsche Landesbank - Girozentrale is a public law institution with legal capacity (AöR) based in Hanover, Brunswick and Magdeburg. The head office is located at Friedrichswall 10, 30159 Hanover, Germany. NORD/LB is registered with the District Court of Hanover under HRA 26247, with the District Court of Brunswick under HRA 10261 and with the District Court of Stendal under HRA 22150.

The current version of the statutes dated 22 April 2020 is based on the State Treaty on Norddeutsche Landesbank - Girozentrale between the state of Lower Saxony, the state of Saxony-Anhalt and the state of Mecklenburg-Western Pomerania dated 10 December 2019. The State Treaty and statutes are publicly available on the bank's website.

NORD/LB is owned by the states of Lower Saxony and Saxony-Anhalt, the Sparkassenverband Niedersachsen, the Sparkassen Beteiligungsverband Sachsen-Anhalt and the Sparkassen Beteiligungszweckverband Mecklenburg-Vorpommern as well as FIDES Gamma GmbH and FIDES Delta GmbH.

The share capital amounted to €3,083 million, 56.76 per cent of which was held by the state of Lower Saxony, 6.42 per cent by the state of Saxony-Anhalt, 9.16 per cent by Sparkassenverband Niedersachsen, 1.83 per cent by the Sparkassenbeteiligungsverband Sachsen-Anhalt, 1.27 per cent by the Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern, 12.27 per cent by FIDES Gamma GmbH and 12.27 per cent by FIDES Delta GmbH. NORD/LB does not receive any government grants.

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Z: 201-1

There were no significant changes in the value chain during the reporting period.

For 102-7 and 201-1 as well as for information on risk management, please see the corresponding disclosures in the Bank's 2020 Group Annual Report.

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NORD/LB acts as the parent company in the NORD/LB Group. It manages all business activities in line with the strategic objectives, creates synergy effects, strengthens customer divisions and bundles service offerings.

**Figure 2: The key brands of NORD/LB**



The bank also maintains additional investments as detailed in the Notes, please see the 2021 Group Annual Report.



## Business model and strategic orientation

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NORD/LB is a commercial bank, Landesbank (federal state bank) and central bank for the savings banks based in Hanover, Brunswick and Magdeburg. In its role as a commercial bank with a primary business policy focus on its home region, NORD/LB offers its private, corporate and institutional customers as well as the public sector a wide range of financial services. This role is carried out in the interface between regional anchoring, personal customer contact and its activity in global markets. NORD/LB as a group primarily finances private and corporate customers, as well as customers in the areas of renewable energies, infrastructure, aircraft and real estate.

Within the NORD/LB Group, NORD/LB acts as the parent company, which manages all business activity in line with the strategic targets. The Group includes the subsidiary NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg, (hereinafter referred to as NORD/LB Luxembourg) and other consolidated companies. The previous subsidiary Deutsche Hypothekenbank (Aktien-Gesellschaft) (referred to as Deutsche Hypo) was merged with NORD/LB on 1 July 2021 with legal effect from 1 January 2021.

As a federal state bank, NORD/LB supports its owner states of Lower Saxony and Saxony-Anhalt in obtaining their financial transactions. In addition, the Bank conducts its promotional business on behalf of the states.

NORD/LB acts as a central savings bank (Girozentrale) in Mecklenburg-Western Pomerania, Saxony-Anhalt and Lower Saxony and is the partner for all savings banks based there. It also acts as a service provider for savings banks in other federal states, for example in Schleswig-Holstein. NORD/LB provides all the services that the savings banks require for their activities.

In accordance with section 25a (3) of the German Banking Act (Kreditwesengesetz: KWG), the management of the parent company, NORD/LB AöR, is responsible for the proper business organisation at the Group level, taking into account the legal provisions and ensuring that the business management requirements are met. The basis documented in section 25a KWG is in turn specified in the Minimum Requirements for Risk Management (MaRisk). A proper business organisation at Group level includes, among other things, the definition of a business strategy as well as a consistent risk strategy ("group-wide strategies") within the meaning of MaRisk AT 4.2 in conjunction with AT 4.5. The NORD/LB Group has corresponding strategic documents in accordance with the respective legal requirements.

The NORD/LB Group's business strategy, including the business segment strategies for NORD/LB AöR and the risk strategy for the NORD/LB Group, as well as the individual business strategies of the NORD/LB Group's individual key institutions, are analysed in detail as part of an annual strategy and planning process; where applicable, and approved by the Managing Board. The Supervisory Board is informed of the result, which is then discussed. If necessary, the business and/or risk strategy is also reviewed and/or updated on an ad hoc basis.

For further information on the business model and management systems, please see the 2021 Group Annual Report.

## Business sites and segments

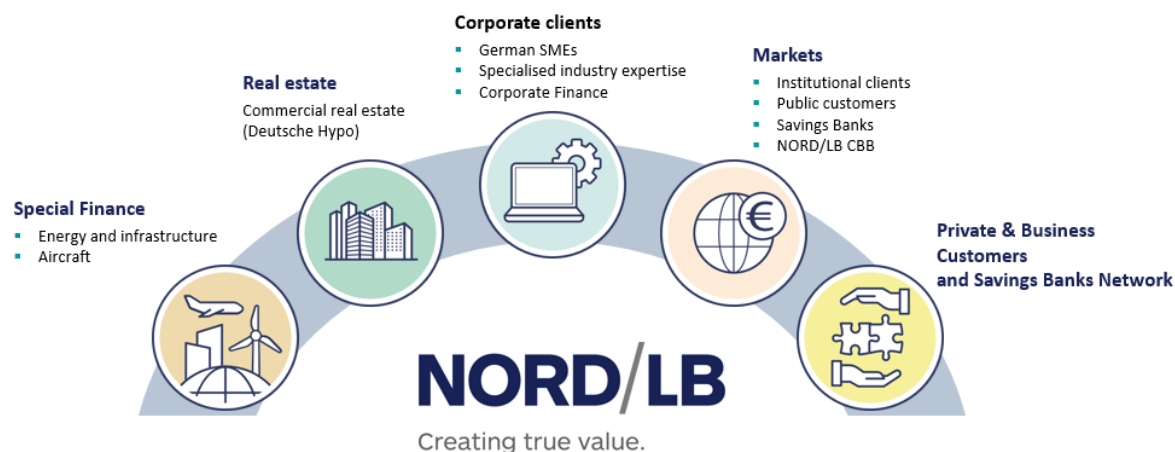
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NORD/LB is based in Hanover, Brunswick and Magdeburg and is represented beyond the core region with domestic branches in Bremen, Düsseldorf, Hamburg, Munich, Oldenburg and Schwerin, among other locations. The offices in the key international financial and trading centres of New York and Singapore play a significant role in NORD/LB's foreign business activities. Another foreign branch is maintained in London. In light of the ongoing NORD/LB 2024 transformation programme, a request was made to the Chinese supervisory authorities to close the Shanghai branch, which is currently due to take place on 30 September 2022. As legally dependent business units, the offices pursue the same business model as NORD/LB. In addition, the bank maintains real estate offices under the "Deutsche Hypo - NORD/LB Real Estate Finance" brand in London, Amsterdam, Paris, Warsaw and Madrid.

The following overview provides an insight into the NORD/LB Group's business segments. For a detailed presentation of the business segments, Group management and transition, please see the 2021 Group Annual Report.

**Figure 3: Business segments of the NORD/LB Group**



## Executive bodies

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NORD/LB's executive bodies are the Managing Board, the Supervisory Board and the Owners' Meeting.

The Managing Board manages the bank under its own responsibility and represents it in court and out of court. As at the reporting date of 31 December 2021, the Managing Board of NORD/LB comprised the following members:

- Thomas Bürkle – CEO  
Chairman of the Managing Board from 1 January 2017 to 31 December 2021  
Member of the Managing Board from 1 January 2014 to 31 December 2016
- Olof Seidel – CFO/COO  
Member of the Managing Board from 1 January 2020
- Christoph Dieng – CRO  
Member of the Managing Board from 3 February 2017
- Christoph Schulz – CCO/CPO  
Member of the Managing Board from 1 September 2006
- Günter Tallner – CCO/CPO  
Member of the Managing Board from 3 February 2017 to 31 December 2021
- Jörg Frischholz  
Member of the Managing Board since 16 November 2021; Chairman of the Managing Board/CEO from 1 January 2022
- Ingrid Spletter-Weiß  
Member of the Managing Board since 1 December 2021; CCO/CPO from 1 January 2022

For further information on the responsibilities and CVs of current members of the Managing Board, please see the Bank's website (<https://www.nordlb.de>).

The Supervisory Board of NORD/LB consists of 18 members, of which twelve are representatives of the owners and a further six are employee representatives elected by the bank's employees in accordance with the provisions of the Lower Saxony Personnel Representation Act (NPersVG). The Chairman of the Supervisory Board is the Finance Minister of the state of Lower Saxony. The Supervisory Board is responsible for advising the Managing Board and supervising its management activities. It may form further committees. Current and former members of the Managing Board are not represented on the bank's Supervisory Board. It is not possible for former members of the Managing Board to become Chairman of the Supervisory Board.

The Owners' Meeting represents the owners of the Bank. It decides, for example, on the general orientation of the business policy or changes in equity capital.

Please see the 2021 Group Annual Report regarding the composition of the Supervisory Board and the Owners' Meeting. For further information, please also see the State Treaty and the statutes of NORD/LB, which are publicly available on the Bank's website.

## Memberships of associations and interest groups

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In the following organisations, members of NORD/LB's Managing Board held an active mandate in the reporting period (in alphabetical order of the organisations):

**Table 3: Membership**

| Organisation                                                                                                                                        | Mandate holder   | Interest group                                                                                  | Position         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------------------|------------------|
| <b>Hanover Stock Exchange<br/>Lower Saxony Hanover Stock<br/>Exchange</b>                                                                           | Thomas Bürkle    | Stock Exchange Council                                                                          | Chair            |
| <b>Brunswick Higher Education<br/>Association</b>                                                                                                   | Christoph Schulz | Governing Board                                                                                 | Member           |
| <b>Association of German<br/>Public Banks (VÖB)</b>                                                                                                 | Thomas Bürkle    | Managing Board                                                                                  | Member           |
|                                                                                                                                                     | Günter Tallner   | Corporate Banking<br>Committee<br>Capital Markets Committee                                     | Member<br>Member |
|                                                                                                                                                     | Christoph Dieng  | Committee on Risk<br>Management and<br>Accounting                                               | Member           |
| <b>Deutscher Sparkassen- und<br/>Giroverband (DSGV)</b>                                                                                             | Christoph Schulz | Operations Committee                                                                            | Member           |
|                                                                                                                                                     |                  | Communications and Media<br>Committee                                                           | Member           |
|                                                                                                                                                     |                  | Sales Committee                                                                                 | Member           |
|                                                                                                                                                     |                  | German Sparkassenstiftung<br>for International<br>Cooperation                                   | Member           |
|                                                                                                                                                     | Thomas Bürkle    | GZ Manager Conference                                                                           | Member           |
|                                                                                                                                                     |                  | Managing Board                                                                                  | Member           |
|                                                                                                                                                     |                  | Control body of the<br>Institutional Protection<br>Scheme of the Savings Banks<br>Finance Group | Member           |
|                                                                                                                                                     |                  | Members' meeting                                                                                | Member           |
| <b>Die Braunschweigische<br/>Stiftung foundation</b>                                                                                                | Christoph Dieng  | Monitoring committee of the<br>Sicherungsreserve der<br>Landesbanken und<br>Girozentralen       | Member           |
|                                                                                                                                                     | Thomas Bürkle    | Board of Trustees                                                                               | Chair            |
| <b>Friends of Herrenhäuser<br/>gardens</b>                                                                                                          | Christoph Schulz | Managing Board                                                                                  | Deputy Chair     |
|                                                                                                                                                     | Thomas Bürkle    | Board of Trustees                                                                               | Member           |
| <b>FIRM "Gesellschaft für<br/>Risikomanagement und<br/>Regulierung" Owned by the<br/>Frankfurt Institute for Risk<br/>Management and Regulation</b> | Christoph Dieng  | Managing Board                                                                                  | Member           |

|                                                                                    |                  |                                                                            |                 |
|------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------|-----------------|
| <b>Hannover Center of Finance (HCF)</b>                                            | Olof Seidel      | Board of Trustees                                                          | Deputy Chair    |
| <b>Hanover Industry Club</b>                                                       | Günter Tallner   | Advisory Board                                                             | Co-opted member |
| <b>Hanover Chamber of Commerce and Industry</b>                                    | Günter Tallner   | Ausschuss für Industrie und Forschung (Committee on Industry and Research) | Member          |
| <b>Institute of North German Economics (INW)</b>                                   | Thomas Bürkle    | Board of Trustees                                                          | Member          |
| <b>Kestner Gesellschaft</b>                                                        | Thomas Bürkle    | Board of Trustees                                                          | Member          |
|                                                                                    |                  | Managing Board                                                             | Member          |
| <b>Children of Chernobyl, a foundation of the state of Lower Saxony</b>            | Günter Tallner   | Board of Trustees                                                          | Member          |
| <b>Leibniz Universitätsgesellschaft Hannover</b>                                   | Olof Seidel      | Managing Board                                                             | Member          |
| <b>NORD/LB Cultural Foundation</b>                                                 | Thomas Bürkle    | Managing Board                                                             | Chair           |
|                                                                                    | Christoph Schulz | Managing Board                                                             | Member          |
| <b>Kurt-Weill-Gesellschaft</b>                                                     | Günter Tallner   | Board of Trustees                                                          | Member          |
| <b>Lower Saxony Hanover Stock Exchange</b>                                         | Thomas Bürkle    | Managing Board                                                             | Deputy Chair    |
| <b>Lower Saxony Savings Banks Foundation</b>                                       | Christoph Schulz | Foundation Board                                                           | Member          |
|                                                                                    | Thomas Bürkle    | Managing Board                                                             | Member          |
| <b>German Savings Banks Foundation for International Cooperation</b>               | Christoph Schulz | Board of Trustees                                                          | Member          |
| <b>Savings Banks Association of Lower Saxony (SVN)</b>                             | Thomas Bürkle    | Managing Board                                                             | Member          |
| <b>Donors' association for the promotion of humanities and sciences in Germany</b> | Thomas Bürkle    | State Board of Trustees of Lower Saxony                                    | Member          |
| <b>Foundation for Photography and Media Art with the Michael Schmidt Archive</b>   | Thomas Bürkle    | Board of Trustees                                                          | Member          |
| <b>Support facility of BLB</b>                                                     | Thomas Bürkle    | Advisory Board                                                             | Chair           |
|                                                                                    | Christoph Schulz | Advisory Board                                                             | Member          |
|                                                                                    | Olof Seidel      | Advisory Board                                                             | Member          |
| <b>NORD/LB provident fund</b>                                                      | Thomas Bürkle    | Managing Board                                                             | Chair<br>Member |
|                                                                                    | Olof Seidel      | Managing Board                                                             | Deputy Chair    |
| <b>Association of the Friends of the Sprengel Museum</b>                           | Christoph Dieng  | Managing Board                                                             | Member          |

# Our corporate governance

## Ethics, integrity, lawful conduct and anti-corruption

Ethics and integrity as well as lawful conduct and anti-corruption were identified as key issues in the materiality analysis.

UNGC

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-1

Corrupt or unethical conduct as well as violations of the laws by individual persons or companies harm society and its members in many ways. The financial services industry plays an important role in preventing this.

In times of increasing financial crime, banks around the world face a particular challenge and are equally vulnerable. They are thus exposed to the inherent risk of being misused for the purposes of money laundering and the financing of terrorism, or of favouring the anonymity of business relationships and transactions. Ever new methods are being used to "launder" money and assets derived from illegal activities such as corruption in the wider sense, robbery, blackmail, drug and arms trade or tax evasion via payment systems, new financial products or technologies and to channel them into the legal financial and economic cycle, concealing their true origin. Terrorists also try to provide and collect legal or illegal funds from banks in order to finance terrorist activities. Such processes must be prevented in a targeted manner by means of comprehensive preventive measures and comprehensive sensitisation of all employees.

At the same time, it is essential to maintain the confidence of market participants and customers in the proper conduct of banking business. Likewise, the company's own reputation and the trust of customers and business partners are important intangible assets for financial institutions and are of key importance for their success. The financial losses (e.g. from liability payments or fines) and the consequences of reputational damage can be significant for the institution and therefore for the owners also. For these reasons, the Bank's own business activities must be conducted with the utmost care and caution in order to maintain trust and protect the institution and its employees and owners from material or intangible damage.

The above-mentioned issues are also focused on by the legislator and the supervisory authorities. The overall economic importance of the industry, the complexity of banking transactions and the diversity of products, structures, processes and systems mean that a large number of regulations and requirements are relevant for financial institutions. These include not only the provisions of "traditional banking supervisory law", but also provisions under civil and tax law at German, European and international level. At the same time, the size and complexity of a company's business activity also increases the complexity of regulatory requirements and thus the risk of not adequately fulfilling them. Targeted management and consistent implementation in the governance structure are therefore indispensable.

As part of society, the NORD/LB Group considers it an important task to prevent criminal acts as best as possible and to do justice to the trust placed in it by employees, customers and business partners through its practised ethical, moral and lawful conduct and to maintain and build on this trust. This includes complying with regulatory requirements, lawful conduct and a zero tolerance policy towards paying bribes, accepting bribes and obtaining undue advantages.

Due to its international alignment and associated global activities, the NORD/LB Group is also subject to a wide range of country-specific and international legal regulations. By complying with applicable regulations, each individual employee is expected to act in the interests of the NORD/LB Group. Legal prohibitions and obligations must be strictly observed, even if this may be inappropriate or economically unfavourable from the point of view of the individual or the company. Lawful conduct always takes precedence in cases of doubt. If there are contradictory requirements or stricter or more comprehensive laws and regulations, the stricter regulations must generally be applied.

Acting with integrity and in compliance with the law ensures the bank's future viability and thus also jobs. An absolute safeguard that ensures that a financial institution and its employees will behave in full compliance with the rules in all business activities at all times does not exist. However, there are appropriate strategies and security measures in place to mitigate the risk. At the same time, this gives employees the certainty that they are working for a legally compliant and integrity-based company which they are happy to work for without ethical concerns.

Both issues have an internal and external impact and without further limitation due to the industry's global interdependencies and the associated requirements. They are relevant for the entire NORD/LB Group and are also of particular importance for society, investors, customers and employees.

## Code of Conduct

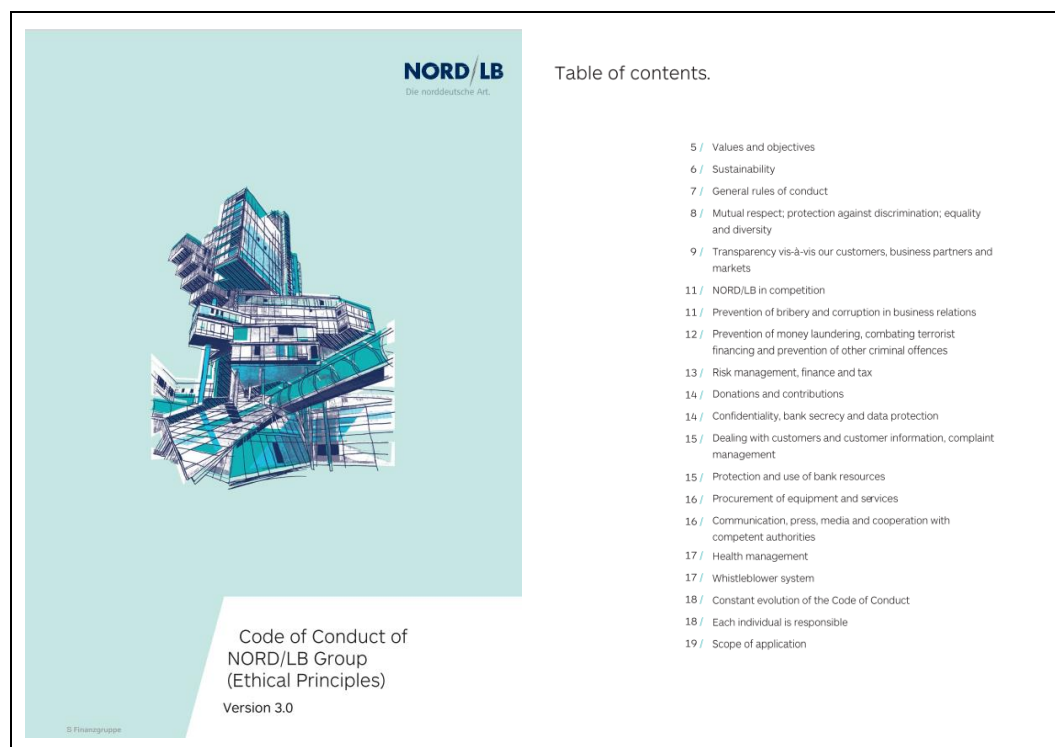
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Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2 102-16

NORD/LB has published a Code of Conduct for the NORD/LB Group in order to combine the bank's requirements for compliance with the law with ethical conduct and thus link corporate success with social responsibility. The Code of Conduct is publicly available on the intranet and on NORD/LB's website in German and English. It forms the framework for integrity-based, value awareness and fair conduct and is binding for all members of the Managing Board, managers and employees. The company-wide communication was carried out directly by the Managing Board and was supplemented with information on the existing whistleblower system.

The subsidiaries of the NORD/LB Group have based their own principles of conduct on NORD/LB's Code of Conduct.

**Figure 4: Code of conduct**



The Code of Conduct contains, among other things, clear commitments to prevent conflicts of interest, to combat corruption and to prevent money laundering, the financing of terrorism, fraud or other criminal offences.

NORD/LB does not tolerate any form of corruption, including paying or accepting bribes as well as accepting or granting advantages, either in public or private business transactions. Every employee is called upon to behave dutifully and not to accept or grant any benefits that materially or immaterially improve the economic legal or personal situation of the recipient without being entitled to this. The Bank wants to avoid even the appearance that a business activity could be related to a socially unaccepted or even criminal benefit.

The trust of customers, employees and the public in NORD/LB's performance and integrity is a valuable asset. In order to justify this trust, the employees provide their services with the best possible expertise, care and diligence and the necessary protection of the customer's interests. All employees avoid situations in which their personal interests conflict with the interests of the NORD/LB Group or even only appear to conflict. Private transactions and transactions of the NORD/LB Group must be strictly separated. NORD/LB pursues a zero tolerance policy here: legal provisions to avoid conflicts of interest and the strict separation of different business areas with access to sensitive customer data and information ("Chinese walls") must be observed.

It goes without saying that honest and fair dealings with one another are a basic prerequisite for cooperation. Employees must therefore comply with ethical and legal standards in their conduct. Cooperation with customers, employees, suppliers and other business partners is based on mutual trust and respect. This also applies in particular to the contact of different lifestyles and concepts, cultures and nationalities. Deliberate or negligent misconduct in the provision of financial services are not tolerated and, if necessary, sanctioned under employment law.

In addition, further framework guidelines set out rules and principles that are intended to ensure a common minimum standard in NORD/LB Group companies.

## Whistleblower system and ombudsman

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Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2 Z: 102-17

NORD/LB is legally obliged to take appropriate measures to protect itself against criminal offences committed internally or externally. Effective protection or the prevention of losses resulting from such actions is also an important component of the Bank's risk management. At the same time, the Bank meets its own standards of ethics and integrity.

Any attempt at punishable, criminal or dishonest acts will be condemned by the Bank as a serious and unacceptable offence. The Bank will make every effort to prevent such actions or at least detect them as early as possible and to limit risks to the lowest possible potential. An important element here is aware and attentive employees and the possibility of providing information without fear of reprisals.

The NORD/LB Group has set up a whistleblowing system which serves, among other things, to combat criminal and illegal activities. An external ombudsman responsible for NORD/LB and all its subsidiaries has undertaken to assist with this, for example, and all employees, members of executive bodies, customers and business partners can contact an external ombudsman in confidence and anonymously if required. This ensures that whistleblowers do not have to fear any disadvantages, even if the information turns out to be unfounded.

NORD/LB's appointment of an ombudsman is guided by the guidelines of the German Corporate Governance Code. This function is performed by a solicitor who acts as a mediator between the bank and the whistleblower. The solicitor transmits information and maintains the anonymity of the whistleblower.

After an initial check, the ombudsman will forward the information provided to the responsible contact person within the bank. This person is responsible for initiating the necessary further internal steps. In addition, the ombudsman can not only advise the whistleblower on problems, but can also help and advise the whistleblower in discontinuing any criminal conduct. If the whistleblower wishes to remain anonymous, this must be ensured by the ombudsman, since the ombudsman is subject to both the professional secrecy and the right to refuse to give evidence. The whistleblower also does not incur any costs as a result of the involvement of the ombudsman; these are borne by the Bank.

Employees are regularly informed about the ombudsman, its tasks and activities as well as its availability. The corresponding contact details of the ombudsman are published on NORD/LB's intranet and on the internet and are therefore freely accessible to any whistleblower. In addition, all employees have the option of reporting



relevant processes to management, the responsible member of the Managing Board, the HR department, the Legal department, the Internal Audit department and the Compliance department.

Customers can also submit any complaints via a complaint management system. The complaints management principles and information on the complaints management procedure can be found on the Bank's website: <https://www.nordlb.com/legal-notice/conciliation-committee>.

Irrespective of any reports submitted, the Compliance department has comprehensive inspection and audit rights in legally and ethically relevant matters. These can be carried out either at fixed intervals, for example for reporting obligations, or on a sample basis at any time if required. These also result in the mechanisms for detection.

## Management of compliance-relevant issues

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Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2

NORD/LB's aim is to ensure ethics and integrity as well as lawful conduct within the Bank. This is achieved through a variety of measures, including compliance management. A series of internal guidelines, processes and specifications specify conduct guidelines and clearly defined scopes for action for employees. This reduces the risk of employees acting unintentionally at the expense of the Bank or violating laws or regulations. The members of the Managing Board of the NORD/LB Group have committed the employees to conduct themselves in accordance with the Code of Conduct and underpin this requirement with a Corporate Compliance Policy.

NORD/LB has established a compliance management system based on the IDW PS 980 standard.

The basic elements of the compliance management system include:

- the definition of key objectives to be achieved with the assistance of the compliance management system,
- the definition of essential sub-areas and the rules to be complied with in the sub-areas,
- the identification of significant compliance risks,
- systematic risk identification with risk assessment and consistent implementation and process-related monitoring of processes within the Bank,
- the introduction of risk-minimising principles and effects based on the identified risks,
- informing employees and, where applicable, third parties about roles and responsibilities,
- advising the specialist departments with regard to the implementation and compliance with all statutory and supervisory regulations and obligations,
- the definition of a reporting channel for identified risks, identified rule violations and detailed information as well as
- monitoring of appropriateness and effectiveness (incl. reporting).

The NORD/LB Group institutions have specialised compliance officers. The respective compliance officers and anti-money laundering officers (incl. those appointed by the central office) are reported to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin) or equivalent foreign institutions. The responsibilities of the head of compliance and the compliance areas of NORD/LB and its subsidiaries include, in particular, capital market compliance, prevention of money laundering and terrorism financing and other criminal offences (fraud) as well as compliance with financial sanctions/embargoes. The NORD/LB Group's regulatory compliance divisions continuously identify new or amended banking supervisory regulations and inform the relevant departments of the need for action. In addition, the specialist departments are assisted in the implementation, which is monitored and evaluated. The Managing Board is regularly informed about the progress.

In addition, appropriate technically supported preventive measures are also defined as part of the existing risk management. For example, the Bank's business and customer-related security systems are designed not to enter into or continue business relationships that serve economic criminal purposes or promote anonymous transactions. If there are any indications of suspicious transactions, a suspected money laundering report is created.

Awareness-raising of employees includes internet-based learning programmes and publications on the company's intranet.

By establishing an independent and effective whistleblowing system (see above for the whistleblowing system and ombudsman), employees, customers and business partners have several reporting channels at their disposal to provide information in anonymised form.

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-3  
Z: 205-1

Regular hazard/risk analyses (in the following only referred to as risk analyses) represent an important basis for a preventive compliance management system and simultaneous evaluation of the measures implemented. This ensures that risks are not only identified, but also classified correctly.

NORD/LB conducts annual risk analyses in all compliance-related areas (prevention of money laundering, terrorism financing and fraud, capital market compliance and Minimum Requirements for Risk Management (MaRisk). These risk analyses allow an assessment and evaluation of possible risks. Specific risk reduction measures are also derived from all risk analyses. For example, area-related scenarios on corruption and other criminal offences as defined in Section 25h (1) Sentence 1 of the German Banking Act (Kreditwesengesetz: KWG) are investigated and their criticality evaluated on the basis of external statistics and internal assessments. These risk analyses are compared with the existing preventive measures in order to determine the remaining residual risk and to develop further preventive measures. Possible measures for the prevention of money laundering and terrorism financing as well as fraud include the derivation of a risk-oriented monitoring plan, the creation of a training concept as well as measures for the implementation of the Know Your Customer principle. In addition, all customers and transactions are checked by the system, for instance for specific suspicions or embargoes and financial sanctions.

The Managing Board is informed of the results annually as part of the risk report. The risk analyses and internal security measures based on the provisions of the applicable Anti-money Laundering Act must also be approved by the responsible member of the Managing Board.

In addition, all these issues are also subject to regular and comprehensive internal and external audits.

## Management of conflicts of interest

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2  
Z: 102-25

The NORD/LB Group defines a conflict of interest as a situation in which the interest of the customer or the interest of the Bank could conflict with the interest of the employee. All NORD/LB employees therefore avoid situations in which their personal interests conflict with NORD/LB's interests or even the appearance of conflict may arise. A conflict of interest may arise, for example, if the employee recommends transactions in shares to customers within the scope of their advisory skills, which they themselves have in their portfolio and thus wish to positively influence the value of their shares.

Conflicts of interest may arise when several persons are interested in realising certain business opportunities or when one party can only realise its own interests at the expense of another party. In principle, this may be the case in the relationships between the Bank and/or employees with the customer or business partner, the Bank with employees and between customers.

The aim of the Bank is to justify and maintain the trust of customers, employees and the public in the performance and integrity of the Bank. To this end, the Managing Board members of NORD/LB and the subsidiaries have commissioned the respective compliance divisions to monitor and avoid conflicts of interest.

For the particularly sensitive area of investment services and ancillary services, the Compliance departments ensure that transactions with conflicts of interest are not processed.

In addition, the Compliance departments work to ensure that the statutory provisions on the avoidance of conflicts of interest are complied with. The disclosure of confidential information that may have an impact on securities prices is monitored by NORD/LB's Compliance department, which is independent of the trading, business and settlement departments. The Compliance department may impose necessary trading prohibitions and restrictions to ensure that information that may affect securities prices is not misused and to prevent confidential information from being disclosed to departments that may give rise to a conflict of interest.

Employees are an important pillar in avoiding conflicts of interest. All employees of the NORD/LB Group undertake to perform their services with the best possible expertise, care and diligence. Every employee is responsible for identifying potential conflicts of interest and informing the Compliance departments of this before the customer makes use of the respective service. Suitable measures for managing the conflict of interest are developed in cooperation between the specialist department and the Compliance departments.

In the event of unavoidable conflicts of interest, which may arise due to the different information situation between the customer and the bank, as well as customers and employees, it is ensured that customer orders are executed in accordance with the customer's interests.

All employees are also required to avoid situations in which their personal interests conflict with the interests of the bank or of a customer, or which even give the impression that they may come into conflict. Such situations must generally be avoided or desisted from; the Compliance department regulates the other notification and approval processes in instructions.

Conflicts of interest must also be observed when carrying out employee transactions; neither the interests of customers nor the bank's reputation and solvency must be negatively affected. The legal requirements for rules of conduct for employees in relation to employee transactions from European legal requirements, e.g. the Financial Market Directive 2014/65 EU (MIFID II), The Second Financial Market Amendment Act (2.FiMaNoG), the Securities Trading Act (WpHG) and the respective country-specific regulations of the subsidiaries and branches located there are fully complied with by the NORD/LB Group institutions.

In order to avoid unfair conduct and conflicts of interest, the bank has issued rules of conduct for employee transactions, taking into account the legal and supervisory framework conditions. These provisions are governed by corresponding work instructions and the employee guidelines, which are binding for all members of the Managing Board, managers and employees.

## Prevention of insider trading

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2

The NORD/LB Group defines insider information as non-public, precise information that relates directly or indirectly to one or more issuers or one or more financial instruments and which would be likely to have a significant effect on the market price of these financial instruments or related derivative financial instruments if it were to become publicly known.

As a result of their work, the employees of the NORD/LB Group may have access to information that is not available to other persons and can be used for their own benefit. Employees who typically or for special reasons have access to inside information of a listed company are also monitored separately by the Compliance department.

Employees and members of executive bodies are prohibited from exploiting inside knowledge in order to buy or sell insider securities for their own account or for the account of a third party. Furthermore, they may not disclose or otherwise make the inside information available to third parties without authorisation or use it for the submission of investment recommendations. This also includes disclosure within the bank. Disclosure to other employees is only permitted if the information is required for the performance of official duties and these employees are formally entitled to receive the information.

## Prevention of money laundering and terrorism financing

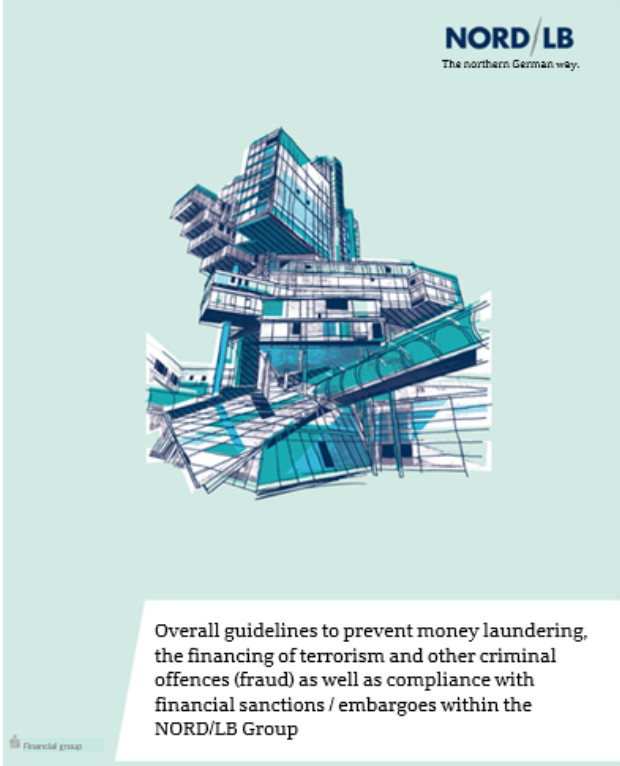
Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2

The NORD/LB Group defines money laundering as a process in which illegally acquired money is "laundered" and fed into the legal financial and economic cycle, with its true origin concealed. The money and assets can come from corruption, robbery, blackmail, drug and arms trade or tax evasion. In contrast, the Bank defines terrorist financing as the provision also of legal assets for the execution of terrorist acts. These are crimes which, by their nature or context, can seriously harm a country, organisation or international body and which are committed intentionally with the aim of intimidating the population, forcing public authorities to act or refrain from acting, or destabilising or destroying a country's fundamental structures.

In times of increasing financial crime, credit institutions around the world are particularly vulnerable to being misused for the purposes of money laundering and terrorist financing or to promote the anonymity of business relationships and transactions. Targeted combating of money laundering, organised crime and international terrorism must also take place in credit institutes and make it more difficult to invest profits from criminal activities and cash flows that are used to finance terrorist activities.

A zero tolerance principle applies to all NORD/LB Group institutions. In its framework guideline for the prevention of money laundering, terrorist financing and other criminal acts (fraud), NORD/LB sets out a standard for appropriate and effective prevention, detection and response in connection with money laundering, terrorist financing and economic crime for the NORD/LB Group as well as for compliance with the associated embargoes and financial sanctions.

**Figure 5: Overall guidelines to prevent money laundering, the financing of terrorism and other criminal offences (fraud) as well as to ensure compliance with financial sanctions/embargoes at the NORD/LB Group**

|                                                                                    |                                                                                                                   |                                                                              |  |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--|
|  |                                                                                                                   | <p style="text-align: right;"><b>NORD/LB</b><br/>The northern German way</p> |  |
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This Group overall guideline specifies the essential elements and principles of effective management for the prevention of money laundering, terrorism financing, other criminal offences and compliance with embargoes and financial sanctions, which each NORD/LB Group institution must have as a minimum. Furthermore, it describes the roles and responsibilities of the departments that play a special role in ensuring compliance with the rules and avoiding losses or reputational risks. Appropriate preventive and educational measures are intended to prevent or impede money laundering, terrorism financing and economic criminal activity from inside and outside to the detriment of the NORD/LB Group and ensure compliance with embargoes and financial sanctions. Rapid and consistent action in the event of an emergency should help to avoid violations of rules, economic losses and damage to the company's image as far as possible.

An essential part of the procedures to combat money laundering and terrorism financing is to identify the customer by means of official documents and other relevant information with the use of customer due diligence. If there are justified doubts during an initiation of business or the performance of a transaction, the implementation must be refused. NORD/LB also decides on consequences under civil and/or criminal law as well as under labour law or other consequences for all acts that are discovered or become known and cooperates fully with state investigating authorities.

#### Customer due diligence:

- Identification of the contractual partner, including authorised representatives in the case of legal entities/pluralities of persons and, if applicable, the person acting on their behalf and checking whether the person acting on their behalf is authorised to do so
- Determination of the business purpose
- Clarification of the beneficial owner
- Monitoring of the business relationship and, if necessary, clarification of the origin of the assets, including updating of documents and data
- Recording of the holders of rights of disposal for accounts/securities accounts/security deposit boxes/securities held
- Special obligations for politically exposed persons (PEPs)
- Special obligations with regard to correspondence relationships

- Obligation to terminate
- Customer profiling

#### Internal safeguards

- Development of internal principles, procedures and controls
- Reliability test
- Training and instruction of employees
- Creation and maintenance of a whistleblowing system
- Submission of reports of conspicuous circumstances
- Internal investigations for evidence of any kind

Suspected cases must be forwarded to the anti-money laundering officer, who will check all reported suspected cases for relevance. The Anti-Money Laundering Officer is available to all employees in an advisory capacity for queries regarding the determination of suspicion and receives confidential information about suspicions relating to other criminal offences. The Anti-Money Laundering Officer must also be informed immediately if there is suspicion of any other criminal offence or damage already occurred as a result by third parties, customers or employees at NORD/LB.

Each of the NORD/LB Group institutions have created centralised departments to prevent money laundering, terrorism financing and protection against other criminal offences (fraud) or have outsourced these to NORD/LB. NORD/LB's anti-money laundering officer is also responsible for the central department within the meaning of section 25h of the German Banking Act (KWG). Within the framework of the requirements for NORD/LB as parent company, the anti-money laundering officer as such is also responsible for the NORD/LB Group. In addition to the tasks of preventing money laundering, terrorism financing and other criminal offences (fraud), compliance with financial sanctions/embargoes is also reported to the Managing Board and Internal Audit.

All institutes of the NORD/LB Group follow a risk-based Know Your Customer business policy, which complies with the applicable laws, for example within the framework of the German Anti-Money Laundering Act (GwG) and regulatory requirements.

## Prevention of other criminal offences (fraud)

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2 102-16

The term "other criminal offences (fraud)" has not been conclusively defined by the German legislator. The definition of the NORD/LB Group considers other criminal offences (fraud) as all intentional criminal offences committed by one or more internal or external persons, committed against an institution of the Group or a service provided by it and which may lead to a material threat to the assets of the Group as a whole, whereby operational loss events including possible reputational damage are also meant here. Other criminal offences (fraud) include for example property offences, asset offences, corruption offences and insolvency and tax offences.

The prevention of corruption and other criminal offences (fraud) also has a very high priority at the NORD/LB Group. In order to protect the company, but also its reputation and its assets, all the institutions of the Group take active and consistent action with suitable preventive measures against all manifestations of economic crime or violations of applicable law. The NORD/LB Group complies with the statutory requirements for the prevention of other criminal offences (KWG, GwG or equivalent national and international provisions).

NORD/LB also constantly examines its risk of suffering losses due to corruption on the basis of claims from various institutions and regularly adjusts its preventive measures. Immediately after the occurrence of the event, special expert committees deal with major losses in-house, which, in addition to limiting damage, deal in particular with the prevention of future similar damage by adapting the instructions and controls in the institution.

Furthermore, as part of the integrated risk assessment, specialist departments were also surveyed with regard to basic fraud relevance. This methodology is now used throughout the NORD/LB Group for risk assessment.

## Prevention of corruption, paying bribes and accepting bribes

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2

The NORD/LB Group defines corruption as an abuse of a position of trust or decision-making authority, combined with the intention of gaining an unjustified advantage in connection with public, economic or political responsibility. Bribery is committed when a decision maker is offered a consideration for the performance of an economic act in which the decision maker breaches his fiduciary duty to the principal. The decision maker concerned, who accepts this consideration, is guilty of bribery. It is irrelevant whether he accepts the benefit personally or for a third party.

The Code of Conduct contains clear guidelines for avoiding corruption, for the payment and acceptance of bribes as well as for accepting and granting advantages. Supplementary internal guidelines describe the permissibility of accepting or granting invitations and gifts as well as the requirements for the settlement of hospitality and material expenses. Employees are obliged to report all invitations and gifts electronically for reasons of transparency

The NORD/LB Group institutions do not tolerate corruption, paying or accepting bribes, or granting or accepting advantages in business transactions. In addition to the applicable legal requirements to be strictly observed in this regard, NORD/LB also complies with the 10th Principle of the UN Global Compact, which NORD/LB has signed: "Anti-corruption: Businesses should work against corruption in all its forms, including blackmail and bribery".

Z: 205-2

Supporting training on the prevention of conflicts of interest in relation to invitations and gifts is used to ensure correct conduct.

Topic-specific disclosure of ethics and integrity as well as lawful conduct and anti-corruption 205-3

Thanks to comprehensive preventive measures, there were no corruption-related losses in 2021.

## Integrity check

Management approach to ethics and integrity as well as lawful conduct and anti-corruption: 103-2

The NORD/LB Group aims to justify and maintain the trust of customers, employees and the public in the performance and integrity of the Bank. As part of business initiation and/or the expansion of a business relationship, the NORD/LB Group institutions therefore conduct a separate integrity check using a defined catalogue of criteria for credit or trading transactions, business relationships with intermediaries and brokers or suppliers and service providers.

The Bank's business and customer-related security systems are designed not to enter into or continue any business relationships that relate, for example, to money laundering, terrorism financing, other criminal offences or relevant sanctions and embargoes, or that are attributable to high reputational risks for the Bank. The respective integrity check is carried out on the basis of publicly available information (including comparison with sanctions lists, internet research, institute and office information, SCHUFA enquiry) and must be documented separately.

If the check reveals indications that the potential business partner has been convicted of criminal proceedings, for example, or has been punished by a state supervisory authority, measures such as fraud prevention management, among others, are taken. Here, for example, the available information must be checked for reputational and business risks, the business relationship must be approved and, if necessary, the customer risk must be adapted.



## Training on compliance-related topics

UNGC

Management approach to ethics and integrity as well as lawful conduct and anti-corruption | Information security and data protection: 103-2

Z: 205-2

The planning and implementation of target group-oriented employee training and the support of the operational departments in conducting their own training events are entrenched in the Corporate Compliance Policy of the NORD/LB Group.

The aim is to increase employees' understanding of compliance-related issues and thus improve awareness in the performance of tasks and at the same time enable employees to act in accordance with the law. NORD/LB always trains as needed. For this reason, a distinction must be made between regular statutory, mandatory training courses, target-specific training courses and event-related measures.

Mandatory training resulting from legal requirements (e.g. AGG, MaRisk, compliance, data protection and information security) are organised centrally or via the Compliance department. NORD/LB complies with all the legal requirements for training. The statutory mandatory training courses take the form of web-based training (WBT) and/or face-to-face training on a regular basis and are mandatory for all employees of NORD/LB and NORD/LB Luxembourg, including their Managing Board members.

The statutory mandatory training courses based on the German Securities Trading Act (WpHG), the German Anti-Money Laundering Act (GWG), the Federal Data Protection Act (BDSG), the Minimum Requirements for Risk Management for Banks (MaRisk) and the standards derived therefrom (this applies in corresponding form to equivalent standards of the legal systems relevant to the branches) currently include:

- Data protection/GDPR, valid for three years
- Information security, valid for two years
- Minimum Requirements for Risk Management (MaRisk), valid for three years

In addition, the HR department will conduct mandatory training on equal treatment in day-to-day work (General Equal Treatment Act – AGG) in the form of a WBT valid for three years.

All WBTs finish with a test. Successful participation must be documented by all employees in the system or by means of a participation certificate. IT-supported target-actual comparisons are carried out on a monthly basis; in the absence of the required qualification, a technical request is made to employees to participate in the WBT. Managers are informed of the required WBTs of their employees on a quarterly basis.

In addition, needs-based training is offered on an ad hoc basis, such as for employees of all specialist departments entrusted with the processing of customer transactions, and on the Foreign Account Tax Compliance Act (FATCA). The training sessions are precisely structured across disciplines and the relevant departments are defined.

# Information security and data protection

Information security and data protection were identified as key issues in the materiality analysis.

## Information security

Management approach to information security: 103-1

Financial services companies deal with a wide variety of information. Such information and the resources required for processing (e.g. IT systems, applications, forms, letters, print-outs) represent fundamental values. Their protection is indispensable in order to maintain and strengthen performance and competitive position, the trust of business partners, customers and employees and their reputation in the public domain and to prevent misuse.

The protection of information includes both the security of IT systems, the protection of electronic data and the protection of information that is not processed electronically. This means that information (incl. personal details) must be protected against access by unauthorised persons on the one hand (confidentiality), and that the correctness (integrity), availability and non-repudiation of information must be ensured on the other hand.

As such, threats such as through hacking attacks, password theft, phenomena such as social engineering, phishing or man-in-the-middle attacks, but also ignorance and human misconduct, all companies handling information, especially in the context of cybercrime, pose new, changing and greater challenges. Against the backdrop of the coronavirus pandemic in particular, a further significant increase in threats related to cybercrime was recorded. The rapid shift towards a digital world has created new attack vectors for cybercriminals. This is partly due to the increased use of mobile working.

Due to the global networking of today's information flows, this issue has an impact both internally and externally without further limitation. It is relevant for the entire NORD/LB Group and is also of particular importance for investors, customers and employees.

Management approach to information security: 103-2

The requirements for information security are regulated by law at all NORD/LB Group locations and implemented in governance. NORD/LB is aligned with the international standard ISO 27001. At the German sites, the NORD/LB Group institutions comply with a wide range of regulatory, legal and contractual requirements:

- German Banking Act (KWG) sections 25a, 25b and 25c
- General Data Protection Regulation (GDPR)
- New Federal Data Protection Act (BDSG-neu)
- German Commercial Code (Handelsgesetzbuch: HGB), risk management of information processing
- Minimum requirements for risk management (MaRisk)
- Banking supervisory requirements for IT (BAIT)
- Second Payment Services Directive (PSD2)
- IT Security Act (IT-SiG) and Kritis Regulation (KritisV)
- Circulars from banking supervisors such as the Federal Financial Supervisory Authority (BaFin)
- Group information security requirements
- Contractual security obligations with third parties

Specific similar regulations apply to the foreign locations.

Pursuant to section 25a of the German Banking Act (KWG), institutions must have adequate personnel and technical and organisational equipment for risk management. The requirements for risk management are specified in the Minimum Requirements for Risk Management (MaRisk).

The Managing Board is responsible for all matters relating to information security. It forms an integral part of the NORD/LB Group's business and risk policy. Irrespective of this, it is the task of every employee to comply with the rules on information security and to protect sensitive information. Based on the business strategy and the information security strategy (as part of the risk strategy), the corresponding security specifications are operationalised via guidelines on information security and information security guidelines in manuals and work instructions and made available to every employee of the Group. The corresponding organisational guidelines apply throughout the Bank and are supplemented by regular mandatory training and awareness-raising for all employees on information security-related topics.

In order to implement and maintain an appropriate level of information security, the Managing Board of NORD/LB has appointed a chief information security officer (CISO) at Group level. The CISO is the highest authority of the information management system in the Group and has the following tasks at Group level:

- Provision and coordination of a Group-wide information security strategy and obtaining approval from the Group Managing Board,
- Definition of an appropriate level of information security (Group standard) through technology-independent specifications for information security,
- Organisation of committees and management reviews, incl. preparation and follow-up,
- Advising and communicating with the Managing Board and the information security officers of the subsidiary institutions,
- Regular reports to the Managing Board,
- Provision of procedures and methods or support for appropriate information risk management,
- Initiation and coordination of Group-wide training and awareness-raising measures,
- Analysis of the effectiveness of the ISMS (e.g. by collecting and evaluating key figures) and definition of adjustments based on this.

The CISO has the following competencies:

- Specification competence for the NORD/LB Group,
- Permanent and direct reporting right to the Managing Board of the NORD/LB Group,
- Participation in the Risk Round Table,
- Convening of the ISMS Governance Group Committee,
- Information and inspection competence for monitoring the implementation of security requirements,
- Budget responsibility and decision-making power as the basis for fulfilling the CISO's tasks.

The subsidiaries have their own information security officers (ISO), who have been appointed by the respective Managing Board members.

The respective information security officers were commissioned by the Managing Board members with the development, implementation and continuous improvement of information security requirements. They report directly to the respective Managing Board and report directly, regularly and on an ad hoc basis. Their tasks include controlling and managing information security and its risks, conducting regular reviews and advising the Managing Board and specialist departments.

In order to achieve an appropriate level of information security, Group-wide, annual risk analyses are carried out based on the current threat situation. Information security requirements are derived by taking relevant standards and norms into account. Compliance with these specifications is checked regularly and on an ad hoc basis as part of the internal control system, audits and security checks. In addition, information security management is the subject of regular internal and external audits. Any information security incidents are analysed and solutions are developed with appropriate preventive measures.

## Data protection

Management approach to data protection: 103-1

Bank employees encounter a wide range of personal data. Protecting this data and the trust associated with its provision is a key task of a bank. Accordingly, the confidential, sensitive handling of personal data in the NORD/LB Group enjoys the highest priority and the legal obligations and requirements for data protection to be taken into account are of paramount importance. This applies both to the processing of personal employee and customer details as well as to the personal details of suppliers, consultants and other contractual partners in the NORD/LB Group. Banking secrecy is strictly maintained. Data and information are only used within the framework of strict purpose limitation and legal requirements.

NORD/LB must take into account the provisions of the General Data Protection Regulation (GDPR), the Federal Data Protection Act (BDSG) and other laws with data protection regulations. The statutory provisions on data protection apply to all natural persons, in particular customers and employees of the Bank. In addition to the proper handling of protected personal data, data protection also concerns the monitoring of compliance with the rights of data subjects affected by automated data processing and the basic obligations of special function holders with access to personal data within the Bank.

Management approach to data protection: 103-2

Every employee is responsible for complying with data protection regulations. On the part of NORD/LB and NORD/LB Luxembourg, data protection obligations of<sup>1</sup> all internal and external employees who handle personal data are subject to data secrecy; this obligation also applies beyond the employment relationship. The NORD/LB Group's data protection policy is set out in the Group Data Protection Framework Policy, which is applicable throughout the Bank in the respective institutions.

The data protection officer monitors, advises, regularly trains and raises awareness at the institutions of the NORD/LB Group to ensure compliance with data protection requirements. NORD/LB has its own data protection officers. NORD/LB Luxembourg has a data protection officer who is officially approved by the National Commission for Data Protection (Commission Nationale pour la Protection des Données (CNPD)) of the Grand Duchy of Luxembourg.

In order to ensure that all departments to be monitored are independent of technical instructions, the data protection officers are directly responsible to the Managing Board, which also bears overall responsibility for this function and monitors its effectiveness. They report at regular intervals or, if necessary on an ad hoc basis, directly to the Managing Board as a whole and on an ongoing basis to the responsible member of the Managing Board as part of day-to-day business.

Employees have the option of contacting the data protection officer for assistance. Customers can submit complaints via a complaint management system. The Bank's website provides the complaints management principles and information on the complaints management procedure on a freely accessible basis.

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<sup>1</sup> In Luxembourg pursuant to the coordinated version of the Law of 2 August 2002 on the protection of personal data with regard to data processing

Management approach to data protection: 103-3

In order to ensure and monitor compliance, adequacy and effectiveness of all data protection-related requirements, annual analyses are also carried out here on the basis of risk-oriented audit plans. Any incidents or complaints are analysed and solutions with appropriate preventive measures are developed.

Subject-specific information on data protection: 418-1

In the reporting period, no incidents under data protection law became known, for which NORD/LB, as the responsible body, had to initiate a report to the responsible data protection supervisory authority.

# Corporate governance and sustainable banking

The topic of the management of ESG issues and social-ecological impacts of the financing business was identified as a key topic in the materiality analysis.

UNGC

Management approach to management of ESG issues and social and environmental impacts of the financing business and CO<sub>2</sub> emissions: 103-1

Banks exert a significant influence on a sustainable economy and society, as they manage financial flows, enabling economic growth, creating jobs and providing social services. Many of their products and services indirectly affect the environment and society.

At the same time, more and more investors all over the world want to know what the specific social and environmental impact of their investment is. As a result, more and more investors and financial institutions are taking ESG aspects into account in their assessments and investment decisions and minimising negative impacts where possible. This includes refraining from making investments in certain areas, or curtailing such investments that they have already made, often with the help of sustainability ratings and research. As a result, sustainability and ESG topics have become a major economic driver at banks.

For instance, climate change is considered to be one of the greatest challenges of today and has noticeable consequences worldwide. The main driver is the emission of greenhouse gases, in particular CO<sub>2</sub>. Climate change has a significant impact on our ecosystems – whether due to droughts, increased rainfall, cold or hot periods. If an ecosystem changes, the living conditions for people, animals and plants living in the ecosystem also change.

Against the backdrop of the tremendous negative effects and the associated negative developments at a global level, such as the scarcity of water and resources, deforestation and the loss of biodiversity, companies and society are called upon to contribute to the protection of the natural environment.

The topic has an impact internally and externally, and because of the global interdependence of financial streams, there are no boundaries. The management of climate risks is relevant for the entire NORD/LB Group. By contrast, the negative impact of the financing and investment business particularly affects the corresponding business units and must be managed and controlled with the help of guidelines. Externally, both topics are of particular importance for investors, the capital market, customers, society and politics.

## Description of the handling of climate and environmental risks in accordance with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD)

The recommendations of the Task Force on Climate-Related Financial Disclosures are increasingly becoming the standard in reporting on the risks and opportunities of climate change for companies. As part of the Group Sustainability Report, NORD/LB reports for the 2021 financial year for the first time in accordance with the recommendations, which are structured as follows:

- Governance: Who is responsible for dealing with climate risks?
- Strategy: What impact do climate risks have on the business strategy?

- Risk management: What processes exist for identifying, assessing and managing climate risks?
- Metrics and objectives: Which measurement data and measures are used to achieve climate risk objectives (e.g. reduction of exposure to risks)?

By applying the recommendations of the TCFD, NORD/LB aims to make the impact of its business activities on the environment and society measurable and comparable for its stakeholders.

The TCFD recommendations are currently a challenging reporting format for companies, as, on the one hand, the required data basis is not yet fully available and, on the other hand, the risk assessment is not retrospective, but directed to the future and with a significantly longer time horizon than previously usual within the scope of risk assessments.

NORD/LB implements the recommendations with the aim of carrying out transparent reporting on the handling of climate risks at the reporting date in line with the requirements. For the coming years, the Bank intends to increasingly substantiate the content of the report as part of a progress report and to align it more closely with the recommendations.

## Governance

UNGC

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-2 102-11 102-18 Z: 102-19

The Managing Board of NORD/LB and the managing boards of the individual institutions are responsible for the sustainable development of the NORD/LB Group and are accountable for the results with respect to the owners. The entire Managing Board is supported in its tasks by NORD/LB's sustainability management. This department coordinates and analyses the requirements of stakeholders in the NORD/LB Group, which affect individual divisions within NORD/LB and the NORD/LB Group. The collaboration with the Group subsidiaries is similar: Impulses from the parent company – represented by sustainability management – are discussed, advised and presented to the Managing Boards of the institutes for implementation together with current focal points and topics at the working level.

In order to do justice to the broad scope of the topic of sustainability with its effects on the Bank's entire supply chain and the associated cross-cutting tasks, the Sustainability Board was founded at the beginning of 2021 for coordination and harmonisation purposes; it is made up of managers and experts from across different departments in the NORD/LB Group. The task of the Sustainability Board is to network and exchange information between the individual specialist departments for the ongoing integration of sustainability into the NORD/LB Group and the development and coordination of cross-departmental measures. The Managing Board acts as the sponsor of the Sustainability Board.

With the Guideline for Climate Change, the NORD/LB Group recognises the importance of climate change and the role of the financial sector in the transition to a low-carbon economy as one of the most important current and future challenges. The application of the Guideline provides the basis for a structural approach to climate change, as well as orientation with regard to opportunities and risks and transparency for further development as well as for evaluation, analysis and monitoring. The Guideline for Climate Change, NORD/LB sets out its commitment to renewable energies and the modernisation of energy generation.

As the topic of sustainability has already played an important role in individual areas of the Bank for several years, individual area-specific qualification measures have already taken place in the past on individual important sustainability aspects. NORD/LB is currently implementing various basic qualification measures in order to establish a solid knowledge base on the subject of ESG in all relevant areas. Depending on the degree of involvement and the required know-how, these vary from a 50-minute presentation published on the intranet to a certificate course in "Sustainable Finance". There are also plans to introduce a comprehensive e-learning course on the topic of "Sustainability in Banks".

To cover the specific qualification requirements, the specialist departments have the option of implementing department-specific measures or attending corresponding external events. Compared to 2021, the range of measures has already improved significantly in 2022 – particularly with regard to the degree of specialisation of the measures.



## Strategy

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-2

The business activities of banks with their products and services have an impact on the environment and society. Risks or damages may arise, for example, as a result of socially unacceptable or illegitimate actions.

NORD/LB sees itself as having social, ecological and economic responsibility to know and manage business areas and processes that could result in damage to the environment and climate in the course of its business activities. Through political initiatives, such as the Paris Agreements in 2015 (COP21), and regulatory requirements, such as the European Union's Action Plan for Sustainable Finance, there is a growing social expectation on banks to actively support the transformation towards a sustainable, low-emission economy and way of doing business.

NORD/LB accepts these framework conditions and expectations in its role as a commercial bank and derives the following four principles and lines of action for itself within the framework of sustainable corporate management:

- Stakeholder orientation: Knowledge of the requirements of interest groups is essential for the NORD/LB Group to be able to respond appropriately to them. The systematic handling of stakeholder demands is an important element for the NORD/LB Group to ensure the long-term success of the company.
- Responsibility: Compliance with human rights, the fight against corruption and the protection of the environment in day-to-day business are key elements of responsibility towards stakeholders and represent binding principles of the Bank's own corporate responsibility for the NORD/LB Group.
- Holistic approach: The management of the social and environmental impacts of the NORD/LB Group's activities has an impact on all areas and requires a holistic approach.
- Transparency: Transparent corporate governance and clarity in the Bank's own positions serve to make the effects of its business activities on the environment and society visible and to present the added value of the products for customers and society.

With regard to its direct emissions, the NORD/LB Group regards the continuous reduction of CO<sub>2</sub> emissions in operations and financing in the credit portfolio as an essential aspect in view of climate change. Until now, NORD/LB has focused on business economics in the context of environmental concerns. To improve the understanding of internal environmental performance, the Group has an environmental management system that is based on the international standard ISO 14001 and has been expanded with the certification of an energy management system (DIN 50001).

The aspect of financed CO<sub>2</sub> emissions, which is also the subject of the EU Taxonomy Regulation, has recently been added. Due to the topicality of the issue, NORD/LB plans to develop and publish a climate strategy in 2022.

Beginning in 2022, NORD/LB intends to map, identify, assess and manage the environmental and climate risks that will arise in the course of business activities in the future. From now on, it aims to transparently demonstrate how the actual and potential effects of climate-related opportunities and risks affect business activities, strategy and financial planning. The respective business area strategies form the basis of the business strategy and are reviewed annually as part of the strategy process. In the strategy process, the strategic business areas develop and review their strategic orientation, taking into account the regulatory requirements in accordance with MaRisk, such as internal and external influencing factors. Strategies are examined at least annually as well as on an ad-hoc basis and adjusted as necessary.

## Management of climate and environmental risks

UNGC

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-2

Sustainability risks and ESG risks (environment, social and governance) are becoming increasingly important. In light of this, NORD/LB sees climate change as a significant macroeconomic risk factor with relevant medium- to long-term effects on customers and the Bank itself. The "ECB Guidelines on Climate and Environmental Risks" are currently of particular importance for NORD/LB. Following these guidelines, the relevance of environmental and, in particular, climate risks was recognised and these risks were defined as drivers of the risk types – which are primarily materialised in counterparty and liquidity risks.

- NORD/LB understands ESG risks to be events or conditions from the areas of climate/environment, social affairs or corporate governance, whose occurrence may actually or potentially have a significant negative impact on the earnings, assets and financial position as well as on the Bank's reputation. Climate and environmental risks comprise the two main risk drivers of physical and transitory risk.
- Physical risk is the financial impact of a changing climate. These effects include the more frequent occurrence of extreme weather events and gradual climate change, as well as environmental degradation. They can occur directly, or can indirectly lead to follow-up events, such as supply chain disruptions.
- NORD/LB understands the transition risk to be financial losses that institutions can incur directly or indirectly as a result of the adjustment process towards a lower-carbon and ecologically more sustainable economy.

### Identification and evaluation

ESG risks are taken into account in the relevant risk types in the risk inventory. A distinction is made between physical and transitory risks with regard to climate and environmental risks. ESG factors are implicitly already incorporated into the risk models of the key risk types. Historically observed events, such as operational claims arising from physical climate risks, have an impact on the model parameters. Furthermore, the rating procedure includes an assessment of the business model of the respective borrower with regard to transitory risks. The risk strategy takes ESG risks into account.

### Individual engagement review

At the level of the individual credit engagement, ESG risks are first taken into account when initiating or structuring an engagement by checking the business for compliance with the Bank's internal ESG guidelines. An in-depth review is then carried out as part of the credit analysis and preparation of the loan application. If climate or environmental risks are identified, these must be presented accordingly in the loan decision. ESG risks must also be taken into account when preparing credit monitoring submissions.

The ESG guidelines are currently being reviewed and further developed as part of a cross-bank project, and the sector-specific analysis of ESG risks is being systematically expanded.

### Portfolio review

NORD/LB participated in the "EBA Pilot Sensitivity Study" on climate risks in 2021. Internally, a stress test was carried out for the agricultural industry by examining the effects of an agricultural drought and the transitory risk in the agricultural segment. An internal stress test on transitory climate and environmental risks was also carried out. The studies support the further development of risk management for ESG risks. As a result, stress analyses are continuously developed, data availability is improved and findings are used in further implementations. NORD/LB is taking part in the ECB climate stress test in the first half of 2022.

## Further developments

A Bank-wide sustainability project was set up to determine a possible requirement for strategic adjustments. Within this project, the need for implementation to integrate climate and environmental risks into the entirety of the risk management processes was identified as a basis for conceptual and methodological adjustments. Planned activities include the expansion of risk management frameworks, the performance of further physical and transitory climate risk analyses, the separate monitoring of particularly affected industries and regions, the review of the need for adjustment in the rating procedures and the increased reporting of climate and environmental risks in the internal and external risk reports. In order to manage NORD/LB's ESG vision, a set of ESG key performance indicators was developed as part of the sustainability project, which will be collected for the first time in 2022 in terms of the specific data and incorporated into the Bank's management in the future.

## Metrics and standards for managing climate and environmental risks

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-3; 102-11

NORD/LB intends to articulate its strategic ambitions across three dimensions:

- Customers and business
- Operations and organisation
- Ecosystem

In 2022, there are plans to define key performance indicators (KPIs) or key risk indicators (KRIs) for each dimension, which cover the most important parts of the vision in a pragmatic framework.

## Management of further ESG risks

UNGC

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-2

In addition to its own ethical understanding, the NORD/LB Group also includes the assessment of civil society groups, in particular non-governmental organisations (NGOs) and other interest groups in the assessment of reputational and sustainability risks or negative impacts in connection with ESG aspects.

As part of the risk assessment, the NORD/LB Group aims to identify, reduce or, if necessary, exclude risks in order to determine and ideally avert business and reputation risks at an early stage. Sustainability risks are taken into account in this process with the exclusion criteria described above and in the collateral valuation. The evaluation and assessment of risk potential are based on the expertise and experience of employees, specific ESG guidelines and the regulations underlying the guidelines.

If necessary or if there is evidence in the credit process that negative ESG impacts may occur in a business transaction, or in the event of a transaction with a business partner from an industry considered to be controversial, ambiguous business transactions or their possible effects are forwarded to sustainability management for further assessment. Sustainability management works together with compliance to review such unclear ESG issues. In the 2021 reporting year, sustainability management and compliance received 34 enquiries from the credit divisions regarding business transactions with potentially negative ESG impacts. These requests generally received a positive vote. Occasionally, the recommendation was made not to pursue the transaction further. No violations of the ESG guidelines were identified.

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-3

In the reporting year, sustainability risks were identified as risk drivers in the individual relevant risk types (e.g. counterparty, market price and liquidity risks) as part of the risk inventory. No significant sustainability risks have been identified at present. All material risks in relation to the course of business and the position of the NORD/LB Group as well as its material risks in relation to business relationships, products and services are conclusively described in the risk report as part of the Group management report as at 31 December 2021.

## Respect for human rights

UNGC

Management approach to management of ESG issues and social and ecological impacts of the financing business as well as diversity, equal opportunities and the compatibility of work and family life: 103-2; 102-11

By signing the UN Global Compact, NORD/LB has committed to observing the ten internationally recognised principles of the UN Global Compact on the aspects of human rights and working conditions as well as environmental protection and corruption in its business activities. The NORD/LB Group implements respect for human rights with the ESG policy on human rights and labour standards. By applying the policy, the NORD/LB Group achieves the following:

- taking into account the importance of human rights standards for employees, market partners and society in its business activities;
- providing guidance to employees and market partners with respect to potential human rights violations;
- further developing processes for establishing transparency, for assessment and analysis, and for monitoring potential human rights violations; and
- ensuring that human rights aspects are taken into account in complaints management.

As part of lending, each business segment uses the sustainability guidelines to obtain an overview of whether and to what extent issues relevant to human rights and labour standards arise. If there is no conclusive clarity in the assessment of the potential risks of human rights violations in the context of lending, the ESG checklist provides for the respective case to be assessed by sustainability management and compliance.

As part of its sustainability reporting, the NORD/LB Group reports annually on its position in relation to human rights and labour standards and their implementation in business operations. Application of the guideline on human rights and labour standards supports the operational implementation of the NORD/LB Group's Code of Conduct. In the 2021 reporting year, there were no known incidents of human rights violations.

## Internal regulations and guidelines

UNGC

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-2, 102-11

NORD/LB has recognised the ten principles of the UN Global Compact with the objectives of respecting human rights and working conditions, protecting the environment and combating corruption and bribery, and has implemented them throughout the Group via sustainability guidelines. It has also committed to implementing and observing the relevant principles in its business activities. Due to the membership of the parent company NORD/LB, subsidiaries active in the financing sector can also participate in the UN Global Compact without becoming a member themselves.

The NORD/LB Group and its institutions have anchored their approach to ESG aspects in guidelines and operating procedures. In addition to guidelines for implementing and observing the provisions of "traditional banking supervisory law" at a German and international level, the Group also has supplementary ESG guidelines that govern and regulate business activities with regard to economic, ecological and social aspects.

With its ESG guidelines, the NORD/LB Group has incorporated the principles of the UN Global Compact into its own corporate governance and, in addition to integrating ecological and social aspects in its core business, also regulates the exclusion of business activities which do not comply with the basic ethical understanding of our

society. Transactions that do not comply with ESG guidelines or understanding of ethics and/or sustainability are rejected.

With regard to the UN Global Compact, the NORD/LB Group excludes the following business relationships and transactions with the aid of the binding ESG guidelines, due to their impact on people and the environment, in the course of its business activities:

- Business relationships with companies involved in the manufacture, trade, transport, storage or repair of the following armaments:
  - Biological weapons;
  - Chemical weapons,
  - Anti-personnel mines,
  - Cluster bombs and cluster munitions,
  - Uranium munitions and
  - Weapons that are particularly likely to cause disproportionate injuries and harm to civilian populations,
- Business relationships with companies that produce and trade in pornography as well as with companies close to this sector,
- Financing the construction of nuclear and conventional coal-fired power plants,
- Financing the construction of dams and hydroelectric power plants in particularly vulnerable areas.

The NORD/LB Group also does not conduct any transactions in its own name for its own account on commodity futures exchanges.

All ESG guidelines were discussed by the NORD/LB Group Managing Board and approved by the NORD/LB Managing Board and, where relevant for business operations, largely adopted by the subsidiaries. All ESG guidelines have been adopted by the Managing Board and are binding on all employees. No external audits are performed.

As part of a regular quality review by the sustainability management team, the ESG guidelines are evaluated and adapted to current developments or new guidelines are initiated. There are no written voting guidelines (voting policies) on environmental and social issues for companies in which NORD/LB has invested.

**Figure 6: NORD/LB Group ESG guidelines**

| Overall Bank                                                                                                                                                                                                                                                                     | Business areas                                                                                                                                                                                                          | Industries                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▪ Environmental impacts of our business activities</li> <li>▪ Corporate environmental protection</li> <li>▪ Climate change</li> <li>▪ Human rights and labour standards</li> <li>▪ Interest groups</li> <li>▪ Tax requirements</li> </ul> | <ul style="list-style-type: none"> <li>▪ ESG requirements for project financing</li> <li>▪ Sustainable ship financing</li> <li>▪ Sustainable aircraft financing</li> <li>▪ Sustainable real estate financing</li> </ul> | <ul style="list-style-type: none"> <li>▪ Defence companies</li> <li>▪ Pornography</li> <li>▪ Renewable resources</li> <li>▪ Non-renewable resources</li> <li>▪ Hydropower</li> </ul> |

Various concepts are used in the NORD/LB Group to take into account potential negative impacts arising from ESG issues in business activities and to exclude certain transactions. These include the above-mentioned guidelines. In addition, a non-compulsory checklist or work tool for ESG topics (sustainability guidelines) has been made available to support the credit divisions and can be used to query controversial business practices. If it is not possible to clarify the situation using the checklist, the case is then assessed by sustainability management and compliance.

## Sustainability in banking business

The NORD/LB Group strives for an open and trusting relationship with its customers. At the same time, the bank practices responsible corporate governance with clear ethical principles and acts as a role model for integrity-based and lawful conduct. For this reason, the focus has increasingly been on sustainable banking in recent years. NORD/LB generated its first successes here with the most important Sustainable Development Goals (SDGs) for the Bank and will gradually expand the shares of sustainable banking business over the next few years.

### Sustainable financing

With its sustainable financing, NORD/LB is making an ever greater contribution to financing the green economy and is active in the area of social and ecological sustainability. NORD/LB supports customers from the environmental and agricultural sectors, the social and health care sectors as well as the commercial real estate financing sector in particular.

#### Renewable energy



#### Infrastructure



#### Agricultural banking



#### Real estate financing



#### Renewable energy

The use of renewable energies has become an increasingly important factor as humanity moves towards a sustainable way of life. Fossil energy sources are finite resources and cause high CO<sub>2</sub> emissions. Renewable energy uses renewable resources that are virtually infinitely available. In order to maintain liveable conditions on Earth in the long term, switching from fossil fuels to renewable energy sources is therefore an important step.

NORD/LB has been a pioneer in the financing of renewable energies and infrastructure projects since the mid-1990s and has achieved numerous milestones in this business sector. Over 1,000 renewable energy projects were mainly implemented in the wind energy and photovoltaics sectors. The Bank has an multi-award-winning team that regularly leads the rankings of the top financiers in the renewable energies sector

## Infrastructure

Due to population growth and the continuing progress of urbanisation, the demands for new infrastructure projects and the modernisation of outdated infrastructure have increased significantly. However, these projects are generally associated with environmental impacts. Therefore, the need and demand for sustainable infrastructure is higher than ever. Today's projects go beyond traditional topics such as transport, energy and waste management and address issues relating to environmental quality and human health. The implementation of projects is also subject to difficult economic conditions and challenging government regulations.

NORD/LB has been a leading financier of infrastructure projects that meet the basic needs of society for over 20 years. Structured finance – infrastructure is active across several asset classes, with a particular focus and expertise in the areas of:

- Social infrastructure – social housing, schools and hospitals
- Transport – road, rail and railway financing
- Digital infrastructure – broadband, data centres and smart cities

With its customer-focused and innovative financing, the NORD/LB team ensures that projects provide long-term social and ecological benefits.

## Agricultural banking

Agriculture faces enormous challenges: healthy food for a growing world population must be produced without losing sight of sustainability and, in particular, climate change. There is demand for innovations that, for example, promote the reduction of the ecological footprint or the storage of CO<sub>2</sub> emissions in the soil. These can play a key role in tackling the current challenges.

For more than 175 years we, as a financial institution, have stood behind the agricultural industry, successfully uniting tradition and innovation in this important economic sector. Our account managers have a high level of advisory expertise, know the business thanks to their agricultural background and understand the specific needs of the agricultural sector. They know the cycles of the agricultural markets and are also proficient in the wide range of financial services on offer. The renewable energy sector enables agricultural entrepreneurs to tap into new fields of activity and reduce CO<sub>2</sub> emissions. NORD/LB provides financing for the construction of a biogas plant, a photovoltaic plant or new energy-saving technologies, for example, and supports its customers in applying for suitable subsidies.

## Commercial real estate financing

The real estate industry plays a key role in the topic of sustainability. Regardless of the type of use, real estate represents a long-lasting asset that requires a great deal of resources for construction, use and demolition. It is estimated that around 40 percent of CO<sub>2</sub> emissions are attributable to real estate. The economic success of a property is therefore determined by its possible use over the entire life cycle.

NORD/LB classifies all real estate financing as "green buildings" when certain criteria are met. Here, energy efficiency in particular is taken into account. A "green loan" was also created to map the entire green value chain. Here, under certain conditions, an investor can receive a more favourable interest rate in the financing of a green building. Since then, "green bond reporting" has been published on the Bank's website, which provides investors and other interested parties with a wealth of information about their investment and the underlying green buildings. Among other things, this report includes an impact report in which the total saved carbon dioxide is calculated.

## **Sustainable investment**

In addition to realising returns, more and more investors also want to invest their money wisely in sustainable products and contribute to the change to a more sustainable economy. NORD/LB offers its customers solutions with its SIP and Lion+ funds, which promote positive effects in the area of sustainability in a targeted manner. As part of individual asset management, sustainability criteria tailored to the investor can be agreed.



SIP funds

The SIP funds are NORD/LB investment products. As investment funds, they are managed under Luxembourg law by Deka Vermögensmanagement GmbH as the capital management company. “SIP” is a trademark-protected investment process of NORD/LB that is based on fundamental analyses and the latest actuarial findings and takes into account sustainable minimum standards. Depending on the target return and security requirement, the customer can choose between 4 different investment strategies. These differ in terms of different ranges for the asset classes of equities, bonds and liquidity. Social, environmental and ethical aspects are taken into account in all investment decisions.

| SIP funds – asset management in a fund format                      |                                                                                                                      |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Investment product                                                 | Product description                                                                                                  |
| <b>SIP Bond A (WKN: A0RMZH)</b><br><b>SIP Bond V (WKN: A2QLF3)</b> | <ul style="list-style-type: none"> <li>▪ “Pure” bond portfolio</li> <li>▪ Investments denominated in EUR</li> </ul>  |
| <b>SIP Income (WKN: A0NCQ1)</b>                                    | <ul style="list-style-type: none"> <li>▪ Equity allocation max. 30%</li> <li>▪ Global investment strategy</li> </ul> |
| <b>SIP Balanced (WKN: A0NCQ2)</b>                                  | <ul style="list-style-type: none"> <li>▪ Equity allocation max. 60%</li> <li>▪ Global investment strategy</li> </ul> |
| <b>SIP Equity (WKN: A0NCQ3)</b>                                    | <ul style="list-style-type: none"> <li>▪ Up to 100% equities</li> <li>▪ Global investment strategy</li> </ul>        |

Löwen+ funds

NORD/LB has created sustainable investment funds for private customers and institutional customers with the Löwen+ funds. Löwen+ focuses on sustainable values with high capital and reliable growth potential. The individual securities are selected on the basis of fundamental company data. Investments are only made in companies that want to achieve a sustainable and clean return. Clearly defined negative criteria such as environmental degradation, human rights violations or armaments result in exclusion from the investment portfolio. NORD/LB sees great potential for companies in the requirements for greater sustainability: sustainable companies are generally very successful in their respective market segments with innovative products, services and strategies.

| Löwen+ funds                               |                                                                                 |
|--------------------------------------------|---------------------------------------------------------------------------------|
| Investment product                         | Product description                                                             |
| <b>Löwen+ return</b><br>(WKN: A2JQWZ)      | <ul style="list-style-type: none"> <li>▪ Equity allocation 10 – 30%</li> </ul>  |
| <b>Löwen+ growth</b><br>(WKN: A2JQW0)      | <ul style="list-style-type: none"> <li>▪ Equity allocation 20 – 60%</li> </ul>  |
| <b>Löwen+ opportunity</b><br>(WKN: A2JQW1) | <ul style="list-style-type: none"> <li>▪ Equity allocation 80 – 100%</li> </ul> |

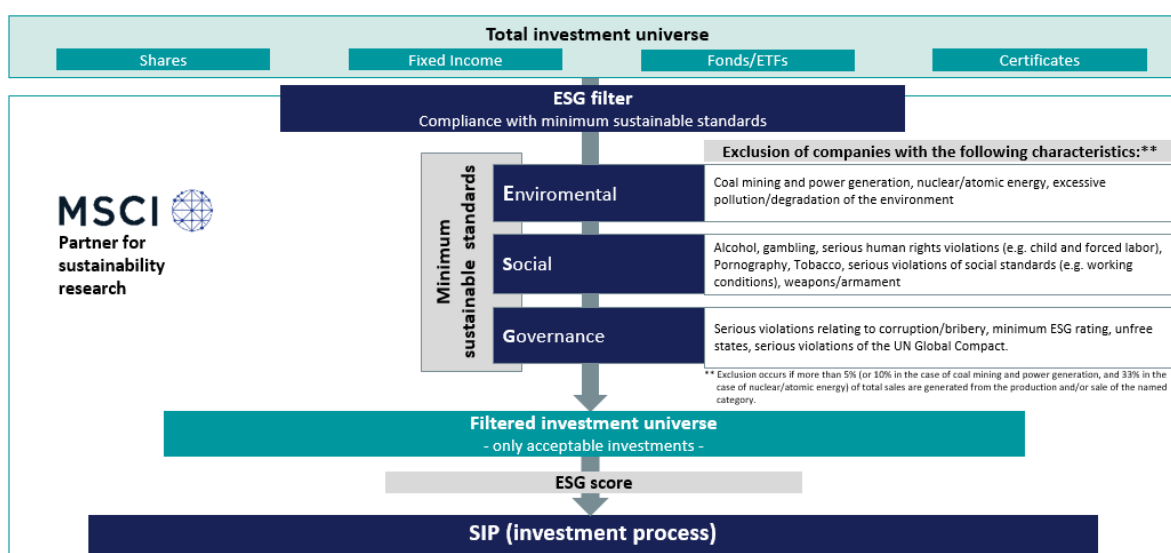
Table 8: Total volumes in sustainable products

|                                    | Volume in EUR<br>thousand (as at<br>31/12/2021) |
|------------------------------------|-------------------------------------------------|
| <b>Individual asset management</b> | <b>836,000</b>                                  |
| SIP funds                          | 139,000                                         |
| Löwen+ funds                       | 104,000                                         |
| <b>Total</b>                       | <b>1,079,000</b>                                |

## Sustainable asset management

In 2021, demand for sustainable investment solutions continued to increase and has meanwhile reached the mainstream of society. In addition to the changing awareness of individual people, the sustainable goals and regulatory requirements of the European Union have also contributed to this. Consideration of sustainability criteria (social, ecological and ethical aspects) is strongly integrated in asset and portfolio management. The Bank's asset and portfolio management works closely with a leading independent sustainability rating agency, MSCI ESG Research LLC.

NORD/LB takes sustainability aspects into account in all its asset management services and products. Sustainable minimum standards (ESG criteria) have been fully integrated into the investment process. This excludes companies with certain (negative) characteristics.



Source: own illustration, 31.12.2021

## NORD/LB studies on sustainability topics

NORD/LB is very close to current issues and its customers in its Research/Economics and Markets Strategy & Floor Research divisions. In this context, numerous studies on the topic of sustainability were also published in 2021.

### Research/Economics

Future topics as well as industry trends and economic developments in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania are published under the heading "Regional Economy – Focus on our federal states". The following studies related to sustainability were published in 2021:

- Green Industrial Parks: Conceptualising Sustainability (August 2021)
- Alternative Proteins: The Competition for Consumers is on (September 2021)
- Hydrogen Industry: Opportunities, Challenges and Limits (May 2021)
- Digitisation of Rural Areas: Opportunities and Challenges (February 2021)

The Sector Strategy division focuses on analyses of opportunity and risk profiles for entire industries. Cycles are also anticipated and mega-trends evaluated. The following analyses on the topic of sustainability were prepared in 2021:

- Health Care Special: Digitalisation in Health Care (May 2021)
- Energy Special: Key Points of the EEG Amendment 2021 (February 2021)
- Real Estate Special: Green Buildings: Sustainable Investments in Commercial Real Estate (May 2021)

### Markets Strategy & Floor Research

The floor analysts from the Markets Strategy & Floor Research division cover a broad spectrum in the areas of covered bonds and SSAs (supranationals, sub-sovereigns and agencies). The EU's green transformation in particular, but also the coronavirus pandemic, have increasingly put the focus on green and social bonds.

The established issuer guides are gradually being supplemented with chapters on ESG. Since 2020, there has also been an annual Fixed Income Special covering "ESG Updates", where the overall market is considered, but also the taxonomy and market standards are addressed.

In addition to various digital events on the topic of ESG, the following analyses were published in the weekly publication "Covered Bond & SSA View" in 2021:

- Issue 29 – NGEU in the Starting Blocks: 3, 2, 1 - EU Auctions!
- Issue 25 – The ECB's New Strategy – Communication Remains Key
- Issue 21 – ICMA Green and Social Bond Principles: Reprint 2021
- Issue 15 – EU Taxonomy Meets the Market for Sustainable Covered Bonds
- Issue 14 – Next Generation EU: NGEU Takes Shape

## Memberships and standards

UNGC  
102-12

**Table 5: NORD/LB has committed itself to various sustainability-related initiatives:**

| Initiative                                                                       | Objective                                                                                                                                                                                                                                                                                                                                                                                                                                 | Implementation at NORD/LB                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Self-Commitment of the German Financial Sector to the Climate<sup>2</sup></b> | Called the "Klima-Selbstverpflichtung des deutschen Finanzsektors" in German, the initiative promotes the obligation to align the sector's credit and investment portfolios in line with the goals of the Paris Agreement and by financing the transformation to a low-emission and climate-resilient economy and society, to limit global warming to well below 2 degrees and to strive for the 1.5-degree target.                       | NORD/LB signed the climate agreement of the German financial sector on 24 May 2022.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Association for Environmental Management in Financial Institutions</b>        | Known as "Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V." (VfU) in German, the association is a network of financial service providers from Germany, Austria and Switzerland. Since 1995, the association and its members have been working on the development and implementation of innovative and sustainable solutions for financial institutions with the aim of promoting the contribution of the financial | As a member of the association, NORD/LB has been committed to promoting and disseminating issues related to sustainable finance since 2008. Thanks to the networking opportunities offered by the association, the Bank is expanding its sustainable finance expertise by participating in various formats. It also regularly exchanges information with other companies from the financial sectors on the topic of sustainability, ESG and sustainable finance. |

<sup>2</sup> <http://www.klima-selbstverpflichtung-finanzsektor.de>

|                                                                          |                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                          | industry to sustainable development.                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Hanover Climate Alliance 2035</b>                                     | The Hanover Climate Alliance (or "Klima-Allianz Hannover") is committed to reducing greenhouse gases in the urban area and to expanding electricity generation through renewable energies in Hanover.                                                    | As a regionally active bank, both global and municipal involvement are extremely important to NORD/LB. As part of our support for the Hanover Climate Alliance 2035, NORD/LB has signed the Climate Statement of the state capital of Hanover. As a result, the Bank is officially participating in the goals of the state capital of Hanover on climate change. |
| <b>United Nations Environment Programme Finance Initiative (UNEP FI)</b> | The UNEP FI is a partnership between the United Nations Environment Programme and the global financial sector. The aim is to create a financial industry that serves people and the environment and has a positive impact on them.                       | UNEP FI is a partner of NORD/LB with whose help the Bank has been making a contribution to sustainability with a global focus since 2013. The initiative has explicitly specialised in the financial sector and works closely with banks and insurance companies.                                                                                                |
| <b>Federal Association of Public Banks in Germany (VÖB)</b>              | The Federal Association of Public Banks in Germany, VÖB, is a leading association of the German credit industry. It represents the interests of 59 members, including the regional banks and the development banks of the federal and state authorities. | NORD/LB is represented in all working groups on sustainability and sustainable finance and is a member of the Sustainable Finance Commission.                                                                                                                                                                                                                    |
| <b>German Savings Banks Association (DSGV)</b>                           | The DSGV (Deutsche Sparkassen- und Giroverband e. V.) is the umbrella organisation of 12 regional savings banks associations at the national level and is also responsible for organising the network system of the savings banks financial group.       | NORD/LB is represented in the Sustainability Management Working Group.                                                                                                                                                                                                                                                                                           |

**Table 6: NORD/LB also follows several sustainable principles:**

| Principle                                               | Objective                                                                                                                                                   | Implementation at NORD/LB                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>UN Global Compact (UNGC)<sup>3</sup></b>             | Commitment to contribute to human rights, the environment and climate, labour standards and corruption prevention                                           | In 2013, NORD/LB recognised the ten principles of the UN Global Compact with the objectives of respecting human rights and working conditions, protecting the environment and combating corruption and bribery and has implemented them throughout the Group via sustainability guidelines. It has also committed to implementing and observing the relevant principles in its business activities. Due to the membership of the parent company NORD/LB, subsidiaries active in the financing sector are likewise participants of the UN Global Compact without becoming a member themselves. |
| <b>EU Action Plan "Sustainable Finance"<sup>4</sup></b> | Realigning capital flows towards a sustainable economy, embedding sustainability in risk management and promoting transparency and long-term sustainability | Since 2018, this action plan has provided a regulatory framework for implementing the points of creating standards and labels for ecological and social financial products and promoting investments in sustainable                                                                                                                                                                                                                                                                                                                                                                           |

<sup>3</sup> <https://www.unglobalcompact.org><sup>4</sup> [https://ec.europa.eu/info/publications/210706-sustainable-finance-strategy\\_en](https://ec.europa.eu/info/publications/210706-sustainable-finance-strategy_en)

|                                                                                                     |                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                     |                                                                                                                                                                                                 | projects, <sup>5</sup> as well as taking sustainability into account in financial advice. Particular attention is paid here to the Taxonomy Regulation, which sets out a classification system for environmental sustainability based on six environmental objectives: a) climate protection; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) the transition to a circular economy; e) prevention and reduction of pollution; f) protection and restoration of biodiversity and ecosystems. Among other things, the taxonomy has an impact on the Bank's business model by providing loan funds to finance corresponding measures and their refinancing on the capital market. |
| <b>Principles for Responsible Banking (PRBs)<sup>6</sup></b>                                        | Strategic integration of sustainability into the business model and ensuring the measurability of the impact of banks on the environment and society based on the Sustainable Development Goals | Transparency is an essential aspect of sustainability. NORD/LB's aim is to present the positive and, if applicable, negative social effects of the Bank's business across all areas in a transparent way. This is achieved by applying the Principles for Responsible Banking and by focusing on the Sustainable Development Goals. This results, for example, in added value for employees and the environment, but also in optimisation potentials and measures to avoid any negative effects in the future. NORD/LB has been following the PRBs since 7 April 2020.                                                                                                                                                              |
| <b>United Nations Sustainable Development Goals (SDGs)<sup>7</sup></b>                              | Definition of 17 Sustainable Development Goals of the member states of the United Nations to be achieved by 2030 to advance sustainable development                                             | Use as a benchmark for measuring sustainability in the Bank's business model. NORD/LB has taken into account the SDGs within the framework of the Principles for Responsible Banking since April 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Global Reporting Initiative (GRI)<sup>8</sup></b>                                                | International and recognised reporting standards for companies' sustainability reporting                                                                                                        | Application of the reporting standard for the Group Sustainability Report and the non-financial report of the NORD/LB Group and NORD/LB. NORD/LB has reported in accordance with the GRI since the 2013 financial year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>ICMA Green Bond Principles (GBPs)<sup>9</sup> and Social Bond Principles (SBPs)<sup>10</sup></b> | Standardised specifications for project selection, use of funds and reporting                                                                                                                   | Application of the specifications for frameworks on sustainable finance products (e.g. Green Bond Framework, Sustainable Finance Framework). NORD/LB has been following the GBPs and SBPs since 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

<sup>5</sup> In accordance with the provisions of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 2020 on establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation)

<sup>6</sup> <https://www.unepfi.org/banking/bankingprinciples>

<sup>7</sup> <https://www.sdgs.un.org/goals>

<sup>8</sup> <https://www.globalreporting.org>

<sup>9</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>10</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

|                                              |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Adverse Impact (PAI) <sup>11</sup> | Disclosure requirement to identify negative, significant impacts on sustainability factors using impact indicators | Consideration of the 18 PAI indicators listed as mandatory by the Sustainable Finance Disclosure Regulation (SFDR) in the lending process as a basis for the issue of ESG strategy products (bonds and certificates) with consideration of environmental and social topics. NORD/LB has taken into account the disclosure requirements since 2020. |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Advisory and service

Topic-specific information on products and services with environmental and social benefits: Own indicator advice and service

A key task of a bank is to enable people in its business region to participate in (cashless) payment transactions and to advise them on financial matters.

NORD/LB places the objectives and needs of its customers at the heart of its advisory services. In order to ensure this, the advisers in the Private Customers business of the Braunschweigische Landessparkasse use the savings bank financial concept as a standardised advisory medium, which ensures a holistic approach to the individual needs of customers. In addition, this safeguards the high standard of advice focused on the long term. As the use of the savings bank financial concept is a high priority for the reasons mentioned, the Braunschweigische Landessparkasse is continuously training its employees in this regard. All trainees, for example, learn how to use the financial concept as early as in the first few months of their training. In addition, NORD/LB and the Braunschweigische Landessparkasse stopped paying sales commissions to their employees at the end of 2012 and thus follow the usual practice in the savings bank sector.

For financial products, the legislator requires banks to comply with extensive information and transparency requirements, such as the documentation of conversations in consultation protocols, the definition and classification of customers and products into risk classes, compliance with investor- and investment-appropriate advice and a cost and fee overview. All NORD/LB Group institutions comply with these requirements without exception, which are anchored in the advisory processes. A systematic process with relevant documentation obligations is part of the investment advisory service provided on financial instruments. Employees working in investment advisory services are qualified in accordance with the Investor Protection and Function Improvement Act (AnsFuG) and are accordingly registered with the Federal Financial Supervisory Authority. Internal training sessions are held regularly to keep their knowledge up to date. In addition to the advisory meetings and the product information provided, topic-related publications, such as customer information on transactions in securities and other financial instruments, are also used to inform customers.

The sale of own issues takes place on the basis of the applicable laws, e.g. in Germany in accordance with the provisions of the German Securities Prospectus Act. All the information the customer requires is available for the customer from the bank and is also published on the internet. Compliance with these and other legal requirements is extremely important to the NORD/LB Group. The Compliance department monitors compliance within the framework of procedural audits and internal auditing.

Braunschweigische Landessparkasse is represented at 90 locations throughout the business region including in sparsely populated areas, in order to provide customers with financial services as comprehensively as possible. All of the branches have either a self-service or a conventional cash point. 16 locations are operated jointly with Öffentliche Versicherung Braunschweig as finance centres. The locations are supplemented by 32 self-service points. All of the locations have self-service facilities such as cash machines, self-service terminals and account statement printers.

86 locations of Braunschweigische Landessparkasse and both locations of the former Bremer Landesbank in Bremen and Oldenburg have barrier-free entrances. In order to offer better service to customers with impaired

<sup>11</sup> [https://ec.europa.eu/finance/docs/level-2-measures/C\\_2022\\_1931\\_1\\_EN\\_annexe\\_acte\\_autonome\\_part1\\_v6.pdf](https://ec.europa.eu/finance/docs/level-2-measures/C_2022_1931_1_EN_annexe_acte_autonome_part1_v6.pdf)

vision, 111 cash machines of Braunschweigische Landessparkasse have voice guidance (91 of which also have a deposit function) and seven machines in Bremen and Oldenburg have voice guidance including a deposit function, thus supporting independent access to cash services at over 72 locations.

In addition, alternative access methods have been created and expanded through telephone and online banking. As a result, customers are able, if they desire, to also perform most of their banking transactions from home. The access channels are supplemented by video consultations. Further assistance for visually impaired customers in the online branch is provided by specialised software, which reads out the online content. A voicebot has been successfully installed.

In order to enable people with a difficult financial background to make cashless payments, the Braunschweigische Landessparkasse also offers a “citizen” or basic account (Bürger-/Basiskonto), which is maintained solely on a non-borrowing basis. As at 31 December 2021, 4,106 citizen accounts and 3,659 basic accounts were held at Braunschweigische Landessparkasse.

## Sustainability ratings

Management approach to management of ESG issues and social and environmental impacts of the financing business: 103-3

The number of investors incorporating ESG considerations in their decision-making is rising steadily. The NORD/LB Group therefore reports transparently and regularly on its sustainability activities.

External evaluations of corporate sustainability activities are of increasing importance for NORD/LB as well as for a large number of interest groups, e.g. by sustainability rating agencies.

Sustainability ratings are not commissioned or paid for by the company being evaluated and thus offer an independent evaluation of how environmental and social considerations are being integrated into the company's business activities. This allows investors to base their decisions on external assessments and to manage their portfolio in a targeted manner with respect to compliance with (internal) regulations. They can also opt to exclude or minimise different controversial areas in a targeted or individual manner.

For this reason, the NORD/LB Group defines sustainability ratings agencies as key stakeholders, and is also in regular contact with them during the rating process and beyond. In turn, NORD/LB's sustainability management uses the sustainability ratings for targeted strength-weakness analyses to develop improvement measures. At the same time, the annotation of the rating documents is also used to conduct an intensive dialogue with the corresponding specialist departments.

The NORD/LB Group is currently being evaluated by various sustainability rating agencies. The disclosed ratings are published on NORD/LB's website.



# Our employees

## Shaping the work of the future

In 2021, HR activities in banks continued to be dominated by the megatrends of demographic change and digitalisation. In addition, as part of the global ecological, social and economic transformation, the further development of diversity and the creation of detailed concepts for the work of the future were paramount. The NORD/LB Group achieved key milestones of the NORD/LB 2024 transformation programme in 2021, and realised the required staff reduction targets on the basis of voluntary agreements with employees. At the same time, cultural transformation was promoted, in particular with the activation programme “#zukunftschaffen”, which is aimed at developing future-oriented competencies such as personal responsibility, teamwork and openness to change, as well as a renewal of the corporate and management culture.

## Strategic HR alignment

The NORD/LB Group focuses on HR activities geared towards employees in order to attract junior staff at an early stage and to motivate and retain employees in a targeted manner.

These HR activities are based on an HR strategy derived from the business and risk strategy and are approved by the Managing Board. In addition to continued consistent support for the transformation of the NORD/LB Group, the strategic focus is increasingly on shaping the work of the future. With regard to employee expectations and external stakeholder requirements, this includes the development of future-oriented workplace concepts and the implementation of HR topics in the context of diversity and sustainability.

In addition to the necessary management of the quantitative and qualitative staffing levels, the following key strategic areas form the overarching guiding principles of the HR activities:

- Ensuring the company's existence in the future
- Further development and qualification of employees
- Emotional connection and motivation of employees

To implement and manage the HR activities, the key strategic areas are underpinned by measures that were designed and successfully implemented in 2021 with the following priorities:

- Continuation of the staff restructuring programme in conjunction with a systematic management of resources,
- Future-oriented realignment of the Bank-wide organisational structure closely tied with the remuneration system and tools for personnel development,
- Establishment and further development of flexible working models and workplace concepts, in particular with regard to mobile working and the work-life balance,
- Implementation of special measures to maintain the health of employees in the context of the coronavirus pandemic in terms of company health management
- Recruitment and training of junior staff.

## Number of staff, new hires and staff turnover

UNGC  
102-8

To ensure adequate staffing levels, the Bank carries out regular monitoring and analysis of target figures in terms of numbers, costs and quality of staff, which is presented to the Managing Board in an HR management report and forms the basis for the adaptation of HR processes and tools. In addition, a key figures-based HR management process has been implemented to identify any risks at an early stage and derive appropriate measures.

At the end of 2021, the NORD/LB Group had 4,524 employees – 496 fewer than in 2020 (5,020 employees). The legal merger of Deutsche Hypothekenbank with NORD/LB took place on 1 July 2021. Overall, the staff restructuring programme to be completed by the end of 2023 is being implemented as planned as part of the

NORD/LB 2024 transformation programme and the focus of resource management is increasingly shifting to the Group's future positioning.

The majority of employees work at NORD/LB Group sites in Germany. The local regulations and guidelines, which are generally based on the Group specifications, apply to all employees at the foreign locations.

The NORD/LB Group mainly employs permanent staff and invests in their loyalty. The Bank also employs temporary staff to cover peak business periods or to avoid overtime, for example in connection with fixed-term large-scale projects, parental leave cover or sickness cover. For the NORD/LB Group, the term "employee" only includes persons who have a contractual relationship with NORD/LB. These persons also include interns, dual study/work students and trainees. This does not include self-employed persons, external consultants, temporary staff or employees in upstream and downstream supply chains.

Subject-specific information on diversity and equal opportunities: 405-1

**Table 7: Key personnel figures (fixed-term and permanent employees in the Group)**

|                                                    | 2019  | 2020  | 2021         |
|----------------------------------------------------|-------|-------|--------------|
| <b>Employees (total)</b>                           | 5,501 | 5,020 | <b>4,524</b> |
| <b>Permanent employees (total)</b>                 | 5,189 | 4,732 | <b>4,212</b> |
| <b>Male</b>                                        | 2,589 | 2,354 | 2,119        |
| <b>Female</b>                                      | 2,600 | 2,378 | 2,093        |
| <b>Permanent employees, full-time</b>              | 3,911 | 3,545 | 3,169        |
| <b>Male</b>                                        | 2,488 | 2,259 | 2,044        |
| <b>Female</b>                                      | 1,423 | 1,286 | 1,125        |
| <b>Permanent employees, part-time</b>              | 1,278 | 1,187 | 1,043        |
| <b>Male</b>                                        | 101   | 95    | 75           |
| <b>Female</b>                                      | 1,177 | 1,092 | 968          |
| <b>Employees on temporary contracts (total)</b>    | 312   | 288   | <b>312</b>   |
| <b>Male</b>                                        | 124   | 124   | 128          |
| <b>Female</b>                                      | 188   | 164   | 184          |
| <b>Employees on temporary contracts, full-time</b> | 295   | 268   | 276          |
| <b>Male</b>                                        | 121   | 122   | 123          |
| <b>Female</b>                                      | 174   | 146   | 153          |
| <b>Employees on temporary contracts, part-time</b> | 17    | 20    | 36           |
| <b>Male</b>                                        | 3     | 2     | 5            |
| <b>Female</b>                                      | 14    | 18    | 31           |
| <b>Junior staff (total)</b>                        | 198   | 162   | <b>138</b>   |
| <b>Male</b>                                        | 79    | 83    | 72           |
| <b>Female</b>                                      | 119   | 79    | 66           |
| <b>Interns</b>                                     | 101   | 74    | 68           |
| <b>Male</b>                                        | 39    | 38    | 36           |
| <b>Female</b>                                      | 62    | 36    | 32           |
| <b>Dual study/work students</b>                    | 86    | 74    | 58           |
| <b>Male</b>                                        | 38    | 34    | 30           |
| <b>Female</b>                                      | 48    | 40    | 28           |
| <b>Trainees</b>                                    | 11    | 10    | 12           |
| <b>Male</b>                                        | 2     | 8     | 6            |
| <b>Female</b>                                      | 9     | 2     | 6            |
| <b>Workforce by region (in %)</b>                  |       |       |              |
| <b>Germany</b>                                     | 92.3  | 92.1  | 92.1         |
| <b>Europe, Asia, USA</b>                           | 7.7   | 7.9   | 7.9          |

Z: 202-2

NORD/LB and the other German subsidiaries recruit throughout Germany, NORD/LB Luxembourg and NORD/LB's foreign branches recruit staff at all hierarchical levels in accordance with their international sites within their regional procurement markets.

Z: 401-1

Table 8: New hires

|                                     | 2019 | 2020 | 2021 |
|-------------------------------------|------|------|------|
| <b>Total new hires<sup>12</sup></b> | 152  | 134  | 195  |
| <b>New hires by gender:</b>         |      |      |      |
| Male                                | 68   | 80   | 86   |
| Female                              | 84   | 54   | 109  |
| <b>New hires by age structure:</b>  |      |      |      |
| up to 30 years                      | 93   | 90   | 101  |
| 31-50 years                         | 48   | 33   | 71   |
| from 51 years                       | 11   | 11   | 23   |
| <b>New hires by region:</b>         |      |      |      |
| Germany                             | 120  | 118  | 160  |
| Europe (excluding Germany)          | 14   | 9    | 12   |
| North America & Asia                | 18   | 7    | 23   |

Table 9: Staff turnover

|                                                                               | 2019 | 2020 | 2021 |
|-------------------------------------------------------------------------------|------|------|------|
| <b>Staff turnover (in %)<sup>13</sup></b>                                     | 15.2 | 13.7 | 17.9 |
| <b>By gender relative to total workforce:</b>                                 |      |      |      |
| Male                                                                          | 16.5 | 14.7 | 16.2 |
| Female                                                                        | 13.8 | 12.6 | 19.5 |
| <b>By age relative to total staff turnover:</b>                               |      |      |      |
| up to 30 years                                                                | 27.2 | 27.0 | 20.5 |
| 31-50 years                                                                   | 43.2 | 35.3 | 29.5 |
| from 51 years                                                                 | 29.6 | 37.7 | 50.0 |
| <b>By region relative to total staff turnover:</b>                            |      |      |      |
| Germany                                                                       | 87.2 | 93.2 | 87.3 |
| Europe (excluding Germany)                                                    | 6.1  | 4.4  | 5.1  |
| North America & Asia                                                          | 6.6  | 2.3  | 7.4  |
| <b>Staff turnover due to resignation (employee resignations)<sup>14</sup></b> | 4.4  | 2.9  | 2.6  |
| <b>By gender relative to employee resignations</b>                            |      |      |      |
| Male                                                                          | 5.7  | 3.3  | 2.7  |
| Female                                                                        | 3.1  | 2.5  | 2.5  |

At 17.9 per cent, the NORD/LB Group's overall staff turnover rate in 2021 was at an expected high level (2020: 13.7 per cent), reflecting in particular the implementation of the NORD/LB 2024 transformation programme. This rate takes into account all new hires and resignations of all staff, including fixed-term employees, employee resignations, retirement-related measures and termination agreements. With the personnel management targets of the transformation programme reached, the focus has been increasingly on staff turnover due to resignation and specifically on employee resignations by permanent employees. Compared with the previous year, a slight decline was recorded here.

<sup>12</sup> New hires include junior staff, i.e. interns, dual students and trainees.

<sup>13</sup> Staff turnover takes into account all new hires and resignations of all staff, including fixed-term employees. This also includes socially acceptable early retirements, retirements and special early retirements.

<sup>14</sup> Resignations by employees

## Representation of interests/co-determination

UNGC

In the NORD/LB Group, all the legal requirements of countries in which the Group is active in business are complied with. In Germany, these are all the relevant laws, ordinances and guidelines. In addition, the international ILO core labour standards also apply to NORD/LB through the recognition of Germany. In addition to the basic labour laws, collective agreements and regulations, the employee-employer relationship at NORD/LB is based primarily on the Lower Saxony Personnel Representation Act (Niedersächsische Personalvertretungsgesetz: NPersVG).

The NORD/LB Group attaches great importance to corporate co-determination. It enables employees to take on responsibility and contribute their own ideas. This also benefits NORD/LB – through more innovation and motivation. All employees at the domestic locations – both employees covered by collective agreements and employees not covered by them – are represented by local staff representatives and a General Employees Council. HR representatives and management work together in a spirit of trust and jointly implement statutory, collective bargaining and company regulations.

Z: 402-1

Important operational changes are discussed at an early stage with the personnel representatives as elected employee representatives. In line with the relevant participation rights, the employee committees of NORD/LB are informed in good time, opinions are obtained, participation processes initiated and agreements reached.

As part of the collective bargaining agreement, the ver.di and DBV trade unions represent the interests of employees of the NORD/LB Group in Germany falling under the scope of the relevant collective agreement.

102-43

All employees and their elected representatives are regularly informed in good time and comprehensively about important issues and significant changes in the company via a variety of communication and information channels. These include interactive meetings with the Managing Board for all employees, staff meetings with the involvement of the ver.di trade union, as well as information circulars and information on the intranet from the staff representatives, Corporate Communications and HR

## Remuneration

Remuneration policy was identified as an important topic in the materiality analysis.

UNGC

Management approach to remuneration: 103-1

A key issue with respect to the appropriate governance of banks is their remuneration policy. In this context, banks are required to report transparently on how the remuneration systems for members of the Managing Board and employees are structured.

NORD/LB's remuneration strategy or remuneration system supports the corporate culture and is aimed at achieving the objectives set out in the business and risk strategy. In addition to complying with regulatory requirements relating to sustainability, it aims to promote responsible and risk-aware behaviour among employees. The Bank uses an attractive and competitive remuneration system to ensure the recruitment and retention of its employees. On the whole, the remuneration system is designed in such a way so as to discourage the taking of disproportionately high risks.

Management approach to remuneration: 103-2

102-36

NORD/LB is an important institution within the meaning of the German Remuneration Regulation for Institutions (InstitutsVergV) and is therefore subject to its specific requirements. Furthermore, NORD/LB has a disclosure obligation pursuant to section 16 German Remuneration Regulation for Institutions (IVV) in conjunction with Article 450 of Regulation (EU) No 575/2013 and prepares an annual remuneration report. The remuneration report sets out the procedures for determining the remuneration of the Managing Board, the risk-takers and the other employees.

The Supervisory Board is responsible for the appropriate design of the remuneration systems of the Managing Board. The remuneration of the Managing Board consists of an annual fixed salary, the option of variable remuneration and other market-related remuneration components (e.g. company pension scheme and company car). These are rules that are based on bank-wide guidelines and discourage the taking of inappropriate risks. The adequacy of the total remuneration of the members of the Managing Board is reviewed at regular intervals by means of market comparisons.

In turn, the Managing Board is responsible for the appropriate design of the remuneration systems of employees. It approves the remuneration systems and the annual budgets for variable compensation and salary increases. NORD/LB follows a total compensation approach, i.e. the total remuneration is therefore defined as a total performance of the Bank from various monetary and non-monetary components.

The remuneration of employees (excluding the Managing Board) is based on the following differentiation and structural features:

- Collective bargaining and contract employees at NORD/LB in Germany and subsidiaries
- Risk-takers (employees whose activities have a significant impact on the Bank's overall risk profile) in Germany and abroad
- Employees in foreign locations (branch offices and representative offices)

Contract employees at NORD/LB in Germany are remunerated in excess of collective bargaining agreements in Germany. A relevant service agreement forms the basis when determining the remuneration. The collective bargaining agreements for the private banking industry and public banks are applied to those employees of NORD/LB who are bound by collective bargaining agreements or with whom the validity of these collective bargaining agreements has been agreed (pay-scale employees).

To determine the fixed remuneration, all job evaluations or classifications of employees are carried out according to the task and not individual employees, and variable remuneration is granted based on performance. By decoupling the individual employee and the position, the NORD/LB Group ensures a remuneration structure that is non-discriminatory and independent of, for example, gender and gender identity, age, sexual orientation, ethnic origin and nationality, physical and mental abilities, religion and belief or social origin and focuses on aspects such as qualification, range of tasks and functions as well as the professional experience of employees. With regard to the gender-specific development of remuneration structures, evaluations are carried out regularly and measures derived to achieve a balanced salary level among all genders. In the foreign branches and representative offices, the remuneration structure and amount is based on the local market conditions and is determined on the basis of comparisons with local competitors. However, the foreign locations are fully integrated into the remuneration processes and implement the overall guidelines.

The bonus system for employees identified as risk takers in Germany and abroad is based on a key figure system that takes into account the Group and division result and individual performance and, in principle, also corresponds to the remuneration system of the Managing Board.

An orientation bonus system applies to areas not covered by collective agreements in Germany. In line with the definition of salary bands for the fixed salary, market-related bands of variable remuneration were developed and underpinned with different orientation bonus ranges. After the end of the financial year, the individual performance bonus is determined taking into account the success of the Bank and its divisions as well as that of individual employees. The regulations are set out in a service agreement. Variable remuneration at locations abroad is based on local conditions, with integration into the remuneration processes ensuring that the regulatory requirements are adequately met.

Payments for individual sales transactions are not provided for. One of the reasons for this is to ensure comprehensive advice. Furthermore, no direct payments are made to advisers in the event of the successful sale of products of the Landesbausparkasse (LBS), NORD/LB Facility Management (NORD/FM) and the Öffentliche Versicherungen Bremen (ÖVB) (Bremen Public Insurance Companies) or VGH Versicherungen (an association of regional insurance companies).

102-41

As at 31 December 2021, the NORD/LB Group had 4,159 employees (> 90%) who fell under collective bargaining agreements.

Management approach to remuneration: 103-3

Depending on the task, the Group remuneration officer and the Bank's control units are involved in the new and further development of remuneration systems. If necessary, external consultants are also involved in the design of remuneration systems.

The monitoring of the appropriate structure of the remuneration systems for employees was carried out by the Group remuneration officer and is documented in the annual report on the appropriateness of the remuneration systems of employees (Remuneration Control Report). The Supervisory Board's remuneration control committee monitored the appropriate structuring of the remuneration systems with regard to the Managing Board's remuneration.

For additional information, please see the NORD/LB Group's remuneration report, which is published on NORD/LB's website at [www.nordlb.com/nordlb/investor-relations/reports](http://www.nordlb.com/nordlb/investor-relations/reports).

## Social benefits

UNGC  
Z: 201-3

Permanent employees of the NORD/LB Group are entitled to the applicable company pension scheme. The NORD/LB Group has several different pension schemes (VO). The present value of the defined-benefit obligations and further information can be found in the Notes to the Financial Report 2021 (IFRS).

NORD/LB has granted its employees and members of the Managing Board employed by the end of 2013 a company pension by means of a direct commitment. Since 2014, NORD/LB has granted new employees a company pension in the form of a defined contribution plan with an external method of implementation.

Z: 401-2

In addition, the NORD/LB Group provides extensive additional social and ancillary benefits, such as capital-forming benefits, continued payment of wages in the event of illness, special leave due to special events, lunch subsidies, public transport subsidies and health improvement measures. Almost all company social benefits, such as the promotion of health, alternating teleworking (home working) and parental leave, are generally available to both full-time and part-time permanent and fixed-term employees.

## Diversity, equal opportunities and work-life balance

Diversity and equal opportunities were identified as important topics in the materiality analysis. It also includes all the measures that contribute to a work-life balance.

UNGC

Management approach to diversity, equal opportunities and work-life balance: 103-1

Diversity and equal opportunities are important for sustainable and value-oriented corporate management in the context of the global ecological, social and economic transformation. Significant aspects for implementing diversity, inclusion and equal opportunities include creating transparency, taking into account the specific needs of generations Y and Z, the increasing number of older employees, the participation of people with disabilities on an equal footing, and the requirements for mobile working and work-life balance.

The NORD/LB Group sees the various dimensions of diversity as a source of innovation and creativity, which significantly influence the Bank's competitiveness and future viability. The conscious tolerance of differences, combined with an appreciative attitude and broadly based inclusion of diversity, make a valuable contribution to the company's success.

The NORD/LB Group therefore attaches importance to ensuring that all genders are treated equally and provides a work environment that fosters equal appreciation and support regardless of gender and gender identity, age, sexual orientation, ethnic origin and nationality, physical and mental abilities, religion and beliefs, and social background.

## Diversity and equal opportunities

UNGC

Management approach to diversity, equal opportunities and work-life balance: 103-2

The NORD/LB Group and its Managing Board are expressly committed to diversity and equal opportunities in a non-discriminatory environment. Following a holistic approach, this includes business relationships and supply chains as well as the design of an inclusive work environment in which employees feel valued, accepted and supported.

The basic guidelines for diversity management include the Group's core values in the Code of Conduct, the Diversity Charter adopted by companies in Germany, the Principles for Responsible Banking and NORD/LB's Diversity Policy.

With regard to implementing diversity, the NORD/LB Group follows an overarching, inclusive approach to treat and promote the workforce fairly and without prejudice – while actively managing differences, cultural backgrounds and practical experiences for the company's success. It is precisely this diversity of employees that is an important part of the corporate identity.

In order for the NORD/LB Group to establish and develop its economic, social and corporate objectives, a "Community of Diversity" – formed by employees and internal networks since the beginning of 2021 – has initiated activities and measures to raise awareness and provide information on diversity management and its various aspects. These include workshops for information and discussions on the various aspects of diversity management, such as sexual orientation. In addition, activities have been initiated around specific campaign days that draw attention to diversity issues in society and thus also at NORD/LB: the "intercultural days" address everyday racism and make experiences related to ethnic origin transparent.

The visibility of diversity in the workforce has been increased through interviews on experiences and lifestyle habits (e.g. religious holidays). Specific action days were supported with information. Examples are 'Disability Day' or 'Orange Day' (day of protest against violence against women). The aim is to identify approaches to areas of action for diversity issues through information and discussions with employees. The "Community of Diversity" represents a cross-section of NORD/LB's workforce and combines the experiences and creativity of participants across age groups, departments and hierarchies.

In addition to raising awareness among all employees, the qualification, especially of managers, is crucial for anchoring an appreciative and inclusive attitude and achieving diversity objectives. To support managers in their management tasks, including in their role model function of promoting diversity, this topic has become an integral part of management development.

With regard to the positioning in the labour market and addressing external interested parties, the issue of gender-sensitive language was taken up and implemented in the context of job advertisements, among other things.

Diversity management is supported by a transparent form of corporate communication, such as an award-winning magazine for employees, dialogue with managers and the Managing Board, an online platform for joint work on topics of the future, and feedback tools.

To achieve the objectives of the NORD/LB 2024 transformation programme holistically and to implement the derived measures sustainably, NORD/LB in 2021 continued to drive forward the internal change initiative #zukunftschaffen, which is firmly based on cooperation and participation. This initiative is an activation programme in which employees solve team tasks relating to the future orientation of the Group jointly and across departments, as well as exchange and initiate ideas and suggestions with regard to the transformation in the corporate culture.



Subject-specific information on diversity and equal opportunities: 405-1

For the recruitment and promotion of employees at all levels as well as junior staff, a Bank-wide transparent organisational structure was developed, which defines remuneration and personnel development components as the basis for individual development perspectives and targeted succession planning. The procedures for filling positions are gender-neutral and are specifically supplemented with analyses and measures to promote the under-represented gender to management positions and prominent roles.

The proportion of women in the workforce is almost unchanged at 50.4 per cent (2020: 50.7 per cent), with women in management positions at 21.2 per cent (2020: 20.8 per cent). Among the members of the Group's Managing Board, the proportion of women increased to 14.3 per cent in 2021 (2020: 6.7 per cent). The proportion of female Supervisory Board and Administrative Board members fell year on year to 19.1 per cent (2020: 26.0 per cent). Employees from 30 nations were part of the workforce in 2021 (2020: from 28 nations).

## People with disabilities

The NORD/LB Group secures and encourages the unrestricted participation of people with disabilities in working life to ensure their social participation, self-determination and inclusion in working life. Attention is thus paid to special dismissal protection, assistance with workplace equipment and support by specific specialist services.

As at 31 December 2021, the proportion of people with disabilities in the NORD/LB Group was 4.2 per cent. With the current employment rate for severely disabled persons, the Bank is below the statutory rate of 5 per cent of severely disabled employees in the workforce. The "physical and mental abilities" dimension of the "Community of Diversity" aims to promote open and unbiased interaction with one another and to focus on talents rather than deficits. In 2021, a new inclusion agreement was concluded between employer and employee representatives as well as the representative body for severely disabled employees.

Table 10: Diversity key figures

|                                              | 2019  | 2020  | 2021  |
|----------------------------------------------|-------|-------|-------|
| Employees (total)                            | 5,501 | 5,020 | 4,524 |
| Male                                         | 2,713 | 2,478 | 2,247 |
| Female                                       | 2,788 | 2,542 | 2,277 |
| Employees without management function        | 4,951 | 4,563 | 4,112 |
| Male employees                               | 2,274 | 2,116 | 1,922 |
| Female employees                             | 2,677 | 2,447 | 2,190 |
| Employees by age structure                   |       |       |       |
| Employees up to 30 years                     | 735   | 643   | 593   |
| Employees aged 31 to 50                      | 2,524 | 2,237 | 2,027 |
| Employees aged 51 and over                   | 1,692 | 1,683 | 1,480 |
| Employees with a management function         | 550   | 457   | 412   |
| Male managers                                | 439   | 362   | 325   |
| Female managers                              | 111   | 95    | 87    |
| Managers by age structure                    |       |       |       |
| Managers up to 30 years                      | 4     | 2     | 2     |
| Managers aged 31-50                          | 288   | 236   | 206   |
| Managers aged 51 and over                    | 258   | 219   | 204   |
| Managing Board                               | 14    | 15    | 14    |
| Male                                         | 13    | 14    | 12    |
| Female                                       | 1     | 1     | 2     |
| Managing Board members' age structure        |       |       |       |
| Managing Board members up to 30 years        | 0     | 0     | 0     |
| Managing Board members aged 31 to 50         | 1     | 1     | 3     |
| Managing Board members from 51 years         | 13    | 14    | 11    |
| Supervisory and Administrative Board Members | 27    | 27    | 21    |
| Male                                         | 22    | 20    | 17    |
| Female                                       | 5     | 7     | 4     |



## Equal treatment and non-discrimination

Z: 406-1

Protection against discrimination is in particular and comprehensively governed by the General Equal Treatment Act (AGG) in Germany. The NORD/LB Group complies with the provisions of the AGG. Local anti-discrimination laws are complied with at foreign locations and local regulations apply to employees. In addition, no discrimination or harassment is tolerated throughout the NORD/LB Group via the Code of Conduct and the Ethics Principles, whether on grounds of gender and gender identity, age, sexual orientation, ethnic origin and nationality, physical and mental abilities, religion and belief, social background or also on account of political outlook or trade union activity.

The NORD/LB Group is responsible for ensuring a protective function for the workforce and has extensive regulations and processes in place to ensure equal treatment and to point out possible consequences for employees in the event of any violations. The topic of anti-discrimination is addressed in various “Community of Diversity” campaigns and measures in order to continuously raise awareness and proactively counter any discrimination.

Possible inequalities can be reported to a complaints office and a person specifically appointed for AGG issues is available to address any equal opportunities issues. Trusted persons and representatives of severely disabled employees are elected to support and protect disabled people, people at risk of disability and severely disabled people. The completion of a mandatory WBT for the implementation of the German General Equal Treatment Act (AGG) every two years is obligatory for all employees at the sites in Germany.

In 2021, the Bank was not aware of any cases of discrimination.

## Work-life balance

UNGC

Management approach to diversity and equal opportunities/work-life balance: 103-2

An employee's private environment is now inextricably linked with the world of work, which is why a work-life balance is also an essential part of shaping the work of the future at the NORD/LB Group. Packages that include a good work-life balance are also an important topic for external stakeholders when selecting a job and are therefore an indispensable component for attracting talent.

The NORD/LB Group supports individual role and life models of employees in the various phases of their lives with human resources tools that make it possible to strike a balance between work activities and private, family or voluntary obligations. These include mobile working, a wide range of flexible working hour models, long-term value accounts and a comprehensive range of external support services for consulting and agency services.

With regard to flexible working hour models, the long-term value accounts product gives employees the opportunity to plan longer-term leaves of absence through tax- and social security-free savings of remuneration components and thus also to balance work and private life. Further options, such as the part-time initiative for a temporary reduction in working hours or the product “leisure time for remuneration”, for additional days off through a pro rata waiver of remuneration, increase flexibility in the planning of individual life phases.

The NORD/LB Group supports employees in creating a work-life balance when it comes to caring for the family. In addition to leaves of absence for the purpose of care, it is also possible to advise and arrange childcare facilities for dependants in need of care in cooperation with an external service provider via NORD/LB.

The interplay of these measures relating to work and private life not only creates an appreciative working environment in the NORD/LB Group, but also contributes to good development prospects for the entire workforce – equal treatment for all genders.

Z: 401-3

At NORD/LB, staff employed full-time and part-time with a period of service of at least five years who take statutory parental leave and do not perform any other activity outside the company during that time have the right to return to the company six additional months after the statutory parental leave. During this time (total max. three and a half years), the employment relationship is suspended.

Topic-specific information on work and family life: Own indicator Alternating teleworking

In 2021, between 75 and 80 percent of employees on average were working from home as a result of the ongoing impact of the coronavirus pandemic. NORD/LB specifically supported the opportunities for working from home in the workforce and regularly demanded them in relation to the Group's internal COVID-19 measures. As an employer, NORD/LB thus contributed to maintaining the health of the workforce and to balancing work and private life in particularly challenging circumstances. Based on this experience, the development of a future-oriented workplace concept is being driven forward, in particular with the possibility of mobile working.

Management approach to diversity, equal opportunities and work-life balance: 103-3

The Managing Board is regularly informed about the status of diversity, equal opportunities and work-life balance and makes decisions about the focus of diversity management at the Bank in the future.

## Training and further education

Training and further education were identified as important topics in the materiality analysis.

Management approach to training and further education: 103-1

NORD/LB operates in a dynamic environment characterised by ongoing megatrends such as demographic change, digitalisation and a shortage of skilled workers, which is bringing new challenges such as the design of a hybrid work environment or the increasing importance of sustainability. NORD/LB therefore assumes responsibility for all employees as part of its training and further education programme and provides support during the transformation. NORD/LB also relies on a consistent junior staff programme through targeted recruitment, retention and the further development of junior staff in order to strengthen its competitiveness.

This issue thus has an impact both internally and externally, individually as well as socially, regionally and nationally.

### Training

Management approach to training and further education: 103-2

The coronavirus pandemic had a major impact on the labour market in 2021. Generally, there was a decline in applications from junior staff. To be best positioned in the competition for talent, the NORD/LB Group continued to set a high training standard. Representative formats such as training and university fairs could largely not be held in 2021 and were, in part, replaced by online formats. To generate further marketing channels independent of the pandemic and to increase NORD/LB's attractiveness as an employer among the target group, the NORD/LB Group launched its own Instagram channel "NORD/LB Karrierestart" [NORD L/B Career Start] in mid-2021. Here, the Group gives current trainees the opportunity to regularly help shape the content.

NORD/LB trains in accordance with the nationally applicable training regulations pursuant to the German Vocational Training Act (BBiG), which governs the performance of vocational training, examinations, monitoring of training, vocational training and vocational reskilling. NORD/LB has a special duty of care towards trainees. For example, at NORD/LB all trainees (regardless of age) are treated in accordance with the provisions of the German Youth Employment Protection Act (JArbSchG).

NORD/LB offers an extensive training and study programme at its locations, with its predominantly commercial and IT-related professions. In addition to this training, the recruitment of students to join the company as junior staff and those who have completed internships at universities and trainee programmes is also an important success factor in securing the Bank's future corporate success with qualified employees.

## Junior staff development

In addition to creating attractive working conditions, the communication of purpose and the highlighting of individual development perspectives became key fields of action for junior staff activities in 2021 in terms of the acquisition, emotional connection and motivation of junior staff. With regard to the future-oriented alignment of the training, job profiles are regularly evaluated and adapted, which gives rise to new training and study opportunities, such as the dual course of study in Business Economics, business administrators for digitalisation management and IT specialists in application development, which contribute to the NORD/LB Group's competitiveness on the labour market.

## Acquisition and retention of junior staff

The careers page on NORD/LB's website provides an online jobs market and information on career entry opportunities for pupils at secondary schools, students and graduates. The NORD/LB trainee blog can also be found here, which allows trainees and dual students from all professions and locations to report on their training experiences and insights and thus enable potential applicants to gain insight into the training available. In addition to traditional recruitment measures and coordinated target group campaigns, NORD/LB also used social media to communicate with applicants in 2021.

A particularly efficient solution for filling vacancies in specialist departments was provided by targeted trainee programmes in 2021, i.e. trainee programmes in which the future workplace and the target position, were already defined at the start of the programme. This concept created a high level of satisfaction among junior staff as well as in the Bank's specialist departments. The TraineePLUS trainee programme concept was also continued. In this innovative and company-specific programme, graduates with a very good bachelor's degree are employed while completing a part-time master's degree in "integrated business management (digital/sustainable)" at Leibniz University of Applied Sciences during the 24-month trainee programme.

In the area of training, the specific focus on IT professions continued to be strengthened with specific programmes such as IT and programming workshops.

Depending on the nature of the issue, all interns and trainees are assisted by the direct line manager, the HR department and the local and regional personnel representatives – for interns, the youth and training representative is specifically available as the first point of contact. For further information, please see the chapter "Ethics and integrity".

## Quality of training

The Bank's qualification strategy consistently aims to ensure skills-based development of all NORD/LB junior staff – in accordance with the NORD/LB competence model. Trainees receive a specialist qualification, e.g. via workshops held by experts from the Bank or via an online learning platform. Furthermore, they are supported in their personal development, e.g. through team development seminars, interdisciplinary workshops and regular team meetings and coaching sessions.

Due to the ongoing coronavirus pandemic, no projects were carried out in 2021 as part of the cooperation with the largest international student organisation, AIESEC. Plans are in place to again enable junior staff in the future to experience project work in developing countries and emerging economies and thus, among other things, to meet the wishes of generations Y and Z for meaningful work and personal development.

The promotion of the innovative capacity of junior staff was also a key focus of the 2020 training year. Due to the coronavirus pandemic, the workshops, exam preparations, supervisory meetings and the apprenticeship graduation ceremony were largely carried out via digital formats. The newly introduced junior staff app assisted staff to keep in constant contact even during these times and to provide junior staff with news during periods of absence. Furthermore, the digital trainee projects were continued, such as the "digital buddies" project that supports the Bank in the digital transformation or the "trainee tutorial team" project, which converts written information into short, innovative videos.

Management approach to training and further education: 103-3

Against the backdrop of the NORD/LB 2024 transformation programme, together with the staff restructuring programme for future positioning, the recruitment of junior staff is based on the NORD/LB Group's quantitative and qualitative requirements. The target of almost 50 trainees and dual students for the start of training in August 2021 as well as up to 15 trainees was very nearly met due to the number of applications received. This means a training ratio of 3.0 per cent (2020: 3.2 per cent).

As a public-sector institution, the NORD/LB Group continued to fulfil its social responsibilities for training in 2021 with its training figures and acceptance rates.

## Further training and succession management

Management approach to training and further education: 103-2  
Z: 404-2

The qualification and development measures are geared towards the NORD/LB Group's future needs in order to support the transformation in the best possible way. The aim of personnel development is to prepare managers and employees for the new challenges and at the same time create individual development opportunities with regard to employee engagement and motivation.

In 2021, the realignment of the Bank-wide organisational structure – which combines all tasks in the Bank in the job function, job family and job role structure – created the basis for integrating personnel development and remuneration tools. From a personnel development perspective, the transparent description of job functions, families and roles serves as an anchor point for defining the required skills and qualifications as well as a basis for identifying individual development opportunities and developing structured succession planning. With regard to the requirements for the entire workforce in the context of transformation, personal responsibility, teamwork and openness to change are defined as overarching basic skills. In addition, functional skills such as analytical or consulting skills which relate to the respective requirements in a job function are defined.

The measures for qualification and development include the in-house training programme with a focus on interdisciplinary content based on NORD/LB's competence model, specialist seminars and training courses as well as learning platforms for self-directed learning. In 2021, Group-wide measures were also initiated against the backdrop of the NORD/LB 2024 transformation programme and in light of new challenges, e.g. a structured knowledge transfer process in the context of staff reductions, training on mobile working and the development of a training concept in connection with the implementation of the sustainability strategy.

Any complaints regarding further training measures or providers can be addressed to the manager or the HR department. There were no significant concerns in this regard in the reporting year.

Topic-specific information on training and further education: 404-3

The Managing Board believes that ensuring the further training and education of employees is an important factor in the Bank's success. The NORD/LB Group has a centralised education budget with which interdisciplinary qualifications are managed. In addition, each department has a decentralised education budget, which is mainly used for specialist qualifications.

Managers are responsible for ensuring that the workforce is sufficiently qualified. They identify qualification needs together with the employee in an annual meeting. This is documented as part of development planning. Here, the manager confirms that the employee has all the required qualifications in accordance with MaRisk 7.1. In addition, the Bank has concluded a further training service agreement with the Staff Council. Here, too, the aim is to promote the best possible qualification of employees

Management approach to training and further education: 103-3

Further training is managed by means of annual meetings in which managers and employees discuss further training requirements and agree on appropriate measures as part of development planning. The annual appraisal – combined with performance appraisals for almost 100% of female and male employees as well as female and male managers – also includes a validation of the legally prescribed qualifications (e.g. WBT Compliance, MaRisk and money laundering). The up-to-date nature of these is also monitored throughout the year via a system-based tracking function.

The measures for qualification and development are conceptually expanded on an ongoing basis and subjected to ongoing review and reporting to the Managing Board.

## Occupational health and safety

Occupational health and safety was identified as an important topic in the materiality analysis.

UNGC

Management approach to occupational health and safety: 103-1

Occupational health and safety secures the right to the well-being of employees, who are the most important assets of a company. Companies can only be successful in the long term with high-performing, well-trained, motivated and, above all, healthy employees. The measures taken to ensure occupational health and safety also apply to the customers and service providers of NORD/LB.

In addition to complying with statutory requirements, the NORD/LB Managing Board believes that occupational health management (OHM) is a worthwhile investment in employee health and performance. For the NORD/LB Group, however, the health of employees is not only a company value-added factor for economic success, the health of employees and thus the management of occupational health are also an important social and societal issue for the Bank. This makes the topic highly relevant both internally and externally.

### Occupational safety

UNGC

Management approach to occupational health and safety: 103-2

NORD/LB makes use of the legally required occupational health and safety committee as an advisory body. This allows for reflection on and discussion of relevant occupational health and safety issues from a variety of perspectives. The committee is a corporate body to continuously improve accident prevention and occupational health.

The rate of sick leave (rate of absences due to sick leave) at the NORD/LB Group fell to 4.1 per cent in 2021 (2020: 4.8 per cent).

Topic-specific information on occupational health and safety: 403-3

As employees of a financial services company, NORD/LB Group employees do not perform any activities that are classified as particularly hazardous or harmful to health or that involve specific health risks. Standardised, ergonomically appropriate workplace tools and impact controls are used to mitigate the stresses and hazards typical for administrative companies with regard to screen work. Defects identified are assessed in relation to the task and remedied with risk-reducing measures. Regular instruction sessions and conduct-related safety requirements supplement the safety-related preventive measures.

Particular attention is paid to accident prevention in relation to threats and robberies in workplaces associated with cash transactions or the storage of cash and other tangible assets and additional attention is paid to the prevention of accidents in connection with incidents involving explosives at ATMs.

Due to the ongoing coronavirus pandemic in 2021, relevant risk assessments were carried out and safety-related occupational health and safety measures were developed regularly as part of the weekly situation team meetings of the emergency and crisis teams.

The health authorities issued temporary occupational health and safety regulations and workplace rules adapted to the epidemiological risk situation. The resulting, technically specific topics for implementation by the company were discussed and evaluated in a task force for occupational health and safety formed specifically for this purpose, submitted to management for decision-making and reported in summary reports to the Managing Board.

Own indicator Occupational health and safety Overview of sick days and fatalities

**Table 11: Overview of sick days and workplace accidents**

|                                                                      | 2019      | 2020      | 2021      |
|----------------------------------------------------------------------|-----------|-----------|-----------|
| Employees (total)                                                    | 5,501     | 5,020     | 4,524     |
| Workplace accidents (number)                                         | 28        | 17        | 13        |
| <b>Male</b>                                                          | 10        | 8         | 8         |
| <b>Female</b>                                                        | 18        | 9         | 5         |
| Workplace accidents (working days)                                   | 464       | 255       | 178       |
| <b>Male</b>                                                          | 267       | 138       | 96        |
| <b>Female</b>                                                        | 197       | 117       | 82        |
| Fatalities due to workplace accidents                                | 0         | 0         | 0         |
| Sick days (working days)                                             | 72,356    | 58,053    | 43,804    |
| <b>Male</b>                                                          | 30,032    | 23,630    | 16,313    |
| <b>Female</b>                                                        | 42,333    | 34,423    | 27,491    |
| Planned working days (working days)                                  | 1,250,725 | 1,189,864 | 1,044,268 |
| <b>Male</b>                                                          | 639,169   | 607,905   | 533,419   |
| <b>Female</b>                                                        | 611,556   | 581,959   | 510,849   |
| Percentage of workplace accidents to staff                           | 0.5%      | 0.3%      | 0.3%      |
| Percentage of work-related accident days to sick days                | 0.6%      | 0.4%      | 0.4%      |
| Percentage of workplace accident days to planned working days        | 0.0%      | 0.0%      | 0.0%      |
| Percentage of sick days to planned working days (rate of sick leave) | 5.7%      | 4.8%      | 4.1%      |

## Occupational health management

UNGC

Management approach to occupational health and safety: 103-2

Maintaining the health and working capacity of all employees through qualitative health management is an important part of the management approach to HR work in the NORD/LB Group. Occupational health management (OHM) is managed by HR on behalf of the Managing Board.

OHM supplements the legally prescribed occupational health and safety measures by helping to shape healthy working conditions, heightened awareness among managers and other health resources in order to firmly anchor these in the Bank's structures. Through targeted improvement of working conditions and the organisation of work, the personal health habits of employees can be improved and health problems can be solved or reduced.

The objectives of OHM are set out in a long-term mission statement with high quality standards. In this context, the promotion of healthy working conditions is the focus of the activities, along with the strengthening of personal and company health potentials.

Successful health promotion in the NORD/LB Group is characterised by the fulfilment or implementation of the following medium-term sub-objectives:

- Health is considered an important criterion in the design and organisation of work.
- Employees have a high level of health awareness and are actively involved in improving their working conditions and reducing stress.
- Managers are trained and perform their tasks in a health-promoting manner as role models.
- The Bank systematically and comprehensively analyses health risks and burdens.

In 2020 and 2021, occupational health management played a crucial role in pandemic prevention, in particular in terms of the company's vaccination programme for all employees and their relatives. In addition, various products for maintaining the life domain balance were offered in digitalised form via external service providers (e.g. online emergency childcare, digital or alternative consultation formats (walk and talk)) as well as a digital relaxation break during lunchtime. Information and support material were provided on the intranet to assist employees in this challenging situation.

In 2021, the NORD/LB Group made its proactive and preventive support tools permanently available via a professional OHM. Legal framework conditions from the German Occupational Health and Safety Act (ArbSchG) and the German Social Code also require the implementation of various measures such as a company reintegration management system (hereinafter referred to as REM) and the provision of a psychological risk assessment.

In addition to the legal requirements for occupational safety, the Bank offers all employees a range of consultancy services. The company doctor thus provides information about the optimal design of workplaces and about preventive measures against postural and visual impairments. Ergonomic standards are complied with when procuring furniture and IT equipment. In addition, several Group sites have early defibrillation devices. In the event of work-related or psychosocial problems, all employees can make use of neutral external employee and management advice.

The NORD/LB Group has also perpetuated its preventive and individual health promotion programmes. These basic offers include:

- Annual flu vaccinations,
- Physical activity during breaks,
- Relaxation during lunch breaks,
- Health seminars by the company doctor,
- Collaborations with fitness clubs in the region.

Managers are supported in their task by specific seminar offerings (e.g. virtual leadership; resilience for managers).

OHM also provides information material on topics such as addiction, dealing with employees suffering from psychological disorders and REM. All employees can obtain free advice from an external service provider for personal and professional problems.

NORD/LB also offers special seminars on maintaining health, particularly in challenging times, such as "Resilience for employees" or "Healthy change for employees".

Management approach to occupational health and safety: 103-3

The evaluation of occupational health management is carried out as a continuous process. Sick leave key figures are regularly analysed, linked to areas of activity and, if necessary, presented to the Managing Board. In the event of unusual health problems, special consultations are initiated between the HR department and the Bank's specialist departments.



# Our social commitment

Z: 201-1      Z: 203-1      Z: 413-1

For NORD/LB Group institutions, the regional environment is not only the site, but also the place of residence and habitat of its employees and many customers and, last but not least, important for attracting new talent. Banks also obtain a significant part of the services they commission from the region.

For this reason, in addition to funding business and infrastructure, NORD/LB Group institutions place great emphasis on promoting educational opportunities as well as social, scientific and cultural developments in their regional sphere of influence and are financially involved in numerous social environments as their contribution to an attractive region that is a good place to live:

- as a partner to business and municipalities;
- as a promoter of art, culture and science;
- as a supporter of social projects;
- as a donor, sponsor and benefactor; and
- through employee volunteering.

As in their business policies as a whole, NORD/LB Group institutions focus on stability, continuity and reliability in their funding activities. The realised projects are therefore designed for the long term. Transparent funding principles are in place to ensure targeted funding of selected projects. Organisations, institutions and projects can only be supported if their application for funding complies with these principles. This is also in line with other principles, such as the Compliance guidelines, the Code of Conduct and the rules of responsible company leadership (corporate governance).

Due to the business activities and sites in which the NORD/LB Group operates, no negative effects on local communities are expected, nor are there any particular negative dependencies or vulnerable groups.

Table 12: Overview of donations (in € thousands)

|                                               | 2019  | 2020  | 2021  |
|-----------------------------------------------|-------|-------|-------|
| <b>Social commitment</b>                      | 175   | 263   | 193   |
| <b>Culture</b>                                | 608   | 459   | 507   |
| <b>Environment</b>                            | 4     | 2     | 21    |
| <b>Sport</b>                                  | 390   | 295   | 175   |
| <b>Research, business and science funding</b> | 74    | 83    | 78    |
| <b>Other (incl. bonus savings)</b>            | 298   | 267   | 68    |
| <b>Total</b>                                  | 1,549 | 1,369 | 1,042 |

## NORD/LB Cultural Foundation

Z: 201-1      Z: 203-1

NORD/LB can look back on decades of tradition in promoting art and culture. This commitment was taken on by the NORD/LB Cultural Foundation founded in November 2012. The purpose of the NORD/LB Cultural Foundation is to fund art and culture in places where NORD/LB does business.

Although the creative community was also affected by the coronavirus pandemic in 2021, they adapted to the situation with a variety of measures and dealt with the restrictions in a highly imaginative and committed manner in order to implement their projects.

In the 2021 financial year, the NORD/LB Cultural Foundation granted 23 benefit commitments amounting to a total of EUR 360,000. The focus was on funding cultural organisations and projects in the Federal states of Lower Saxony and Saxony-Anhalt. In terms of content, the focus was on the visual arts and music. Special focal points in the financial year 2021 were the exhibitions "Gesamtkunstwerke – Architecture by Arne Jacobsen and Otto Weitling in Germany" at the Arne Jacobsen Foyer in Herrenhausen in Hanover, "Nicolas Party. Stage Fright" at Kestner Gesellschaft Hanover, "VORDER – MITTEL – HINTERGRUND – Hartwig Ebersbach – Stefan Guggisberg – Neo Rauch" at the Graphics Foundation Neo Rauch in Aschersleben and "Peter Piller and Richard Prince" in the



Weserburg in Bremen. The motto of the 2021 Kurt Weill Festival in Dessau was “Wo ist Heimat” [“Where is home?”] and KunstFestSpiele Herrenhausen successfully implemented the planned programme.

In 2021, the NORD/LB Cultural Foundation awarded the production prize for project spaces to META COPY – head office for artists’ publications for the project “Buchlabor 2: Zeit zeichnen – Das Künstlerbuch als Zeitkapsel” [Book Lab 2: Drawing Time – Art Books as a Time Capsule]. This award recognises art venues that implement interdisciplinary, artistic approaches and innovative positions. The award, which has now been presented for the third time, strengthens Hanover as a centre for art and is awarded in cooperation with the city’s cultural office.

## Science

Z: 201-1      Z: 203-1

As a regional state Bank in Lower Saxony and Saxony-Anhalt, as well as a clearing house (Girozentrale) and central bank for savings banks in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania, NORD/LB assumes social responsibility and is committed to supporting scientific projects in its business field with financial and conceptional support.

When funding scientific endeavours, NORD/LB focuses on young scientists and, in addition to awarding scholarships, focuses in particular on providing targeted funding for individual scientific works in a variety of disciplines. NORD/LB also finances endowed professorships and provides funding for the Hannover Center of Finance. In addition, there is the Braunschweigische Hochschulbund e.V. funded by the Braunschweigische Landessparkasse as well as being responsible for two German scholarships benefiting students of the Brunswick University of Fine Arts.

Deutsche Hypo again donated the Johann-Georg-Zimmermann Research Award and the Johann-Georg-Zimmermann Medal in 2021. Both prizes are awarded annually for extraordinary merit in cancer research. The award ceremony took place as part of an online conference with the Hanover Medical School (MHH).

## Social commitment

Z: 201-1      Z: 203-1

To support the preservation and communication of values in society, NORD/LB funds institutions and organisations that deal with the education and training of disadvantaged children and young people and enable people with difficult social backgrounds to improve their life situation.

NORD/LB provides financial support, e.g. for the work of organisations that admit and provide treatment for abused children, for day-care centres in socially disadvantaged areas or for learning projects in schools with a migrant background.

NORD/LB also supports numerous projects in advisory centres for the disadvantaged and people facing particular social difficulties.

In addition, our Christmas donation – in lieu of gifts for customers and business partners – introduced in 2005 is exclusively used for social and regional projects.

The Braunschweigische Landessparkasse underlined its responsibility for funding by establishing the Braunschweigische Sparkassenstiftung, a savings bank foundation in Brunswick, in 2015. The foundation has set up a “digitalisation fund” for 80 regional associations thus initiating its own project for the first time. At the same time, it recognised volunteers’ needs as a result of the pandemic and provided specific funding. Furthermore, a large number of mostly smaller clubs and initiatives between Holzminden and Helmstedt received funding. The Braunschweigische Sparkassenstiftung is therefore making a significant contribution to promoting civic commitment and strengthening the community.

Through the Braunschweigische Landessparkasse, the NORD/LB Group also takes on the important task of providing children and young people with essential financial knowledge. A focal point here is collaborating with schools throughout the entire business region. For example, the stock exchange game for learners, Planspiel Börse für Schüler, is offered annually. It explains the responsible handling of money and introduces learners to the world of the stock exchange. A digital version of the Planspiel Börse was made available immediately.

The Braunschweigische Landessparkasse is also committed to supporting creative start-ups and assisting young companies in becoming successful. Since 2010, Braunschweig Zukunft GmbH and the Braunschweigische Landessparkasse therefore call on founders every two years to submit their business idea and apply for the Brunswick Founder's Prize, the Braunschweiger Gründerpreis. Here, the search is on for "motivators". Creative ideas and the courage and motivation to establish one's own company are rewarded with a total amount of €10,000. Due to the extensive restrictions imposed on people in 2020, the Braunschweigische Landessparkasse has focused on promoting social projects and neighbourhood initiatives.

## Politics

Z: 415-1

NORD/LB is committed to designing a binding and transparent regulatory framework for the financial services industry. To this end, their representatives collaborate in various associations. These include the German Global Compact network, the UNEP FI financial initiative, the association for environmental management and sustainability in financial institutions (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten, VfU), the German Savings Banks Association and the Association of German Public Banks.

The NORD/LB Group guidelines exclude donations to political parties and party-related organisations.

# Our business operations

## Company environmental management

### Emissions

CO<sub>2</sub> emissions were identified as an important topic in the materiality analysis.

CO<sub>2</sub> emissions management approach: 103-2

When it comes to the emission of greenhouse gases, only CO<sub>2</sub> is generated in larger quantities due to the NORD/LB Group's business activities. As the emission or reduction of CO<sub>2</sub> emissions are also considered to be an important factor in the development of climate change, NORD/LB focuses on reducing indirect and direct CO<sub>2</sub> emissions.

In contrast to the manufacturing industry, the Group's use of resources is essentially limited due to its activity as a service provider. Nevertheless, the NORD/LB Group offers jobs for 4,305 employees in offices that are heated, supplied with electricity and drinking water, as well as equipped with IT hardware and office equipment. In addition, the NORD/LB Group's activities require employees to be mobile in order to be able to provide advice to customers, a key service provided by a financial services company.

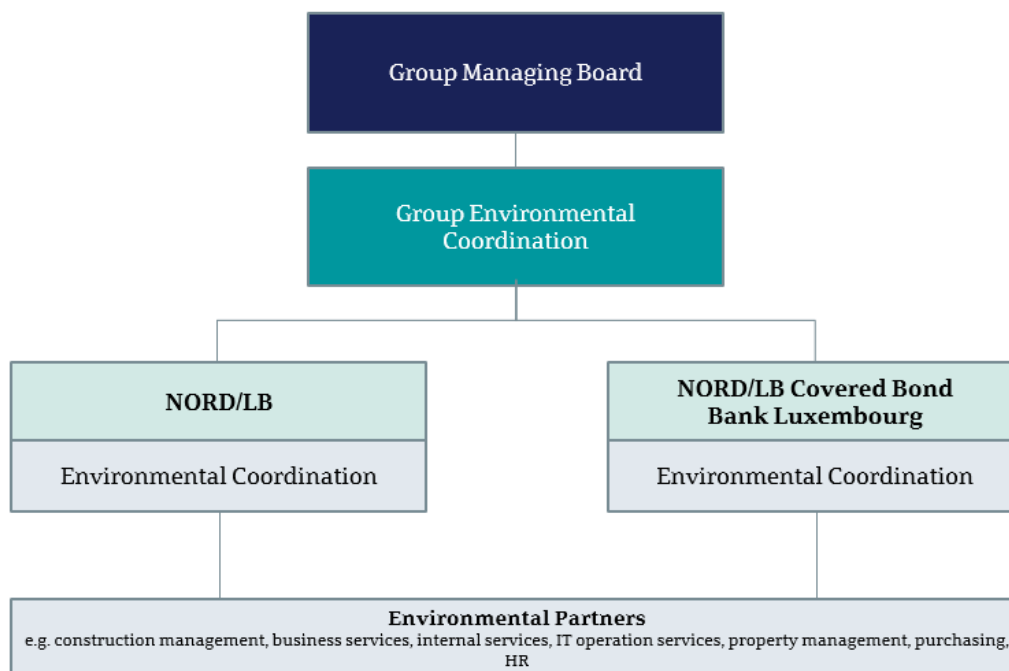
To improve the company's environmental performance in its operations, the NORD/LB Group has implemented a company environmental management system that is based on the international ISO 14001 standard. In 2019, the certification of an energy management system (DIN 50001:2018) was added.

The environmental management is also available for suggestions and initiates improvements. In the past, these included measures such as adjustments to plant technology or conversions from lighting systems to LED technology (also in the field of outdoor advertising systems). The subsidiaries are integrated into the company's environmental management system as part of the Group's coordination.

CO<sub>2</sub> emissions management approach: 103-3

As part of the company environmental management system, all areas relating to the company's environmental protection – from purchasing management to building construction and workplace design, facility and mobility management to disposal management – are controlled, recorded and evaluated. This means that several items in the environmental balance sheet can at the same time benefit from the measures taken.

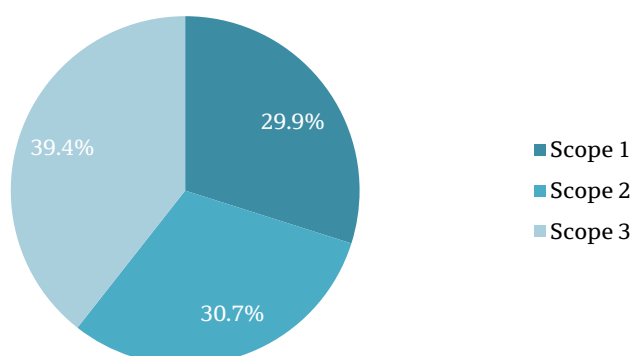
Figure 7: Environmental management system



To analyse and manage emissions, the NORD/LB Group calculates consumption values and greenhouse gas emissions (GHG) annually in accordance with the Greenhouse Gas Protocol methodology. The reporting distinguishes between three emission sources, the so-called scopes:

- Scope 1 emissions are direct CO<sub>2</sub> emissions. They come from emission sources at NORD/LB locations, such as from the burning of fossil raw materials and from fleet operations.
- Scope 2 emissions are indirect CO<sub>2</sub> emissions generated by the Bank's suppliers in the production of energy, such as electricity, district heating or natural gas.
- Scope 3 emissions cover all the other CO<sub>2</sub> emissions caused by business operations along the value chain, such as business trips by taxi, train, airplane or rental vehicle, as well as paper and water consumption and waste.

Figure 8: Relevance of GHG emissions Scope 1-3



Around 94.5 per cent of CO<sub>2</sub> emissions result from energy consumption (heating and electricity) as well as business trips with the company's own vehicle fleet, rental car, train or airplane.

Subject-specific CO<sub>2</sub> emissions information: 305-1 Z: 305-2 Z: 305-3 Z: 305-4 Z: 305-5 Z: 305-6 Z: 305-7

Table 13: Greenhouse Gas Protocol methodology for greenhouse gas emissions

| (in t CO <sub>2e</sub> )                     | 2019  | 2020  | 2021  |
|----------------------------------------------|-------|-------|-------|
| Scope 1: Direct CO <sub>2e</sub> emissions   |       |       |       |
| Natural gas                                  | 1,354 | 1,311 | 1,081 |
| Heating oil                                  | 19    | 42    | 36    |
| Fuels (emergency power)                      | 8     | 0.3   | 0.3   |
| Petrol (company cars)                        | 175   | 96    | 86    |
| Diesel (company cars)                        | 862   | 468   | 421   |
| Coolant losses                               | 192   | 222   | 81    |
| Total scope 1                                | 2,610 | 2,139 | 1,704 |
| Scope 2: Indirect CO <sub>2e</sub> emissions |       |       |       |
| District heating                             | 2,066 | 1,820 | 1,745 |
| Electricity                                  | 1     | –     | –     |
| Total scope 2                                | 2,067 | 1,820 | 1,745 |
| Scope 3: Indirect CO <sub>2e</sub> emissions |       |       |       |
| Electricity                                  | 130   | 293   | 317   |
| Heating                                      | 983   | 881   | 1,167 |
| Transport and traffic (e.g. business trips)  | 1,584 | 571   | 526   |
| Paper                                        | 185   | 100   | 82    |
| Water                                        | 50    | 31    | 27    |
| Waste                                        | 212   | 113   | 124   |
| Total scope 3                                | 3,145 | 1,989 | 2,242 |
| Total scope 1-3                              | 7,822 | 5,948 | 5,692 |
| Relative per employee (in kg)                | 1,482 | 1,237 | 1,322 |

CO<sub>2</sub> was included in the calculation of CO<sub>2e</sub>. CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> or NF<sub>3</sub> or any biogenic CO<sub>2</sub> emissions were not determined separately. No information can be provided for 305-1e/f.

Figure 9: CO<sub>2</sub> emissions in 2020 – by emission source

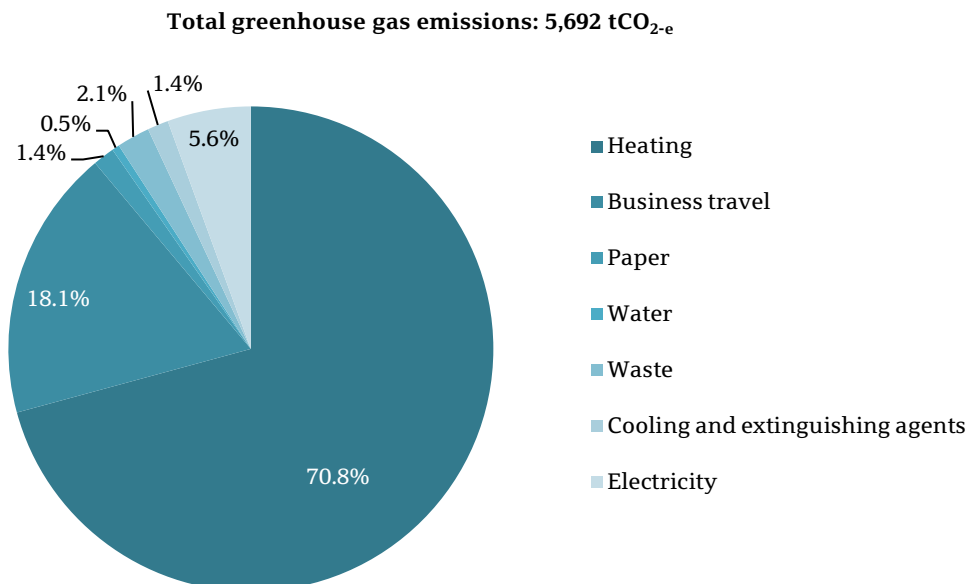
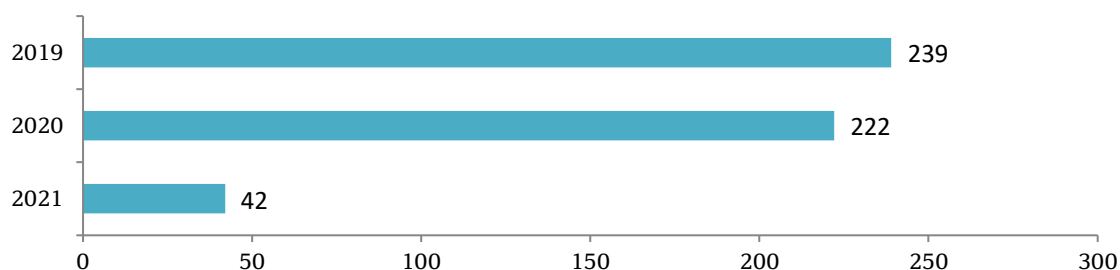


Figure 10: Ozone-depleting emissions/coolant losses (in kg)



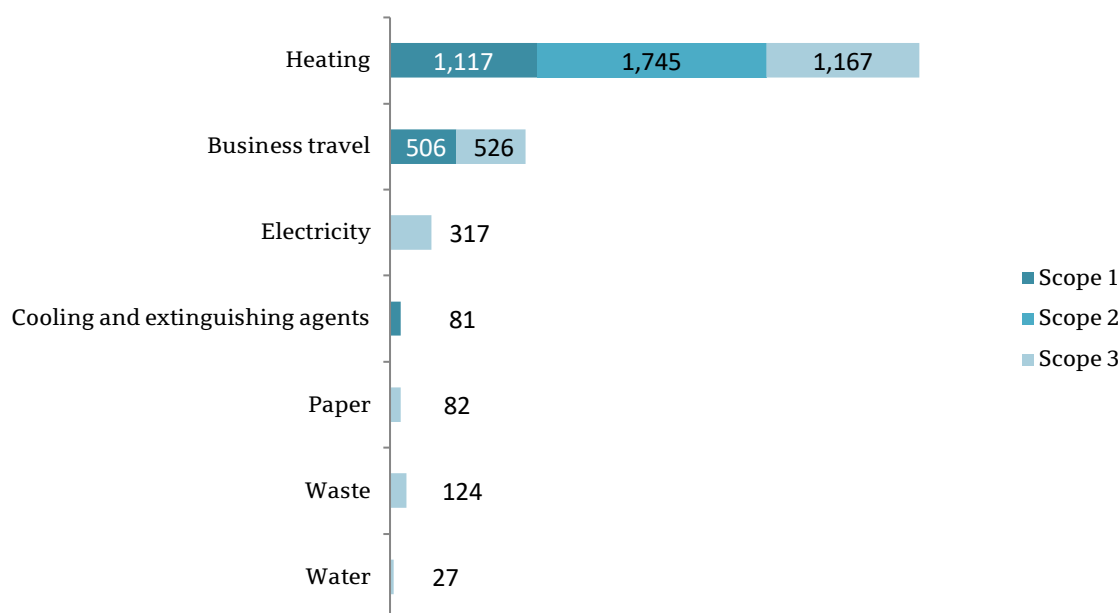
## Environmental footprint

The NORD/LB Group's CO<sub>2</sub> emissions fell by 4.3 per cent year-on-year to 5,692 t.

The largest individual items were the consumption of heating energy (70.8 per cent) and business trips (18.1 per cent). Thanks to the use of green electricity, this share of total emissions is extremely low at 5.6 per cent.

The highest emissions of 2,242 t (39.4 per cent) are scope 3 emissions, which are mainly caused by energy consumption and business trips.

Scope 1 emissions are similarly high at 1,704 t or 30 per cent, which include not only heating energy and the company's vehicle fleet but also coolant losses. Scope 2 emissions, at 30.7 per cent or 1,745 t of emissions, relate primarily to heating energy.

Figure 11: Environmental footprint (in tCO<sub>2</sub>)

## Energy

UNGC

Z: 302-1

Z: 302-2

Z: 302-3

Z: 302-4

Z: 302-5

In the context of business operations, the companies of the NORD/LB Group rely on the use of energy. Energy consumption comprises the use of natural gas, heating oil, electricity and district heating, as well as petrol and diesel for the vehicle pool.

At 5,378 tons of CO<sub>2</sub>, energy consumption and business operations accounted for around 94.5 per cent of total emissions in the year under review, making them the largest source of emissions. The effects represent the largest individual items in all three scopes.

Further focus has been placed on energy efficiency in heating and powering buildings.

Furthermore, adaptations of the system technology and conversions of lighting systems to LED technology (also in the field of outdoor advertising systems) were made as part of investment measures.

Table 14: Direct energy consumption by primary energy source

| (in FY)                                           | 2019          | 2020          | 2021          |
|---------------------------------------------------|---------------|---------------|---------------|
| <b>Natural gas</b>                                | 24,580        | 23,813        | 19,634        |
| <b>Heating oil</b>                                | 237           | 529           | 450           |
| <b>Fuels (petrol, diesel) for emergency power</b> | 106           | 4             | 4             |
| <b>Petrol consumption of vehicles</b>             | 2,356         | 1,292         | 1,151         |
| <b>Diesel consumption of vehicles</b>             | 11,517        | 6,227         | 5,595         |
| <b>Total</b>                                      | <b>38,796</b> | <b>31,865</b> | <b>26,834</b> |



Table 15: Indirect energy consumption by primary energy source

| (in FY)                             | 2019    | 2020    | 2021    |
|-------------------------------------|---------|---------|---------|
| <b>Electricity</b>                  | 68,824  | 57,867  | 53,474  |
| of which from renewable sources     | 68,824  | 57,867  | 53,474  |
| of which from non-renewable sources | –       | –       | –       |
| <b>District heating</b>             | 54,473  | 47,899  | 54,275  |
| of which from renewable sources     | –       | –       | –       |
| of which from non-renewable sources | 54,473  | 47,899  | 54,275  |
| <b>Total</b>                        | 123,297 | 105,766 | 107,749 |

Electricity from renewable energies (hydropower) is used at NORD/LB including the Braunschweigische Landessparkasse, NORD/LB Luxembourg and the sites in Bremen and Oldenburg.

In total, electricity consumption fell by around 10 per cent to 14,853,837 kWh in 2021. Heating energy consumption for company buildings fell by around 2.9 per cent to 20,655,237 kWh in 2021.

In addition, electricity is produced at the Bremen and Luxembourg sites by operating photovoltaic systems for in-house operation and, in Hanover, a solar thermal energy system contributes to water heating in kitchens.

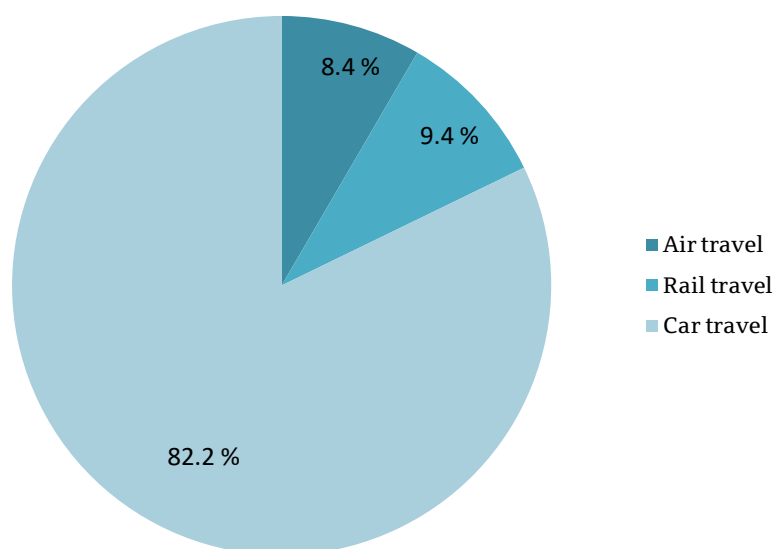
## Mobility

### UNGC

Mobility accounted for around 18.1 per cent of total emissions in the year under review at 1,032 t CO<sub>2</sub>, making it one of the largest sources of emissions. The effects relate to scope 1 and 3.

In 2021, vehicle trips continued to be the most frequently used means of transport, but the number of business trips fell by around 71.6 per cent compared to the previous year to 3,875,556 km. Business trips by vehicle fell by 10 per cent to 3,184,504 km, rail travel by 75.1 per cent to 366,012 km and air travel by 18.6 per cent to 325,039 km.

Figure 12: Overview of means of transport used in (km) in 2021 for the transport of employees (rounded in per cent)



Employees' daily commute to work is another potential area of activity for the NORD/LB Group to save or avoid emissions. The NORD/LB Group therefore gives its employees the opportunity to purchase job tickets for using public transport at the major locations in Hanover, Bremen, Oldenburg and Brunswick in order to reduce the environmental impact as much as possible. In 2021, 838 employees of the NORD/LB Group took advantage of this opportunity. Job tickets were cancelled due to the pandemic and in connection with the increased proportion of people working from home.

## Paper and water

UNGC

Z: 301-1

Z: 301-2

As a service company, the companies of the NORD/LB Group are not dependent on the use of raw and auxiliary materials, nor do they manufacture any products that require packaging. However, like other companies, the Group is dependent on various consumables. Paper is the largest item and reducing paper consumption remains a major challenge.

In the year under review, paper consumption accounted for around 1.4 per cent of overall emissions, which is equivalent to a reduction of 18%. The effects relate to scope 3.

The percentage of recycled paper is around 4 per cent. In the case of virgin fibre paper, only paper from sustainable forestry with the Forest Stewardship Council (FSC) seal is used for printer and photocopying paper.

**Table 16: Materials used by weight or volume and percentage of recycled material**

|                                                      | 2019 | 2020 | 2021 |
|------------------------------------------------------|------|------|------|
| <b>Paper consumption (in t)</b>                      | 158  | 92   | 75   |
| <b>of which recycled paper</b>                       | 14   | 6    | 3    |
| <b>of which fresh fibre paper (ECF and TCF)</b>      | 144  | 86   | 71   |
| <b>Percentage of paper with sustainability label</b> | 90%  | 76%  | 65   |
| <b>Paper consumption per employee (in kg)</b>        | 30   | 19.1 | 17.4 |

Chlorine-bleached fresh fibre paper is not used by the NORD/LB Group.

Z: 303-1

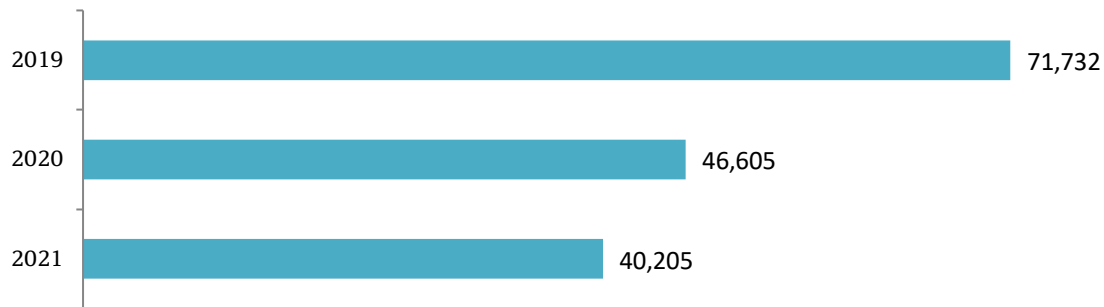
As a service company, the companies of the NORD/LB Group do not use water for the provision of products or services that contribute to the products or services of the organisation, or receive products or services from the organisation.

The NORD/LB Group obtains the drinking water for its sites in Germany and abroad primarily from regional suppliers. For example, the water north and south of the state capital is extracted for the Hanover site in waterworks (Elze-Berkhof, Fuhrberg, Grasdorf) as well as dam water from the Harz region; in Brunswick, the drinking water used primarily comes from the two Harz mountain range dams, Ecker and Grane. The drinking water for the Bremen site comes from the Wildeshausen, Liebenau and Schneeren waterworks. The city of Oldenburg's drinking water is extracted in the waterworks of Donnerschwee, Alexandersfeld and Sandkrug. The foreign subsidiary in Luxembourg obtains its drinking water from the Esch-Sauer drinking water reservoir.

Compared to the previous year, water consumption fell by around 13.7 per cent to 40,205 m<sup>3</sup>.

Z: 306-1

The amount of wastewater is equivalent to the above-mentioned water consumption. This is used drinking water from predominantly sanitary facilities. The wastewater is discharged into the municipal sewerage system in accordance with the statutory provisions and purified there accordingly.

**Figure 12: Total water withdrawal (in m<sup>3</sup>)**

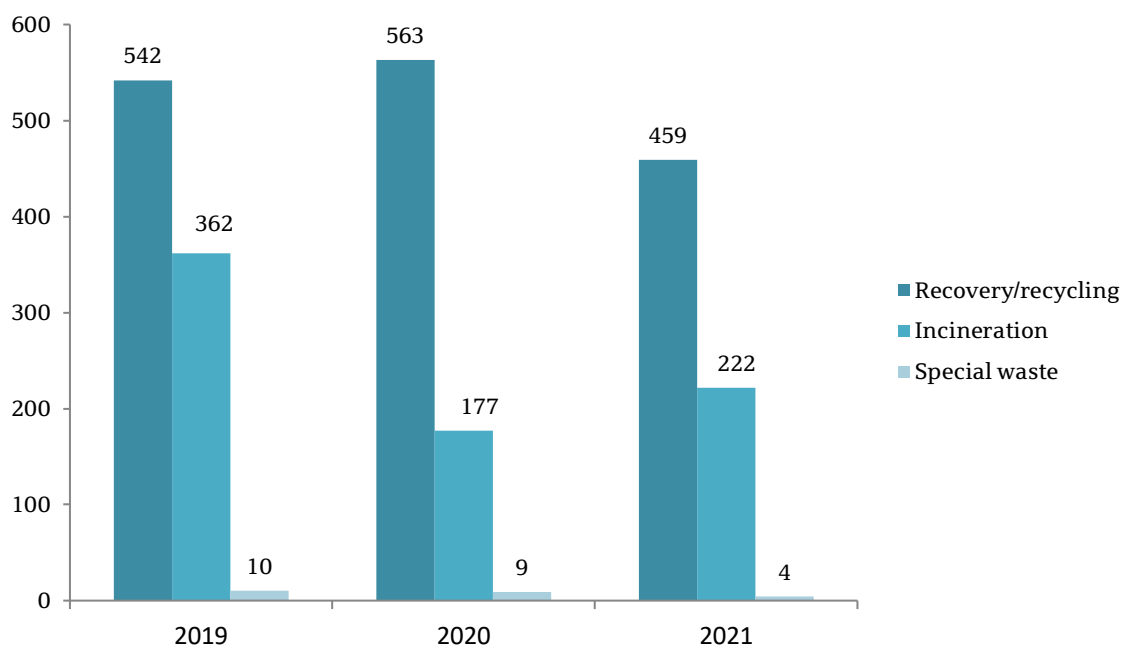
## Waste

UNGC  
Z: 306-2

All employees are obliged to use materials sparingly and to separate all waste consistently. Paper is disposed of in waste paper and data protection containers. Documents related to data protection are destroyed in accordance with the provisions of the Federal Data Protection Act. In addition, containers for organic waste, packaging and residual waste are set up at central locations at NORD/LB's German sites.

Recyclable materials are recycled as far as possible. Overall, the NORD/LB Group achieves a recycling rate of around 67.1 per cent. Hazardous waste is disposed of via the respective disposal companies using the legally prescribed disposal methods. Toner cartridges are returned to the material cycle and reused via the manufacturers' return programs.

In the year under review, waste accounted for around 2.2 per cent of total emissions. The effects relate to scope 3. The total amount of waste decreased significantly compared to the previous year by around 8.8 per cent (66 t) to 684 t.

**Figure 14: Total weight of waste by type and method of disposal (in t)**

# Our supplier and purchasing management

## Supplier relationships

UNGC

102-9

Z: 308-2

Z: 414-2

The NORD/LB Group institutes are service companies. The core business comprises brokerage and advisory services as well as the sale of banking products. For this reason, banks are not affected by the traditional supply chain risks of manufacturing companies, such as those in the supply of raw materials and supplies.

Nevertheless, the NORD/LB Group institutions rely on suppliers and service providers to perform and maintain their activities. Items procured include:

- Software/IT components
- Building and office equipment
- Consumables and forms
- Electricity, heat, water
- Food for the employee restaurant
- Other technology
- Services

The business relationships with service providers and suppliers are long-term in nature. For environmental reasons and as a contribution to regional economic development, the NORD/LB Group institutions always include local and regional providers in the award of services and supplies.

## Procurement process

UNGC

Z: 308-1

Z: 414-1

The NORD/LB Group currently has a decentralised procurement process, which is regulated individually by the subsidiaries.

For NORD/LB, the procurement process is broken down into central and decentralised purchasing. The procurement process is governed by relevant work instructions. The decentralised purchasing process is essentially limited to means of travel (via a contracted travel agency), approved office materials, forms, advertising material (via a contracted partner) and minor transactions by means of electronic catalogues and procedures. The centralised purchasing process is handled by specialised organisational units entrusted with procurement management/purchasing. This not only ensures a needs-based and economic purchasing process, but also acts as a safeguard that all new service providers and suppliers are selected in accordance with the corporate and sustainability principles of both institutions and that they can also provide appropriate evidence. These requirements include compliance with environmental criteria, human rights criteria and labour practices.

NORD/LB has introduced additional sustainability-oriented office supplies for its German locations in its electronic catalogues in order to focus more strongly on environmentally friendly and fairly manufactured products.

All procurement processes must also be carried out taking into account and complying with the following higher-level documents to which the work instructions explicitly refer:

- Fraud Prevention Policy
- Code of Conduct
- Sustainability Principles
- Guideline for Human Rights and Labour Standards
- Data Protection Policy

The terms of the contract award or request are precisely determined based on the order volume. Requests for quotations above a set volume are put out to public tender. The Bank makes use of standard and framework agreements for the drafting of contracts. If the contracts deviate from standard contracts, a review is carried out by the Legal department. Special requirements with regard to money laundering prevention also provide for separate integrity checks if defined annual order volumes are exceeded.

By signing the UN Global Compact, NORD/LB and the NORD/LB Group have committed themselves to taking into account the ten internationally recognised principles on aspects relating to human rights, working conditions, environmental protection and corruption in their business activities. This is expected from service providers and suppliers alike.

The sustainability clause used in NORD/LB's standard and framework agreements specifies the company's own requirements for suppliers and service providers in terms of environmental protection, minimisation of environmental impact, improvement of internal environmental protection and the use of environmentally friendly products.

NORD/LB Luxembourg purchases significantly fewer products and services due to its size. The responsibilities of procurement are governed by appropriate purchasing guidelines. Similar to NORD/LB's approach, comparative bids must be obtained by NORD/LB Luxembourg from certain volumes or the purchase must be put out for public tender. The framework agreements of NORD/LB Luxembourg explicitly refer to the ten principles of the UN Global Compact.

## Further contractual provisions and checks

UNGC

Z: 308-1      Z: 407-1      Z: 408-1      Z: 409-1      Z: 414-2

At NORD/LB, the provision of IT hardware and associated components as well as software is governed by contracts with service providers and is therefore not subject to the actual procurement process. Of the products supplied, IT hardware has the greatest possible impact in terms of human rights violations. At the same time, the use of IT components is indispensable for the banking industry. In an annex to the framework agreement, NORD/LB therefore obliges its IT service providers to comply with regulations relating to anti-corruption and sustainability. The latter specifies the ten internationally recognised basic principles of the UN Global Compact. Framework agreements referencing the UN Global Compact apply at NORD/LB Luxembourg.

In addition, all other contracts drawn up by NORD/LB and NORD/LB Luxembourg have further contractual framework conditions enclosed or integrated, depending on the subject matter of the agreement, which regulate ecological and social aspects.

All general framework conditions contain a sustainability clause, which also lists the ten principles of the UN Global Compact and contractually obliges service providers and suppliers to comply with them. All NORD/LB Group institutions also have a zero-tolerance policy on corruption and bribery and expect the same from their service providers and suppliers.

All General Terms and Conditions or contracts that address the activities of people in the NORD/LB Group also contain a supplementary clause with which the contractor undertakes to pay at least the minimum wage stipulated by law or collective bargaining agreement. In specific cases, NORD/LB can provide evidence of this. Relevant contracts for the award of services in the low-wage sector have currently been put out for public tender and corresponding contractual provisions have been included (cleaning, security and HR services). The contractor must ensure that all environmental, social and ethical aspects mentioned are also met by its upstream suppliers and service providers. NORD/LB reserves the right to extraordinary termination in the event of any violations of the sustainability clause. It is entitled to request corresponding evidence from their service providers and suppliers.

The service providers and suppliers of NORD/LB are not exposed to any particular hazards in their service provision with regard to the business activities of the NORD/LB Group as a service company.

No complaints regarding labour practices and decent work, information on actual and/or potential negative environmental, social or societal impacts, discrimination or corruption incidents are known in connection with the NORD/LB's supply chain and that of its subsidiaries with respect to commissioned suppliers and service providers.

Z: 414-2

There have been no significant actual and potential negative environmental or social impacts in relation to the supply chain and none are expected due to the nature of the business activity. Separate assessments were not provided for.

Z: 308-2      Z: 407-1      Z: 408-1    Z: 409-1    Z: 414-1    Z: 414-2

Further measures for indicators 308-2, 407-1, 408-1, 409-1, 414-1, 414-2 were not required from the Bank's point of view, also due to the sites and business activities.

# Principles for Responsible Banking (PRB) Progress Report 2021

| Reporting and Self-Assessment Requirements                                                                                                                                                                                                                                                                                                                   | High-level summary of bank's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reference(s)/Links to bank's full response/relevant information                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <div data-bbox="204 801 352 931"> </div> <p><b>Principle 1: Alignment</b></p> <p><b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b></p>                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                     |
| <p><b>1.1</b><br/><i>Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</i></p> | <p>NORD/LB is a commercial Bank, Landesbank (federal state bank) and central bank for the savings banks based in Hanover, Braunschweig and Magdeburg and operates beyond this core region with domestic branches in Bremen, Düsseldorf, Hamburg, Munich, Oldenburg and Schwerin. The offices in the key international financial and trading centres of New York and Singapore play a significant role in NORD/LB's foreign business activities. Another foreign branch is maintained in London. In light of the ongoing NORD/LB 2024 transformation programme, a request was made to the Chinese supervisory authorities to close the Shanghai branch, which is currently due to take place on 30 September 2022. As legally dependent business units, the offices pursue the same business model as NORD/LB. In addition, the Bank maintains real estate offices under the "Deutsche Hypo – NORD/LB Real Estate Finance" brand in London, Amsterdam, Paris, Warsaw and Madrid.</p> <p>NORD/LB's business model with its strategic business segments reflects the functions of parent company, Landesbank, central bank for the savings banks and commercial bank. These can be broken down as follows (% figures indicate the share of the business segment):</p> <ul style="list-style-type: none"> <li>▪ Private and commercial customers and savings banks customers (28%)</li> <li>▪ Corporate customers (19%)</li> <li>▪ Markets (10%)</li> <li>▪ Special Finance (Energy &amp; Infrastructure Clients as well as Aviation Finance &amp; Investment Solutions (AFIS) and SCPO) (28%)</li> <li>▪ Real Estate Banking customers (formerly Deutsche Hypo) (15%)</li> </ul> | <p>Group Annual Report 2021<br/>page 19/20</p> <p>Group Presentation as of Mai 2022<br/>page 43</p> |



|                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                  | <p>The aforementioned strategic business areas are supported by the divisions with overall bank management functions such as Treasury and Special Credit &amp; Portfolio Optimisation (SCPO).</p> <hr/> <p>The breakdown of the total exposure by region shows that the eurozone is still by far the most important business region for the NORD/LB Group with a high share of 84 percent of the total exposure.</p> <ul style="list-style-type: none"> <li>▪ Germany 71 %</li> <li>▪ Euro countries (without Germany) 13%</li> <li>▪ Other Europe 8%</li> <li>▪ North America 5%</li> <li>▪ Central and South America 1%</li> <li>▪ Asia/Australia/Africa 2%</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Group Presentation<br/>as of Mai 2022<br/>page 43</p> |
| <p>1.2<br/><i>Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</i></p> | <p>NORD/LB has integrated the topic of sustainability into its business strategy since 2021. Previously, there has been a separate sustainability strategy for the NORD/LB Group.</p> <p>A preliminary study was carried out to identify a possible need for strategic adjustment with regard to sustainability in order to further develop NORD/LB's future orientation and competitiveness by integrating sustainability into the core business as a key driver. With the planned development of key performance indicators (KPIs) on aspects of ESG, the business strategy is to be flanked and continuously developed.</p> <p>The objectives of the preliminary study are as follows:</p> <ul style="list-style-type: none"> <li>▪ Development of a strategic vision: NORD/LB has a common understanding of what sustainability means for the Bank's business model and in which business areas it focuses. In this respect, the target profile is in line with the basic features of the business model agreed in 2019 by the owners, the savings bank financial group and the banking supervisory authorities.</li> <li>▪ Implementation of regulatory requirements: The regulatory requirements, including external reporting on ESG, have been implemented and integrated into the standard processes. The relevant ESG data are anchored in the existing data infrastructure and the processes for data quality assurance.</li> <li>▪ Communication: Internal and external communication on ESG is aligned with industry standards and meets the expectations of its stakeholders, including its employees</li> </ul> <p>The Business Development Division is responsible for the preliminary study. The overall project is divided into a preliminary study and an implementation project and is initially scheduled to run until the end of 2022. In particular due to the increasing regulatory transparency requirements, NORD/LB expects a significant increase in the data budget and therefore also effects on existing and future IT projects.</p> | <p>Non-financial Report<br/>2021<br/>page 7</p>          |

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|  | <hr/> <p>Planned activities for 2022 include the expansion of risk management frameworks, the performance of further climate risk analyses on physical and transitory risks, the separate monitoring of particularly affected industries and regions, the review of the need for adaptation in the rating procedures and increased reporting on climate and environmental risks in the reports on the main types of risk.</p> <p>As part of the sustainability project, a set of ESG Key Performance Indicators was developed to manage NORD/LB's ESG vision, which will be collected for the first time in 2022 and incorporated into the Bank's management in the future.</p> <hr/> <p>The "ECB Guideline on Climate and Environmental Risks" is currently of particular importance for NORD/LB. For the purposes of this guideline, the relevance of environmental and climate risks in particular was recognised and these were defined as drivers of the types of risk – which materialise primarily in counterparty risks.</p> <hr/> <p>As a company and public player, NORD/LB has a duty to take responsibility for all the social, environmental and economic impacts of its business activities, including ensuring that the targets of the Paris climate agreement to limit global warming to a maximum of 2°C by 2050 are met. For this reason sustainability is an integral part of NORD/LB's corporate strategy and the Bank is determined to help its customers prepare for success in an increasingly environmentally and socially sustainable world. NORD/LB orients itself on the six Principles for Responsible Banking (PRB) of UNEP FI (UN Environmental Program - Finance Initiative), which it has followed since 2020. By using the PRB as a framework, NORD/LB can follow a holistic sustainability strategy that includes a variety of aspects such as the Paris Climate Agreement and the United Nations Sustainable Development Goals (SGD).</p> | <p>Group Annual Report 2021<br/>Page 82</p> <p>Group Annual Report<br/>Page 83</p> |
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## Principle 2: Impact and Target Setting

**We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.**

### 2.1. Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- **Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
  - **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

By signing the UN Global Compact, NORD/LB has committed itself to taking into account the ten internationally recognised principles of the UN Global Compact on the aspects of human rights and working conditions as well as environmental protection and corruption in its business activities. The NORD/LB Group implements the consideration of human rights with the ESG guideline on human rights and labour standards in order to avoid violations of human rights.

NORD/LB intends to continue to support its customers and investors within the scope of transformation support. Within the framework of the EU Taxonomy Regulation, however, only two of a total of six environmental targets are known at the present time. It will continue to actively monitor and implement the progress of the upcoming regulatory requirements and concretisations in this area.

With the Climate Change Policy, the NORD/LB Group recognises the importance of climate change and the role of the financial sector in the transition to a lower-carbon economy as one of the most important current and future challenges. The application of the policy creates the basis for structurally addressing the issue of climate change and providing orientation in terms of opportunities and risks and transparency for further development as well as for assessment, analysis and monitoring. Within the framework of its climate change policy, NORD/LB is committed to its involvement in renewable energies and the modernisation of energy generation.

NORD/LB is successively analysing its business and operational areas with regard to the 17 Sustainable Development Goals, identifying potential for action and developing key figures to make the contribution measurable and comparable.

The core business areas according to the internal impact analysis are real Estate, agriculture (as part of Corporate Banking) and renewable energies as part of Structured Finance.

The analysis has shown that the identified core business areas according to the impact analysis contribute to the following SDGs:

- SDG 07 Affordable and clean energy
- SDG 13 Climate action

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Group Sustainability  
Report 2021  
(Governance)

<https://www.nordlb.com/nordlb/sustainability>

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|  | <p>NORD/LB has signed the Climate Protection Commitment of the German financial sector in May 2022, committing to aligning its loan and investment portfolios with the goals of the Paris Climate Agreement. This initiative, which originated in the banking sector of the financial sector, aims to actively participate in the societal transformation to limit climate change.</p> <p>In order to comply with its sustainability targets and the general climate strategy, NORD/LB is developing a Sustainable Loan Framework to define the methodology and associated procedures for classifying financial products and services as "sustainable finance".</p> <p>The Sustainable Loan Framework for the NORD/LB Group is intended to provide a list of projects and activities, including the criteria that NORD/LB considers to be eligible for environmentally and socially sustainable loans.</p> <p>At the same time, references should be made to relevant standards for environmentally and/or socially sustainable lending which define what type of loans fall under this category. In particular, an assessment should be made for each suitable environmental or social activity as to which specific United Nations SDG is supported by the activity.</p> <p>In future, the Bank's loan portfolio is to be subdivided according to ESG aspects:</p> <ul style="list-style-type: none"> <li>▪ Sustainable financing that meets the Bank's eligibility criteria for ecological standards (green financing) or social standards. Sustainable products that support the transition process towards a greener or more social economy on the basis of defined parameters and characteristics (transition financing, sustainability-linked loans) also count as sustainable financing.</li> <li>▪ Financing that does not fulfil these criteria or only fulfils them to a small extent is considered "non-sustainable".</li> </ul> <p>The Sustainable Loan Framework should in principle apply to all sectors of the NORD/LB Group and to all product types on the assets side (e.g. green loans, social loans, sustainability-linked loans and other products offered by the Bank).</p> <p>The scope of application to products on the liabilities side is regulated in NORD/LB's Green Bond Framework. The Sustainable Loan Framework will therefore supplement the Green Bond Framework of NORD/LB. The same also applies to that part of the portfolio which is funded by NORD/LB's Green Bond Programme.</p> | <p>NORD/LB Signs Climate Protection Commitment of the German Financial Sector: NORD/LB (nordlb.de)</p> |
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|                                                                                                                                                                                                                                                                                                                                                                                                          | <p>international standard ISO 14001 and has been extended by the certification of an energy management system (DIN 50001:2018).</p> <p>Starting in 2022, NORD/LB intends to identify, assess and control the perspective mapping of environmental and climate risks arising in the course of its business activities. In future, it wants to show transparently how the actual and potential effects of climate-related opportunities and risks affect business activities, strategy and financial planning. The respective business field strategies form the basis of the business strategy and are considered annually as part of the strategy process. As part of the strategy process, the strategic business units develop or review their strategic orientation, taking into account the regulatory requirements according to MaRisk, such as internal and external influencing factors. The strategies are reviewed at least annually and, if necessary, on an ad hoc basis and adjusted as required.</p> | Group Sustainability Report 2021                |
| <p>2.3</p> <p>Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p> | <p>ESG factors (Environmental, Social, Governance) can influence the valuation of assets and liabilities. Influences from ESG factors are already implicitly taken into account in the established rating procedures for borrowers of the NORD/LB Group insofar as they are relevant to creditworthiness. In addition to the further development of corresponding methods, the Group is dealing with numerous other issues to strengthen sustainability in the financial sector as part of ongoing projects. Although no significant effects on accounting and valuation methods can currently be derived from this, models are already being developed to support any quantitative estimates and discretionary decisions and estimates with a view to future development.</p>                                                                                                                                                                                                                                    | <p>Group Annual Report 2021</p> <p>page 127</p> |
| <p>2.4</p> <p>Progress on Implementing Targets</p>                                                                                                                                                                                                                                                                                                                                                       | <p>See point 2.2</p> <p>The quantitative targets are currently being developed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                 |

**Principle 3: Clients and Customers**

**We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.**

**3.1**

*Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.*

With reference to the UN Global Compact, the NORD/LB Group excludes the following business relationships and transactions with the help of the binding sustainability guidelines due to their negative impact on people and the environment within the scope of its business activities:

- Business relationships with companies involved in the manufacture, trade, transport, storage or repair of the following military equipment:
  - biological weapons,
  - chemical weapons,
  - anti-personnel mines,
  - cluster bombs and cluster munitions,
  - uranium munitions, and
  - weapons that are particularly likely to cause disproportionate injury and damage to the civilian population,
- Business relations with companies that produce and trade in pornography as well as with companies that are close to this sector,
- Financing the construction of nuclear power plants and conventional coal-fired power plants,
- financing the construction of dams and hydroelectric power plants in areas requiring special protection. The NORD/LB Group also does not conduct any transactions in its own name for its own account on commodity futures exchanges.


The NORD/LB Group and its institutes have anchored their approach to ESG aspects in guidelines and work instructions. In addition to guidelines for implementing and complying with the requirements of "classical banking supervisory law" at German and international level, the Group also has supplementary ESG guidelines that guide and regulate business activities with regard to economic, ecological and social aspects.

Various concepts are used in the NORD/LB Group to take into account the potential negative effects from ESG issues in business activities and to exclude certain transactions. These include the above-mentioned guidelines. In addition, the lending divisions have been provided with a supporting checklist/work aid for ESG issues (sustainability guidelines) - the use of which is not mandatory - with which controversial business practices can be queried. If no clarification is possible via the checklist, it is intended that the respective issue will be assessed by Sustainability Management and Compliance in the course of the application of the checklist.

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|                                                                                                                                                                                                                                                                                                                                                                                              | With its ESG guidelines, the NORD/LB Group has transferred the principles of the UN Global Compact into the principles of its own corporate governance and, in addition to integrating ecological and social aspects into its core business, also regulates the exclusion of business activities that do not correspond to the basic ethical understanding of the society.                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                           |
| <p>3.2</p> <p><i>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</i></p>                                         | <p>Corporate Clients</p> <ul style="list-style-type: none"> <li>Tailor-made ESG-based and green financing solutions for our medium-sized corporate clients in bilateral and syndicated lending business as well as promissory note loans</li> </ul> <p>Special Financing</p> <ul style="list-style-type: none"> <li>Energy: Focus on financing solutions individually tailored to wind and solar power generation projects in the European core markets of Germany, France, Ireland and the UK. Targeted expansion and cultivation of client relationships in North America and Asia.</li> <li>Infrastructure: In social infrastructure projects, the focus is on education, accommodation, health care and transportation; use of existing structuring expertise to expand the digital infrastructure sector.</li> </ul> | <p>Group Presentation as of May 2022<br/>page 32</p> <p>Group Presentation as of May 2022<br/>page 34</p> |
|  <p><b>Principle 4: Stakeholders</b></p> <p><b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</b></p>                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                           |
| <p>4.1</p> <p><i>Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</i></p> | <p>NORD/LB regularly carries out a materiality analysis in accordance with the requirements of the Global Reporting Initiative (GRI) as part of its sustainability reporting. The materiality analysis is one of the foundations of reporting in accordance with the GRI. The involvement of stakeholders and the focus on sustainability-relevant topics are intended to ensure that significant activities, impacts and expectations of stakeholders are taken into account and reported transparently and completely.</p> <p>In determining the content of the report, the NORD/LB Group follows the reporting principles specified by the GRI. These are:</p> <ul style="list-style-type: none"> <li>Stakeholder involvement</li> <li>Sustainability context</li> <li>materiality</li> <li>completeness</li> </ul>    | Group Sustainability Report 2021                                                                          |

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|                                                                                                                                                                                                                                                                                           | <p>NORD/LB carried out a materiality analysis for the first time for the 2015 reporting year, which was updated in 2017. It continues to be valid.</p> <p>In accordance with the GRI, the NORD/LB Group defines its stakeholders as legal or natural persons who can be assumed to be significantly affected by the bank's activities or whose actions can be expected to influence the bank with regard to the implementation of strategies and the achievement of targets.</p> <p>NORD/LB believes that stakeholders have a wide range of interests in the bank, be it in the general handling of and compliance with regulatory requirements for financial institutions, the development of business, the handling of risks or, in particular, the future direction of the company and the agreement of ecological, social and economic goals.</p> <p>The dialogue with stakeholders is led by NORD/LB's Sustainability Management. In return, Sustainability Management informs the Managing Board about new findings, developments and ESG trends.</p> <p>In 2013 the Managing Board of NORD/LB adopted and implemented a guideline for dealing with stakeholders. This is intended to achieve both open and consistent communication with stakeholders on sustainability trends and to strengthen the positioning as a company that is aware of its responsibility towards society and the environment.</p> <p>NORD/LB and its subsidiaries have been in contact with various sustainability rating agencies for many years and actively support the feedback processes and rating dialogues. The feedback from the ratings is also used to analyse sustainability activities and as a pool of ideas for possible improvements and is reflected accordingly in the respective departments. The same applies to the monitoring of the media landscape.</p> |                                  |
| <div>  <p><b>Principle 5: Governance &amp; Culture</b></p> <p><b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</b></p> </div> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                  |
| <p><b>5.1</b><br/><i>Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</i></p>              | <p>The Managing Board of NORD/LB and the Managing Boards of the individual institutes are responsible for the sustainable development of the NORD/LB Group and represent the results to the owners. The entire Managing Board is supported in its tasks by NORD/LB's Sustainability Management. This department coordinates and analyses the requirements of stakeholders of the NORD/LB Group that have an impact on individual areas within NORD/LB and the NORD/LB Group. Accordingly, the cooperation with the Group subsidiaries: Impulses from the Group parent company - represented by Sustainability Management - together with current focal points and topics are discussed at working level, discussed and presented to the Managing Boards of the institutes for implementation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>Non-Financial Report 2021</p> |

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|                                                                                                                                                                                                                                                                                                                                                                 | <p>Ecological and social impacts of financial investments are increasingly coming into focus in society. For this reason, more and more investors and customers are taking ESG aspects into account as part of their valuations and investment decisions and minimizing negative impacts wherever possible. Eco-social effects of business activities and corresponding measures of NORD/LB and the NORD/LB Group are dealt with by the Managing Board on an event-driven basis. Measures to be implemented are submitted to the Managing Board of NORD/LB by the Sustainability Management for approval.</p> <p>To supplement the sustainability management, the Sustainability Board was founded in 2021, which is made up of cross-divisional managers and experts from the NORD/LB Group. The task of the Sustainability Board is to network and exchange information between the individual departments in order to continuously integrate sustainability into the NORD/LB Group and to develop and coordinate cross-divisional measures. The Managing Board acts as a sponsor of the Sustainability Board and is informed about the contents of the Sustainability Board on an event-driven basis.</p> <p>NORD/LB has integrated ESG components into the targets agreed upon by the Managing Board and leading employees. (already mentioned under point 2.2.).</p> |                                                   |
| <p>5.2<br/><i>Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</i></p> | <p>The NORD/LB Group pursues an interdisciplinary, integrative approach in order to treat and promote employees fairly and correctly - and to actively manage differences, cultural backgrounds, and practical experience for the benefit of the company. It is precisely this diversity of employees that is an important part of the corporate identity. The NORD/LB Group therefore places great importance on treating all genders equally and offers a working environment of equal appreciation and promotion, regardless of gender and gender identity, age, sexual orientation, ethnic origin and nationality, disability, or religion and belief.</p> <p>[...]</p> <p>In order to establish and expand its economic, social and societal objectives in the NORD/LB Group, activities and measures to raise awareness and provide information on diversity management and its aspects have been activated since the beginning of 2021 by a "Community of Diversity" formed from among employees and internal networks.</p>                                                                                                                                                                                                                                                                                                                                        | <p>Non-Financial Report<br/>2021<br/>Seite 18</p> |

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|                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>As the topic of sustainability has already played an important role in individual divisions of the Bank for several years, individual division-specific qualification measures on the individually important sustainability aspects have already taken place in the past. In order to establish a solid knowledge base on the topic of ESG in all relevant areas, NORD/LB is currently implementing various basic qualification measures. Depending on the degree of concern and the required know-how, these vary from a 50-minute lecture published on the intranet to a certificate course in "Sustainable Finance". Furthermore, a comprehensive e-learning programme on the topic of "Sustainability in Banks" is being planned.</p> <p>To cover specific qualification needs, the departments have the option of carrying out department-specific measures or attending corresponding external events. Compared to 2021, the offer has already improved significantly in 2022 - especially with regard to the degree of specialisation of the measures.</p> <p>In this context, the Managing Boards of the NORD/LB Group have committed the employees of all Group companies to being "100 per cent compliant" and underpin this requirement with a corporate compliance policy. This policy states, among other things, that all employees of the Group must carry out target group-oriented employee training. The goal is to increase the employees' understanding of compliance-relevant topics and thus to improve sensitivity in day-to-day business while at the same time enabling the employees to act in a legally appropriate manner.</p> | <p>Compliance:<br/>NORD/LB (nordlb.de)</p> <p>Fraud Prevention:<br/>NORD/LB (nordlb.de)</p> <p>Money Laundering<br/>Prevention: NORD/LB<br/>(nordlb.de)</p> |
| <p>5.2<br/>Governance Structure for<br/>Implementation of the<br/>Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul> | <p>NORD/LB's Sustainability Management was previously part of the Corporate Communications division. In the 2022 financial year, this structure will be reorganised and NORD/LB's Sustainability Management will be established as an independent team with additional new capacities. This team will then be organisationally anchored in the Corporate Development Division.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                             |



### Principle 6: Transparency & Accountability

**We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.**

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| <p>6.1<br/>Progress on Implementing the Principles</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p> | <p>Establishing ESG criteria in the bank:</p> <p>Dimension E - NORD/LB activities (selection):</p> <ul style="list-style-type: none"> <li>Joining the climate self-commitment of the German financial sector.</li> <li>The bank wants to achieve a climate-neutral portfolio well before the required year 2050</li> <li>Alignment and intensification of future climate reporting in accordance with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD)</li> <li>NORD/LB's Green Bond Programme complies with the Green Bond Principles and is currently being expanded to include additional asset classes.</li> <li>The portfolios are examined for EU taxonomy conformity</li> <li>UN Global Compact (dealing with human rights, supplier management and service provider management, ESG guidelines in lending and investment business, operational environmental management). Obligation to apply the Supply Chain Due Diligence Act (LSKG) from 1 January 2023.</li> <li>The definition of sustainability according to NORD/LB criteria is formulated in the Sustainable Finance Framework. The classification of "sustainable" loans is carried out by means of a multi-stage process and can be represented by a decision tree. The decision tree includes both ecological and social criteria.</li> <li>Non-Financial Reporting Directive (NFRD)</li> </ul> <p>Dimension S - NORD/LB activities (selection)</p> <ul style="list-style-type: none"> <li>Expansion of the definition of sustainable products to include social suitability criteria</li> <li>Updating the existing ESG guidelines, in particular on the subject of human rights (drawing up a declaration of principles and an internal policy on dealing with human rights)</li> <li>Employees (works council in accordance with the Lower Saxony Staff Representation Act, member of the initiative "Diversity as an Opportunity - the Diversity Charter for Companies in Germany")</li> </ul> <p>Dimension G - NORD/LB activities (selection)</p> <ul style="list-style-type: none"> <li>Integration of ESG components into targets agreed by the Managing Board and leading employees</li> <li>Formalization and strengthening of internal governance and organization on the subject of ESG</li> <li>Definition and collection of key performance indicators (KPI and KRI) for internal reporting</li> <li>ESG training for the Managing Board, executives and employees</li> <li>Integration of ESG risks into key elements of the risk framework, in particular risk strategy, risk inventory and risk appetite</li> </ul> | <p>Group Presentation as of May 2022<br/>pages 15-16</p> |
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|  |                                                                                                                                                                                                                                                                                          |  |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <ul style="list-style-type: none"><li>▪ Anchoring of ESG aspects in the credit process and credit risk</li><li>▪ Disclosure in accordance with Section 16 of the Remuneration Ordinance for Institutions (IVV) in conjunction with Article 450 of Regulation (EU) No. 575/2013</li></ul> |  |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

# GRI Index

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In addition to compliance with the disclosures reported in full in connection with the “GRI standards: core options”, NORD/LB also publishes selected additional information about individual disclosures. In the text, these have been marked with a “Z” (e.g. “Z: 102-17“)

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