



Group Sustainability Report of
NORD/LB for the financial year from
1 January to 31 December 2019

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

UNGC
102-14

Dear reader,

Norddeutsche Landesbank – Girozentrale – has been a vocal proponent of the UN Global Compact and its principles for many years and strives to implement these principles within its sphere of influence. For NORD/LB and the NORD/LB Group, upholding these principles represents a key element of their responsibility towards customers and employees in the capacity of financial service providers, and towards society as a whole in the capacity of a corporate citizen.

For us, it means that, in line with the ten principles relating to human rights, environmental protection and the fight against corruption, we have firmly entrenched these issues within our guidelines and policies and, in doing so, enabled them guide us in our day-to-day activities.

In our Group Sustainability Report we actively report on which of these constitute key topics for our Bank, how they impact of our business activities, which guidelines and standards we have defined for our business and how these are implemented in our business model in our Group Sustainability Report.

I hope you find this report interesting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'T. Bürkle', with a long horizontal flourish extending to the right.

Thomas Bürkle
Chairman of the Managing Board

Declaration concerning the report

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The sustainability report (“Group Sustainability Report 2019”) has been prepared for NORD/LB Group. NORD/LB together with other companies forms a group (see below). This report updates the Group Sustainability Report 2018. A progress report in accordance with the requirements of the UN Global Compact is also integrated into this report.

The Group Sustainability Report 2019 has been prepared in accordance with the Global Reporting Initiative (GRI) standards, core option¹. 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 2019. Unless specified otherwise, the figures presented in this report are for financial years 2017, 2018 and 2019 (from 1 January to 31 December in each case). The Managing Board of NORD/LB approved the report at its meeting on 28 July 2020. 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 Hypothekbank (Aktien-Gesellschaft), Hanover (referred to below as: “Deutsche Hypo”) 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.

¹When calculating and presenting the key figures in the banking operations section of the report and calculating the Company’s greenhouse gas emissions, the NORD/LB Group bases its figures on current VfU indicators (as at November 2015: GRI G4).

In order to make the report easier to read, we have used only the male form. Terms such as staff, employees and managers refer explicitly to both men and women. The terms employees and staff also cover all staff and managers including the Managing Board, unless these are reported on separately.

As at the reporting date of 31 December 2019, the NORD/LB Group employed 5,501 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.

When calculating and presenting the key figures in the banking operations section of the report and calculating the Company's greenhouse gas emissions, the NORD/LB Group bases its figures on current VfU indicators (as at November 2015: GRI G4), the standard of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions (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 2019, which has been published on the NORD/LB website at www.nordlb.com/reports.

Any restatements of information from previous reports and the reasons for these restatements are not necessary 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

NORD/LB first conducted a materiality analysis for the 2015 reporting year, which was updated in 2017. This analysis was reviewed during the current reporting period and remains valid.

Stakeholder dialogue and sustainability context

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In compliance with the 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.

Z: 102-21

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 (DCGN), 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). It 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 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.

The major communication channel for the interested public is this Group sustainability report, which has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines every year since 2013. The report also includes the UN Global Compact progress report. The Bank's sustainability management can be contacted at any time via its website. However, not all stakeholders can or want to contact NORD/LB directly. For this reason, the Bank engages in dialogue with various non-governmental organisations (NGOs), both in response to direct enquiries and as part of various working groups and events.

In addition to general media outlets, employees also receive information via the intranet. Since 2017, the sustainability management team has received training on sustainability and ESG topics several times a year as part of management workshops. Information events have also been offered by Compliance.

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
- Politicians, authorities
- Ratings agencies, SRI analysts
- Associations (esp. banking and economic associations)
- Scientists, researchers

Value chain

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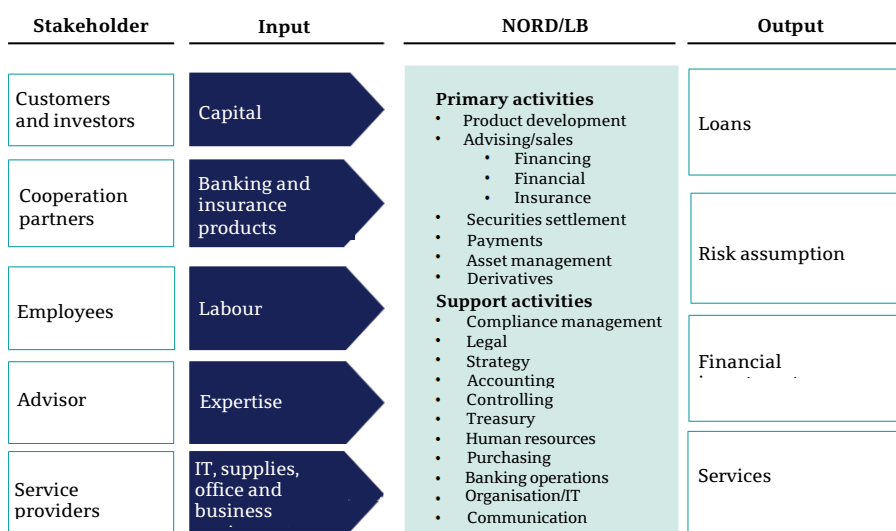
The five main sectors that impact on economic activity in a national economy are private households, business, government, foreign countries and banks. Banks in this respect are classified as part of the wealth sector, which plays a key role in economic activity; here monetary transactions are processed, 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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NORD/LB first conducted a materiality analysis for the 2015 reporting year. This was updated in 2017 and supplemented with and validated by a secondary analysis (desk research) conducted by imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH (imug) and an employee survey.

The analysis was conducted 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 in 2015. 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. These topics include, for example, the supply chain or the use and conservation of natural resources (water consumption or biodiversity), as the impact of financial services companies on these aspects can generally be classed as rather low. 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 topics and stakeholders were subsequently validated in three steps. The results of the materiality analysis were initially discussed and assessed in an externally led workshop. The conclusion was then presented to the Sustainability Committee. The final validation took place during a meeting of the Managing Board in May 2016. The 2015 materiality analysis was reviewed and updated in 2017 with the involvement of other internal and external stakeholders. In addition, in October 2017 NORD/LB tasked imug with conducting a secondary analysis to identify material sustainability topics. This analysis included a review of social opinion-forming processes in Germany and the European Union (EU) as part of a comprehensive media analysis (involving 30 media outlets, an analysis of NGO press releases and “grey literature”), a comprehensive analysis of current trends and developments in the traditional financial market and the market for socially responsible investments (SRI), as well as a specific examination of the requirements and expectations of the relevant stakeholders in financial

market players in the context of sustainability (politicians and authorities, SRI analysts, investors and shareholders, NGOs, associations, churches, scientists/researchers, the media and trade unions).

In October 2017 NORD/LB then commissioned an employee survey on the “Significance of Sustainability at NORD/LB as an Employer”, which was conducted as part of an academic study involving field research.

The top five topics identified by the employee survey were:

- Work/life balance
- Employee health
- Human rights (→management of ESG topics)
- Data protection
- Training and education

The findings from the stakeholder discussions that have been held since 2015 were also included. The materiality analysis was presented to the Managing Board at its meeting on 5 June 2018.

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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 NORD/LB	Limit outside of NORD/LB	Material economic, environmental and social impact of the topics
Occupational health and safety					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.
Emissions	x				Partic. corporates, financial markets	Partic. society, politicians	Climate change, due primarily to CO ₂ 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	x	x	x	x	Entire Group	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. 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.
Social and environmental impact of the financing business	x	x			Partic. corporates, financial markets	Partic. investors, capital market, customers, society, politicians	See "Management of ESG topics". 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.
Work/life balance	x			x	Partic. employees, HR department	Partic. potential 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, senior management, compensation managers	Partic. society, 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, HR department	Partic. potential 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.

NORD/LB at a glance

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Norddeutsche Landesbank - Girozentrale - is a registered public institution (AöR) based in Hanover, Braunschweig and Magdeburg. The Bank's head office is located at Friedrichswall 10, 30159 Hanover, Germany. NORD/LB is registered with the Hanover Local Court (Amtsgericht Hannover) under HRA 26247, with the Braunschweig Local Court (Amtsgericht Braunschweig) under HRA 10261 and with the Stendal Local Court (Amtsgericht Stendal) under HRA 22150.

The Bank's statutes in their current version (as at 22 April 2020) are based on the State Treaty on Norddeutsche Landesbank – Girozentrale between the federal state of Lower Saxony, the federal state of Saxony-Anhalt and the federal state of Mecklenburg-Western Pomerania, which entered into effect on 10 December 2019. The State Treaty and the statutes are published on the Bank's website.

The owners of NORD/LB are the federal states of Lower Saxony and Saxony-Anhalt, the Association of the Savings Banks of Lower Saxony, the Holding Association of the Savings Banks of Saxony-Anhalt and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania, the federal state of Lower Saxony, as well as FIDES Gamma GmbH and FIDES Delta GmbH.

The share capital amounts to € 2,835 million, with the federal state of Lower Saxony holding 52.98 per cent, the federal state of Saxony-Anhalt 6.98 per cent, the Association of the Savings Banks of Lower Saxony 9.97 per cent, the Holding Association of the Savings Banks of Saxony-Anhalt 1.99 per cent, the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania 1.38 per cent, as well as FIDES Gamma GmbH holding 13.35 per cent and FIDES Delta GmbH 13.35 per cent. NORD/LB does not receive any government grants.

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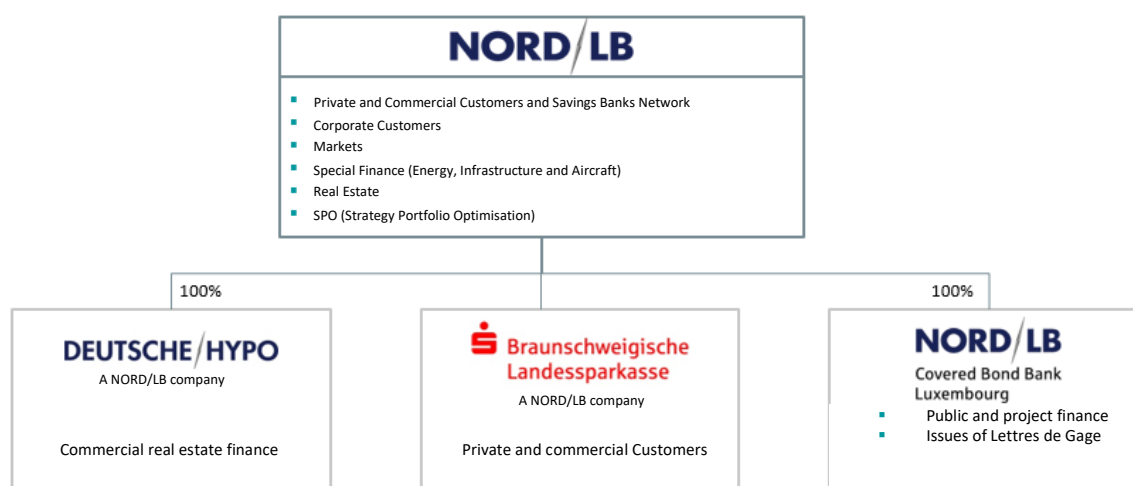
There were no significant changes to the Bank's value chain during the reporting period.

For further information on 102-7 and 201-1 or about risk management, please refer to the corresponding disclosures in the Bank's Group Annual Report 2019.

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NORD/LB is the parent company of the NORD/LB Group. It manages all of the Group's business activities in accordance with the strategic objectives, creates synergy effects, strengthens customer divisions and pools service offerings.

Figure 1: NORD/LB subsidiaries and affiliated companies



The Bank also maintains additional investments as detailed in the information provided in the Notes; please refer to Group Annual Report 2019.

Business model and strategic direction

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NORD/LB is a commercial bank, Landesbank (federal state bank) and central bank for the savings banks based in Hanover, Braunschweig and Magdeburg, and operating beyond this core region with domestic branches in Hamburg, Bremen, Munich, Düsseldorf, Oldenburg, Schwerin and Stuttgart. In order to operate in all of the world's major financial and trading centres, the foreign branches in London, New York, Shanghai and Singapore play a significant role. As legally dependent business units, the branches pursue the same business model as NORD/LB.

As a Landesbank in the states of Lower Saxony and Saxony-Anhalt, the Bank handles the development loan business on behalf of the federal states through the Investitionsbank Sachsen-Anhalt (part of NORD/LB) and through the Landesförderinstitut Mecklenburg-Vorpommern (a business segment of NORD/LB).

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

The structures and specific circumstances of the economy in northern Germany shape the Bank's core business in its capacity as a commercial bank. As a group of regional and specialist banks, NORD/LB primarily finances private and corporate customers, aircraft, renewable energies, infrastructure and real estate. The risks and costs are managed with respect to concentrations and cycles.

In accordance with § 25a para. 3 of the German Banking Act (KWG), the management of the superordinate company, NORD/LB AöR, is responsible for proper business organisation at Group level in compliance with the statutory provisions and for ensuring business needs are met. The basis documented in § 25a KWG is in turn substantiated in the Minimum Requirements for Risk Management (MaRisk). Within the meaning of MaRisk AT 4.2 in conjunction with AT 4.5, proper business organisation at Group level comprises, inter alia, defining a business strategy and a consistent risk strategy ("Group-wide strategies"). The NORD/LB Group have put in place corresponding strategy documents in line with the relevant legal requirements.

The business strategy of the NORD/LB Group, including the business segment strategies for NORD/LB AöR and the risk strategy for the NORD/LB Group, as well as the individual business segment strategies of the significant individual institutions of the NORD/LB Group, are thoroughly analysed as part of the annual strategy and planning process, taking account of the risk strategy, adjusted if necessary and approved by the Managing Boards. The outcome is made known to the Supervisory Board and discussed with it. The business and/or risk strategy is also reviewed and updated on an ad hoc basis when required.

For additional information on the business model and management systems, please refer to Group Annual Report 2019.

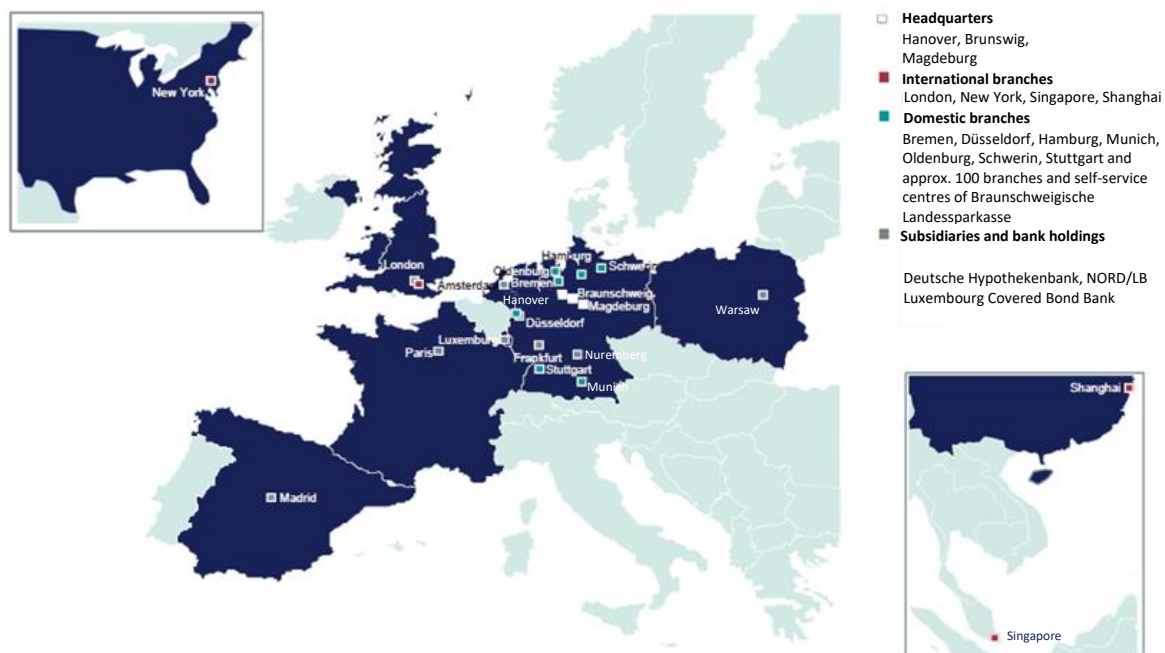
Business locations and segments

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The NORD/LB Group is represented in the north of Germany and beyond its core region with additional branches in Germany and other foreign countries.

Figure 4: Geographical spread of the NORD/LB Group's locations



The following chart provides an overview of the business segments of the NORD/LB Group. For detailed information on the business segments, Group management and the reconciliation between them, please refer to Group Annual Report 2019.

Figure 5: NORD/LB Group's business segments



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 has sole responsibility for the management of the Bank and represents it in and out of court. As at 31 December 2019, the Managing Board of NORD/LB comprised the following members:

- Thomas Bürkle
Chairman of the Managing Board since 1 January 2017
Member of the Managing Board from 1 January 2014 until 31 December 2016
- Dr Hinrich Holm
Deputy Chairman of the Managing Board since 1 January 2017
Member of the Managing Board since 1 February 2010
- Christoph Dieng
Member of the Managing Board since 3 February 2017
- Christoph Schulz
Member of the Managing Board since 1 September 2006
- Günter Tallner
Member of the Managing Board since 3 February 2017

For further information regarding the responsibilities and professional careers of the current members of the Managing Board, please refer to the Bank's website (www.nordlb.de).

NORD/LB's Supervisory Board has 18 members, 12 of whom represent the owners. The remaining six members represent the staff and are elected by the employees of the Bank in accordance with the Staff Representation Act of Lower Saxony (NPersVG). The Chairman of the Supervisory Board is the Finance Minister of the federal state of Lower Saxony. The Supervisory Board has the task of advising the Managing Board and monitoring its management of the business. It may also form additional committees. Current and former members of the Managing Board are not represented on the Bank's Supervisory Board; former members of the Managing Board are not permitted to become the Chairman of the Supervisory Board.

The Owners' Meeting represents the owners of the Bank. It decides, for example, the general business strategy or changes to the capital base.

For further information regarding the members of the Supervisory Board and the Owners' Meeting, please refer to Group Annual Report 2019. For further information, please also refer to the State Treaty and the statutes of NORD/LB, which are publicly available on the Bank's website.

Memberships of associations and interest groups

102-13

The members of NORD/LB's Managing Board held elected positions in the following organisations during the reporting period (listed in alphabetical order):

Table 1: Memberships

Organisation	Elected representative	Interest group	Position
Lotto Niedersachsen foundation for old people's homes	Christoph Schulz	Advisory Board	Chairman
Braunschweig Higher Education Association	Christoph Schulz	Presidium	Member
Bremer Landesbank Stiftung foundation	Thomas Bürkle	Managing Board	Deputy Chairman
Association of German Banks	Dr Hinrich Holm	Central Capital Market Committee	Member
German Association of Public Banks (VÖB)	Dr Hinrich Holm	Committee for Capital Markets	Chairman
	Thomas Bürkle	Managing Board	Member
	Günter Tallner	Corporate Banking Committee	Member
	Christoph Dieng	Committee for Risk Management and Accounting	Member
German Association of Savings Banks and Girobanks (DSGV)	Christoph Schulz	Technical Committee, Operations	Member
		Technical Committee, Communications and Media	Member
		Technical Committee, Sales	Member
		Savings Banks Foundation for International Cooperation	Member
	Thomas Bürkle	Giro Centre Conference Head	Deputy Chairman
		Managing Board	Member
		Controlling body for the protection scheme of the Savings Banks Financial Group	Member
		Members' Meeting	Member
Christoph Dieng	Monitoring Committee for the Security Reserve for Landesbanks and Giro Centres	Member	
Die Braunschweigische Stiftung foundation	Thomas Bürkle	Advisory Board	Chairman
	Christoph Schulz	Managing Board	Deputy Chairman
Research Centre for the Development of the Savings Banks	Dr Hinrich Holm	Advisory Board	Member
Friends of Herrenhäuser Gärten gardens	Dr Hinrich Holm	Advisory Board	Member
FIRM Company for risk management and regulation Owner of the Frankfurt Institute for Risk Management and Regulation	Christoph Dieng	Managing Board	Member
Hanover Center of Finance (HCF)	Dr Hinrich Holm	Advisory Board	Deputy Chairman
Hanover Industry Club	Thomas Bürkle	Council	Member Deputy Chairman
Braunschweig Chamber of Industry and Commerce	Christoph Schulz	Plenary meeting Executive committee	Member Vice President

Hanover Chamber of Industry and Commerce	Günter Tallner	Committee for Industry and Research	Member
Institute of North German Economics (INW)	Thomas Bürkle	Advisory Board	Member
Kestnergesellschaft art gallery	Thomas Bürkle Dr Hinrich Holm	Advisory Board Managing Board	Member Chairman
Children of Chernobyl, a foundation of the state of Lower Saxony	Günter Tallner	Advisory Board	Member
NORD/LB Cultural Foundation	Thomas Bürkle Christoph Schulz	Managing Board	Chairman Member
Kurt Weill Society	Dr Hinrich Holm	Advisory Board	Member
Lower Saxony Hanover Stock Exchange Kurt-Weill-Gesellschaft	Dr Hinrich Holm	Exchange Council	Chairman
Lower Saxony Savings Banks Foundation	Christoph Schulz Thomas Bürkle	Foundation Board Managing Board	Member Member
Savings Banks Foundation for International Cooperation	Christoph Schulz	Advisory Board	Member
Savings Banks Association of Lower Saxony (SVN)	Thomas Bürkle	Managing Board	Member
Donors' association for the promotion of humanities and sciences in Germany	Thomas Bürkle	State Advisory Board Lower Saxony	Member
Foundation for Photography and Media Art with the Michael Schmidt Archive	Thomas Bürkle	Advisory Board	Member
NORD/LB provident fund	Thomas Bürkle Dr Hinrich Holm	Managing Board	Chairman Member
Association of the Friends of Sprengel Museum	Christoph Dieng	Managing Board	Member

Our corporate governance

Ethics and integrity/compliant conduct and anti-corruption

Ethics and integrity as well as compliant conduct and anti-corruption were identified as material topics during the materiality analysis.

UNGC

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-1

When individuals or companies violate laws or behave in a corrupt or unethical manner, they harm society and the people in that society in many ways. The financial services industry plays an important role in preventing such behaviour.

In times of increasing financial crime, banks around the world are particularly challenged and equally at risk. They are therefore exposed to the inherent risk of being misused for the purposes of money laundering and terrorist financing, or in order to promote the anonymity of business relationships and transactions. A steady stream of new methods is being used in an attempt to “launder” funds and the assets from illegal activities, such as corruption in the broader sense, robbery, extortion, drug and arms trafficking or tax evasion. This is done by channelling these funds and assets back into the legal financial and business cycle through payment systems, new financial products or technologies in order to obscure their true origin. Terrorists also try to deposit and collect legal or illegal money at banks in order to finance terrorist purposes. Such activities must be prevented through the use of comprehensive prevention measures and by making all employees aware of these issues.

At the same time, it is essential – especially since the financial crisis – to maintain the trust of market participants and customers in a properly functioning banking system. Likewise, a bank’s own reputation and the trust of its customers and business partners are important intangible assets for financial services institutions and are key to their success. The financial damages (e.g. as a result of liability payments or fines) and the consequences of reputational damage can be enormous for the institution and thus for owners too. For these reasons, banks must conduct their business activities with the greatest care and prudence in order to maintain trust and to protect the institution, and its employees and owners, against material and non-material damage.

The above-mentioned topics are also a priority for lawmakers and the supervisory authorities. The overall economic significance of the sector, the complexity of banking transactions and the diversity of products, structures, processes and systems mean that numerous regulations and requirements apply to financial services institutions. These include not just “traditional banking regulatory law”, but also requirements under civil and tax law at a German, European and international level. At the same time, as the size and complexity of a company’s business activities increase, so too does the complexity of the regulatory requirements and thus the risk that such requirements will not be properly met. For this reason, targeted management and consistent implementation in the governance structure are essential.

As part of society and in the interest of its own self-protection, the NORD/LB Group believes it is important to do its utmost to prevent criminal activities from occurring in the first place and by living up to the trust placed in it by its employees, customers and business partners through its own ethically, morally and legally compliant conduct, and to maintain and strengthen this trust. This also involves compliance with regulatory requirements, legally compliant conduct and a zero-tolerance policy towards bribery, corruption and the acceptance of advantages.

In light of its international focus and global activities, the NORD/LB Group is also subject to a wide variety of country-specific and international legal requirements. By adhering to the applicable regulations, every individual employee should act in the corporate interest of the NORD/LB Group. Legal prohibitions and obligations must be strictly observed, even if this might appear inappropriate or commercially unfavourable from the perspective of the individual or the company. When in doubt, acting in compliance with the law always takes precedence. In the event of contradictory requirements or stricter or more comprehensive laws and regulations, the stricter provisions must always be applied.

Moral and legally compliant behaviour ensures the long-term viability of the Bank, and therefore also safeguards jobs. While there is no absolute guarantee that a financial services institution and its employees will always behave in accordance with every provision of the law in all business activities, there are appropriate strategies and safeguards that can be used to reduce the risk. At the same time, this also provides employees with certainty that they work for a company which complies with laws and operates with integrity, for which they will gladly render their work services without ethical concerns.

Both topics have an impact internally and externally, and because of the global integration of the sector and the related requirements, there are no boundaries. They are relevant for the entire NORD/LB Group, and they are also especially important for society, investors, customers and employees.

Code of Conduct

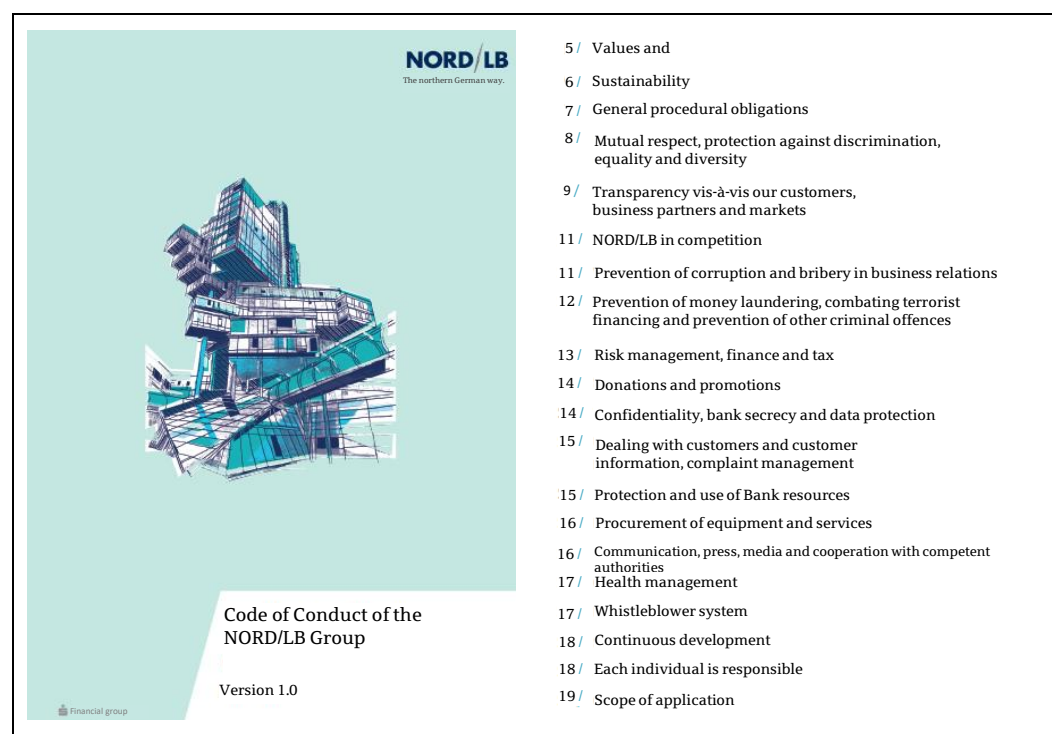
UNGC

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2 102-16

In order to combine the Bank's need for regulatory compliance with ethically correct behaviour and thus to link entrepreneurial success with social responsibility, NORD/LB published a new Code of Conduct for the NORD/LB Group. The Code of Conduct is available to the public in German and English on the intranet and on NORD/LB's website. It sets out the framework for moral, value-oriented and fair behaviour and is binding on all members of the Managing Board, managers and employees. It was communicated to the entire Group by the Managing Board directly and has been supplemented with information about the Bank's whistleblower system.

The subsidiaries of the NORD/LB Group have brought their own principles of behaviour into line with the Code of Conduct of NORD/LB.

Figure 6: Code of Conduct



The Code of Conduct contains clear commitments to avoiding conflicts of interest, fighting corruption and preventing money laundering, the financing of terrorism, fraud and other criminal acts.

These are supplemented with additional overall guidelines that set out rules and principles to ensure that a uniform minimum standard prevails in the companies of the NORD/LB Group.

Whistleblower system and ombudsman

UNGC

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2 Z: 102-17

NORD/LB is required by law to take appropriate measures to protect against criminal acts committed internally or externally. Effective protection against and the prevention of damage from such acts is an important part of the Bank's risk management. At the same time, this allows the Bank to meet its own aspirations concerning ethics and integrity.

Any attempt to commit prosecutable, criminal or dishonest acts will be condemned by the Bank as a serious and intolerable offence. The Bank does everything in its power to prevent such acts, or at least detect them as early as possible, and to limit the potential of the risks as far as possible. An important element here is having employees who are aware and alert, and who know that they can report any suspicions without fear of reprisals.

The NORD/LB Group has set up a whistleblower system to help combat criminal and illegal acts. To that end, an external ombudsman has been engaged who is responsible for NORD/LB and all subsidiaries and whom all employees, members of executive bodies, customers and business partners may contact confidentially and if desired, anonymously. This ensures that whistleblowers do not need to fear any repercussions, even if their suspicions prove to be unfounded.

In appointing an ombudsman, NORD/LB is complying with the guidelines set out in the German Corporate Governance Code. This role is performed by a lawyer who acts as a mediator between the Bank and the whistleblower. The ombudsman passes on information and maintains the anonymity of the whistleblower.

After an initial check, the ombudsman will forward the information provided to the responsible contact in the Bank. This contact is responsible for taking the necessary additional internal steps. The ombudsman can also advise the whistleblower regarding problems, and provide help and advice on the discontinuation of criminal behaviour. If the whistleblower wishes to remain anonymous, this anonymity is guaranteed by the ombudsman, who has a duty to maintain lawyer-client confidentiality and the right to refuse to give evidence. The whistleblower will also not incur any costs as a result of contacting the ombudsman; these will be borne by the Bank.

Employees are regularly informed about the ombudsman, its respective tasks and activities, and accessibility. The contact details for the ombudsman are available on the NORD/LB intranet as well as online, and are thus available to all whistleblowers. Every member of staff also has the option of reporting relevant information to their manager, the responsible member of the Managing Board, the Personnel Department, the Legal Department, Internal Audit or Compliance.

Customers can also submit any complaints they have via a complaint management system. The complaint management principles and information about the complaint management procedure can be found on the Bank's website:

https://www.nordlb.com/fileadmin/redaktion_en/branchen/privatkunden/pdf/Complaint_Management_Principles.pdf.

Notwithstanding any reports submitted, the Compliance department also has extensive rights of inspection and audit in legal and ethical issues. These can be exercised at fixed regular intervals, for example to meet reporting obligations, or at any time on a random basis as required. These also result in mechanisms for detection.

Management of compliance-related topics

UNGC

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2

The NORD/LB Group employs a range of compliance management measures to ensure ethics and integrity as well as legally compliant behaviour. It does this by addressing compliance-related topics in a targeted manner.

A top-down commitment starting from the highest level of the Bank ensures that employees have a clearly defined scope for action. This reduces the risk that employees unknowingly act to the detriment of the Bank or place themselves in danger of violating laws or regulations. To that end, the managing boards in the NORD/LB Group have imposed the obligation to be 100 per cent compliant on the employees of all Group companies, and they have underscored this requirement by establishing a Corporate Compliance Policy.

NORD/LB has established a compliance management system that is based on the applicable German standard (IDW PS 980) issued by the Institute of Public Auditors in Germany (IDW).

The fundamental elements of this compliance management system include:

- The definition of significant objectives to be achieved with the help of the compliance management system,
- The definition of key sub-areas and the rules to be observed in these sub-areas,
- The identification of material compliance risks,
- The systematic identification of risks, risk assessment and consistent implementation and monitoring of processes within the Bank,
- The introduction of risk-minimising principles and actions based on the identified risks,
- The communication of roles and responsibilities to employees and, where applicable, third parties,
- The provision of advice to specialist departments with respect to the implementation of and compliance with all statutory and supervisory regulations and obligations,
- The definition of a reporting method for identified risks, detected breaches of rules and incoming notifications as well as
- Monitoring the appropriateness and effectiveness of the system (incl. reporting).

The institutions of the NORD/LB Group have dedicated Compliance Officers. The respective Compliance Officers and Money Laundering Officers (including the central office representative) have been registered with the Federal Financial Supervisory Authority (BaFin) or the comparable foreign institution. In particular, the remit of the Head of Compliance and the Compliance departments of NORD/LB and its subsidiaries include capital market compliance, the prevention of money laundering and terrorism financing as well as other criminal activities (fraud) and compliance with financial sanctions/embargoes. The Regulatory Compliance departments at the NORD/LB Group continuously identify new or changed banking supervision regulations and inform the affected specialist departments of any required actions. In addition, they support the specialist departments with implementation, follow up on implementation and assess implementation. The Managing Board receives regular progress reports.

In addition, appropriate technically supported prevention measures have also been defined within the Bank's existing risk management. The Bank's business and customer-related protection systems, for instance, are designed to prevent the Bank from entering into or continuing business relationships that might serve white-collar crime or facilitate anonymous transactions. If there is any indication of suspicious transactions, a suspected money laundering report must be prepared.

Employees are made aware of this issue through regular web-based learning programmes as well as publications in the company's own intranet.

Thanks to the establishment of an independent and effective whistleblowing system, employees, customers and business partners have several means of providing information about potential breaches, and they may also do so anonymously.

Management approach for ethics and integrity/compliant conduct and anti-corruption:103-3
Z: 205-1

Regular threat/risk analyses (referred to merely as risk analyses for the sake of simplicity) represent an important basis for a preventive compliance management system, while simultaneously helping to evaluate the measures that have been implemented. They ensure that risks are not only identified, but that they are 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 assess and evaluate any risks. All of the risk analyses are also used to determine specific measures to reduce risk. For example, department-related scenarios regarding corruption and other criminal acts as defined in §25h para. 1 sentence 1 of the German Banking Act (KWG) are examined and evaluated in terms of their criticality using external statistics and internal assessments. These risk analyses are then reconciled to the existing preventive measures in order to determine the residual risk and develop additional prevention measures. Potential measures to prevent money laundering and terrorism financing and fraud include, for example, developing a risk-based monitoring plan, creating a training concept and defining measures to implement the know-your-customer principle. In addition, a system-based review of all customers and transactions is performed, for example, to identify suspicious facts or items subject to embargoes and financial sanctions.

The Managing Board is informed about the findings in the annual risk report. Risk analyses and internal safeguards that are based on the provisions of the applicable money laundering law must additionally be approved by the competent member of the Managing Board.

Furthermore, all of these topics are also the subject of regular and comprehensive external reviews.

Managing conflicts of interest

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2
Z: 102-25

Conflicts of interest can occur where several persons have an interest in the realisation of certain business opportunities or where one party can realise its own interests only at the expense of another party. This may be the case in relationships between the Bank/staff and the customer/supplier, between the Bank and staff, and between customers.

In order to justify and maintain the trust of customers, staff and the public in the capability and integrity of the Bank, the Managing Boards of NORD/LB its subsidiaries have commissioned the respective Compliance departments with monitoring and preventing conflicts of interest.

For the particularly sensitive area of securities and ancillary securities services, the Compliance departments work to ensure that no transactions are processed in which there are conflicts of interest.

In addition, the Compliance departments work to ensure that the statutory regulations regarding the prevention of conflicts of interest are observed. The disclosure of confidential information that may affect securities prices is monitored by NORD/LB's Compliance department, which is independent from the Trading, Business and Settlement departments. The Compliance department may, if necessary, issue trading prohibitions and restrictions in order to ensure that information that may affect securities prices is not misused and to prevent confidential information from being disclosed to departments if it could result in a conflict of interests.

Employees play a key role in the avoidance of conflicts of interest. All employees of the NORD/LB Group are required to provide their services to the best of their knowledge, with due care and diligence. Every employee is responsible for recognising potential conflicts of interest and informing the relevant Compliance departments before the customer utilises the respective service. Appropriate measures to manage the conflict of interest are developed by the specialist department in collaboration with the Compliance departments.

In the event of unavoidable conflicts of interest which occur because the customer and Bank or the customer and employee have different information, care will be taken to ensure that the customer orders are executed in a manner that duly protects the interests of the customer.

All employees are also required to avoid situations in which their personal interests conflict with the interests of the Bank or a customer, or give the impression that they might do so. Such situations are generally to be

prevented or avoided; the Compliance department has defined other disclosure and approval processes in policies and directives.

Conflicts of interest must also be taken into account when executing employee transactions; neither the interests of customers nor the reputation and solvency of the Bank itself may be harmed. The statutory requirements related to the rules of conduct for employees in respect of employee transactions based on European legal requirements, e.g. the Markets in Financial Instruments Directive 2014/65 EU (MIFID II), the German Second Financial Markets Amendment Act (2.FiMaNoG), the German Securities Trading Act (WpHG) and the relevant country-specific regulations of the subsidiaries and branches domiciled there are observed in full by the institutions of the NORD/LB Group.

In order to prevent dishonest behaviour and conflicts of interest, the Bank has issued behavioural rules for employee transactions, taking into account the statutory and regulatory framework. These rules are laid out in the corresponding working instructions and employee guidelines, which are binding for members of the Managing Board, members of management and employees.

Prevention of insider trading

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2

The staff of the NORD/LB Group, through their work, might obtain access to information that is not available to other persons and that they might be able to use for their own advantage. This represents a conflict of interest, too.

The purpose of insider-trading legislation is to ensure the proper functioning of the markets for financial instruments and to give investors the assurance that they are treated equally and protected against the unlawful use of information.

Insider information is any precise information on circumstances which are not public knowledge and relate to one or more issuers of insider securities or to the insider securities themselves, and could, if this information became public knowledge, significantly influence the exchange or market price of the insider securities.

Employees and also members of executive bodies are not permitted to use insider information to buy or sell insider securities for their own or someone else's account. They are also not permitted to pass on insider information or make it available to third parties without authorisation, or to use it to make investment recommendations. This also includes disclosing the information within the Bank; disclosing the information to other staff is only permitted if the staff concerned require the information in order to perform their work duties and they have formal authorisation to receive it.

Staff members who typically have access to insider information of listed companies or have such access for a special reason are also monitored separately by Compliance.





Prevention of money laundering and the financing of terrorism

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2

In order to combat money laundering, organised crime and international terrorism in a targeted manner, the financial aspects of these activities must also be addressed in order to hinder the investment of the proceeds from criminal activity and the cash flows used to finance terrorist activity.

In addition to the Code of Conduct, the overall guidelines to prevent money laundering, the financing of terrorism and other criminal offences (fraud) as well as compliance with financial sanctions/embargoes at the NORD/LB Group set out rules and principles to ensure that a uniform minimum standard prevails in the companies of the NORD/LB Group in order to provide appropriate and effective prevention, detection and responses in connection with money laundering, the financing of terrorism and white-collar crime as well as compliance with the associated embargoes and financial sanctions.

Figure 7: Overall guidelines to prevent money laundering, the financing of terrorism and other criminal offences (fraud) as well as compliance with financial sanctions/embargoes within the NORD/LB Group

	
	
<p>Overall guidelines to prevent money laundering, the financing of terrorism and other criminal offences (fraud) as well as compliance with financial sanctions / embargoes within the NORD/LB Group</p>	
	
	
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These Group guidelines specify the essential elements and basic principles of effective management to prevent money laundering, the financing of terrorism and other criminal offences as well as to ensure compliance with financial sanctions/embargoes; these represent the minimum requirement for each institution within the NORD/LB Group. They also describe the roles and responsibilities of the offices that play a special role in ensuring compliance with rules and preventing losses or reputational risks.

Appropriate preventive and investigative measures must be taken to prevent or impede money laundering, the financing of terrorism and white-collar crime, committed both from within and outside the NORD/LB Group to the Group's disadvantage, and ensure compliance with embargoes and financial sanctions. Swift, rigorous action in an emergency should help prevent the breaching of rules, economic losses and damage to the Group's image wherever possible.

The prevention of money laundering and the financing of terrorism is a high priority for the NORD/LB Group. The institutions of the NORD/LB Group have either created a central office for the prevention of money laundering, terrorist financing and for protection against other criminal offences (fraud), or have outsourced this responsibility to NORD/LB. The Anti-Money Laundering Officer of NORD/LB also reports to the central office in accordance with § 25h of the German Banking Act (KWG). In the framework of the requirements imposed on NORD/LB, as the parent company, the Anti-Money Laundering Officer is also responsible for the NORD/LB Group. Besides being responsible for the prevention of money laundering, the financing of terrorism and other criminal acts, this person also monitors compliance with financial sanctions/embargoes and reports to the Managing Board and Internal Audit.

All institutions pursue a risk-based know-your-customer business policy, which takes into account the applicable laws, such as the provisions in the German Anti-Money Laundering Act (GwG), and regulatory requirements.

An essential part of NORD/LB's procedures to combat money laundering and the financing of terrorism is establishing the identification of the customer with official documents and other relevant information. If there are reasonable doubts concerning the customer, the establishment of a new business relationship or the processing of a transaction must be refused.

Suspicious facts must be reported to the Anti-Money Laundering Officer, who reviews all reported information to determine its relevance. The Anti-Money Laundering Officer is available to advise all employees who have questions.

Prevention of other criminal acts (fraud)

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2 102-16

The prevention of corruption and other criminal acts (fraud) is also a high priority in the NORD/LB Group. In order to protect society as well as their reputation and own assets, all of the Group's institutions actively and rigorously take appropriate preventive measures against all forms of white-collar crime or violations of applicable law. The NORD/LB Group complies with the legal requirements regarding the prevention of other criminal acts (KWG, GwG or comparable international standards).

As a member of the German Association of Public Banks, NORD/LB also uses damage events from other institutions to constantly check their risk of suffering damage as a result of corruption, and to make adjustments, if necessary several times a year, to their preventive measures. If events occur in the Group involving a relatively high level of damage, special committees are convened immediately after the event to deal with the topic. Their purpose is not only to limit the damage, but in particular also to modify guidelines and controls in order to prevent similar events from occurring in the institution in the future.

In addition, the integrated risk assessment also included questions for the departments regarding fundamental fraud relevance. This method is now used to evaluate risks throughout the entire NORD/LB Group.

Prevention of corruption and bribery

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2

The institutions of the NORD/LB Group do not tolerate corruption or bribery in their business activities. In addition to the respective applicable legal requirements, which must be strictly observed, NORD/LB also fulfils 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 extortion and bribery."

The Code of Conduct contains clear standards for avoiding corruption, bribery and preferential treatment. Supplemental internal guidelines describe the permissibility of accepting or giving invitations and gifts as well as the requirements for the reimbursement of expenses for entertainment and gifts. Employees are obliged to maintain internal documentation for all invitations and gifts. This documentation must be provided to the Compliance departments upon request.

Z: 205-2

Compliance performs monitoring activities to ensure adherence to these rules. Accompanying training courses on the avoidance of conflicts of interest with regard to invitations and gifts serve to ensure that they are dealt with correctly.

Topic-specific information on ethics and integrity/compliant conduct and anti-corruption 205-3

In 2019, the Group suffered no corruption-related damages thanks to its extensive prevention measures.

Integrity check

Management approach for ethics and integrity/compliant conduct and anti-corruption: 103-2

The process of establishing new business relationships and/or expanding existing business relationships with the institutions of the NORD/LB Group includes performing a separate integrity check for lending or trading transactions as well as for business relationships with brokers, suppliers and service providers. This check is performed using a set of defined criteria.

The Bank's business and customer-related protection systems are designed to prevent the Bank from entering into or continuing business relationships which might be linked to money laundering, the financing of terrorism, other criminal acts or relevant sanction and embargo regulations or which might be linked to high reputational risk for the Bank. This integrity check is conducted on the basis of publicly available information (e.g. review of sanctions lists, internet research, institution/office information, SCHUFA query) and must be documented separately.

If the check reveals that the potential business partner has, for example, been convicted of a criminal offence or fined by a government regulatory authority, fraud prevention management measures, etc. will be taken. For instance, the available information must be checked in respect of reputational and business risks in particular, the business relationship must be voted on and, if appropriate the customer risk must be adjusted.

Training on compliance-related topics

UNGC

Management approach for ethics and integrity/compliant conduct and anti-corruption/information security and data protection: 103-2

Z: 205-2

The Corporate Compliance Policy of the NORD/LB Group requires the planning and performance of target group-specific employee training or the provision of support for operational areas to conduct their own training.

The aim is to increase employees' understanding of compliance-related topics and thus improve awareness of these topics in their day-to-day activities, while simultaneously enabling employees to act in compliance with the law.

NORD/LB always provides training based on need. For this reason, a distinction is made between legally required training, target group-specific training and ad hoc measures.

Mandatory training based on legal requirements (e.g. AGG, compliance) is organised centrally. NORD/LB fully complies with its legal training obligations. Legally required training is provided on a regular basis in the form of web-based training (WBT) and/or on-site training and must be completed by all employees of NORD/LB, Deutsche Hypo and NORD/LB Luxembourg, including their Managing Boards.

Statutory training based on the German Securities Trading Act (WpHG), the German Anti-Money Laundering Act (GwG), the German Data Protection Act (BDSG), the German Minimum Requirements for Risk Management (MaRisk) and the resulting standards (including the corresponding training under comparable legislation that applies to foreign branches) currently includes:

- Information security, valid for one year
- Compliance training (incl. capital market compliance, prevention of money laundering, prevention of other criminal offences/fraud, embargoes, operational risk (OpRisk)), valid for three years
- Minimum Requirements for Risk Management (MaRisk), valid for three years

In addition, the HR department provides mandatory training on equal treatment in the workplace (General Act on Equal Treatment (Allgemeine Gleichbehandlungsgesetz or AGG)) in the form of a WBT session, which is valid for three years.

All WBT sessions end with a test. Successful participation must be systematically documented by all employees or certificates of participation must be issued. Electronic checks are conducted on a monthly basis; if the required training has not been completed, the employee will be prompted by the system to complete the WBT. Members of management will be notified on a quarterly basis of any WBT that must be completed their employees.

Ad hoc, needs-based training is also offered, for example, for employees in all specialist departments who process customer transactions, on topics such as the Foreign Account Tax Compliance Act (FATCA) or the Volcker Rule.

The primary objectives of the training and awareness-raising measures are to:

- provide or refresh knowledge,
- establish a (uniform) basic understanding of compliance-related issues,
- increase the awareness of security among all employees,
- raise the awareness of dangers and risks on a regular basis. An especially important objective of the training measures is to clarify the personal impact as well as a possible (co-)responsibility that could result from (intentionally) dishonest actions by employees and/or third parties,
- explain the whistleblower system (ombudsman) and demonstrate how it can be used.

The specific contents of the training and departments affected are determined across functions.

Information security and data protection

Information security and data protection have been identified as material topics during the materiality analysis.

Information security

Management approach for Information security: 103-1

Financial services companies now use a wide variety of information. Such information and the resources and equipment (e.g. IT systems, applications, forms, letters, printouts) required for processing this information represent fundamental values. Protecting these values is essential in order to maintain and strengthen the Bank's capability and competitive position, the trust of business partners, customers and employees and its public reputation as well as to prevent abuse.

Protecting information encompasses the security of IT systems, the protection of electronic data and the protection of information that is not processed electronically. For example, information (including personal data) must be protected on the one hand from being accessed by unauthorised persons, and the integrity/accuracy, availability and non-repudiability of information must be ensured on the other.

In this respect, threats posed by hacker attacks, password theft, phenomena such as social engineering, phishing or man-in-the-middle attacks as well as ignorance and human error pose new, changing and growing challenges, particularly in connection with cyber-crime, for all companies that handle information.

Because of the global nature of information nowadays, this topic is relevant both internally and externally. There are no boundaries. It is relevant for the entire NORD/LB Group, and also especially important for investors, customers and employees.

Management approach for Information security: 103-2

Information security requirements are legally regulated at all NORD/LB Group locations and implemented in the Bank's corporate governance. At its German locations, the NORD/LB Group's institutions comply with the following regulatory, legal and contractual requirements, among others:

- German Banking Act (KWG) § 25a, § 25b and § 25c
- General Data Protection Regulation (GDPR)
- New German Data Protection Act (BDSG new)
- German Commercial Code (HGB), risk management of information processing
- Minimum Requirements for Risk Management (MaRisk)
- Prudential requirements for IT (Bankaufsichtliche Anforderungen an die IT (BAIT))
- Payment Service Directive 2 (PSD2)
- Circulars issued by banking supervisory authorities, such as the Federal Financial Supervisory Authority (BaFin)
- Group guidelines related to information security
- Contractual security obligations with third parties

Specific comparable regulations apply for foreign locations.

Pursuant to § 25a of the German Banking Act (KWG), institutions must have adequate staff and technical/organisational resources for risk management. The risk management requirements are set out in detail in the Minimum Requirements for Risk Management (MaRisk).

The Managing Board has overall responsibility for all matters related to information security, which is an integral part of the business and risk policies of the institutions of the NORD/LB Group. Nevertheless, it is the duty of each and every employee to comply with the rules concerning information security and to protect sensitive information. The corresponding requirements, based on the Bank's business strategy and information security strategy (as part of the risk strategy) are operationalised through guidelines on information security and information security guidelines in manuals and work instructions, and provided to all Group employees. The corresponding documentation of internal regulations applies throughout the Bank, and is supplemented with regular compulsory training and awareness-boosting measures on all information security topics.

In order to implement and maintain an adequate 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-level authority with respect to the Group's information management system and has the following remit at Group level:

- Develop and coordinate the Group-wide information security strategy and obtain the Group Managing Board's approval of the strategy,
- Define an adequate level of information security (Group standard) by providing information security requirements irrespective of specific technology,
- Organise committees and conduct management reviews, including preparation and follow-up,
- Advise and communicate with the Managing Board as well as the information security officers at subsidiary institutions,
- Prepare regular reports for the Managing Board,
- Provide procedures and methods and support adequate handling of information risks,
- Initiate and coordinate Group-wide training and awareness measures,
- Analyse the effectiveness of the ISMS (e.g. by collecting and assessing metrics) and defining changes based on the results.

The CISO's remit encompasses the following:

- Authorisation to issue guidelines for the NORD/LB Group,
- Right to report regularly and directly to the Managing Board of the NORD/LB Group,
- Participation in the Risk Round Table,
- Convening the ISMS Steering Committee,
- Authorisation to receive information and carry out inspections in order to monitor implementation of security specifications,
- Budget responsibility and decision-making competency as the basis for carrying out duties.

Each subsidiary company has its own Information Security Officer (ISO), who is appointed by the respective Managing Board.

The respective Information Security Officers have been tasked by the Managing Boards with developing, implementing and continuously improving information security specifications. They report directly to the relevant Managing Board, providing reports to these Managing Boards on a regular and an ad hoc basis. Their duties include controlling and managing information security and the related risks, conducting regular reviews and advising the Managing Board and specialist departments.

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

Data protection

Management approach for data protection: 103-1

The employees of banks come into contact with a wide range of personal data. The protection of this data and of the trust associated with its provision is one of a Bank's key responsibilities. Accordingly, the confidential, sensitive handling of personal data has the utmost priority in the NORD/LB Group. The relevant statutory obligations and data protection requirements are particularly important in this regard. This applies to the processing of both the personal data of staff and customers and the personal data of suppliers, consultants and other contract partners in the NORD/LB Group. Banking secrecy is strictly maintained. Data and information are used only for the purpose intended and in compliance with legal requirements.

NORD/LB is subject to the provisions of the General Data Protection Regulation (GDPR) of the new German Federal Data Protection Act (BDSG new) and other laws with provisions pertaining to data protection. The statutory regulations on data protection apply to all natural persons, in particular to customers and employees of the Bank. Besides ensuring that protected personal data are handled properly, data protection also relates to checking that the rights of the data subjects affected by automated data processing are observed and that the fundamental duties of specific office-holders with access to personal data in the Bank are being fulfilled.

Management approach for data protection: 103-2

Every employee is responsible for ensuring that the data protection regulations are complied with. NORD/LB, Deutsche Hypo and NORD/LB Luxembourg impose on all internal and external employees who have access to

personal data the obligation² to comply with data secrecy; this obligation also extends beyond the termination of the employment contract. The data protection policy of the NORD/LB Group is set out in Group data protection guidelines, which are valid throughout the Bank in the respective institutions.

The Data Protection Officer of the NORD/LB Group is responsible for monitoring, advising, regular training and raising awareness to ensure that data protection requirements are met in the institutions. NORD/LB and Deutsche Hypo each have their own Data Protection Officer. NORD/LB Luxembourg has a Data Protection Officer officially authorised by the National Data Protection Commission (Commission Nationale pour la Protection des Données (CNPD)) of the Grand Duchy of Luxembourg.

In order to ensure functional independence vis-à-vis all of the departments to be monitored, the Data Protection Officers are directly responsible to the Managing Board, which also has overall responsibility for this function and monitors its effectiveness. They report regularly and when needed on an ad hoc basis directly to the Managing Board as well as on an ongoing basis as part of day-to-day operations to the responsible member of the Managing Board.

Employees may contact the Data Protection Officers for help. Customers can submit any complaints they have via a complaint management system. The complaint management principles and information about the complaint management procedure can be found on the Bank's website.

Management approach for data protection: 103-3

In order to ensure and monitor the compliance, appropriateness and effectiveness of all requirements related to data protection, here, too, annual uniform analyses are carried out throughout the Group on the basis of risk-based audit plans. The audit plans of the subsidiaries are coordinated within the NORD/LB Group so that the audits can be performed simultaneously and the findings reported to the Managing Board. In addition, data protection is also the subject of regular external audits. Any incidents or complaints are analysed and solutions with appropriate preventive measures developed.

Topic-specific information on data protection: 418-1

No data protection incidents were identified during the reporting period that required NORD/LB, in its capacity as the data controller, to trigger a report to the competent data protection authority.

² In Luxembourg the Bank acts in accordance with the coordinated version of the Act of 2 August 2002 on the Protection of Personal Data in Data Processing

Sustainability and sustainable corporate governance

The management of ESG topics and the social and environmental impact of financing and investments were identified as material topics during the materiality analysis.

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Management approach for the management of ESG topics/social and environmental impact of financing and investments: 103-1

Banks have a significant influence on a sustainable economy and society, as they guide financial flows to enable economic growth, create jobs and provide services to society. Since banks are service providers, many of their products and services have an indirect impact on the environment and society. Risks can arise, for example, as a result of socially unacceptable or illegitimate actions. Material topics include, for example, violations of human rights, inhumane working conditions, environmental damage and unethical business practices. By taking account of environmental and social aspects in strategic decision-making as well as in the investment and credit process, managers can evaluate and minimise these risks while simultaneously building up the trust of all key stakeholders. Consequently, topics such as the environment, society and corporate governance (environmental, social and governance - ESG) should be taken into account and managed not only for ethical reasons and also to generate new business opportunities, but also to prevent risk. This also includes communicating transparently about ESG topics, e.g. in the form of sustainability reports.

At the same time, investors around the world increasingly want to know the specific social and environmental impact of their investments. For example, more and more investors and financial institutions are taking account of ESG considerations when evaluating investments and making investment decisions, minimising the negative impact 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.

Both topics have an impact internally and externally, and because of the global interdependence of financial streams, there are no boundaries. The management of ESG topics is relevant for the entire Group. By contrast, the negative impact of the financing and investment business primarily affects the corresponding business units and must be managed and controlled with the help of corresponding guidelines. Externally, both topics are especially important to investors, the capital market, customers, society and politicians.

Management of sustainability within the Group

UNGC

Management approach for the management of ESG topics/social and environmental impact of financing and investments: 103-2
102-18 Z: 102-19

The Chairman of the Managing Board bears the main responsibility for sustainable development at NORD/LB and reports the results to the owners. The Managing Board is supported in its tasks by the sustainability management team, which analyses requirements for individual divisions within and outside NORD/LB and the NORD/LB Group, develops targets and measures and proposes these for implementation. The sustainability management team submits proposed resolutions on environmental, economic and social topics to the Managing Board for approval at its meetings.

NORD/LB Luxembourg and Deutsche Hypo have additional sustainability officers. Proposals from the parent company, together with current focal points and issues, are discussed, deliberated on and proposed for implementation.

By signing the UN Global Compact, NORD/LB and the NORD/LB Group have undertaken to incorporate its ten internationally recognised principles relating to human rights, labour conditions, environmental protection and corruption into their business activities. For NORD/LB and the NORD/LB Group, upholding these principles represents a key element of their responsibility towards customers and employees in the capacity of financial service providers, and towards society as a whole in the capacity of a corporate citizen.

The NORD/LB Group has had a sustainability strategy to serve as a strategic foundation since 2013.

Figure 8: Corporate Sustainability Strategy

Corporate Sustainability Strategy 2020

How we see ourselves

The NORD/LB Group believes that sustainability is first and foremost a question of attitude: it is a part of the Bank's public mandate to support sustainable development directly and indirectly through its own business activities.

The NORD/LB Group is convinced that many aspects of global change result in opportunities and risks for its customers and will therefore also affect its business activities. The Sustainability Strategy addresses the key aspects of global change for the NORD/LB Group and its customers, and shows how opportunities can be realised efficiently and risks managed responsibly. Under this strategy the Bank pursues the following fundamental directions:

Strategic direction

The customers of the NORD/LB Group must, with varying degrees of intensity and urgency, take account of long-term trends in relation to such issues as climate change, demographic change, the process of urbanisation and raw materials shortages. They must match their traditional business models in a prompt and regular manner to the complex effects of these changes, and create solutions. The employees of the NORD/LB Group help their customers to consider the shifts resulting from global change in their decisions, thereby contributing to sustainable development.

This naturally means that two stakeholder groups are the focal points of this Sustainability Strategy 2020: customers and employees of the companies in the NORD/LB Group.

The NORD/LB Group pursues a systematic approach to sustainability to ensure that the necessary sustainability aspects are taken into account in its business activities.

- Transactions that clearly violate fundamental principles of sustainable development, such as transactions in connection with controversial weapons or pornography, are identified and rejected using exclusion criteria.
- A framework of sustainability guidelines establishes the link between the individual transaction and the relevant specific sustainability standard from the perspective of the NORD/LB Group. This makes it possible to manage sustainability on an individual basis and in a targeted manner.

Above all else, the NORD/LB Group and its staff consider it their duty to support their customers and help them to give greater consideration to "sustainable development" in their business activities and investment decisions. This support includes, for example, identifying promotional opportunities and pointing out existing business potential through sustainability.

The NORD/LB Group regularly reports on the implementation status of the Sustainability Strategy. This sustainability reporting, which is based on generally accepted standards, documents the contributions made by the NORD/LB Group for customers and society. The reporting covers the different facets of the Group's business activities, including the direct and indirect contributions to sustainability which the core business of the NORD/LB Group generates for customers and society, as well as the contributions that are complementary to the core business.

The NORD/LB Group has set out the following focal points among the topics of sustainability and aims to achieve the following objectives by 2020:

<p style="text-align: center;">Governance</p> <p>The NORD/LB Group maintains and structurally enhances its management approach towards sustainability. This will include, in particular, continually revising the strategic direction of the Group's sustainability activities. This is done by the Group's Sustainability Management team, which is already in place. The Sustainability Committee, which advises the Group Managing Board, plays a particularly important role.</p> <p>The companies of the NORD/LB Group consult relevant stakeholders in order to obtain ideas for the direction of Sustainability Management. This ensures that our business activities are in line with the needs of interest groups so that the Group will remain successful and competitive over the long term.</p> <p>The results of these stakeholder meetings are considered in the sustainability programmes and provide the NORD/LB Group with ideas for the future direction of sustainability activities.</p>	<p style="text-align: center;">Customers</p> <p>The NORD/LB Group embeds sustainability aspects in all relevant business segments. In doing so, it ensures an approach to business which considers not only economic aspects for the benefit of customers, but also environmental and social governance aspects.</p> <p>By consulting customers on sustainability issues and offering "green products", the NORD/LB Group makes an ever-increasing contribution towards the financing of the green economy.</p> <p>The NORD/LB Group conducts its business activities such that they take account of economic, environmental and social aspects. This improves the competitive position of customers and strengthens the risk position of the NORD/LB Group.</p> <p>The sustainability objectives for the respective business segments are included in the strategy process.</p>
<p style="text-align: center;">Employees</p> <p>Employees are the future of the NORD/LB Group and ensure its commercial success over the long term. The Group therefore has a major responsibility towards its employees to create conditions that allow them to fully develop and "live diversity". A key element of this is the promotion of women in professional and managerial roles in order to systematically make use of their management potential to enhance the Bank's success. We will therefore continually increase the share of women in management positions.</p> <p>The professional and personal development of employees is supported by an extensive range of seminars. By providing information and training, the NORD/LB Group promotes and raises the awareness of sustainable business and makes it possible for these skills to be used.</p>	<p style="text-align: center;">Society</p> <p>The NORD/LB Group, in its capacity as a corporate citizen, participates in social projects and contributes its financial expertise to the public debate. The NORD/LB Group is a sponsor of art, culture and science in its core regions, and encourages its staff to do voluntary work. In all of these activities, the NORD/LB Group focuses its non-commercial activities on contributions that benefit both society and the NORD/LB Group.</p> <p>In implementing a sustainable approach to business, the NORD/LB Group urges its suppliers and service providers to act with the same environmental and social principles and standards.</p>
<p style="text-align: center;">Environment</p> <p>The NORD/LB Group organises its environmental activities in accordance with ISO 14001. Every year it creates an environmental programme to systematically optimise the effects that its business activities have on the environment. By conserving resources, saving energy and reducing emissions, the Group's environmental efficiency is expected to improve as a result. A particular focus in this regard is on energy efficiency.</p>	

Management of ESG risks

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Management approach for the management of ESG topics/social and environmental impact of financing and investments: 103-2

ESG risks are risks related to environmental, social or commercial considerations that can arise in connection with controversial business activities or practices. These include, for example, transactions or business practices with negative effects on the natural environment and/or on human and labour rights, including the rights of indigenous peoples, as well as sectors, such as alcohol, embryonic research, fossil fuels, gambling, palm oil, pornography, tobacco or activities related to the arms and defence industry.

In addition to its own ethical understanding, NORD/LB also takes account of the assessment of civil society groups, especially non-governmental organisations (NGOs), and other interest groups of the Bank when evaluating ESG risks.

As part of an ESG risk review, the NORD/LB Group aims to identify, reduce or, if possible, eliminate risks in order to recognise business and reputational risks early on in the interests of customers and the Bank. Like other risks, these risks are also assessed in the lending process and are considered, as soon as they are identified or emerge, in the overall vote for the business transaction. The starting point for the assessment and evaluation of the risk potential is the technical skills and experiences of employees, the specific ESG guidelines and the underlying rules. Each and every employee is primarily responsible for preventing reputational risks. External information on the environmental risks of some industries is also taken on board. References to appropriate information sources are continually updated and made available.

In addition, NORD/LB has completely excluded the following transactions as part of its sustainability guidelines:

- Companies involved in the production, trading, transport, storage or repair of the following armaments, in defiance of international treaties:
In particular, these include:
 - Biological weapons
 - Chemical weapons
 - Anti-personnel mines
 - Cluster bombs and cluster munitions
 - Uranium munitions
 - Weapons that are particularly suited to causing disproportionate injury or harm to civilians,
- Business relationships with companies that produce and trade in pornography as well as companies associated with that sector,
- Financing the construction of nuclear plants and conventional coal-fired power plants,
- Financing the construction of dams and hydroelectric power stations in specially protected areas,
- In addition, NORD/LB does not conduct any transactions in its own name and for its own account on commodity futures markets.

Topic-specific information on ESG topics: Own disclosure - ESG reviews

When necessary, or if there are indications that ESG damage may occur in a business transaction, or if a transaction to be conducted is with a business partner from an industry considered to be controversial, unclear business transactions and their possible effects are forwarded to Sustainability Management for further assessment. Sustainability Management together with Compliance then reviews such unclear ESG questions. Any additional checks are carried out by an ad hoc committee, which adopts a resolution setting out the next steps. In the previous reporting year, 21 enquiries about possible controversies were submitted to Sustainability Management/Compliance. 18 cases were approved and three cases rejected. It was not necessary to convene the ad hoc committee.

Reputational risk arises through a loss of confidence among the Bank's stakeholders. Risk Controlling bears central responsibility for this and for the framework for managing reputational risk. Reputational risk is included in the Governance, OpRisk and Compliance Report prepared on both a quarterly and an annual basis. This is addressed to the Risk Round Table or the General Managing Board. For additional information about risk management, please refer to the Group Annual Report 2019.

Internal regulations and standards

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Management approach for the management of ESG topics/social and environmental impact of financing and investments: 103-2

The NORD/LB Group and its institutions have a number of internal strategy documents, guidelines and working instructions that have been integrated into the documentation of internal regulations. In addition to guidelines on implementation of and compliance with the requirements of "traditional bank supervisory law" at a German, European and international level, the Group also has additional ESG guidelines that govern and regulate its business activities with respect to economic, environmental and social issues. These ESG guidelines supplement existing guidelines and principles of strategy and governance, thus enabling comprehensive management of the portfolio. All ESG guidelines have been reviewed by the Group Managing Board, approved by the Managing Board of NORD/LB and, provided that they are relevant to their business operations, largely adopted by the subsidiary institutions. All ESG guidelines have been approved by the Managing Board and are binding on all employees. An external audit does not take place.

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 the ESG guidelines or understanding of ethics and/or sustainability are rejected.

The ESG guidelines for the Bank's departments and the individual sectors are always developed together with employees from the departments. Awareness training regarding the ESG guidelines has been conducted in the relevant departments and is also provided at regular management workshops.

As part of regular quarterly reviews conducted by Sustainability Management, the ESG guidelines are evaluated and, if necessary, adjusted in line with current developments, or new guidelines are initiated. Written voting policies on environmental and social issues in the companies in which NORD/LB has invested do not exist.

There is a comprehensive section on the intranet with information about and training related to ESG issues. In addition, Sustainability Management is available to all employees if they have any questions or for additional ESG evaluations.

The following ESG guidelines exist within the NORD/LB Group:

Figure 9: NORD/LB Group ESG guidelines

<h2>Guidelines for the Bank as a whole</h2>
<p>Guideline on the Environmental Impact of Corporate Activities</p> <p>With this guideline, NORD/LB refers to principles seven to nine of the UN Global Compact for the consideration of the environment in business activities. Its objective is to largely avoid or reduce both the direct and indirect environmental impact of business activities.</p> <p>The direct environmental impact of NORD/LB's business activities is measured, assessed and managed by the Bank's Corporate Environmental Management function. The elements and processes of this environmental management system are based on the requirements of ISO 14001, the international standard for environmental management.</p> <p>The indirect environmental impact of NORD/LB's business activities is managed in the business segments; this is done, among other ways, through the management of ESG risks.</p>
<p>Guideline on Operational Environmental Protection</p> <p>The Guideline on Operational Environmental Protection defines a minimum standard for corporate environmental protection and is based on the requirements set out in ISO 14001, the international standard for environmental management.</p>
<p>Guideline on Climate Change</p> <p>The NORD/LB Group acknowledges the importance of climate change and the role which the financial industry plays in the transition to a lower-CO₂ economy as one of the most important current and future challenges. The Guideline on Climate Change serves as the framework for achieving the German climate goals. By applying this guideline, NORD/LB is able to take into account climate change for its market partners and society, to focus the market partners on the opportunities and risks, and to create transparency for further development as well as for assessment, analysis and monitoring.</p> <p>NORD/LB's guideline on climate change sets out the Bank's commitment to renewable energies and the modernisation of energy generation. At the same time, the guideline excludes the possibility of NORD/LB financing the construction of nuclear power plants and conventional coal-fired power plants.</p>

Guideline on Human Rights and Labour Standards

Through its Guideline on Human Rights and Labour Standards, NORD/LB relates to principles one to six of the UN Global Compact on the consideration of human rights and labour standards. In applying this guideline, NORD/LB incorporates into its business activities the importance of human rights requirements for employees, market partners and society; gives guidance to employees and market partners concerning potential violations of human rights; enhances the processes to create transparency, for evaluation and analysis, and for monitoring; and ensures human rights aspects are taken into account in complaints management.

The application of the guideline supports the operational implementation of the Code of Conduct of the NORD/LB Group. In addition, the guideline supplements overall guidelines that already exist, such as the guideline for dealing with companies in the defence industry or the guideline on the management of ESG requirements in project finance.

Guideline for Dealing with Interest Groups

The Guideline for Dealing with Interest Groups serves as the basis for dialogue with stakeholders. In applying this guideline, NORD/LB focuses on the three principles developed by the international organisation AccountAbility regarding dealing with relevant interest groups.

Guidelines for Dealing with Tax Law Requirements

The guideline on dealing with tax requirements is a commitment to comply with the duty to establish appropriate processes and controls to ensure compliance with tax legislation, to promote their social reputation, and to strengthen the relationships with government agencies, tax authorities and their customers.

Guidelines for the individual business segments

Guideline on ESG Requirements for Project Financing

The Guideline on ESG Requirements for Project Financing and accompanying instructions relates to the financing of customer projects in which significant ESG risks are created by the structure and scope of the projects. It is oriented on the requirements of the Financial Initiative of the United Nation's Environmental Programme (UNEP.FI) and the principles of the UN Global Compact.

For project financing with no ECA cover and a total cost of more than USD 10 million outside of high-income OECD countries that NORD/LB provides as syndicate leader or on its own, customers are required to prove separately that they manage ESG project risks safely. To that end, NORD/LB refers to the requirements and procedures suggested by the Equator Principles.

NORD/LB provides partial financing for projects outside of high-income OECD countries only if the financing syndicates are led by banks that guarantee compliance with the Performance Standards on Environmental and Social Sustainability of the IFC or a comparable set of rules.

Guideline on Ship Financing, Aircraft Financing and Real Estate Financing

The three specific guidelines for the respective business segments govern how technological, environmental and social standards are taken into account.

Guidelines for individual industries/sectors

Guideline on Business Relationships with Companies in the Defence Industry

NORD/LB has placed strict conditions on this business with companies in the defence industry and only maintains business relationships with companies that adhere to the Global Principles of Business Ethics for the Aerospace and Defence Industry, and which do not violate any embargo imposed by the United Nations, the European Union or the Organisation for Economic Cooperation and Development. Business relationships with companies that are involved – no matter to what extent – in the production, trade, transport, storage and repair of such weapons that violate international treaties and conventions of the UN with respect to outlawed weapons are prohibited by this guideline.

Guideline on Pornography

The Guideline on Pornography prohibits business relationships with companies that produce and sell pornography as well as companies related to this sector.

Guideline for the Responsible Use of Renewable Resources

With its Guideline for the Responsible Use of Renewable Resources”, the NORD/LB Group has established appropriate rules so that its decision-making, when financing economic activities, takes account of whether its customers act correctly with respect to the statutory requirements related to environmental, planning, animal welfare and nature protection law. The guideline refers to voluntary national and international environmental and social guidelines and standards, such as FSC, PEFC, MSC and ASC certifications.

In the context of its activity as a financial services institution, NORD/LB also operates as the Eurex clearing house for agricultural products. NORD/LB considers trading in commodity futures contracts to be useful as a means to provide market participants, from the producer to the trader to the processing industry, with a way of reacting to price changes and hedging price risks. With this guideline, NORD/LB is prohibited from conducting transactions in its own name and for its own account on commodity futures markets.

Guideline for the Responsible Use of Non-renewable Resources

The NORD/LB Group has established the Guideline for the Responsible Use of Non-Renewable Resources so that when financing economic activities, the Group’s business decisions take into account whether its customers deal correctly with the respective legal requirements and voluntary standards, such as those of the International Council on Mining and Metals (ICMM), the Extractive Industries Transparency Initiative, and the International Petroleum Industry Environmental Conservation Association (IPIECA).

NORD/LB’s understanding of the term “use of resources” includes all activities related to the mining of metals, minerals, precious and semi-precious stones, as well as building and mine planning, mine development and the operation and the closure of mines. It also includes all activities in connection with oil and gas extraction during the exploration, oil field development, production, refining (incl. cracking) and transport and storage phases. Additional reviews must be conducted if the business transactions take place outside high-income OECD countries or the European Union.

Guideline for Hydroelectric Power

The “Guideline for Hydroelectric Power” serves as a supplement to the “Guideline for the Environmental Impact of Business Activities” and the “Guideline on ESG Requirements for Project Financing” in relation to project financing for dams and general hydroelectric power stations. This guideline requires customers to commission an environmental due diligence report from an independent third party. This guideline prohibits the financing of the construction of dams and hydroelectric power stations in specially protected areas.

External regulations and standards

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NORD/LB has signed the UN Global Compact and has therefore undertaken to incorporate into its business activities the ten internationally recognised principles of the UN Global Compact relating to human rights, labour conditions, environmental protection and corruption. For NORD/LB and the NORD/LB Group, upholding these principles represents a key element of their responsibility towards customers and employees in the capacity of financial service providers, and towards society as a whole in the capacity of a corporate citizen.



As a signatory of the UNEP FI Finance Initiative, NORD/LB recognises the interdependence of the economy, the environment and society, and it undertakes to practise sustainable development, forward-looking environmental management and open communication with the public about the promotion of environmental issues.



Since the 2013 reporting year, NORD/LB has prepared an annual Group Sustainability Report based on the Global Reporting Initiative (GRI) standards.



The Association for Environmental Management and Sustainability in Financial Institutions (VfU) is a network of financial services providers from Germany, Austria and Switzerland. Since 1995, the association and its members have been working to develop and implement innovative and sustainable solutions for financial services providers with the goal of increasing the contribution made by the financial sector to sustainable development.



charta der vielfalt

By signing and acceding to the Diversity Charter, NORD/LB aims to promote the recognition, respect and inclusion of diversity in the corporate culture in Germany – regardless of gender, nationality, ethnic origin, religion or belief, disability, age, sexual orientation and identity.

Sustainability ratings

Management approach for the management of ESG topics/social and environmental impact of financing and investments: 103-3

The NORD/LB Group provides transparent and regular reports on its sustainability activities. In addition, external evaluations of corporate sustainability activities, such as those conducted by special sustainability ratings agencies, are very important for a number of stakeholders. 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.

The number of investors incorporating ESG considerations into their decision-making is rising steadily. Similarly, the significance of sustainability ratings agencies has increased in recent years, as has the level of dialogue with these agencies. 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. 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. The Sustainability Management team at NORD/LB uses the sustainability ratings to conduct targeted strength-weakness analyses and 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 evaluated by several different sustainability ratings agencies. The current rating from each agency is published on the Bank's website.

Products and services with environmental and social benefits

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Topic-specific information on products and services with environmental and social benefits: Own disclosure Products and services with environmental and social benefits

The calculation of the monetary value of products and services with an environmental benefit takes into account the direct and indirect contributions that the core business generates for customers and society. With regard to social sustainability, lending to customers whose business activities are of particular public interest was therefore recorded. Based on the industry code of the German Central Bank (Bundesbank), the following sectors were identified:

Table 1: Products and services with environmental benefits (sector according to the Bundesbank code)

	Volume in €k (as at 31.12.2019)
Water supply	316,844
Waste water disposal	426,701
Waste disposal	396,427
Clean-up of contaminated sites	19,336

The percentage of green technology co-financed in other industries was also estimated. For this purpose, we used the GreenTech shares of global market volumes of selected industries as calculated by the German Federal Environment Ministry. The GreenTech shares of the following industries were considered:

Table 2: Products and services with environmental benefits (including GreenTech share) (sector according to the Bundesbank code)

	Volume in €k (as at 31.12.2019)
Automotive industry (GreenTech share 2 per cent)	31,289
Chemicals industry (6 per cent)	43,709
Electrical industry (12 per cent)	110,617
Machinery and plant engineering (20 per cent)	218,338

The financing volume which the NORD/LB Group has committed to in these industries totalled approx. € 1.56 billion as at 31 December 2019.

Lending business with a social benefit was identified in line with the environmental benefit and the Bundesbank code for the following industries:

Table 3: Products and services with social benefits (sector according to the Bundesbank code)

	Volume in €k (as at 31.12.2019)
Crop and animal production, hunting and related service activities	2,492,549
Forestry and logging	5,105
Fishing and aquaculture	2,936
Real estate activities	18,981,389
Public administration	18,554,246
Manufacture of food and feed products	1,969,639
Education	147,252
Healthcare activities	614,160
Residential care activities	507,626
Social work activities	17,128
Libraries, archives, zoological gardens and museums	6,515

The financing volume which the NORD/LB Group has committed to in these industries totalled approx. € 43.3 billion as at 31 December 2019.

In addition to their own offerings, NORD/LB and Braunschweigische Landessparkasse also provide their customers with access to programmes from partners that enable attractive interest rates. This helps to improve the economic, social and environmental conditions in Germany. These include, for example, development programmes for energy-efficient new building projects or for energy and cost-saving projects to modernise and renovate existing properties. In addition, NORD/LB provides advisory services regarding regional development programmes and on the different possibilities that exist to involve the public sector in the risk and refinancing

associated with the creation and financing of new companies. In particular, the Bank brokers development programmes offered by the German Reconstruction Credit Institute (KfW).

Table 4: New business loans for environmental purposes (development programmes offered by KfW)

	Number	Volume in €k (as at 31.12.2019)
KfW Entrepreneur Loan	281	137,914
ERP Capital for Start-ups	19	4,171
ERP Regional Promotion Programme	110	31,934
ERP Start-Up Loan - StartGeld	231	13,055
ERP Start-up Loan - Universal	260	77,063
ERP digitalisation and innovation loan	6	4,248
Total	907	2.68.385

Table 5: New business loans for environmental purposes (development programmes offered by KfW)

	Number	Volume in €k (as at 31.12.2019)
Energy efficient renovations - efficient home	301	62,476
Energy efficient renovations - individual measures	558	32,286
Energy efficient construction	1,857	397,954
Energy efficient renovations - additional loan	18	518
IKU – energy efficient renovations	3	7,560
IKU – energy efficient construction	2	1,475
KfW - energy efficiency programme	66	108,957
KfW programme renewable energies standard	213	435,458
KfW programme renewable energies premium	65	9,849
KfW programme renewable energy storage	8	175
IKU - energy-saving urban redevelopment - district supply systems	2	3,380
KfW environmental programme	10	3,298
Federal funding for energy efficiency in commerce	5	866
Total	3,108	1,064,252

Table 6: New business loans for social purposes (development programmes offered by KfW)

	Number	Volume in €k (as at 31.12.2019)
KfW home ownership programme	4,807	275,594
IKU - investment credit municipal and social companies	39	117,949
Altersgerecht Umbauen KREDIT (loan to help convert properties so that they are suitable for the elderly)	81	15,464
Total	4,927	409,007

Sustainable products

Topic-specific information on products and services with environmental and social benefits: Own disclosure - sustainable products

Supported by climate change and the “Fridays for Future” movement, investor focus shifted increasingly to sustainable financial assets in 2019. The European Union, for example, presented an action plan based on the UN goals for sustainable development and has formulated criteria for sustainable investments. Aspects of sustainability (social, ecological, ethical) are also taken into account in asset and portfolio management. In doing so, the Bank’s asset and portfolio management works closely with one of the leading independent sustainability rating agencies – imug Beratungsgesellschaft Hannover.

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

Environmental	Social	Governance
Definition		
<ul style="list-style-type: none"> ▪ Sustainability related area of responsibility of the company: Environmental pollution or risks, greenhouse gas emissions or energy efficiency issues 	<ul style="list-style-type: none"> ▪ Sustainability related area of responsibility of the company: Occupational health and safety, diversity or social commitment 	<ul style="list-style-type: none"> ▪ Sustainable corporate governance: Corporate values or management and control processes
Exclusion of companies with the following characteristics (or non-observance of the aforementioned)		
<ul style="list-style-type: none"> ▪ Coal mining and coal-fired power generation* ▪ Nuclear/atomic energy* ▪ Excessive environmental pollution/damage 	<ul style="list-style-type: none"> ▪ Alcohol* ▪ Gambling* ▪ Human rights violations (e.g. child transparency provisions, in particular, no work and forced) ▪ Pornography* ▪ Tobacco ▪ Violations of social standards (e.g. working conditions) ▪ Weapons/Armament* 	<ul style="list-style-type: none"> ▪ Corruption/bribery ▪ Violations of transparency regulations (e.g. missing company reports)

*Excluded if more than 5% (or 10% for coal mining and electricity generation) of total turnover is generated from the production and/or sale of the category in question

In addition to four asset management funds (SIP funds), which pursue different strategies over different ranges for the equities, bonds and liquidity asset classes, all mandates for individual asset management are also oriented to defined sustainability criteria. In addition, three mutual funds that are primarily for distribution to retail customers (Löwen+ funds) are also managed according to ESG criteria.

Table 7: Total volume in sustainable products

	Volume in €k (as at 31.12.2019)
Individual asset management	860,000
SIP funds	187,000
Löwen+ funds	45,000
Total	1,092,000

Advisory and service

Topic-specific information on products and services with environmental and social benefits: Own disclosure - advisory and service

One of the Bank's key duties is to offer people the ability to participate in (cashless) payments in its area of business and to provide advice on financial matters.

NORD/LB focuses its advisory services on its customers' objectives and needs. To achieve this, advisors in the private customer business of Braunschweigische Landessparkasse use the S-finance concept (savings bank finance concept), a standard advice tool which ensures that full consideration is given to individual customer needs. This also ensures the high quality of advice focusing on the long term. As the use of the S-finance concept is a high priority due to the aforementioned reasons, Braunschweigische Landessparkasse trains its staff on how to use it on an ongoing basis. For example, all of the Bank's apprentices learn how to use the finance concept in the first few months of their training. In addition, NORD/LB and Braunschweigische Landessparkasse stopped paying sales commissions to their staff at the end of 2012 and therefore adhere to what is standard practice in the savings bank sector.

The laws governing financial products require that banks fulfil extensive obligations regarding information and transparency, for example, maintaining minutes of consultation meetings, defining customers and products and allocating them to risk classes, providing advice tailored to the for investors and investments, and providing an overview of costs and remuneration. All institutions of the NORD/LB Group meet these requirements without exception and embed them in their advisory processes. There is a systematic process in place regarding the provision of investment advice on financial instruments, with corresponding documentation requirements.

Staff members who provide investment advice have the required qualifications in accordance with the German Investor Protection Act (AnsFuG) and are accordingly registered with the Federal Financial Supervisory Authority (BaFin). To ensure that staff knowledge is kept up to date, internal training takes place regularly. Customers are informed not only in consultation meetings and by the product information handed out, but also through publications on specific issues, such as customer information on transactions with securities and other financial instruments.

The Bank's own issues are sold on the basis of the applicable laws, e.g. in Germany pursuant to the German Securities Prospectus Act (WpPG). All information that the customer requires can be obtained at the Bank and is also published in the internet. The NORD/LB Group attaches great importance to compliance with this Act and other legal requirements. This is monitored by Compliance, which audits procedures, and by Internal Audit.

Braunschweigische Landessparkasse is represented in 91 locations throughout the business region so that customers can be provided with financial services across the region, even in sparsely populated areas. All of the branches have either a self-service or a conventional cash point. 18 locations are operated jointly with Öffentliche Versicherung Braunschweig as finance centres, while another is operated with LBS Braunschweig. The locations are supplemented by 28 self-service points. All of the locations have self-service facilities, such as cash machines, self-service terminals and account statement printers.

85 locations of the Braunschweigische Landessparkasse and both locations of the former Bremer Landesbank in Bremen and Oldenburg have disabled access. In order to offer a better service to customers with impaired vision, 102 cash machines at Braunschweigische Landessparkasse (of which 89 also have a deposit function) and 11 machines in Bremen and Oldenburg have voice guidance. These customers therefore have independent access to cash services at 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. Further assistance for visually impaired customers is provided by specialised software, which reads out the online content.

In order to enable people with a difficult financial background to make cashless payments as well, Braunschweigische Landessparkasse also offers a "citizen" or basic account (Bürger-/Basiskonto), which is maintained solely on a non-borrowing basis. As at 31 December 2019, there were 4,070 citizen accounts and 3,415 basic accounts at Braunschweigische Landessparkasse.

Customer satisfaction

102-43

NORD/LB conducts regular Group-wide customer satisfaction surveys in order to record and measure customer satisfaction. The goals of the customer satisfaction survey are, first, to reveal the satisfaction of the Bank's customers and, second, to identify the risk of potentially losing customers. The results of the Group-wide survey are then used by NORD/LB and its subsidiaries to determine specific needs for action.

The survey method used by NORD/LB initially defines standard recording criteria. The data collected are then aggregated and adjusted so that the different business areas can be compared. The survey involves interviews with customers from the NORD/LB Group business segments and covers the following areas:

- Overall customer satisfaction
- Customer loyalty
- Customer advisors
- Quality of advice
- Proactive approach

The results of the survey are transformed to a scale of 0 to 100. NORD/LB has set a minimum target score of 80 index points to be achieved by itself and its subsidiaries.

NORD/LB's benchmarking uses the best-in-class method, i.e. it compares itself with the best respective competitor. This comparison reveals potential for improvement. NORD/LB has defined a target of 60 points for the benchmarking.

Data on product use and preference are also collected in order to reveal how much of the customer's product and advice needs the NORD/LB Group covers or can cover and where NORD/LB still needs to improve.

The Group-wide survey was conducted using telephone interviews and online surveys. In some cases, the surveys were conducted independently by the subsidiaries, but always using the same method defined by NORD/LB for the Group.

Braunschweigische Landessparkasse deviated from the Group's methodology and performed its customer satisfaction survey using the method for savings banks. In order to regularly review quality from a customer perspective, the annual customer satisfaction surveys have been a fixed component of quality management for many years. A short survey was used covering the following three subject areas:

- Service, liquidity and price-performance relationship
- Advice and offer orientation
- Overall satisfaction and customer loyalty

A standardised complaint management system has existed in the Group units for many years in the form of the customer ideas management system. A strategic complaint management system aims to do more than just improve customer satisfaction. It is also a way of obtaining important ideas from customers in order to identify specific potential areas for improvement. This helps the Bank to achieve its strategic goals of quality leadership and market leadership. All feedback is taken seriously and responded to accordingly.

NORD/LB as an employer

2019 environment

An increasingly more complex regulatory environment as well as ever faster changes in markets and the entire financial sector have an impact on the entire NORD/LB Group. Digitalisation, an ageing society and evolving customer needs are also significantly changing the world of work and demanding more agile forms of work.

There continued to be a lack of specialist and managerial staff, especially in the area of IT. Accordingly, the war for talent remained a major challenge for NORD/LB in partially filling IT positions, especially with regard to professionals and junior staff. In addition, the NORD/LB Group was in the middle of a far-reaching transformation in 2019. The associated restructuring of the NORD/LB Group will also involve a significant reduction in the number of employees in the NORD/LB Group to approximately 2,800 to 3,000 full-time positions in the coming years. With its One Bank transformation programme, the NORD/LB Group has already initiated a considerable part of the Bank's transformation since 2017. NORD/LB has continued this process with its current NORD/LB 2024 transformation programme, launched in the spring of 2019, with new contents for a more efficient and more profitable realignment of NORD/LB and the design of the new business model. In 2019, NORD/LB was able to leverage further synergies in this transformation process, and initiated or started to implement reduction measures for subsequent years.

The qualified external hiring freeze for NORD/LB decided as a part of this by the Managing Board in 2017 also had a positive effect in 2019 – with exceptions in place for new talent, i.e. apprentices and trainees.

Strategic direction of human resources

NORD/LB relies on employee-oriented human resources work in order to attract young talent at an early stage and to retain its own employees.

This human resources work is based on a personnel strategy derived from the business/risk strategy; including the One Bank and NORD/LB 2024 programmes mentioned above. The strategic focal points during the 2019 financial year were managing:

- the number of staff, i.e. allocating available resources and capacities in a value-added manner as well as securing and retaining jobs given the workforce reduction goal of the transformation programme and
- the quality of staff, i.e. the ability of staff to deal with change.

The human resources work in 2019 was put into practice with a focus on the following services:

- Retention of staff through attractive working conditions, including remuneration, equal opportunities, work/life balance and corporate health management,
- Personnel management of resources and capacities,
- Personnel development as well as new agile and future-oriented forms of work,
- Recruitment and training of junior staff.

Headcount, new staff and staff turnover

UNGC
102-8

The NORD/LB Managing Board is the highest-level decision-maker. Staff planning is approved with it on a regular basis. At the end of 2019, the NORD/LB Group employed 5,501 people – 608 fewer than in 2018 (6,109). This was made possible on a Group-wide basis through the best possible allocation of resources with a qualified freeze on external recruitment for professionals at NORD/LB as well as a reduction in staff numbers as part of the Bank's transformation programme, largely within NORD/LB.

The majority of employees work at the NORD/LB Group's German locations. None of the foreign locations employs more than 200 people. All employees of NORD/LB working at foreign branches must abide by the respective staff manuals that are fundamentally oriented on the Group guidelines.

The NORD/LB Group employs mainly permanent staff and invests in retaining these staff members.

Seasonal fluctuations in employment do not occur given the type of business activity. The Bank only employs temporary staff to complete temporary jobs or to avoid overtime, during large projects for example, and not as a replacement for permanent employees. In particular, temporary employment includes serving as a replacement for an employee on paternity leave or an employee on sick leave, and working on major projects with a fixed term. For the NORD/LB Group, the term “employees” only refers to persons who have a contractual relationship with NORD/LB. These persons also include apprentices and trainees, among others. Self-employed persons, external consultants, leasing staff and suppliers are not included.

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

Table 8: Personnel figures (temporary and permanent employees in the Group)

	2017	2018	2019
Employees (total)	6,453	6,109	5,501
Steady employees (total)	6,018	5,706	5,189
male	3,069	2,897	2,589
female	2,949	2,809	2,600
Steady employees, full-time	4,653	4,371	3,911
male	2,946	2,777	2,488
female	1,707	1,594	1,423
Steady employees, part-time	1,365	1,335	1,278
male	123	120	101
female	1,242	1,215	1,177
Employees on temporary contracts (total)	435	403	312
male	196	187	124
female	239	216	188
Temporary full-time employees	402	375	295
male	189	177	121
female	213	198	174
Temporary part-time employees	33	28	17
male	7	10	3
female	26	18	14
Apprentices and trainees	278	251	198
male	124	114	79
female	154	137	119
Total workforce by region (in %)			
Germany	92.3	92.2	92.3
Europe, Asia, USA	7.7	7.8	7.7

Z: 202-2

NORD/LB and the other German subsidiaries recruit staff throughout Germany, while NORD/LB Luxembourg and the foreign branches of NORD/LB, in line with their international locations, recruit staff in their regional employment markets at all hierarchical levels.

Z: 401-1

Table 9: New staff

	2017	2018	2019
Total new staff³	323	196	152
New staff by gender:			
male	193	101	68
female	130	95	84
New staff by age category:			
up to 30 years	179	114	93
31-50 years	120	65	48
from 51 years	24	17	11
New staff by region:			
Germany	280	163	120
Europe, Asia, USA	43	33	32

Table 10: Fluctuation

	2017	2018	2019
Turnover (in %)⁴	8.2	10.8	15.2
By gender as % of total workforce:			
male	9.5	10.9	16.5
female	6.7	10.7	13.8
By age as % of total turnover:			
up to 30 years	43.8	31.8	27.2
31-50 years	43.1	42.2	43.2
from 51 years	13.1	26.0	29.6
By region as % of total turnover:			
Germany	82.0	87.3	87.2
Europe, Asia, USA	18.0	12.7	12.8

The staff turnover rate in the NORD/LB Group rose in 2019 to 15.2 per cent (2018: 10.8 per cent). The ratio takes into account all personnel joining and leaving the Bank, including temporary staff, thus including voluntary resignations, early retirement packages and severance agreements.

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.

Representation of interests

UNGC

The NORD/LB Group complies with all legal requirements in the countries where the Group has business operations. In Germany, this includes all of the relevant laws, regulations and guidelines. In addition to general labour laws, collective agreements and regulations, the primary basis for the employee-employer relationship at NORD/LB is formed by the Staff Representation Act of Lower Saxony (NPersVG) in the case of NORD/LB and the German Works Constitution Act (BetrVG) in the case of Deutsche Hypo.

The NORD/LB Group attaches great importance to co-determination. Staff at all German locations – both pay scale and non-pay scale employees – are represented by local staff councils (or a works council, such as the one at Deutsche Hypo) as well as a General Staff Council. All staff representatives and management collaborate in a trusting manner and work together to implement statutory, collective and company regulations.

Z: 402-1

³New staff includes junior staff, i.e. apprentices and trainees.

⁴Turnover takes into account all personnel joining and leaving the Bank, including temporary staff. As a result, this also includes socially acceptable early retirements, retirements and special early retirement.

Important operational changes are discussed with staff representatives, as the elected representatives of employees, at an early stage. Pursuant to the co-determination and other participation rights (NPerVG and BetrVG), NORD/LB employee committees are provided with information in a timely manner, feedback obtained, participation processes initiated and agreements reached.

The union ver.di represents the interests of employees during collective bargaining negotiations within the applicable scope of the relevant collective bargaining contract, i.e. all employees of the NORD/LB Group in Germany. This group of employees also has the option and the right to organise in unions. In the event of a lawful strike, members of the union will receive strike pay. Employees have a right to associate and to assemble.

102-43

It is the practice at NORD/LB to provide all employees and their elected representatives with comprehensive information at an early stage about important issues and significant changes at the Bank. All employees are provided with regular and comprehensive information about current events at staff or works meetings or at partial staff meetings. The representative of the ver.di union also attends every NORD/LB staff meeting, providing staff with report to staff as a standing agenda item. The time spent at these meetings counts as working time for staff. The Staff or Works Council and the ver.di union also provide employees with information in the form of regular informational letters. In addition to the staff representatives, Corporate Communications and the personnel department also provide employees with information on a proactive and regular basis via the intranet, by e-mail and via teleconferences.

Remuneration

The remuneration policy has been identified as a material topic during the materiality analysis.

UNGC

Management approach for remuneration: 103-1

A central topic with regard to the appropriate governance of banks is remuneration policy. In this context, banks are required to provide transparent reporting about how variable remuneration to the Managing Board and senior management are calculated, and how or whether commissions are paid on product sales. This also involves the provision of comprehensive and tailored investment advice.

This topic has both an internal impact (on the Managing Board, employees and the HR department) and an external impact (particularly in the Bank's area of activity), and it is especially important for society, customers and employees.

The remuneration system supports NORD/LB's corporate culture by translating the Group's corporate values, as defined in its mission statement (performance, responsibility, trust, courage and sustainability), into its remuneration strategy and tools.

The Bank's remuneration strategy also supports the objectives of the NORD/LB Group's business and risk strategy. In addition to fulfilling regulatory requirements, it is geared towards sustainability in order to promote responsible and risk-conscious behaviour on the part of staff. Remuneration decisions are made as a valuable investment in employee potential, including with respect to the Bank's strategic focus. The Bank is able to attract and retain employees thanks to an attractive, competitive remuneration system. The overall remuneration system is designed in such a way that it does not offer incentives for taking significantly high risks.

Management approach for remuneration: 103-2

102-36

NORD/LB is a significant institution as defined by the German Remuneration Ordinance for Institutions. This means that it is subject to special requirements. NORD/LB also has a disclosure obligation in accordance with § 16 of the InstitutsVergV in conjunction with Article 450 of Regulation (EU) No. 575/2013, and prepares an annual Remuneration Report, which is available on its website under www.nordlb.com/investor-relations/reports.

The Supervisory Board is responsible for ensuring that the design of the remuneration systems for the members of the Managing Board is appropriate. The remuneration of members of the Managing Board is made up of a fixed annual salary, the possibility of variable remuneration and other remuneration components that are customary in the market (e.g. occupational pension and company car). Based on the planning for the Group, the Supervisory Board sets the targets for the measurement of the variable remuneration for the members of the Managing Board. These reflect the long-term overall performance of the Group and of the Bank, as well as the contribution to performance of the department concerned and the individual contribution to performance, taking into account the risks taken. The variable remuneration for the Managing Board is paid solely in cash. It consists of a 40 per cent cash component; the remaining 60 per cent of the variable remuneration is deferred over a retention period of five years

and paid in instalments taking into account risk criteria. 50 per cent of the variable remuneration is linked to the performance of the company and has a one-year retention period. The variable remuneration may not exceed the fixed remuneration.

The Managing Board, in turn, is responsible for the appropriate structuring of the remuneration system of the Bank's employees. It approves the remuneration system, including the internal remuneration principles and the annual budget for variable remuneration and salary increases.

Employees (excluding the Managing Board) are remunerated in accordance with the following differentiators and criteria:

- Payscale and contractual employees at NORD/LB in Germany and subsidiaries,
- Risk-takers (employees whose activities have a major impact on the overall risk profile of the Bank) in Germany and abroad,
- Employees at foreign branches (ANL).

Contract employees of NORD/LB are remunerated above the pay scale. Their pay is determined based on a systematic job evaluation. On the basis of this evaluation, career bands are defined for different functional areas, e.g. front office or back office divisions or management functions. The career bands are assigned to market-rate salary bands. The ranges of the salary bands are reviewed on a regular basis.

The collective agreements for the private banking sector and public banks are used for all NORD/LB employees who are subject to the pay scale or with whom the applicability of these collective agreements was arranged (pay-scale employees). Pay-scale employees are classified into the pay-scale groups that correspond to the work they perform and paid 13 monthly salaries per year. The collective agreements apply exclusively in Germany.

All job evaluations and groupings are conducted on a task-related basis and not on a job-holder-related basis, and are therefore non-discriminatory.

The bonus system for employees in the reporting line below the Managing Board, known as direct reports, and for all other risk takers is based on a system of key figures for the measurement and payment of bonuses approved by the Managing Board. The system is basically the same as the system for the members of the Managing Board. The key figures reflect the long-term overall performance of the Bank, the performance of the department for which the direct report is responsible, and the individual contribution to performance. The amount of the portion to be deferred is 60 per cent and is spread over five years for direct reports and over three years for other risk takers. 50 per cent of the variable remuneration is linked to the long-term performance of the company and has a one-year retention period. NORD/LB uses the exemption limit as defined in §18 para. 1 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung, or IVV). According to this, variable remuneration for risk takers is only subject to the requirements of §§ 20 and 22 IVV if it exceeds € 50,000.

In addition, the Managing Board also sets the annual budget for variable remuneration in line with specified parameters. At the end of the financial year, it decides – taking account of the result and the impact of variable remuneration on the capital, liquidity and risk situation – on the actual amount and business segment-based distribution of the volume for the variable remuneration of employees. Pay scale employees may receive a profit-sharing bonus, the amount of which is based on the ratio of the available budget for variable remuneration to the planned bonus volume as well as the individual key performance indicator. A performance bonus may be granted for special performances and contributions.

The NORD/LB Group ensures equal treatment of women and men as regards pay via identical transparent bases of calculation and procedures as well as through defined remuneration components. Job evaluations are generally conducted on the basis of the tasks carried out, and not the incumbent. Remuneration is therefore irrespective of gender, nationality, ethnic origin, religion or ideology, disability, age, sexual orientation or identity and is based gender-neutrally on qualifications, range of responsibilities and functions as well as professional experience.

There is an orientation bonus for contract employees. Similar to the definition of salary bands for fixed salaries, market-rate bands of variable remuneration have been developed and linked with different orientation bonus ranges. At the end of the financial year, individual performance bonuses are determined on the basis of the performance of the Bank, business segment and individual.

Because of increased regulatory requirements, detailed information regarding compensation is disclosed in separate compensation reports prepared by the individual companies of the NORD/LB Group. NORD/LB also meets the information requirements of the Transparency of Pay Structures Act.

According to the Transparency of Pay Structures Act, employees in Germany in companies and departments with more than 200 employees are entitled to receive information on remuneration criteria and procedures as well as details on compensation for comparative activities (comparative pay).

- The remuneration of pay scale employees is based on the collective agreement for private and public banks.
- The remuneration of contract employees is based on the fixed salaries service agreement for contract employees.
- Job evaluation is used as an indicator for a comparative activity. The comparative remuneration includes the average monthly gross salary of the last 12 months, as well as other remuneration components (company car/car allowance, occupational pension, variable remuneration) for a calendar year. The amount shown in the request for information is the full-time equivalent extrapolated median of all salaries of the opposite sex with the same job evaluation. It should be noted that a comparative remuneration can only be shown if there are at least six employees in the observed control group.

Payments for individual product sales are not planned in order to ensure comprehensive advising. The Bank also discontinued making direct commission payments to advisors for selling products from Landesbausparkasse (LBS), NORD/LB Facility Management (NORD/FM) as well as Öffentliche Versicherungen Bremen (ÖVB) and VGH Versicherungen.

102-41

As at 31 December 2019, the NORD/LB Group had 4,980 employees (> 90%) that fall within by collective bargaining agreements.

Management approach for remuneration: 103-3

The Remuneration Officer and, depending on the task, the Bank's control units, are involved in the development and enhancement of the remuneration systems. Compliance with the Bank's remuneration system is stipulated in writing in the organisational guidelines and was ensured in the previous financial year by the Group Organisation and HR unit.

The appropriateness of the remuneration systems for employees was monitored by the Remuneration Officer and is documented in the annual report on the appropriateness of the employee remuneration systems (remuneration control report). The Supervisory Board's Remuneration Control Committee monitored the appropriate structure of the remuneration systems with regard to the remuneration of the Managing Board. The Remuneration Control Committee met four times during the 2019 financial year.

As part of its duties, it discussed the following topics, among others:

- Remuneration and targets of members of the Managing Board,
- Review of the calculation of the total amount of the variable remuneration,
- Acknowledgement of the selection criteria and the result of the risk taker analysis
- Assessment of the impact of the remuneration systems as well as ensuring that the focus remained the long-term growth of the institution (incentives in the remuneration system),
- Monitoring and assessment of the appropriateness of the structure of the remuneration systems (remuneration control report),
- Acknowledgement of the remuneration report.

In order to ensure that the remuneration is appropriate, an external remuneration consultant is instructed at regular intervals to obtain current market comparisons. These comparisons concern both the fixed and the variable remuneration. If necessary, external consultants are also involved in the design of remuneration systems.

For additional information on the topic of remuneration, please refer to the NORD/LB remuneration report, which is available on the NORD/LB website under www.nordlb.com/investor-relations/reports.

Social benefits

UNGC
Z: 201-3

The NORD/LB Group's permanent employees are entitled to receive a company pension under the pension scheme for the respective institution. Several different occupational pension schemes are in place in the NORD/LB Group.

In addition to pension commitments, the present value of defined benefit obligations of € 3,024 billion (2018: € 2,570 million) includes commitments to benefit payments of € 346 million (€ 283 million). The defined benefit obligation is divided as at the reporting date into amounts of € 3,016 million (€ 2,582 million) from defined benefit plans which are not financed through a fund, and amounts of € 7 million (€ 7 million) from defined benefit plans

which are fully or partially financed from a fund. This information and further details can be found in the Notes to the consolidated financial statements of the 2019 financial reporting (IFRS).

NORD/LB grants a defined-benefit company pension to employees and members of the Managing Board who were employed by the end of 2013. Starting in 2014, NORD/LB began granting new employees access to a defined-contribution company pension.

All of NORD/LB's pension benefits are based on Bank-wide, non-discretionary rules and do not provide any incentive to take disproportionately high risks. Instead, the aim of the Bank's company pension commitments is to motivate and to work towards the long-term success of the Bank.

Z: 401-2

There are also extensive social and fringe benefits available to NORD/LB Group employees, such as contributions to capital formation, continued payment of wages in case of illness, special leave for special events, subsidised catering at lunchtimes and subsidised use of public transport. Almost all company social benefits, such as the promotion of health, part-time telecommuting (home office) and parental leave, are available to permanent full-time and part-time employees and to employees with temporary contracts.

Diversity, equal opportunities and work/life balance

Diversity and equal opportunities has been identified as a material topic during the materiality analysis. This also includes all measures related to work/life balance.

UNGC

Management approach for diversity and equal opportunities/work/life balance: 103-1

Diversity and equal opportunities recognises the diversity of employees and uses this diversity for the benefit of the company and all stakeholders. Differences and being different are not simply tolerated, but are welcomed and viewed as a valuable addition to the company. Utilising and promoting all of our employees' qualities enables us to recognise different abilities, and provides us with a wide variety of experiences and ways of thinking. Diversity and equal opportunities represent a valuable economic and competitive factor for companies if the different abilities and skills of various groups of employees are consciously utilised. These include core qualities (such as age, gender, religious affiliation) as well as personal characteristics (e.g. skills, emotions, attitudes), origin and type of socialisation as well as the hierarchical affiliation within the company.

Diversity and equal opportunities are a key factor at the NORD/LB Group. The Bank actively uses the differences in approaches, perspectives, experiences, cultural orientations and values in order to achieve a better understanding of market and customer needs – and to increase its customer focus. This also allows us to use the various qualities as a source of innovation and creativity in order to boost the economic competitiveness of our products and services as well as the NORD/LB Group's long-term viability on the market and thus for its stakeholders.

Within the Bank, the specific needs of generations Y and Z, the need for more flexible forms of work, the growing number of older employees and the current lack of skilled staff are the starting point for diversity and equal opportunity.

Employees' non-work life is now inseparable from their work life. That is why the topic of diversity and equal opportunities is bound up with the concept of work/life balance and programmes designed to implement this concept. In order to promote diversity and equal opportunities, employers must create the necessary conditions for integrating employees' different life perspectives into their work life.

The work/life balance offered by an employer is an important issue not only for employees, but also for interested people and applicants outside the Bank when weighing up which employer to work for, as revealed by surveys of recent graduates. And having a good work/life balance is also important for corporate health management and boosts employee productivity. The development of corresponding measures is therefore an important economic factor for the NORD/LB Group.

All these issues - diversity, equal opportunities and work/life balance - have both an internal impact (employees, HR department) and an external impact (society). They are especially important for employees and their families, potential applicants as well as for society.

Diversity and equal opportunity

UNGC

Management approach for diversity and equal opportunities/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. The NORD/LB Group therefore pursues a comprehensive, integrative approach in its efforts to achieve diversity, i.e. by hiring, treating and promoting the workforce fairly and correctly while actively managing the differences, cultural backgrounds and practical experiences for the benefit of the company. This also includes a family-friendly personnel policy.

The diversity of the Group's employees is already part of NORD/LB's corporate identity. Accordingly, NORD/LB defines its diversity management as customer-oriented personnel management, but with a strong impact on the Group's value orientation. Mutual respect serves as the basis for collaboration. The framework guidelines for the Bank's diversity efforts include the Group's fundamental values as set forth in the Code of Conduct and the Diversity Charter of German Companies, as well as the NORD/LB Diversity principles that have been published internally within the Bank since 2019. NORD/LB has been a member of the Diversity Charter initiative (www.charta-der-vielfalt.de) since 2013; Deutsche Hypo signed the charter in 2014.

The key goals of the Bank's diversity efforts include reinforcing its role as an attractive employer and serving as a beacon in the northern German banking centre primarily for current employees and prospective young staff from generations Y and Z. That is why all diversity topics have been integrated in NORD/LB's personnel management tools, such as its training programme and its management workshops. The ability to recognise, value and utilise the diversity of employees is already part of the target profile and skills model at NORD/LB and is therefore required of employees at all levels of the Bank – starting with the junior staff. This creates the conditions for both managers and staff to recognise, share and practice the values of diversity. This also includes providing information about diversity efforts and evaluating the results.

Diversity and equal opportunities are a central issue and a key economic factor for the NORD/LB Group. In order to help the Bank achieve its economic and social and societal objectives, NORD/LB's personnel department provided offerings related to diversity, which were further developed in 2019. The concept is geared more than before to the needs of the employees, specifically via the following fields of action:

- Recruiting and integration
- Company orientation and vision
- Quality and effectiveness of work with work-life-balance
- Management, promotion and development
- Change, participation and collaboration
- Remuneration and reward

Given that digitalisation and the transformation required for this purpose will continue to have a marked impact on the entire NORD/LB Group, and the fact that employees are also demanding a greater say, the issues of change, participation and collaboration were emphasised in particular in the diversity concept. The new concept is aimed at contributing towards increasing employee commitment and enhancing the attractiveness of NORD/LB as an employer. The NORD/LB Group also wants to use the concept to promote staff retention and hence support its own reputation as an employer.

The behaviour of employees – and thus of the company – is guided by mutual respect, openness, honesty, appreciation and a spirit of trust and collaboration. This outlook has a fundamental impact on the One Bank Transformation Programme and NORD/LB 2024, with its substantial interdisciplinary collaborations. In the "Change, Participation and Collaboration" field of action, NORD/LB ensures, for example, that employees are involved in the process via decentralised coordinators and special coalition partners in NORD/LB's specialist departments.

Furthermore, the operational diversity work has been using different employee groups and surveys conducted within NORD/LB to discuss and compare different perspectives for many years now. For example, the Bank's skills model was developed in collaboration with various groups within the company, including the Managing Board, senior management, women in positions and employees under the age of 30. These internal activities have helped the NORD/LB Group to gain acceptance among customers, business partners and society.

NORD/LB's diversity efforts have been supported by transparent corporate communication through, for example, the use of communication platforms including an award-winning staff magazine, management dialogue, an Intranet site that was completely redesigned in 2018 and feedback tools.

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

At 50.7 per cent (2018: 49.6 per cent), the percentage of women in the workforce increased in 2019 as did the share of women in senior management, at 20.2 per cent (19.4 per cent).

The proportion of women on the Group's Managing Board has also increased – to 7.2 per cent in 2019 (2018: 6.3 per cent). The share of women on the supervisory and administrative boards is unchanged at 18.6 per cent. In 2019, the Bank's employees came from 30 different countries.

People with disabilities

The NORD/LB Group secures and promotes the fullest possible participation of disabled people in working life, to secure their social participation, self-determination and inclusion in working life. In doing so, attention is focused on special protection against dismissal, assistance in equipping workplaces and support from special specialist services. The share of persons with disabilities in the NORD/LB Group totalled 3.3 per cent in 2019. At its current ratio, the Bank is below the legally required minimum, which stipulates that at least 5 per cent of the company's workforce must be comprised of people with disabilities. For this reason, the Bank must pay a compensation fee.

Table 11: Diversity figures

	2017	2018	2019
Employees (total)	6,453	6,109	5,501
male	3,266	3,082	2,713
female	3,187	3,027	2,788
Employees by age category			
Employees up to age 30	1,015	885	735
Employees ages 31 to 50	3,169	2,906	2,524
Employees 51 and older	1,602	1,689	1,692
Employees with a management function	667	629	550
Male managers	526	507	439
Female managers	141	122	111
Managers by age category			
Managers up to age 30	7	8	4
Managers ages 31 to 50	382	337	288
Managers 51 and older	278	284	258
Managing Board	21	16	14
male	19	15	13
female	2	1	1
Managing Board age structure			
Members of the Managing Board up to age 30	0	0	0
Members of the Managing Board ages 31 to 50	6	1	1
Members of the Managing Board 51 and older	15	15	13
Supervisory and Administrative Boards	36	27	27
male	28	22	22
female	8	5	5

Equal treatment and anti-discrimination

Z: 406-1

The NORD/LB Group is obligated to protect its employees and has comprehensive rules and procedures to ensure equal treatment and to make employees aware of the consequences in the event of any violations.

Employees are already provided with special and comprehensive protection against discrimination in Germany through the General Equal Treatment Act (Allgemeine Gleichbehandlungsgesetz, or AGG). NORD/LB abides by the provisions of the AGG. At the Bank's foreign locations, it abides by local anti-discrimination laws and documents these in staff manuals. In addition, the Code of Conduct and Ethical Principles prohibit all forms of discrimination or harassment throughout the NORD/LB Group, irrespective of whether on the basis of gender, age, disability, ethnic or social origin, religion or beliefs, sexual identity or political views, marital status or involvement in a union. A violation of these principles may result in disciplinary consequences, up to and including dismissal.

Potential discrimination can be reported to a complaints office. Because of the regulatory requirements, the issue of equal opportunity is overseen at NORD/LB by a designated Equal Opportunities Officer. Confidants and representatives of severely disabled staff members are selected to support and protect disabled people, people at risk of disability and the severely disabled. All employees at locations in Germany are required to complete a mandatory WBT session on implementing the General Equal Treatment Act every two years.

The Group was not made aware of any incident of discrimination in 2019.

Work and private life

UNGC

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

One of the pillars of its diversity efforts is also the “work-life balance” field of action. This includes its human resources management tools for ensuring the greatest possible balance between work and private, family and honorary obligations, and improving employees’ ability to meet family obligations, such as raising children or caring for family members. These include home offices, a variety of flexible working time models, long-term working time credit accounts and a comprehensive range of support services provided by an external specialist on work/life balance. Employees can make use of free advice and mediation services provided there in the event of illness or a need for care, for pregnancy, childcare and for help with household chores and gardening.

As an employer, the NORD/LB Group always wants to help its employees to achieve a good work/life balance with respect to caring for children and family members who require assistance. The Act on Better Reconciliation of Family, Care and Work (Gesetz zur besseren Vereinbarkeit von Familie, Pflege und Beruf, or FPfZG) of 1 January 2015 governs employees’ right to leave and also applies to NORD/LB staff, i.e. employees, apprentices and “employee-like” persons. In addition, NORD/LB works with an external service provider to offer employees advice and referrals of care facilities for family members who require assistance.

Various flexible working options as well as the ability to open long-term working time credit accounts are other options on offer. The service agreement grounded in the collective bargaining agreement enables, for example, sabbaticals and an extension of parental leave. Long-term working time credit accounts enable employees to save remuneration components that are not subject to taxes or social insurance. They provide employees with the opportunity to plan longer-term leaves of absence and strike a good work/life balance.

Since the start of 2019, NORD/LB has also launched its own new part-time initiative on the basis of the Part-Time and Fixed-Term Employment Act (TzBfG) in Germany, particularly in order to make it easier to reconcile family and working life. This new part-time initiative offers employees a temporary reduction in working hours, especially for shorter intervals. NORD/LB employees in Germany may use this initiative to reduce their working hours for a limited period of three to nine months within a calendar year.

NORD/LB also supports the work-life balance of its employees and the reconciliation of work and family life with another product: leisure time for remuneration. Leisure time for remuneration allows interested employees to take a voluntary extra quota of maximum 21 days off in addition to annual leave, which is linked to the waiver of remuneration, i.e. compensation. It applies to all NORD/LB employees working within Germany – not to apprentices, trainees, interns, temporary employees (temporary helpers) and employees during the probationary period. The interplay of these measures in relation to professional and private life not only creates an appreciative working climate and environment, but also ensures good development opportunities for all staff – applied equally to both women and men.

Z: 401-3

The Federal Parental Allowance and Parental Leave Act gives mothers and fathers a maximum of three years’ leave per child and the guaranteed right to return to a comparable job. At NORD/LB, full- and part-time women and men who have been with the company for at least five years and who take advantage of the statutory parental leave and do not perform any work outside of the company have the right to return to work at the company six months after the statutory parental leave ends. The employment relationship is suspended during this period (for a maximum total of three and a half years). In 2019, 2.4 per cent of the Bank’s employees were on parental leave (unchanged from the previous year).

Topic-specific information on working and family life: Own disclosure part-time telecommuting

At 24.4 per cent, significantly more employees used part-time telecommuting (home office) in 2019 compared with the previous year (2018: 17.4 per cent). Part-time telecommuting must not comprise more than 80 per cent of an individual’s working time and is available for NORD/LB staff employed in Germany (excludes student assistants and interns).

Management approach for diversity and equal opportunities and work/life balance: 103-3

The Managing Board receives information about the status of diversity, equal opportunity and work/life balance, e.g. in the form of the sustainability report.

Training and education

Training and development has been identified as a material topic during the materiality analysis.

Management approach for training and development: 103-1

The challenges described above – the regulatory environment, changes to the labour market, digitalisation, a lack of specialist staff and managers and demographic change – pose a problem for all companies in the sector in terms of increasing requirements for the consistent development of junior staff and the training and development of employees, which companies must address if they want to remain competitive. In turn, employees receive professional training, development and career support. From a wider social perspective, providing training to junior staff and offering adequate development opportunities to current staff represent important aspects of education and economic policy – with an impact beyond the NORD/LB Group's business area.

This topic impacts on individuals both internally and externally, and on society at a regional and national level.

Apprenticeships

Management approach for training and development: 103-2

The war for talent continued to represent the decisive challenge in 2019 for the Bank in its efforts to attract young talent. In response to this starting point, NORD/LB further developed its training programmes for junior staff in 2019 and made them even more competitive. This is confirmed by the certification and award of the "TOP Trainer" seal of the Hanover Chamber of Industry and Commerce for particularly high-quality training. NORD/LB's above-average marketing efforts to students, e. g. through a strong presence at educational trade fairs, the Bank's online training presence with its own blog and close cooperation with vocational schools were decisive factors for the award of the seal. The jury was also impressed by the structured application process together with personal, individual support in the respective apprenticeship programmes.

NORD/LB also provides training in line with the federal training regulations pursuant to the Vocation Training Act (Berufsbildungsgesetz, or BbIG). This act regulates vocational training, tests, monitoring of training, professional development and professional retraining. NORD/LB has a special duty of care towards apprentices. At NORD/LB, for example, all trainees (irrespective of age) are treated in accordance with the provisions of the Young Persons Employment Act (JArbSchG).

NORD/LB offers attractive and a high-quality training and study programme at its locations, primarily in the commercial and IT/technical fields. In addition to these training options, the recruitment of students and graduates through its internships and trainee programme is an important component of securing the Bank's future success with qualified staff.

Junior staff planning

Junior staff development and planning is holistic, closely interlinked and regularly coordinated with the Managing Board. Despite the planned reduction in the size of the NORD/LB Group and the two ongoing transformation programmes, the Bank has maintained a robust policy of recruiting junior staff. NORD/LB has already been taking over the training function of Deutsche Hypothekenbank since 2016 within the scope of Group-wide training, in order to leverage synergy effects for the NORD/LB Group. Training was managed in three key ways in 2019:

- The number of junior employees to be recruited and retained at the Bank was defined,
- The quality of the training was improved even further and
- The ability of junior staff to adapt to change was increased.

Junior staff recruitment and retention

The careers page on NORD/LB's website provides an online job market and information for students and graduates regarding entry-level career opportunities. The NORD/LB trainee blog is also integrated here, in which trainees and sandwich students (on a course of study offering practical experience) from all professions and locations report on their training experiences, thus giving potential applicants an insight into the training. In addition to traditional recruiting measures and focused target group campaigns, NORD/LB also used social media to attract potential candidates in 2019. In addition, a campaign aimed at students opting to leave university was conducted in 2019 to recruit a further target group and thus compensate for the low number of school leavers in Lower Saxony.

Regionally, NORD/LB cooperates in particular with the following colleges: Leibniz University of Hanover, the Hanover Centre of Finance (HCF), the Technical University of Braunschweig, the Georg-August University of Göttingen and initiatives on the Leuphana University of Lüneburg campus. Thanks to its targeted activities in the areas of education and science (e.g. scholarship funding, mentorships, attendance at trade fairs, strategic funding of professorships and student internships), NORD/LB was once again able to come into early contact with students and young professionals in 2019. Since 2011, the “Deutschlandstipendium” scholarship – a joint funding scheme between universities and private sponsors – has been supporting talented students of all subjects. NORD/LB has been part of this group since 2014 and has already awarded more than 50 scholarships; in 2019 almost 10 students benefited from two semesters each.

Targeted trainee programmes represented one especially efficient solution for filling vacancies in specialist departments in 2019, i.e. trainee programmes in which the target position, their future positions, was clearly 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. NORD/LB also successfully piloted a new trainee programme with a part-time master’s degree course in “Integrated Corporate Management (digital/sustainable)” at the Leibniz University of Applied Sciences in Hanover.

In the area of training, the fundamental focus on IT occupations was strengthened. Besides increasing the number of hires and training positions, the quality of IT training in 2019, for example, was also improved by internal IT workshops and trainee company laptops.

All apprentices and all other employees may submit any complaints they might have, depending on the nature of the complaint, to their manager, the personnel department or their local or regional staff representative. The first point of contact specifically for apprentices is the youth and trainee representative. For more information, please refer to the “Ethics and integrity” chapter.

Quality of training

The Bank’s training strategy aims to ensure the skill-oriented development of all junior staff at NORD/LB – in line with the NORD/LB skills model. The model provides a uniform definition of the expected tasks, attitudes and competencies in terms of performance, change, action and leadership skills. The trainees receive professional qualifications, e.g. through workshops given by experts from the Bank or by means of an online learning platform. They are supported in terms of their self-development, e.g. in the context of team development seminars, interdisciplinary workshops and regular team meetings and coaching sessions.

The involvement of trainees, apprentices and dual study programme participants in Bank projects in 2019 provided the participating junior staff with a greater understanding of the Bank as a whole, while also reducing consulting and staffing costs. Junior staff continued to be involved in projects for young talent, such as the organisation of future days, on a regular basis in 2019.

The long-term partnership with AIESEC, the world’s largest student organisation, provided advantages in 2019 for all participants: project work in developing and emerging countries during the dual study programme/trainee programme, e.g. on topics such as education, supporting children/youth, environmental protection, animal welfare or equality of women meets the wishes of generations Y and Z to perform meaningful activities. Here, the junior staff have the opportunity to show social commitment, while gaining international experience and improve their foreign language skills at the same time. Personal development also represents a key objective of this project. The partnership with AIESEC allows NORD/LB to meet the needs of the generation for international experience and meaningful work. This in turn has strengthened the bond between junior staff and the NORD/LB Group. NORD/LB also makes a valuable contribution to social responsibility through its social commitment.

The 2019 training year was also dedicated to promoting the innovative capabilities of junior staff. As part of a training and development initiative, the Bank expanded its current interdisciplinary range of seminars to include “agility and change management”, with methods such as scrum and kanban. Design thinking workshops for junior staff were also held in 2019. The workshops were conducted consistently by the trainers themselves.

Management approach for training and development: 103-3

Despite structured trainee recruitment campaigns and stable partnerships with universities, the number of applicants to the Bank’s apprenticeship programme fell, especially as a result of the special effect of the absence of high school graduations in Lower Saxony in 2019. This meant that fewer trainees were recruited than in the previous year. Due to lower internal demand in the specialist departments, the number of trainee positions advertised was reduced.

This impacted on the training ratio (i.e. relative to junior staff in training, i.e. apprentices and trainees) in the NORD/LB Group, which at 3.5 per cent was down disproportionately on the previous year (2018: 4.1 per cent).

With its positive training figures and retention rates, the NORD/LB Group has fulfilled its educational mandate.

Training

Management approach for training and development: 103-2
Z: 404-2

The NORD/LB Group pursues a staff development policy based on potential and focused on quality, investing in training its employees in order to ensure its own corporate competitiveness and thus the future of the Group as a whole. The Bank's staff development translates the set of requirements based on the business focus into skill requirements for current employees and transfers them into specific employee qualifications.

The basis for all personnel and skill development measures is the established NORD/LB skills model. The model provides a uniform definition of the tasks, attitudes and competencies that the Bank expects of its employees in terms of performance, change, action and leadership skills. This also includes constantly analysing which skills are currently required – from mental attitudes to digital skills. Employees actively support the Bank by developing themselves and enhancing their skills throughout their entire career. In addition, all employees are offered a broad range of seminars, as qualification and development are decisive prerequisites for professional development and employee commitment.

In 2019, the NORD/LB Group adapted its interdisciplinary seminar landscape to the Bank's requirements, leading to positive effects during the course of the year. The strategic focus of development work with the core objective of improving the quality of staff was largely on the following areas in financial year 2019:

- Group-wide improvement of performance through the provision of personal and professional training and development
- Boosting the willingness of managers to lead and perform
- Helping and enabling the staff to deal with change, in particular with regard to digitalisation and agile working methods.

The driver of the revision of succession management in the Bank, which started in 2019, was the NORD/LB 2024 transformation programme that was launched in the same year. The reform is aimed in particular at filling key positions with a focus on overcoming not just existing but also upcoming challenges.

In order to achieve the objectives of the NORD/LB 2024 transformation programme in a holistic manner and to implement the measures resulting from this programme on a sustained basis, the Bank established a new internal change initiative at the end of 2019, which is strongly based on cooperation and participation. This #zukunftschaffen (#creatingthefuture) initiative is an activation programme for the Bank's employees. More individual responsibility and self-organisation within NORD/LB are to be promoted in order to use this attitude, for example, to leverage an even more holistic approach and applicable innovations for the Bank. The #creatingthefuture initiative has not only set the initial drive and initiatives for a change in culture in the Bank in 2019, but will also become the basis and movement for the change in culture in the Bank for the future.

The need for personal, individual employee training and development is determined together with the Bank's specialist departments. Development work in the area of knowledge building, training and succession management was based on the Bank's offerings, comprised of seminars, training sessions, webinars and traditional web-based training. These offerings have traditionally supported staff in their specialist and managerial expertise, in their social and methodological skills, and in their personal skills. The training offering is equally available to the same extent for all employees, irrespective of any factors (e.g. age, gender, working-time model, pay scale group, temporary/permanent etc.). The offerings are classified and published Bank-wide in a training programme, that was redeveloped in 2019 with an equally strong focus on the Bank's needs with respect to themes of digitalisation, innovation and change.

Careers are made possible not only as a result of employee management, but also through specialist expertise. The dominant development career paths in the NORD/LB Group, including management, expert and project career paths, were prioritised across the Group again in 2019. Against the background of the NORD/LB 2024 transformation programme that was launched in 2019, the basis for reorganising succession management in the Bank was laid with the objective in particular of filling important positions with a view to overcoming existing and future challenges. At the same time, the individual professional position of all employees is being further determined through personal orientation consultations and targeted new placement consultations for professional reorientation.

Staff development helps establish stability. In 2019, the "employee laboratory" was founded for this purpose, whose task is to test new forms of work in the Bank for their suitability and to advise the management and employees.

Any complaints regarding training and development measures or providers can be submitted to management or the personnel department. There were no such incidents during the reporting year.

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

Learning is also intended to develop skills. Building knowledge and providing training where required are the necessary prerequisites for doing this. The goal of operational training in the NORD/LB Group is to identify potential for employee development and where there is potential, to utilise this potential as effectively as possible, and to develop this further in a targeted manner for the benefit of the NORD/LB Group. Individual employee training needs are discussed between employees and their managers during the annual reviews which were harmonised Group-wide in 2017, including all international locations. The potential-oriented personnel policy was once again able to make a valuable contribution to ensuring that the NORD/LB Group remains viable for the future.

Management approach for training and development: 103-3

The holistic support and qualification concept reinforced the commitment of employees in the NORD/LB Group in 2019. The Bank's most important training and personnel development issues are coordinated by the Bank's highest decision-making body, the Managing Board.

Employee and development potential is assessed during regular, structured annual reviews which include performance evaluations and development planning, which took place Group-wide in 2019, including at all international locations. The annual reviews document the principle of lifelong learning as well as the importance of employee development as a management task to be carried out between managers and employees; in 2019, this was done as part of employee evaluations for nearly 100 per cent of female and male employees and female and male managers. The annual reviews are also connected with employee development meetings, which support the dialogue between managers and employees regarding strengths and areas for development. The annual reviews help to identify the expectations, views and ideas of managers and employees with respect to training and development.

Any complaints regarding training and development measures or providers can be submitted to management or the personnel department. There were no such incidents during the reporting year.

Occupational health and safety

Occupational health and safety has been identified as a material topic during the materiality analysis.

UNGC

Management approach for occupational health and safety: 103-1

The working world is in a constant state of change. There is greater pressure as a result of change and an increased need for employees to be flexible. The consequences of high levels of stress can include, among other things, reduced productivity, illnesses such as high blood pressure, depression, back, shoulder and neck pain, and work missed as a result of these illnesses. These consequences have a direct impact on a company's economic strength and its market success. Occupational health and safety serves as the basis for the protection of employees, who are the Bank's most important asset. The Bank can only be successful over the long term if its employees are productive, well trained, motivated and – most importantly – healthy.

There is also a relationship between the working conditions and the performance of employees that the Bank manages by improving working conditions and strengthening personal resources. In the view of NORD/LB's Managing Board, corporate health management (CHM) is therefore a worthwhile investment in the health and performance of its employees. It is about more than simply complying with legal requirements. For the NORD/LB Group, the health of its employees is not only a factor for economic success in the operational value chain. The health of its employees and thus the management of occupational health also represent an important social topic for the Bank. Every employee benefits from the corresponding measures. Maintaining one's health 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.

This topic has an impact both internally and externally. It is relevant for the entire NORD/LB Group as well as for potential applicants and society as a whole and also of particular importance for employees.

Occupational safety

UNGC

Management approach for occupational health and safety: 103-2

As an advisory body, NORD/LB uses a Health and Safety Committee (HSC), which enables relevant issues relating to industrial safety to be viewed and exchanged from various perspectives. The committee serves as an operational body to intensify accident prevention and continuously improve occupational safety.

The committee comprises the following:

- Employer or company representative
- Members of the Staff Council
- Company doctor/company medical service
- Occupational safety officers
- Safety officers

The following are also represented specifically at NORD/LB

- Corporate health management (CHM)
- Representatives of the Landessparkasse, the Landesförderinstitut Schwerin and Investitionsbank LSA Magdeburg
- Representative of severely disabled staff
- Other experts, officers on an ad hoc basis

Despite increased employee requirements, the illness rate (the rate of time missed due to illness) at the NORD/LB Group saw a slight year-on-year decline to 5.7 per cent in 2019 from the previous year (2018: 5.8 per cent).

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

As employees of a financial services company, NORD/LB Group employees generally do not perform activities that can be categorised as especially dangerous or harmful or that involve specific health risks.

Own indicator of occupational health and safety Overview of days lost to sickness and deaths

Table 12: Overview of days lost to sickness and accidents at work

	2017	2018	2019
Employees (total)	6,453	6,109	5,501
Accidents at work (number)	36	35	28
male	17	17	10
female	19	18	18
Accidents at work (working days)	453	707	464
male	93	265	267
female	360	442	197
Deaths due to accidents at work	0	0	0
Days lost to sickness (working days)	77,788	81,114	72,365
male	33,291	35,811	30,032
female	44,497	45,303	42,333
Planned working days	1,463,886	1,375,806	1,250,725
male	765,615	713,260	639,169
female	698,271	662,546	611,556
Accidents at work as a percentage of headcount	0.5%	0.5%	0.5%
Accidents at work as a percentage of days lost to sickness	0.5%	0.8%	0.6%
Accidents at work as a percentage of planned working days	0.0%	0.0%	0.0%
Days lost to sickness as a percentage of planned working days (sickness rate)	5.3%	5.8%	5.7%

Corporate Health Management

UNGC

Management approach for occupational health and safety: 103-2

Ensuring that all staff remain healthy and fit for work through qualitative corporate health management is an important aspect of the management approach to human resources work at the NORD/LB Group. Corporate Health Management (CHM) is overseen by the individual personnel department on behalf of the Managing Board.

CHM supplements legally prescribed occupational safety through the development of working conditions that promote health, by corresponding management behaviour and via other healthcare resources to firmly embed them in the structures of the Bank. These can also involve changes in the work organisation (structures and procedures), the restructuring of work responsibilities or an improvement in communication structures. A targeted improvement in working conditions and the work organisation can improve the personal health behaviour of staff and solve or reduce health problems.

The long-term CHM goals are set out in a mission statement with high quality standards. The focus of its activities are the promotion of healthy working conditions as well as strengthening staff and corporate health potential.

The successful promotion of health at the NORD/LB Group is characterised by meeting and implementing the following medium-term sub-goals:

- Health is considered to be an important criterion in the structuring and organisation of work.
- Staff have a high awareness of health and actively participate in improving their working conditions and in reducing stress.
- Managers are trained and perform their duties in a manner that promotes health as role models.
- The Bank analyses health risks and stresses systematically and comprehensively, and reports systematically on corporate health.

The active participation of employees is just as important for successful CHM as the credible commitment of managers, the Staff Council and the Works Council.

A targeted improvement in working conditions and the work organisation can improve the personal health behaviour of staff and solve or reduce health problems. The work and life quality of employees improves as a result of:

- fewer health complaints,
- increased work satisfaction, identification and greater commitment,
- improved well-being and a better quality of life,
- healthier behaviour at work and during free time and a
- better atmosphere at work.

The benefits for the Bank are:

- increased quality and productivity,
- decrease in absences, staff turnover and accidents,
- a lower sickness rate,
- increase in productivity and work satisfaction,
- productivity,
- increase in employer attractiveness (image).

In 2019, the NORD/LB Group made its proactive and preventive support tools more consistent with the help of a professional CHM system – oriented on the general standards. The legal framework based on the German Labour Protection Act (Arbeitsschutzgesetz, or ArbSchG) and the Social Code also requires implementation of various measures, such as workplace integration management (WIM) and the offer of a mental health risk assessment.

In addition to the legal requirements on occupational safety, the Bank offers all employees a range of advisory services. For example, company doctors also provide information on how to optimally organise workplaces and on preventive measures to counter false posture and vision problems. When furniture and computer equipment are purchased, the ergonomic features are taken into account. Furthermore, several Group locations have early defibrillation devices. Neutral external employee and manager counselling is available for all employees with work-related or psychosocial problems.

The NORD/LB Group has also increased its preventive and individual health-promotion offerings. The basic offering comprises:

- annual flu vaccinations,
- lunch breaks combined with either exercise or relaxation,
- massage,
- business yoga to improve the handling of stressful situations, and
- partnerships with fitness clubs in the region.

Managers receive training from the date they assume their function. They are shown the CHM tools during a management workshop. There are also other specific seminars for managers, such as “Management and Health”.

Informational material is also provided as part of the CHM programme, with topics such as addiction, dealing with employees suffering mental problems and WIM. All employees can consult with social counselling experts at no charge if they experience personal or professional problems.

In addition, particularly to support implementation of reorganisation measures at the Company, NORD/LB offers special seminars – also specifically designed for managers – on topics such as “Leading with Emotional Intelligence”, “Dealing with Change Constructively”, “Staying Healthy During Change” and “Resilience – for Managers or Employees”.

Since 2017, NORD/LB has been participating in an innovation project entitled “Health in the World of Work 4.0” (Gesundheit in der Arbeitswelt 4.0) launched by AOK Niedersachsen to help identify the impact of the World of Work 4.0 on employees and both their health and performance and to proactively design it to promote employee health.

Management approach for occupational health and safety: 103-3

The evaluation of corporate health management (CHM) is a continuous process. Illness rates are assessed on a regular basis, linked with action areas and presented to the Managing Board if necessary. If health issues arise, special counselling events are initiated by the personnel department and the specialist departments of the Bank.

Social commitment

Z: 201-1 Z: 203-1 Z: 413-1

The regions where the institutions of the NORD/LB Group are located are not just a business location, they are also the home and living environment of its employees and many customers, and, not least, are an important source of new employees for the future. Banks also obtain many of the services that they use from the region.

For this reason, the institutions of the NORD/LB Group focus not only on supporting business and infrastructure, but also on supporting educational opportunities and social, scientific and cultural developments in their region. They are also financially involved in numerous social projects to help make the region attractive and worth living in:

- as a partner to the economy and municipalities,
- as a promoter of art, culture and science,
- as a supporter of social projects,
- as a donor, backer and sponsor and
- through the voluntary work of its staff.

The institutions of the NORD/LB Group focus on stability, continuity and reliability in their sponsorship activities, as in their business policies in general. The projects thus enabled are usually long-term in nature. In order to ensure a targeted support of selected projects, transparent funding principles have been adopted. Institutions and projects may be supported only if their funding application meets these principles. This approach also fulfils other principles, such as the Compliance Guidelines, the Code of Conduct and the Rules of Corporate Governance.

Because of its business activities and the locations where the NORD/LB Group is active, no negative effects are expected on local communities, nor are there especially negative dependencies or groups that require protection.

Table 13: Overview of donations (in € thousand)

	2017	2018	2019
Social	230	174	175
Culture	898	593	608
Environment	–	–	4
Sport	386	365	390
Research, business and science	143	199	74
Others (incl. bonus savings)	431	320	298
Total	2,088	1,651	1,549

Culture

Z: 201-1 Z: 203-1

NORD/LB has a decades-long tradition as a sponsor of art and culture. This commitment has been taken over by the NORD/LB Culture Foundation, which was founded in November 2012. The purpose of the NORD/LB Culture Foundation is to provide financial and non-financial support for art and culture in areas where NORD/LB conducts its business. In 2019, a total of €405,574 was awarded to 23 projects. Focal points were educational projects in the areas of contemporary fine arts and music, for example exhibitions in the Kunstverein Hanover, Kunsthalle Bremen and the Neo Rauch Graphic Works Foundation in Aschersleben. The Musik-Festspiele in Mecklenburg-Vorpommern and the “Urban String” series of concerts in Hamburg offer musical highlights alongside the KunstFestSpiele cultural event in Hanover and the Kurt Weill Festival in Dessau, and also reach a younger audience. In 2019, the NORD/LB Cultural Foundation awarded the production prize for project spaces for the first time to the Bohai Gallery in Hanover. This prize honours art venues in which interdisciplinary, artistic approaches and innovative positions are expressed. The award is intended to strengthen Hanover as a venue for art and is presented in consultation with the city’s cultural office.

In 1994, NORD/LB set up the “Die Braunschweigische Stiftung” foundation together with Öffentliche Versicherung Braunschweig, which is currently one of the biggest sponsorship foundations in Lower Saxony. The foundation is active throughout the region of Braunschweig, where it supports projects in the areas of art, culture, science, research, education, parenting and sport.

Academics

Z: 201-1 Z: 203-1

NORD/LB has a social responsibility as a regional Bank in Lower Saxony and Saxony-Anhalt and as the clearing house and central Bank for the savings banks in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania. It fulfils this responsibility by providing financial and non-financial support for academic projects in its business region.

In its support for academics, NORD/LB focuses on the next generation of scholars and relies, in addition to awarding scholarships, in particular on the targeted sponsorship of individual academic projects in a number of different disciplines. NORD/LB also funds foundation professorships and sponsors the Hanover Center of Finance, while Braunschweigische Landessparkasse sponsors the Braunschweiger Hochschulbund e.V. (Braunschweig association of universities).

In 2019 Deutsche Hypo also sponsored the Johann Georg Zimmermann Research Prize and the Johann Georg Zimmermann Medal. Both prizes are awarded annually for exceptional service in the field of cancer research. The award presentation ceremony was held in Hannover Medizinische Hochschule (Hanover school of medicine (MHH)).

Social

Z: 201-1 Z: 203-1

In order to strengthen social cohesion, NORD/LB supports institutions and organisations involved in the education and training of disadvantaged children and young people as well as people with a difficult social background. The aim is to allow them to improve their living conditions. As part of the social commitment, the association for children with cancer in Hanover, the Teen Spirit Island facility of the children's hospital on the Bult, DIE!! Christmas party for the homeless in Hanover, the Nummer gegen Kummer support helpline to discuss personal and other issues, the Teddybear clinic Magdeburg – to allay children's fears of visiting the doctor – the German Child Protection Association in Mecklenburg-Western Pomerania and initiatives for helping the homeless, were supported among others. As part of a Bank-wide fundraising campaign by employees, the money collected was handed over to Zahnmobil Hannover, the mobile dental service for the homeless.

Braunschweigische Landessparkasse underscored its commitment to funding social projects by establishing the Braunschweigische Sparkassenstiftung foundation in 2015. The foundation has already fully deployed its promotional activities. Many other, generally smaller, clubs and initiatives between Holmwind and Helmstedt have also been supported. Braunschweigische Sparkassenstiftung therefore makes an important contribution to promoting civil engagement and strengthening local communities.

Through Braunschweigische Landessparkasse, NORD/LB Group also performs the important task of educating children and young people about finance. One focal point is its cooperation with schools throughout the business region. For example, the "Planspiel Börse" (stock exchange business game) is offered to children every year to teach them how to manage money responsibly and introduce them to the world of the stock exchange. Primary schoolchildren play games to learn the first handling of money when young-customer coordinators visit the primary schools. Secondary schools are offered project days and lessons on money topics, which provide practical knowledge on issues such as opening a current account for the first time and pension schemes.

Braunschweigische Landessparkasse is also very interested in supporting creative business start-ups so that these young companies are successful. Since 2010, Braunschweig Zukunft GmbH and Braunschweigische Landessparkasse have therefore been inviting young entrepreneurs to submit their business idea and compete for the Braunschweig Founder Award, which is held every two years. "Inspirational business people" are sought here. Creative ideas and the courage to found a company were awarded with a prize totalling € 10,000. Besides monetary awards, the winners benefit from the consulting and coaching expertise of the Mittelstandsportal (SME portal) corporate network.

In 2019, social commitment in Bremen and Oldenburg focused on institutions that help people in need. The following initiatives were supported as part of a "wager" on interest rates: Oldenburger Tafel e.V., Diakonie Oldenburg (focus on street outreach work) and Innere Mission Bremen (help for the homeless).

Politics

Z: 415-1

NORD/LB is actively involved in the development of a binding and transparent regulatory framework for the financial services sector. To that end, its representatives work in various associations, including the German Global Compact Network, the Finance Initiative UNEP FI, the Association for Environmental Management and Sustainability in Financial Institutions, the German Association of Savings Banks and Girobanks, and the Association of German Public Sector Banks.

The NORD/LB Group's guidelines do not permit contributions to political parties or organisations with links to political parties.

Banking operations

Use of resources

Emissions

Emissions has been identified as a material topic during the materiality analysis.

UNGC

Management approach for emissions: 103-1

Climate change is one of the greatest challenges of our time, with a tangible impact across the world. One of the main causes of climate change is the emission of greenhouse gases.

Given the substantial negative impact as well as current global developments – including a shortage of water and resources, deforestation and threats to biodiversity – businesses and society must contribute to the conservation of the natural environment. It is with this in mind that the NORD/LB Group has for years been involved in issues related to climate and environmental protection.

Given the global significance of this topic, there are no boundaries. It is relevant for all stakeholders and also of particular significance socially and politically.

Management approach for emissions: 103-2

In terms of its direct emissions, the NORD/LB Group views the continuous reduction of the company's CO₂ emissions as essential in view of climate change. In order to improve the Bank's in-house environmental performance, NORD/LB has set up an environmental management system based on the ISO 14001 international standard. It was supplemented in the reporting year with the certification of an energy management system (DIN 50001:2018). The Bank's use of resources is generally limited due to its activities as a service provider as opposed to a manufacturer. However, the NORD/LB Group employs more than 5,000 people in offices which are heated, powered with electricity and supplied with drinking water, and which are also equipped with IT hardware and office equipment. In addition, the activities of the NORD/LB Group require mobility on the part of the Group's employees so that they can perform one of the key services of a financial services company, advising customers. Subsidiaries are included in NORD/LB's corporate environmental management as part of its coordinated Group activities. The environmental management team also welcomes feedback and initiates improvements.

The only greenhouse gas emitted by the NORD/LB Group in substantial quantities as a result of its business activities is CO₂. Because CO₂ emissions, and efforts to reduce them, are key factors in climate change, NORD/LB focuses on reducing its direct and indirect emissions of CO₂. For example, as part of the Group sustainability strategy, protection of the environment was defined as a main focus with the goal of improving the Group's environmental efficiency by reducing its consumption of resources, decreasing its consumption of energy and cutting emissions, and in this way helping to reduce global CO₂ emissions.

In the search for potential energy savings, the Group also focuses on its buildings. In recent years, external planning and consultancy firms have been used many times, and savings measures have been introduced in the area of building installations, underground car parks, heating, lighting and air conditioning. Measures arising from energy audits conducted were also implemented.

The significance of this topic can be seen in the management of the indirect environmental consequences of business activities and in corporate environmental protection.

102-11

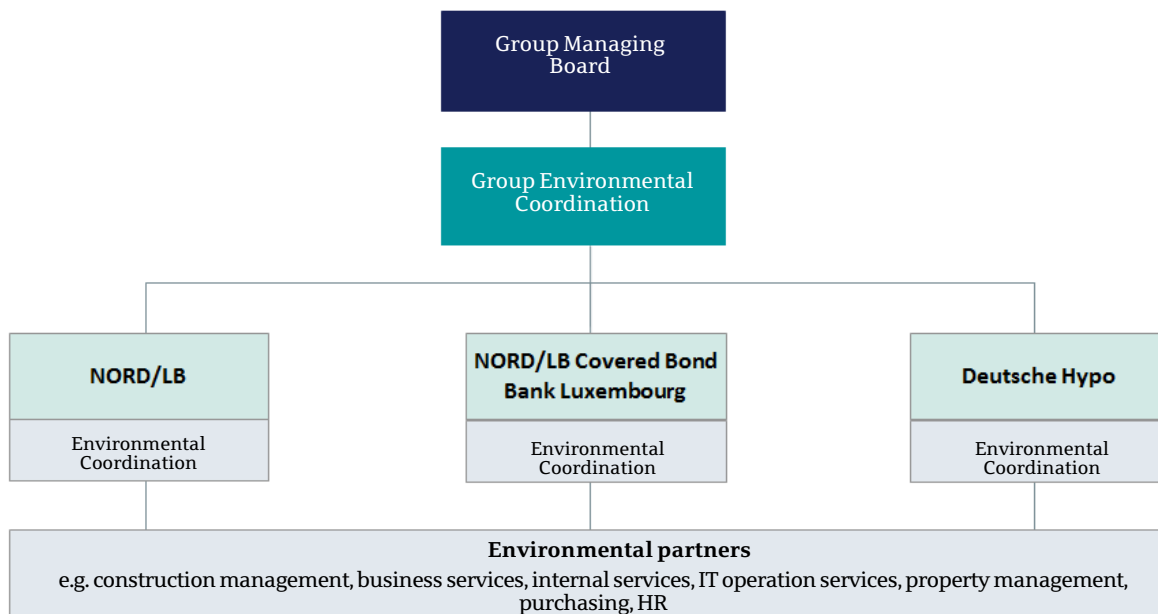
NORD/LB addresses indirect environmental consequences in its Guideline on Climate Change. In addition, other guidelines have been issued which address the implicit environmental consequences of certain project investment initiatives. These include the Guideline on ESG Requirements for Project Financing, the Guideline for the Responsible Use of Non-Renewable Resources and the Guideline for Hydroelectric Power. In its business activities, the NORD/LB Group takes account of the precautionary approach in line with Principle 15 of the Rio Declaration on Environment and Development. As a company active in the financial services industry, however, the NORD/LB Group estimates that the risk that its own direct business activities could directly contribute to irreversible environmental damage is low.

Subsidiaries are included in NORD/LB's corporate environmental management as part of its coordinated Group activities. The environmental management team also welcomes feedback and initiates improvements.

Management approach for emissions: 103-3

As part of its environmental management system, the Group manages, records and evaluates all aspects of operational environmental protection, including purchasing management, the construction of buildings and the design of workstations, facility and mobility management, and waste management. This means that several items of the Group’s environmental balance can benefit simultaneously from the measures taken.

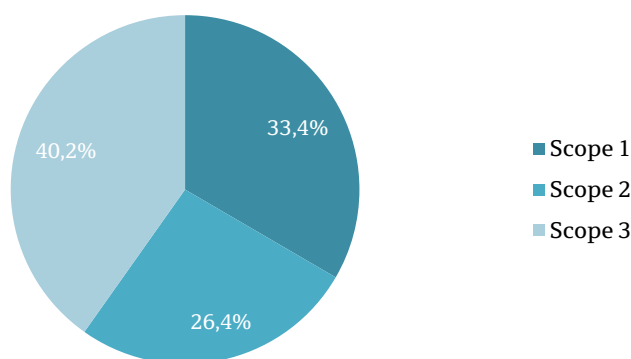
Figure 2: Environmental management system



In order to analyse and manage its emissions, each year the NORD/LB Group calculates its consumption and greenhouse gas emissions (GHG) in accordance with the method specified in the Greenhouse Gas Protocol. The figures are divided into three areas of emission, known as scopes:

- Scope 1 comprises direct emissions of CO₂. At NORD/LB locations, these emissions stem, for example, from the use of fossil fuels and the operation of the Bank’s fleet of vehicles.
- Scope 2 relates to indirect CO₂ emissions caused by the production of energy by the Bank’s suppliers, which the Bank purchases in the form of electricity, district heating and natural gas.
- Scope 3 includes all other CO₂ emissions caused along the value chain by the Bank’s business operations, such as business trips by taxi, rail, aeroplane or hire car, as well as the consumption of paper and water, and the production of waste.

Figure 3: Relevance of GHG emissions, scope 1-3



Around 91.8 per cent of CO₂ emissions are caused by the consumption of energy (heat and electricity) as well as business trips with the Bank's own fleet of vehicles or via hire car, rail or aeroplane.

Topic-specific information on emissions: 305-1 Z: 305-2 Z: 305-3 Z: 305-4 Z: 305-5 Z: 305-6 Z: 305-7

Table 14: Greenhouse gas emissions using the Greenhouse Gas Protocol method

(in t CO ₂ -e)	2017	2018	2019
Scope 1: Direct CO₂-e emissions			
Natural gas	1,756	1,448	1,354
Heating oil	19	21	19
Fuels (emergency power)	0	3	8
Petrol (service vehicles)	120	238	175
Diesel (service vehicles)	1,556	1,138	862
Refrigerant leakage	499	837	192
Scope 1 subtotal	3,950	3,685	2,610
Scope 2: Indirect CO₂-e emissions			
District heating	1,667	2,079	2,066
Electricity	482	1	1
Scope 2 subtotal	2,149	2,080	2,067
Scope 3: Indirect CO₂-e emissions			
Electricity	257	139	130
Heating	987	1,014	983
Travel (e.g. business travel) and transportation	2,268	1,966	1,584
Paper	331	279	185
Water	51	47	50
Waste	259	242	212
Scope 3 subtotal	4,153	3,687	3,145
Total scope 1 – 3	10,251	9,452	7,822
Relative per employee (in kg)	1,661	1,806	1,482

CO₂ has been included in the calculation of CO_{2-e}. CH₄, N₂O, HFC, PCF, SF₆ and NF₃ and any biogenic CO₂ emissions have not been calculated separately. No information can be provided about 305-1e/f.

Figure 4: CO₂ emissions in 2019 – broken down by source of emissions

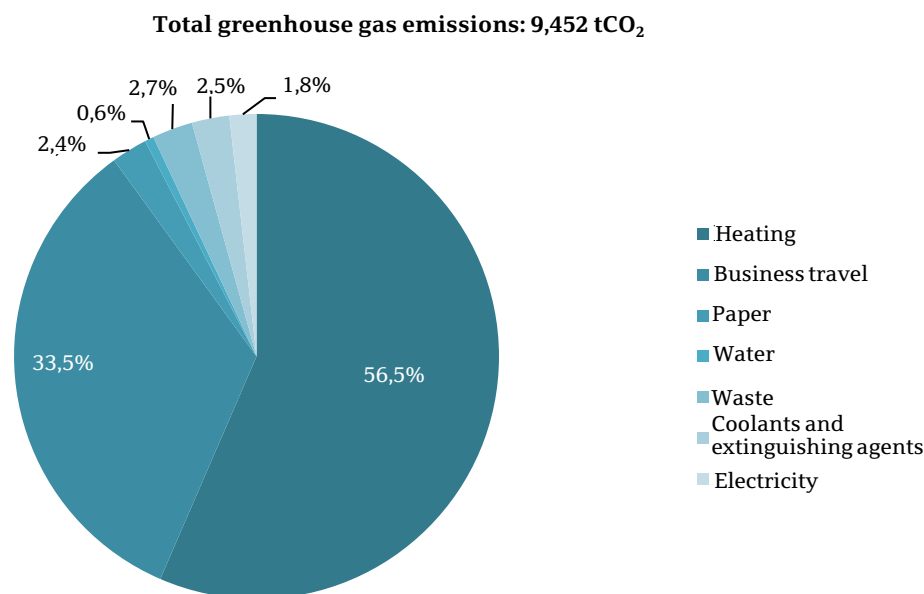
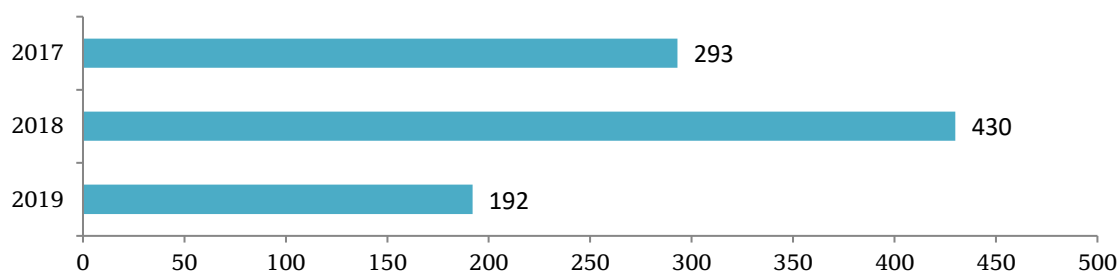


Figure 5: Emissions of ozone-depleting substances/loss of coolants (in kg)



Energy

UNGC
 Z: 302-1 Z: 302-2 Z: 302-3 Z: 302-4 Z: 302-5

The companies of the NORD/LB Group are reliant on energy in order to carry out their business activities. The forms of energy consumed include natural gas, heating oil, electricity and district heating as well as petrol and diesel for the Bank’s fleet of vehicles.

At 7,182t CO₂, the consumption of energy and business travel made up around 91.8 per cent of total emissions during the reporting year and were thus the largest sources of emissions. The impact represents the largest individual item in all three scopes.

There was also once again a focus on the energy efficiency of the heating of and supply of energy to buildings. In addition, system equipment was modified and lighting converted to LED technology (including lighting in exterior advertising) as part of investment measures.

Table 15: Direct energy consumption by primary energy source

(in GJ)	2017	2018	2019
---------	------	------	------

Natural gas	31,891	26,295	24,580
Heating oil	243	266	237
Fuels (petrol, diesel) for emergency power	5	41	106
Petrol consumption for vehicles	1,391	3,238	2,356
Diesel consumption for vehicles	20,676	15,204	11,517
Total	54,206	45,045	38,796

Table 16: Indirect energy consumption by primary energy source

(in GJ)	2017	2018	2019
Electricity	82,913	73,502	68,824
of which from renewable sources	74,404	73,502	68,824
of which from non-renewable sources	8,509	–	–
District heating	58,465	54,917	54,473
of which from renewable sources	1,831	–	–
of which from non-renewable sources	56,634	54,317	54,473
Total	141,378	128,419	123,297

At NORD/LB, including the Braunschweigische Landessparkasse, Deutsche Hypo, NORD/LB Luxembourg and the locations in Bremen and Oldenburg, the energy consumed mainly comes from renewable sources (hydroelectric power).

Various additional energy-saving measures have also been implemented in recent years, including

- replacing PCs and notebooks with energy-efficient devices as part of a hardware replacement measure
- replacing single-user printers, fax machines and copiers with multifunction devices
- cancelling physical servers in the context of server virtualisation

Overall, electricity consumption in 2019 fell by around 6.4 per cent to 19,117,874 kWh. Heating-energy consumption for corporate buildings decreased in 2019 by around 2.6 per cent to 22,054,465 kWh.

In addition, photovoltaic systems at the Bremen and Luxembourg locations produce in-house electricity, and in Hanover a solar thermal system helps to heat water in the kitchen.

Paper and water

UNGC

Z: 301-1 Z: 301-2

As service providers, the companies of the NORD/LB Group do not rely on the use of raw materials and supplies. In addition, they do not produce any products that must be packed. However, the Group, like other companies, does rely on various consumables. In this respect, paper is the largest individual item, and reducing the consumption of paper remains a significant challenge.

During the reporting period, paper consumption made up about 2.4 per cent of total emissions. The effects are in scope 3.

The share of recycled paper is around 8.9 per cent. With regard to virgin fibre paper, most of the printer and copier paper used by the Bank is paper from sustainably managed forests with the Forest Stewardship Council (FSC) seal.

Table 17: Materials used by weight or volume and share of recycled materials

	2017	2018	2019
Paper consumption (in t)	282	237	158
of which recycled paper	24	16	14
of which virgin fibre paper (ECF and TCF)	258	221	144
Percentage of paper with sustainability label	78%	80%	90%
Paper consumption per employee (in kg)	46	45	30

No chlorine-bleached fresh fibre paper is used in the NORD/LB Group.

Z: 303-1

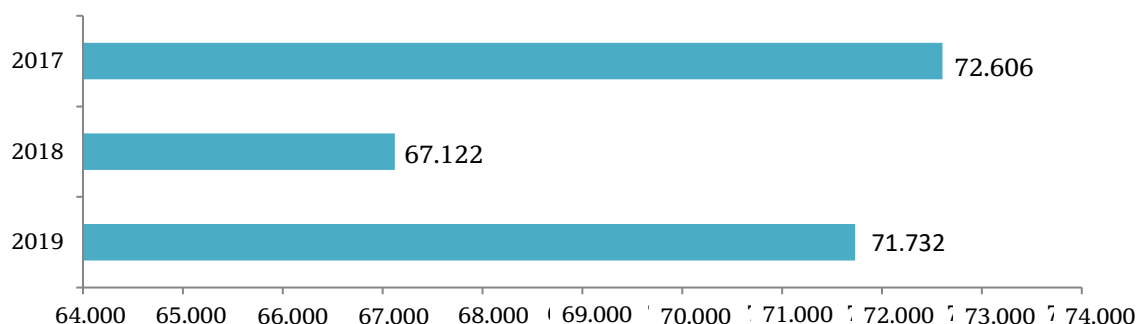
As service providers, NORD/LB Group companies do not use water to produce products or services that contribute to the products or services of the organisation, or (b) receive products or services from the organisation.

The NORD/LB Group primarily obtains drinking water for its locations in Germany and abroad from regional utility companies. The water for the location in Hanover, for example, is obtained from waterworks to the north and south of the city (Elze-Berkhof, Fuhrberg, Grasdorf) as well as from reservoirs in the Harz. In Braunschweig, drinking water is primarily obtained from the Ecker and Grane reservoirs in the Harz. The offices in Bremen obtain their water from the Wildeshausen, Liebenau and Schneeren waterworks. The drinking water of the city of Oldenburg is obtained from the Donnerschwee, Alexandersfeld and Sandkrug waterworks. The foreign branch in Luxembourg obtains its drinking water from the Esch-Sauer reservoir.

Water consumption rose by around 6.9 per cent year on year to 71,732 m³.

Z: 306-1

The amount of waste water corresponds to the aforementioned water consumption. It relates to drinking water used predominantly in sanitary facilities. In compliance with statutory requirements, waste water is fed into to the municipal sewage system and treated there.

Figure 6: Total water consumption (in m³)

Waste

UNGC
Z: 306-2

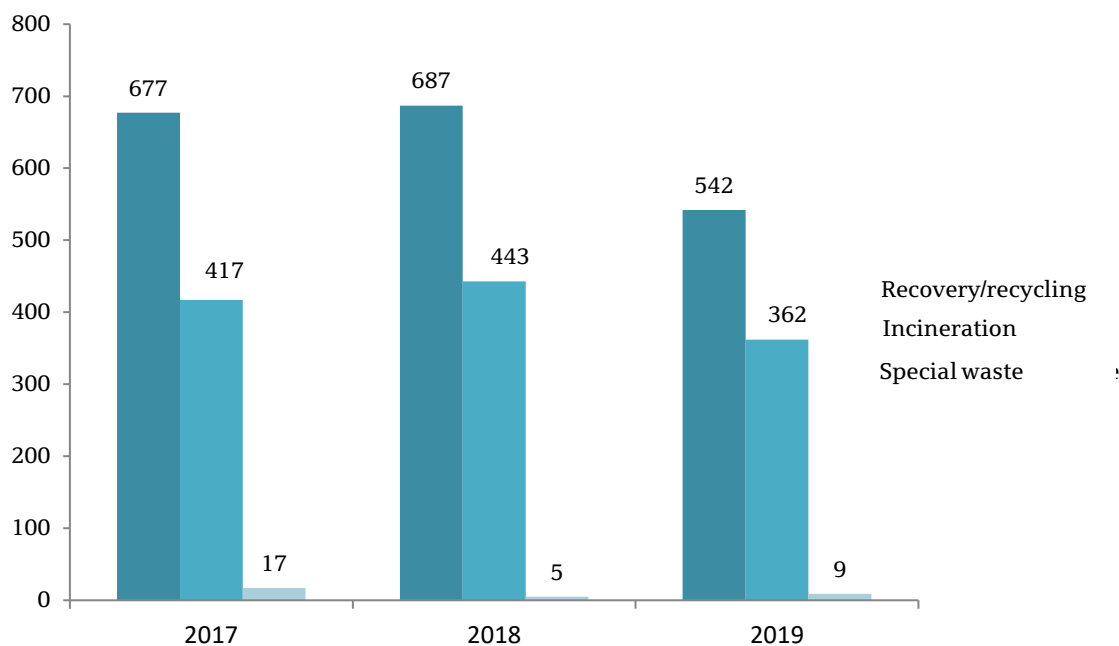
All employees are required to use materials sparingly and to sort all waste consistently. Paper is disposed of via waste paper and data protection containers. Documents that contain sensitive data are destroyed in accordance with the German Federal Data Protection Act. In addition, bins for biowaste, packaging and residual waste have been placed at central points in NORD/LB's locations in Germany.

Recyclable materials are recycled as far as possible. Overall, the NORD/LB Group has achieved a recycling rate of around 59.4 per cent. Special waste is disposed of by waste management companies via the legally prescribed methods. Toner cartridges are returned via manufacturer recycling programmes and reused.

During the reporting period, waste accounted for some 2.7 per cent of total emissions. The effects are in scope 3.

The total amount of waste fell significantly year on year by around 19.6 per cent (222 t) to 913 t.

Figure 7: Total weight of waste by type and disposal method (in t)



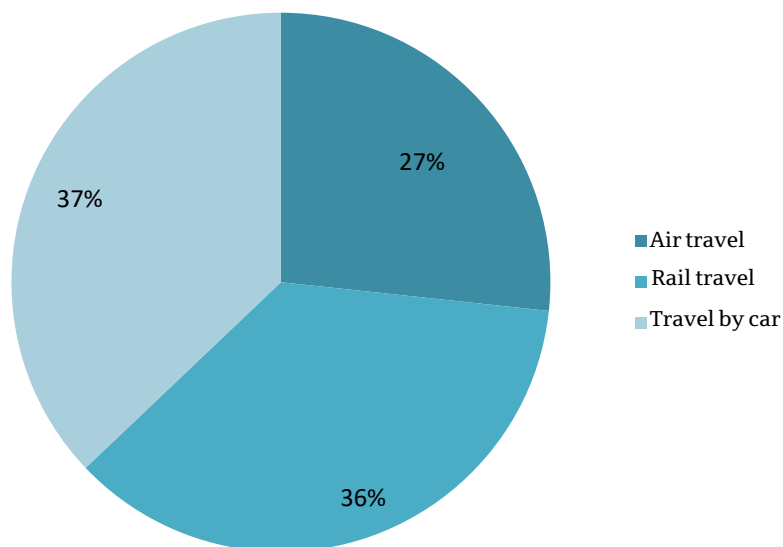
Mobility

UNGC

At 2,622 t CO_{2-e}, mobility accounted for around 33.5 per cent of total emissions during the reporting year and is thus one of the largest source of emissions. The effects are in scopes 1 and 3.

The banking sector is very reliant on personal contact with its customers and consultation among staff. Business travel is therefore a key factor in the area of transport. NORD/LB's staff are required, first, to choose the most economical form of transport and second, to take into account environmental considerations in their travel planning and arrangements. For example, the Bank's policy for travel expenses states that rail travel is generally preferred over the use of a car or air travel. Additionally, employees are urged of the need to limit travel by air and car to the bare minimum and make increasing use of technological alternatives such as telephone and video conferences.

Car travel was the most frequently used mode of transport in 2019 too. However, business travel decreased year on year by around 18.2 per cent to 17,378,775 km. Business travel by car dropped by around 18.5 per cent to 6,449,267 km, train travel fell by about 13.7 per cent to 6,296,478 km and air travel decreased by about 23.2 per cent to 4,633,030 km.

Figure 8: Overview of the methods used to transport staff in 2019 (by km, rounded in per cent)

Daily commuting to and from work by its employees is another potential area where the NORD/LB Group can reduce or avoid emissions. For this reason, the NORD/LB Group provides its employees at its major locations in Hanover, Bremen, Oldenburg and Braunschweig with the opportunity to acquire season tickets so that they can travel by public transport in order to reduce the environmental impact as much as possible. In 2019, 1,644 employees of the NORD/LB Group took advantage of this offer.

Environmental footprint

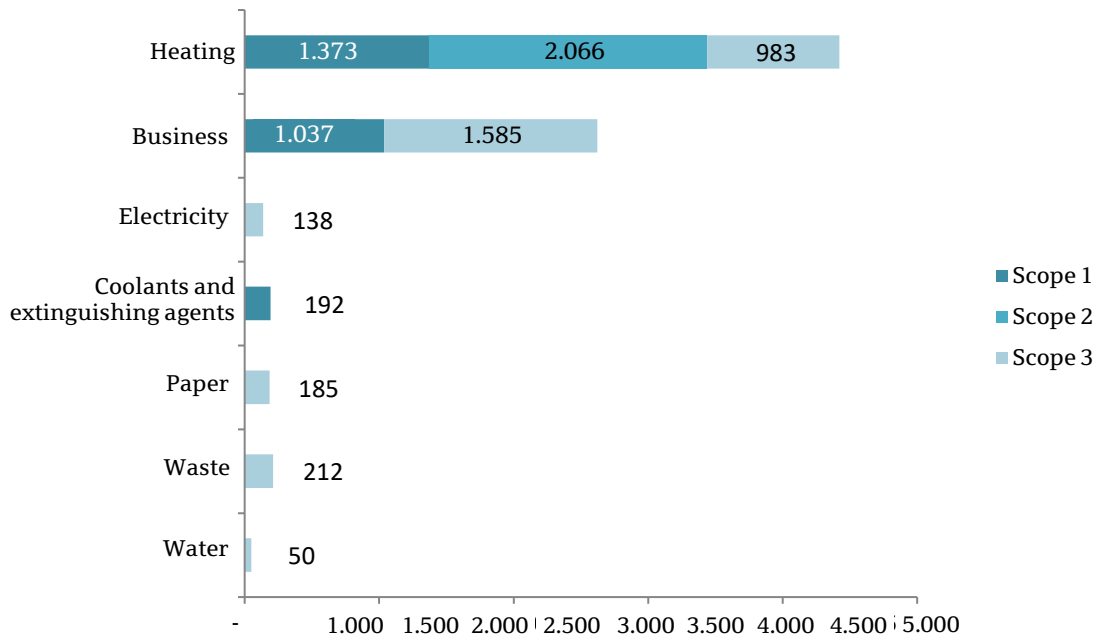
The NORD/LB Group's CO₂ emissions fell by around 17.2 per cent year on year to 7.82 t.

The largest individual items here are the consumption of heating energy (around 56.5 per cent) and business travel (around 33.5 per cent). Because of the use of green energy, the share of total emissions is very small at around 1.8 per cent.

At 3,145 t, the highest emissions are in scope 3 (around 40.2 per cent), with most caused by the consumption of energy and business travel.

At 2,610 t, or around 33.4 per cent, scope 1, which includes emissions caused by refrigerant losses in addition to heating energy and the Bank's own fleet of vehicles, has about the same amount of emissions. The largest amount of emissions in scope 2 are caused from the procurement of heating energy, which accounts for around 26.4 per cent or 2,067 t of emissions.

Figure 9: Environmental footprint (in t CO₂)



Supplier management

Supplier relationships

UNGC

102-9

Z: 308-2

Z: 414-2

The institutions of the NORD/LB Group are service companies. Their core business is the brokering of, providing advice on and selling of banking products. For this reason, banks are not affected by the traditional supply chain risks of manufacturing companies, such as risks associated with the supply of raw materials and supplies.

Nevertheless, the institutions of the NORD/LB Group are reliant on the supply of goods and services, and on their providers, in order to conduct and maintain their business. The following goods and services are bought:

- Software and IT components
- Building and office equipment
- Consumables and forms
- Electricity, heating and water
- Food for the staff restaurant
- Other technology
- Manpower

By signing the UN Global Compact, NORD/LB and the NORD/LB Group have undertaken to incorporate its ten internationally recognised principles relating to the aspects of human rights, labour conditions, environmental protection and corruption into their business activities. After the signing of the UN Global Compact in May 2013, the human rights clauses were incorporated into our supplier management systems and the ten principles were taken up in our purchasing guidelines and supplier contracts. This obliges vendors and service providers to also act in accordance with the principles. The Sustainability Clause in NORD/LB's standard and master contracts specifies the Bank's own requirements for vendors and service providers in the areas of environmental protection, minimising environmental impacts, improving internal environmental protection systems and the use of environmentally friendly products.

Long-term business relationships are established with service providers and suppliers. Due to environmental reasons and as a contribution to the regional economy, the institutions of the NORD/LB Group always invite local and regional suppliers to tender for contracts to supply goods and services.

Z: 414-2

There were no significant negative environmental or social effects, real or potential, with respect to the supply chain, and based on the Bank's business activities none are expected. Separate assessments are not planned.

Procurement process

UNGC

Z: 308-1

Z: 414-1

The procurement process in the NORD/LB Group is currently decentralised and therefore managed in the individual subsidiaries.

The procurement process for NORD is broken down into centralised and decentralised purchasing. The procurement process is set out in corresponding working instructions. Decentralised purchasing is primarily conducted via electronic catalogues and procedures, and is generally limited to means of travel (via a travel agency), approved office materials, forms, advertising materials (via a contract partner) and small-value transactions. Centralised purchasing is performed by organisational units that have been specifically entrusted with procurement management/purchasing activities. This combination of centralised and decentralised activities not only promotes a needs-based and economical purchasing process, it also ensures that all new service providers and suppliers are selected in accordance with the corporate and sustainability principles of both institutions, and that proof of this can be provided. These requirements include meeting criteria for environmental protection, human rights and labour practices.

At the end of 2013, NORD/LB added sustainability-oriented office items to its electronic catalogue for its locations in Germany in order to highlight environmentally friendly and fairly produced products.

All procurement processes also take account of and comply with the following overriding documents, to which the working instructions make explicit reference:

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

The procedures for awarding and obtaining tenders are precisely defined based on the volume of the order. Requests for quotes are made when the volume exceeds a predefined limit. When drawing up contracts, the Bank uses standard and master contracts. Contracts that differ from standard contracts are examined by the Legal Department. Special requirements regarding money laundering prevention also prescribe separate integrity checks when annual order volumes exceed a predefined amount.

Due to their size, Deutsche Hypo and NORD/LB Luxembourg procure considerably fewer products and services. The responsibilities for procurement are governed by corresponding purchasing guidelines. Similar to the procedures at NORD/LB, Deutsche Hypo and NORD/LB Luxembourg obtain multiple offers and issue requests for tenders when the volume is above a certain amount. Deutsche Hypo's purchasing guidelines and NORD/LB Luxembourg's framework agreements explicitly refer to the ten principles of the UN Global Compact.

Additional contractual provisions and checks

UNGC

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

The selection of service providers and suppliers takes into account not only economic questions but also environmental and social issues.

NORD/LB, NORD/LB Luxembourg and Deutsche Hypo have issued the "Guideline on Human Rights and Labour Standards", according to which they undertake to apply the principles one to six of the UN Global Compact for 100 per cent of their employees. This is equally expected of service providers and suppliers.

At NORD/LB, the provision of IT hardware and the related components and software is governed by service agreements and is therefore not subject to the procurement process. Of the products that are supplied, IT hardware has the greatest potential impact with respect to the violation of human rights. At the same time, the use of IT components is essential for the banking sector. For this reason, NORD/LB sets requirements for its IT service providers in terms of compliance with anti-corruption and sustainability regulations by including an annex in the framework agreement; the provisions covering sustainability include the ten internationally recognised principles of the UN Global Compact. At Deutsche Hypo, the purchasing guidelines apply and at NORD/LB Luxembourg the framework agreements, both of which refer to the UN Global Compact.

In addition, all other contracts prepared by NORD/LB and NORD/LB Luxembourg, depending on the subject matter of the contract, are accompanied by or include additional contractual provisions that regulate environmental and social aspects.

All general framework conditions include a sustainability clause, which also lists the ten internationally recognised principles of the UN Global Compact and imposes on the service providers and suppliers the contractual obligation to comply with these. All institutions of the NORD/LB Group also have a zero-tolerance policy regarding corruption and bribery, and expect this from their service providers and suppliers too.

All general terms and conditions or contracts that relate to activities performed by people in the NORD/LB Group also include a supplemental contractual clause under which the contractor undertakes to pay at least the minimum wage defined by law or collective agreement. In specific cases, NORD/LB requests evidence to corroborate compliance. Relevant contracts concerning the awarding of services in the low-wage sector were recently tendered and corresponding contractual provisions were included in the agreements (cleaning, security, personnel services). The client must ensure that all environmental, social and ethical requirements specified are also met by its suppliers and service providers. In the event of any breach of the Sustainability Clause, NORD/LB reserves the right to extraordinarily terminate the contract. They are also entitled to demand corresponding proof from their service providers and suppliers.

The service providers and suppliers of the NORD/LB Group are not exposed to any specific physical risks due to the Group's activities as a service company. As most of the NORD/LB Group's locations are in Germany, a high level of legal protection is in any case applicable. This includes both the legal provisions regarding occupational and health safety issues and compliance with human rights and the prohibition of child and forced labour.

We are not aware of any complaints concerning labour practices and inhumane employment, any information on actual and/or potential negative environmental or social impact, or any cases of discrimination or corruption in connection with the supply chain of NORD/LB and its subsidiaries.

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

From the Bank's perspective, additional measures related to disclosures 308-2, 407-1, 408-1, 409-1, 414-1 and 414-2 were not required, in part because of the locations and the Bank's activities.

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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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Contact person for questions and remarks concerning this report and its content:	NORD/LB Norddeutsche Landesbank Girozentrale Corporate Communication/Sustainability Friedrichswall 10 30159 Hanover E-mail: ir@nordlb.de

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