



Group Sustainability Report of  
NORD/LB for the financial year from  
1 January to 31 December 2022

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This Group Sustainability Report has been prepared in German and translated into English. In case of any discrepancies, the German version always prevails.

# Declaration by the Chairman of the Managing Board

Dear readers,

The year 2022 was marked by a difficult macroeconomic environment. Following the effects of the pandemic, there was the Russian war of aggression on Ukraine and the resulting energy crisis in Europe. From an economic perspective, we succeeded in achieving our 2022 goals despite the numerous challenges.

From an ESG perspective, 2022 brought a high degree of further development. Through our sustainability project CARE, we have strongly promoted the anchoring of ESG issues in the organisation and created the prerequisites for achieving a strategic ESG target. In 2022 NORD/LB has committed itself to the German financial sector's self-commitment to climate neutrality and aims to achieve a climate-neutral portfolio well before the required year of 2050. As a financier of green projects, we have further expanded our strong market position. With these financings,

NORD/LB will continue to fulfil its social responsibility in the future - the sustainable development of the bank is a strategic focus for us. In addition to the E in ESG - the commitment to climate neutrality, we also want to continue to promote social and economic aspects of sustainability. It is important for me to make it clear that we at NORD/LB are committed to ethical conduct within the framework of our Code of Conduct. We are expressly committed to our declaration of principles on human rights and stand by zero tolerance for corruption.

In this Group Sustainability Report, we would like to inform you, as usual, about the issues that are material for our company, the impact of our business activities, the guidelines and standards we have defined for our business and their implementation in our business model.

I wish you an interesting reading experience.

Yours sustainably,



Jörg Frischholz  
Chairman of the Managing Board

# Declaration concerning the report

The sustainability report ("Group Sustainability Report 2022") has been prepared for the NORD/LB Group and in accordance with the Global Reporting Initiative (GRI) and the GRI standards. For this purpose, the bank reports on the universal standards and the applicable topic standards (2021). Integrated into this report is the Principles for Responsible Banking (PRB) Progress Report. In this report, NORD/LB also takes into account the recommendations of the Task Force for Climate-Related Financial Disclosures on the description in dealing with climate and environmental risks.

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 2022. Unless specified otherwise, the figures presented in this report are for financial years 2020, 2021 and 2022 (from 1 January to 31 December in each case). The Managing Board of NORD/LB approved the report at its meeting on 27 June 2023. It has not been audited externally. In addition, the report is approved by the Supervisory Board.

The Group Sustainability Report has not been externally audited. For the Principles for Responsible Banking Progress Report 2022 included in the report, the auditor PWC has performed an economic review to obtain limited assurance on the disclosures in sections 2.1, 2.2, 2.3 and 5.1 of the report.

NORD/LB publishes its consolidated business figures in accordance with the provisions of the International Financial Reporting Standards (IFRS). The IFRS consolidated financial statements include the Group companies included in accordance with IFRS accounting and form the data basis for the key figures stated in this report. Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern are not included in NORD/LB's consolidated financial statements in accordance with IFRS and are therefore not included in this report. The business of both institutions is not conducted in the name of or for the account of NORD/LB and is therefore not to be included in financial statements prepared in accordance with IFRS accounting principles. Accordingly, all figures stated in the report that were determined on the basis of IFRS accounting should be read without 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"),
- Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel (referred to below as: "NORD/LB Luxembourg").

Together, these companies represent the core business of the NORD/LB Group. Taking into account the principle of materiality in accordance with the provisions of § 315c (3) of the German Commercial Code (HGB) for understanding the course of business, the business results, the position of the company and for understanding the impact of the core business activities of the NORD/LB Group, this sustainability report focuses on these companies in its qualitative description. The other investments of the NORD/LB Group either do not represent qualitatively or quantitatively significant investments from a risk perspective or they do not have their own employees to carry out their business purpose, so that they would not lead to significantly different statements.

In this report, gender-specific double designations (such as male and female employees) and neutral designations (such as employees) have been used. The term "employees" generally includes all employees and managers, including the Managing Board, unless these are shown separately.

As of the reporting date 31 December 2022, 4,191 people were employed in the NORD/LB Group. The key personnel figures cover 100 per cent of the Group's employees.

The data for employees and products are obtained from the accounting systems, among others, which summarise the results of all ongoing business processes. In addition, data is generated from established processes and systems, such as facility management and the human resources information systems. The personnel figures of NORD/LB and the subsidiaries are collected in accordance with the evidence specifications of the Group parent NORD/LB in order to ensure a comparable and uniform approach throughout the Group.

When calculating and presenting the key figures relating to banking operations in the Banking Operations section and calculating greenhouse gas emissions of the company, NORD/LB is guided by the VfU Key Figures 2018 Version 1.4 of December 2020, the standard of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions (VfU)). The presentation includes the consumption data of NORD/LB AöR in Germany.

At some points in 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 included in the Group Annual Report 2022, which has been published on the NORD/LB homepage at <https://www.nordlb.com/nordlb/investor-relations>

Compared to the previous year, the table "Diversity key figures" in the chapter "Diversity and equal opportunities" has been slightly adjusted. A greater focus was placed on the Managing Board of NORD/LB AöR. No other corrections or restatements of information were made.

# Materiality analysis

The materiality analysis and the identification of material topics represent one of the foundations of reporting in accordance with GRI. The involvement of stakeholders and the focus on sustainability-relevant topics are intended to ensure that material activities, impacts, and expectations of stakeholders are taken into account and reported transparently and completely.

NORD/LB conducted a materiality analysis for the first time for the 2015 reporting year. In 2017, a review and update of the 2015 materiality analysis took place with the involvement of further internal and external stakeholders. Since then, the material topics have been validated once a year.

To identify the material topics, a comprehensive list of sustainability topics was first compiled. For this purpose, the existing GRI indicators were supplemented with further topics, e.g. from sustainability ratings, media reports, NGO inquiries, multi-interest group initiatives or customer inquiries. Subsequently, those topics were sorted out that had no recognisable connection to NORD/LB's business activities and an initial rough selection was made. To further prioritise the remaining topics, NORD/LB participated in various external workshops and working groups on the topic of materiality analysis, both industry-specific and institution-specific. In these workshops, it was determined which topics exist in principle for companies in the financial sector and how these affect corporate practice. The topics were also evaluated in terms of the extent to which they are fundamentally applicable to companies in the financial services sector compared with manufacturing companies, or whether they need to be evaluated against a different background due to the comparatively different business model. The topics were also evaluated on the basis of institution-specific features, such as the performance of the savings bank and Landesbank function or a public mandate.

The findings from these external events were incorporated into internal workshops. The associated prioritisation of topics was carried out both across divisions within NORD/LB and as part of cross-group discussion rounds. The validation of the topics and interest groups was then carried out in three steps. First, the result of the materiality analysis was discussed and evaluated in an externally led workshop. Then the result was presented to the Sustainability Steering Committee at that time. The top issues identified were "translated" into corresponding GRI information or assigned to separate issues.

The materiality analysis was also validated for the first time in accordance with Section 289c (2) of the German Commercial Code (HGB) for the 2021 financial year. The issues identified as material were reviewed and prioritised for the 2022 financial year in terms of single materiality according to GRI and double materiality according to HGB with regard to business relevance and impact. In addition, it was examined whether further current topics should be considered as material. This was not the case for the 2022 financial year. The two material topics "Management of ESG topics" and "Social and environmental impact of the financing business" were combined in the course of the validation because the two topics cannot be clearly distinguished from each other.

## Overview of material topics for the financial year 2022

Material topic	Economic, environmental and social impact of the topic
<b>Occupational health and safety</b>	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.
<b>Training and education</b>	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.

<b>CO<sub>2</sub> emissions</b>	Climate change, due primarily to CO <sub>2</sub> emissions, has a global impact. Preventing emissions in our own operations as well as with respect to financing and investments has a positive impact on all stakeholder groups; by contrast, financing projects with substantial emissions would have a negative impact.
<b>Ethics and integrity</b>	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
<b>Compliant conduct and anti-corruption</b>	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.
<b>Information security and data protection</b>	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.
<b>Management of ESG topics and social and environmental impact of the financing business</b>	<p>Banks have the ability to influence the long-term direction of the economy and society because they guide financial flows. In addition, risks in the context of ESG topics can endanger trust in financial institutions. Risks can arise, for example, as a result of socially unacceptable or illegitimate actions. In addition, investors around the world increasingly want to know the specific impact of their investments. Thus, the social/environmental return supplements the traditional investment objectives. Investors and financial institutions are increasingly taking account of climate-related risks when evaluating investments and making investment decisions, minimising the impact where possible. This includes refraining from making investments in certain areas, or curtailing such investments that they have already made.</p> <p>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.</p>
<b>Work/life balance</b>	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.
<b>Remuneration policy</b>	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**

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.

At the end of 2022, NORD/LB carried out a new materiality analysis for the 2023 financial year. The process consisted of four partial steps and was carried out by the ESG management with the intensive participation of an internal panel of experts - from more than ten departments with sustainability relevance. First, a list of potentially material topics was compiled. The aim was to list all topics that are to some extent affected by NORD/LB's business activities or that affect NORD/LB externally and to define the respective scope of a topic. In the second step, the possible effects of NORD/LB on ESG issues were analysed. For this purpose, more than 50 sources were included, ranging from rating reports to industry reports, regulatory sources, and public and internal information. In the third step, the potential opportunities and risks arising from the possible sustainability issues that are important for understanding NORD/LB's business performance, business results, and position were considered. This involved assessing the risks and opportunities for the individual topics on the basis of 23 sources (ratings, regulatory sources, industry reports, and internal documents).

In the last step of the process, a matrix was compiled that shows the results of the assessments. The material topics were shown in a matrix, which illustrates on the X-axis the influence of the topics on the environment of NORD/LB (inside-out perspective) and on the Y-axis the opportunities and risks from the environment for NORD/LB (outside-in perspective). The threshold was then set to determine the issues with the greatest materiality for NORD/LB. In this process, seven material topics were identified that will be applied from the 2023 financial year.

## The NORD/LB

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

The owners of NORD/LB are the federal state of Lower Saxony with a shareholding of 57.50 percent, the federal state of Saxony-Anhalt with 6.31 percent, the Sparkassenverband Niedersachsen with 9.01 percent, the Sparkassenbeteiligungsverband Sachsen-Anhalt with 1.80 percent, the Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern with 1.25 percent and FIDES Gamma GmbH with 12.06 percent and FIDES Delta GmbH with 12.06 percent of the share capital amounting to € 3,137 million. NORD/LB does not receive any government grants.

The current version of the statutes dated 19 December 2022 is based on the State Treaty on Norddeutsche Landesbank - Girozentrale between the state of Lower Saxony, the state of Saxony-Anhalt and the state of Mecklenburg-Western Pomerania dated 10 December 2019. The State Treaty and statutes are publicly available on the Bank's website.

## Value chain

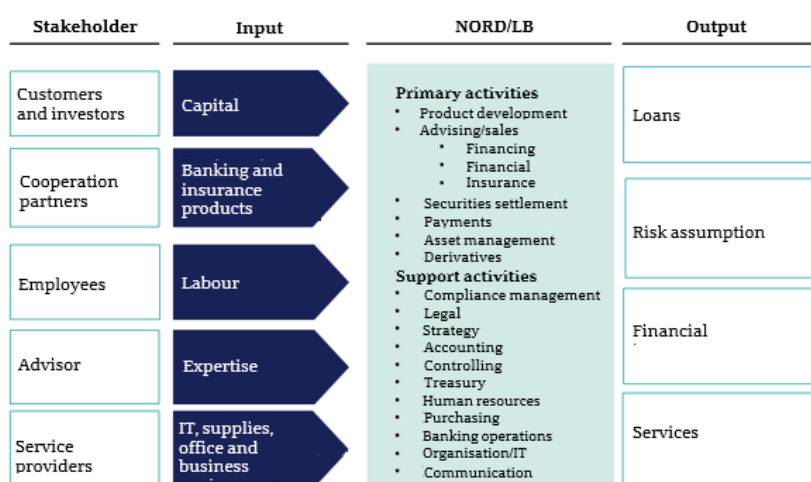
The five main sectors that impact on economic activity in a national economy are private households, business, government, foreign countries and banks. Banks in this respect are classified as part of the wealth sector, which plays a key role in economic activity; here monetary transactions are processed,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

**The value-adding process of the NORD/LB Group (product-related)**



## Business model and strategic orientation

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

### The key brands of NORD/LB



Within the NORD/LB Group, NORD/LB acts as the parent company, which manages all business activity in line with the strategic targets. The Group includes the subsidiary NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg, (hereinafter referred to as NORD/LB Luxembourg) and other consolidated companies. In addition, the Bank holds investments in unconsolidated companies.

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

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

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

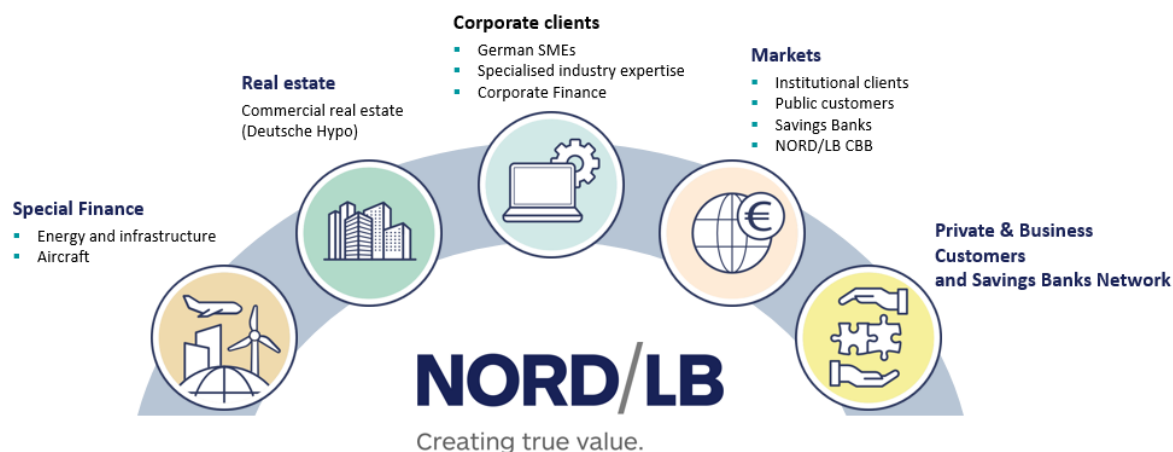
The NORD/LB Group's business strategy, including the business segment strategies for NORD/LB AöR and the risk strategy for the NORD/LB Group, as well as the individual business strategies of the NORD/LB Group's individual key institutions, are analysed in detail as part of an annual strategy and planning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

For further information please see the 2022 Group Annual Report.

## Business sites and segments

NORD/LB is represented beyond its core region with domestic branches in Bremen, Dusseldorf, Hamburg, Munich, Oldenburg and Schwerin, among other places. The branches in the important international financial and trading centers of New York, London and Singapore play a significant role in NORD/LB's foreign business activities. The operating activities of the branch in Shanghai were discontinued in the past fiscal year. The final closure was formally completed in April 2023. As legally dependent business units, the branches follow the NORD/LB business model. In addition, the bank maintains real estate offices under the "Deutsche Hypo - NORD/LB Real Estate Finance" brand in London, Amsterdam, Paris, Warsaw and Madrid.

The following overview provides an insight into the business segments of NORD/LB. For a detailed presentation, please refer to the Group Annual Report 2022.

**Business segments of the NORD/LB Group**

## Executive bodies

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

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

- Jörg Frischholz – CEO  
 Chairman of the Managing Board since 1 January 2022  
 Member of the Managing Board since 16 November 2021
- Olof Seidel – CFO/COO  
 Member of the Managing Board since 1 January 2020
- Christoph Dieng – CRO  
 Member of the Managing Board since 3 February 2017
- Christoph Schulz – CCO/CPO  
 Member of the Managing Board since 1 September 2006
- Ingrid Spletter-Weiß – CCO/CPO  
 Member of the Managing Board since 1 December 2021

For further information on the responsibilities and CVs of current members of the Managing Board, please see <https://www.nordlb.com/nord/lb/committees-and-executive-bodies>.

The Supervisory Board is responsible for regularly advising the Managing Board and monitoring its management activities. It decides on the appointment and dismissal of members of the Managing Board, the general guidelines for the Bank's business, the annual plan to be submitted by the Managing Board, the rules of procedure for the Managing Board, the appointment of the auditor, the adoption of the annual financial statements and on the acquisition of investments.

The Supervisory Board of NORD/LB consists of 18 members. Twelve of these members represent the owners of NORD/LB and a further six members represent the employees of the Bank, who are elected by the employees of the Bank in accordance with the provisions of the Lower Saxony Staff Representation Act (NPersVG). The Chairman of the Supervisory Board is the Minister of Finance of the State of Lower Saxony. Current and former members of the Board of Managing Board Directors are not represented on the Bank's Supervisory Board; it is not possible for former members of the Board of Managing Board Directors to become Chairman of the Supervisory Board.

The Supervisory Board has formed a Presiding and Nominating Committee, an Audit Committee, a Compensation Control Committee, and a Risk Committee to support it with regard to the Bank's business structure. The respective committee chairmen report regularly to the Supervisory Board on the work of the committees. Additional committees may be formed as required. The members of the committees are members of the Supervisory Board. When membership of the Supervisory Board ends, membership of the committees also ends.

The Owners' Meeting represents the owners of the Bank. Each owner sends up to two representatives to the Owners' Meeting. Voting rights are exercised in proportion to the share capital of the Bank. The representatives of the individual owners can only exercise their voting rights uniformly. The Owners' Meeting shall decide on matters of fundamental importance, in particular on amendments to the Articles of Association, all matters relating to the

share capital and other equity, the general principles of business policy, the admission of other legal entities under public law to the Bank, the participation in such entities or the merger of the Bank with other credit institutions under public law, the conversion of the Bank into a stock corporation or another legal form. The Owners' Meeting also resolves on the appropriation of net retained profits, the ratification of the actions of the Managing Board and the Supervisory Board, the remuneration of the members of the Supervisory Board, the committees and the advisory boards, and on all other matters assigned to it in the Articles of Association.

All members of the Supervisory Board and the Owners' Meeting receive appropriate internal and external training. The adequacy of the training is evaluated annually by an external auditor.

## Memberships in associations and interest groups

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

### Memberships of the board members

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

<b>Hanover Industry Club</b>	Ingrid Spletter-Weiß	Advisory Board	co-opted member
<b>Hanover Chamber of Commerce and Industry</b>	Ingrid Spletter-Weiß	Committee on Industry and Research	Member
<b>Institute of North German Economics (INW)</b>	Jörg Frischholz	Board of Trustees	Member
<b>Leibniz Universitätsgesellschaft Hannover</b>	Olof Seidel	Managing Board	Member
<b>NORD/LB Cultural Foundation</b>	Christoph Schulz	Managing Board	Chair
<b>Kurt-Weill-Gesellschaft</b>	Ingrid Spletter-Weiß	Board of Trustees	Member
<b>Lower Saxony Hanover Stock Exchange</b>	Jörg Frischholz	Managing Board	Deputy Chair
<b>Lower Saxony Savings Banks Foundation</b>	Christoph Schulz	Foundation Board	Member
	Jörg Frischholz	Managing Board	Member
<b>German Savings Banks Foundation for International Cooperation</b>	Christoph Schulz	Board of Trustees	Member
<b>Savings Banks Association of Lower Saxony (SVN)</b>	Jörg Frischholz	Managing Board	Member
<b>Donors' association for the promotion of humanities and sciences in Germany</b>	Jörg Frischholz	State Board of Trustees of Lower Saxony	Member
<b>Foundation for Photography and Media Art with the Michael Schmidt Archive</b>	Jörg Frischholz	Board of Trustees	Member
<b>Support facility of BLB</b>	Jörg Frischholz	Advisory Board	Chair
	Christoph Schulz	Advisory Board	Member
	Olof Seidel	Advisory Board	Member
	Christoph Dieng	Advisory Board	Chair
<b>NORD/LB provident fund</b>	Jörg Frischholz	Managing Board	Chair
	Olof Seidel	Managing Board	Deputy Chair
<b>Association of the Friends of the Sprengel Museum</b>	Christoph Dieng	Managing Board	Member

## ESG-relevant memberships and standards

### Sustainability-related initiatives

Initiative	Goal	Implementation at NORD/LB
<b>Climate commitment of the German financial sector<sup>1</sup></b>	Commitment to aligning its own lending and investment portfolios in line with the goals of the Paris Climate Agreement and by financing the transformation towards a low-emission and climate-resilient economy and society, limiting global warming to well below 2 degrees and aiming for the 1.5 degree target.	NORD/LB signed the climate agreement of the German financial sector on 24 May 2022.
<b>Association for Environmental Management and Sustainability in Financial Institutions</b>	The Association for Environmental Management and Sustainability in Financial Institutions (VFU) is a network of financial service providers from Germany, Austria and Switzerland. Since 1995, the association and its members have been working on the development and implementation of innovative and sustainable solutions for financial service providers with the aim of promoting the contribution of the financial sector to sustainable development.	As a member of the association, NORD/LB has been committed to advancing and promoting sustainable finance since 2008. Through the networking opportunities offered by the association, the bank expands its sustainable finance know-how by participating in various formats. It also regularly exchanges information with other companies from the financial sector on the topic of sustainability, ESG and sustainable finance.
<b>Climate Alliance Hannover 2035</b>	The Climate Alliance Hannover is committed to reducing greenhouse gases in the city area and to expanding the generation of electricity from renewable energies in Hannover.	As a regionally active bank, not only global but also local commitment is extremely important for NORD/LB.  As part of its support for the Climate Alliance Hannover 2035, NORD/LB has signed the Climate Protection Declaration of the City of Hannover. This means that the bank is officially participating in the climate change goals of the state capital of Hannover.
<b>United Nations Environment Programme Finance Initiative (UNEP FI)</b>	The UNEP FI is a partnership between the United Nations Environment Programme and the global financial sector. The aim is to create a financial sector that serves and has a positive impact on people and the environment.	UNEP FI is a partner of NORD/LB with whose help the bank has been contributing to global sustainability since 2013. The initiative specialises explicitly in the financial sector and works closely with banks and insurance companies.
<b>VÖB</b>	The Association of German Public Sector Banks, VÖB, is an umbrella organisation of the German banking industry. It represents the interests of 59 members, including the Landesbanken and the development banks of the federal and state governments.	NORD/LB is a member of the Sustainable Finance Commission and is represented in all working groups on sustainability and sustainable finance.

<sup>1</sup> <http://www.klima-selbstverpflichtung-finanzsektor.de>

<b>DSGV</b>	The German Savings Banks and Giro Association (DSGV) is the umbrella organisation of 12 regional savings banks associations at the state level and at the same time responsible for organising the Savings Banks Finance Group association system.	NORD/LB is represented in the Sustainability Management Working Group.
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## Sustainable principles of NORD/LB

Principle	Goal	Implementation at NORD/LB
<b>UN Global Compact (UNGC)<sup>2</sup></b>	Commitment to contribute to human rights, the environment and climate, labour standards and the prevention of corruption.	In 2013 NORD/LB recognised the ten principles of the UN Global Compact with the aims of respecting human rights and working conditions, protecting the environment and preventing corruption and bribery and implemented them throughout the Group via sustainability guidelines. Due to the membership of their parent company NORD/LB, the subsidiaries active in the financing sector are also participants in the UN Global Compact without becoming members themselves.
<b>EU Action Plan "Sustainable Finance"<sup>3</sup></b>	Realignment of capital flows towards a sustainable economy, embedding sustainability in risk management, and promoting transparency and a long-term perspective.	Since 2018, this framework has provided a regulatory framework for implementing the action points of creating standards and labels for ecological and social financial products, promoting investments in sustainable projects and taking sustainability into account in financial advice.  Special attention is paid to the Taxonomy Regulation, which provides a classification system for environmental sustainability based on six environmental goals: a) climate protection; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) prevention and reduction of environmental pollution; f) protection and restoration of biodiversity and ecosystems. The taxonomy has, among other things, an impact on the Bank's business model through the provision of loan funds to finance corresponding measures and their funding on the capital market.
<b>Principles for Responsible Banking (PRB)<sup>4</sup></b>	Strategic integration of sustainability into the business model and ensuring the measurability of banks' impacts on the environment and society based on the Sustainable Development Goals.	A significant aspect of sustainability is transparency. NORD/LB aims to provide a transparent presentation of the positive and, where applicable, negative social impacts of the Bank's business across all divisions. This is achieved by applying the Principles for Responsible Banking and by focusing on the Sustainable Development Goals. This results, for example, in added value for employees and the environment, but also in optimisation potential and measures to avoid any negative effects in the

<sup>2</sup> <https://www.unglobalcompact.org>

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

<sup>4</sup> <https://www.unepfi.org/banking/bankingprinciples>



		future. NORD/LB has been following the PRB since 7 April 2020.
<b>United Nations Sustainable Development Goals (SDG)<sup>5</sup></b>	Definition of 17 Sustainable Development Goals (SDGs) for the member states of the United Nations by 2030 to promote sustainable development.	Use as a benchmark to measure sustainability in the Bank's business model.
<b>Global Reporting Initiative (GRI)<sup>6</sup></b>	International and recognised reporting standards for corporate sustainability reporting.	Application of the reporting standard for the sustainability report and the non-financial report NORD/LB has been reporting in accordance with the GRI standards since the 2013 financial year.
<b>ICMA Green Bond Principles (GBP)<sup>7</sup> und Social Bond Principles (SBP)<sup>8</sup></b>	Standardised guidelines for project selection, use of funds, reporting.	Application of the requirements for frameworks for sustainable finance products (e.g. Green Bond Framework, Sustainable Finance Framework). NORD/LB has been following the GBP and SBP since 2017.

## Corporate governance and sustainable banking

Banks exert a significant influence on a sustainable economy and society, as they manage financial flows, enabling economic growth, creating jobs and providing social services. At the same time, investors' interest in the impact of their investments on the environment and society, and thus also the proportion of investors and financial institutions that take ESG aspects, such as ESG ratings, into account in their investment decisions, is constantly increasing. This shows that ESG has developed into a strong economic driver also in the financial sector.

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

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<sup>5</sup> <https://www.sdgs.un.org/goals>

<sup>6</sup> <https://www.globalreporting.org>

<sup>7</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>8</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

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

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

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

NORD/LB reports on the recommendations of the Task Force on Climate-Related Financial Disclosures and wants to use these recommendations to make the impact of its business activities on the environment and society measurable and comparable for its stakeholders. In this section, the disclosures comprise the following:

- Governance: Who is responsible for dealing with climate risks?
- Strategy: What impact do climate risks have on the business strategy?
- Risk management: What processes exist for identifying, assessing and managing climate risks?
- Metrics and objectives: Which measurement data and measures are used to achieve climate risk objectives (e.g. reduction of exposure to risks)?

### Governance

The increasing strategic importance of ESG issues with the (previous) focus areas of climate and environment and the growing regulatory requirements have presented NORD/LB with the challenge of a new organisational anchoring of the topic of ESG. In response, NORD/LB developed new ESG governance structures in 2022 that reflect both climate-related opportunities and the Bank's risk appetite that needs to be considered.

The Managing Board bears overall responsibility for entrenching ESG within the Bank. Since 2022, NORD/LB has incorporated an ESG goal into the target agreements of the Managing Board and senior employees. Individual members of the Managing Board were assigned responsibilities for specific issues that are tailored to the departments and areas for which they are responsible:



The Supervisory Board oversees the implementation of ESG issues within the Bank and incorporates them into the objectives and thus also the performance assessment of the Managing Board.

The Managing Board has delegated the operational implementation of ESG initiatives to four centres of expertise within NORD/LB. The responsibilities are divided as follows: The “ESG Management” centre of expertise is primarily responsible for the development of strategic ESG issues and products, as well as for the management of internal and external reporting formats. In addition, the team coordinates and analyses the ESG requirements of NORD/LB stakeholders. The “ESG Risk Centre” acts as a central point of contact for ESG risk issues in risk controlling. This includes setting up carbon accounting and determining physical risk data. The third “EU Taxonomy and Disclosure” centre of expertise is responsible for data preparation for the disclosure report, further development of ESG-related disclosure obligations and interprets EU Taxonomy requirements for the Bank. The “ESG Centre of Expertise for CRM” designs standards for the consideration of ESG risks in credit transactions and advises the front and back office on ESG risk-related issues, such as ESG scoring.

In addition, a Sustainability Board has been in place since 2021, which consists of managers and experts from NORD/LB across departments. The task of the Sustainability Board is to network and exchange information between the individual specialist departments for the ongoing integration of sustainability into NORD/LB and the development and coordination of cross-departmental measures. The Managing Board acts as the sponsor of the Sustainability Board.

As the topic of sustainability has already played an important role in individual areas of the Bank for several years, individual area-specific qualification measures have already taken place in the past on individual important sustainability aspects. NORD/LB is implementing various basic qualification measures for its employees in order to establish a solid knowledge base on the subject of ESG in all relevant areas. In 2022, for example, a certificate course in “Sustainable Finance”, a training video for in-house basic training and a web-based training (WBT) course on the topic of sustainability were developed.

## Strategy

The business activities of banks with their products and services have an impact on the environment and society. Risks or damages may arise, for example, as a result of socially unacceptable or illegitimate actions. NORD/LB sees itself as having social, ecological and economic responsibility to know and manage business areas and processes that could result in damage to the environment and climate in the course of its business activities. NORD/LB derives the following four principles and approaches for itself as part of sustainable corporate governance (CSR):

- Stakeholder orientation: Knowledge of requirements of interest groups is essential for NORD/LB. The systematic handling of stakeholder demands is an important element to ensure the long-term success of the company.
- Responsibility: Responsibility towards its stakeholders is a binding principle of NORD/LB's own corporate responsibility.
- Holistic approach: The management of the social and environmental impacts of NORD/LB's activities has an impact on all areas and requires a holistic approach.
- Transparency: Transparent corporate governance and clarity in the Bank's own positions serve to make the effects of its business activities on the environment and society visible and to present the added value of the products for customers and society.

## Management of climate and environmental risks / ESG risks

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

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

## Identification and evaluation

ESG risks are taken into account in the relevant risk types in the risk inventory. When it comes to climate and environmental risks, a distinction is made between physical and transitory risks. Following the ECB's publication on "Good practices for climate-related and environmental risk management – Observations from the 2022 thematic review", the set of ESG risk drivers surveyed was expanded at the end of 2022 and examined with regard to their impact in the relevant risk types. The qualitative materiality assessment of the risk drivers was differentiated over different time horizons according to physical and transitory climate and environmental risks. As risk drivers, ESG risks are incorporated into the risk models of the main risk types. For example, historically observed events, such as operational claims arising from physical climate risks could have an impact on the results of the risk models. Furthermore, the rating procedure includes an assessment of the business model of respective borrowers with regard to transitory risks.

NORD/LB has formulated various business exclusions in its ESG guidelines. These include certain business relationships with companies in the field of pornography and controversial weapons. In addition, business activities in the lending business in the areas of new construction of nuclear and coal-fired power plants, construction of dams and hydropower plants in particularly vulnerable areas and gambling in the online segment are excluded.

Furthermore, other industry-specific regulations specify that ESG and reputational aspects must be taken into account in business activities. Further information in this regard can be found in the "Internal Rules and Guidelines" section.

### Individual engagement review

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

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

### Portfolio review

In 2020 and 2021, NORD/LB carried out the first internal ESG risk stress tests, e.g. on the physical effects of an agricultural drought and the transitory risk in the agricultural segment. In addition, a stress test for climate and environmental risks in the market price risk was established in the reporting year for monitoring and management purposes. This is carried out quarterly and the result is reported to the Managing Board.

In 2022, NORD/LB participated in the ECB climate stress test, which was carried out by a total of 104 institutions, with only 41 institutions (including NORD/LB) having to determine the full stress test projections for the various climate scenarios with a forecast horizon of up to 30 years. Quantitatively, the stress scenarios specified by the ECB for NORD/LB indicate acceptable effects on risk provisioning.

Overall, the bank closed with an overall result (global score) that was better than the average of the participating institutions. At the same time, the stress test has revealed that there is still a need for further development in the availability of granular, climate-relevant data in order to improve the risk indicators in the context of the bank's strategic ESG orientation. The necessary measures are implemented in the Bank-wide ESG project. In addition, the findings from the ECB climate stress test are used in the implementation and improvement of other management-relevant topics, such as the implementation of transitory and physical risk analyses as well as the further development of the ICAAP/ILAAP integration and the internal stress test framework.

### Further developments

In the CARE project, which was set up across the Bank, for example, guidelines for meeting short and medium-term regulatory requirements were defined and a simplified concept for quantification, including dovetailing across all the material risk types, was developed. The project's activities planned for 2023 include the expansion of risk management frameworks, the performance of further climate risk analyses on physical and transitory risks, the review of the need for adjustment in the rating procedures and the expansion of risk reporting on climate and environmental risks. In addition, an initial set of ESG key risk indicators is introduced to analyse the exposure of risk types to physical and transitory climate and environmental risks.

## Metrics and goals for managing climate and environmental risks

In 2022, various ESG key figures (KPIs/KRIs) were established and will be collected from 2023. The plan is to develop a KPI/KRI dashboard as part of internal sustainability management reporting, which will initially create transparency and then serve as a management tool for the Managing Board in the further expansion stage.

## Management of further ESG risks

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

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

If necessary or if there is evidence in the lending process that negative ESG impacts may occur in a business transaction, or in the event of a transaction with a business partner from an industry considered to be controversial, ambiguous business transactions or their possible effects are forwarded to ESG management for further assessment. ESG management works together with compliance to examine such unclear ESG issues using the ESG framework, among other things. In the 2022 reporting year, sustainability management and compliance received 15 enquiries from the credit divisions regarding business transactions with potentially negative ESG impacts. All requests received a positive vote. No violations of the ESG framework were identified.

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

## Project CARE

NORD/LB launched the sustainability project CARE in 2021 to give due consideration to the relevance of the topic of sustainability. It aims to entrench ESG issues in the organisation and create the conditions for achieving a strategic ESG vision. The CARE project is also geared towards meeting regulatory ESG requirements.

By the end of 2023, the following sub-objectives were set:

- Definition of ESG key figures (KPIs/KRIs) and preparation of a sustainability management report to create transparency and, in a further expansion stage, as a management instrument for the Managing Board.
- Formulation of a climate strategy and its further development into a holistic sustainability strategy.
- Create transition paths initially for the high-risk sectors.
- Fulfilment of regulatory requirements, including in particular the ECB guidance on climate and environmental risks, the EBA guidelines and disclosure obligations.
- (Further) development of the Sustainable Loan Framework and link to the requirements from the EU taxonomy.
- Identifying ESG data requirements and creating IT transition solutions.
- Finalising an ESG governance framework and rolling out the ESG training concept to employees.

In 2022, the focus of the CARE project was primarily on the future reduction of CO<sub>2</sub> emissions in the financing portfolio. The purpose of the sub-objectives of the CARE project is to create the organisational prerequisites for the collection of information on and reduction of CO<sub>2</sub> emissions. In 2022, NORD/LB acknowledged the German financial sector's commitment to climate neutrality and aims to achieve a climate-neutral portfolio well before the required year 2050.

To achieve a climate-neutral financing portfolio, NORD/LB is guided by scientifically recognised requirements for sector decarbonisation, e.g. those stipulated by the International Energy Agency. To achieve such a climate-neutral portfolio, NORD/LB has determined the currently financed emissions of all sectors (baselining) as a starting point. As a next step, the Bank is working on the development of transition paths with which NORD/LB intends to support its customers on the path to net zero. A transition path is a scientific, assumption-based scenario for reducing emissions, which represents the progression over time of greenhouse gas emissions in line with a specific climate target. In this way, the CARE project enables the Bank to channel its financing resources to sustainable financing activities in a targeted way in the future and thus make a significant contribution to the decarbonisation goals of the Paris Agreement and the German Climate Protection Act. The transition paths for the high-risk sectors of energy, real estate and aviation were already determined in 2022. NORD/LB defines high-risk sectors as sectors that are characterised by increased climate and environmental risks in the form of physical and transitory risks and in which the Bank holds a significant share in its portfolio. The transition paths for all other sectors are set to be created in 2023.

NORD/LB's climate strategy was published internally in December 2022. This was developed based on the TCFD recommendations. The climate strategy describes the handling of actual and potential impacts of climate-related risks and opportunities on the company's business activities, strategy and management. Current regulatory requirements are gradually being incorporated into NORD/LB's business and risk strategy and are to be further developed into a holistic sustainability strategy in 2023. In addition, a Sustainable Loan Framework was developed, which will be operationalised in 2023. This framework defines the methodology and the associated processes for the classification of financial products and services as sustainable loans. The Sustainable Loan Framework is also closely linked to the requirements of the EU taxonomy.

Since 2022, NORD/LB has incorporated an ESG goal into the target agreements of the Managing Board and senior employees. The Managing Board approved the CARE project in 2021 and is regularly informed about the progress of the project. The achievement of the planned milestones is regularly reviewed by the project managers. By calculating the baselines for the sectors and creating the first transition paths, an important interim goal for reducing CO<sub>2</sub> in the financing portfolio was achieved in 2022.

## German financial sector climate agreement

On 24 May 2022, NORD/LB signed the climate agreement of the German financial sector and thus committed to aligning its loan and investment portfolios with the goals of the Paris Climate Agreement. This initiative by the banking industry in the financial sector aims to actively participate in social transformation to limit climate change. The Bank will report on its progress in this initiative on an annual basis as part of this report.

### Obligations arising from the climate agreement and the measures taken

Commitments under the climate agreement of the German financial sector	Measures at NORD/LB
Focus our efforts first on areas and infrastructure where we have or can have the greatest impact. These should include, in particular, the transformation-critical as well as CO <sub>2</sub> and energy-intensive industries and infrastructure sectors in our portfolios that are most affected by climate change.	<ul style="list-style-type: none"> <li>▪ Materiality analysis of the portfolio and definition of three sectors with a higher transition risk, for which a sector-specific risk analysis has been carried out and for which the customer dialogue is to be intensified.</li> <li>▪ Introduction of customer questionnaires with sector-specific ESG focus</li> </ul>
Committed to our customers for their and the transformation of the economy. This is the most effective way for us as financial players to contribute to the required change.	<ul style="list-style-type: none"> <li>▪ Intensification of structured customer dialogue in sectors with a higher transition risk (in progress)</li> <li>▪ Introduction of customer questionnaires with a general ESG focus</li> <li>▪ Further development of the range of sustainable financing products and adaptation of the criteria to market developments (ongoing processing and regular validation)</li> <li>▪ Identification and expansion of strategic ESG potential as part of the Bank's business strategy (ongoing processing and regular validation)</li> <li>▪ Development of ESG KPIs to measure and manage the Bank's sustainable business share</li> </ul>
Jointly develop and introduce the necessary methods for measuring the climate impact of our loan and investment portfolios and their management in line with national and international climate objectives. In this respect, there should be flexibility in the choice of methods insofar as the underlying objectives are in line with the requirements of climate research and are verifiable.	<ul style="list-style-type: none"> <li>▪ Execution of the ECB climate stress test</li> <li>▪ Development of risk drivers and impact analysis for sectors with a higher transition risk in order to be able to measure climate impact at the customer level</li> <li>▪ Conducting initial internal climate analyses</li> <li>▪ Development of internal ESG Centres of Expertise focusing on strategy, risk, EU taxonomy and carbon accounting</li> <li>▪ Planning of further internal climate analyses and stress tests (in progress)</li> </ul>

	<ul style="list-style-type: none"> <li>Operationalisation of the selected KPIs/KRIs as the first dashboard (in progress)</li> </ul>
Helping each other build the necessary skills for each financial player involved	<ul style="list-style-type: none"> <li>Membership of VöB's Sustainable Finance Commission (Association of Public Banks)</li> <li>Joining the Sustainability Team of the German Savings Banks Association</li> <li>Membership of the Climate Alliance Hanover 2035 initiative</li> <li>Membership of the Hanover City's climate network</li> <li>Participation in the FIRM Paper</li> <li>Participation in joint projects of the Savings Banks Finance Group to develop methods for assessing ESG risks (RSU and SR) (in progress)</li> </ul>
Approach all relevant players from the political, scientific and business levels to develop specific and practicable plans for all relevant sectors and assets	<ul style="list-style-type: none"> <li>Membership of VöB's Sustainable Finance Commission</li> <li>Joining the Sustainability Team of the German Savings Banks Association</li> <li>Membership of the Climate Alliance Hanover 2035 initiative</li> </ul>
Commit to formulating, publishing and managing sector-specific, scenario-based climate targets for our portfolios by no later than the end of 2022	<ul style="list-style-type: none"> <li>Ensure that the Managing Board has the objective of publishing a climate strategy based on the TCFD standards (publication outstanding)</li> <li>Ensure that the Managing Board has the objective of developing initial transition paths for sectors with a higher transition risk</li> <li>Creation of a sustainable loan framework to integrate business activities in the financing area and the strategy</li> </ul>
Reporting format developed and implemented in line with international formats by early 2023	<ul style="list-style-type: none"> <li>NORD/LB is a company subject to reporting in accordance with the requirements of NFRD</li> <li>Additional development of an external reporting system in accordance with GRI, PRB and TCFD standards</li> <li>Choice of report format and granularity of presentation</li> </ul>
Baseline determination: Result and calculation method of the responsible carbon footprint	<ul style="list-style-type: none"> <li>Initial baseline determination for individual sectors</li> <li>A more detailed examination for sectors with a higher transition risk is in progress, incl. development of transition paths</li> <li>Preparation for signing the PCAF initiative (deferred)</li> <li>Preparation for joining the PCAF DACHLI working group (deferred)</li> <li>Baseline for carbon footprint determined in own business operations (without financing portfolios)</li> <li>Development of options for reducing CO<sub>2</sub> emissions in own operations management (emissions reduction strategy) (in progress)</li> </ul>

NORD/LB has already achieved a large number of measures to achieve the commitment to the climate agreement of the German financial sector and will gradually improve these.



## Consideration of human rights in business operations

By signing the UN Global Compact, NORD/LB has committed to observing the ten internationally recognised principles of the UN Global in its business activities and pursues the aim of fulfilling these principles.

By systematically considering human rights and labour standards in its business activities, the Bank aims to actively promote the sustainable development of the economy and society within its sphere of influence. Human rights are therefore also integrated into the Code of Conduct. NORD/LB has joined the United Nations Environment Programme Finance Initiative (UNEP FI). Through this initiative, it supports the integration of sustainability aspects into the services of the financial sector, including selected human rights aspects.

The Bank is committed to integrating the ten principles of the UN Global Compact on human rights, labour standards, environmental protection and the prevention of corruption into its corporate strategy and culture, as well as its day-to-day business. NORD/LB also incorporates the following further international standards for responsible social cooperation into its actions:

- OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises,
- UN (United Nations) Guiding Principles on Business and Human Rights,
- ILO (International Labour Organization) core labour standards.

The Bank defines a violation of human rights as the following circumstances and derives them from national and international guidelines and standards:

- Child labour
- Forced labour and slavery
- Disregard of occupational health and safety regulations
- Failure to respect freedom of coalition
- Unequal treatment at work
- Withholding of an appropriate wage
- Unlawful forced eviction and expropriation of land
- Deployment of security forces with excessive force
- Damaging environmental impacts
- Production and use of mercury
- Import and export of hazardous waste

In light of this, NORD/LB published a new and more comprehensive policy on its human rights due diligence in August 2022, which is also used in the lending process. The policy commits the Bank to human rights and the prevention of any kind of human rights risks. NORD/LB undertakes to prevent or mitigate adverse effects on human rights caused by or associated with its business activities and services and to address negative effects if and to the extent they occur. NORD/LB expressly supports the guiding principles “Protect, Respect and Remedy”.

In December 2022, the Bank also issued a policy statement on respect for human rights. This statement was made by the Managing Board of the Bank at its meeting held on 20 December 2022 and subsequently published on the Bank’s website at <https://www.nordlb.com/nordlb/sustainability>.

NORD/LB strives to work with companies and persons whose business practices have a high level of governance and responsibility. The Bank has policies and procedures in place for the selection and verification of the Bank’s customers.

Accordingly, it expects its customers to also comply with the usual framework conditions relevant to human rights and labour standards. In this context, the Bank draws attention to its fundamental position. In the event of a violation, it reserves the right to terminate the business relationship. As part of the implementation of ESG in the lending process, issues relating to the prevention of discrimination and respect for social standards in the supply chain are also examined with customers when initiating business.

This principle also applies to business relationships with suppliers and service providers. In order to comply with international human rights standards, national laws and the Bank’s internal guidelines, NORD/LB carries out appropriate due diligence checks on human rights in order to identify, assess and address potential and actual negative impacts on human rights in its business activities and its own supply chain. NORD/LB integrates potential negative effects into its internal risk analyses and checklists for this purpose.

Within the framework of its service provider and supplier contracts, NORD/LB uses a regulation with which it commits its business partners to the principle of sustainable development in each contractual relationship. With regard to human rights, this means that all legal norms and international standards for basic and human rights, occupational health and safety/occupational safety as well as all regulations against discrimination must be complied with in a wide variety of ways.

If a service provider or supplier becomes aware of a violation of human rights, it is necessary for it to disclose the remedial or preventive measures it takes to NORD/LB in order to prevent or mitigate the violation. If service providers or supplier violate the human rights principles, this may lead to NORD/LB discontinuing its business relationship with the relevant supplier or service provider.

The German Supply Chain Due Diligence Act has been applicable in Germany since 1 January 2023. The law obliges companies with more than 3,000 employees to adequately observe human rights and environmental due diligence obligations in their supply chains with the aim of preventing or minimising human rights or environmental risks or ending the violation of corresponding obligations. NORD/LB falls within this scope of application and must implement the regulatory requirements with regard to risk management, prevention and remedial measures, whistleblower procedures and reporting.

NORD/LB supports the objectives of the German Supply Chain Due Diligence Act and therefore has, among other things, a whistleblower procedure set up on their website at <https://www.nordlb.de/rechtliche-hinweise/hinweise/-beschwerden-an-die-nordlb> (in German only) and corresponding rules of procedure have been published.

The whistleblower procedure is intended to enable potential affected persons to draw attention to human rights and environmental risks or violations. Potentially affected persons are those who:

- are directly affected by economic activities in NORD/LB's own business area or
- are directly affected by the economic activities of a direct or indirect supplier of NORD/LB, or
- may be subject to a violation in a protected legal position
- as well as persons who are aware of the possible violation of a protected legal position or an environmental obligation.

All information and reports are treated confidentially.

As part of its sustainability reporting, NORD/LB reports annually on its position in relation to human rights and labour standards and their implementation in business operations. In the 2022 reporting year, there were no known incidents of human rights violations.

## Internal regulations and guidelines

NORD/LB has recognised the ten principles of the UN Global Compact with the objectives of respecting human rights and working conditions, protecting the environment and combating corruption and bribery. The Bank is committed to implementing, following and further developing the ten principles within the scope of its business activities. NORD/LB reports on progress in taking these principles into account as part of the UN Global Compact Progress Report. The report will be published by the end of June 2023. Progress has been made, in particular, in the reorganisation of exclusions in the lending process and in the creation of a new human rights directive.

## ESG framework/ESG guidelines

With regard to the UN Global Compact, NORDB/LB excludes various business relationships and transactions due to their negative impact on people and the environment in the course of its business activities. To structure the credit check in relation to ESG issues as clearly and intuitively as possible for employees, an overarching ESG framework was developed in 2022. This framework replaces the ESG guidelines that have been in place since 2013. The ESG framework is a declaration of commitment by NORDB/LB, supplements the existing financing principles and has been approved by the Managing Board. The ESG framework defines the following:

### 1. Fundamental business exclusions:

- **Human rights due diligence:** Exclusion of cooperation with companies and institutions that are known to violate fundamental human rights.
- **Significant environmental degradation:** Exclusion of activities and business with significant negative effects on people and the environment in the course of its business activities
- **Pornography:** No business relationships with companies that produce and trade in pornography as well as with companies related to this sector.
- **Controversial weapons:** No business relationships with companies involved in the manufacture, trade, transport, storage or repair of the following armaments: nuclear weapons, biological weapons, chemical weapons, cluster bombs, uranium ammunition, weapons particularly suited to causing damage to civil society and anti-personnel mines.

### 2. Exclusions of certain business activities in lending:

- **Ship dismantling:** No support for business with shipyards that do not have an EU-standard certification or internationally recognised environmental and social standards.
- **Nuclear power plants:** No financing for the construction of new nuclear power plants.
- **Coal-fired power plants:** No financing for the construction of new, conventional coal-fired power plants.
- **Hydro power plants and dams:** No financing of the construction of dams and hydroelectric power plants in particularly vulnerable areas.
- **Gambling:** No support of business ventures in the online segment, either by direct participation in financing or as part of payment transaction processing.

### 3. Regulations for project financing:

NORDB/LB's project financing business is focused on high-income OECD countries and thus on countries with their own, high ESG standards. When financing projects with total costs exceeding USD 10 million outside of high-income OECD countries, which NORDB/LB intends to finance as the syndicate leader or alone, the project companies are required to separately demonstrate secure dealing with ESG project risks.

### 4. General sector-specific regulations for business activities

For certain business relationships, NORDB/LB ensures compliance with certain minimum ESG standards within the framework of the environmental and investment policy in its lending policy with its customers:

- **Agriculture:** Safe handling of the legal requirements arising from environmental, planning, animal welfare and nature protection law.
- **Mining, metals, oil and gas:** Safe handling and consistent fulfilment of legal and licensing requirements. Consideration of voluntary ESG standards by the borrower.
- **Fishing and fish farming:** The following minimum requirements apply to this industry: MSC certification (Marine Stewardship Council) or ASC certification (Aquaculture Stewardship Council)
- **Aircraft financing:** Focusing on machines that meet the standards of the best available technology at the time of lending, taking into account ecological and economic requirements.
- **Gambling:** No support of business ventures in the online segment, either by direct participation in financing or as part of payment transaction processing. Selective financing is still possible in the traditional gambling segment.
- **Timber industry and processing as well as paper production:** The following minimum requirements apply to this industry: FSC certification (Forest Stewardship Council) or PEFC certification (Programme for the Endorsement of Forest Certification Schemes).
- **Real estate:** Proficient compliance with the legal requirements arising from construction, environmental, planning and nature conservation law. In addition, the focus is on the energy efficiency of buildings and thus the CO<sub>2</sub> emissions associated with energy consumption. Aspects of environmental and social sustainability are weighted by type of real estate.
- **Palm oil:** The following standards must be complied with for business relationships that include palm oil:

- Membership in the Roundtable on Sustainable Palm Oil (RSPO) or another recognised organisation with at least equivalent standards
- NDPE policy (No Deforestation, No Peat, No Exploitation), both for own palm oil plantations and suppliers, purchased palm oil, fruit or preliminary products
- Armaments: business relationships exclusively with companies in the defence industry with headquarters in the Federal Republic of Germany that have an export licence.
- Hydropower: As part of an environmental assessment, customers must explain how environmental protection requirements are ensured.

#### 5. Sector-specific regulations for business activities in non-high-income OECD countries

- Agriculture: Consideration of the World Bank's "Biodiversity Conservation and Sustainable Management of Living Natural Resources" policy.
- Mining, metals, oil and gas: Consideration of the "Environmental and Social Risk Briefings" on mining and metals as well as oil & gas of the UNEP FI Initiative
- Fishing and fish farming: Consideration of the "Environmental and Social Risk Briefings" on agriculture and fisheries of the UNEP FI Initiative.
- Timber industry and processing as well as paper production: Consideration of the "Environmental and Social Risk Briefings" on forestry and logging of the UNEP FI Initiative.

All employees in the lending divisions are obliged to observe the ESG framework in their credit checks. In addition, a mandatory "ESG framework checklist" is stored in the processes, which gives employees instructions on which aspects of the ESG framework must be checked. Among other things, this checklist asks whether there are potential exclusions from business relationships or certain business activities, or whether the business activity takes place in non-high-income OECD countries. The results arising from the checklist must be included in the loan file with a corresponding vote.

## Product safety

In the customer and product area, NORD/LB places the objectives and needs of customers at the heart of its advisory services. The Bank has a standardised advisory medium that ensures a holistic view of the individual needs of its customers. In addition, this safeguards the high standard of advice focused on the long term. For financial products, the legislator requires banks to comply with extensive information and transparency requirements, such as the documentation of conversations in consultation protocols, the definition and classification of customers and products into risk classes, compliance with environmental, social and governance risks (ESG risks), investor- and investment-appropriate advice and a cost and fee overview. All NORD/LB Group institutions comply with these requirements without exception, which are anchored in the advisory processes.

The handling of new products, new markets, new sales channels, new services and variations thereof is regulated by New Product Processes in the individual institutions of NORD/LB of material relevance, taking account of overall conditions in each case. Consultation between institutions takes place as required. The primary aim of these new product processes is to analyse and assess all potential risks for NORD/LB before entering into business. This entails the integration of all required audit areas, documentation of new business activities and their management in the overall operational process, decisions on commencing business and associated restrictions as applicable

## Sustainability in banking business

NORD/LB strives to maintain an open and trusting relationship with its customers. At the same time, the bank practices responsible corporate governance with clear ethical principles and acts as a role model for integrity-based and lawful conduct. For this reason, the focus has increasingly been on sustainable banking in recent years.








## Sustainable Development Goals (SDGs)

With Agenda 2030, the United Nations (UN) has set itself 17 Sustainable Development Goals for socially, economically and environmentally sustainable development. The 17 goals are aimed at all: countries, civil society, business, science and each and every individual. As a financial institution, NORD/LB considers itself responsible for contributing to individual SDGs.

As part of the revision of its Green Bond Framework, NORD/LB commissioned a new “Second Party Opinion” from a renowned sustainability rating agency in 2022. It came to the conclusion that the (sub-)portfolio intended for green bonds, consisting of onshore/offshore wind power and solar photovoltaic plants throughout Europe and the United Kingdom, made a contribution to the SDGs.

All plants produce clean energy from renewable sources and make a significant contribution to combating climate change. In addition, an external analysis focused on environmental aspects was commissioned from a consultancy company. It came to the conclusion that all projects from the renewable energy sector presented in 2022 met the requirements of the EU Taxonomy. Compliance with the Do No Significant Harm principle in terms of biodiversity and ecosystems, as well as water and marine resources, was also assessed. In summary, all investments in the portfolio are aligned with the environmental objectives and requirements of the EU Taxonomy.

In line with this assessment, NORD/LB is making a positive contribution to the three SDGs “7 – Renewable Energy”, “11 – Sustainable Cities and Communities” and “13- Climate Action” with this portfolio:

Assets	EU Taxonomy	UN SDG Goals
Solar PV (photovoltaic)	4.1. - Electricity generation using solar photovoltaic technology	 
Wind (on- and offshore)	4.3. - Electricity generation from wind power	 
Battery Storage	4.10. - Storage of electricity	 
Green Buildings	7.7. - Acquisition and ownership of buildings	

NORD/LB will analyse the business and operating areas with regard to the 17 SDGs in a step-by-step process, identify potentials for action and develop ESG indicators that are intended to make the Bank’s contribution measurable and comparable.

## Sustainable investment

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

### SIP funds

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

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

Environmental, social and/or governance (ESG) criteria are taken into account when selecting suitable investments. For this purpose, companies are assessed according to criteria for environmental management (e.g. climate protection, environmental policy), social responsibility (e.g. social standards in the supply chain, safety and health) and corporate governance (e.g. bribery, corruption, transparency and reporting) and either ultimately included in the investable universe or excluded from it. For sovereign issuers, the focus is on criteria such as resource use and greenhouse gas emissions (E), income inequalities and unemployment (S) or political rights and civil liberties (G). The exclusion criteria are based on the principles of the UN Global Compact and issuers' business practices. The classification of which companies apply controversial business practices in this sense is carried out as part of the investment process. Companies that manufacture controversial weapons are generally excluded from the investment universe. Furthermore, no investments are made in countries that are classified as “not free” according to the Freedom House Index and/or have a score of less than 40 according to the Corruption Perceptions Index. In line with the fund strategy, based on internal research and analyses and using ESG ratings from research and rating agencies, investments are made in target funds, which have an ESG rating from the upper half of their peer benchmark group and an MSCI ESG rating of at least “BBB” or a comparable rating.

#### Löwen+ fund

NORD/LB has created sustainable investment funds for private customers and institutional customers with the Löwen+ fund. Löwen+ focuses on sustainable investments with high capital and reliable growth potential. The individual securities are selected on the basis of fundamental company data. Investments are only made in companies that want to achieve a sustainable and clean return. Clearly defined negative criteria result in exclusion from the investment portfolio:

- Violations of minimum environmental standards
- Violations of core labour standards
- Weapons
- Human rights violations
- Infringement of employment rights
- Gambling
- Corruption and bribery
- Tobacco
- Pornography
- Alcohol
- Nuclear power
- Environmental impacts

In addition, a best-in-class approach is pursued in which companies are evaluated in comparison to their competitors. NORD/LB sees great potential for companies in the requirements for greater sustainability: sustainable companies are generally very successful in their respective market segments with innovative products, services and strategies. The investment criteria were developed in cooperation with independent sustainability experts from vigeo eiris in order to ensure an objective and systematic assessment that remains true to the underlying ideology.

Löwen+ funds	
Investment product	Product description
Löwen+ return (WKN: A2JQWZ)	▪ Equity allocation 10 – 30%
Löwen+ growth (WKN: A2JQW0)	▪ Equity allocation 20 – 60%
Löwen+ opportunity (WKN: A2JQW1)	▪ Equity allocation 80 – 100%

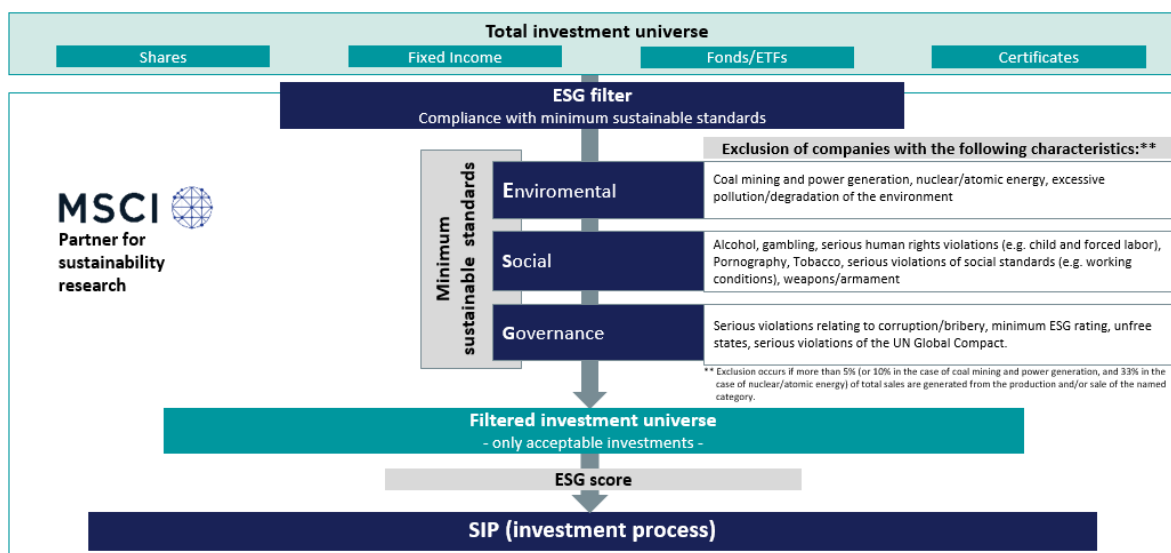
Total volumes in sustainable products

	Volume in EUR thousand (as at 31/12/2022)
Individual asset management	613,000
SIP funds	144,000
Löwen+ funds	106,000
<b>Total</b>	<b>863,000</b>

### Sustainable asset management

Demand for sustainable investment solutions continued to increase in 2022. In addition to the changing awareness of individual people, the sustainable goals and regulatory requirements of the European Union have also contributed to this. Consideration of sustainability criteria (social, ecological and ethical aspects) is strongly integrated in asset and portfolio management. The Bank’s asset and portfolio management works closely with a leading independent sustainability rating agency, MSCI ESG Research LLC.

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



Source: own illustration, 31.12.2021

Further information on NORD/LB's asset management can be found in the document "Declaration on the principal adverse impacts of investment decisions on sustainability factors" for NORD/LB's asset management. This is already available on NORD/LB's website.

## Green bonds

NORD/LB issues green bonds to raise funds for the funding of suitable financing that supports the company's strategy and commitment to sustainability. Furthermore, appropriate assets contribute to the EU's environmental objectives, in particular to mitigating and addressing climate change. By issuing green financial instruments, NORD/LB reconciles the financing of sustainable projects with sustainable funding, thus meeting the increasing demand from investors for environmentally sustainable investments.

To this end, the Bank has developed a Green Bond Framework, which sets out a range of criteria for the green financing instruments issued by NORD/LB and is based on the Green Bond Principles (GBP), which are published by the International Capital Market Association (ICMA). The Framework also takes into account the EU Taxonomy and the proposed EU standard for green bonds. Based on this Framework, NORD/LB issues green senior and subordinated bonds (as bearer or registered bonds), green covered bonds (i.e. green Pfandbriefe), green promissory notes, green deposits and green commercial paper (jointly referred to as the "green financing instruments"). All green Pfandbriefe meet the minimum standard of the vdp (Pfandbrief Banks Association).

NORD/LB has already issued the following Green Pfandbriefe (excluding private placements):

2022	2021	2018	2017
<b>NORD/LB</b> NORD/LB	<b>NORD/LB</b> NORD/LB	<b>DEUTSCHE/HYPO</b> Member of NORD/LB Deutsche Hypo	<b>DEUTSCHE/HYPO</b> Member of NORD/LB Deutsche Hypo
September 2022 - September 2027, 2.25%	September 2021 - September 2026, 0.01%	September 2018 - December 2024, 0.25%	November 2017 - November 2023, 0.125%
Green Mortgage Pfandbrief	Green Mortgage Pfandbrief	Green Mortgage Pfandbrief	Green Mortgage Pfandbrief
Volume: €500,000,000	Volume: €500,000,000	Volume: €500,000,000	Volume: €500,000,000

Further information can be found on NORD/LB's website at <https://www.nordlb.com/nordlb/sustainability/green-banking>.

## Advisory and service

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

NORD/LB places the objectives and needs of its customers at the heart of its advisory services. In order to ensure this, the advisers in the Private Customers business of the Braunschweigische Landessparkasse (BLSK) use the savings bank financial concept as a standardised advisory medium, which ensures a holistic approach to the individual needs of customers. This ensures that the high standard of advice focused on the long term is safeguarded. Customers have access to a wide range of free information events (cooperation with "money + budget") to build up financial knowledge, such as the "Planspiel Börse" (a stock exchange business game) at secondary schools, information events on topics such as pocket money account, avoiding mobile phone debt, everything about owning your first home, how to invest in securities and the long-lost relatives scam. In addition, there are regular discussions with interest groups such as with representatives of senior citizens and disability advisory boards to promote issues such as accessibility, use of online banking, awareness-raising and prevention of criminal offences

As the use of the savings bank financial concept is a high priority, the Braunschweigische Landessparkasse is continuously training its employees in this regard. All trainees, for example, learn how to use the financial concept as early as in the first few months of their training. All employees also regularly complete web-based training courses, such as on the German General Equal Treatment Act (AGG). NORD/LB and the Braunschweigische Landessparkasse stopped paying sales commissions to their employees at the end of 2012 and thus follow the usual practice in the savings bank sector.



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

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

Braunschweigische Landessparkasse is represented at 88 locations throughout the business region including in sparsely populated areas, in order to provide customers with financial services as comprehensively as possible. All of the branches have either a self-service or a conventional cash point. 15 locations are operated jointly with Öffentliche Versicherung Braunschweig (affiliated insurance company) as finance centres. The locations are supplemented by 34 self-service points. All of the locations have self-service facilities such as cash machines, self-service terminals and account statement printers.

86 locations of Braunschweigische Landessparkasse and both locations of the former Bremer Landesbank in Bremen and Oldenburg have barrier-free entrances. In order to offer better service to customers with impaired vision, 111 cash machines of Braunschweigische Landessparkasse have voice guidance (91 of which also have a deposit function) and seven machines in Bremen and Oldenburg have voice guidance including a deposit function, thus supporting independent access to cash services at over 72 locations.

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

In order to enable people with a difficult financial background to gain access to banking products, the Braunschweigische Landessparkasse also offers a "citizen" or basic account (Bürger-/Basiskonto), which is maintained solely on a non-borrowing basis. In addition, a prepaid credit card and access to active credit-building loans are offered. As at 31 December 2022, 3,718 citizen accounts and 3,821 basic accounts were held at Braunschweigische Landessparkasse.

## Tax requirements in the customer business

Dealing with tax risks for companies and especially banks has become enormously important in recent years. This made it possible to observe high-profile searches by tax investigators and the police. It is quite common for severe fines to be imposed on banks and criminal charges to be filed against members of the Managing Board and employees.

In addition to issues relevant to criminal law, experience has shown that aggressive tax arrangements, which are legal but perceived by the general public as illegitimate, can also cause huge reputational damage. NORD/LB is consciously aware of these risks and, as a publicly owned bank, is particularly committed to complying with tax laws.

Against this background, NORD/LB has taken various measures to avert damage to the Bank, its owners, the employees and the company in general.

## Tax strategy

NORD/LB has a tax strategy set out in writing, which was decided by the Managing Board of NORD/LB. The tax strategy contains a code of conduct in tax matters and the key principles of cooperation in tax matters with regard to culture, organisation, responsibilities and compliance within the NORD/LB Group.

At the heart of the tax code of conduct is the NORD/LB Group's self-imposed obligation to always meet the requirements under tax law both in relation to its own tax matters and in relation to transactions with customers. NORD/LB meets this voluntary obligation by assessing tax law issues in accordance with the corporate strategy and the fundamental corporate values as defined in the Code of Conduct and acting accordingly.

This includes, for example:

- NORD/LB employees do not conduct or support any business transactions that are carried out exclusively for tax avoidance and have no real economic background or that are obviously contrary to the intentions of the respective tax legislation.
- NORD/LB employees do not provide any support in this and do not encourage violations of tax laws.
- NORD/LB employees do not provide any support in this or do not support any transactions in which tax benefits are generated by deliberately withholding information from tax authorities.

## Tax Compliance Management System

NORD/LB has established a Tax Compliance System (TCMS) at an early stage. The structure of the TCMS is based on the basic elements required for an appropriate Compliance Management System according to IDW Audit Standard 980: culture, objectives, risks, programme, organisation, monitoring and improvement. The Tax Compliance Management System is used to manage NORD/LB in a way that is commensurate with the risk and is continuously adapted to changing circumstances (in particular in the event of changes in laws).

## Tax withholding and payment

As a financial institution, NORD/LB determines the capital gains tax, solidarity surcharge and church tax on the capital gains of its customers and pays these taxes to the financial authorities for its customers. NORD/LB is obliged to take into account the legal opinion of the financial authorities without any room for interpretation. Otherwise, the financial authorities may hold NORD/LB liable for taxes not paid. NORD/LB has implemented appropriate processes and controls to manage this.

## Procedure for exchanging financial information

NORD/LB fulfils its obligations in the context of the international procedure for the exchange of financial account information. This means that NORD/LB identifies and documents customers and beneficial owners with regard to their tax status. The aim is to uncover cross-border issues and combat tax evasion. In addition, the relevant NORD/LB companies have the status of a participating Foreign Financial Institution (participating FFI) under the Foreign Account Tax Compliance Act (FATCA). As part of this, all employees concerned receive regular training.

## DAC6 tax arrangements

NORD/LB has established procedures to fulfil its obligations to report cross-border tax arrangements in order to examine new transactions for the specified indications (so-called hallmarks) within the 30-day reporting period.

## Transfer pricing

In accordance with the tax strategy, NORD/LB does not conduct any transactions that have no real economic background or are exclusively intended to avoid taxes. NORD/LB allocates services provided by Group units to each other in the Group exclusively with the aim of assigning costs and services based on the purpose of their occurrence. In this case, arm's length transfer pricing is generally applied. In addition, transfer pricing is documented for transparency.

## VAT fraud

NORD/LB monitors the proper calculation of value added tax by means of technical SAP add-ons. NORD/LB is also currently working on a technical solution to store certain information for cross-border payments. If certain conditions are met, this should enable this information to be transmitted to the Federal Central Tax Office (BZSt). The aim is to create new opportunities to combat international VAT fraud.

# Stakeholder outreach

In line with the understanding of the GRI, NORD/LB understands its stakeholders to be legal or natural persons who can be assumed to be significantly affected by the Bank's activities or whose actions are expected to influence the Bank in terms of implementing strategies and achieving targets.

It is essential for companies to identify the requirements of their stakeholders at an early stage in order to be able to respond appropriately to them. The appropriate consideration of the different requirements of a wide range of interest groups is an essential element for NORD/LB to ensure its long-term corporate success. NORD/LB therefore uses established meeting formats with various social groups to exchange ideas on sustainability issues, to obtain and provide impetus for sustainability-based action and to develop itself further.

The dialogue with interest groups is conducted by ESG management in collaboration with various specialist departments. In addition, ESG management informs the Managing Board about the new findings gained from this as well as about current developments and ESG trends.

The Managing Board of NORD/LB has implemented a guideline for dealing with interest groups for this purpose, which is intended both to ensure open and consistent communication with the various interest groups on sustainability issues and to reinforce NORD/LB's positioning as a responsible company towards society and the environment.

NORD/LB has been in active dialogue with the ESG rating agencies for many years and uses the feedback gained from this as a basis for analysing its sustainability activities and as an impetus for continuously further developing ESG matters. The same applies to monitoring the media landscape.

NORD/LB is also a permanent participant in various sustainability-related working groups of the German Savings Banks Association (DSGV), the UN Global Compact (UNGC) network, the UN Global Compact Network Germany (UN GCG), the Association for Environmental Management and Sustainability in Financial Institutions (VfU) and the Association of German Public Banks (VÖB).

NORD/LB is a member of the Sustainable Finance Commission of the VÖB and has been participating in the UNEP FI/VfU Round Table for years in order to discuss the latest developments in the area of sustainability with other participants. In dialogue with junior academic staff, NORD/LB held several expert interviews during the reporting period, e.g. in the context of Master's and Bachelor's theses.

NORD/LB also regularly participates in various ESG conferences and ensures that its interest groups are made aware of sustainable and strategically relevant issues. As part of its communication strategy, NORD/LB not only informs its investors about sustainable objectives and products, but also incorporates strategic impulses from the capital market into its management and business model design.

NORD/LB is in regular contact with its customers on current ESG issues, e.g. in 2022, ESG was the focus of the annual capital markets conference. In addition, online workshops ("Capital market spotlight") with ESG priorities were organised for institutional investors. NORD/LB has direct access to its investors and their ESG concerns via the Research/Economy department and the Markets Strategy & Floor Research department. In this context, numerous studies on the topic of sustainability were also published in 2022. These are available at <https://www.nordlb.com/nordlb/research>.

This report is an important communication medium for the interested public and also includes the progress report of the Principles for Responsible Banking. In addition, a progress report of the UN Global Compact (UNGC) will be prepared. The contact details of the contact persons in ESG management are available on the Bank's website. However, not all interest groups can or want to enter into direct contact with NORD/LB. For this reason, the Bank is open to dialogue with various non-governmental organisations (NGOs) both in relation to direct enquiries and as part of various working groups and events.

The dialogues held with stakeholders provide ESG management with valuable insights into key ESG reporting topics. The following stakeholders were involved in the materiality analysis when determining key aspects:

- Property owners
- Employees and personnel representatives
- Capital market ((sustainability) rating agencies, analysts, institutional investors)
- Media (daily newspapers, business press, social media)
- Suppliers and service providers
- Customers
- Politicians and authorities (EU, Germany, city and country)
- Non-governmental organisations (NGOs)
- Science and research (institutes, universities, trend researchers)
- Society (social environment, neighbours, trade unions)
- Associations (banking and business associations).

## Sustainability ratings

External evaluations of corporate sustainability activities by sustainability ratings agencies are of increasing importance for NORD/LB as well as for a large number of interest groups. Sustainability ratings provide an assessment of the integration of environmental and social aspects and corporate governance criteria into the company's business activities. This allows investors to base their decisions on external assessments and to manage their portfolio in a targeted manner with respect to compliance with (internal) regulations. They can also opt to exclude or minimise different controversial areas in a targeted or individual manner.

For this reason, NORD/LB defines sustainability ratings agencies as stakeholders, and is also in regular contact with them during the rating process and beyond. NORD/LB uses the sustainability ratings for targeted strength-weakness analyses and derives improvement potentials from the ESG rating reports submitted. At the same time, the analyses are also used for an intensive internal dialogue with the corresponding specialist departments.

NORD/LB is currently being assessed by various sustainability rating agencies. The ratings are published on NORD/LB's website at <https://www.nordlb.com/nordlb/investor-relations/rating>.

# Our corporate governance

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

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

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

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

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

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

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

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

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

## Code of Conduct

NORD/LB has published a Code of Conduct in order to combine the Bank's requirements for compliance with the law with ethical conduct and thus link corporate success with social responsibility. The Code of Conduct can also be viewed publicly on NORD/LB's website at [https://www.nordlb.com/fileadmin/redaktion/Rechtliche\\_Hinweise/pdf/Code\\_of\\_Conduct-English.pdf](https://www.nordlb.com/fileadmin/redaktion/Rechtliche_Hinweise/pdf/Code_of_Conduct-English.pdf). It forms the framework for integrity-based, value-conscious and fair conduct and is binding for all members of the Managing Board, managers and employees. Company-wide communication was carried out directly by the Managing Board.

The Code of Conduct contains, among other things, clear commitments to prevent conflicts of interest, to combat corruption and to prevent money laundering, the financing of terrorism, fraud or other criminal offences. The Code of Conduct was updated in August 2022 and adapted to the changing social conditions. For example, in the "Values and objectives" section, the values from NORD/LB's vision – Sustainable, Human, Engaged – were updated. In the "Sustainability" section, the updated sustainability principles and a commitment to environmental and social responsibility were added. The various aspects of diversity have been redefined in the "Mutual appreciation, protection against discrimination, equality and diversity" section. Sexual discrimination is now expressly included here. NORD/LB is also committed to the fair treatment of business partners and competitors in the "NORD/LB in competition" section.

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

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

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

## Whistleblower system and ombudsman

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

NORD/LB has set up a whistleblowing system which serves, among other things, to combat criminal and illegal activities. An external ombudsman responsible for NORD/LB and all its subsidiaries has undertaken to assist with this, for example, and all employees, members of executive bodies, customers and business partners can contact an external ombudsman in confidence and anonymously if required. This ensures that whistleblowers do not have to fear any disadvantages, even if the information turns out to be unfounded. Information in this regard can be found on NORD/LB's website at <https://www.nordlb.com/legal-notice/fraud-prevention>. Employees are regularly informed about the ombudsman, its tasks and activities as well as its availability. In addition, all employees have the option of reporting relevant processes to management, the responsible member of the Managing Board, the HR department, the Legal department, the Internal Audit department and the Compliance department. After an initial check, the ombudsman will forward the information provided to the responsible contact person within the Bank. This person is responsible for initiating the necessary further internal steps. In addition, the ombudsman can not only advise the whistleblower on problems, but can also help and advise the whistleblower in discontinuing any criminal conduct. If the whistleblower wishes to remain anonymous, this must be ensured by the ombudsman, since the ombudsman is subject to both the professional secrecy and the right to refuse to give evidence. The whistleblower also does not incur any costs as a result of the involvement of the ombudsman; these are borne by the Bank.

Customers can also submit any complaints via a complaint management system. The aim of complaint management is to ensure that customer complaints are processed appropriately and promptly. Complaints received are evaluated to resolve recurring errors or problems. NORD/LB aims to ensure a high level of customer satisfaction and long-term customer loyalty. If a satisfactory solution cannot be found, customers are also at liberty to contact the responsible consumer arbitration board with their complaint. The complaints management principles and information on the complaints management procedure can be found on the Bank's website: <https://www.nordlb.de/rechtliche-hinweise/hinweise/-beschwerden-an-die-nord/lb> (in German only).

## Management of compliance-relevant issues

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

The basic elements of the compliance management system include:

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

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

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

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

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

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

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

The Managing Board is informed of the results annually as part of the risk report. The risk analyses and internal security measures based on the provisions of the applicable Anti-Money Laundering Act must also be approved by the responsible member of the Managing Board. In addition, all these issues are also subject to regular and comprehensive internal and external audits.

## Management of conflicts of interest

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

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

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

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

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

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



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

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

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

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

## Prevention of insider trading

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

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

## Prevention of money laundering and terrorism financing

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

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

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

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

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

#### Customer due diligence:

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

#### Internal safeguards

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

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

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

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

## Prevention of other criminal offences (fraud)

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

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

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

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

## Prevention of corruption, paying bribes and accepting bribes

NORD/LB defines corruption as an abuse of a position of trust or decision-making authority, combined with the intention of gaining an unjustified advantage in connection with public, economic or political responsibility. Bribery is committed when a decision maker offers a consideration in return for the performance of an economic act in which the decision maker violates their fiduciary duty towards their client. The decision maker concerned, who accepts this consideration, is guilty of participating in bribery. It is irrelevant whether the public official takes advantage of the benefit personally or for a third party.

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

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

Thanks to comprehensive preventive measures, there were no corruption-related losses in 2022.

## Integrity check

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

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

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

## Training on compliance-related topics

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

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

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

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

- Data protection/GDPR, valid for three years
- Information security, valid for one year
- Minimum Requirements for Risk Management (MaRisk), valid for three years
- Requirements arising from the German Anti-Money Laundering Act, valid for 3 years

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

All WBTs finish with a test. Successful participation is documented in the system after completion by means of a test certificate. IT-supported target/actual comparisons are carried out on a regular basis; if a required qualification has not been obtained, a technical request is made to employees to participate in the WBT and their managers notified about the required WBTs to be carried out by their employees.

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

# Information security and data protection

Financial services companies deal with a wide variety of information. Such information and the resources and consumables required for processing (e.g. IT systems, applications, forms, letters, printouts) represent fundamental values. Their protection is indispensable in order to maintain and strengthen performance and competitive position, the trust of business partners, customers and employees and their reputation in the public domain and to prevent misuse. Furthermore, bank employees encounter a wide range of personal data. Protecting this data and the trust associated with its provision is a key task of a bank.

## Information security

The aim of information security is to protect information and the associated information resources against loss of confidentiality, availability, integrity and authenticity. This is done by managing and implementing a proactive and ongoing (process-oriented) information security management system (ISMS). Information security risks or deviations from the security standard are assigned to the respective responsible departments. The ongoing preservation of the security of information is aimed at through continuous improvement of the ISMS as part of a PDCA cycle (Plan, Do, Check, Act).

The requirements for information security are regulated by law at all NORD/LB locations and implemented in the corresponding structures and procedures. At the German locations, the NORD/LB Group institutions take into account the following regulatory, legal and contractual requirements, among others:

- German Banking Act (KWG) Sections 25a, 25b and 25c
- General Data Protection Regulation (GDPR)
- New Federal Data Protection Act (BDSG-neu)
- German Commercial Code (Handelsgesetzbuch: HGB), risk management of information processing
- Minimum Requirements for Risk Management (MaRisk)
- Banking supervisory requirements for IT (BAIT)
- Second Payment Services Directive (ZAG)/Payment Services Directive 2 (PSD2)
- Circulars from banking supervisors such as the Federal Financial Supervisory Authority (BaFin)
- Group information security requirements
- Contractual security obligations with third parties

Specific similar regulations apply to the foreign locations.

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

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

To implement and maintain an appropriate level of information security, the Managing Board of NORD/LB has appointed a Chief Information Security Officer (CISO) at Group level. The CISO is the highest authority for the information management system at NORD/LB. The subsidiaries have their own information security officers (ISO), who have been appointed by the respective Managing Board members. The respective information security officers were commissioned by the Managing Board members with the development, implementation and continuous improvement of information security requirements. They report directly to the respective Managing Board member on a regular and an ad hoc basis. Their tasks include controlling and managing information security and their risks, conducting regular reviews and advising the Managing Board and specialist departments.

To maintain an appropriate level of information security, annual, Group-wide risk analyses based on the current threat situation were carried out in 2022. Information security requirements were derived by taking relevant standards and norms into account. Compliance with these specifications is checked regularly and on an ad hoc basis as part of the internal control system, audits and security checks. In addition, information security management is the subject of regular internal and external audits. Any information security incidents are analysed and solutions are developed with appropriate preventive measures. The analyses, audits and checks carried out in 2022 showed that the NORD/LB Group has a fundamentally appropriate level of information security.

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

## Data protection

The confidential, sensitive handling of personal data at NORD/LB enjoys the highest priority and the legal obligations and requirements for data protection to be taken into account are of paramount importance. This applies both to the processing of personal details of employees and customers as well as to the personal details of suppliers, consultants and other contractual partners of NORD/LB. Banking secrecy is strictly maintained. Data and information are only used within the framework of strict purpose limitation and legal requirements.

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

Every employee is responsible for complying with data protection regulations. On the part of NORD/LB and NORD/LB Luxembourg, data protection obligations of<sup>9</sup> all internal and external employees who handle personal data are subject to data secrecy; this obligation also applies beyond the employment relationship. NORD/LB's data protection policy is set out in the Group Data Protection Framework Policy, which is applicable throughout the Bank in the respective institutions.

NORD/LB is obligated to have appropriate policies and procedures in place to ensure compliance with data protection. The business units and their employees are continuously monitored, sensitised and advised by the Data Protection Officer with regard to the implementation of data protection laws. In addition, regular training takes place in the form of WBT. NORD/LB Luxembourg has a Data Protection Officer who is officially approved by the National Commission for Data Protection (CNPD) of the Grand Duchy of Luxembourg.

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

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<sup>9</sup> In Luxembourg pursuant to the coordinated version of the Law of 2 August 2002 on the protection of personal data with regard to data processing

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

To ensure and monitor compliance, adequacy and effectiveness of all data protection-related requirements, annual analyses are carried out on the basis of risk-oriented monitoring plans. The monitoring plans are drawn up annually by the Data Protection Officer and take into account how the various divisions are affected (cycle of the monitoring activity between one and seven years). In 2022, all the divisions affected were properly audited.

In 2022, there were no reportable anomalies on the subject of data protection. Based on the measures implemented, the Data Protection Officer determined for the reporting year that the currently implemented organisational structure as well as the implemented procedures and measures for data protection and data security, when properly applied, met the legally required minimum standards. The following data protection measures and audits have been carried out:

- Revalidation of various processing activities and data protection-relevant documents
- Further development of the data protection monitoring programme
- Adaptation of the website to the data protection principles for operators of websites

# Our employees

## Shaping the work of the future

In 2022, the focus of HR work in banks was marked by a significant intensification of the competitive situation on the labour market, which requires a greater focus on employer branding and employee retention. Besides the ongoing megatrends of demographic change and digitalisation, the topic of ESG has developed into another megatrend significantly influencing the work of the future. NORD/LB achieved significant milestones in the NORD/LB 2024 transformation programme in 2022 and was able to implement the necessary staff reductions on the basis of voluntary agreements with employees in a transparent and socially responsible process. At the same time, the cultural transformation was driven forward, which is geared towards employees and the organisation of the collaboration. For this purpose, the interactive team task “Mission WelCome Back” was carried out by almost all employees in 2022 as part of the #creatingthefuture activation programme in order to find a balance between in-office and mobile working in an exchange between employees and managers. In 2022, NORD/LB took second place with its #creatingthefuture initiative in the Handelsblatt Mindshift Award in the “Corporate Culture” category – this award for innovative methods in the new working world also demonstrates the progress in the Bank’s cultural transformation.

## Governance

Human resources governance at NORD/LB is based on internal guidelines as well as all relevant laws, regulations and guidelines of the countries in which the Group operates. The internal guidelines include principles of conduct in the Code of Conduct, the Human Rights Due Diligence Policy, the Diversity Policy and guidelines and service agreements on all key human resources topics relating to the recruitment, remuneration and further development of employees. With regard to responsible human rights due diligence and labour standards in its business activities, NORD/LB is committed to the international principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the international standards of the ILO Core Labour Standards.

To ensure adequate staffing levels, the Bank carries out regular monitoring and analysis of target figures in terms of numbers, costs and quality of staff, which is presented to the Managing Board in an HR management report and forms the basis for the adaptation of HR processes and tools. In addition, a key figures-based HR management process has been implemented to identify any risks at an early stage and derive appropriate measures. As part of this process, the development of quantitative and qualitative staffing is evaluated on a quarterly basis at divisional level and countermeasures are taken if there is a need for action.

## Strategic HR alignment

NORD/LB’s extensive transformation – along with the challenges in the areas of cultural transformation, digitalisation and sustainability – as well as the intensified dynamic on the labour market provide the framework for the strategic HR alignment and the areas of action relating to human resources management.

NORD/LB focuses on forward-looking HR activities geared towards employees in order to attract junior staff at an early stage to NORD/LB and to motivate and retain employees in a targeted manner. These HR activities are based on an HR strategy derived from the business and risk strategy and are approved by the Managing Board.

In addition to supporting the transformation of NORD/LB and shaping the work of the future, the sustainable alignment of HR work is increasingly becoming a strategic focus topic. This includes the sustainable design of HR instruments – such as fair and transparent remuneration systems and non-discriminatory development opportunities – as well as supporting the establishment of the topic of sustainability in business processes – e.g. through training courses. In addition to the necessary management of the quantitative and qualitative staffing levels, the following key strategic areas form the overarching guiding principles of the HR activities:

- Sustainable alignment of HR work
- Attracting and emotional retention of staff
- Further development and qualification of staff



To implement and manage the HR activities, the key strategic areas are underpinned by measures that were designed and successfully implemented in 2022 with the following priorities:

- Continuation of personnel restructuring and further development of the workforce with systematic stabilisation and management of resources,
- Go-live of the Bank-wide job architecture with a transparent representation of all job roles and information on job evaluations and training requirements,
- Targeted expansion of employer branding and implementation of measures for target group-specific addressing of potential employees, such as an open day for interested students,
- Implementation of targeted training and development measures with regard to the future-oriented needs of the Bank, focus topics and individual interests of employees.

## Development of the workforce

At the end of 2022, the NORD/LB Group had 4,191 employees – 333 fewer than in 2021 (4,524 employees). The staff restructuring programme to be completed by the end of 2023 is thus being continued as planned as part of the NORD/LB 2024 transformation programme and the focus of resource management is increasingly shifting to the Bank's future positioning.

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

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

### Key personnel figures (temporary contracts and permanent employees in the Group)

	2020	2021	2022
<b>Employees (total)</b>	5,020	4,524	<b>4,191</b>
<b>Permanent employees (total)</b>	4,732	4,212	<b>3,942</b>
<b>male</b>	2,354	2,119	1,993
<b>female</b>	2,378	2,093	1,949
<b>Permanent employees, full-time</b>	3,545	3,169	<b>2,979</b>
<b>male</b>	2,259	2,044	1,926
<b>female</b>	1,286	1,125	1,053
<b>Permanent employees, part-time</b>	1,187	1,043	<b>963</b>
<b>male</b>	95	75	67
<b>female</b>	1,092	968	896
<b>Employees on temporary contracts (total)</b>	288	312	<b>249</b>
<b>male</b>	124	128	116
<b>female</b>	164	184	133
<b>Employees on temporary contracts, full-time</b>	268	276	<b>221</b>
<b>male</b>	122	123	111
<b>female</b>	146	153	110
<b>Employees on temporary contracts, part-time</b>	20	36	<b>28</b>
<b>male</b>	2	5	5
<b>female</b>	18	31	23
<b>Junior staff (total)</b>	162	138	<b>138</b>
<b>male</b>	83	72	76
<b>female</b>	79	66	62
<b>Intern</b>	74	68	<b>64</b>
<b>male</b>	38	36	35
<b>female</b>	36	32	29
<b>Dual study/work students</b>	74	58	<b>65</b>
<b>male</b>	34	30	35
<b>female</b>	40	28	30

<b>Trainees</b>	<b>10</b>	<b>12</b>	<b>9</b>
male	8	6	6
female	2	6	3
<b>Workforce by region (in %)</b>			
Germany	92.1	92.1	91.7
Europe, Asia, USA	7.9	7.9	8.3

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

#### New hires

	2020	2021	2022
<b>Total new hires<sup>10</sup></b>	<b>134</b>	<b>195</b>	<b>200</b>
<b>New hires by gender</b>			
male	80	86	105
female	54	109	95
<b>New hires by age structure:</b>			
up to 30 years	90	101	95
31-50 years	33	71	66
from 51 years	11	23	39
<b>New hires by region:</b>			
Germany	118	160	172
Europe (excluding Germany)	9	12	13
North America & Asia	7	23	15

#### Staff turnover

	2020	2021	2022
<b>Staff turnover (in %)<sup>11</sup></b>	<b>13.7</b>	<b>17.9</b>	<b>16.9</b>
<b>By gender relative to total workforce:</b>			
male	14.7	16.2	16.0
female	12.6	19.5	17.8
<b>By age relative to total staff turnover:</b>			
up to 30 years	27.0	20.5	23.2
31-50 years	35.3	29.5	39.6
from 51 years	37.7	50.0	37.2
<b>By region relative to total staff turnover:</b>			
Germany	93.2	87.3	90.7
Europe (excluding Germany)	4.4	5.1	4.8
North America & Asia	2.3	7.4	4.3
<b>Staff turnover due to resignation (employee resignations<sup>12</sup>)</b>	<b>2.9</b>	<b>2.6</b>	<b>2.3</b>
<b>By gender relative to employee resignations</b>			
male	3.3	2.7	2.6
female	2.5	2.5	2.0

At 16.9 per cent, the NORD/LB Group's overall staff turnover rate in 2022 continued to be at an expected high level (2021: 17.9 per cent), reflecting in particular the implementation of the NORD/LB 2024 transformation programme. This rate takes into account all new hires and resignations of all staff, including fixed-term employees, employee resignations, retirement-related measures and termination agreements. With the personnel management targets of the transformation programme reached, the focus has been increasingly on staff turnover due to resignation and specifically on employee resignations by permanent employees. This has fallen by almost 20 per cent since 2020 and is an indicator that the Bank's retention measures and offers are valued.

<sup>10</sup> New hires include junior staff, i.e. interns, dual students and trainees.

<sup>11</sup> Staff turnover takes into account all new hires and resignations of all staff, including fixed-term employees. This also includes socially acceptable early retirements, retirements and special early retirements.

<sup>12</sup> Resignations by employees

## Representation of interests and co-determination

NORD/LB is committed to collective bargaining and the further development of collective agreements together with social partners. As part of collective bargaining, the ver.di and DBV trade unions represent the interests of employees within the scope of the relevant collective bargaining agreements. As at 31 December 2022, the NORD/LB Group had 3,834 employees (> 90%) who fell under collective bargaining agreements.

NORD/LB attaches great importance to corporate co-determination. All employees at the sites in Germany are represented by local staff representatives and a General Employees Council. Staff representatives and management work together constructively and in a spirit of trust and jointly implement statutory, collective bargaining and company regulations on the basis of the Lower Saxony Personnel Representation Act. Important operational changes are discussed with staff representatives at an early stage and presented to the employee committees of NORD/LB in accordance with the relevant participation rights in order to reach joint agreements.

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

## Remuneration

As part of the personnel strategy, the Group-wide remuneration strategy supports the corporate culture and is aimed at achieving the objectives set out in the business and risk strategy, among other things. The principle behind action in business activities is the responsible handling of risks in order to achieve business success in the long term. The NORD/LB Group's remuneration strategy is also subject to this principle. The remuneration strategy and the remuneration policy derived from it take into account the regulatory requirements and ensure that there are no incentives for taking inappropriate risks and that the responsible and risk-aware behaviour of employees is promoted.

The Supervisory Board is responsible for the appropriate design of the remuneration systems of the Managing Board. The remuneration of the Managing Board consists of an annual fixed salary, the option of variable remuneration and other market-related remuneration components (e.g. company pension scheme and company car). These are standard regulations that do not incentivise the taking of inappropriate risks. The adequacy of the total remuneration of the members of the Managing Board is reviewed at regular intervals by means of market comparisons.

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

The remuneration of employees is based on the following differentiation and structural features:

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

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

Regardless of gender identity, NORD/LB's remuneration system includes similar, transparent calculation bases and procedures as well as defined remuneration components. Job evaluations are generally carried out on a task-specific basis and not on a personal basis, and variable remuneration is generally granted based on performance. The structure of the remuneration system follows the principles of transparency, commitment and market orientation in order to support the recruitment and retention of employees. In addition, the aim is a fair and non-discriminatory development of remuneration structures – for example, creating transparency in the form of reports in the bonus and salary process contributes to improvements in the area of the gender pay gap. The Bank has

started to carry out regular gender pay gap analyses and has identified a need for action in some cases. With regard to closure measures, for example, managers are required to use certain budget shares to close differences as part of the salary processes. Corresponding guidelines are also formulated for variable remuneration.

In the foreign branches and representative offices, the remuneration system and amount is based on the local market conditions and is determined on the basis of comparisons with local competitors. The integration of locations abroad into the remuneration processes ensures that framework requirements and regulatory requirements are adequately implemented.

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

NORD/LB will incorporate current regulatory requirements such as the ECB guidelines on climate and environmental risks as well as requirements from the EU Action Plan for Sustainable Finance step-by-step into NORD/LB's business and risk strategy and align the operating processes accordingly. Due to the high importance of the topic, corresponding specific targets are also included in the individual target agreements of the Managing Board, e.g. creation of CO<sub>2</sub> transition paths for 2023 to determine a net zero strategy. A corresponding weighting ensures that the achievement/failure to achieve the targets has a direct influence on the overall target achievement level, which is the basis for measuring the variable remuneration. The same applies to the level of divisional management.

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

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

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

## Social benefits

Permanent employees of NORD/LB are entitled to the applicable company pension scheme. The NORD/LB Group has several different pension schemes (VO). The present value of the defined-benefit obligations and further information can be found in the Notes to the Financial Report 2022 (IFRS).

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

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

## Diversity and equal opportunities

### Promotion of diversity and equal opportunities

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

The basic guidelines for diversity work include NORD/LB's core values in the Code of Conduct, the Diversity Charter adopted by companies in Germany and NORD/LB's Principles for Responsible Banking and the Diversity Policy revised in June 2022 and approved by the Supervisory Board. The Human Rights Due Diligence Policy, sets the framework for compliance with human rights and environmental due diligence obligations in connection with business activities and services as well as with regard to NORD/LB employees.

With regard to implementing diversity, NORD/LB follows an overarching, inclusive approach to treat and promote the workforce fairly and without prejudice – while actively managing individual differences, cultural backgrounds and practical experiences for the company's success. It is precisely this diversity of employees that is an important part of the corporate identity. NORD/LB therefore attaches importance to ensuring that all genders are treated equally and provides a work environment that fosters equal appreciation and support regardless of gender and gender identity, age, sexual orientation, ethnic origin and nationality, physical and mental abilities, religion and beliefs, and social background.

The measures for achieving diversity objectives at NORD/LB include the aspects of visibility, qualification and anchoring in the organisation.

To increase the visibility of diversity in the workforce, a Bank-wide network of employees – the Community of Diversity – initiates activities and measures that are based on the Diversity Charter and take all dimensions of diversity into account. The Community of Diversity represents a cross-section of NORD/LB's workforce and combines the experiences and creativity of participants across age groups, departments and hierarchies. The offers include impulse workshops on sexual orientation, different generations and lifestyles, as well as aspects of equality of opportunity and where there is no equal opportunity. In addition, activities were initiated on specific campaign days, such as the German Diversity Day, the intercultural week or Orange Day.

In addition to the Community of Diversity network, which operates across dimensions, NORD/LB's LGBTIQ "BUNT/LB" network has been founded and supports tolerance, fairness and appreciation in the workplace.

Mentoring 4 all by Diversity is aimed at all employees with a personal concern in the area of diversity and offers support in a collegial setting, e.g. for questions concerning professional planning and decisions, balancing family and career, mixed teams or questions about severe disability.

In addition to raising awareness among all employees, the qualification, especially of managers, is crucial for anchoring an appreciative and inclusive attitude and achieving diversity objectives. Diversity management is a mandatory component of management training and is supported in the form of a seminar on the fundamentals and benefits of diversity management and action topics in management work in order to also support managers in their role model function of promoting diversity.

With regard to anchoring in the organisation, the processes and instruments are constantly being further developed in order to promote equal opportunity in professional development and a balance between professional and private life situations. For the recruitment and promotion of employees at all levels as well as junior staff, the Bank-wide transparent job architecture creates the basis for individual development prospects and targeted succession planning. Adjustments to the recruitment processes, such as the consideration of all female applicants in management and more senior specialist positions or the promotion of high-performing women via development dialogues, contribute to gender equality.

The share of women in the workforce is almost unchanged at 49.7 per cent (2021: 50.4 per cent), with women in management positions at 21.2 per cent (2021: 21.2 per cent). Among the members of the Managing Board at NORD/LB AöR, the share of women increased by 20 per cent in 2022 (2021: 14.3 per cent). The share of female Supervisory Board and Administrative Board members increased by 27.8 per cent (2021: 22.3 per cent) compared with the previous year. Employees from 30 nations were part of the workforce in 2022 (2021: from 30 nations).

## People with disabilities

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

As at 31 December 2022, the share of people with disabilities in the NORD/LB Group was 4.1 per cent. With the current employment rate for severely disabled persons, the Bank is below the statutory rate of 5 per cent of severely disabled employees in the workforce. The “physical and mental abilities” dimension of the “Community of Diversity” aims to promote open and unbiased interaction with one another and to focus on talents rather than deficits. The inclusion agreement concluded between the employer’s representative and the employee side as well as the representative body for severely disabled persons defines measures that contribute to increased awareness of the special situation of people with disabilities and to ensuring participation in the work process within NORD/LB.

### Diversity key figures

	2020	2021	2022
<b>Employees (total)</b>	<b>5,020</b>	<b>4,524</b>	<b>4,191</b>
male	2,478	2,247	2,109
female	2,542	2,277	2,082
<b>Employees without management function</b>	<b>4,563</b>	<b>4,112</b>	<b>3,818</b>
male employees	2,116	1,922	1,815
female employees	2,447	2,190	2,003
<b>Employees by age structure</b>			
Employees up to 30 years	643	593	556
Employees aged 31 to 50	2,237	2,027	1,808
Employees aged 51 and over	1,683	1,480	1,440
<b>Employees with a management function</b>	<b>457</b>	<b>412</b>	<b>373</b>
male managers	362	325	294
female managers	95	87	79
<b>Managers by age structure</b>			
Managers up to 30 years	2	2	1
Managers aged 31-50	236	206	179
Managers aged 51 and over	219	204	193
<b>Managing Board</b>	<b>15</b>	<b>14</b>	<b>14</b>
<b>Managing Board NORD/LB AöR (without LFI)</b>	<b>5</b>	<b>7</b>	<b>5</b>
male	5	6	4
female	0	1	1
<b>Managing Board NORD/LB AöR (without LFI), age structure</b>			
Managing Board Member up to 30 years	0	0	0
Managing Board Member aged 31-50	0	1	1
Managing Board Member aged 51 and over	5	6	4
<b>Supervisory and Administrative Board Members</b>	<b>27</b>	<b>21</b>	<b>24</b>
<b>Supervisory and Administrative Board NORD/LB AöR (without LFI)</b>	<b>18</b>	<b>18</b>	<b>18</b>
male	13	14	13
female	5	4	5

## Equal treatment and non-discrimination

In addition, no discrimination or harassment is tolerated throughout NORD/LB, whether on grounds of gender and gender identity, age, sexual orientation, ethnic origin and nationality, physical and mental abilities, religion and belief, social background or also on account of political outlook or trade union activity.

In addition to legal regulations such as the General Act on Equal Treatment (AGG) in Germany and corresponding local regulations at the locations abroad, internal regulations such as the Code of Conduct, the Diversity Policy and the Human Rights Due Diligence Policy provide the framework for ensuring equal treatment and anti-discrimination. The topic of anti-discrimination is addressed in various “Community of Diversity” campaigns and measures in order to continuously raise awareness and proactively counter any discrimination.

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

In 2022, the Bank was not aware of any cases of discrimination.

## Work/life balance

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

With regard to flexible working hour models, the long-term working hours account product gives employees the opportunity to plan longer leaves of absence through the pre-tax deferred compensation scheme and thus also to balance their work and private life. Further options, such as the part-time initiative for a temporary reduction in working hours or the product "leisure time for remuneration", for additional days off through a pro rata waiver of remuneration, increase flexibility in the planning of individual life phases. In 2022, the "Valuable Parental Leave" (WERTvolle Elternzeit) initiative was also launched with the aim of improving the framework conditions for shaping personal life planning and career planning.

NORD/LB supports its employees also in balancing work and family care. In addition to leaves of absence for the purpose of care, it is also possible to advise and arrange childcare facilities for dependants in need of care in cooperation with an external service provider via NORD/LB.

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

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

# Training and further education

## Training

Demographic change had an impact on the number of incoming applications in 2022 in the area of junior staff. To be best positioned in the competition for talent, NORD/LB continued to set a high training standard. Not least in this year's re-audit by the Chamber of Industry and Commerce (IHK), the Bank was able to prove this once again having received the "TOP Training" quality certificate. The importance of trainees for NORD/LB also becomes clear once the training has been completed. NORD/LB was able to offer all interested trainees a job offer in 2022. Following the pandemic-related restrictions of recent years, representative formats such as an open day for students and participation in training and university fairs were resumed in 2022. In addition, a team event was organised for all trainees and dual study/work students at NORD/LB. The Instagram channel "NORD/LB Career Start" initiated in 2021 was further developed in 2022 with good feedback in order to contribute to employer attractiveness among the target group and to provide an authentic insight into training at NORD/LB. Here, NORD/LB gives current trainees the opportunity to regularly help shape the content.

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

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

## Junior staff development and recruitment

Among other things, the creation of attractive working conditions was the focus for the recruitment, emotional retention and motivation of junior staff in 2022. At the beginning of their training, all junior staff were fully equipped by the Bank in terms of technology so that flexible working from home is also possible. The individual promotion and development of junior staff is also an important aspect of training. For this reason, the trainees' deployment planning is based on the trainees' respective strengths and interest profile in order to set the course for individual and competence-based development at an early stage.

A recruitment campaign is currently planned for summer 2023 in order to further advance the recruitment of junior staff and increase awareness about the company among the target group. In this project, some particularly committed trainees have the opportunity to make a contribution as a sign of appreciation.

When it comes to the skills structure of the junior staff, a contemporary training offer and the presentation of individual development prospects are essential aspects for the long-term retention and motivation of junior staff. With regard to the future-oriented alignment of the training, job profiles are regularly evaluated and adapted, which gives rise to new training and study opportunities, such as the dual course of study in business economics, business administrators for digitalisation management and IT specialists in application development, which contribute to NORD/LB's competitiveness on the labour market.

Recruiting junior staff is based on NORD/LB's quantitative and qualitative requirements. The target of almost 50 interns and dual students for the start of training in August 2022 as well as 15 trainees was almost met thanks to the demand from applicants. This means a training ratio of 3.2 per cent (2021: 3.0 per cent). As a public-sector institution, the NORD/LB Group continued to fulfil its social responsibilities for training in 2022 with its training figures and acceptance rates.

## Further training and succession management

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

In 2022, the introduction of the Bank-wide job structure, which was initiated in 2021, was completed with its technical implementation in the SAP Success Factors system. This gives all employees access to the job structure, in which all tasks in the Bank are categorised into job families. From a personnel development perspective, the transparent description of job functions, families and roles serves as an anchor point for defining the required skills and qualifications as well as a basis for identifying individual development opportunities and developing structured succession planning. With regard to the requirements for the entire workforce in the context of transformation, personal responsibility, teamwork and openness to change continue to be defined as overarching basic skills. In addition, functional skills such as analytical or consulting skills which relate to the respective requirements in a job function are defined.

The measures for qualification and development include the in-house training programme with a focus on interdisciplinary content based on NORD/LB's competence model, specialist seminars and training courses as well as offers for self-directed learning that are available via a digital learning platform for all employees. In 2022, Group-wide measures such as a structured knowledge transfer process in the context of personnel restructuring, training on remote working and training on the topic of sustainability were driven forward in the implementation of the NORD/LB 2024 transformation programme and in response to the new challenges.

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



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

Managers are responsible for ensuring that the workforce is adequately qualified. A review, documentation and confirmation that an employee is suitably qualified or that measures have been taken to ensure training takes place as part of the performance appraisal, which is held annually between the manager and the employee. As part of the performance appraisals, the manager confirms that the employee has all the required qualifications in accordance with MaRisk 7.1 and that suitable training measures are defined and recorded if there is a need for training. In addition, the Bank and the Staff Council adapted the Further Training Service Agreement in 2022 to the new requirements of the job structure. The aim here is also to promote the best possible qualification of employees

Further training is managed by means of annual appraisals in which managers and employees discuss further training requirements and agree on appropriate measures as part of development planning. The performance appraisal also includes validating the legally prescribed qualifications (e.g. WBT Compliance, MaRisk, anti-money laundering), the up-to-date nature of which is also monitored during the year via system-supported tracking.

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

## Occupational health and safety management

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

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

### Occupational safety

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

The rate of sick leave (rate of absences due to sick leave) at the NORD/LB Group increased to 5.8 per cent in 2022 (2021: 4.1 per cent).

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

Particular attention is paid to accident prevention in relation to threats and robberies in workplaces associated with cash transactions or the storage of cash and other tangible assets and additional attention is paid to the prevention of accidents in connection with incidents involving explosives at ATMs. With the use of other types of explosives and quantities with ever-increasing explosive power, perpetrators are accepting increasing risks to the life and limb of randomly affected third parties. In order to counteract this development and further reduce risks, NORD/LB and Braunschweigische Landessparkasse have implemented a homogeneous security concept consisting of interlinked prevention and intervention measures, which is regularly assessed and further developed in an impact-oriented manner, using location-based risk analyses and in coordination with authorities, the Sparkassenverband Niedersachsen and manufacturers of automatic and security systems.

Due to the still volatile situation of the coronavirus pandemic in 2022, the implemented infection control measures were regularly assessed and adapted to the respective situation as part of the situation team meetings of the emergency and crisis organisation held weekly and later at longer intervals.

### Overview of sick days and workplace accidents

	2020	2021	2022
Employees (total)	5,020	4,524	<b>4,191</b>
Workplace accidents (number)	17	13	<b>11</b>
male	8	8	4
female	9	5	7
Workplace accidents (working days)	255	178	<b>147</b>
male	138	96	94
female	117	82	53
Fatalities due to workplace accidents	0	0	0
Sick days (working days)	58,053	43,804	<b>59,562</b>
male	23,630	16,313	24,609
female	34,423	27,491	34,953
Planned working days (working days)	1,189,864	1,044,268	<b>1,023,596</b>
male	607,905	533,419	534,881
female	581,959	510,849	488,715
Percentage of workplace accidents to staff	0.3%	0,3%	0.2%
Percentage of work-related accident days to sick days	0.4%	0,4%	0.2%
Percentage of workplace accident days to planned working days	0.0%	0,0%	0.0%
Percentage of sick days to planned working days (rate of sick leave)	4.8%	4,1%	5.8%

## Occupational health management

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

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

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

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

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

In 2022, various products for maintaining the life domain balance continued to be offered in digitalised form via external service providers (e.g. digital or alternative consultation formats (walk and talk)) as well as a digital relaxation break during lunchtime. In order to support employees, various information and assistance was made available on the intranet, for example in the form of a newsletter "Mental health in times of crisis" by the employee and management consultancy.

In 2022, NORD/LB made its proactive and preventive support tools permanently available via a professional OHM. Legal framework conditions from the German Occupational Health and Safety Act (ArbSchG) and the German Social Code also require the implementation of various measures such as a company reintegration management system (hereinafter referred to as REM) and the provision of psychological risk assessments.

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

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

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

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

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

NORD/LB also offers special seminars on maintaining health, particularly in challenging times, such as “Resilience for employees”.

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

# Our social commitment

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

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

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

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

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

## Overview of donations (in € thousands)

	2020	2021	2022
<b>Social commitment</b>	263	193	120
<b>Culture</b>	459	507	546
<b>Environment</b>	2	21	50
<b>Sport</b>	295	175	86
<b>Research, business and science funding</b>	83	78	19
<b>Other (incl. bonus savings)</b>	267	68	170
<b>Total</b>	1,369	1042	991

## NORD/LB Cultural Foundation

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

In 2022, creative professionals made their own arrangements with regard to the coronavirus pandemic and handled the few remaining restrictions with ease. All projects rated positively by the Cultural Foundation were successfully implemented.

In the 2022 financial year, the NORD/LB Cultural Foundation granted 22 benefit commitments amounting to a total of EUR 391,500. The work of the NORD/LB Cultural Foundation focused on funding cultural organisations and projects in the Federal states of Lower Saxony and Saxony-Anhalt. In terms of content, the focus was on the visual arts and music. The following projects were special promotional priorities in the 2022 financial year:

- Exhibition: "Islam in Europe 1000 – 1250" at the Dommuseum in Hildesheim
- Exhibition: "Heinrich Vogeler – Der Neue Mensch" in Worpsswede
- Exhibition: "Arno Fischer – A journey" at Kummerow Castle
- Exhibition: "Margret Eicher: Far Cry" at the Moritzburg Art Museum in Halle (Saale)
- "Teresa Burga" exhibition in Weserburg in Bremen
- KunstFestSpiele Herrenhausen 2022 - "rwh 1-4" concert by Mark Andre
- Kurt Weill Festival 2022 in Dessau under the motto "Music – Mirror of the Time"
- Festival in Mecklenburg-Western Pomerania: "The Myth of Mozart's Violin"
- The "Women in Jazz" concert series by the Society of Friends of Jazz in Hanover
- Drum Festival: ÜBERSCHLAG in Hanover

## Science

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

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

## Social commitment

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

NORD/LB provides financial support, e.g. for the work of organisations that admit and provide treatment for abused children, for day-care centres in socially disadvantaged areas or for learning projects in schools with a migrant background. NORD/LB also supports numerous projects in advisory centres for the disadvantaged and people facing particular social difficulties. In addition, our Christmas donation – in lieu of gifts for customers and business partners – goes exclusively to social and regional projects.

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

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

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

## Policies

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

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

# Our business operations

## Corporate environmental management

Active environmental protection forms the basis of NORD/LB’s sustainable actions and is an integral part of its corporate policy. Since 1990, the environmental impact has been steadily reduced and the costs spent on energy and resources have declined at the same time. This not only relieves the Bank’s environmental and corporate balance sheet, but also strengthens its position as an environmentally responsible company. Corporate environmental management also includes active involvement as a member of the Association for Environmental Management and Sustainability in Financial Institutions (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. - VfU) and here especially in its forum on business ecology.

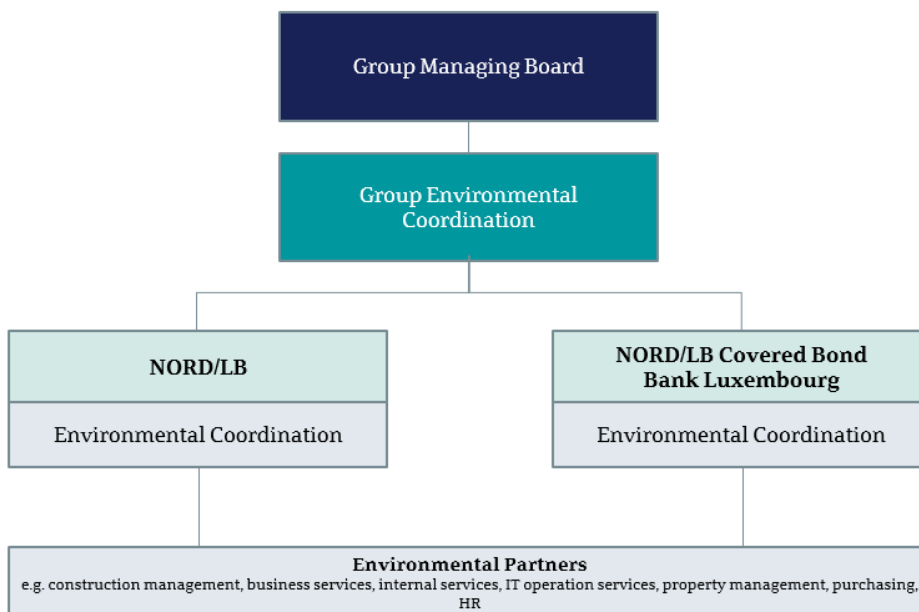
### Organisation of corporate environmental protection

NORD/LB sets itself ambitious goals in its environmental programme to increase eco-efficiency. Corporate environmental management includes systematically monitoring implementation effectiveness and reporting on the respective implementation status. The activities were integrated into the organisational procedures and processes of banking operations from the outset. Corporate environmental protection is organised as a network structure in which each Group company has appointed a coordinator for corporate environmental protection and nominated decentralised environmental partners in the specialist departments. With the help of the environmental balance sheet, corporate environmental management controls NORD/LB’s material and energy flows, defines specific environmental protection goals annually and coordinates measures for their implementation. Corporate environmental management is supported by the cross-departmental network of environmental partners, which also provides training and answers all questions on the topic of environmental protection.

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

NORD/LB is continuously developing its environmental protection efforts and ensures that it complies with applicable environmental standards through an open dialogue with stakeholders on all issues relating to corporate environmental protection, exchanges with external experts and commitment to cross-company initiatives and working groups.

#### Environmental management system



## Emissions

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

In contrast to the manufacturing industry, the Group's use of resources is essentially limited due to its activity as a service provider. Nevertheless, NORD/LB in Germany offers jobs for 3,970 employees in offices that are heated, supplied with electricity and drinking water, as well as equipped with IT hardware and office equipment. In addition, NORD/LB's activities require employees to be mobile in order to be able to provide advice to customers, a key service provided by a financial services company.

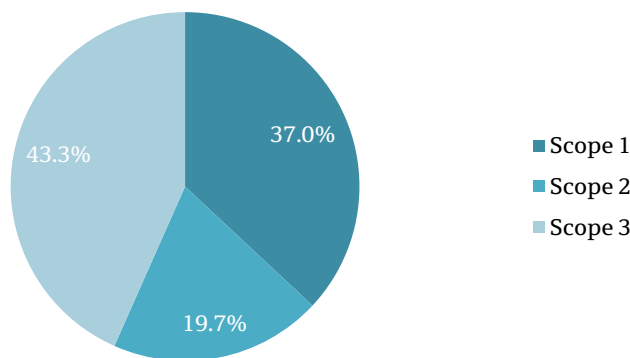
The environmental management team is also available for suggestions and initiates improvements. In the past, these included measures such as adjustments to plant technology or conversions from lighting systems to LED technology (including in the field of outdoor advertising systems).

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

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

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

### Relevance of GHG emissions Scope 1-3



Around 87.1 per cent of CO<sub>2</sub> emissions result from energy consumption (heating and electricity) as well as business trips with the company's own vehicle fleet, rental car, train or airplane.

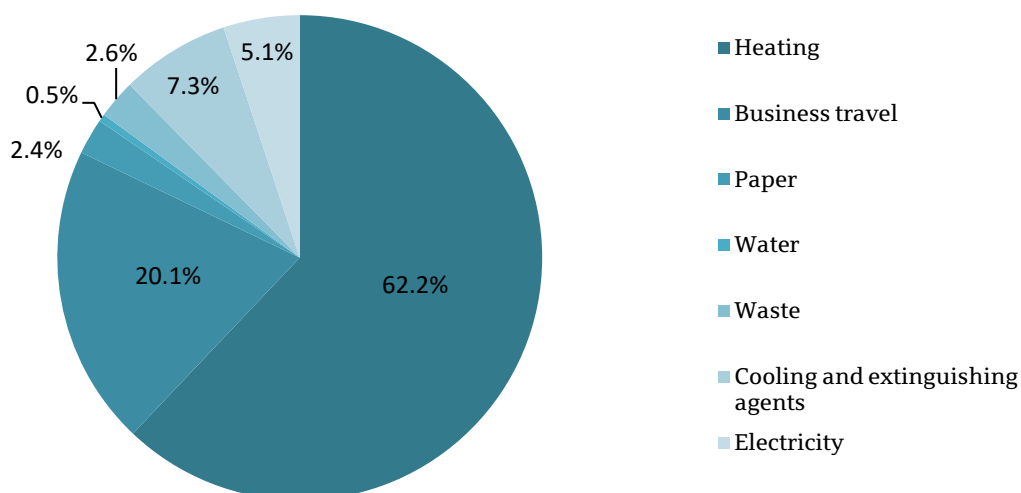
## Greenhouse Gas Protocol methodology for greenhouse gas emissions

(in t CO <sub>2e</sub> )	2020	2021	2022
<b>Scope 1: Direct CO<sub>2e</sub> emissions</b>			
Natural gas	1,311	1,081	1,400
Heating oil	42	36	25
Fuels (emergency power)	0,3	0,3	0,3
Petrol (company cars)	96	86	96
Diesel (company cars)	468	421	143
Coolant losses	222	81	406
<b>Total scope 1</b>	<b>2,139</b>	<b>1,704</b>	<b>2,070</b>
<b>Scope 2: Indirect CO<sub>2e</sub> emissions</b>			
District heating	1,820	1,745	1,086
Electricity	-	-	-
<b>Total scope 2</b>	<b>1,820</b>	<b>1,745</b>	<b>1,086</b>
<b>Scope 3: Indirect CO<sub>2e</sub> emissions</b>			
Electricity	293	317	278
Heating	881	1,167	913
Transport and traffic (e.g. business trips)	571	526	852
Paper	100	82	134
Water	31	27	26
Waste	113	124	142
<b>Total scope 3</b>	<b>1,989</b>	<b>2,242</b>	<b>2,364</b>
<b>Total scope 1-3</b>	<b>5,948</b>	<b>5,692</b>	<b>5,502</b>
<b>Relative per employee (in kg)</b>	<b>1,237</b>	<b>1,322</b>	<b>1,385</b>

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

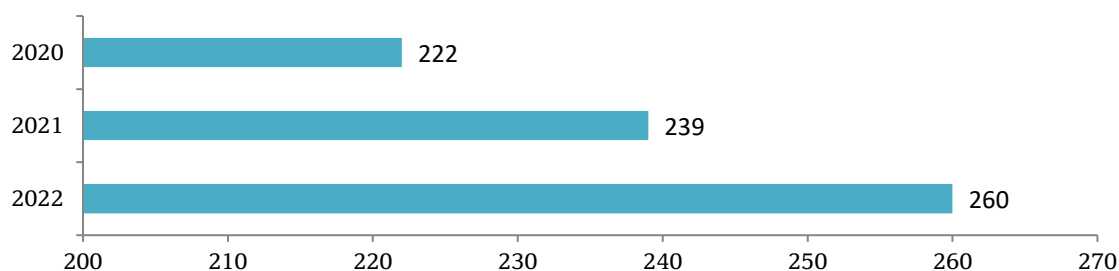
CO<sub>2</sub> emissions in 2022 – by emission source

Total greenhouse gas emissions: 5.524 tCO<sub>2e</sub>





**Ozone-depleting emissions/coolant losses (in kg)**



**Environmental footprint**

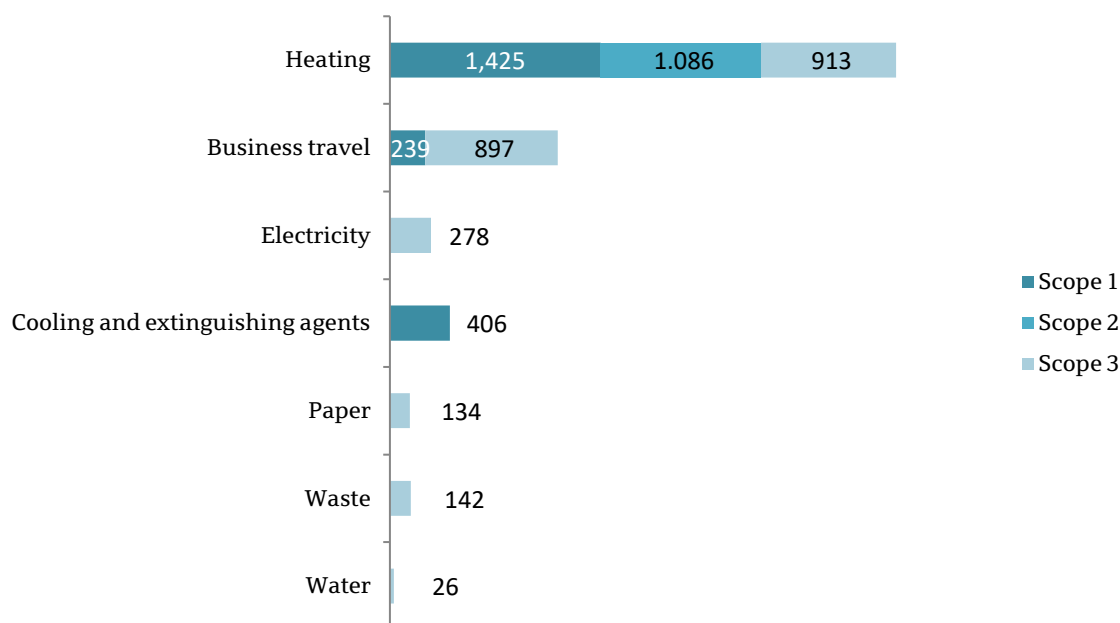
NORD/LB's CO<sub>2</sub>e emissions fell by 3.3 per cent year-on-year to 5,503 t.

The largest individual items were the consumption of heating energy (62.2 per cent) and business trips (20.1 per cent). Thanks to the use of green electricity, this share of total emissions is extremely low at 5.1 per cent.

The highest emissions of 2,346 t (42.6 per cent) are scope 3 emissions, which are mainly caused by energy consumption and business trips.

Scope 1 emissions are similarly high at 2,070 t or 37.6 per cent, which include not only heating energy and the company's vehicle fleet but also coolant losses. Scope 2 emissions, at 19.7 per cent or 1,086 t of emissions, relate primarily to heating energy.

**Environmental footprint (in tCO<sub>2</sub>)**



**Energy**

NORD/LB depends on the use of energy as part of its business operations. Energy consumption comprises the use of natural gas, heating oil, electricity and district heating, as well as petrol and diesel for the vehicle pool.

At 4,838 tons of CO<sub>2</sub>, energy consumption and business operations accounted for around 87.9 per cent of total emissions in the year under review, making them the largest source of emissions. The effects represent the largest individual items in all three scopes.

Direct energy consumption has increased significantly in some cases compared to 2021, as more NORD/LB employees have returned to the office. Due to an increase in new business activities and the normalisation of business trips after the Covid-19 pandemic, business transactions using cars have also increased.

In light of this, the focus in 2022 was on measures to implement the Ordinance on Securing Energy Supply via Measures Effective in the Medium Term of the German Federal Government. For example, the room temperature in buildings was lowered to 19°C, the lighting was switched off during the night and the hot water supply in the sanitary facilities was switched off. In addition, NORD/LB has consolidated its locations and arranged to close down operations during the Christmas period from 23 December to 8 January 2023 at all major administrative locations.

Electricity from renewable energies (hydropower) is used at NORD/LB including the Braunschweigische Landessparkasse, NORD/LB Luxembourg and the sites in Bremen and Oldenburg. In addition, electricity is produced at the Bremen and Luxembourg sites by operating photovoltaic systems for in-house operation and, in Hanover, a solar thermal energy system contributes to water heating in kitchens.

#### Direct energy consumption by primary energy source

(in FY)	2020	2021	2022
<b>Natural gas</b>	23.813	19.634	25.430
<b>Heating oil</b>	529	450	313
<b>Fuels (petrol, diesel) for emergency power</b>	4	4	4
<b>Petrol consumption of vehicles</b>	1.292	1.151	1.290
<b>Diesel consumption of vehicles</b>	6.227	5.595	1.902
<b>Total</b>	<b>31.865</b>	<b>26.834</b>	<b>28.939</b>

#### Indirect energy consumption by primary energy source

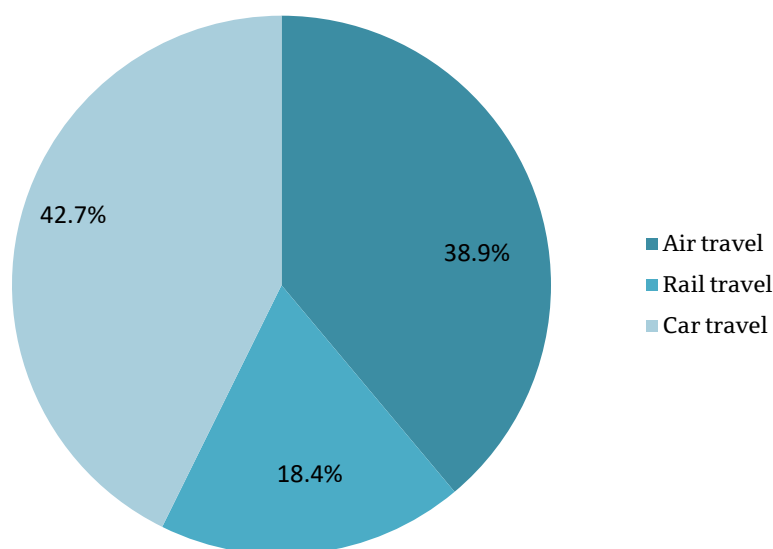
(in FY)	2020	2021	2022
<b>Electricity</b>	57.867	53.474	50.491
<b>of which from renewable sources</b>	57.867	53.474	50.491
<b>of which from non-renewable sources</b>	-	-	-
<b>District heating</b>	47.899	54.275	37.810
<b>of which from renewable sources</b>	-	-	-
<b>of which from non-renewable sources</b>	47.899	54.275	37.810
<b>Total</b>	<b>105.766</b>	<b>107.749</b>	<b>88.301</b>

Electricity from renewable energies (hydropower) is used at NORD/LB including the Braunschweigische Landessparkasse, NORD/LB Luxembourg and the sites in Bremen and Oldenburg. In addition, electricity is produced at the Bremen and Luxembourg sites by operating photovoltaic systems for in-house operation and, in Hanover, a solar thermal energy system contributes to water heating in kitchens.

## Mobility

Mobility accounted for around 20.6 per cent of total emissions in the year under review at 1,136 t CO<sub>2</sub>, making it one of the largest sources of emissions. The effects relate to scope 1 and 3.

In 2022, vehicle trips continued to be the most frequently used means of transport, but the number of business trips increased by around 41.8 per cent compared to the previous year to 5,494,908 km. Business trips by vehicle fell by 26.4 per cent to 2,343,819 km, rail travel increased by 176 per cent to 1,011,397 km and air travel by 558 per cent to 2,139,692 km. The reason for these developments in the 2022 reporting year was the renewed increase in business travel, which was significantly reduced in previous years due to Covid-19 restrictions.

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

Employees' daily commute to work is another potential area of activity for NORD/LB to save or avoid emissions. NORD/LB therefore gives its employees the opportunity to purchase job tickets for using public transport at the major locations in Hanover, Bremen, Oldenburg and Brunswick in order to reduce the environmental impact as much as possible. In 2022, 682 employees of NORD/LB took advantage of this opportunity. Job tickets were cancelled due to the pandemic and in connection with the increased proportion of people working from home.

## Paper and water

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

In the year under review, paper consumption accounted for around 2.4 per cent of overall emissions, which is equivalent to a reduction of 74.0 per cent. The effects relate to scope 3. This is a catch-up effect relating to employees after returning from working from home.

The percentage of recycled paper is around 1.6 per cent. In the case of virgin fibre paper, only paper from sustainable forestry with the Forest Stewardship Council (FSC) seal is used for printer and photocopying paper.

### Materials used by weight or volume and percentage of recycled material

	2020	2021	2022
<b>Paper consumption (in t)</b>	92	75	123
<b>of which recycled paper</b>	6	3	2
<b>of which fresh fibre paper (ECF and TCF)</b>	86	71	121
<b>Percentage of paper with sustainability label</b>	76%	65%	84%
<b>Paper consumption per employee (in kg)</b>	19.1	17.4	31.0

Chlorine-bleached virgin fibre paper is not used at NORD/LB.

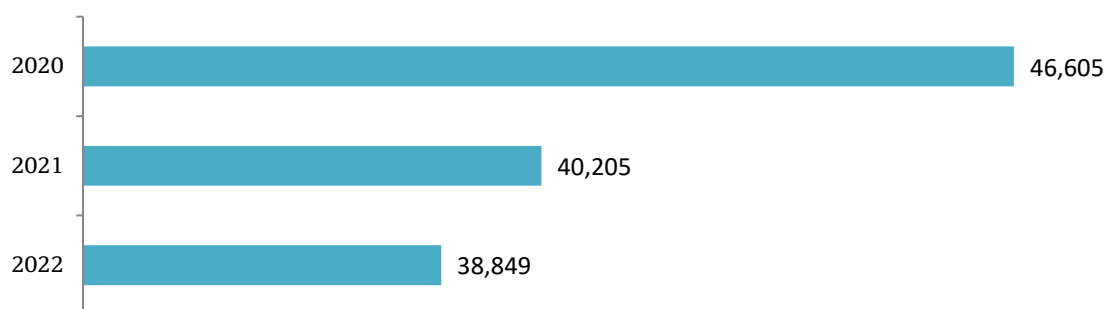
As a service company, NORD/LB does not use water for the provision of products or services that contribute to the products or services of the organisation, or receive products or services from the organisation.

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

Compared to the previous year, water consumption fell by around 3.4 per cent to 38,849 m<sup>3</sup>.

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

#### Total water withdrawal (in m<sup>3</sup>)



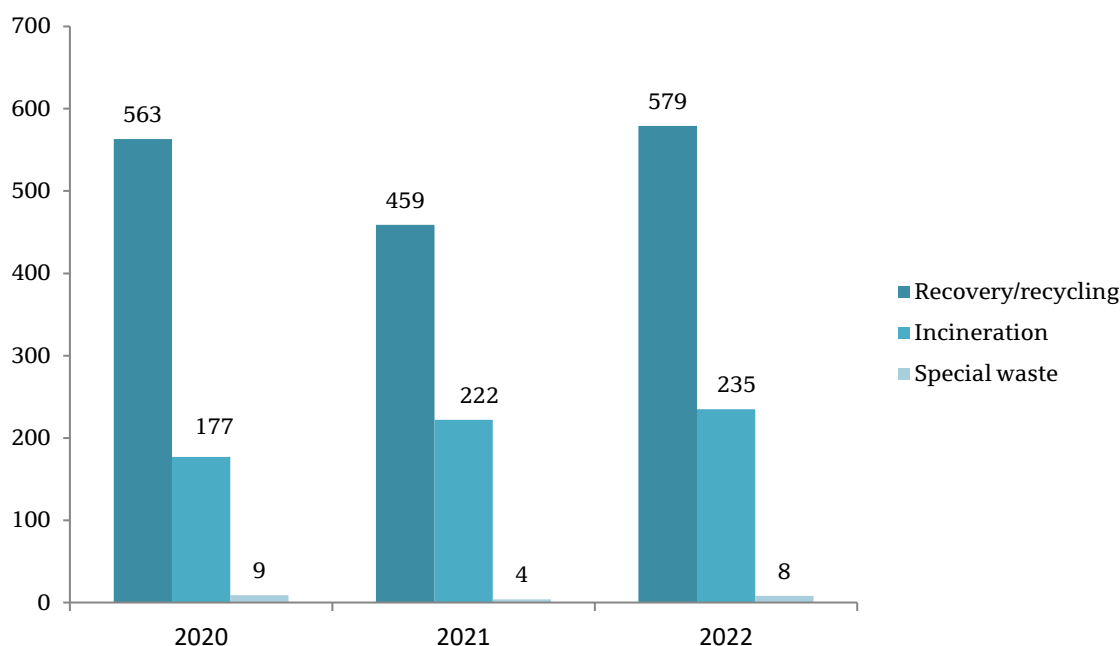
## Waste

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

Recyclable materials are recycled as far as possible. NORD/LB achieves a recycling rate of around 70.4 per cent overall. Hazardous waste is disposed of via the respective disposal companies using the legally prescribed disposal methods. Toner cartridges are returned to the material cycle and reused via the manufacturers' return programmes.

In the year under review, waste accounted for around 2.6 per cent of total emissions. The effects relate to scope 3. The total amount of waste increased significantly compared to the previous year by around 20.0 per cent (137 t) to 822 t. Above all, this includes renovation work related to the merging of locations and relocation activities of employees.

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



## Our supplier and purchasing management

### Relationships to suppliers

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

Nevertheless, NORD/LB is dependent on suppliers and service providers to carry out and maintain its activities. Items procured include:

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

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

### Procurement process

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

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

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

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

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

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

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

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

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

## Further contractual provisions and checks

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

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

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

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

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

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

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

# Principles for Responsible Banking (PRB) Progress Report 2022

## Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

### Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

NORD/LB, a public law institution with registered offices in Germany, is a commercial bank, regional bank and central savings bank in northern Germany and is represented beyond the core region by means of domestic and foreign branches in Düsseldorf, Hamburg, London, Munich, New York, Schwerin, Shanghai, Singapore and Stuttgart.

The NORD/LB Group's core business is the provision of banking and financial services. NORD/LB and NORD/LB Luxembourg are mainly responsible for the core business.

A detailed description of the business model as well as important trends and factors that could affect the future development of the NORD/LB Group can be found in the economic report as part of the Group management report as of 31 December 2022.

NORD/LB Non-financial report 2022, Page 7

As in the NORD/LB Group annual report 2022 (Combined Management Report)

### Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No



Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Supply Chain Sourcing Obligations Act (means the German Lieferkettensorgfaltspflichtengesetz)
- None of the above

The increasing strategic importance of ESG issues with a focus on climate and environmental aspects and growing regulatory requirements mean that ESG issues need to be re-entrenched organisationally in the NORD/LB Group. NORD/LB developed new ESG governance structures in 2022 that reflect both climate-related opportunities and the Bank's risk appetite.

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In December 2022, NORD/LB's climate strategy was published internally. It was prepared in accordance with the TCFD recommendations. The climate strategy describes how to deal with actual and potential effects of climate-related risks and opportunities on the business, strategy and financial planning of the company. Current regulatory requirements such as the ECB Guideline on Climate and Environmental Risks and requirements from the EU Action Plan for Sustainable Finance are gradually being implemented in NORD/LB's business and risk strategy and operational processes are being aligned accordingly.

NORD/LB is committed to the Principles for Responsible Banking (PRB) and the UN Global Compact and will in the future make the effects of its business on the environment and society measurable and usable for stakeholders.

Sustainability is an integral part of NORD/LB's corporate strategy

The recognition and application of the Principles for Responsible Banking (PRB) and the Sustainable Development Goals (SDGs) published by the United Nations (UN) provide a guideline for the continued integration of sustainability at NORD/LB.

NORD/LB Non-financial report 2022, Page 10 (Governance of ESG topics)

NORD/LB Business strategy

NORD/LB regards frameworks such as the UN Guiding Principles on Business and Human Rights, International Labour Organisation fundamental conventions and the UN Global Compact as a basic requirement for business relationships. Their aspects have therefore been included in NORD/LB's exclusion criteria and guidelines (in particular the human rights guideline).

## Principle 2: Impact and Target Setting



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

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

As shown under b), the eurozone is still by far the most important business region for the NORD/LB Group with a high share of 85 per cent of the total exposure, of which 70 per cent is accounted for by Germany alone.

For the first time in 2022, NORD/LB used a data-based CO<sub>2</sub> emissions calculator to determine the financed greenhouse gas emissions, which uses CO<sub>2</sub> emissions collected by the customer (e.g. from published sustainability reports, Scope 1 and 2 data) as well as other external data sources (e.g. industry indicators of the financed sectors). To expand internal know-how, a CO<sub>2</sub> accounting center of expertise will be established in 2023, in which the relevant technical, methodological and regulatory skills and qualifications will be bundled.

In the year under review, the initial focus was on determining the financed emissions for the high-risk sectors of real estate, energy and aviation, as these are responsible for the highest CO<sub>2</sub> emissions - measured in terms of the NORD/LB corporate book and project financing.

For a classification as a high-risk sector, NORD/LB particularly considers the CO<sub>2</sub> emissions of the industry.

The aim of "CO<sub>2</sub> accounting" at NORD/LB is to create transparency about the emissions financed by corporate loans and project financing and to identify transition paths for a transition compatible with the Paris climate protection targets for initially three emission-intensive sectors (aviation, real estate, energy).

NORD/LB Disclosure Report 2022 (only German version), Page 202

NORD/LB Disclosure Report 2022 (only German version), Page 179

NORD/LB Disclosure Report 2022 (only German version), Page 179/180

<p>In 2023, in addition to developing ESG sector strategies for energy, aviation and real estate, transition paths will also be modelled for other business-relevant sectors in order to obtain an overall picture as accurate as possible of NORD/LB's net zero transition.</p>	
<p><b>b) <u>Portfolio composition:</u></b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors &amp; industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p>In its analysis NORD/LB has focused on the high-risk sectors, irrespective of the composition of the strategic business segments.</p> <p>-----</p> <p>The breakdown of the total exposure by region shows that the eurozone is still by far the most important business region for the NORD/LB Group with a high share of 85 per cent of the total exposure.</p> <ul style="list-style-type: none"> <li>• Germany 70%</li> <li>• Euro countries (without Germany) 15%</li> <li>• Rest of Europe 7%</li> <li>• North America 5%</li> <li>• Central and South America, Middle East/Africa 1%</li> <li>• Asia/Australia 2%</li> </ul> <p>The strategic business segments of the NORD/LB Group as at 31 December 2022 are in detail:</p> <ul style="list-style-type: none"> <li>• Real Estate Banking Customers (17%) The real estate portfolio consists of projects, investments and financing in Germany, Benelux, UK, France, Spain and other countries.</li> <li>• Special Finance (19%) The special financing portfolio consists mainly of energy and infrastructure financing. Aircraft financing is also included in this segment.</li> <li>• Markets (11%) NORD/LB's capital market business is pooled in the Markets Division and offers customers efficient access to all the significant financial centres worldwide. In addition to issuing and trading securities and derivatives, the business segment also includes support and advice in interest rate and currency management and money market trading.</li> <li>• Corporate Customers (22%) The corporate customers portfolio includes exposures in manufacturing, energy and water supply, mining, construction, trade, agriculture, forestry and fisheries, transport and communications, as well as financial institutions and insurance companies.</li> </ul>	<p>NORD/LB Group Annual Report 2022 (Combined Management Report), Page 85</p> <p>NORD/LB Group Annual Report 2022 (Notes), Page 156</p>

<ul style="list-style-type: none"> <li>• Private and Commercial Customers &amp; Savings Bank Network (26%)</li> <li>• SCPO (Special Credit and Portfolio Optimisation) (5%) The Special Credit &amp; Portfolio Optimisation (SCPO) unit was created in 2020 from the previous Special Credit Management (SCM) division and the internal wind-down unit Strategic Portfolio Optimisation (SPO) and focuses on the wind-down of non-strategic portfolios in accordance with the strategic realignment of NORD/LB.</li> </ul>	
<p><b>c) Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p>	
<p>From NORD/LB's point of view, the greatest challenge in the context of sustainable development is climate change and the transformational support of the sustainable transformation of the economy as well as the necessary financing and support of the energy turnaround.</p> <p>Sustainability challenges and priorities of selected NORD/LB stakeholders (e.g. reports from sustainability rating agencies and NGOs, reports and requirements of the public sector and the EU Parliament, as well as the ECB) were included in the materiality analysis (in accordance with the German Commercial Code) carried out as part of sustainability reporting.</p> <p>Further information on the materiality analysis according to HGB can be found in the non-financial report.</p>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.</p>	
<p>As part of a second party opinion for the Green Bond Framework, which was revised in June 2022, an initial analysis of selected portfolios identified three SDGs on which the Bank has a positive impact. These are the SDGs "affordable and clean energy", "sustainable cities and communities" and "climate action".</p>	
<p><b>d) For these (min. two prioritized impact areas): Performance measurement:</b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p>	

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

In the project CARE, the NORD/LB is working on the development of transition paths to accompany the clients of the NORD/LB Group to "net zero". A transition path is an emission reduction scenario based on scientific assumptions that shows the progression of greenhouse gas emissions over time in line with a specific climate target. In this way, project CARE also enables the Bank in the future to direct its funds specifically into sustainable financing activities and thus make a significant contribution to the decarbonisation goals of the Paris Climate Agreement and the German Climate Protection Act. The transition paths for the high-risk sectors of energy, real estate and aviation were already determined in 2022.

NORD/LB Non-financial-report 2022, Page 9

For a classification as a high-risk sector, NORD/LB particularly considers the CO<sub>2</sub> emissions of the industry. The transition paths for all other sectors are to be drawn up in 2023.

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In addition, the Bank has introduced a half-yearly internal sustainability management reporting for the first time as of 31 December 2022, in which various KPIs and KRIs are reported and which are used for the internal management of the topic of sustainability. The KPIs and KRIs are to be regularly reviewed for their usability and their components will be updated or renewed in order to ensure appropriate management of sustainability aspects.

### Self-assessment summary:

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?**

- |                          |                              |   |                             |
|--------------------------|------------------------------|---|-----------------------------|
| Scope:                   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition:   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context:                 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

Climate protection

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a) **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

For the prioritised impact area "climate protection", the climate commitment of the German financial sector and the Task Force for climate-related Disclosures are particularly relevant for NORD/LB.

As a company and public player, NORD/LB has the duty to take responsibility for all the social, environmental and economic impacts of its business activities, while also ensuring that the goals of the Paris climate agreement to limit global warming to well below 2°C (compared to the pre-industrial era) are met. The NORD/LB Group has made it its task to accompany and holistically support its customers in the transformation towards sustainability. An overall ESG strategic target image has been defined for the bank. In addition, target achievement levels and various strategic goals were formulated. The stronger orientation towards sustainability in the business strategy and the associated focus on climate and environmental issues will lead to a more intensive consideration of climate and environment-related risks in the future. Accordingly, the topic of sustainability has become a component of the NORD/LB Group's business strategy. NORD/LB also adopted a climate strategy for the first time in November 2022, which is to be expanded into an ESG strategy in 2023.

In May 2022, NORD/LB signed the climate commitment of the German financial sector and thereby commits to aligning its loan and investment portfolios with the goals of the Paris Climate Agreement. This initiative, which originated in the banking sector of the financial sector, aims to actively participate in the societal transformation to limit climate change.

For the definition of net zero transition pathways, the Net Zero 2050 pathways of the International Energy Agency (IEA) were used as a benchmark. The metrics used are aligned with the respective transition pathways of the individual sectors: e.g. kg CO<sub>2e</sub> per kWh of electricity generated (energy), kg CO<sub>2e</sub> per passenger kilometre flown (aviation), and kg CO<sub>2e</sub> per sqm (real estate).

NORD/LB Disclosure Report 2022 (only German version), Page 178

NORD/LB Disclosure Report 2022 (only German version), Page 179

In 2023, in addition to developing ESG sector strategies for energy, aviation and real estate, transition paths will also be modelled for other business-relevant sectors in order to obtain an overall picture as accurate as possible of NORD/LB's net zero transition.

It is possible that transition pathways of the respective sectors are either aligned with the IEA's Net Zero 2050 pathways or aligned with the German Climate Neutrality 2045 targets. In the case of the sector pathway for aviation, the technological development has to be considered.

Germany has set itself the goal of being climate neutral by 2045. Huge efforts are required in the economy and society to achieve this. As a bank under public law, NORD/LB feels it has the duty to play an active role in achieving this goal. An ESG target image with the dimensions of customer, banking operations and ecosystem has been developed and anchored via the climate strategy. The wide range of NORD/LB's product portfolio means that the transformation to a climate-neutral organisation must be considered at the level of the strategic business segments.

NORD/LB Disclosure Report 2022 (only German version), Page 179

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	A.1.1	Climate strategy: In November 2022, NORD/LB drew up a climate strategy for the first time based on the TCFD recommendations and published it internally.
	A.1.2	Paris alignment target: NORD/LB signed the climate commitment of the German financial sector in 2022, thereby also committing to aligning its loan and investment portfolios with the targets of the Paris climate agreement.
	A.2.2	Absolute financed emissions: NORD/LB currently determines its absolute financed emissions in CO <sub>2</sub> accounting.
	A.3.1	Financial volume of green assets / low-carbon technologies: Currently in process
	A.3.2	Financial volume lent / invested to carbon intensive sectors and activities: The financial volume is currently being determined and a corresponding KRI is being developed.

	A.1.3	Client relations policy and process: Currently in progress
	A.2.3	Sector-specific emission intensity: NORD/LB is currently determining the sector-specific emission intensities in CO <sub>2</sub> accounting.
	A.1.4	Portfolio analysis: Yes, NORD/LB currently determines the financed emissions in CO <sub>2</sub> accounting.
	A.1.5	Business opportunities and financial products: NORD/LB has developed a Green Bond Framework. This framework enables NORD/LB to issue Green Senior and Subordinated Bonds (bearer or registered bonds), Green Covered Bonds (i.e. Green Pfandbriefe), Green Schuldscheine, Green Deposits and Green Commercial Paper (together the "Green Financial Instruments").

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Environmental, social and governance criteria (ESG factors) can influence the measurement of assets and liabilities. Impacts from ESG factors, insofar as they are relevant to creditworthiness, are already implicitly taken into account in the established rating procedures for borrowers of the NORD/LB Group. With a view to future development, methods are already being developed to support any quantitative estimates as well as discretionary decisions and estimates: To further take into account the ESG risk of its borrowers, the NORD/LB Group is currently introducing a customer-specific ESG score as part of the credit decision process.

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**c) SMART targets** (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

As shown in 2.1.a), NORD/LB calculates the CO<sub>2</sub> emissions for the three high-risk sectors defined by NORD/LB.  
From 2023 onwards, an internal sustainability management reporting system (KPI dashboard) will be created to determine ESG indicators (key performance indicators / KPIs and key risk indicators / KRIs). This initially serves to create transparency and, in a further expansion stage, a steering instrument for the Executive Board.

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The NORD/LB Group has committed itself to the climate commitment of the German financial sector to climate neutrality in 2022 and aims to achieve a climate-neutral portfolio in line with the Paris Climate Agreement.

**d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.**

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

NORD/LB has set up the sustainability project CARE in order to support and advance both the regulatory requirements and its own objectives for the further strategic integration of ESG (environment, social, governance) and sustainability into the Bank. The first regulatory requirements have already been successfully implemented. Further milestones for anchoring ESG are planned and will be consistently implemented.

NORD/LB Group Annual Report 2022, Page 41

The internal project CARE, which has included CO<sub>2</sub> emissions calculation as a dedicated sub-project since 2022, is tracked as a holistic sustainability project within the Bank. There are different milestones for the various areas of responsibility.

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The project CARE is geared towards meeting regulatory ESG requirements.

NORD/LB Disclosure Report 2022 (only German version), Page 177

The following sub-targets have been defined up to the end of 2023 and have already been achieved in individual cases at the time of reporting:

- Definition of ESG key performance indicators (KPIs / KRIs) and preparation of a sustainability management report to create transparency and, in a further expansion stage, as a management tool for the Executive Board.
- Development of a climate strategy and its further development into a holistic sustainability strategy.
- Preparation of transition paths, initially for the high-risk sectors.
- Compliance with regulatory requirements, in particular the ECB guidelines on climate and environmental risks, the EBA guidelines and disclosure requirements.
- (Further) development of the Sustainable Loan Framework and linkage with the requirements from the EU taxonomy.
- Identification of ESG data needs and creation of IT transition solutions.
- Finalisation of an ESG governance framework and a roll out of a ESG training concept for employees.

### Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
	Climate protection	Currently under development	
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

### 2.3 Target implementation and monitoring (Key Step 2)

**For each target separately:**

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

In order to manage NORD/LB's ESG targets, a set of ESG key performance indicators and key risk indicators (ESG KPI / KRI set) was developed, which is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the regulatory requirements (above all EU taxonomy) and includes various management perspectives. To create transparency on the ESG targets, this set is part of an internal ESG KPI / KRI dashboard, which will be successively developed further in line with the availability of data in the bank and supplemented by industry sector dashboards on decarbonisation. In addition, ESG was included as another dimension in the goals and measures of the strategic business fields (SGF) in the process of creating the business strategy. The basis for this is the (internal) KPI/KRI set.

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NORD/LB Disclosure Report 2022 (only German version), Page 179

Starting in 2023, an internal sustainability management reporting system (KPI dashboard) will be created to determine ESG key performance indicators (KPIs) and key risk indicators (KRIs). This initially serves to create transparency and, in a further expansion stage, as a management tool for the Executive Board.

NORD/LB Disclosure Report 2022 (only German version), Page 181

As a company and public player, NORD/LB also has the duty to take responsibility for all the social, environmental and economic effects of its business activities and in doing so also to ensure that the targets of the Paris Climate Agreement to limit global warming to 1.5 °C if possible, and in any case to well below 2 °C, compared to the pre-industrial era, are met.

NORD/LB Disclosure Report 2022 (only German version), Page 178

With regard to its direct emissions, the NORD/LB Group regards the continuous reduction of CO<sub>2</sub> emissions in operations and financing of the loan portfolio as an essential area of action in view of climate change.

NORD/LB Non-financial-report 2022, Page 17

Operational environmental management is working on gradually further reducing the NORD/LB Group's emissions. It is also open to suggestions and initiates improvements. In 2022, the focus was on measures to implement the Regulation on the Protection of the Energy Supply via medium-term effective measures of the German Federal Government. For example, the room temperature in buildings was lowered to 19°C, the lighting was switched off during the night and the hot water supply in the sanitary facilities was switched off. In addition, the NORD/LB Group has consolidated its locations and arranged to close down operations during the Christmas period from 23 December to 8 January 2023 at all major administrative locations. The implementation of an emissions reduction strategy is planned for the upcoming financial year.

## Principle 3: Clients and Customers



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

### 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?*

Yes       In progress       No

*Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*

Yes       In progress       No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

With regard to the UN Global Compact, the NORD/LB Group excludes various business relationships and transactions due to their negative impact on people and the environment, in the course of its business activities. To make the credit check in relation to ESG issues as clear and intuitive as possible for employees, an overarching ESG framework was developed in 2022. This framework replaces the ESG guidelines that have been in place since 2013. The ESG framework is a declaration of commitment by the NORD/LB Group, supplements the existing financing principles and has been approved by the Managing Board.

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All employees in the lending divisions are obliged to observe the ESG framework in their credit checks. In addition, a mandatory "ESG framework checklist" is stored in the processes, which gives employees instructions on which aspects of the ESG framework must be checked.

NORD/LB published a new and more comprehensive policy on its human rights due diligence in August 2022, which is also used in the lending process. NORD/LB is committed to human rights and to avoiding any kind of human rights risks and undertakes to prevent or mitigate adverse effects on human rights caused by or associated with its business activities and services and to address negative effects if and to the extent they occur. NORD/LB expressly supports the guiding principles "Protect, Respect and Remedy".

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In 2022, NORD/LB used various formats to exchange information on ESG with its customers. The annual capital market conference focused on ESG, and online workshops ("Capital Market Spotlight") with an ESG focus were also organised for institutional investors. NORD/LB's research teams also had many publications on the topic of ESG in 2022. These publications can be found on the NORD/LB website.

NORD/LB Non-financial report 2022, Page 11

NORD/LB Non-financial report 2022, Page 13

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

NORD/LB's Treasury is a significant component in presenting a green value chain in full, starting with green assets (green buildings) to the issue of green bonds. In addition, the expansion of ESG-compliant issue activities is being further developed. As a first step, the

NORD/LB Group annual report 2022, Page 154

green value chain will be extended to include the renewable energies business segment. This puts the focus on the issue of EU taxonomy-compliant products. Other business segment will follow. This gives NORD/LB a status as a broadbased issuer of ESG bonds. On this basis, it will continuously expand the existing investor base for sustainable emissions.

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NORD/LB already conducts business classified as "sustainable" in some areas, e.g. in line with its Green Bond Framework, and will classify sustainable loans by means of a multi-stage process along a decision tree that initially focuses on ecological criteria. It is working intensively on the procedural and technical implementation and will use its Sustainable Loan Framework as a uniform bank basis in the customer business.

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Position NORD/LB as the "bank of the energy turnaround". To this end, further developments of the existing product range and the launch of new products will be initiated in order to support customers in their transformation towards greater sustainability and their reduction of CO<sub>2</sub> emissions.

NORD/LB Group annual report 2022, Page 92

NORD/LB Disclosure Report 2022 (only German version), Page 178

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?*

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

The materiality analysis is one of the bases for reporting in accordance with the GRI and § 289c HGB. In accordance with HGB regulations, issues and topics were identified that are material for the NORD/LB Group in terms of business relevance and impact. The material issues relevant in the 2022 financial year were determined on the basis of a materiality analysis validated for 2022.

NORD/LB conducted a new materiality analysis in the period from September to December 2022.

NORD/LB Non-financial report 2022, Page 4 and 7 (materiality analysis)

The topics identified in the 2022 materiality analysis will be implemented from 2023 onwards. The NORD/LB Group will further develop or create concepts (including measures and targets) for these topics and present them in the summarised separate non-financial report for 2023.

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In accordance with the GRI, the NORD/LB Group defines its stakeholders as legal or natural persons who can be assumed to be significantly affected by the bank's activities or whose actions can be expected to influence the bank with regard to the implementation of strategies and the achievement of targets.

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**Stakeholder orientation:** Knowledge of the requirements of stakeholders is essential for the NORD/LB Group. Systematically dealing with the demands of stakeholders is an essential element for the NORD/LB Group in securing the long-term success of the company.

**Responsibility:** Responsibility towards stakeholders represents binding principles of the NORD/LB Group's own corporate responsibility.

NORD/LB's stakeholders include: owners, employees and the Staff Council, customers, institutional investors, analysts, (sustainability) rating agencies, service providers and suppliers, associations, non-governmental organisations (NGOs), the media and the public, as well as representatives from science and research.

The dialogue with stakeholders is led by NORD/LB's Sustainability Management. In return, Sustainability Management informs the Managing Board about new findings, developments and ESG trends.

NORD/LB and its subsidiaries have been in contact with various sustainability rating agencies for many years and actively support the feedback processes and rating dialogues. The feedback from the ratings is also used to analyse sustainability activities and as a pool of ideas for possible improvements and is mirrored accordingly to the respective departments. The same applies to the monitoring of the media landscape.

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**Memberships and commitments:**

- VfU (Association for Environmental Management and Sustainability in Financial Institutions e.V.)
- Klima Allinaz Hanover
- Signatory of the Diversity Charter
- UNEP FI
- UN Global Compact
- Climate commitment of the German financial sector

NORD/LB Business strategy

NORD/LB Website and NORD/LB sustainability report

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The Managing Board bears overall responsibility for entrenching ESG within the Bank. In addition, individual members of the Managing Board are responsible for specific issues that are tailored to the departments and areas for which they are responsible:

- The CEO is responsible for the strategic direction on ESG.
- The Market Boards are responsible for implementing client support initiatives and shaping client dialogue.
- The CFO is responsible for financial, internal and external reporting and governance mechanisms and the integration of new data requirements and IT implications.
- The CRO is responsible for embedding ESG in the risk strategy, risk management and credit decision process.

NORD/LB's committees – the Owners' Meeting, the Supervisory Board, as well as the Risk, Audit, Remuneration Control, General and Nomination Committees – are also involved in the ESG governance model. The Supervisory Board acts as an overarching supervisory body. It oversees the implementation of ESG issues within the Bank and incorporates them into the performance assessment of the Managing Board.

In order to assess the performance and success of the Executive Board, the Supervisory Board sets annual targets for the Executive Board, which (for the first time for the 2022 financial year) also explicitly include ESG/sustainability content. The variable remuneration of the Executive Board is measured on the basis of the respective target achievement. Accordingly, the degree of achievement of

NORD/LB Non-financial report 2022, Page 10

NORD/LB Disclosure Report 2022 (only German version), Page 204

<p>the sustainability targets is included in the assessment of the variable remuneration.</p> <p>For the operational implementation of the ESG initiatives, the Managing Board is supported by four expertise centers within NORD/LB. While the ESG Management and ESG Risk Management expertise centers were established in December 2022, the EU Taxonomy &amp; Disclosure and CO<sub>2</sub> Accounting expertise center are currently being set up. The expertise centers and the project CARE report regularly to the Executive Board.</p> <p>The ESG Management expertise center coordinates and analyses the ESG requirements of stakeholders of the NORD/LB Group which have an impact on individual areas within NORD/LB and the NORD/LB Group</p> <p>-----</p> <p>NORD/LB includes specific ESG targets in the individual target agreements of the members of the Managing Board; for 2023, the creation of CO<sub>2</sub> transition paths of selected sectors was included to support a net zero strategy. A corresponding weighting ensures that the achievement/absence of the targets has a direct influence on the overall target achievement level, which is the basis for the assessment of the variable remuneration. The same applies to the divisional management level.</p> <p>-----</p> <p>In 2022, NORD/LB developed an overarching ESG framework. This framework replaces the ESG guidelines that have been in place since 2013. The ESG framework is a declaration of commitment by the NORD/LB Group, supplements the existing financing principles and has been approved by the Managing Board.</p> <p>Further explanations of the frameworks can be found in section 5.3.</p>	<p>NORD/LB Disclosure Report 2022 (only German version), Page 182</p> <p>NORD/LB Non-financial report 2022, Page 11</p>
<p><b>5.2 Promoting a culture of responsible banking:</b> Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p>As the topic of sustainability has already played an important role in individual areas of the Bank for several years, individual area-specific qualification measures have already taken place in the past on individual important sustainability aspects. NORD/LB is implementing various basic qualification measures for its employees in order to establish a solid knowledge base on the subject of ESG in all relevant areas. In 2022, for example, a certificate course in “Sustainable Finance”, a training video for in-house basic training and a web-based training (WBT) course on the topic of sustainability were developed.</p>	<p>NORD/LB Non-financial report 2022, Page 10</p>



<p>The Supervisory Board and Managing Board of NORD/LB are expressly committed to diversity and equal opportunities in a non-discriminatory environment. In a holistic approach, this includes business relationships and supply chains as well as the design of an inclusive working environment in which employees feel valued, accepted and supported. In addition to the explicit recognition of international standards such as the Diversity Charter or the Principles for Responsible Banking, laws (e.g. General Equal Treatment Act - AGG), regulatory requirements (in particular the EBA guideline on assessing the suitability of members of the management body and holders of key functions) and internal guidelines such as the Code of Conduct form the guidelines for diversity management at NORD/LB. The Diversity Guideline provides a transparent presentation of the principles, objectives and measures for promoting diversity in the bank.</p> <p>In order to establish and expand the economic, social and societal objectives in the company, a bank-wide network of employees - the Community of Diversity - initiates activities and measures to raise awareness, provide information and increase the visibility of diversity in the workforce. These include workshops and information events that contribute to a better understanding of diversity and identify areas of action for the implementation of diversity management.</p>	<p>NORD/LB Disclosure Report 2022 (only German version), Page 204, Diversity Policy</p> <p>NORD/LB Diversity Policy</p>
<p><b>5.3 Policies and due diligence processes</b></p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.</p> <p>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p>To protect ethics, integrity, lawful conduct and professional conduct in the fight against corruption (bribery, corruption and benefit/granting of advantages) of its employees, the Managing Board of NORD/LB sets out binding principles of conduct in a Code of Conduct and ensures that employees have a clearly defined scope for action that combines the requirements for compliance with the law with ethically correct conduct and thus links corporate success with social responsibility.</p> <p>The Code of Conduct was updated in August 2022 and adapted to changes in the social environment.</p> <p>-----</p> <p>The NORD/LB Group has recognised the ten principles of the UN Global Compact with the objectives of respecting human rights and working conditions, protecting the environment and combating corruption and bribery. The Group is committed to implementing, following and further developing the ten principles within the scope of its business activities. The NORD/LB Group reports on improvements to the principles as part of the UN Global Compact Progress Report.</p> <p>-----</p>	<p>NORD/LB Non-financial report 2022, Page 25</p> <p>NORD/LB Non-financial report 2022, Page 11</p>

The basic guidelines for diversity work include the Group's core values in the Code of Conduct, the Diversity Charter adopted by companies in Germany and NORD/LB's diversity principles revised in June 2022 and approved by the Supervisory Board. NORD/LB has been a member of the "Diversity as an Opportunity – the Diversity Charter for Companies in Germany" initiative since 2013 and is therefore expressly committed to diversity and equal opportunities in a non-discriminatory environment.

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In 2022, NORD/LB developed an overarching ESG framework. This framework replaces the ESG guidelines that have been in place since 2013. The ESG framework is a declaration of commitment by the NORD/LB Group, supplements the existing financing principles and has been approved by the Managing Board.

Fundamental business exclusions enshrined in the ESG framework:

- Human rights due diligence: Exclusion of cooperation with companies and institutions that are known to violate fundamental human rights.
- Significant environmental degradation: Exclusion of activities and business with significant negative effects on people and the environment in the course of its business activities
- Pornography: No business relationships with companies that produce and trade in pornography as well as with companies related to this sector.
- Controversial weapons: No business relationships with companies involved in the manufacture, trade, transport, storage or repair of the following armaments: nuclear weapons, biological weapons, chemical weapons, cluster bombs, uranium ammunition, weapons particularly suited to causing damage to civil society and anti-personnel mines.

Exclusions of certain business activities in lending:

- Ship dismantling: No support for business with shipyards that do not have an EU-standard certification or internationally recognised environmental and social standards.
- Nuclear power plants: No financing for the construction of new nuclear power plants.
- Coal-fired power plants: No financing for the construction of new, conventional coal-fired power plants.
- Hydro power plants and dams: No financing of the construction of dams and hydroelectric power plants in particularly vulnerable areas.
- Gambling: No support of business ventures in the online segment, either by direct participation in financing or as part of payment transaction processing.

Regulations for project finance:

NORD/LB's project financing business is focused on high-income OECD countries and thus on countries with their own, high ESG standards. When financing projects with total costs exceeding USD

NORD/LB Non-financial report 2022, Page 22

NORD/LB Non-financial report 2022, Page 11

<p>10 million outside of high-income OECD countries, which NORD/LB intends to finance as the syndicate leader or alone, the project companies are required to separately demonstrate secure dealing with ESG project risks.</p> <p>-----</p> <p>In August 2022, NORD/LB published a guideline on dealing with human rights. In it, NORD/LB commits to human rights and to the avoidance of any kind of human rights risks and undertakes to prevent or mitigate any adverse impacts on human rights caused by or associated with its business activities and services and to address any negative impacts if and when they occur. No incidents of human rights violations came to light in the reporting year 2022.</p>	<p>NORD/LB Non-financial report 2022, Page 13</p>
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<p><b>Self-assessment summary</b></p> <p>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p>	
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**Principle 6: Transparency & Accountability**



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

<p><b>6.1 Assurance</b></p> <p>Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> Partially <input type="checkbox"/> No</p> <p>If applicable, please include the link or description of the assurance statement.</p>	
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<p>Limited assurance to the sections 2.1., 2.2., 2.3. and 5.1. of this PRB report. The limited assurance statement of PWC is attached to this PRB report.</p>	<p>NORD/LB Sustainability Report 2022</p>
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<p><b>6.2 Reporting on other frameworks</b></p>	
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Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ....

The current sustainability report was prepared in accordance with these standards

NORD/LB sus-  
tainability Re-  
port 2022

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

The key next steps with relevance for the PRBs for the 2023 financial year include the development/identification of a further significant impact area, as well as (further) target setting and steering

### 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally

Other: ...

# Independent Practitioner's Limited Assurance Report

To Norddeutsche Landesbank - Girozentrale -, Hannover, Braunschweig, Magdeburg

We have been engaged to perform a limited assurance engagement on the accompanying progress report „Principles for Responsible Banking“ of Norddeutsche Landesbank - Girozentrale -, Hannover, Braunschweig, Magdeburg, (hereafter the “PRB Report”) for the period 1 January 2022 to 31 December 2022 in the context of the company's self-commitment to the United Nations Environment Programme Finance Initiative to prepare a PRB Report.

## Management's Responsibility for the PRB Report

Company's Management is responsible for the proper preparation and presentation of the PRB Report and that the information contained in the PRB Report is supported by documents and other evidence. This responsibility includes: designing, implementing and maintaining internal control relevant to the proper preparation and presentation of the PRB Report and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

## Audit Firm's Independence and Quality Control

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandards 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1)– and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the PRB Report based on our work performed.

Within the scope of our engagement we did not perform a review of product or service related disclosures in the PRB Report, references to external sources of documentation or expert opinions, or forward-looking statements.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the information contained in sections 2.1, 2.2, 2.3 and 5.1 of the PRB Report is not accurate in all material respects in the sense that it is supported by documents and other evidence.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. This includes assessing the risks of material misstatement of the PRB Report. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement of the PRB Report under consideration of the supporting documents and other evidence. Within the scope of our work we performed primarily on a test basis amongst others the following procedures: We obtained an understanding of the preparation process of the PRB Report and inquired employees of the Company for that purpose. We evaluated documents and other evidence provided to us by the Company and assessed whether the information contained in the PRB Report is accurate in all material respects in the sense that it is supported by these documents and other evidence.

## Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that, in all material respects, that the information contained in sections 2.1, 2.2, 2.3 and 5.1 of the PRB Report is not accurate in all material respects in the sense that it is supported by documents and other evidence.

#### Restriction on Use

Our report is issued to the Company. The accompanying PRB Report has been prepared for specific purposes of the Company and may not be suitable for other purposes.

#### General Terms of Engagement

We issue this report on the basis of the engagement agreed with the Company, which comprises the attached General Terms of Engagement for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften as of 1 January 2017, which are also applicable to third parties

Hannover, 29 June 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Ullrich Hartmann  
Wirtschaftsprüfer  
(German Public Auditor)

Joachim Krakuhn

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2-8	Workers who are not employees	28	NORD/LB does not have any further information on workers who are not employees.
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2-27	Compliance with laws and regulations	26, 43, 47	Should there be any violations and penalties, these will be listed in the Group Annual Report 2022.
2-28	Membership associations	13	
2-29	Approach to stakeholder engagement	35	
2-30	Collective bargaining agreements	51	



Information		Pages in the report	Reasons for omission / comment
<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	7	
3-2	List of material topics	7	
3-3	Management of material topics		
	Occupational health and safety	57	
	Training and education	55	
	CO <sub>2</sub> emissions	22	
	Ethics and integrity	37	
	Compliant conduct and anti-corruption	39	
	Information security and data protection	45	
	Management of ESG topics and Social and environmental impact of the financing business	28	
	Work/life balance	55	
	Remuneration policy	51	

Information		Pages in the report	Reasons for omission / comment
<b>Topic standards</b>			
<b>305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	64	
305-2	Energy indirect (Scope 2) GHG emissions	64	
305-3	Other indirect (Scope 3) GHG emissions	64	
305-4	GHG emissions intensity	64	
305-5	Reduction of GHG emissions	66	
<b>404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee		The figure cannot yet be collected for the entire group.
404-2	Programs for upgrading employee skills and transition assistance programs	56	
404-3	Percentage of employees receiving regular performance and career development reviews	57	

# Imprint

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