



# **NORD/LB ESG Governance Framework - extract**

## **ESG Management**

As of February 2026

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# 1 Introduction

## 1.1 Foreword

As a public bank, NORD/LB has a special responsibility to actively shape the sustainable transformation of the economy. As a systemically important bank with strong regional roots and international expertise in selected niche markets, ESG (Environmental, Social, Governance) is an integral part of our strategic orientation and our self-image as a responsible financial partner.

With this ESG governance framework, we create transparency about the existing structures, roles, processes and instruments that implement ESG in NORD/LB. It provides guidance for all employees, acts as a steering instrument for the continuous development of our ESG organisation and is intended to contribute to understanding ESG as a shared responsibility. It reflects our ambition not merely to manage sustainability, but to actively shape it – in a spirit of partnership, transparency and with a view to the future.

Our ESG governance is not a static element, but a dynamic system that evolves in line with regulatory developments, societal expectations and strategic objectives. It forms the basis for an effective integration of sustainability aspects into our business processes, risk management and decision-making structures.

**Additional note:** The ESG governance framework is published externally only as an extract (short version). The full version of NORD/LB's ESG governance framework contains detailed internal processes, roles and decision-making processes that are necessary for ESG management of a systemically important bank. To ensure transparency, we provide the essential principles and structures in this compact extract. This is intended to provide external stakeholders with a clear overview without presenting the entire content of the bank's internal framework. In this way, we create a balance between openness and the preservation of confidential information, which is crucial for the fulfilment of regulatory requirements and the competitiveness of NORD/LB.

## 1.2 Objectives & Definitions

This framework describes both the definition and design of ESG governance for NORD/LB. It clarifies responsibilities and processes within the bank's organisation for the topic of ESG. It supplements the governance documentation that applies to the bank in general and does not claim to replace them, but only to specify them with regard to ESG requirements.

As this document is a comprehensive document with relevance to numerous areas of the bank, it will not be published in ADONIS (internal process documentation system), but on the intranet of NORD/LB in the field of ESG. The content is coordinated according to topic relevance and ultimately decided by the Sustainability Board. If necessary, targeted information of those affected will be arranged.

## 1.3 Definitions

### Governance

Governance encompasses the principles and mechanisms of corporate governance, control and transparency. For banks, governance is not only prescribed by regulation (e.g. MaRisk, KWG, EBA guidelines), but also an expression of their corporate integrity. Implementing ESG policies, integrating ESG into the risk strategy and embedding it in the corporate culture are crucial. Therefore, governance should not be understood as an abstract concept, but as a practical tool for managing risk, securing trust and promoting sustainable business practices.

NORD/LB understands governance to be a sustainable and orderly corporate governance that goes beyond legal requirements and embodies the values of integrity and transparency. As part of this, measures are to be taken to implement sustainability initiatives and combat corruption and bribery in the company's business model in order to prevent such implications.<sup>1</sup>

## ESG

In connection with sustainability issues, the EBA<sup>2</sup> sees the need to integrate special risks into the bank's general risk culture. In this way, environmental, social and governance risks are to be integrated into comprehensive risk management.

By implementing ESG governance, NORD/LB is taking into account the growing strategic importance of ESG and the expanding regulatory framework in this area. ESG governance defines responsibilities and rules within the banking organisation for the topic of ESG. It describes the responsibilities for ESG issues on the Supervisory Board and Managing Board as well as at the divisional level. It embeds ESG issues in existing committees and the design of the ESG Competence Centres.

## 2 Regulatory Standards on Governance and ESG

ESG governance is based on European and national requirements, in particular:

- **EBA Guidelines on Internal Governance (2021):** Integrating Climate and Environmental Risks into Strategy and Risk Management.
- **ECB Guide to Climate and Environmental Risks (2020):** Expectation of Comprehensive Governance and Disclosure.
- **EBA Guidelines on ESG Risk Management (2025):** Requirements for Transition Plans, Remuneration Policy and Risk Integration.
- **Guideline for ESG Scenario Analysis (2026):** Use of scenario analysis for resilience assessment.

## 3 ESG governance concept of NORD/LB

NORD/LB's ESG governance forms the foundation for effective, transparent and strategically oriented management of sustainability issues within the Bank as a whole. It is an integral part of the business and risk strategy and reflects the claim to understand ESG not only as a regulatory necessity, but also as a corporate responsibility and strategic opportunity.

The overall responsibility for embedding ESG in the bank lies with the Managing Board, which is the central body for decisions regarding the strategic direction and management of ESG issues. Both the Managing Board of NORD/LB and the Boards of Directors of the individual institutions bear responsibility for the sustainable development of NORD/LB and represent the results to the owners.

For operational implementation, the entire Managing Board is supported in its tasks by NORD/LB's ESG Competence Centres. These units coordinate and analyse the requirements of NORD/LB stakeholders that affect individual areas within NORD/LB. The cooperation with the Group subsidiary is structured

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<sup>1</sup> Detailed information on the fight against corruption and bribery can be found in the Code of Conduct ([link](#)) published on the NORD/LB website.

<sup>2</sup> European Banking Authority

accordingly: Impulses from the parent company – represented by the ESG Competence Centres – are discussed at working level together with current focal points and topics and presented to the Institute's Board of Directors for implementation.

NORD/LB's ESG governance concept comprises a total of seven dimensions, distinguishing between the ESG governance model and operational implementation within the framework of the ESG operating model:

**Table 1: ESG governance concept of NORD/LB**

ESG Governance Model	①	Governance: Steering by the Supervisory Board
	②	Governance: Managing Board level responsibilities
	③	Governance: Responsibilities at the Divisional Level
	④	Governance: Embedding in steering committees, escalation paths
ESG Operating Model	⑤	Operational implementation: Centralised, matrix or decentralised approach
	⑥	Operational Implementation: Resources
	⑦	Operational implementation: Interfaces and coordination

The following sections specify the contents and interrelationships of the above-mentioned components of the ESG governance concept.

### 3.1 ESG governance model

#### 3.1.1 Control by the Supervisory Board

The Supervisory Board has the task of regularly advising the Managing Board and monitoring its management.<sup>3</sup> The Supervisory Board acts as the comprehensive supervisory body, monitoring the implementation of ESG issues in the bank and incorporating them into the performance review of the Managing Board.

To support the Bank's business structure, the Supervisory Board has formed an Executive and Nomination Committee, an Audit Committee, a Remuneration Control Committee and a Risk Committee. If necessary, further committees can be formed. The members of the committees are members of the Supervisory Board.<sup>4</sup>

<sup>3</sup> s. [Corporate Governance: NORD/LB](#), section "Supervisory Board".

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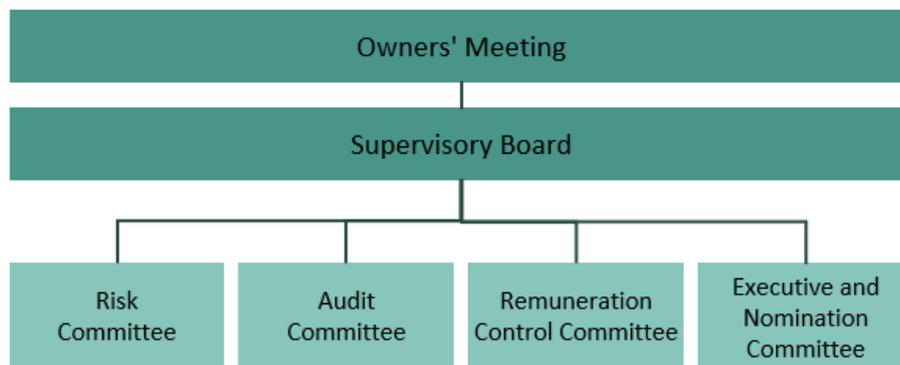


Illustration 1: Overview of the committees: Owners' Meeting, Supervisory Board and its committees

Owners' Meeting	<ul style="list-style-type: none"> <li>• Reactive engagement with ESG – no systematic planning (Supervisory Board as the highest body for ESG strategy)</li> <li>• If necessary, impulses on ESG, acknowledgment of the ESG strategy and progress in the implementation of the ESG strategy</li> </ul>
Supervisory Board	<ul style="list-style-type: none"> <li>• Approval of the ESG strategy (incl. targets and measures) and key figures</li> <li>• Regular discussion of the implementation of the ESG strategy and the regulatory agenda on ESG and, in the event of target deviation, discussion of the reasons and mitigation measures in the Supervisory Board</li> <li>• Further ESG training based on the annual suitability assessment and integration of ESG into the training guideline of the Supervisory Board</li> <li>• Consideration of ESG experience in the suitability assessment for members of the Managing Board and Supervisory Board</li> </ul>
Risk Committee	<ul style="list-style-type: none"> <li>• Approval of risk strategy (incl. ESG) and KRIs (KRI = Key Risk Indicator)</li> <li>• Discussion of ESG risk profile</li> <li>• Discussion of the implementation of the regulatory agenda</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Internal audit of ESG reporting</li> <li>• Decision on the audit of external ESG reporting</li> </ul>
Remuneration Control Committee	<ul style="list-style-type: none"> <li>• Integration of ESG KPIs (KPI = Key Performance Indicator) into Managing Board compensation</li> </ul>
Executive/Nomination Committee	<ul style="list-style-type: none"> <li>• Consideration of ESG experience in the suitability assessment of the Managing Board and Supervisory Boards</li> </ul>

As a management body, the Supervisory Board is trained on current ESG topics on a regular basis, usually annually.

### 3.1.2 Managing-Board level responsibilities

The Managing Board manages the bank on its own responsibility with the aim of sustainable value creation in the interest of the bank and with particular regard to the interests of its owners, employees and its public role as a Federal Bank and Giro centre. The Managing Board conducts its business in compliance

with the regulatory requirements, the Bank's State treaty and the general and special guidelines adopted by the Owners' Meeting or the Supervisory Board. It ensures that the companies belonging to the Group comply with them. In particular, the Managing Board ensures risk management and risk controlling that are aligned with the Bank's business structure.<sup>5</sup>

It also bears overall responsibility for the strategic orientation and institutional implementation of ESG in the bank, decides on the ESG strategy, prioritises ESG-relevant topics and ensures the allocation of resources.

As part of NORD/LB's ESG-specific training concept (see chapter 3.5), the Managing Board is regularly trained.



**Illustration 2: ESG Topic Responsibilities at Managing-Board Level**

### 3.1.3 Division-level responsibilities

The divisional managers are responsible for operational implementation within their responsibilities as well as for the integration of ESG into the respective business processes. The divisional level of the bank is of particular importance in the development, further development and management of ESG aspects. While the detailed responsibilities of the individual divisions are not published externally, the following divisions are assigned with specific responsibilities:

- BLSK Privat- und Geschäftskunden & BLSK Firmenkunden & Private Banking / Private Investors
- Business Management & Operations
- Compliance & Security
- Deutsche Hypo
- Overall Bank Reporting
- Corporate Customers & Savings Banks Network Business
- Human Resources, Legal & Executive Office

<sup>5</sup> s. [Corporate Governance: NORD/LB](#), section "Managing Board".

- IT
- Credit Risk Management
- Markets
- Group Communications & Research
- Audit
- Risk Management
- Special Credit & Valuation
- Strategic Finance
- Structured Finance
- Treasury

### **3.1.4 Embedding ESG in Steering Bodies & Functions**

Within our decision level structure, ESG governance and ESG escalation pathways are covered by the existing bodies at supervisory board and managing-board level. These structures are supplemented by dedicated ESG boards and committees that have been commissioned by the Managing Board with their activities (selective delegation of decisions on ESG issues to the organisational structure).

#### **Chief Sustainability Officer (CSO)**

The Chief Sustainability Officer assumes an ESG strategic function with direct reporting to the Managing Board (CFO department). The role was established in 2025 and is currently assigned to the management function of OE ESG Management. The following tasks, competencies and responsibilities are associated with the role:

- Establishment / expansion of the overall ESG framework: in particular the responsibility for the design and execution of ESG guidelines in the bank, but also the integration of the ESG topics into the overall bank strategy, internal governance and ESG-relevant risk aspects in capital, liquidity and risk management
- Monitoring & Reporting: Responsible for monitoring & reporting progress regarding ESG framework targets and other key ESG targets, but also monitoring ESG ratings to manage risk and portfolio alignment
- Monitoring/screening of the implementation of all (new) regulatory ESG requirements (e.g. EU Action Plan, SFDR)
- Development/monitoring of portfolio pathways relevant to ESG aspects (to meet the EU Action Plan) and optimisation of portfolio structures
- Identification of stakeholder-relevant information needs and creation of a corresponding database through both internal data collection and the use of external data sources
- Optimisation of the product & service portfolio as well as business development/business cases to meet ESG goals and establish/expand an optimised product and service portfolio, but also the identification and establishment of new business opportunities and the associated expansion of the customer offering
- Value creation in investments/assets
- Based on the comprehensive ESG agenda, ecological and, above all, economic development of the company's own assets/investments (including energy and resource savings; cooperative customer offerings)

- Strengthening the ESG footprint both internally and externally as well as on both the German and international markets
- Integral support and management function for all activities, investments (incl. portfolios) and for all global investments

### **Sustainability Board**

To complement the operational level organisation, the Sustainability Board was established in 2021.

The Sustainability Board, which consists of managers and experts from NORD/LB, has the task of coordinating and driving forward the networking and exchange of information between the individual departments on the ongoing integration of sustainability into NORD/LB. It develops and coordinates interdisciplinary measures and projects. The Managing Board acts as a sponsor of the Sustainability Board. Members of the Sustainability Board are the departments that are significantly affected by the implementation of regulatory requirements or the further strategic integration of sustainability and ESG issues into the bank's business model.

### **Asset Liability Committee (ALCO)**

The ALCO decides on the alignment of the bank's steering portfolio within the competences and risk limits delegated by the Managing Board. Due to its relevance for the business and risk strategy, the ALCO also deals with annual and, if necessary, on an ad-hoc basis with the Liquidity Policy, the Group Funding Policy/Funding Planning, the Investment Guidelines and, if necessary, formulates recommendations for action that are adopted by the Managing Board. Adjustments to the Group Funds Transfer Pricing Policy and the Green Funding Framework are discussed and decided in the ALCO.

### **Group Risk Committee (GRC)**

The primary function of the GRC is to support the Managing Board in its risk management responsibility, also with regard to ESG. The focus of the GRC is on the holistic view of the different types of risk.

### **Green Asset Committee (GAC)**

The Green Asset Committee (GAC) takes responsibility for defining the eligibility criteria for green assets. The GAC is a subordinate to the Sustainability Board of NORD/LB. The GAC is chaired by the ESG Management organisational unit. In regular meetings, which take place at least once a year, the GAC reviews the standards prescribed in and by the bank's target markets, thus ensuring that the selection process for (financing) projects is in line with current market practices and regulatory requirements.

#### **3.1.5 Three lines of defence model**

The three lines of defence model is a multi-layered approach which clarifies responsibilities, improves risk management, and increases overall security and soundness within the bank.

- 1) The first line of defence is formed by the business units (in particular the market and post-market areas) that are responsible for processes and risks. They own and manage the risks associated with day-to-day business operations. They identify, assess and control risks as soon as they arise.
- 2) The second line of defence is represented by the two divisions "risk controlling" and "compliance and security". These divisions design and monitor risk and compliance frameworks to ensure that first-line controls are effective. They also aggregate risk data and provide reports to senior management.

- 3) The third line of defence is the Audit Department. It provides an independent and objective assessment of the effectiveness of the entire risk management system. They ensure the Managing Board and management that risks are being managed appropriately.

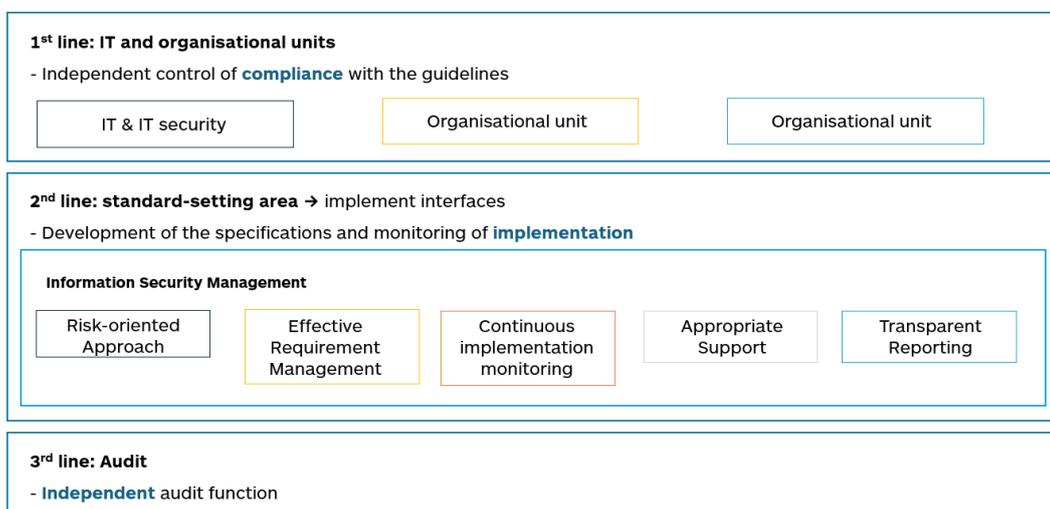


Illustration 3: The Model of the Three Lines of Defense

Source: BaFin ([Link \(German only\)](#)) – based on the Three Lines of Defence model from the BIS Occasional Paper No. 11, 2015, Bank for International Settlements (BIS)

Both the second line of defence (risk controlling and compliance) and the third line of defence (internal audit) systematically integrate ESG risks into their respective audit, control and monitoring processes. In the responsible departments, the respective design of the activities is regulated in their own instructions and processes, including the Risk Appetite Framework.

### 3.2 ESG operating model

There are various ways to establish ESG structures within a company's organisational structure. Thus, a decision can be made between a centralised, a matrix or a decentralised approach. In November 2022, the Managing Board decided to introduce a matrix organisation with a comprehensive coordinating and controlling ESG management unit with a parenthesis function. This ESG management unit is supported and complemented by ESG Competence Centres in the specialist departments. The ESG Competence Centres play a strategic and driving role in this, while the market business segments are intensively building expertise to develop ESG experts who are responsible for ESG product development and ESG initiatives such as customer engagement and in-line training. This ensures that all ESG activities are coordinated centrally, but that the expertise and the corresponding know-how are also ensured and accounted for decentrally in the specialist departments.

Overall control of shared interfaces and the coordination of goals and measures takes place via exchange rounds and committees (especially Sustainability Board, see section on the Sustainability Board).

In addition, this matrix model is regularly reviewed and, if necessary, adapted on the one hand on the basis of supervisory requirements (> EBA GL 2025 1 and 2) and on the other hand on the basis of organisation-specific appropriateness.

The detailed range of tasks and the key interfaces of the ESG Competence Centres (Chapter 3.2 of the Bank's internal ESG Governance Framework) are not published externally. The following ESG Competence Centres have been established in the Bank:

- ESG Management (in Strategic Finance)
- Principle & ESG (in Overall Bank Reporting)
- ESG Risk Centre (in Risk Controlling)
- ESG Expertise Centre KRM (in Credit Risk Management)
- ESG Advisory (in Structured Solutions & Products)

### 3.3 ESG processes in written form (sfO)

The written form regulations of NORD/LB (system: ADONIS) contain various processes in connection with ESG. An annual check for up-to-dateness is planned, and any need to adapt processes and documents is made promptly. The main ESG processes (chapters 3.3.1 to 3.3.5 of the bank's internal ESG governance framework) are not published externally.

### 3.4 ESG Reporting

Various reports are prepared for the extensive ESG topic, including the main reporting formats listed in the table below:

**Table 2: ESG Reports**

Report	Duty/ Voluntar- ily	Internal/ External	Fre- quency	Responsibility
Sustainability Reporting (CSRD)	P	E	Annual	Policy & ESG
Report according to LKSG (supply chain due diligence act)	P	E	Annual	HR Representative
Internal Sustainability Management Reporting (iNHMR)	P	I	Quarter	ESG Management
Declaration of Principles on the LkSG	P	E	Annual	HR Representative
Information of the management according to LkSG	P	I	Annual	HR Representative
UN Global Compact Progress Report	F	E	Annual	ESG Management
PRB Principles for Responsible Banking Progress Report	F	E	Annual	ESG Management
Disclosure report (semi-annual)	P	E	Half- annual	Risk management
Management report	P	E	Half- annual	Overall Bank Reporting

### 3.5 Training & Further Education

With the internal ESG Academy, NORD/LB is pursuing the goal of systematically integrating sustainability into strategy, management processes and risk management. ESG aspects are an integral part of the business and risk strategy as well as long-term value creation. The selected content of the training concept is based on regulatory requirements, the EBA guidelines and the MaRisk amendment.

To ensure implementation, the bank is establishing a comprehensive training concept for all employees. Mandatory basic training courses create a uniform understanding of ESG and convey key regulatory requirements, sustainability risks and reporting obligations. In addition, target group-oriented training courses are offered, e.g. for the committees of the bank (Supervisory Board, Managing Board, etc.) but also department-specific such as e.g. for market and back-office employees and especially for junior staff. The learning offer includes online seminars, interactive workshops, face-to-face events, videos.

The following graphic summarises ESG-related knowledge building:

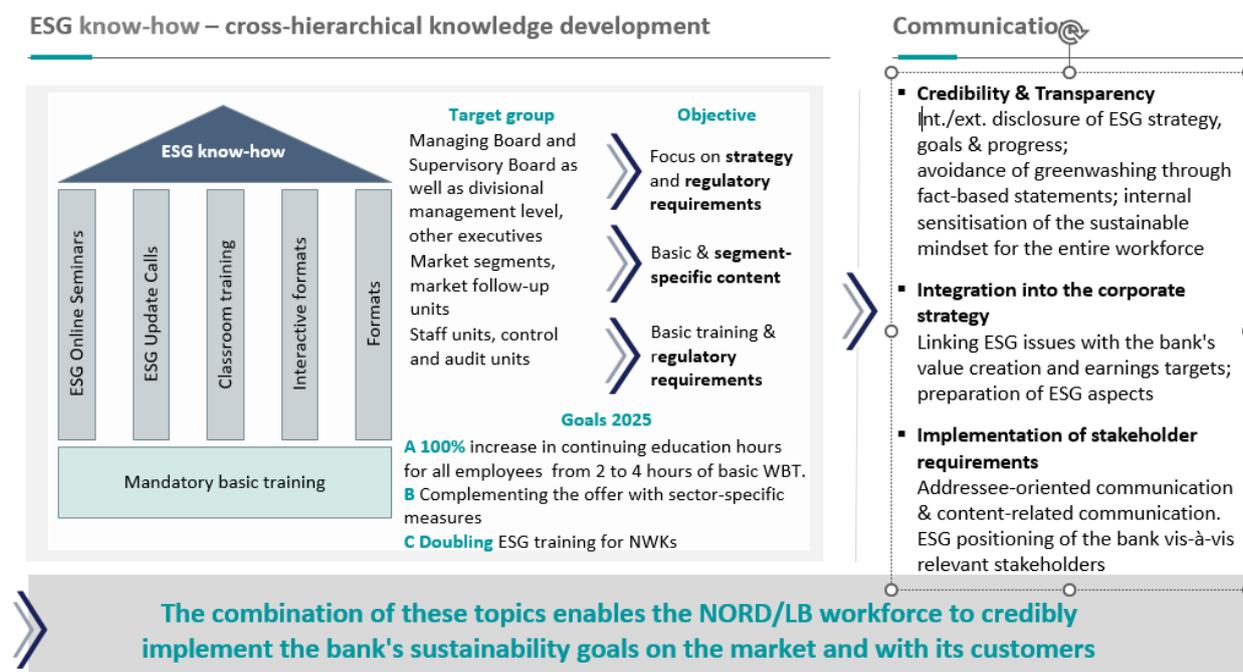


Illustration 4: ESG Academy & Communications | Content management of ESG-related knowledge development and addressee-oriented communication

## 4 Outlook: Evolving ESG governance

NORD/LB's ESG governance is in a continuous development process that is geared to regulatory requirements, strategic objectives and social expectations. The coming years will be characterised by increasing complexity of ESG issues, greater integration into overall bank management and a growing importance of data, technology and cultural change.

### 4.1 Target 2026+

The target vision of ESG governance by 2026+ envisages the full integration of ESG into all relevant governance, decision-making and control processes of the bank. ESG should not only be understood as a cross-cutting issue but should be established as a strategic governance framework. This includes:

- the systematic linking of ESG with business and risk strategy,
- the further development of the ESG functional strategy into a bank-wide management instrument,
- the institutional strengthening of ESG competence centres,
- as well as the extension of ESG responsibilities to all relevant organisational units.

The aim is to consolidate ESG as an integral part of NORD/LB's corporate DNA and to further develop the governance structures in such a way that they remain flexible, scalable and fit for the future.

## 4.2 Digitalisation and ESG data strategy

Digitalisation is a key enabler for the development of ESG governance. NORD/LB is pursuing the goal of establishing a robust ESG data strategy that both meets regulatory requirements and provides strategic management impetus. Essential elements are:

- the introduction of a central ESG data repository with clear responsibilities,
- the integration of ESG data into existing IT systems and reporting structures,
- the automation of ESG indicators and KPIs,
- and the use of data analytics to identify ESG risks and opportunities.

The ESG data strategy is intended to form the basis for fact-based, transparent and forward-looking ESG management while increasing the efficiency and quality of reporting.

## 4.3 ESG as a driver of innovation and cultural change

ESG is not just a regulatory issue, but a driver of innovation and cultural transformation. NORD/LB sees ESG as a driving force for new business models, sustainable customer solutions and a value-oriented corporate culture. The focus is on:

- the promotion of ESG innovation in product development and financing,
- the embedding of sustainability in leadership guidelines and personnel development,
- strengthening ESG competence through training and awareness-raising,
- as well as the establishment of an open dialogue on sustainability within the organisation.

The cultural change towards an ESG-oriented bank is accompanied by targeted change management measures and supported by the ESG Academy as well as internal and external communication formats.