



Group Sustainability Report of  
NORD/LB for the financial year from  
1 January to 31 December 2020

# Content

|  |           |
|--|-----------|
| <b>DECLARATION BY THE CHAIRMAN OF THE MANAGING BOARD<br/>CONCERNING THE UN GLOBAL COMPACT.....</b> | <b>4</b>  |
| <b>DECLARATION CONCERNING THE REPORT .....</b>   | <b>5</b>  |
| <b>MATERIALITY ANALYSIS .....</b>  | <b>7</b>  |
| Stakeholder dialogue and sustainability context.....   | 7         |
| Value chain.....   | 8         |
| Identifying material topics.....   | 9         |
| <b>THE NORD/LB .....</b>   | <b>14</b> |
| Business model and strategic orientation.....  | 15        |
| Business sites and segments.....   | 15        |
| Governing bodies.....  | 16        |
| Memberships of associations and interest groups.....   | 17        |
| <b>OUR CORPORATE GOVERNANCE .....</b>  | <b>20</b> |
| Ethics, integrity, compliant conduct and anti-corruption.....                                      | 20        |
| Code of Conduct.....   | 21        |
| Whistleblower system and ombudsman .....   | 22        |
| Management of compliance-relevant issues.....  | 23        |
| Management of conflicts of interest .....  | 24        |
| Prevention of insider trading.....   | 25        |
| Prevention of money laundering and terrorism financing.....  | 25        |
| Prevention of other criminal offences (fraud).....   | 27        |
| Prevention of corruption, paying bribes and accepting bribes.....                                  | 27        |
| Integrity check .....  | 28        |
| Training on compliance-related topics.....   | 28        |
| <b>INFORMATION SECURITY AND DATA PROTECTION.....</b>   | <b>29</b> |
| Information security .....   | 29        |
| Data protection .....  | 31        |
| <b>CORPORATE GOVERNANCE AND SUSTAINABLE BANKING .....</b>  | <b>33</b> |
| Management of ESG issues.....  | 33        |
| Sustainability in the business strategy .....  | 34        |
| Internal rules and regulations .....   | 34        |
| Management of ESG risks .....  | 36        |
| Memberships and standards.....   | 37        |
| Sustainable banking business .....   | 40        |
| Sustainable financing.....   | 40        |
| Sustainable investment.....  | 42        |
| Sustainable asset management.....  | 43        |
| Advisory and service .....   | 44        |
| Sustainability ratings.....  | 45        |
| <b>OUR EMPLOYEES.....</b>  | <b>46</b> |
| Understanding our employees during the transformation.....   | 46        |
| Strategic HR alignment.....  | 46        |

|   |           |
|---|-----------|
| Number of staff, new hires and staff turnover .....       | 46        |
| Representation of interests/co-determination.....         | 48        |
| Remuneration .....  | 49        |
| Social benefits .....                                     | 50        |
| Diversity, equal opportunities and work-life balance..... | 51        |
| Diversity and equal opportunities .....                   | 52        |
| People with disabilities.....                             | 53        |
| Equal treatment and non-discrimination .....              | 53        |
| Work-life balance .....                                   | 54        |
| Training and further education.....                       | 55        |
| Training .....  | 55        |
| Junior staff development .....                            | 55        |
| Acquisition and retention of junior staff.....            | 55        |
| Quality of training .....                                 | 56        |
| Further training and succession management.....           | 57        |
| Occupational health and safety.....                       | 58        |
| Occupational safety .....                                 | 58        |
| Occupational health management.....                       | 59        |
| <b>OUR SOCIAL COMMITMENT .....</b>                        | <b>61</b> |
| NORD/LB Cultural Foundation.....                          | 61        |
| Science .....   | 62        |
| Social commitment .....                                   | 62        |
| Policies .....  | 63        |
| <b>OUR BUSINESS OPERATIONS .....</b>                      | <b>64</b> |
| Operations management .....                               | 64        |
| Emissions.....  | 64        |
| Energy .....  | 67        |
| Paper and water.....                                      | 68        |
| Waste .....   | 69        |
| Mobility.....   | 70        |
| Environmental footprint.....                              | 71        |
| Our supplier and purchasing management .....              | 73        |
| Supplier relationships .....                              | 73        |
| Procurement process.....                                  | 73        |
| Further contractual provisions and checks .....           | 74        |
| <b>GRI INDEX.....</b>                                     | <b>76</b> |
| GRI Standards.....  | 76        |
| <b>IMPRINT .....</b>                                      | <b>80</b> |
| <b>DISCLOSURE PAGE NUMBERS .....</b>                      | <b>81</b> |

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

UNGC  
102-14

Dear reader,

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

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

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

I hope you find this report interesting.

Yours sincerely,



Thomas Bürkle  
Chairman of the Managing Board

# Declaration concerning the report

102-1      102-3      102-45   102-48   102-54   102-56

The sustainability report (“Group Sustainability Report 2020”) has been prepared for NORD/LB Group. NORD/LB together with other companies forms a group (see below). This report updates the Group Sustainability Report 2019. A progress report in accordance with the requirements of the UN Global Compact is also integrated into this report.

The Group Sustainability Report 2020 has been prepared in accordance with the Global Reporting Initiative (GRI) standards, core option. As part of its reporting, the Bank describes its “management approach” for all “material topics” and includes a “disclosure” in the report. In addition, NORD/LB also voluntarily reports other disclosures, which are shown separately in the index.

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

The report covers the reporting period from 1 January to 31 December 2020. Unless specified otherwise, the figures presented in this report are for financial years 2018, 2019 and 2020 (from 1 January to 31 December in each case). The Managing Board of NORD/LB approved the report at its meeting on 14 September 2021. It has not been audited externally.

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

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

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

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

In this report, gender-specific double designations and neutral designations were used for the first time. Should this not have happened in individual cases, this term explicitly includes women and men. The term staff generally includes all employees and managers, including the Executive Board, unless they are identified separately.

As at the reporting date of 31 December 2020, the NORD/LB Group employed 5,020 people. The staff key figures cover 100 per cent of the Group’s employees.

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

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

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

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

# Materiality analysis

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

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

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness

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

## Stakeholder dialogue and sustainability context

102-42

102-43

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

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

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

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

Z: 102-21

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

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

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

NORD/LB is also a regular participant in various sustainability-related working groups led by the Deutscher Sparkassen- und Giroverband (German Savings Banks Association, or DSGV), the UN Global Compact (UNGC) network, the German Global Compact Network (DCGN), the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions, or VfU) and the Bundesverband Öffentlicher Banken Deutschlands (Association of German Public Sector Banks, or VÖB). It has participated in the UNEP FI/VfU Roundtable for many years in order to discuss the latest sustainability developments with other participants. NORD/LB made itself available for numerous expert interviews with young academics during the reporting period, for example as part of master's theses.

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

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

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

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

102-40

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

## Value chain

102-9

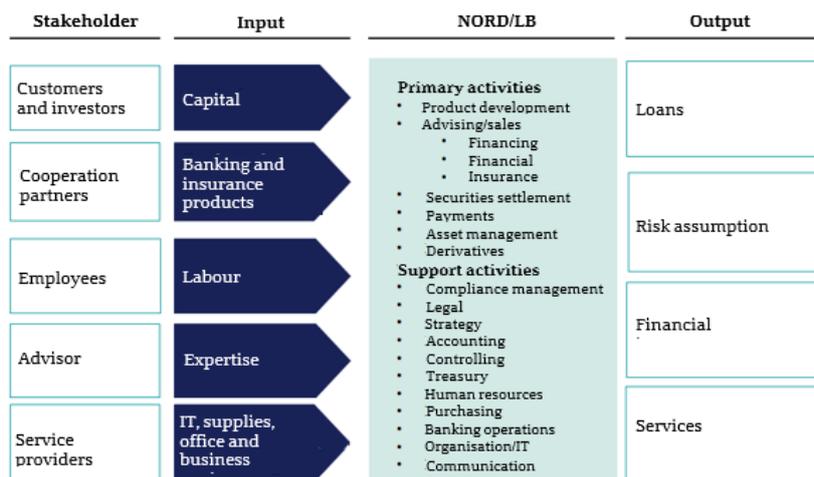
The five main sectors that impact on economic activity in a national economy are private households, business, government, foreign countries and banks. Banks in this respect are classified as part of the wealth sector, which plays a key role in economic activity; here monetary transactions are processed,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

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

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

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

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



## Identifying material topics

102-46

NORD/LB first conducted a materiality analysis for the 2015 reporting year. This was updated in 2017 and supplemented with and validated by a secondary analysis (desk research) conducted by imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH (imug) and an employee survey.

The analysis was conducted in accordance with the following GRI principles:

- Identification of information
- Prioritisation
- Validation

In order to identify material topics, first a comprehensive list of sustainability topics was created in 2015. The existing GRI disclosures were supplemented to include additional topics, such as sustainability ratings, media reports, NGO inquiries, multi-stakeholder initiatives and customer inquiries. In the next step, the topics with no obvious relevance to the business activities of NORD/LB were removed, allowing for an initial rough selection of topics.

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

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

The topics and stakeholders were subsequently validated in three steps. The results of the materiality analysis were initially discussed and assessed in an externally led workshop. The conclusion was then presented to the Sustainability Committee. The final validation took place during a meeting of the Managing Board in May 2016. The 2015 materiality analysis was reviewed and updated in 2017 with the involvement of other internal and external stakeholders. In addition, in October 2017 NORD/LB tasked imug with conducting a secondary analysis to identify material sustainability topics. This analysis included a review of social opinion-forming processes in Germany and the European Union (EU) as part of a comprehensive media analysis (involving 30 media outlets, an analysis of NGO press releases and “grey literature”), a comprehensive analysis of current trends and developments in the traditional financial market and the market for socially responsible investments (SRI), as well as a specific examination of the requirements and expectations of the relevant stakeholders in financial market players in the context of sustainability (politicians and authorities, SRI analysts, investors and shareholders, NGOs, associations, churches, scientists/researchers, the media and trade unions).

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

The top five topics identified by the employee survey were:

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

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

102-44

102-47

102-49

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

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

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

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



# The NORD/LB

102-1      102-3      102-5

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

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

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

The share capital amounted to €2,972 million, 55.15 per cent of which was held by the state of Lower Saxony, 6.66 per cent by the state of Saxony-Anhalt, 9.51 per cent by Sparkassenverband Niedersachsen, 1.90 per cent by the Sparkassenbeteiligungsverband Sachsen-Anhalt, 1.32 per cent by the Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern, 12.73 per cent by FIDES Gamma GmbH and 12.73 per cent by FIDES Delta GmbH. NORD/LB does not receive any government grants.

102-7      102-10      Z: 201-1

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

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

102-45

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

**Figure 1: NORD/LB subsidiaries and associated companies**



The bank also maintains additional investments as detailed in the Notes, please see the 2020 Group Annual Report.

## Business model and strategic orientation

102-2

NORD/LB is a commercial bank, Landesbank (federal state bank) and central bank for the savings banks based in Hanover, Brunswick and Magdeburg and operates beyond this core region with domestic branches in Hamburg, Bremen, Munich, Düsseldorf, Oldenburg and Schwerin. In order to operate on all the major international financial and trading venues, the foreign offices in London, New York and Singapore play a key role. As legally dependent business units, the offices pursue the same business model as NORD/LB.

As the regional bank of the owner-states of Lower Saxony and Saxony-Anhalt, the bank operates its promotional business on behalf of the federal states via the Investitionsbank Sachsen-Anhalt (institute of NORD/LB) and via the Landesförderinstitut Mecklenburg-Vorpommern (division of NORD/LB).

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.

The bank's core business as a commercial bank is characterised by the structures and special features of the economy in northern Germany. 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. Risks and costs are managed in terms of concentration aspects and the consideration of cycles.

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

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

For further information on the business model and management systems, please see the 2020 Group Annual Report.

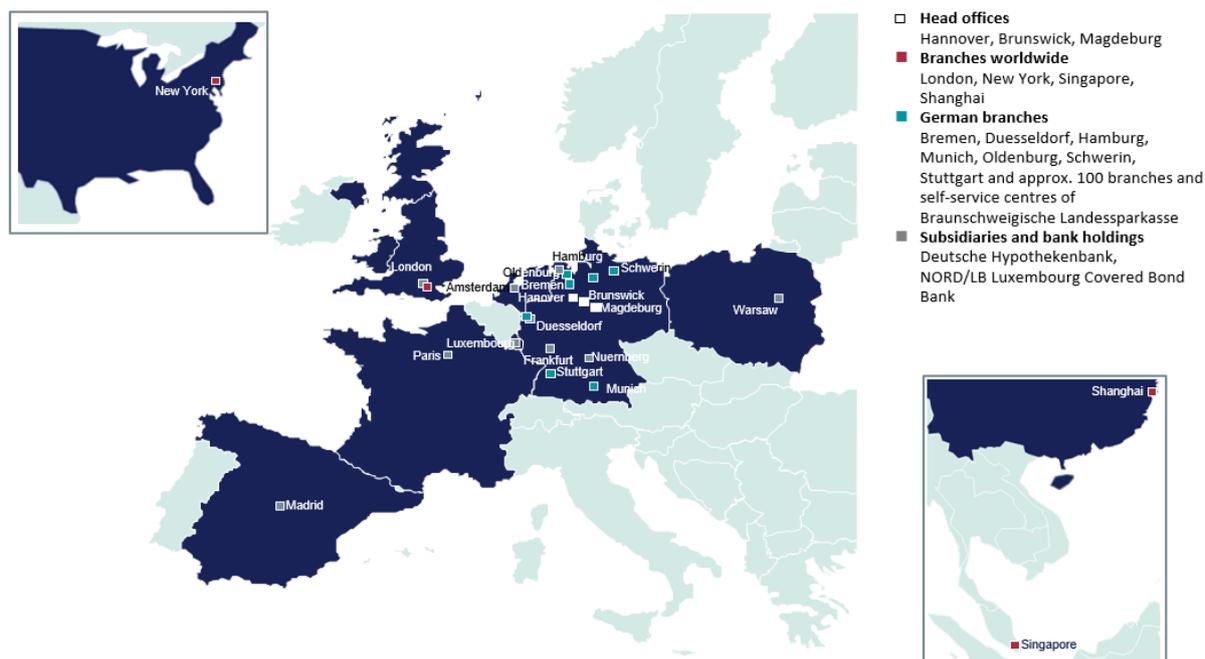
## Business sites and segments

102-4

102-6

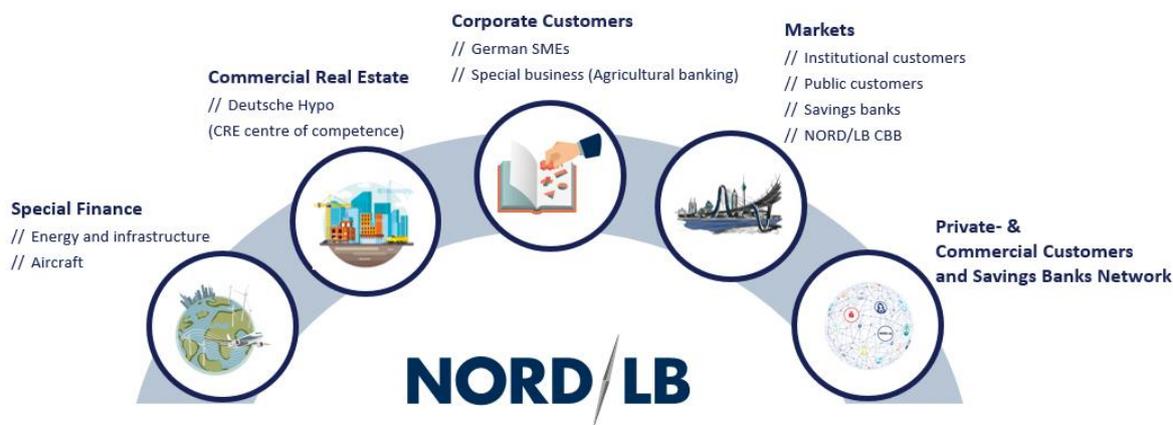
The NORD/LB Group has branches in northern Germany and beyond the core region with further branches in Germany and abroad.

Figure 4: Geographical distribution of NORD/LB Group sites



The following overview provides an insight into the NORD/LB Group’s business segments. For a detailed presentation of the business segments, Group management and transition, please see the 2020 Group Annual Report.

Figure 5: Business segments of the NORD/LB Group



## Governing bodies

102-18

NORD/LB’s governing 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 2020, the Managing Board of NORD/LB comprised the following members:

- **Thomas Bürkle**  
Chairman of the Managing Board from 1 January 2017  
Member of the Managing Board from 1 January 2014 to 31 December 2016

- Dr Hinrich Holm  
Deputy Chairman of the Managing Board from 1 January 2017 to 31 January 2020  
Member of the Managing Board from 1 February 2010
- Olof Seidel  
Member of the Managing Board from 1 January 2020
- Christoph Dieng  
Member of the Managing Board from 3 February 2017
- Christoph Schulz  
Member of the Managing Board from 1 September 2006
- Günter Tallner  
Member of the Managing Board from 3 February 2017

For further information on the responsibilities and CVs of current members of the Managing Board, please see the bank's website ([www.nordlb.de](http://www.nordlb.de)).

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

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

Please see the 2020 Group Annual Report regarding the composition of the Supervisory Board and the Owners' Meeting. For further information, please also see the State Treaty and the statutes of NORD/LB, which are publicly available on the bank's website.

## Memberships of associations and interest groups

102-13

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

Table 1: Memberships

| Organisation  | Mandate holder   | Interest group   | Position     |
|---|------------------|--|--------------|
| <b>Lotto Niedersachsen foundation for old people's homes</b>      | Christoph Schulz | Board of Trustees  | Chair        |
| <b>Hanover Stock Exchange Lower Saxony Stock Exchange Hanover</b> | Thomas Bürkle    | Stock Exchange Council   | Chair        |
| <b>Brunswick Higher Education Association</b>                     | Christoph Schulz | Governing Board  | Member       |
| <b>Bremer Landesbank Stiftung foundation</b>                      | Thomas Bürkle    | Managing Board   | Deputy Chair |
| <b>Association of German Banks (BdB)</b>                          | Dr Hinrich Holm  | Central Capital Markets Committee  | Member       |
| <b>Association of German Public Banks (VÖB)</b>                   | Dr Hinrich Holm  | Capital Markets Committee  | Chair        |
|   | Thomas Bürkle    | Managing Board   | Member       |
|   | Günter Tallner   | Corporate Banking Committee  | Member       |
|   | Christoph Dieng  | Capital Markets Committee<br>Committee on Risk Management and Accounting | Member       |

|   |  |  |                           |
|---|--|--|---------------------------|
| <b>Deutscher Sparkassen- und Giroverband (DSGV)</b>   | <b>Christoph Schulz</b>  | <b>Operations Committee</b>  | <b>Member</b>             |
|   |  | Communications and Media Committee   | Member                    |
|   |  | Sales Committee  | Member                    |
|   | Thomas Bürkle  | German Sparkassenstiftung for International Cooperation                                | Member                    |
|   |  | GZ Manager Conference Managing Board   | Deputy Chair<br>Member    |
|   |  | Control body of the Institutional Protection Scheme of the Savings Banks Finance Group | Deputy member<br>Member   |
| Members' meeting  |  |  |                           |
| Christoph Dieng   | Monitoring committee of the Sicherungsreserve der Landesbanken und Girozentralen | Member   |                           |
| <b>Die Braunschweigische Stiftung foundation</b>  | Thomas Bürkle<br>Christoph Schulz  | Board of Trustees<br>Managing Board  | Chair<br>Deputy Chair     |
| <b>Research Centre for the Development of the Savings Banks</b>   | Dr Hinrich Holm  | Board of Trustees  | Member                    |
| <b>Friends of Herrenhäuser Gärten gardens</b>   | Dr Hinrich Holm<br>Thomas Bürkle   | Board of Trustees  | Member                    |
| <b>FIRM Gesellschaft für Risikomanagement und Regulierung Owned by the Frankfurt Institute for Risk Management and Regulation</b> | Christoph Dieng  | Managing Board   | Member                    |
| <b>Hannover Center of Finance (HCF)</b>   | Dr Hinrich Holm<br>Olof Seidel   | Board of Trustees  | Deputy Chair              |
| <b>Hanover Industry Club</b>  | Thomas Bürkle<br>Günter Tallner  | Advisory Board   | Member<br>Co-opted member |
| <b>Brunswick Chamber of Commerce and Industry</b>   | Christoph Schulz   | General meeting<br>Governing Board   | Member<br>Vice President  |
| <b>Hanover Chamber of Commerce and Industry</b>   | Günter Tallner   | Ausschuss für Industrie und Forschung (Committee on Industry and Research)             | Member                    |
| <b>Institute of North German Economics (INW)</b>  | Thomas Bürkle  | Board of Trustees  | Member                    |
| <b>Kestnergesellschaft art gallery</b>  | Thomas Bürkle<br>Dr Hinrich Holm   | Board of Trustees<br>Board of Trustees<br>Managing Board                               | Member<br>Member<br>Chair |
| <b>Children of Chernobyl, a foundation of the state of Lower Saxony</b>   | Günter Tallner   | Board of Trustees  | Member                    |
| <b>Leibniz Universitätsgesellschaft Hannover</b>  | Olof Seidel  | Managing Board   | Member                    |
| <b>NORD/LB Cultural Foundation</b>  | Thomas Bürkle<br>Christoph Schulz  | Managing Board   | Chair<br>Member           |
| <b>Kurt-Weill-Gesellschaft</b>  | Dr Hinrich Holm<br>Günter Tallner  | Board of Trustees  | Member                    |
| <b>Lower Saxony Hanover Stock Exchange</b>  | Dr Hinrich Holm<br>Thomas Bürkle   | Stock Exchange Council<br>Managing Board   | Member<br>Deputy Chair    |
| <b>Lower Saxony Savings Banks Foundation</b>  | Christoph Schulz<br>Thomas Bürkle  | Foundation Board<br>Managing Board   | Member<br>Member          |

|  |  |   |                                 |
|--|--|---|---------------------------------|
| <b>German Savings Banks Foundation for International Cooperation</b>               | Christoph Schulz                                 | Board of Trustees                       | Member                          |
| <b>Savings Banks Association of Lower Saxony (SVN)</b>                             | Thomas Bürkle                                    | Managing Board                          | Member                          |
| <b>Donors' association for the promotion of humanities and sciences in Germany</b> | Thomas Bürkle                                    | State Board of Trustees of Lower Saxony | Member                          |
| <b>Foundation for Photography and Media Art with the Michael Schmidt Archive</b>   | Thomas Bürkle                                    | Board of Trustees                       | Member                          |
| <b>Unterstützungseinrichtung der BLB</b>   | Thomas Bürkle<br>Christoph Schulz<br>Olof Seidel | Advisory Board                          | Chair<br>Member                 |
| <b>NORD/LB provident fund</b>  | Thomas Bürkle<br>Dr Hinrich Holm<br>Olof Seidel  | Managing Board                          | Chair<br>Member<br>Deputy Chair |
| <b>Association of the Friends of the Sprengel Museum</b>                           | Christoph Dieng                                  | Managing Board                          | Member                          |

# Our corporate governance

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

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

UNGC

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

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

In times of increasing financial crime, banks around the world face a particular challenge and are equally vulnerable. They are thus exposed to the inherent risk of being misused for the purposes of money laundering and the financing of terrorism, or of favouring the anonymity of business relationships and transactions. Ever new methods are being used to “wash” money and assets derived from illegal activities such as corruption in the broader sense, robbery, blackmail, 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 purposes. 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 – not least since the financial crisis – to maintain the confidence of market participants and customers in the proper conduct of banking business. Likewise, the company’s own reputation and the trust of customers and business partners are important intangible assets for financial institutions and are of key importance for their success. The financial losses (e.g. from liability payments or fines) and the consequences of reputational damage can be significant for the institution and therefore 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, the NORD/LB Group considers it an important task for its protection 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 own ethical, moral and compliant conduct and to maintain and build on this trust. This includes complying with regulatory requirements, compliant conduct and a zero tolerance policy towards paying bribes, accepting bribes and obtaining undue advantages.

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

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

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

## Code of Conduct

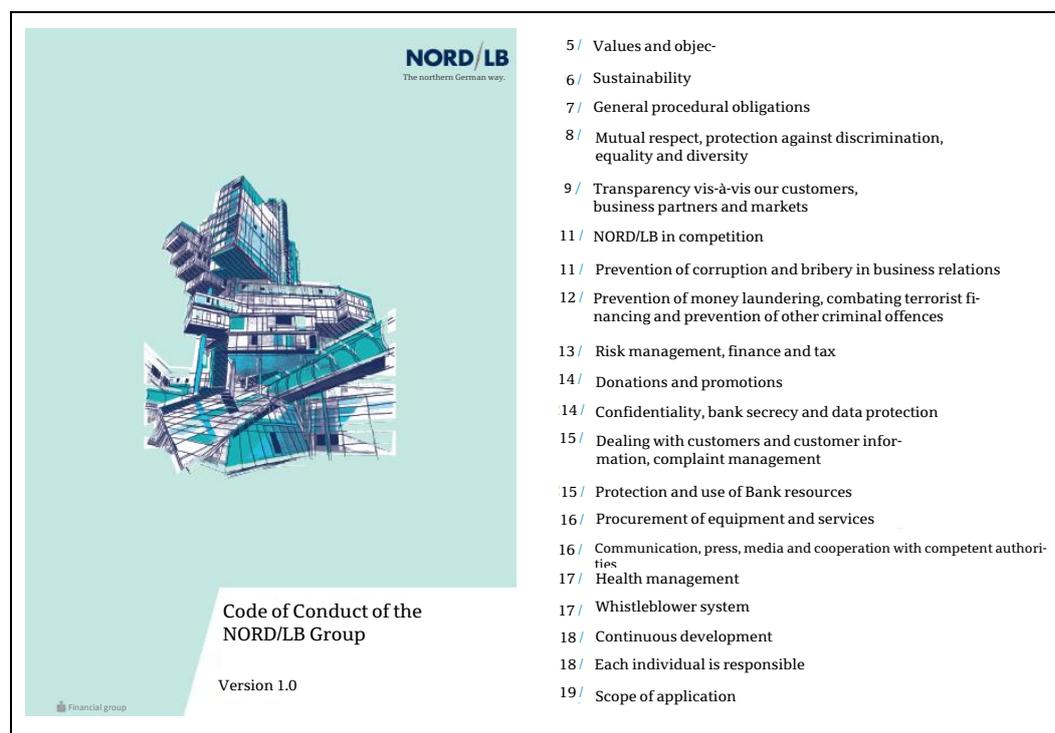
UNGC

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

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

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

**Figure 6: Code of conduct**



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

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

## Whistleblower system and ombudsman

UNGC

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

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

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

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

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

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

Employees are regularly informed about the ombudsman, its tasks and activities as well as its availability. The corresponding contact details of the ombudsman are published on NORD/LB's intranet and on the Internet and are therefore freely accessible to any whistleblower. In addition, all employees have the option of reporting relevant processes to management, the responsible member of the Managing Board, the HR department, the Legal department, the Internal Audit department and the Compliance department.

Customers can also submit any complaints via a complaint management system. Complaint management principles and information on the complaint management process are freely accessible on the bank's website: <https://www.nordlb.com/legal-notice/conciliation-committee>.

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

## Management of compliance-relevant issues

UNGC

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

The NORD/LB Group is concerned with ensuring ethics and integrity as well as compliant conduct through a variety of measures, including in the context of compliance management. This is done through the targeted implementation of compliance-related topics.

A commitment from the highest level ensures that employees have a clearly defined scope for action. This reduces the risk of employees acting unintentionally at the expense of the bank or putting themselves in danger of violating laws or regulations. In this context, the NORD/LB Group Managing Board has obligated the employees of all Group companies to be "100 per cent compliant" and underpins this requirement with a Corporate Compliance Policy.

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

The basic elements of the compliance management system include:

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

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

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

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

By establishing an independent and effective whistleblowing system, employees, customers and business partners have several reporting channels at their disposal to provide information in anonymised form.

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

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

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

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

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

## Management of conflicts of interest

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

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 supplier, the bank with employees and between customers.

In order to justify and maintain the trust of customers, employees and the public in the performance and integrity of the bank, the Managing Board members of NORD/LB and its subsidiaries have commissioned the respective Compliance divisions to monitor and avoid conflicts of interest.

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

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

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

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

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

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

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

## Prevention of insider trading

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

As a result of their work, employees of the NORD/LB Group may have access to information that is not available to other persons and can be used for their own benefit. This also represents a conflict of interest.

The law relating to insider trading is intended to ensure the functioning of markets for financial instruments and to give investors the certainty that they will be treated equally and protected against the unlawful use of information.

Inside information is any precise information about circumstances which are not publicly known and which relates to one or more issuers of insider securities or to the insider securities themselves and which, if it becomes publicly known, is likely to have a significant effect on the stock exchange or market price of the insider securities.

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

Employees who typically or for special reasons have access to inside information of a listed company are also monitored separately by the Compliance department.

## Prevention of money laundering and terrorism financing

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

Targeted combating of money laundering, organised crime and international terrorism must also be on the financial side and make it more difficult to invest profits from criminal activities and cash flows that are used to finance terrorist activities.

In addition to the Code of Conduct, the overall guidelines to prevent money laundering, the financing of terrorism and other criminal offences (fraud) as well as to ensure compliance with financial sanctions/embargoes at the NORD/LB Group, the NORD/LB Group lays down rules and principles which are intended to ensure a common minimum standard for appropriate and effective prevention, detection and reaction in connection with money laundering, terrorism financing and economic criminal activities, as well as compliance with the associated embargoes and financial sanctions.

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

|   |    |
|---|----|
| <b>NORD/LB</b><br><small>The northern German way.</small>   |    |
|    |    |
| <b>Overall guidelines to prevent money laundering, the financing of terrorism and other criminal offences (fraud) as well as compliance with financial sanctions / embargoes within the NORD/LB Group</b> |    |
| <b>NORD/LB</b><br><small>The northern German way.</small>   |    |
| <b>Contents</b>   |    |
| 1. Foreword   | 5  |
| 2. Subject of the guidelines (document hierarchy), objective and scope  | 6  |
| 3. Principle of proportionality   | 7  |
| 4. Framework  | 8  |
| 4.1 Legal and regulatory requirements   | 8  |
| 4.2 Uniform Group objectives with respect to discipline (protection goals of the Compliance function/understanding of   | 8  |
| 4.3 Monitoring activities of NORD/LB A&R within the NORD/LB   | 9  |
| 4.4 Uniform minimum standard within the   | 9  |
| 4.4.1 Minimum standard for the prevention of money laundering and the financing of terrorism  | 9  |
| 4.4.2 Minimum standard for prevention against other criminal  | 12 |
| 4.4.3 Minimum standard for compliance with embargoes and financial  | 14 |
| 4.4.4 Obligations in third countries  | 15 |
| 4.4.5 Monitoring activities of NORD/LB A&R within the NORD/LB Group   | 16 |
| 4.4.6 Group risk analysis and reporting obligations of NORD/LB  | 16 |
| 4.5 Obligations of subordinated domestic and foreign institutions to NORD/LB A&R  | 17 |
| 4.5.1 Reporting   | 17 |
| 4.5.2 Ad hoc reporting obligations  | 17 |
| 4.5.3 Use and selection of IT systems   | 17 |
| 4.6 (Internal and) Group-wide   | 17 |
| 4.6.1 Zero-tolerance principle  | 17 |
| 4.6.2 Group-wide exchange of  | 18 |
| 5. Compliance   | 18 |
| 5.1 Roles and responsibilities  | 18 |
| 5.2 Management  | 19 |
| 5.3 Compliance function (central  | 19 |
| 5.3.1 Basic principles  | 19 |
| 5.3.2 Appointment   | 20 |
| 5.3.3 Powers  | 21 |
| 5.3.4 Expertise and reliability   | 21 |
| 5.4 Specialist departments  | 22 |
| 5.5 Committees  | 22 |

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

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

All 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.

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. If there are justified doubts during an initiation of business or the performance of a transaction, the implementation must be refused.

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 in the event of any questions.

## Prevention of other criminal offences (fraud)

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

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

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

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

## Prevention of corruption, paying bribes and accepting bribes

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

The NORD/LB Group institutions do not tolerate corruption or the payment or acceptance of bribes 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 extortion and bribery".

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.

Z: 205-2

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

Theme specific indication ethics and integrity as well as compliant conduct and anti-corruption 205-3

Thanks to comprehensive preventive measures, there were no corruption-related losses in 2020.

## Integrity check

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

As part of business initiation and/or the expansion of a business relationship, the NORD/LB Group institutions conduct a separate integrity check using a defined catalogue of criteria for credit or trading transactions, business relationships with intermediaries and brokers or suppliers and service providers.

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

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

## Training on compliance-related topics

UNGC

Management approach to ethics and integrity as well as compliant conduct and anti-corruption | Information security and data protection: 103-2  
Z: 205-2

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

The aim is to increase employees' understanding of compliance-related issues and thus improve awareness in day-to-day business 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, Deutsche Hypo and NORD/LB Luxembourg, including their Managing Board members.

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

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

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

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

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

# Information security and data protection

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

## Information security

Management approach to information security: 103-1

Financial services companies deal with a wide variety of information. Such information and 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.

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

As such, threats such as through hacking attacks, password theft, phenomena such as social engineering, phishing or man-in-the-middle attacks, but also ignorance and human misconduct, all companies handling information, especially in the context of cybercrime, pose new, changing and greater challenges. Against the backdrop of the coronavirus pandemic in particular, a further significant increase in threats related to cybercrime was recorded.

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

Management approach to information security: 103-2

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

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

Specific similar regulations apply to the foreign locations.

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

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

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

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

The CISO has the following competencies:

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

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

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

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

## Data protection

Management approach to data protection: 103-1

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

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

Management approach to data protection: 103-2

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

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

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

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

Management approach to data protection: 103-3

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

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

Subject-specific information on data protection: 418-1

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

# Corporate governance and sustainable banking

Management of ESG topics as well as social and environmental impact of the financing business and investments were identified as important topics in the materiality analysis.

## Management of ESG issues

UNGC

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

Banks exert a significant influence on a sustainable economy and society, as they manage financial flows, enabling economic growth, creating jobs and providing social services. As banks are service companies, many of their products and services have an indirect impact on the environment and society. By integrating environmental and social aspects into strategic management decisions and into the investment and credit process, these risks can be assessed and minimised, while at the same time increasing the confidence of all key stakeholders. Topics such as environment, society and corporate governance (Environmental, Social and Governance - ESG) must therefore be taken into account and managed not only for ethical reasons and to generate new business opportunities, but also for risk prevention reasons.

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

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

UNGC

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

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

The Chairman of the Managing Board bears the main responsibility for sustainable development at NORD/LB and reports the results to the owners. The entire Managing Board is supported in its tasks by the sustainability management team, who analyse requirements for individual areas within and outside NORD/LB and the NORD/LB Group, develop objectives and measure and propose these for implementation. The collaboration with the Group subsidiaries is similar: Impulses from the parent company or the sustainability management team are discussed, advised and proposed for implementation together with current focal points and topics.

## Sustainability in the business strategy

The bank's sustainability strategy has been an integral part of its business strategy since 1 January 2021. It comprises four principles that govern our daily activities:

- **Responsibility:**  
By recognising the UN Global Compact and establishing its principles in the bank's internal guidelines, NORD/LB implements responsible actions with regard to ecological, economic and social impact as part of its business and operating activities.
- **Interest group orientation:**  
Knowledge of and the proper handling of the requirements of specific interest groups is essential for NORD/LB and is indispensable for ensuring its long-term corporate success with a focus on sustainability.
- **Holistic approach:**  
Sustainability affects all areas of the bank and requires a holistic approach – from the business strategy and management, to the bank's customers and products, through to employees, business operations and social commitment. We consider NORD/LB as a whole, taking into account interdependencies between areas and processes.
- **Transparency:**  
Transparency is an essential aspect of sustainability. NORD/LB's aim is to present the positive and, if applicable, negative social effects of the bank's business across all areas in a transparent way. This is achieved by applying the Principles for Responsible Banking and by focusing on the Sustainable Development Goals. This results, for example, in added value for employees and the environment, but also in optimisation potentials and measures to avoid any negative effects in the future.

## Internal rules and regulations

The NORD/LB Group is committed to the 10 principles of the UN Global Compact and the objectives of respecting human rights, protecting the environment and combating corruption and bribery, and is committed to complying with the corresponding principles in its business activities. In this context, the NORD/LB Group excludes the following transactions due to their negative impact on people and the environment as part of its business activities:

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

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

### UNGC

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

The NORD/LB Group and its institutions have a number of internal strategy documents, guidelines and working instructions that have been integrated into the documentation of internal regulations (sfO). In addition to guidelines for implementing and complying with the provisions of "traditional banking supervisory law" at a German, European and international level, the Group also has supplementary ESG guidelines that govern and regulate business activities with regard to economic, ecological and social aspects.

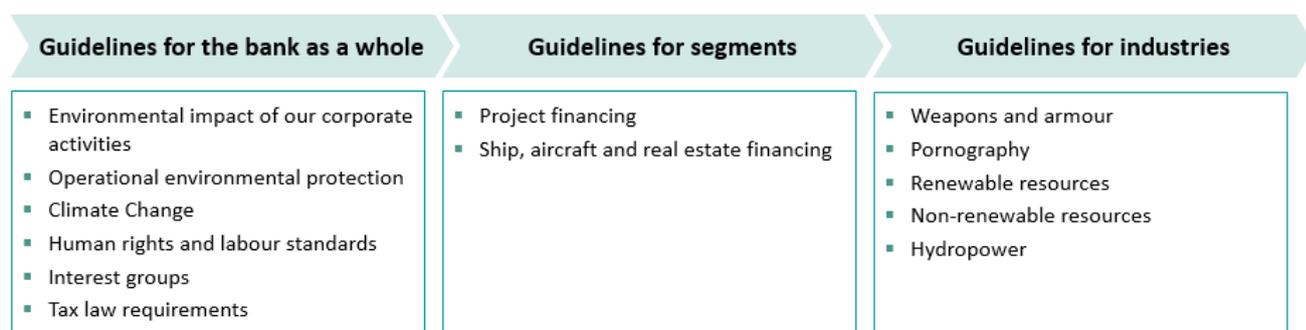
With its ESG guidelines, the NORD/LB Group has incorporated the principles of the UN Global Compact into its own corporate governance and, in addition to integrating ecological and social aspects in its core business, also regulates the exclusion of business activities which do not comply with the basic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

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

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

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

Figure 10: NORD/LB Group ESG guidelines



With the Guideline for Environmental Impact, NORD/LB refers to principles seven to nine of the UN Global Compact for taking environmental aspects into account in its business activities. The aim is to largely avoid or reduce both direct and indirect environmental impact of business activities. The bank's corporate environmental management system records, evaluates and manages the direct environmental impact of NORD/LB's business activities. The environmental management system and its system elements and process flows are based on the international standard for environmental management ISO 14001. The indirect environmental impact of NORD/LB's business activities is managed in the business segments; this is done, among other ways, through the management of ESG risks.

The Guideline for Corporate Environmental Protection defines a minimum standard for corporate environmental protection in the NORD/LB Group and is based on the requirements of the international standard for environmental management ISO 14001.

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

Through its Guideline on Human Rights and Labour Standards, NORD/LB relates to principles one to six of the UN Global Compact on the consideration of human rights and labour standards. In applying this guideline, NORD/LB incorporates into its business activities the importance of human rights requirements for employees, market partners and society, gives guidance to employees and market partners concerning potential violations of human rights, enhances the processes to create transparency, for evaluation and analysis, and for monitoring, and ensures human rights aspects are taken into account in complaints management. The application of the Guideline supports the operational implementation of the NORD/LB Group's Code of Conduct. In addition, the Guideline supplements established framework specifications such as the guideline for dealing with companies in the defence industry or the Guideline for ESG Requirements for Project Finance.

The Guideline for Dealing with Stakeholders is the basis for dialogue with interest groups. In applying this Guideline, NORD/LB focuses on the three principles developed by the international organisation AccountAbility regarding dealing with relevant interest groups.

The Guideline for Dealing with Tax Law Requirements is a commitment to comply with the duty to establish appropriate processes and controls to ensure compliance with tax laws, to promote their social reputation and to strengthen their relationships with government agencies, tax authorities and their customers.

The Guideline for ESG Requirements for Project Finance relates to the financing of customer projects in which significant ESG risks are created by the structure and scope of the projects. It is based on the requirements of the United Nations Environment Programme Finance Initiative (UNEP FI) and the principles of the UN Global Compact. NORD/LB also uses requirements and procedures suggested by the Equator Principles.

The guidelines on ship, aircraft and real estate finance govern the consideration of technological, environmental and social guidelines.

NORD/LB's guideline for dealing with companies in the defence industry imposes strict requirements on business with companies in the defence industry and only maintains business relationships with companies that comply with the Global Principles of Business Ethics for the Aerospace and Defence Industry and are not subject to any embargo by the United Nations, the European Union or the Organisation for Economic Cooperation and Development.

The Guideline for Pornography excludes business relationships with companies that produce and trade pornography and with companies related to this sector.

In the guideline on the responsible handling of renewable resources, the NORD/LB Group established appropriate rules so that its decision-making, when financing economic activities, takes account of whether its customers act correctly with respect to the statutory requirements related to environmental, planning, animal welfare and nature protection law. The guideline refers to voluntary national and international environmental and social guidelines and standards, such as FSC, PEFC, MSC and ASC certifications.

The NORD/LB Group has established the guideline for the responsible use of non-renewable resources so that when financing economic activities, the Group's business decisions take into account whether its customers deal correctly with the respective legal requirements and voluntary standards, such as those of the International Council on Mining and Metals (ICMM), the Extractive Industries Transparency Initiative, and the International Petroleum Industry Environmental Conservation Association (IPIECA) NORD/LB's understanding of the term "use of resources" includes all activities related to the mining of metals, minerals, precious and semi-precious stones, as well as building and mine planning, mine development and the operation and the closure of mines. It also includes all activities in connection with oil and gas extraction during the exploration, oil field development, production, refining (incl. cracking) and transport and storage phases.

The Guideline for Hydroelectric Power is a supplement to the Guideline for Environmental Impact in our business activities and the Guideline for ESG Requirements for Project Finance for the specific case of project financing for dams and general hydropower installations.

## Management of ESG risks

### UNGC

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

Sustainability risks can be understood as events or conditions relating to the environment, social affairs or corporate governance, the occurrence of which may have an actual or potential negative impact on the net assets, financial position and results of operations, as well as on the reputation of a company.

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>.

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

The importance of this topic is demonstrated for the NORD/LB Group at two levels: in banking-related environmental protection (direct emissions) and in the management of the indirect environmental consequences of business activities, for example as part of the financing business (indirect emissions).

The NORD/LB Group's direct impact on the climate is lower than that of the manufacturing industry due to its activity as a service company, primarily due to its low use of resources. Although the NORD/LB Group offers jobs for more than 4,800 employees in offices that are heated, supplied with electricity and drinking water, as well as equipped with IT hardware and office equipment or the mobility of employees required due to the service provider activity, NORD/LB Group's business activities are considered to be of maximum environmental and social significance for the company and are therefore not examined in detail in this non-financial report.

Within the framework of the financing business (indirect effects), key topics are violations of human rights, inhumane working conditions, environmental damage and unethical business practices. These include transactions or business practices with negative effects on the natural environment and/or human and labour rights, including the rights of indigenous peoples, but also sectors such as alcohol, embryo research, fossil fuels, gambling, palm oil, pornography, tobacco or weapons and defence industry activities.

102-11

NORD/LB addresses the indirect environmental consequences and the indirect consequences of its business activities in its internal ESG guidelines, among other things, which address the implied environmental consequences of certain project investment ventures. These include the Guideline for ESG Requirements for Project Finance, the guideline on the responsible use of renewable resources and the Guideline for Hydroelectric Power. However, as a company active in the financial services industry, the NORD/LB Group considers the risk of being directly involved in irreversible environmental damage due to its own business activities to be low.

In addition, the countries in the eurozone in which the NORD/LB Group is predominantly active have high statutory protection levels for the environment and society. Within the framework of its business activities in predominantly these countries, the NORD/LB Group also considers the risk of being involved in environmental damage or there being significant disadvantages for the company as a result of this business activity to be low.

## Memberships and standards

UNGC  
102-12

### United Nations Global Compact



The United Nations Global Compact is one of the world's largest initiatives for responsible corporate management.

By signing the UN Global Compact, NORD/LB and the NORD/LB Group have undertaken to incorporate its ten internationally recognised principles relating to the aspects of human rights, labour conditions, environmental protection and corruption into their business activities. The consideration of these principles is an essential element of NORD/LB's responsibility as a financial services company for customers and employees, as well as as a corporate citizen for society.

## UNEP FI

The UNEP FI (United Nations Environment Programme Finance Initiative) is a partnership between the United Nations Environment Programme and the global financial sector. The aim is to create a financial industry that serves people and the environment and has a positive impact on them.



UNEP FI is a partner of NORD/LB with whose help the bank makes a contribution to sustainability with a global focus. The initiative has explicitly specialised in the financial sector and works closely with banks and insurance companies.

## Principles for Responsible Banking

The Principles for Responsible Banking are sustainability principles that form the framework for responsible banking. They are intended to make a significant contribution to achieving the United Nations' 17 Sustainable Development Goals (SDGs).



NORD/LB has signed the Principles for Responsible Banking and is therefore familiar with the six existing principles:

|   |  |   |
|---|--|---|
| <p><b>Principle 1: Alignment</b></p> <p>We will align our business strategy to be consistent with and contribute to the needs of individuals and the goals of society as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p> | <p><b>Principle 2: Impact &amp; goals</b></p> <p>We will continuously increase our positive impacts while reducing the negative impacts on people and the environment resulting from our activities, products and services and managing the risks to people and the environment. To this end, we will set and publish targets where we can have the greatest impact.</p> | <p><b>Principle 3: Customers &amp; clients</b></p> <p>We will work responsibly with our customers and clients to promote sustainable practices and enable economic activities that create shared prosperity for present and future generations.</p>                             |
| <p><b>Principle 4: Stakeholder</b></p> <p>We will proactively and responsibly consult, engage and collaborate with relevant stakeholders to achieve the Company's goals.</p>  | <p><b>Principle 5: Corporate Governance &amp; Culture</b></p> <p>We will implement our commitment to these principles through effective corporate governance and a culture of responsible banking.</p>   | <p><b>Principle 6: Transparency &amp; accountability</b></p> <p>We will regularly review our individual and collective implementation of these principles and be transparent and accountable for our positive and negative impacts and our contribution to society's goals.</p> |

Source: Principles for responsible banking

## VfU

The Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (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 institutions with the aim of promoting the contribution of the financial industry to sustainable development.



As a member of the association, NORD/LB is committed to promoting and disseminating issues related to sustainable finance. Thanks to the networking opportunities offered by the association, the bank is expanding its sustainable finance expertise by participating in various formats. It also regularly exchanges information with other companies from the financial sectors on the topic of sustainability, ESG and sustainable finance.

## Hanover Climate Alliance

As a regionally active bank, both global and municipal involvement are extremely important to NORD/LB. The bank is therefore a partner of the Hanover Climate Alliance which is, for instance, committed to reducing greenhouse gases in the urban area and expanding electricity generation through renewable energies in Hanover.



**KLIMA-ALLIANZ  
HANNOVER 2035**

As part of our support for the Climate Alliance, NORD/LB has signed the Hanover 2030 Climate Statement as part of the initiative for the 2030 climate protection programme of the state capital of Hanover. As a result, the bank is officially participating in the goals of the state capital of Hanover on climate change.

## Federal Association of Public Banks in Germany (VÖB)

The Federal Association of Public Banks in Germany, VÖB, is a leading association of the German credit industry. It represents the interests of 59 members, including the regional banks and the development banks of the federal and state authorities. NORD/LB is represented in all working groups on sustainability and sustainable finance and is a member of the Sustainable Finance Commission.



## GRI Standards

The GRI Standards are a set of interlinked standards set by the Global Reporting Initiative (GRI), which are intended to help organisations prepare a sustainability report and thus account for their economic, environmental and social impact.



Since reporting year 2013, NORD/LB has prepared a Group sustainability report annually in accordance with the respective guidelines and specifications of GRI.

## Diversity Charter

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



## Sustainable banking business

### UNGC

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

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

### Sustainable financing

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



### Renewable energy

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

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

## Infrastructure

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

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

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

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

## Agricultural banking

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

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

## Commercial real estate financing

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

Deutsche Hypo classifies all real estate financing as “green buildings” when certain criteria are met. Here, energy efficiency in particular is taken into account. In 2019, a “Green Loan” was created to map the entire green value chain. Here, under certain conditions, an investor can receive a more favourable interest rate in the financing of a green building. Since then, “Green Bond Reporting” has been published on Deutsche Hypo's website, which provides investors and other interested parties with a wealth of information about their investment and the underlying green buildings. Among other things, this report includes an impact report in which the total saved carbon dioxide is calculated.

## Sustainable investment

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

### SIP funds

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

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

### Löwen+ funds

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

| Löwen+ funds                       |  |
|------------------------------------|--|
| Investment product                 | Product description  |
| <b>Löwen+ return (WKN: A2JQWZ)</b> | <ul style="list-style-type: none"> <li>▪ Equity allocation 10 – 30%</li> </ul> |

|  |                               |
|--|-------------------------------|
| <b>Löwen+ growth</b><br>(WKN: A2JQW0)      | ▪ Equity allocation 20 – 60%  |
| <b>Löwen+ opportunity</b><br>(WKN: A2JQW1) | ▪ Equity allocation 80 – 100% |

Table 7: Total volume in sustainable products

|                                    | Volume in €K<br>(as at 31/12/2020) |
|------------------------------------|------------------------------------|
| <b>Individual asset management</b> | 824.000                            |
| <b>SIP funds</b>                   | 170.000                            |
| <b>Löwen+ funds</b>                | 65.000                             |
| <b>Total</b>                       | 1.059.000                          |

## Sustainable asset management

Supported by climate change and the “Fridays for Future” movement, sustainable financial investments have become ever more visible to investors in 2020. Based on the UN’s Sustainable Development Goals, the European Union has presented an action plan and formulated criteria for sustainable investments. Aspects of sustainability (social, environmental, ethical) are also taken into account in asset and portfolio management. The bank’s asset and portfolio management team works closely with a leading independent sustainability rating agency – imug Beratungsgesellschaft in Hanover.

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.

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

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

## Advisory and service

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

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

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

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

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

The Braunschweigische Landessparkasse is represented at 91 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. 17 locations are operated jointly with Öffentliche Versicherung Braunschweig as finance centres, while another is operated with LBS Braunschweig. The locations are supplemented by 29 self-service points. All of the locations have self-service facilities such as cash machines, self-service terminals and account statement printers.

85 locations of the Braunschweigische Landessparkasse and both locations of the former Bremer Landesbank in Bremen and Oldenburg have barrier-free entrances. In order to offer better service to customers with impaired vision, 102 cash machines of the Braunschweigische Landessparkasse have voice guidance (89 of which also have a deposit function) and eleven devices in Bremen and Oldenburg have voice guidance, thus supporting independent access to cash services at over 72 locations. In addition, alternative access methods have been created and expanded through telephone and online banking. As a result, customers are able, if they desire, to also perform most of their banking transactions from home. The access channels are supplemented by the video advisory service. Further assistance for visually impaired customers in the online branch is provided by specialised software, which reads out the online content. A voicebot was piloted and was in the trial phase.

In order to enable people with a difficult financial background to make cashless payments, the Braunschweigische Landessparkasse also offers a "citizen" or basic account (Bürger-/Basiskonto), which is maintained solely on a non-borrowing basis. As at 31 December 2020, 4,488 citizen accounts and 3,680 basic accounts were held at the Braunschweigische Landessparkasse.

## Sustainability ratings

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

The NORD/LB Group reports transparently and regularly on its sustainability activities. In addition, external evaluations of corporate sustainability activities, such as those conducted by special sustainability ratings agencies, are very important for a number of stakeholders. Sustainability ratings are not commissioned or paid for by the company being evaluated and thus offer an independent evaluation of how environmental and social considerations are being integrated into the company's business activities.

The number of investors incorporating ESG considerations in their decision-making is rising steadily. Similarly, the significance of sustainability ratings agencies has increased in recent years, as has the level of dialogue with these agencies. For this reason, the NORD/LB Group defines sustainability ratings agencies as key interest groups, and is also in regular contact with them during the rating process and beyond. This allows investors to base their decisions on external assessments and to manage their portfolio in a targeted manner with respect to compliance with (internal) regulations. They can also opt to exclude or minimise different controversial areas in a targeted or individual manner. NORD/LB's sustainability management team uses the sustainability ratings in turn for targeted strength-weakness analyses to develop improvement measures. At the same time, the annotation of the rating documents is also used to conduct an intensive dialogue with the corresponding specialist departments.

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

# Our employees

## Understanding our employees during the transformation

In 2020, the environment banks operated in continued to be challenging and was characterised by digitisation, a shortage of skilled workers and increasing regulatory requirements. The NORD/LB Group drove the NORD/LB 2024 transformation programme forward in 2020 in order for the bank to focus on greater efficiency and profitability. The associated staff reductions were implemented on the basis of voluntary measures. At the same time, the cultural transformation has also taken on significant importance for employees. The kick-off to a modern corporate culture was carried out under the motto #creatingthefuture, which is understood to be essential for the bank's new focus.

## Strategic HR alignment

In order to attract young talent at an early stage as well as to retain its own employees, NORD/LB relies on human resources work that is geared towards employees.

This HR work is based on a personnel strategy that was derived from the business/risk strategy. The strategic focus was adjusted based on the requirements of the NORD/LB 2024 programme and the related requirements for HR work. Taking employees' expectations into account, this includes strengthening the strategic partnership and focusing on the further development of the bank's cultural transformation.

The required management parameters for adequate quantitative and qualitative staffing were supplemented with further strategic focus topics that contribute to the strengthening of a new corporate identity:

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

The following services were used to operationalise HR work in 2020 with a focus on:

- Retention of staff through attractive working conditions, including through remuneration, equal opportunities, work-life balance and occupational health management,
- HR management of resources and capacities,
- HR development, including through new agile and forward-looking forms of work,
- Collaborative participation of employees in corporate development via the initiative: #creatingthefuture
- Recruitment and training of junior staff.

## Number of staff, new hires and staff turnover

UNGC  
102-8

The Managing Board of NORD/LB is the highest decision-making body. It is responsible for approving the HR planning on a regular basis. At the end of 2020, the NORD/LB Group had 5,020 employees – 481 fewer than in 2019 (5,501 employees). The reduction of staff is linked to the transformation process and the new business model. This was achieved throughout the Group by focusing on, among other things, the best possible allocation of resources with a qualified external hiring freeze for professionals at NORD/LB and through the reduction of staff as part of the bank's transformation programme within NORD/LB.

The majority of employees work at NORD/LB Group sites in Germany. None of the foreign sites employ more than 100 people. All employees working in NORD/LB's foreign branches have their own employee manuals, which are generally based on the Group's guidelines.

The NORD/LB Group mainly employs permanent staff and invests in their loyalty. The bank employs temporary staff exclusively to perform temporary assignments or to avoid overtime, e.g. in large-scale projects, and not as a substitute for permanent workers. Temporary assignments include, in particular, parental leave substitutes, stand-ins for employees on sick leave and temporary large-scale projects. For the NORD/LB Group, the term “employee” only includes persons who have a contractual relationship with NORD/LB. These persons also include interns, dual study/work students and trainees. It does not include self-employed persons, external consultants, temporary staff or suppliers.

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

**Table 8: Key personnel figures (fixed-term and permanent employees in the Group)**

|  | 2018  | 2019  | 2020         |
|--|-------|-------|--------------|
| <b>Employees (total)</b>                           | 6,109 | 5,501 | <b>5,020</b> |
| <b>Permanent employees (total)</b>                 | 5,706 | 5,189 | <b>4,732</b> |
| Male   | 2,897 | 2,589 | 2,354        |
| Female   | 2,809 | 2,600 | 2,378        |
| <b>Permanent employees, full-time</b>              | 4,371 | 3,911 | 3,545        |
| Male   | 2,777 | 2,488 | 2,259        |
| Female   | 1,594 | 1,423 | 1,286        |
| <b>Permanent employees, part-time</b>              | 1,335 | 1,278 | 1,187        |
| Male   | 120   | 101   | 95           |
| Female   | 1,215 | 1,177 | 1,092        |
| <b>Employees on temporary contracts (total)</b>    | 403   | 312   | <b>288</b>   |
| Male   | 187   | 124   | 124          |
| Female   | 216   | 188   | 164          |
| <b>Employees on temporary contracts, full-time</b> | 375   | 295   | 268          |
| Male   | 177   | 121   | 122          |
| Female   | 198   | 174   | 146          |
| <b>Employees on temporary contracts, part-time</b> | 28    | 17    | 20           |
| Male   | 10    | 3     | 2            |
| Female   | 18    | 14    | 18           |
| <b>Junior staff (total)</b>                        | 251   | 198   | <b>162</b>   |
| Male   | 114   | 79    | 83           |
| Female   | 137   | 119   | 79           |
| <b>Interns</b>                                     | 144   | 101   | 74           |
| Male   | 58    | 39    | 38           |
| Female   | 86    | 62    | 36           |
| <b>Dual study/work students</b>                    | 93    | 86    | 74           |
| Male   | 45    | 38    | 34           |
| Female   | 48    | 48    | 40           |
| <b>Trainees</b>                                    | 14    | 11    | 10           |
| Male   | 10    | 2     | 8            |
| Female   | 4     | 9     | 2            |
| <b>Workforce by region (in %)</b>                  |       |       |              |
| Germany  | 92.2  | 92.3  | 92.1         |
| Europe, Asia, USA                                  | 7.8   | 7.7   | 7.9          |

Z: 202-2

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

Z: 401-1

Table 9: New hires

|                                    | 2018 | 2019 | 2020 |
|------------------------------------|------|------|------|
| <b>Total new hires<sup>2</sup></b> | 196  | 152  | 134  |
| <b>New hires by gender:</b>        |      |      |      |
| Male                               | 101  | 68   | 80   |
| Female                             | 95   | 84   | 54   |
| <b>New hires by age structure:</b> |      |      |      |
| up to 30 years                     | 114  | 93   | 90   |
| 31-50 years                        | 65   | 48   | 33   |
| from 51 years                      | 17   | 11   | 11   |
| <b>New hires by region:</b>        |      |      |      |
| Germany                            | 163  | 120  | 118  |
| Europe (excluding Germany)         | 10   | 14   | 9    |
| North America & Asia               | 23   | 18   | 7    |

Table 10: Staff turnover

|  | 2018 | 2019 | 2020 |
|--|------|------|------|
| Staff turnover (in %) <sup>3</sup>                 | 10.8 | 15.2 | 13.7 |
| <b>By gender relative to total workforce:</b>      |      |      |      |
| Male   | 10.9 | 16.5 | 14.7 |
| Female   | 10.7 | 13.8 | 12.6 |
| <b>By age relative to total staff turnover:</b>    |      |      |      |
| up to 30 years                                     | 31.8 | 27.2 | 27.0 |
| 31-50 years  | 42.2 | 43.2 | 35.3 |
| from 51 years                                      | 26.0 | 29.6 | 37.7 |
| <b>By region relative to total staff turnover:</b> |      |      |      |
| Germany  | 87.3 | 87.2 | 93.2 |
| Europe (excluding Germany)                         | 7.0  | 6.1  | 4.4  |
| North America & Asia                               | 5.5  | 6.6  | 2.3  |

In 2020, the staff turnover rate at the NORD/LB Group decreased to 13.7 per cent (2019: 15.2 per cent). The rate takes into account all new hires and resignations of all staff, including fixed-term employees. This includes, for instance, resignations by employee as well as measures for people approaching retirement age and termination agreements. The average length of service in 2020 was 18 years, which is slightly higher than in 2019 (17 years).

The data for employees and products is obtained, among other things, from the accounting systems, which combine the results of all ongoing business processes. In addition, data is generated from established processes and systems, such as facility management and HR information systems.

## Representation of interests/co-determination

UNGC

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

<sup>2</sup>New hires include junior staff, i.e. interns, dual students and trainees.

<sup>3</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.

The NORD/LB Group attaches great importance to corporate co-determination. It enables employees to take on more responsibility and contribute their own ideas. This also benefits NORD/LB – through more innovation, motivation and agility. Employees at all domestic locations – both employees covered by collective bargaining agreements and employees not covered by collective bargaining agreements – are represented by local staff councils (or a works council such as at Deutsche Hypo) and a general staff council. All HR representatives and management work together in a spirit of trust and jointly implement statutory, collective bargaining and company regulations.

Z: 402-1

Important operational changes are discussed at an early stage with the personnel representatives as elected employee representatives. In accordance with the stipulated co-determination and other participation rights (NPer-sVG and BetrVG), NORD/LB employee committees are informed in good time, comments are obtained, participation processes initiated and agreements reached.

As part of the collective bargaining agreement, the ver.di union represents the interests of employees within the scope of the relevant collective agreement, i.e. all employees of the NORD/LB Group in Germany.

102-43

At NORD/LB, it is general practice to inform all employees and their elected representatives in good time and comprehensively concerning important issues and significant changes in the company. For this purpose, personnel or works meetings, are organised with the involvement of the representatives of the ver.di trade union. Furthermore, the staff councillor works council and ver.di regularly inform employees by means of information letters. In addition to HR representatives, corporate communications and the HR department communicate proactively and regularly via the intranet, e-mail or telephone conference.

## Remuneration

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

UNGC

Management approach to remuneration: 103-1

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

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

Management approach to remuneration: 103-2

102-36

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

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

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

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

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

Contract employees at NORD/LB are remunerated in excess of collective bargaining agreements. A relevant service agreement forms the basis when determining the remuneration. The collective bargaining agreements for the private banking industry and public banks are applied to those employees of NORD/LB who are bound by collective bargaining agreements or with whom the validity of these collective bargaining agreements has been agreed (pay-scale employees). All job evaluations or classifications of employees are carried out on a task-related and not an employee-related basis. This means that remuneration is determined on a non-discriminatory basis and independent of, for example, gender, ethnic origin, age, disability or sexual orientation.

The bonus system for employees at the reporting level below the Managing Board (M1 level) and for all risk takers 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.

For non-pay-scale employees, an orientation bonus system applies. In line with the definition of salary bands for the fixed salary, market-related bands of variable remuneration were developed and underpinned with different orientation bonus ranges. After the end of the financial year, the individual performance bonus is determined taking into account the success of the bank, division and that of individual employees.

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

102-41

As at 31 December 2020, the NORD/LB Group had 4,612 employees (> 90%) who fell under collective bargaining agreements.

Management approach to remuneration: 103-3

The 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. Compliance with the bank's remuneration system is documented in the organisational guidelines and was ensured by the Group Organisation/HR department in the past financial year.

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. The remuneration control committee met five times in financial year 2020.

For additional information, please see NORD/LB's remuneration report, which is published on NORD/LB's website at [www.nordlb.de/berichte](http://www.nordlb.de/berichte).

## Social benefits

UNGC  
Z: 201-3

Permanent employees of the NORD/LB Group are entitled to the applicable company pension scheme. The NORD/LB Group has several different pension schemes (VO).

The defined benefit obligation amounts to €3,253 million (2019: €3,024 million) and, in addition to the pension commitments, includes commitments to benefit payments of €371 million (€346 million). Further information can be found in the Notes to the Financial Report 2020 (IFRS).

NORD/LB has granted its employees and members of the Management Board employed by the end of 2013 a company pension by means of a direct commitment. From 2014, NORD/LB provides a company pension scheme to newly hired employees by way of a defined contribution plan.

Z: 401-2

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

## Diversity, equal opportunities and work-life balance

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

UNGC

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

Diversity and equal opportunity policies recognise the heterogeneity of the workforce and use this diversity for the benefit of the company and all parties involved. It is not only the tolerance of diversity that is essential, but above all the appreciation and recognition of the positive contribution that diversity makes. Diversity and equal opportunities represent a valuable economic and competitive factor for a company if the mix of skills and competences of different employee groups is used purposefully. In addition to core aspects (such as age, gender, disabilities), this also includes personality characteristics (such as competences, emotions, attitudes), as well as origin and type of socialisation.

The aim is also to use the various aspects as a source of innovation and creativity in order to increase economic competitiveness in products and services as well as future viability in the markets and thus for the NORD/LB Group's stakeholders. Within the bank, the starting point for diversity and equal opportunities is also determined by the specific needs of generations, such as Y and Z, the requirements for more agile work, the growing number of older employees and the shortage of specific skilled workers.

The non-professional environment of employees is now inseparably linked to the world of work. That is why diversity and equal opportunity policies are also linked to the work-life balance and relevant implementation programmes.

The balance between work and private life is an important issue for employees as well as for interested external parties and applicants when selecting an employer. After all, a balanced life domain balance also contributes to company health management and supports employee productivity. Relevant measures therefore represent an important economic factor for the NORD/LB Group.

## Diversity and equal opportunities

UNGC

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

The NORD/LB Group and its Managing Board are expressly committed to diversity and equal opportunities in a non-discriminatory environment. With regard to implementing diversity, the NORD/LB Group follows an overarching, inclusive approach, i.e. to recruit, treat and promote the workforce fairly and correctly – while actively managing differences, cultural backgrounds and practical experiences for the benefit of the company. This also includes a human resources policy that purposefully takes into account employees' life phases.

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 published in the bank. NORD/LB has been a member of the "Diversity as an Opportunity – the Diversity Charter of Diversity of Companies in Germany" initiative since 2013; Deutsche Hypo joined the Charter in 2014.

By signing the Principles for Responsible Banking in 2020, NORD/LB has also committed itself to implementing sustainability in the company based on the United Nations' underlying global development goals (Sustainable Development Goals, SDGs).

Due to the increased relevance, an initiative was set up to further develop diversity work at NORD/LB with the aim of further promoting diversity issues with the involvement of all relevant interest groups and integrating them even more closely into NORD/LB's HR management tools.

For example, the ability to recognise, appreciate and enhance the diversity of the workforce is already part of the NORD/LB's competence model and thus part of the catalogue of requirements at all levels of the bank's staff – starting with the junior staff. This creates the conditions for all employees to recognise, share and live the values of diversity.

The conduct of employees – and thus of the company – is guided by mutual respect, openness, honesty, appreciation and a shared understanding of trusting cooperation. This action is fundamentally determined by the NORD/LB 2024 transformation programme with its multitude of interlinked interdisciplinary cooperations.

In order to achieve the goals of the NORD/LB 2024 transformation programme holistically and to implement the measures from it sustainably, the bank founded a new change initiative at the end of 2019, which is heavily based on collaboration and participation. This #creatingthefuture initiative is an activation programme for the bank's employees.

The aim is to encourage more personal responsibility and self-management within NORD/LB in order to leverage an even more holistic approach and innovations to be applied for the bank in this way. The approach of encouraging participation and appreciating this participation also assist in strengthening employee loyalty and the attractiveness of NORD/LB as an employer.

#creatingthefuture has not only provided the initial impetus for cultural change within the bank, it is also the basis for the future development of the bank's corporate culture.

NORD/LB's diversity work is supported by a transparent form of corporate communication, for instance through the use of communication and collaboration platforms such as an award-winning employee magazine, management dialogues, an online platform for joint work on future topics and feedback tools.

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

The proportion of women in the workforce is almost unchanged at 50.7 per cent (2019: 50.7 per cent) and women in management positions at 20.8 per cent (2019: 20.2 per cent). Among the members of the Group's Managing Board, the proportion of women is also at a similar level, at 6.7 per cent in 2020 (2019: 7.2 per cent). The proportion of female Supervisory Board and Administrative Board members increased by 26.0 per cent (2019: 18.6 per cent) compared with the previous year. Employees from 28 nations were part of the workforce in 2020 (2019: from 30 nations).

## People with disabilities

The NORD/LB Group secures and encourages the unrestricted participation of disabled people 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. In 2020, the proportion of persons with disabilities in the NORD/LB Group was 3.2 per cent. With the current employment rate for severely disabled persons, the bank is below the statutory rate of 5 per cent of disabled employees in the workforce. It therefore pays a relevant compensation levy.

**Table 11: Diversity key figures**

|  | 2018  | 2019  | 2020  |
|--|-------|-------|-------|
| Employees (total)                            | 6,109 | 5,501 | 5,020 |
| <b>Male</b>                                  | 3,082 | 2,713 | 2,478 |
| <b>Female</b>                                | 3,027 | 2,788 | 2,542 |
| Employees without management function        | 5,480 | 4,951 | 4,563 |
| <b>Male employees</b>                        | 2,575 | 2,274 | 2,116 |
| <b>Female employees</b>                      | 2,905 | 2,677 | 2,447 |
| Employees by age structure                   |       |       |       |
| <b>Employees up to 30 years</b>              | 885   | 735   | 643   |
| <b>Employees aged 31 to 50</b>               | 2,906 | 2,524 | 2,237 |
| <b>Employees aged 51 and over</b>            | 1,689 | 1,692 | 1,683 |
| Employees with a management function         | 629   | 550   | 457   |
| <b>Male managers</b>                         | 507   | 439   | 362   |
| <b>Female managers</b>                       | 122   | 111   | 95    |
| Managers by age structure                    |       |       |       |
| <b>Managers up to 30 years</b>               | 8     | 4     | 2     |
| <b>Managers aged 31-50</b>                   | 337   | 288   | 236   |
| <b>Managers aged 51 and over</b>             | 284   | 258   | 219   |
| Managing Board                               | 16    | 14    | 15    |
| <b>Male</b>                                  | 15    | 13    | 14    |
| <b>Female</b>                                | 1     | 1     | 1     |
| Managing Board members' age structure        |       |       |       |
| <b>Managing Board members up to 30 years</b> | 0     | 0     | 0     |
| <b>Managing Board members aged 31 to 50</b>  | 1     | 1     | 1     |
| <b>Managing Board members from 51 years</b>  | 15    | 13    | 14    |
| Supervisory and Administrative board members | 27    | 27    | 27    |
| <b>Male</b>                                  | 22    | 22    | 20    |
| <b>Female</b>                                | 5     | 5     | 7     |

## Equal treatment and non-discrimination

Z: 406-1

The NORD/LB Group is also responsible for ensuring a protective function for the workforce and has extensive regulations and processes in place to ensure equal treatment and to point out possible consequences for employees in the event of any violations.

Protection against discrimination is in particular and comprehensively governed by the General Equal Treatment Act (AGG) in Germany. NORD/LB complies with the requirements of the AGG. Local non-discrimination laws are complied with at foreign locations and individually documented in employee manuals. In addition, no discrimination or harassment is tolerated throughout the NORD/LB Group via the Code of Conduct and the Ethics Principles, whether on grounds of gender, age, disability, ethnic or social origin, religion and belief, sexual identity or also on account of political attitude, marital status or trade union activity.

Any possible cases of discrimination can be reported to a complaints body. Due to its regulatory requirements, the issue of equal opportunities is handled by a specific AGG representative at NORD/LB. 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 2020, the bank is not aware of any cases of discrimination.

## Work-life balance

UNGC

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

One of the pillars of diversity work is the life domain balance area of activity. This includes human resources management tools that make it possible for work activities to be balanced with private, family or voluntary obligations. NORD/LB aims to take into account individual role and life models of its employees in the various phases of their lives and makes offers available that support the necessary balance. Workplaces in the home environment, a wide range of flexible working hour models, long-term value accounts and a comprehensive range of external support services (free consulting and agency services) can contribute to this.

NORD/LB supports its employees 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.

With regard to flexible working hour models, the long-term value accounts product gives employees the opportunity to plan longer-term leaves of absence through tax- and social security-free savings of remuneration components and thus also to balance work and private life.

NORD/LB has also set up its own part-time initiative in Germany on the basis of the German Part-Time and Fixed-Term Employment Act (TzBfG) in order to facilitate a work-life balance. This product enables employees to reduce working hours for a limited period, especially for shorter periods of three to nine months within a calendar year.

NORD/LB also supports the life domain balance of its employees with the product: "leisure time for remuneration". This product allows interested employees to build up a voluntary extra quota on a maximum of 21 days off, in addition to the annual leave, through a pro rata waiver of remuneration.

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

Z: 401-3

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

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

In 2019, 24.4 per cent of employees took advantage of the option of alternating remote working (home office). Against the backdrop of the coronavirus pandemic, almost all employees were given access to working from a home office in 2020 and up to 80 per cent of employees on average worked from home. NORD/LB specifically supported the opportunities for working from home in the workforce and regularly demanded them in relation to the Group's internal COVID-19 measures. As an employer, NORD/LB thus contributed to maintaining the health of the workforce and to balancing work and private life in particularly challenging circumstances. Based on these experiences, NORD/LB aims to continue to achieve a high proportion of alternating remote work in the future.

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

The entire Managing Board is informed of the status of diversity, equal opportunities and work-life balance, e.g. by means of the sustainability report.

# Training and further education

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

Management approach to training and further education: 103-1

NORD/LB operates in a dynamic environment in which the Group and its employees are confronted with challenges such as demographic change, skills shortages and digitalisation. NORD/LB therefore assumes responsibility for all employees as part of its training and further education programme and provides support during the transformation. NORD/LB also relies on a consistent junior staff programme through targeted recruitment, retention and the further development of junior staff in order to strengthen its competitiveness.

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

## Training

Management approach to training and further education: 103-2

In 2020, the “war for talent” remained a decisive challenge for the bank’s recruitment of junior staff. NORD/LB has therefore continuously further developed its training opportunities for junior staff and made them even more competitive. This is substantiated by the certification and awarding of the “TOP Trainer” seal by the Hanover Chamber of Industry and Commerce for particularly high-quality training. NORD/LB’s above-average commitment to marketing to learners at school, e.g. through a strong presence at educational fairs, the online training presence with its own blog and the close cooperation with vocational schools were decisive for the award of the seal. The jury was also impressed by the structured application process and personal, individual support in the respective training occupations.

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 attractive and high-quality training and study programme at its locations, with its predominantly commercial and IT-related professions. In addition to this training offering, 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

Junior staff development and the related planning is carried out holistically, closely interlinked and regularly coordinated with the Managing Board. Even in the event of a planned reduction in staff within the NORD/LB Group as part of the transformation programme, the bank remains committed to robust recruitment of junior staff with regard to interns, dual students and trainees. Training was managed in three key directions in 2020:

- Recruit and retain the defined number of junior staff,
- Further strengthen the quality of education, and
- Increase the transformational capacity of junior staff.

## Acquisition and retention of junior staff

The careers page on NORD/LB’s website provides an online job market and information for pupils, students and graduates on career entry opportunities. The NORD/LB trainee blog can also be found here, which allows trainees and dual students from all professions and locations to report on their training experiences and insights and thus enable potential applicants to gain insight into the training available. In addition to traditional recruitment measures and coordinated target group campaigns, NORD/LB also used social media to communicate with applicants in 2020.

A particularly efficient solution for filling vacancies in specialist departments was provided by targeted trainee programmes in 2020, i.e. trainee programmes in which future workplace and the target position, was already

defined at the start of the programme. This concept created a high level of satisfaction among junior staff as well as in the bank's specialist departments. Furthermore, a new trainee programme concept was introduced for the first time in 2020: TraineePLUS. In this programme, graduates with an excellent Bachelor's degree are employed to complete a part-time Master's degree in "Integrated Business Management (digital/sustainable)" at Leibniz University of Applied Sciences during the 24-month trainee programme. The TraineePLUS programme supplements NORD/LB's training offering with an innovative, extraordinary and company-specific product.

In the area of training, the fundamental focus on IT professions was intensified. In addition to increasing the number of hires and trainee positions, the quality of IT training was also improved in 2020, for example, through internal IT workshops and trainee company laptops. In 2020, for example, a weekly programming workshop was introduced for IT apprentices, in which junior staff first learned the Java application language and then applied it independently in real development projects.

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

## Quality of training

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

The long-standing cooperation with the largest international student organisation AIESEC creates advantages for all those involved: the project work in developing countries and emerging economies during the dual study /trainee programme, e.g. on topics such as education, environmental protection or equality of women, meets the requirements of Generations Y and Z for meaningful work. Here, junior staff have the opportunity to involve themselves in social activities and also gain international experience on the side. Personal development is also a key objective of this project. Through this programme, NORD/LB strengthens the loyalty of junior staff and makes a valuable contribution to the bank's social responsibility through the social commitment. Although no stays abroad could take place in 2020 due to the ongoing coronavirus pandemic, it is planned to make these experiences possible for the junior staff again in the future within the framework of the cooperation.

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

Management approach to training and further education: 103-3

Due to the transformation programme, in particular the reduction of staff and the resulting reduction in total staff within the Group, the hiring figures for junior staff were also adjusted accordingly. The target of almost 50 interns and dual students for the start of training in August 2021 as well as 15 trainees can be met with the applicant demand. This means a training ratio of 3.2 per cent (compared to 2019: 3.5 per cent).

With its training key figures and assumptions, the NORD/LB Group has fulfilled its educational mandate.

## Further training and succession management

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

The NORD/LB Group pursues potential-based personnel development with a focus on quality and invests in the qualification of its employees in order to ensure its own corporate competitiveness and thus the future viability of the entire Group. The bank's personnel development policy translates the bundle of requirements resulting from the business orientation into skills requirements for the existing workforce and transfers them concretely into employee qualifications.

All personnel and competence development measures are based on NORD/LB's established competence model. In terms of performance, change, action and management competence, the model defines uniform tasks, attitudes and competences that the bank expects from its employees. This also includes constantly analysing which competencies are currently in demand – from mental attitudes to digital skills.

Employees actively support the bank in developing themselves and their skills throughout their careers, as qualifications and further training are crucial prerequisites for vocational prospects and the commitment of the workforce.

The need for personal, individual further training of employees is determined together with the bank's specialist departments. The basis for knowledge building, qualification and succession management was formed by offers of seminars, training courses, webinars, web-based training (WBT) and a digital learning platform. In addition to a broad range of services for the development of specialist and management skills, social and methodological skills and personal skills, the bank-wide education programme placed greater focus on virtual collaboration and change in the context of cultural change and #creatingthefuture.

Against the backdrop of the NORD/LB 2024 transformation programme, launched in 2019, the foundation for the reorganisation of succession management at the bank was laid – in particular, it aims to fill important positions with regard to overcoming existing and upcoming 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.

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

The objective of further training within the NORD/LB Group is to identify the potentials of employees, to make the best possible use of and to further develop them in a target-oriented manner in the interests of the NORD/LB Group. Employees' individual training requirements are regularly surveyed in dialogue with managers in annual meetings, which have also been harmonised across the Group at the international sites since 2017.

Potential-based HR work once again made a valuable contribution to ensuring the NORD/LB Group's future viability.

Management approach to training and further education: 103-3

The holistic support and qualification concept strengthened employees' commitment within the NORD/LB Group in 2020. The most important further training and personnel development topics are coordinated by the highest decision-making body of the bank, the Managing Board.

The further training and personnel development programme is validated via the evaluations from the regular, structured annual appraisal and development planning meetings, which took place Group-wide in 2020, including at the international sites. The results of the annual appraisals are used for further training activities to ascertain the expectations, opinions and ideas of managers and employees.

# Occupational health and safety

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

UNGC

Management approach to occupational health and safety: 103-1

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

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

## Occupational safety

UNGC

Management approach to occupational health and safety: 103-2

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

Despite growing demands on the workforce, the rate of sick leave (rate of absences due to sick leave) at the NORD/LB Group of 4.8 per cent fell in 2020 compared to the previous year (2019: 5.7 per cent).

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

As employees of a financial services company, NORD/LB Group employees do not perform any activities that are classified as particularly hazardous or harmful to health or that involve specific health risks. Workplace standards and impact controls are used to counteract 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.

Due to the spread of the coronavirus pandemic in 2020, corresponding risk assessments and the development of safety-related occupational health and safety measures were intensified at least on a weekly basis as part of the situation team meetings of the emergency and crisis response team.

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

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

**Table 12: Overview of sick days and workplace accidents**

|  | 2018      | 2019      | 2020      |
|--|-----------|-----------|-----------|
| Employees (total)  | 6,109     | 5,501     | 5,020     |
| Workplace accidents (number)   | 35        | 28        | 17        |
| <b>Male</b>  | 17        | 10        | 8         |
| <b>Female</b>  | 18        | 18        | 9         |
| Workplace accidents (working days)                                   | 707       | 464       | 255       |
| <b>Male</b>  | 265       | 267       | 138       |
| <b>Female</b>  | 442       | 197       | 117       |
| Fatalities due to workplace accidents                                | 0         | 0         | 0         |
| Sick days (working days)   | 81,114    | 72,365    | 58,053    |
| <b>Male</b>  | 35,811    | 30,032    | 23,630    |
| <b>Female</b>  | 45,303    | 42,333    | 34,423    |
| Planned working days (working days)                                  | 1,375,806 | 1,250,725 | 1,189,864 |
| <b>Male</b>  | 713,260   | 639,169   | 607,905   |
| <b>Female</b>  | 662,546   | 611,556   | 581,959   |
| Percentage of workplace accidents to staff                           | 0.5%      | 0.5%      | 0.3%      |
| Percentage of work-related accident days to sick days                | 0.8%      | 0.6%      | 0.4%      |
| Percentage of workplace accident days to planned working days        | 0.0%      | 0.0%      | 0.0%      |
| Percentage of sick days to planned working days (rate of sick leave) | 5.8%      | 5.7%      | 4.8%      |

## Occupational health management

UNGC

Management approach to occupational health and safety: 103-2

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

As part of the legally prescribed occupational health and safety requirement, OHM supplements prevention by helping to shape healthy working conditions, appropriate management conduct and other health resources in order to firmly anchor these in the bank's structures. Through targeted improvement of working conditions and the organisation of work, the personal health habits of employees can be improved and health problems can be solved or reduced.

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

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

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

In 2020, occupational health management was heavily involved in pandemic prevention. In addition, various products for maintaining the life domain balance were offered in digitalised form via external service providers (e.g. online emergency childcare, digital or alternative consultation formats (walk and talk)) as well as a digital relaxation break during lunchtime. Various information and assistance was provided on the intranet to support employees in this challenging situation.

The NORDB/LB Group consolidated its proactive and preventive support tools in 2020 via a professional occupational health management system that is based on the general standards. Legal framework conditions from the German Occupational Health and Safety Act (ArbSchG) and the German Social Code also require the implementation of various measures such as a company reintegration management system (hereinafter referred to as REM) and the provision of a psychological risk assessment.

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

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

- Annual flu vaccinations,
- Active or relaxing lunch breaks,
- Massage offers,
- Business yoga to improve the handling of stressful situations,
- Collaborations with fitness clubs in the region.

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

OHM also provides information materials on topics such as addiction, dealing with employees suffering from psychological disorders and REM. All employees can obtain free advice from social counselling experts on personal and professional problems.

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

In order to be able to identify the effects of the working world 4.0 on employees and their health and performance and to proactively promote health, NORD/LB has participated in AOK Lower Saxony's innovative project "Health in the Working World 4.0" since 2017.

Management approach to occupational health and safety: 103-3

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

# Our social commitment

Z: 201-1      Z: 203-1      Z: 413-1

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

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

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

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

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

**Table 13: Overview of donations (in € thousands)**

|   | 2018         | 2019         | 2020         |
|---|--------------|--------------|--------------|
| <b>Social commitment</b>                      | 174          | 175          | 263          |
| <b>Culture</b>                                | 593          | 608          | 459          |
| <b>Environment</b>                            | –            | 4            | 2            |
| <b>Sport</b>                                  | 365          | 390          | 295          |
| <b>Research, business and science funding</b> | 199          | 74           | 83           |
| <b>Other (incl. bonus savings)</b>            | 320          | 298          | 267          |
| <b>Total</b>                                  | <b>1,651</b> | <b>1,549</b> | <b>1,369</b> |

## NORD/LB Cultural Foundation

Z: 201-1      Z: 203-1

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

The outbreak of COVID-19 has a far-reaching impact on all areas of life and affects people all over the world. The cultural sector and creative professionals in particular are also affected by the measures to combat the virus, which have had a significant impact on the work of the NORD/LB Cultural Foundation since the start of the first lockdown. In order to continue to be a reliable partner for creative professionals, the board of trustees decided in March 2020 to fundamentally maintain the Culture Foundation's funding commitment for projects affected by the coronavirus pandemic. All funding partners were highly committed to implementing their projects in reality. The measures range from exhibition extensions, postponement of events, management of visitor flows by means of online registrations, the scheduling of opening events and the transfer of entire programme parts to the digital space.

In the 2020 financial year, 25 benefit commitments amounting to a total of EUR 380,951.28 were granted. 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. Exhibitions in the Edith-Russ-Haus für Medienkunst in Oldenburg and in the Graphics Foundation Neo Rauch in Aschersleben were special focal points in the 2020 financial year worth mentioning. In 2020, the Scope photographic festival “more to come 3” was held in Hanover for the third time. “What are the limits?” was the theme for the 2020 Kurt Weill Festival in Dessau and KunstFestspiele Herrenhausen implemented the planned programme successfully.

In 2020, the NORD/LB Cultural Foundation awarded the production prize for project spaces for the second time and divided it across three art locations in Hanover due to the coronavirus pandemic: Konnektor – Forum für Künste e.V., ad/ad – Project space and Turba Gallery. This award recognises art venues where interdisciplinary, artistic approaches and innovative positions are expressed. The award is intended to strengthen Hanover as an artistic location and will be awarded in consultation with the city’s cultural office.

## Science

Z: 201-1      Z: 203-1

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

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

Deutsche Hypo again donated the Johann-Georg-Zimmermann Research Award and the Johann-Georg-Zimmermann Medal in 2020. Both prizes are awarded annually for extraordinary merit in cancer research. The award ceremony took place at the Medical University of Hanover (MHH).

## Social commitment

Z: 201-1      Z: 203-1

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

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

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

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

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

Through the Braunschweigische Landessparkasse, the NORD/LB Group also takes on the important task of providing children and young people with essential financial knowledge. A focal point here is collaborating with

schools throughout the entire business region. For example, the stock exchange game for learners, Planspiel Börse für Schüler, is offered annually. It explains the responsible handling of money and introduces learners to the world of the stock exchange. A digital version of the Planspiel Börse was made available immediately.

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

In 2020, the focus of the social commitment in Bremen and Oldenburg was on institutions that provide support for people in need. The following initiatives were supported as part of the "interest rate swap", a charitable customer event:

- Hospizverein Bremen Lebens- und Sterbebegleitung e.V. (Bremen Hospice Association), outpatient hospice service
- Hospiz Bremen-Nord e.V., outpatient hospice service
- Freundeskreis Hospiz St. Peter Oldenburg e.V., in-patient hospice
- Hospizkreis Ganderkesee-Hude e.V., outpatient hospice service

## Policies

Z: 415-1

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

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

# Our business operations

## Operations management

### Emissions

Emissions were identified as an important topic in the materiality analysis.

UNGC

Emissions management approach: 103-1

Climate change is considered to be one of the greatest challenges of today and has noticeable consequences worldwide. The production, or emission, of greenhouse gases is considered to be a significant trigger.

Against the backdrop of the significant negative effects and the current environmental developments at a global level, such as the scarcity of water and resources, deforestation and the threat to biodiversity, companies and society are called upon to contribute to the protection of the natural environment. With this in mind, the NORD/LB Group has been committed to climate and environmental protection for many years already.

Due to its global significance, this topic has no further limitations. It is relevant to all stakeholders and is also of particular importance to society and politics.

Emissions management approach: 103-2

With regard to its direct emissions, the NORD/LB Group regards the continuous reduction of the company's own CO<sub>2</sub> emissions as an essential aspect in view of climate change. In order to improve environmental performance in internal banking operations, an environmental management system was set up which is based on the international standard ISO 14001 and was expanded in the reporting year with the certification of an energy management system (DIN 50001:2018). In contrast to the manufacturing industry, the Group's use of resources is essentially limited due to its activity as a service provider. Nevertheless, the NORD/LB Group offers jobs for 4808 employees in offices that are heated, supplied with electricity and drinking water, as well as equipped with IT hardware and office equipment. In addition, the NORD/LB Group's activities require employees to be mobile in order to be able to provide advice to customers, a key service provided by a financial services company. The subsidiaries are integrated into the company's environmental management system as part of the Group's coordination. The environmental management system is also available for suggestions and acts as an impetus for improvements.

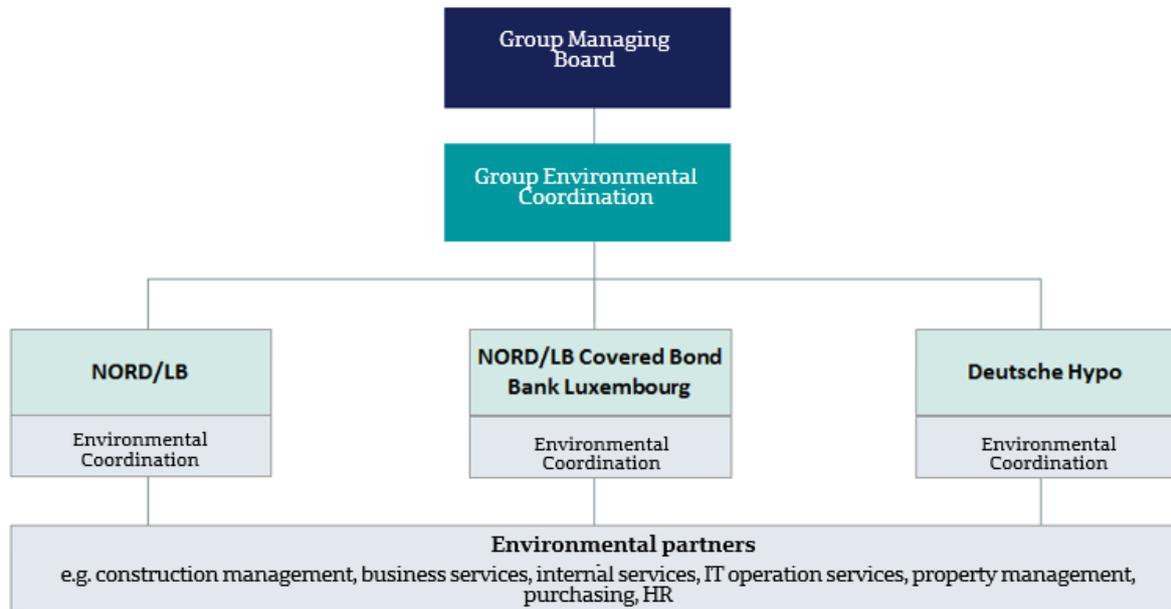
When it comes to the emission of greenhouse gases, only CO<sub>2</sub> is generated in larger quantities due to the NORD/LB Group's business activities. As the emission or reduction of CO<sub>2</sub> emissions are also considered to be an important factor in the development of climate change, NORD/LB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

The importance of this issue is demonstrated in the management of the indirect environmental consequences of business activities and in the company's environmental protection system.

Emissions management approach: 103-3

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

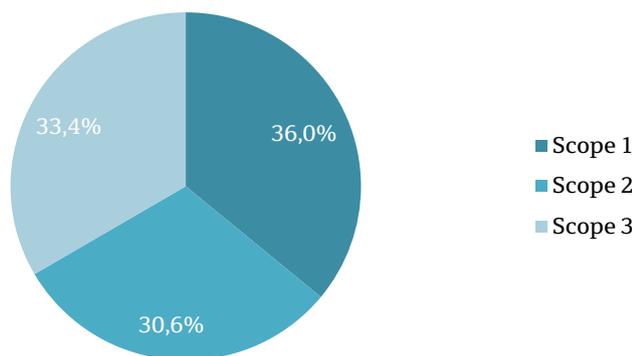
Figure 2: Environmental management system



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

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

Figure 3: Relevance of GHG emissions scope 1-3



Around 92.2 per cent of CO<sub>2</sub> emissions result from energy consumption (heating and electricity) as well as business trips with the company’s own vehicle fleet, rental car, train or airplane.

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

Table 14: Greenhouse Gas Protocol methodology for greenhouse gas emissions

| (in t CO <sub>2e</sub> )                           | 2018         | 2019         | 2020         |
|--|--------------|--------------|--------------|
| <b>Scope 1: Direct CO<sub>2e</sub>emissions</b>    |              |              |              |
| <b>Natural gas</b>                                 | 1,448        | 1,354        | 1,311        |
| <b>Heating oil</b>                                 | 21           | 19           | 42           |
| <b>Fuels (emergency power)</b>                     | 3            | 8            | 0.3          |
| <b>Petrol (company cars)</b>                       | 238          | 175          | 96           |
| <b>Diesel (company cars)</b>                       | 1,138        | 862          | 468          |
| <b>Coolant losses</b>                              | 837          | 2,610        | 222          |
| <b>Total scope 1</b>                               | <b>3,685</b> | <b>3,416</b> | <b>2,139</b> |
| <b>Scope 2: Indirect CO<sub>2e</sub>emissions</b>  |              |              |              |
| <b>District heating</b>                            | 2,079        | 2,066        | 1,820        |
| <b>Electricity</b>                                 | 1            | 1            | -            |
| <b>Total scope 2</b>                               | <b>2,080</b> | <b>2,067</b> | <b>1,820</b> |
| <b>Scope 3: Indirect CO<sub>2e</sub>emissions</b>  |              |              |              |
| <b>Electricity</b>                                 | 139          | 130          | 293          |
| <b>Heating</b>                                     | 1,014        | 983          | 881          |
| <b>Transport and traffic (e.g. business trips)</b> | 1,966        | 1,584        | 571          |
| <b>Paper</b>                                       | 279          | 185          | 100          |
| <b>Water</b>                                       | 47           | 50           | 31           |
| <b>Waste</b>                                       | 242          | 212          | 113          |
| <b>Total scope 3</b>                               | <b>3,687</b> | <b>3,145</b> | <b>1,989</b> |
| <b>Total scope 1-3</b>                             | <b>9,452</b> | <b>7,822</b> | <b>5,948</b> |
| <b>Relative per employee (in kg)</b>               | <b>1,806</b> | <b>1,482</b> | <b>1,237</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.

Figure 3: CO<sub>2</sub> emissions in 2020 – by emission source

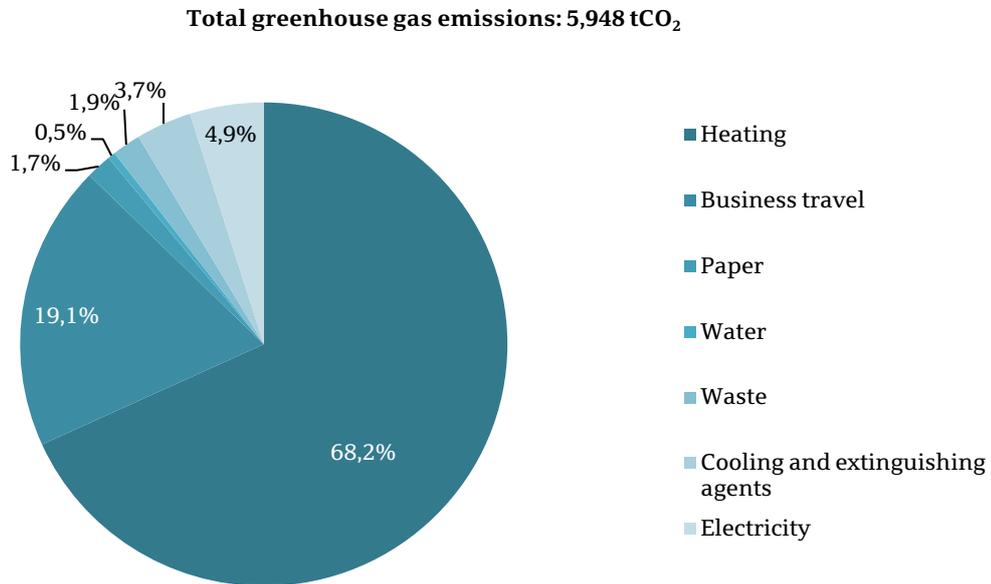
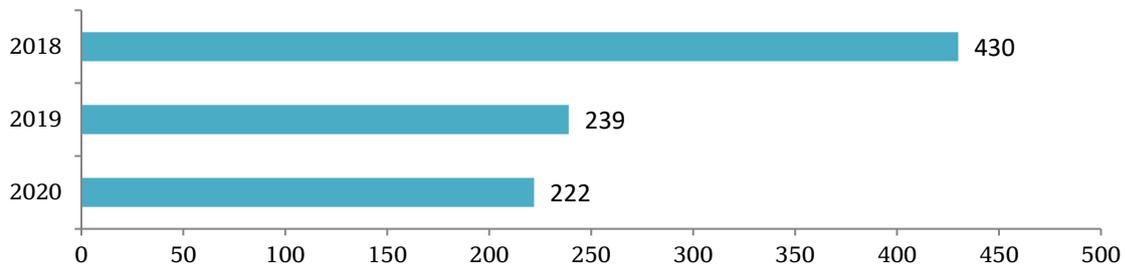


Figure 4: Ozone-depleting emissions/coolant losses (in kg)



## Energy

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

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

At 5,482 tons of CO<sub>2</sub>, energy consumption and business operations accounted for around 92.2 per cent of total emissions in the year under review, making them the largest source of emissions. The effects represent the largest individual items in all three scopes.

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

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

Table 15: Direct energy consumption by primary energy source

| (in FY)   | 2018          | 2019          | 2020          |
|---|---------------|---------------|---------------|
| <b>Natural gas</b>                                | 26,295        | 24,580        | 23,813        |
| <b>Heating oil</b>                                | 266           | 237           | 529           |
| <b>Fuels (petrol, diesel) for emergency power</b> | 41            | 106           | 4             |
| <b>Petrol consumption of vehicles</b>             | 3,238         | 2,356         | 1,292         |
| <b>Diesel consumption of vehicles</b>             | 15,204        | 11,517        | 6,227         |
| <b>Total</b>                                      | <b>45,045</b> | <b>38,796</b> | <b>31,865</b> |

Table 16: Indirect energy consumption by primary energy source

| (in FY)                                    | 2018           | 2019           | 2020           |
|--|----------------|----------------|----------------|
| <b>Electricity</b>                         | 73,502         | 68,824         | 57,867         |
| <b>of which from renewable sources</b>     | 73,502         | 68,824         | 57,867         |
| <b>of which from non-renewable sources</b> | -              | -              | -              |
| <b>District heating</b>                    | 54,917         | 54,473         | 47,899         |
| <b>of which from renewable sources</b>     | -              | -              | -              |
| <b>of which from non-renewable sources</b> | 54,317         | 54,473         | 47,899         |
| <b>Total</b>                               | <b>128,419</b> | <b>123,297</b> | <b>105,766</b> |

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

In total, electricity consumption fell by around 13.6 per cent to 16,510,149 kWh in 2020. Heating energy consumption for company buildings fell by around 9 per cent to 20,067,974 kWh in 2020.

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.

## Paper and water

UNGC

Z: 301-1

Z: 301-2

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

In the year under review, paper consumption accounted for around 1.7 per cent of overall emissions, which is equivalent to a reduction of 46 per cent. The effects relate to scope 3.

The percentage of recycled paper is around 6.5 per cent. In the case of virgin fibre paper, only paper from sustainable forestry with the Forest Stewardship Council (FSC) seal is used for printer and photocopying paper.

**Table 17: Materials used by weight or volume and percentage of recycled material**

|  | 2018 | 2019 | 2020 |
|--|------|------|------|
| <b>Paper consumption (in t)</b>                      | 237  | 158  | 92   |
| of which recycled paper                              | 16   | 14   | 6    |
| of which fresh fibre paper (ECF and TCF)             | 221  | 144  | 86   |
| <b>Percentage of paper with sustainability label</b> | 80%  | 90%  | 76%  |
| <b>Paper consumption per employee (in kg)</b>        | 45   | 30   | 19.1 |

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

Z: 303-1

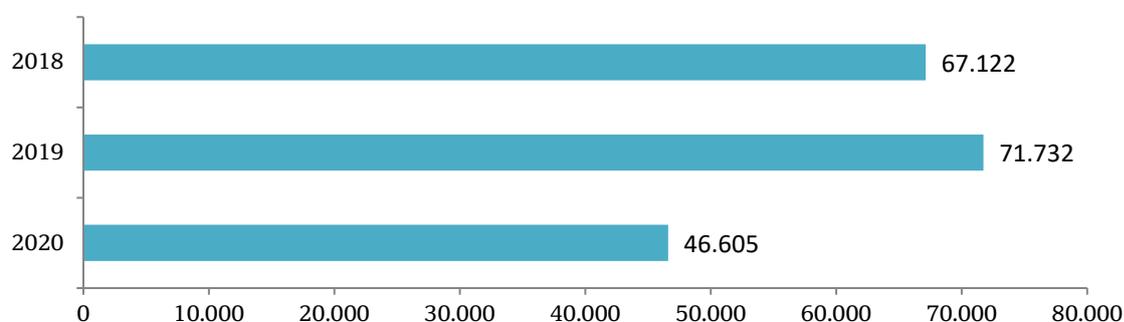
As a service company, the companies of the NORD/LB Group do not use water for the provision of products or services that contribute to the products or services of the organisation, or (b) receive products or services from the organisation.

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

Compared to the previous year, water consumption fell by around 35 per cent to 46,605 m<sup>3</sup>.

Z: 306-1

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

**Figure 5: Total water withdrawal (in m<sup>3</sup>)**

## Waste

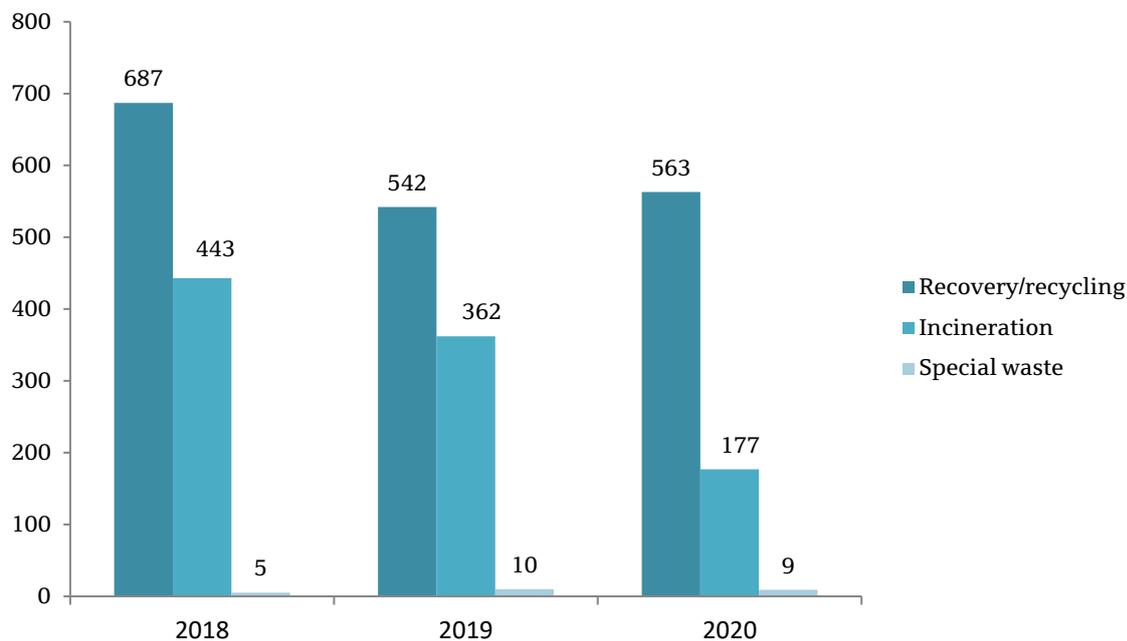
UNGC  
Z: 306-2

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

Recyclable materials are recycled as far as possible. Overall, the NORD/LB Group achieves a recycling rate of around 75 per cent. Hazardous waste is disposed of via the respective disposal companies using the legally prescribed disposal methods. Toner cartridges are returned to the material cycle and reused via the manufacturers' return programs.

In the year under review, waste accounted for around 1.9 per cent of total emissions. The effects relate to scope 3. The total amount of waste decreased significantly compared to the previous year by around 17.9 per cent (164 t) to 750 t.

Figure 6: Total weight of waste by type and method of disposal (in t)

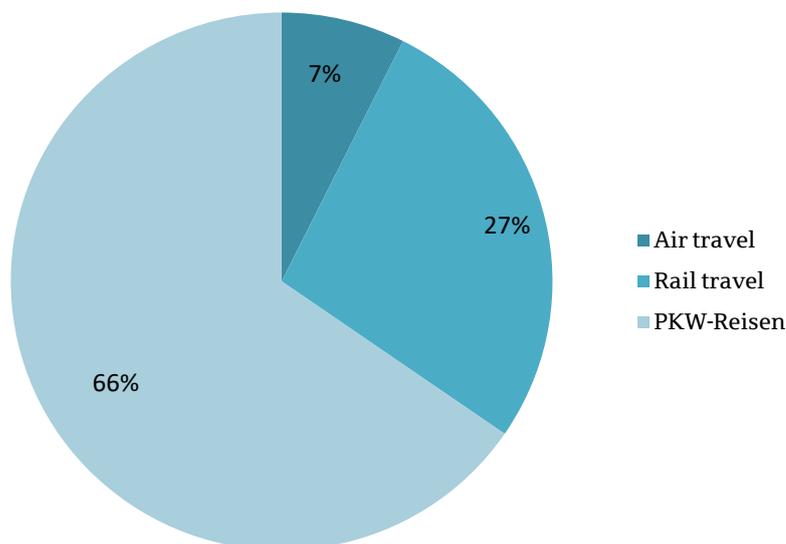


## Mobility

### UNGC

Mobility accounted for around 19.1 per cent of total emissions in the year under review at 1,135 t CO<sub>2</sub>, making it one of the largest sources of emissions. The effects relate to scope 1 and 3.

In 2020, vehicle trips continued to be the most frequently used means of transport, but the number of business trips fell by around 68.9 per cent compared to the previous year to 5,409,910 km. Business trips by vehicle fell by 54.9 per cent to 3,538,033 km, rail travel by 76.6 per cent to 1,472,603 km and air travel by 91.4 per cent to 399,274 km.

**Figure 7: Overview of means of transport used in (km) 2020 for the transport of employees (rounded off as a percentage)**

Employees' daily commute to work is another potential area of activity for the NORD/LB Group to save or avoid emissions. The NORD/LB Group therefore gives its employees the opportunity to purchase job tickets for using public transport at the major locations in Hanover, Bremen, Oldenburg and Brunswick in order to reduce the environmental impact as much as possible. In 2020, 1,366 employees of the NORD/LB Group took advantage of this opportunity.

## Environmental footprint

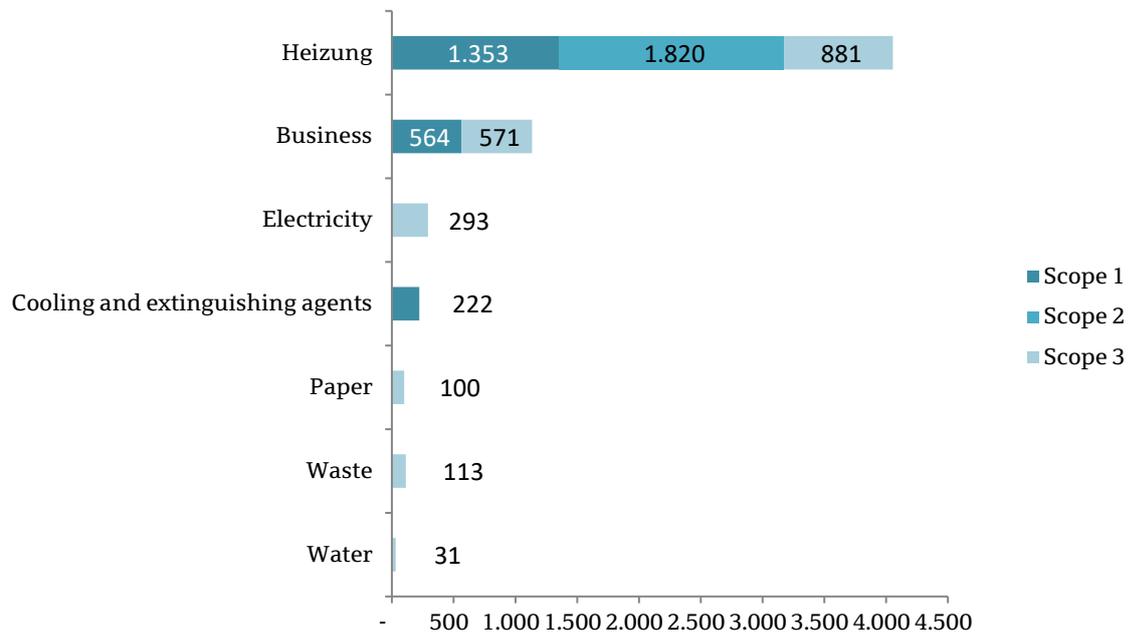
The NORD/LB Group's CO<sub>2</sub> emissions fell by 24 per cent year-on-year to 5,948 t.

The largest individual items were the consumption of heating energy (60.2 per cent) and business trips (19.1 per cent). Thanks to the use of green electricity, this share of total emissions is extremely low at 4.9 per cent.

The highest emissions of 2,139 t (36 per cent) are scope 1 emissions, which are mainly caused by energy consumption and business trips.

Scope 3 emissions are similarly high at 1,989 t or 33.4 per cent, which include not only heating energy and the company's vehicle fleet but also coolant losses. Scope 2 emissions, at 30.6 per cent or 1,820 t of emissions, relate to heating energy.

Figure 8: Environmental footprint (in tCO<sub>2</sub>)



# Our supplier and purchasing management

## Supplier relationships

UNGC

102-9

Z: 308-2

Z: 414-2

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

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

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

By signing the UN Global Compact, NORD/LB and the NORD/LB Group have committed themselves to taking into account the ten internationally recognised principles on aspects relating to human rights, working conditions, environmental protection and corruption in their business activities. Following the signing of the UN Global Compact in May 2013, the human rights clauses were incorporated into the supplier management system and the ten principles were integrated into the purchasing guideline and supplier contracts. This also obligates suppliers and service providers to act in accordance with these principles. 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.

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

Z: 414-2

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

## Procurement process

UNGC

Z: 308-1

Z: 414-1

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

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

At the end of 2013, NORD/LB 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.

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

## Further contractual provisions and checks

UNGC

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

In addition to economic issues, the selection of service providers and suppliers also addresses environmental and social issues.

NORD/LB, NORD/LB Luxembourg and Deutsche Hypo have undertaken to comply with Principles 1 to 6 of the UN Global Compact for 100 per cent of their employees with the Guideline for Human Rights and Labour Standards. This is expected from service providers and suppliers alike.

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. The purchasing guideline applies to Deutsche Hypo and framework agreements apply to NORD/LB Luxembourg, both of which refer to the UN Global Compact.

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

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

All General Terms and Conditions or contracts that address the activities of people in the NORD/LB Group also contain a supplementary clause with which the contractor undertakes to pay at least the minimum wage stipulated by law or collective bargaining agreement. In specific cases, NORD/LB can provide evidence of this. Relevant contracts for the award of services in the low-wage sector have currently been put out for public tender and corresponding contractual provisions have been included (cleaning, security, 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. They are entitled to request corresponding evidence from their service providers and suppliers.

Working as a service company does not expose the NORD/LB Group's service providers and suppliers to any particular physical dangers. As the NORD/LB Group is primarily active in Germany in terms of its sites, there is already a high level of legal protection from the outset. This includes statutory provisions on occupational health and safety as well as compliance with human rights and the prohibition of child and forced labour.

No complaints regarding labour practices and decent work, information on actual and/or potential negative environmental, social or societal impact, discrimination or corruption incidents are known in connection with NORD/LB's supply chain and its subsidiaries.

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

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

# GRI Index

102-55

## GRI 102: General disclosures (core option)

| GRI Standards 2016 | Disclosure   | Page   | UNGC Principle |
|--------------------|--|--------|----------------|
| 102-1              | Name of the organisation                                     | 5, 14  |                |
| 102-2              | Activities, brands, products and services                    | 15     |                |
| 102-3              | Location of headquarters                                     | 5, 14  |                |
| 102-4              | Location of operations                                       | 15     |                |
| 102-5              | Ownership and legal form                                     | 14     |                |
| 102-6              | Markets served   | 15     |                |
| 102-7              | Scale of the organisation                                    | 14     |                |
| 102-8              | Information on employees and other workers                   | 46     |                |
| 102-9              | Supply chain   | 8, 73  | 1-6, 8, 10     |
| 102-10             | Significant changes in the organisation and its supply chain | 14     |                |
| 102-11             | Precautionary Principle or approach                          | 37     | 7              |
| 102-12             | External initiatives   | 37     | 1-10           |
| 102-13             | Membership of associations                                   | 17     |                |
| 102-14             | Statements from senior decision-makers                       | 4      | 1-10           |
| 102-16             | Values, principles, standards, and norms of behaviour        | 21, 27 | 1-10           |
| 102-18             | Governance structure   | 16, 33 | 1-10           |
| 102-40             | List of stakeholder groups                                   | 8      |                |
| 102-41             | Collective bargaining agreements                             | 50     | 1-6            |
| 102-42             | Identifying and selecting stakeholders                       | 7      |                |
| 102-43             | Approach to stakeholder engagement                           | 7, 49  |                |
| 102-44             | Key topics and concerns raised                               | 10     |                |
| 102-45             | Entities included in the consolidated financial statements   | 5, 14  |                |
| 102-46             | Defining report content and topic boundaries                 | 9      |                |
| 102-47             | List of material topics                                      | 10     |                |
| 102-48             | Restatements of information                                  | 5      |                |
| 102-49             | Changes in reporting   | 10     |                |
| 102-50             | Reporting period   | 80     |                |
| 102-51             | Date of most recent report                                   | 80     |                |
| 102-52             | Reporting cycle  | 80     |                |
| 102-53             | Contact point for questions regarding the report             | 80     |                |
| 102-54             | Claims of reporting in accordance with the GRI Standards     | 5      |                |
| 102-55             | GRI Content Index  | 76     |                |
| 102-56             | External assurance   | 5      |                |

## GRI Standards 2016: Material topics (alphabetical)

| GRI Standards 2016  | Disclosure  | Page       | UNGC Principle |
|---|---|------------|----------------|
| <b>Occupational health and safety</b>                             |   |            |                |
| <b>GRI 103:</b><br>Management approach                            | 103-1: Explanation of the material topics and their boundaries                                      | 58         | 1-2            |
|   | 103-2: The management approach and its components   | 58, 59     | 1-2            |
|   | 103-3: Evaluation of the management approach  | 60         | 1-2            |
| <b>GRI 403:</b><br>Occupational health and safety                 | 403-3: Employees with a high incidence or risk of illness related to their professional activity    | 58         | 1-2            |
| <b>Own disclosure</b>   | Overview of days lost to sickness and deaths  | 58         | 1-2            |
| <b>Training and education</b>                                     |   |            |                |
| <b>GRI 103:</b><br>Management approach                            | 103-1: Explanation of the material topics and their boundaries                                      | 55         |                |
|   | 103-2: The management approach and its components   | 55, 57     |                |
|   | 103-3: Evaluation of the management approach  | 56         |                |
| <b>GRI 404:</b><br>Training and education                         | 404-3: Percentage of employees receiving regular performance and career development reviews         | 57         |                |
| <b>Emissions</b>  |   |            |                |
| <b>GRI 103:</b><br>Management approach                            | 103-1: Explanation of the material topics and their boundaries                                      | 64         | 8              |
|   | 103-2: The management approach and its components   | 64         | 8              |
|   | 103-3: Evaluation of the management approach  | 64         | 8              |
| <b>GRI 305:</b><br>Emissions                                      | 305-1: Direct GHG emissions (scope 1)   | 66         | 8              |
| <b>Ethics and integrity/compliant conduct and anti-corruption</b> |   |            |                |
| <b>GRI 103:</b><br>Management approach                            | 103-1: Explanation of the material topics and their boundaries                                      | 20         | 10             |
|   | 103-2: The management approach and its components   | 21 - 28    | 10             |
|   | 103-3: Evaluation of the management approach  | 24         | 10             |
| <b>GRI 205:</b><br>Anti-corruption                                | 205-3: Confirmed incidents of corruption and actions taken  | 27         | 10             |
| <b>Information security and data protection</b>                   |   |            |                |
| <b>GRI 103:</b><br>Management approach                            | 103-1: Explanation of the material topics and their boundaries                                      | 29,        |                |
|   | 103-2: The management approach and its components   | 29, 31     |                |
|   | 103-3: Evaluation of the management approach  | 31         |                |
| <b>GRI 418:</b><br>Customer privacy                               | 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data | 32         |                |
| <b>Management of ESG topics</b>                                   |   |            |                |
| <b>GRI 103:</b><br>Management approach                            | 103-1: Explanation of the material topics and their boundaries                                      | 33         | 1-10           |
|   | 103-2: The management approach and its components   | 33, 34, 36 | 1-10           |
|   | 103-3: Evaluation of the management approach  | 45         | 1-10           |

**Social and environmental impact of the financing business**

|                       |  |            |      |
|-----------------------|--|------------|------|
| <b>GRI 103:</b>       | 103-1: Explanation of the material topics and their boundaries | 33         | 1-10 |
| Management approach   | 103-2: The management approach and its components              | 33, 34, 36 | 1-10 |
|                       | 103-3: Evaluation of the management approach                   | 40         | 1-10 |
| <b>Own disclosure</b> | Own disclosure: Sustainable products                           | 40         | 9    |
| <b>Own disclosure</b> | Own disclosure: Advisory and service                           | 44         | 9    |

**Diversity and equal opportunity & work/life balance**

|   |  |        |        |
|---|--|--------|--------|
| <b>GRI 103:</b>                                     | 103-1: Explanation of the material topics and their boundaries | 51     | 1-2, 6 |
| Management approach                                 | 103-2: The management approach and its components              | 52, 54 | 1-2, 6 |
|   | 103-3: Evaluation of the management approach                   | 54     | 1-2, 6 |
| <b>GRI 405:<br/>Diversity and equal opportunity</b> | 405-1: Diversity of governance bodies and employees            | 47, 52 | 6      |
| <b>Own disclosure</b>                               | Part-time telecommuting  | 54     |        |

**Remuneration policy**

|                     |  |    |     |
|---------------------|--|----|-----|
| <b>GRI 103:</b>     | 103-1: Explanation of the material topics and their boundaries | 49 | 1-6 |
| Management approach | 103-2: The management approach and its components              | 49 | 1-6 |
|                     | 103-3: Evaluation of the management approach                   | 50 | 1-6 |
| <b>102-36</b>       | Process for determining remuneration                           | 49 | 1-6 |

**UNGC Communication on Progress 2020: Additional topics**

| COP | Disclosure                  | Page | UNGC Principle |
|-----|-----------------------------|------|----------------|
|     | Representation of interests | 48   | 1-6            |
|     | Mobility                    | 64   | 7-9            |

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

## GRI Standards 2016: Additional topics

| GRI Standards 2016 | Disclosure   | Page       | UNGC Principle |
|--------------------|--|------------|----------------|
| 102-17             | Mechanisms for advice and concerns about ethics  | 22, 78     | 10             |
| 102-19             | Delegating authority   | 33         | 1-10           |
| 102-21             | Consulting stakeholders on economic, environmental, and social topics  | 7          |                |
| 102-25             | Conflicts of interests   | 24         | 10             |
| 102-36             | Process for determining remuneration   | 49         | 1-6            |
| 201-1              | Direct economic value generated and distributed  | 14, 61, 62 |                |
| 201-3              | Defined benefit plan obligations and other retirement plans  | 50         |                |
| 202-2              | Proportion of senior management hired from the local community   | 47         |                |
| 203-1              | Infrastructure investments and services supported  | 61, 62     |                |
| 205-1              | Operations assessed for risks related to corruption  | 24         | 10             |
| 205-2              | Communication and training about anti-corruption policies and procedures                                       | 27, 28     | 10             |
| 301-1              | Materials used by weight or volume   | 68         | 8              |
| 301-2              | Recycled input materials used  | 68         | 8              |
| 302-1              | Energy consumption within the organisation   | 67         | 8              |
| 302-2              | Energy consumption outside of the organisation   | 67         | 8              |
| 302-3              | Energy intensity   | 67         | 8              |
| 302-4              | Reduction of energy consumption  | 67         | 8              |
| 302-5              | Reductions in energy requirements of products and services   | 67         | 8              |
| 303-1              | Interactions with water as a shared resource   | 69         | 8              |
| 305-2              | Energy indirect (Scope 2) GHG emissions  | 66         | 8              |
| 305-3              | Other indirect (Scope 3) GHG emissions   | 66         | 8              |
| 305-4              | GHG emissions intensity  | 66         | 8              |
| 305-5              | Reduction of GHG emissions   | 66         | 8              |
| 305-6              | Emissions of ozone-depleting substances (ODS)  | 66         | 8              |
| 305-7              | Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions                               | 66         | 8              |
| 306-1              | Water discharge by quality and destination   | 69         | 8              |
| 306-2              | Waste by type and disposal method  | 69         | 8              |
| 308-1              | New suppliers that were screened using environmental criteria  | 73, 74     | 8              |
| 308-2              | Negative environmental impact in the supply chain and actions taken  | 73, 75     | 8              |
| 401-1              | New employee hires and employee turnover   | 48         |                |
| 401-2              | Benefits provided to full-time employees that are not provided to temporary or part-time employees             | 51         | 1-6            |
| 401-3              | Parental leave   | 54         | 6              |
| 402-1              | Minimum notice periods regarding operational changes   | 49         | 3              |
| 404-2              | Programs for upgrading employee skills and transition assistance programmes                                    | 57         |                |
| 406-1              | Incidents of discrimination and corrective actions taken   | 53         | 1-2, 6         |
| 407-1              | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 74, 75     | 1-3            |
| 408-1              | Operations and suppliers at significant risk for incidents of child labour                                     | 74, 75     | 1-2, 4-5       |
| 409-1              | Operations and suppliers at significant risk for incidents of forced or compulsory labour                      | 74, 75     | 1-2, 4-5       |
| 413-1              | Operations with local community engagement, impact assessments, and development programmes                     | 61         |                |
| 414-1              | New suppliers that were screened using social criteria   | 73, 75     | 1-6            |
| 414-2              | Negative social impact in the supply chain and actions taken   | 73, 74, 75 | 1-6            |
| 415-1              | Political contributions  | 63         | 10             |

# Imprint

102-50      102-51      102-52    102-53

|  |   |
|--|---|
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## Disclosure page numbers

|              |  |
|--------------|--|
| <b>1</b>     |  |
| 102-1 .....  | 5, 14  |
| 102-10 ..... | 14   |
| 102-11 ..... | 37   |
| 102-12 ..... | 37   |
| 102-13 ..... | 17   |
| 102-14 ..... | 4  |
| 102-16 ..... | 21, 27   |
| 102-17 ..... | 22, 78   |
| 102-18 ..... | 16, 33   |
| 102-19 ..... | 33   |
| 102-2 .....  | 15   |
| 102-21 ..... | 7  |
| 102-25 ..... | 24   |
| 102-3 .....  | 5, 14  |
| 102-36 ..... | 49   |
| 102-4 .....  | 15   |
| 102-40 ..... | 8  |
| 102-41 ..... | 50   |
| 102-42 ..... | 7  |
| 102-43 ..... | 7, 49  |
| 102-44 ..... | 10   |
| 102-45 ..... | 5, 14  |
| 102-46 ..... | 9  |
| 102-47 ..... | 10   |
| 102-48 ..... | 5  |
| 102-49 ..... | 10   |
| 102-5 .....  | 14   |
| 102-50 ..... | 80   |
| 102-51 ..... | 80   |
| 102-52 ..... | 80   |
| 102-53 ..... | 80   |
| 102-54 ..... | 5  |
| 102-55 ..... | 76   |
| 102-56 ..... | 5  |
| 102-6 .....  | 15   |
| 102-7 .....  | 14   |
| 102-8 .....  | 46   |
| 102-9 .....  | 8, 73  |
| 103-1 .....  | 20, 29, 33, 49, 51, 55, 58, 64   |
| 103-2 ....   | 21, 22, 23, 24, 25, 27, 28, 29, 31, 33, 34, 36, 49, 52, 54, 55, 57, 58, 59, 64 |
| 103-3 .....  | 24, 31, 45, 50, 54, 56, 57, 60, 64   |
| <b>2</b>     |  |
| 201-1 .....  | 14, 61, 62   |
| 201-3 .....  | 50   |
| 202-2 .....  | 47   |
| 203-1 .....  | 61, 62   |
| 205-1 .....  | 24   |
| 205-2 .....  | 27, 28   |
| 205-3 .....  | 27   |
| <b>3</b>     |  |
| 301-1 .....  | 68   |
| 301-2 .....  | 68   |
| 302-1 .....  | 67   |
| 302-2 .....  | 67   |
| 302-3 .....  | 67   |
| 302-4 .....  | 67   |
| 302-5 .....  | 67   |
| 303-1 .....  | 69   |
| 305-1 .....  | 66   |
| 305-2 .....  | 66   |
| 305-3 .....  | 66   |
| 305-4 .....  | 66   |
| 305-5 .....  | 66   |
| 305-6 .....  | 66   |
| 305-7 .....  | 66   |
| 306-1 .....  | 69   |
| 306-2 .....  | 69   |
| 308-1 .....  | 73, 74   |
| 308-2 .....  | 73, 75   |
| <b>4</b>     |  |
| 401-1 .....  | 48   |
| 401-2 .....  | 51   |

401-3.....54  
 402-1.....49  
 403-3.....58  
 404-2.....57  
 404-3.....57  
 405-1.....47, 52  
 406-1.....53  
 407-1.....74, 75  
 408-1.....74, 75  
 409-1.....74, 75

413-1 .....61  
 414-1 .....73, 75  
 414-2 .....73, 74, 75  
 415-1 .....63  
 418-1 .....32

**O**

Own indicator.....40, 44, 54, 59

**U**

UNGC...4, 8, 20, 21, 22, 23, 28, 33, 34, 36, 37, 40, 46, 48, 49,  
 50, 51, 52, 54, 58, 59, 64, 67, 68, 69, 70, 73, 74