

# Principles for Responsible Banking

## Report on the implementation of the principles

### Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

Signatory of:



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

### How to use this template?

This template does NOT require your bank to produce an additional report. Rather, this template is designed for your bank to provide references/links to where in your existing reporting/public domains the required information can be found. The aim is to keep additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6.

Within this reporting template, there are six areas for self-assessment that are key to showing that your bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking.

1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

### Only for these six highlighted items, it is required that:

- a) An assurer provides limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.
- b) You provide your bank's conclusion/statement if it has fulfilled the respective requirements.

### Accommodating different starting points:

Banks have different starting points and operate in different contexts. Your bank may not be able to provide all information required in this template the first time you report. That is fine. Your bank has up to four years from signing to bring its reporting fully in line with the requirements. Feedback, support and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1. Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>NORD/LB Norddeutsche Landesbank is one of Germany's leading commercial banks. As an institute under public law, it is part of the S-Finance Group. Its core business segments include corporate customers, special financing in the energy and infrastructure sectors and for aircraft, commercial real estate financing (under the Deutsche Hypo brand), capital market business, association business with the savings banks and private and commercial customers including private banking. The bank is based in Hanover, Braunschweig and Magdeburg and has branches in Bremen, Oldenburg, Hamburg, Schwerin, Düsseldorf and Munich. Outside Germany NORD/LB is represented with a Pfandbrief bank (NORD/LB Covered Bond Bank) in Luxembourg and with branches in London, New York and Singapore.</p>	<p>www.nordlb.com NORD/LB Group Annual Report 2020</p>
<p>1.2. Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>NORD/LB is committed to the strategic integration of sustainability into its business model:</p> <ul style="list-style-type: none"> <li>- Signing the Principles for Responsible Banking and the UN Global Compact.</li> <li>- Making the impact of NORD/LB's business on the environment and society measurable and assessable for our stakeholders.</li> </ul> <p>NORD/LB derives the following principles for itself within the framework of sustainable corporate governance:</p> <ul style="list-style-type: none"> <li>- Knowledge of the requirements of specific stakeholders.</li> <li>- The observance of human rights, the fight against corruption and the protection of the environment as essential elements of our responsibility</li> <li>- A holistic approach to managing social and environmental impacts</li> <li>- Transparent corporate governance and clarity in our own positions as added value for customers, investors and society</li> </ul> <p>Integration of environmental, social and governance aspects in business decisions External reporting on ESG issues within the framework of the reporting obligation according to § 289 HGB (CSR Directive) and the standards of the Global Reporting Initiative (GRI)</p>	<p>NORD/LB Group presentation as at 31 Dec 2020 (published in March 2021)</p>
<p><b>Principle 2: Impact and Target Setting</b> We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
<p>2.1. Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p>	<p>NORD/LB's products and services have an impact on the environment and society. As risks might occur, it is particularly important for NORD/LB as a financial institution to assume responsibility towards social, environmental and economic impacts. For this reason sustainability is an integral part of NORD/LB's corporate strategy. In an annual strategy process, NORD/LB defines targets, which include sustainability targets. These</p>	<p><a href="https://www.nordlb.com/nordlb/sustainability">https://www.nordlb.com/nordlb/sustainability</a></p>

<p>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context &amp; Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<p>targets are continuously reviewed and, if necessary, adjusted and communicated.</p> <p>NORD/LB and Sustainability Management gain valuable insights into current developments and the interests of various stakeholder groups from dialogues conducted with stakeholders. Overall, feedback from stakeholders is used to continuously review and improve sustainability activities.</p> <p>In 2020, NORD/LB's Sustainability Management aimed to establish a Sustainability Board. The Sustainability Board is an internal body which acts in an advisory capacity on the implementation of various ESG requirements (regulatory or voluntary). Employees from all NORD/LB divisions work closely together on many ESG-relevant topics in the Sustainability Board. The Board commenced its activities on 1 January 2021. All the preparatory work for the start of the Sustainability Board was carried out in 2020.</p> <p>In addition, the course was set in 2020 to initiate a sustainability project in 2021. The project was launched on 1 July 2021.</p>	<p>Sustainability Report 2020</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		

<p>2.2. Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>When signing the PRBs in April 2020, NORD/LB selected key initial goals from the 17 Sustainable Development Goals (SDGs) and focused on them. These include Development Goal No. 5 Gender Equality and Development Goal No. 7 Sustainable and Clean Energy, on which NORD/LB has the greatest influence through its business and operational activities.</p> <p>With the support of the above-mentioned project and the Sustainability Board, an analysis is being carried out together with the specialist departments to determine how NORD/LB is positioned with regard to the selected SDGs. The focus of the analysis is on measuring positive and negative impacts with the help of key figures.</p> <p>For example, it is currently being determined how the current key figures in the area of diversity can also be given targets in the future. These indicators and targets are to be communicated transparently and regularly in the future.</p> <p>The same applies to the topic of affordable and clean energy. Together with the Structured Finance department, the project and the Sustainability Board are developing indicators for NORD/LB projects in renewable energies.</p> <p>Structured Finance</p> <ul style="list-style-type: none"> <li>– Energy: The focus is on financing energy generation from wind and solar power in the European core markets of Germany, France, Ireland and the United Kingdom. Supplemented by targeted expansion and cultivation of client relationships in North America and Asia.</li> <li>– Infrastructure: In social infrastructure projects, focus on Education, Accommodation, Blue Light and Transportation.</li> </ul> <p>NORD/LB is constantly working to reduce the Group’s environmental impact and its ecological footprint as part of its corporate environmental protection. In order to improve internal environmental performance, an environmental management system has been set up which is based on the international standard ISO 14001 and extended by the certification of an energy management system (DIN 50001:2018).</p> <p>A major concern of the NORD/LB Group is the reduction of the company’s own CO<sub>2</sub> emissions. In addition, aspects of energy consumption, for example heating and power supply, are considered. In the area of the use of raw and auxiliary materials, NORD/LB is working on reducing paper consumption. Other topics relevant to corporate environmental protection concern waste separation and recycling as well as mobility aspects.</p>	<p>NORD/LB Group presentation as at 31 Dec 2020 (published in March 2021)</p> <p><a href="https://www.nordlb.com/nordlb/sustainability/environment-social">https://www.nordlb.com/nordlb/sustainability/environment-social</a></p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>2.3. Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p>	<p>With the initiation of the sustainability project on 1 July 2021 and the introduction of the Sustainability Board on 1 January 2021, the topic of sustainability and transparency has become even more of a focus. After this year’s cycle, NORD/LB plans to further align the sustainability indicators developed and to report regularly on their development.</p>	

<p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>2.4. Progress on Implementing Targets</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>The Sustainability Report 2020 on page 11 contains an overview of NORD/LB's significant issues. This list shows significant economic, ecological and social impacts of NORD/LB's material topics.</p> <p>An update of these topics, determined by a materiality analysis, is planned during the implementation of the sustainability project.</p>	<p>Sustainability Report 2020</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>3.1. Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>The NORD/LB Group and its institutes have a number of internal strategy documents, guidelines and work instructions which have been anchored accordingly in the written regulations (sfO). In addition to guidelines for implementing and complying with requirements of "classical banking supervisory law" at German and international level, supplementary ESG guidelines also apply to the Group, which guide and regulate business activities with regard to economic, ecological and social aspects.</p> <p>Guidelines for the entire bank</p> <ul style="list-style-type: none"> <li>- Climate Change</li> <li>- Environmental impact of business activities</li> <li>- Operational environmental protection</li> <li>- Consideration of human rights and labour standards</li> <li>- Dealing with interest groups</li> <li>- Dealing with tax requirements</li> </ul>	<p>Separate condensed non-financial report of NORD/LB 2020</p>

	<p>Guidelines for individual sectors</p> <ul style="list-style-type: none"> <li>- ESG requirements for project financing</li> <li>- Dealing with renewable resources</li> <li>- Dealing with non-renewable resources</li> <li>- Sustainable aircraft financing and real estate financing</li> <li>- Business relationships with companies in the defence industry</li> </ul> <p>Business exclusions</p> <ul style="list-style-type: none"> <li>- No "controversial" weapons</li> <li>- No business relationships with companies in the arms industry unless all applicable laws, embargoes and regulations are complied with</li> <li>- No business relations with companies in the pornography industry</li> <li>- No financing for the construction of nuclear power plants</li> <li>- No financing for the construction of conventional coal-fired power plants</li> <li>- No financing for the construction of dams and hydroelectric power plants in areas requiring special protection.</li> <li>- No transactions in one's own name for one's own account on commodity futures exchanges</li> </ul>	
<p>3.2. Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>NORD/LB is making a steadily growing contribution to financing the Green Economy. In addition, NORD/LB is active in the area of social and environmental sustainability. For example, NORD/LB supports customers from the social and healthcare sectors as well as the environmental and agricultural sectors.</p> <p>The NORD/LB Group is convinced that its structured finance renewable energy business segment will have a positive impact on achieving the United Nations Sustainable Development Goals (SDGs) and thus contribute to increasing the share of renewable energies in the global energy mix.</p>	Sustainability Report 2020
<p><b>Principle 4: Stakeholders</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>4.1. Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>It is essential for NORD/LB to identify the requirements of its stakeholders at an early stage in order to be able to respond to them appropriately. Systematically dealing with the demands of stakeholders is an essential element for us in securing our long-term corporate success. NORD/LB therefore uses established discussion formats with the various social groups to also exchange views on sustainability issues, to provide impetus for sustainability-oriented action and to develop itself further.</p> <p>Dialogue with stakeholders is a topic in NORD/LB's sustainability project. We assume that we will already be able to provide further information on this topic in the next reporting.</p>	Sustainability Report 2020
<p><b>Principle 5: Governance &amp; Culture</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>5.1. Describe the relevant governance structures, policies and procedures</p>	<p>The Managing Board is responsible for sustainable development at NORD/LB and represents the results to the owners. The entire Managing Board is supported in its tasks by Sustainability</p>	Separate condensed non-financial report of NORD/LB 2020



<p>your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Management, which analyses requirements for individual areas within and outside NORD/LB and the NORD/LB Group, develops targets and measures and proposes these for implementation.</p>	
<p>5.2. Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>The necessary control parameters for a culture of responsible banking have been supplemented at NORD/LB with further strategic focus topics which pay towards strengthening a new corporate identity:</p> <ul style="list-style-type: none"> <li>– Securing operations in the future</li> <li>– Further development and qualification of employees</li> <li>– Emotional commitment and motivation of employees</li> </ul> <p>Human Resources 2020 was operationalised with the following services in focus:</p> <ul style="list-style-type: none"> <li>– staff retention via attractive working conditions, including remuneration, equal opportunities, work-life balance and occupational health management,</li> <li>– Human resources management of resources and capacities,</li> <li>– Human resources development, including through new agile and forward-looking forms of work,</li> <li>– Collaborative participation of employees in the company's development through the “#zukunftschaffen” initiative</li> <li>– Recruitment and training of junior staff.</li> </ul>	<p>Separate condensed non-financial report of NORD/LB 2020</p>
<p>5.3. Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ol style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ol>	<p>This item is part of the NORD/LB sustainability project. We expect to be able to provide more information on this in the next reporting cycle.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p><b>Principle 6: Transparency &amp; Accountability</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>6.1. Progress on Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in</p>	<p>The progress NORD/LB has made in the last 18 months since signing up to the principles can be read in this report.</p> <p>We will provide detailed reports on the six individual PRB principles as NORD/LB's sustainability project progresses. The project began its work on 1 July 2021 and we expect to be able to provide initial progress in the next progress report in 2022 for the 2021 reporting year.</p>	<p>Sustainability Report 2020</p>

<p>your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		

**Annex: Definitions**

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".