



ESG strategy of the NORD/LB Group

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Foreword of the Managing Board

Dear readers,

Last year, we adopted our ESG strategy for the first time. The ESG strategy provides NORD/LB with a framework for how we want to translate our values into concrete action. However, it is not only a guideline for our own actions, but also a promise to use our influence to drive positive change – whether by financing projects that promote sustainable innovations or by supporting companies that focus on sustainable business models.

Over the past year, we at NORD/LB have made significant progress and continuously strengthened our commitment to responsible behavior. Our ESG strategy gives you a comprehensive insight into our sustainability activities and explains how we will continue to meet the challenges of sustainable transformation in the future.

As “Bank of the energy transition”, it remains our goal to make an active contribution to combating climate change, but also to promote social justice and ensure transparent corporate governance. For us, sustainable economic success goes hand in hand with taking environmental and social concerns into account.

We are aware that this path also entails challenges. At the same time, however, we are convinced that only those who act responsibly today will be successful in the long term. With this conviction, we are pleased to share our ESG strategy with you and invite you to accompany us on this journey.

Sustainable greetings



Jörg Frischholz

Chairman of the Managing Board,
CEO



Jasper Hanebuth

Member of the Managing Board, CFO

1 Preamble

1.1 NORD/LB

Norddeutsche Landesbank - Girozentrale - "Anstalt öffentlichen Rechts" (NORD/LB AöR, single entity), as the parent company of the NORD/LB Group, is a credit institution and a trading book institution as defined by the German Banking Act (KWG) and is accordingly obliged to fulfil all the resulting requirements. NORD/LB AöR was founded by the merger of Niedersächsische Landesbank - Girozentrale -, Braunschweigische Staatsbank, Hannoversche Landeskreditanstalt and Niedersächsische Wohnungskreditanstalt - Stadtschaft - on 1st July 1970. NORD/LB AöR is headquartered in Hanover, Braunschweig, and Magdeburg. The owners of NORD/LB AöR are - in varying shares - the federal states of Lower Saxony¹ and Saxony-Anhalt, the Savings Bank Association of Lower Saxony, the Savings Bank Participation Association of Saxony-Anhalt, the Special Purpose Savings Bank Participation Association of Mecklenburg-Western Pomerania as well as FIDES Gamma GmbH (savings bank support fund) and FIDES Delta GmbH (security reserve). The NORD/LB Group consists of the parent company NORD/LB AöR and the subsidiary NORD/LB Luxembourg S.A. Covered Bond Bank (NORD/LB CBB). In addition to the institutes of the NORD/LB Group, the NORD/LB Group also includes all other participating interests.

1.2 The strategic framework

The management of the parent company, NORD/LB AöR, is responsible for the proper business organisation at Group level in accordance with § 25a (3) of the German Banking Act (KWG), taking into account the statutory provisions and ensuring that business requirements are met. Proper business organisation at Group level includes, among other things, the definition of a business strategy and a consistent risk strategy ("Group-wide strategies") within the meaning of MaRisk AT 4.2 in conjunction with AT 4.5. AT 4.5.

The NORD/LB Group's strategy compendium consists of the business strategy, the risk strategy and the supplementary functional strategies relating to environmental, social & governance (ESG), information technology (IT), human resources, remuneration and trading and, if necessary, non-performing loans (NPL). The consistency of these strategies of the bank is ensured in accordance with the strategy matrix.

As part of the annual strategy process, the distribution of results across the individual strategic business areas is analysed. The strategies of the strategic business segments form the basis of the business strategy and are an integral part of it. The strategic business segments are supported by the divisions with an overall bank management function, primarily Treasury, Special Credit & Valuation (SCV) and Syndications & Investment Solutions (SIS)². Due to its particular importance, the data strategy was included in the business strategy for the

¹ The State of Lower Saxony holds shares in NORD/LB AöR via its investment companies Niedersachsen Invest GmbH and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH.

² Following the decision to sell a large part of the aircraft financing portfolio, including the discontinuation of new aviation business and the transfer of the remaining portfolio to SCV, the SIS and Sustainable Transportation units will remain in place. As a business segment strategy will no longer be drawn up for Aircraft Financing, the remaining units will be transferred to the divisions with an overall bank management function.

first time. As part of the annual strategy process, the customer divisions develop and review their strategic direction, taking into account the guidelines defined by the Managing Board for the targeted allocation of resources as well as internal and external influencing factors. The business strategy is implemented via the business model and the individual business segment strategies. In addition to the publications on sustainability (Disclosure Report, Sustainable Loan Framework, Sustainability Report, non-financial report, ESG strategy), a section on sustainability management is an integral part of the business strategy.

The risk strategy defines the risk appetite and the handling of the main types of risk on the basis of risk sub-strategies within the framework of NORD/LB Group business model. It describes the risk-bearing capacity concept, risk governance, defines the understanding of risk, the risk culture and the organisation of risk management. The Bank's strategic alignment as a universal bank in line with the needs of its customers, with a focus on lending business, is reflected in the corresponding allocation of risk capital. In addition to the strategic risk limits for the main risk types, the business and risk strategy also includes statements on earnings and risk concentrations. At the same time, selected profitability ratios and climate-related key risk indicators are included in the strategic risk targets. Regular reporting ensures continuous monitoring of the strategic risk targets. The dovetailing of the business and risk strategies ensures that both strategies are risk-conscious across the board.

The ESG strategy sets out the strategic framework for the bank's environmental, social and governance matters.

Due to the great importance of IT as a partner for the successful organisation and further development of the strategic business segments, the IT strategy is drawn up. The focus here is on both the reliable provision of necessary IT services and the strategic expansion of IT for the future success of the company and the competitiveness of the NORD/LB Group.

The personnel strategy provides the guiding framework for NORD/LB Group personnel work.

The Group-wide remuneration strategy supports the corporate culture and is aligned with the objectives derived from the business and risk strategy. Details on the strategic personnel orientation are part of the business strategy. The key figures associated with the remuneration strategy are also included in the risk strategy objectives.

The trading strategy is the guiding framework for the trading units.

If necessary, an NPL strategy is formulated, in which strategic (reduction-) targets for non-performing loans are defined. It is based on the requirements of the current version of the ECB guidelines for banks on non-performing loans.

These strategies form the framework for the strategic orientation of the NORD/LB Group. The strategic time frame is generally five years³. The strategies are reviewed at least once a year and on an ad hoc basis and adjusted if necessary. Details of the strategy process are described in the framework document for the strategy process. The strategy process culminates in the strategy meeting of the Managing Board. The business, risk, ESG, IT, HR, trading, remuneration and, if applicable, NPL strategies are adopted by the Managing Board and acknowledged by the Supervisory Board of NORD/LB AöR after discussion.

³ With regard to the ESG strategy, a time horizon of more than 5 years applies.

1.3 ESG strategic framework

Our business activities as a bank have an impact on the economy and society. We provide financial resources and thus enable economic growth, create jobs and provide social services. Our products and services have an impact on the environment and society. As a company and public player, we have a duty to take responsibility for all social, environmental and economic impacts of our business activities and to pursue the goals of the Paris Climate Agreement to limit global warming to well below 2°C (with efforts to limit it to 1.5°C). It is in line with our self-image as a "Bank of the energy transition" not only to fulfil all regulatory requirements placed on us in our role as a "Landesbank" (state bank), but also to work actively and in a future-oriented manner to continuously reduce our CO₂ emissions and those of our customer portfolios. In addition, we have also made it our mission to accompany our customers through the transformation and provide them with holistic support.

This document sets out our Group-wide ESG strategy. Strategic targets are set on the basis of the materiality analysis and by establishing corresponding key performance indicators (KPIs) and key risk indicators (KRIs), among other things. The ESG management team validated and adjusted our ESG strategy and carried out all necessary coordination. We always make all adjustments in line with the business strategy and functional strategies and document them in a comprehensible manner. Our ESG strategy is adopted by the Managing Board of NORD/LB AöR, which is also responsible for its implementation at Group level. The determination and implementation at the individual level is the responsibility of the Managing Boards of the individual institutes. We submit the ESG strategy decided by the Managing Board to the Supervisory Board of NORD/LB AöR for discussion.

2 Our mission

" As "Bank of the energy transition" sustainability and responsibility are the cornerstones of our actions in order to help shaping a better future for everyone. "

The importance and weighting of ESG issues, particularly with regard to climate and environmental aspects, is becoming increasingly important in NORD/LB's business environment. Both regulatory requirements and competitive issues are developing very dynamically and with increasing complexity. We therefore see it as our responsibility to exert a positive influence on the environment and society. At the same time, we are convinced that sustainable investment decisions are not only ecologically and socially beneficial, but also create financial stability and long-term success for our customers and NORD/LB itself. This is why we at NORD/LB actively support our customers in their transformation process and accompany them on their way to a sustainable future with our constantly growing ESG expertise and a sustainable and innovative product range. We see ourselves as an active shaper in this process and use our reach to have a positive impact on society and the environment. We are a driving force for the sustainable transformation of the financial sector and our clients.

As "Bank of the energy transition", we have been a leader in the financing of renewable energies and infrastructure projects for over 30 years, primarily in the areas of wind energy, photovoltaics and battery storage.

Our business model is based on forward-looking business segments and is the foundation for the challenges we face in the ESG transformation of the economy and society.

We are constantly working on our (ESG) strategic development. In order to meet the challenges we face in the transformation process, our ESG strategy is based on four principles that guide our daily actions:

- **Stakeholder orientation:** Understanding the expectations of our stakeholders is of key importance to us. A systematic approach to stakeholder demands is a fundamental element in ensuring the long-term success of the company.
- **Responsibility:** Responsibility towards our stakeholders is a binding principle of our corporate responsibility.
- **Holistic approach:** Managing the social and environmental impact of our activities affects all areas and requires an integrated approach.
- **Transparency:** Transparent corporate governance and clear positioning visualise the impact of business activities on the environment and thus provide additional added value for customers and society.

3 Our ESG strategic principles

Sustainability is more than just a buzzword for us - it is a central component of our corporate philosophy.

Our ESG strategy is based on strategic principles, well-founded analyses and clear criteria that highlight both the opportunities and risks of our business activities. In this document, we would therefore like to introduce you to our ESG strategic principles and methods, which help us to act responsibly both now and in the future.

3.1 The materiality analysis as the basis of our ESG strategy

" The materiality analysis forms the foundation for our ESG strategy. "

Given the great importance of sustainability topics for the business activities of all companies, it is also very important to us to understand the impact of our business activities on the environment, social matters and corporate governance. The materiality analysis is therefore an elementary component of the sustainability reporting required by regulation in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The aim here is to analyse and evaluate the impact of NORD/LB on the environment and society (inside-out perspective), as well as the risks and opportunities of the environment and society for NORD/LB (outside-in perspective).

The materiality analysis therefore forms the basis for our ESG strategy on the one hand and supports the decision on the Bank's sustainability reporting standards on the other.

From the financial year 2025, among other topics the focus will be on biodiversity, as we finance investments in sectors that can have a positive or negative impact on the diversity of nature. The aim here is to set the right priorities in order to take the impact on biodiversity into account as appropriately as possible and prevent biodiversity loss.

3.2 Our sustainable financings

" Sustainable financing is crucial for a future worth living. We are committed to this because we believe that investments should not only generate financial returns, but also have a positive social and environmental impact. "

EU - Taxonomy

The political objective of the EU taxonomy is to support the Paris Agreement and the European Green Deal by channeling capital flows into clearly identifiable, sustainable investments and economic activities to achieve climate neutrality in Europe by 2050. It was adopted by the European Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council. It sets the conditions for the technical screening criteria under which an economic activity can be qualified as a significant contribution to the six environmental objectives and

whether this economic activity does not cause significant harm to any of the other environmental objectives.

The focus of this classification of sustainable investments and economic activities is a common understanding of how to identify them. Therefore, the EU taxonomy can be understood as a system for categorising economic activities that is valid in the European Union.

For an economic activity to be recognised as "green / taxonomy-compliant" within the meaning of the EU taxonomy, the following aspects must apply:

Economic activity:

- can be taxonomised,
- makes a substantial contribution ("Substantial Contribution") to one of the six defined environmental objectives, considering the Technical Screening Criteria ("TSC"),
- complies with the "Do No Significant Harm" (DNSH) criteria and
- complies with the Minimum Social Safeguards (such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Core Labour Standards).

We are aware that complete fulfilment of the EU taxonomy is not yet possible in all the strategic business areas, sectors and countries focused on by NORD/LB. One reason for this is that there is not yet an elaborated EU taxonomy with detailed technical screening criteria for all sectors. Only activities that demonstrably fulfil the regulations of the EU taxonomy are classified as sustainable.

The EU taxonomy has a prospective impact on our business model through the provision of loan funds to finance corresponding measures and their refunding on the capital market.

Overall, six environmental objectives are considered to ensure the measurability and comparability of capital flows within the meaning of the EU taxonomy:

1. Climate protection
2. Adaptation to climate change
3. Sustainable use / protection of water and marine resources
4. Transition to a circular economy
5. Prevention and reduction of environmental pollution
6. Protection and restoration of biodiversity and ecosystems

The Green Asset Ratio (GAR) is calculated as follows:

- **Taxonomy eligibility:** Items that can be assigned to one of the economic activities within the framework of the EU taxonomy criteria, irrespective of the fulfilment of the other criteria for taxonomy conformity.
- **Taxonomy conformity (alignment):** Taxonomy-compliant items that also fulfil the other taxonomy criteria.

The GAR is published as part of non-financial reporting. We have decided that the existing EU taxonomy criteria should be seen as an ideal target. But on the way to EU taxonomy conformity, furthermore some additional criteria also apply, which should enable our business partners to concretise their transition path towards a more sustainable business model. NORD/LB's own criteria have been defined in such a way that, in the Bank's view, they make a decisive contribution to achieving the goals of the Paris Climate Agreement and the Sustainable Development Goals (SDGs). The SDGs describe sustainability goals of the United Nations and thus a global plan to promote peace and prosperity in a sustainable manner to protect the planet.⁴

Our bank's own "green" classification: the Sustainable Loan Framework

The Sustainable Loan Framework ("SLF") is our internal framework for classifying financial products and services as "sustainable loans". The SLF provides a catalogue of criteria that NORD/LB considers to be eligible for environmentally sustainable loans. At the same time, our framework contains corresponding references to relevant standards for environmentally sustainable lending, that define which types of loans fall under this category.

We are continuously working to improve our SLF in all its facets while taking existing requirements into account. Our aim is not only to optimise the framework, but also to expand it so that we can make a significant contribution to sustainable financing. Through these improvements, we want to ensure that our financings offer support for a sustainable future.

We categorise our loan portfolio from an ESG perspective as follows:

- Sustainable financing that fulfils the eligibility criteria of the EU taxonomy.
- Sustainable financing that fulfils the bank's eligibility criteria for ecological standards (green financing) as part of the SLF. Sustainable products that support the transition process based on defined parameters (transition financing, sustainability-linked loans) are also categorized as sustainable financing.
- Financings that do not fulfil these criteria, or only fulfil them to a limited extent, is considered "unsustainable".

Our aim is to harmonise the definition of sustainability as closely as possible with the requirements of the EU taxonomy.

The SLF refers to all sectors of NORD/LB Group and to all loan product types on the assets side (e.g. green loans, sustainability-linked loans and other sustainable products offered by the bank).

⁴ Cf. 17 UN Sustainable Development Goals - SDGs - CARE

The scope of application to products on the liabilities side is regulated in our Green Funding Framework. The SLF therefore supplements the Green Funding Framework. The same applies accordingly to that part of the portfolio which is refinanced by NORD/LB's Green Funding Program.

Refunding of „green loans" - Our Green Funding Framework

With the aim of raising funds for suitable green loans, we have developed our Green Funding Framework (hereinafter "Framework") that supports the company's funding strategy and commitment to sustainability. In addition, applicable green assets contribute to the EU's environmental objectives, especially to mitigate and address climate change.

By issuing green refunding instruments, we aim to harmonise the financing of sustainable projects with sustainable refinancing and thus meet the growing demand from investors for environmentally sustainable investments. We launched our first framework for green refunding instruments back in 2017 (then still under Deutsche Hypothekenbank). We then published the first framework for NORD/LB in June 2021. As part of our ongoing efforts to adapt the framework to current market standards and add newly established categories, we updated the framework in June 2022. For all outstanding green topics that were issued based on previous frameworks and are therefore based exclusively on green buildings as eligible assets, we will endeavor to hold a sufficient volume of green buildings (with the eligibility criteria at least based on the framework valid at the time of issue) in the investment pool until the maturity of these green fundings.

Our current framework provides a set of criteria for our issued green refunding instruments and is aligned with the Green Bond Principles ("GBP") 2021⁵ published by the International Capital Market Association ("ICMA"). In addition, the framework is also aligned with the EU Taxonomy Regulation where possible.

Under this framework, we may issue Green Senior and Subordinated Bonds (Green Bearer or Registered Bonds), Green Covered Bonds, Green Promissory Notes, Green Deposits and Green Commercial Paper (Green Unsecured Short-Term Notes) (together the "**Green Funding Instruments**").

An amount equal to the proceeds of the green refunding instruments will be used to finance new and/or existing green assets, loans, and investments partially or fully in the categories of green buildings, renewable energy and energy efficiency. As the green financing market is constantly evolving, the framework can and must be revised or updated periodically thereafter to remain consistent with new appropriate asset classes, changing expectations, best market practices and the regulatory environment for future financings. In the event of that the framework is updated, we are obliged to review it again with the support of an external expert.

⁵ See Green Bond Principles

3.3 We analyse our business environment

" Our ESG business environment analysis looks ahead and analyses the effects of climate change & environmental degradation on our business environment & our business. "

For the development of NORD/LB's ESG strategy, we have established an independent "ESG business environment analysis", which is generally carried out annually. It focusses on the effects and intensity of climate change and environmental degradation on our business environment and our business. The analysis looks at macroeconomic variables and trends as well as risk drivers across various scenarios and time periods. The results are analysed in detail and assessed from various perspectives. If necessary, new impulses are derived, and their implementation initiated. The active inclusion of the results in the development of the ESG strategy by integrating them into the bank's strategy process ensures that any strategically relevant adjustments resulting from the analysis are considered directly. The "ESG business environment analysis" method is validated on an ongoing basis and further developed as required.

3.4 Our transformation guidelines

" With our transformation guidelines, we are consistently committed to sustainable and ethical business practices. "

We at NORD/LB have been taking sustainability aspects into account in our business activities for many years. In this context, our transformation guidelines serve as a comprehensive set of rules that define the framework for sustainable and ethical business practices at NORD/LB. In addition to the legal requirements of the respective countries, we have also defined generally applicable minimum standards. These must be observed and considered by all NORD/LB employees and apply to all business activities.

We have also formulated sector-specific criteria that must be included in addition to the minimum standards for transactions in the respective area. In this way, we ensure that a transaction can only be completed if additional aspects and standards are considered.

The latest version of the transformation guidelines entitled "Transformation guidelines - exclusion criteria, minimum standards and sector principles" is available at <https://www.nordlb.com/nordlb/sustainability>.

3.5 Our ESG commitments and memberships

" Voluntary initiatives and commitments are crucial for us to promote sustainable growth and strengthen trust among customers and investors. "

In addition to the legal requirements, including the European Union's Action Plan for Sustainable Finance, there are numerous other voluntary initiatives and actions to promote sustainability (ESG) socially, economically, and politically. For us as the "Bank of the energy

transition” voluntary commitments are another important cornerstone on which we build our commitment to climate and environmental protection.

We accompany and support these initiatives and voluntary commitments, provided they are related to the sector, strategic orientation, and business activities of NORD/LB .⁶

We have listed our current memberships and voluntary commitments in the following overview. Detailed information on the background and motivation for entering into these commitments can be found in NORD/LB's [Group Sustainability Report](#).

Memberships



Recognising values and principles



Application of reporting standards to create transparency



⁶ NORD/LB Luxembourg S.A. Covered Bond Bank, which is part of the NORD/LB Group, has not entered into any ESG commitments of its own.

Application of standards in business



Other ESG-related cooperation of NORD/LB

We conduct dialogues with various interest groups (stakeholders) centrally through ESG management in collaboration with various specialist departments. In addition, ESG Management informs the Managing Board about the new insights gained as well as current developments and ESG trends.

Therefore NORD/LB's Managing Board has implemented a guideline for dealing with interest groups, which ensures both open and consistent communication with all the stakeholder on sustainability matters and is intended to strengthen the bank's positioning as a responsible company towards society and the environment.

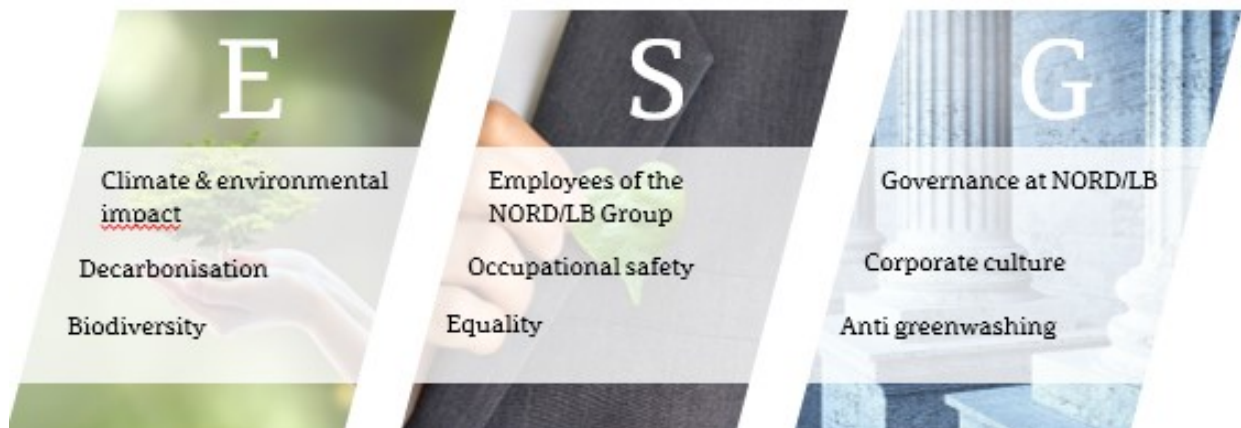
We have been monitoring the market for many years and are currently in active dialogue with ESG rating agencies. We use the feedback gained from this as a basis for analysing our sustainability activities and as an impetus for continuous further development in ESG matters. The same applies to monitoring the media landscape and feedback from investors.

We are also a permanent participant in various sustainability-related working groups of the German Savings Banks and Giro Association (DSGV), the German Global Compact Network (UN GCD) and the Association of German Public Sector Banks (VÖB).

Furthermore, we are a member of the Sustainable Finance Commission of the VÖB and have been taking part in the UNEP FI/VfU Round Table for years in order to discuss the latest developments in the area of sustainability with other participants.

4 ESG at NORD/LB

" ESG is of central importance to us at NORD/LB because we are convinced that sustainable business practices form the basis for long-term success, social responsibility and the protection of our environment. "



At NORD/LB, our customers are at the centre of our efforts to promote a climate-neutral economy. With our strong starting position in key sectors such as energy, real estate, and agriculture, we are a reliable partner on the path to sustainable transformation. As an internationally experienced specialist financier with decades of tradition, extensive expertise, and numerous awards, we offer our business partners customised solutions that take their individual needs into account.

Our financing offers for renewable energies and sustainable properties make a significant contribution to achieving climate targets. We also support cities and municipalities by financing infrastructure projects for over 20 years now, thereby improving the quality of life for citizens. Among others, this includes financing schools, hospitals and the expansion of the fibre optic network.

We are proud to support German SMEs as the innovation engine of our economy. Our expertise extends across the energy and food industry, agricultural banking, the construction industry, and project development.

Within our business area of Braunschweigische Landessparkasse (BLSK), we support both commercial and private customers in their sustainable orientation process of their company, their private property, and their financial investments.

Our public-law mandate gives us the opportunity to offer comprehensive advice and financing solutions on the path to sustainability and thus to work together with our customers and business partners towards a sustainable and successful future.

4.1 Making ESG activities measurable: Focus on ESG goals

" Targets and metrics are essential in order to manage effectively, monitor progress and ensure transparency about our sustainable activities. "

Metrics and targets play a crucial role within our ESG strategy for controlling, implementing, and measuring NORD/LB's activities in relation to ESG factors and activities. In the context of the ESG strategy, the targets and metrics serve to quantify and monitor NORD/LB's results and progress in relation to sustainable objectives and to recognise deviations.

Transparency regarding the Bank's ESG development and the actual/target comparison are ensured via the Bank's internal sustainability management reporting.

It comprises three control perspectives:

- (1) Impact perspective:** need for control, particularly regarding decarbonisation (own footprint & financed emissions) and NORD/LB's sustainability ratings
- (2) Risk perspective:** ESG risk management and consideration of ESG risks as part of risk management
- (3) Market perspective:** need to manage the expansion of the financial contribution from sustainable business activities

The collection and management of ESG key performance indicators (KPIs/ KRIs) is of crucial importance to us. These metrics enable us to measure the progress and results of our activities objectively and communicate them transparently. By comparing actual and target values, we recognise deviations at an early stage and can take targeted measures to achieve our objectives.

4.2 Management of ESG risks in the risk management process

" Analysing ESG risks is essential for us to ensure long-term stability and sustainable success. "

Our understanding of ESG risks includes events or conditions in the areas of climate & environment, social affairs or governance, the occurrence of which could have an actual or potential significant impact on our net assets, financial position, and results of operations as well as our reputation.

We regularly carry out a risk inventory in which ESG risks are considered as part of risk identification. They are assessed as drivers within the relevant risk types (e.g. counterparty and credit risks) and evaluated in terms of their relevance and impact over various time horizons (short/medium and long-term) and included in the materiality assessment of the relevant risk types. The handling of ESG risks is anchored in our risk strategy. They are also an integral part of regular risk reporting. In addition, climate stress tests have been established in the bank's internal stress test programme. They serve to identify and quantify specific adverse scenarios that may arise as a result of climate change and the associated regulatory and economic changes. These include physical risks and transition risks in par-

particular. These stress scenarios are used to assess the impact of increased climate and environmental risks on the Bank's financial and liquidity positions.

4.3 Environmental - Climate and environmental impact

As a bank, we take the environmental responsibility that arises from our business activities very seriously. Our ESG strategy (Environmental, Social, Governance) covers several key topics and provides an insight into our commitment to climate and environmental impact.

The path to decarbonising our financing portfolios

" We want to make a contribution to meeting the 1.5 degree target of the Paris Climate Agreement and channel funding specifically into sustainable financing activities and reduced CO₂ emissions. "

Climate change is one of the greatest challenges of the 21st century and requires urgent action from all stakeholders in society. Decarbonisation, i.e. the reduction of carbon dioxide emissions (CO₂) and other greenhouse gases (GHG), is a central component of global efforts to limit global warming to a tolerable level and prevent the worst effects of climate change. In this context, banks play a crucial role as financial intermediaries that can promote the necessary investments in sustainable projects and technologies.

The urgency of decarbonisation is based on the growing threat of climate change. Scientific findings show that the burning of fossil fuels and the associated release of CO₂ and other GHGs contribute significantly to global warming. This warming leads to extreme weather events, rising sea levels and the loss of biodiversity, which in turn has significant socio-economic consequences. To achieve the goals of the Paris Agreement, which aims to limit global warming to well below 2 degrees Celsius and endeavour to limit it to 1.5 degrees Celsius, a drastic reduction in these emissions is required.

We are developing sector-specific decarbonisation pathways for the emissions-intensive sectors in our financing portfolio and are guided by the International Energy Agency's (IEA - reference pathway) Net Zero 2050 climate pathways, among other things. This way, we as a bank aim to channel fundings specifically into sustainable financing activities and reduced CO₂ emissions and are thereby making an important contribution to meeting the 1.5 degree target of the Paris Climate Agreement.

Decarbonisation is more than just a technological challenge; it requires a profound change in the way the economy and society function. This includes, for example, switching to renewable energy sources, improving energy efficiency, introducing new technologies and business models, and adapting the regulatory framework. This change offers not only ecological but also economic opportunities by promoting innovation, creating jobs, and strengthening the economy's resilience to the effects of climate change.

This path requires customised approaches for different sectors, as the sources of emissions and the available reduction options vary greatly depending on the sector. A sector-specific approach allows us to consider the heterogeneous challenges and opportunities of each sector and develop effective strategies.

What do we rely on? Data and methodology⁷

Data plays a crucial role in the implementation of decarbonisation strategies. The collection of valid data is associated with numerous challenges. Our aim is to use publicly available data wherever possible to determine targets and measure progress, as it plays a key role in data quality and the validity of decarbonisation targets. We are constantly working to increase the accuracy of emissions data in collaboration with our business partners.

The calculation of the financed emissions is based on the methodology of PCAF (Partnership for Carbon Accounting Financials).

The emissions calculation follows a cascading logic based on four levels, which reflects the hierarchy of the PCAF (Partnership for Carbon Accounting Financials) Data Quality Scores. These levels (L1 - L4) are differentiated by decreasing accuracy in terms of data quality and increasing coverage based on data availability. We apply this logic separately for each scope. This means that Scope 1, 2 and 3 of a client or financing can be calculated at different levels to ensure the most accurate emissions for each scope (1-3).

We use reported emissions from sustainability and annual reports for Level 1 and emissions data from an external data provider for Level 2. If no emissions from Level 1 and 2 are available, the emissions must be estimated. We use different methods depending on the business activity: For business activities with existing production values, production-based calculation methods are generally used.

We use estimates for all portfolio positions for which it is not possible to achieve Level 1, 2 or 3. Here (Level 4) we estimate the emissions intensity per EUR financed (economic emissions intensities), which are obtained from an external data provider. Our aim is to provide an emissions intensity per EUR financed for each company and each emissions scope. By deriving emission intensities per industry classification and geographical region, we thus achieve complete coverage of all financing business activities worldwide.

We use this methodology to calculate both the financed emissions and the financed emission intensities for all financing. In addition, there are focus sectors that we consider separately either due to their materiality in the NORD/LB portfolio or their high contribution to global emissions (defined in accordance with [PACTA](#) - Paris Agreement Capital Transition Assessment). For these, a physical emissions intensity is also determined, which is defined as emissions per physical product of the business activity.









The detailed analysis of our sectors, including the calculation of physical emission intensities, allows a comparison with the IEA's "NZ by 2050" net zero reference pathways as the current market standard. Deviating from this, we use the SBTi FLAG (Science Based Targets Initiative Forest Land and Agriculture) guidance⁷ for the agriculture sector.

This comparison enables us to continuously monitor and manage decarbonisation in the most important sectors.

⁷ When considering greenhouse gas emissions in this document, it should be noted that the term CO₂ does not only include carbon dioxide, but is measured in CO₂ equivalents (CO₂e). This means that other greenhouse gases such as nitrous oxide (N₂O) and methane (CH₄) are also considered.

The relevant sectors on our path to decarbonisation

In order to meet the requirements and work towards achieving our climate and, in particular, decarbonisation targets, we have been successively developing sector-specific transition plans since 2023, covering the sectors of the CRR disclosure as well as all other sectors relevant to us.⁸

| | | | |
|--|---|---|--|
|  <i>Aviation</i> |  <i>Real estate</i> |  <i>Oil & Gas</i> |  <i>Automotive</i> |
|  <i>Energy (Power)</i> |  <i>Agriculture</i> |  <i>Steel</i> |  <i>Shipping</i> |

In addition to the sectors mentioned above, the Chemicals sector was also developed in the 2024 financial year, although this had not yet been finalised at the time this document was initially prepared. This sector is also of great importance for our decarbonisation strategy and will be thoroughly integrated into our transition plans.

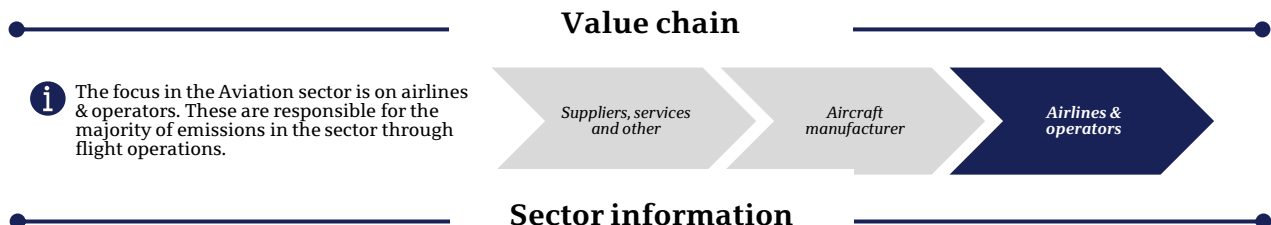
We regularly review the development of the reference paths on which our targets are based and our decarbonisation targets derived from them, as some sectors are dependent on necessary externalities such as political decisions and technological developments.

In order to achieve our decarbonisation targets, we have developed a comprehensive action plan. This plan includes both sector-agnostic and sector-specific measures that are specifically aimed at reducing CO₂ emissions in the individual economic sectors. Through this holistic approach, we aim not only to reduce our own emissions, but also to promote sustainable business practices and thus contribute to a climate-friendly future.

⁸ For the targets, the physical intensities of the individual customers are weighted for the average exposure calculation. The exposure is defined as on-balance sheet loans. Open lines as well as guarantees, letters of credit or internal lines for hedging transactions are not considered.



Aviation



i The focus in the Aviation sector is on airlines & operators. These are responsible for the majority of emissions in the sector through flight operations.

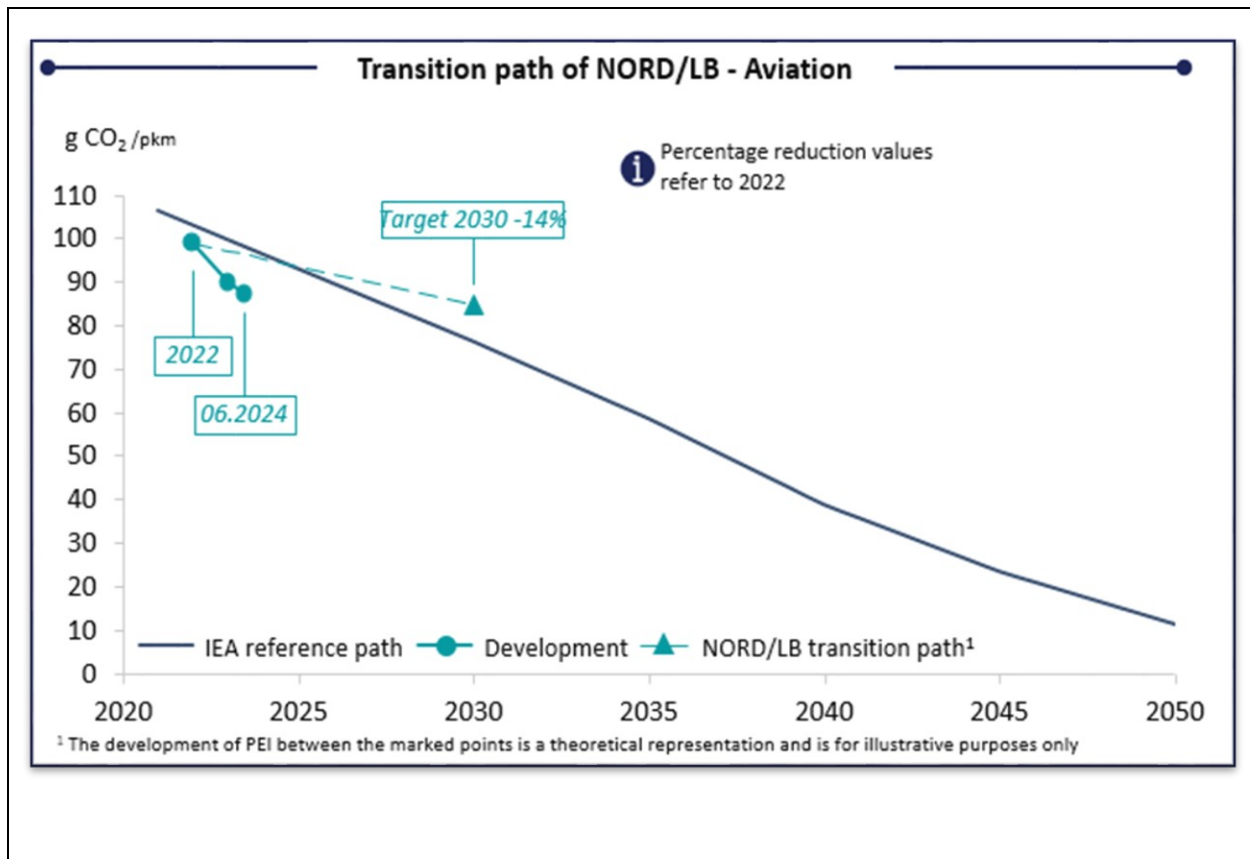
As part of a strategic review of the business segment, NORD/LB has decided to withdraw completely from the aircraft financing business. New business activities in this segment will be discontinued.

However, if the portfolio has not been completely wound down, the aviation sector will remain a relevant sector for us as NORD/LB from a decarbonisation perspective, as the decarbonisation of aviation as a whole is of central importance in the global fight against climate change. It accounts for around 3 % of total CO₂ emissions worldwide, making it a key sector in achieving the climate targets of the Paris Agreement. Reducing CO₂ emissions is also a complex challenge, which is exacerbated by the long service life of aircraft and the lack of competitive climate-friendly alternatives.

Due to its indispensable role in a globalised world, the decarbonisation of aviation requires extensive efforts and investment in research and development to develop sustainable fuels and more efficient aircraft.

We will switch the management metric in the Aviation sector to portfolio reduction in the 2025 financial year. Until this time, the physical emissions intensity (g CO₂ /pkm) will remain the relevant control parameter, and we have set the targets described below based on this. NORD/LB has set itself the target of reducing the physical emissions intensity of its aviation portfolio by 14% by 2030 and thus not exceeding a value of 85 g CO₂ / pkm⁹(June 30th 2024: 84 g CO₂ /pkm therefore, currently below the IEA NZ 2050 path and below our transition path).

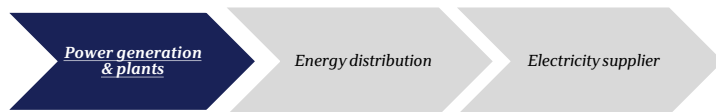
⁹ This represents a conversion in 53 g CO₂/ mile



Energy (Power)

Value chain

i The focus in the Energy (Power) sector is on energy generation as a key driver of emissions in the sector.



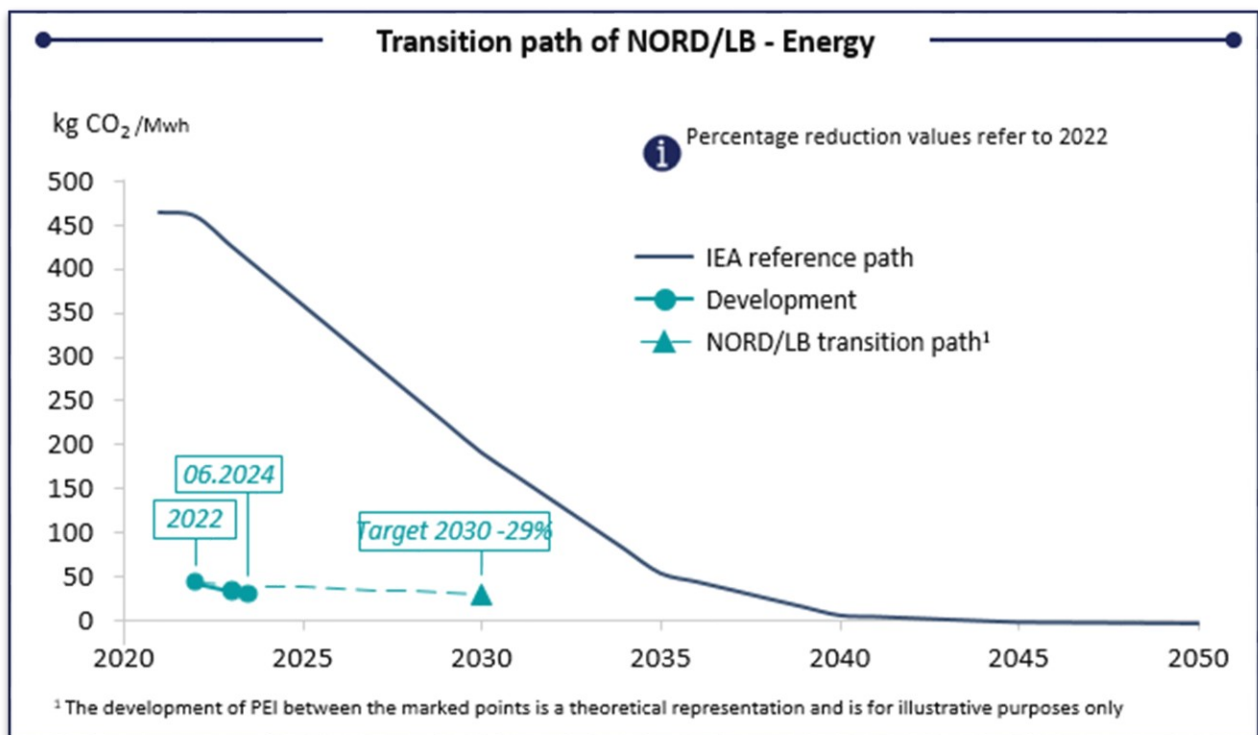
Sector information

The energy (power) sector is one of the largest sources of CO₂-emissions, mainly due to the combustion of fossil fuels such as coal, oil and gas to generate electricity and heat. Decarbonising the sector is crucial to achieving the Paris climate targets and reducing global warming. Renewable energies such as wind, solar and hydropower offer a sustainable alternative to fossil fuels. These technologies do not cause any direct CO₂ emissions and are able to cover most energy requirements. However, the integration of renewable energies into the energy system is associated with challenges, including ensuring a stable energy supply despite the natural fluctuations of wind and sun. Low-carbon energy production not only ensures a sustainable future, but also offers economic opportunities and strengthens energy security.

To decarbonise the energy (power) sector, we are guided by the IEA NZ 2050 reference pathway. In line with common market practice, the pathway's primary control parameter is the physical emissions intensity (kg CO₂/MWh).

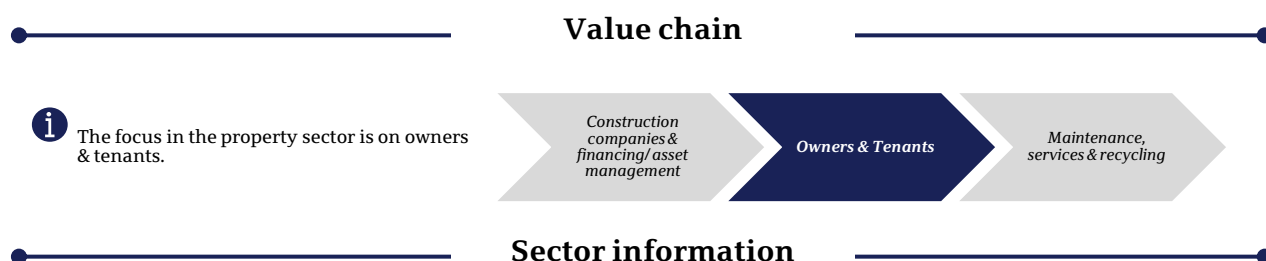
We define ourselves as "Bank of the energy transition" and therefore as an active driver of the transformation towards sustainable energy generation. We positioned our business strategy at an early stage so that our financed portfolio is already well below the reference path. At the same time, we are aware of our role as one of the leading transition lenders in this sector and are therefore endeavoring to successively reduce the physical emissions intensity in this sector further, also considering the support of transformation financing, to achieve the goal of net zero emissions by 2045.

We have set ourselves the goal of reducing the physical emissions intensity of the Energy (Power) sector by 29% by 2030 and thus not exceeding a value of 30 kg CO₂/MWh (30th June 2024: 29 kg CO₂/MWh; therefore, currently well below the IEA NZ 2050 path and our transition path).





Residential and commercial property



i The focus in the property sector is on owners & tenants.

Decarbonising the real estate sector is crucial for achieving climate targets and reducing the environmental impact of buildings. In Germany, the building sector is responsible for a significant proportion of CO₂ emissions, which emphasises the urgent need for action in this area. The property sector is subject to particular challenges and plays a central role in climate protection, as buildings have a long lifespan, and their energy consumption and CO₂ emissions have an impact for decades to come. A sustainable transformation in this sector requires both technological innovations and regulatory measures. Due to the different challenges and emission reduction potential, it is important to consider residential and commercial property separately.

Residential properties make up a large part of the building sector and therefore offer considerable potential for reducing emissions. Energy consumption in residential buildings mainly results from heating, hot water and household electricity.

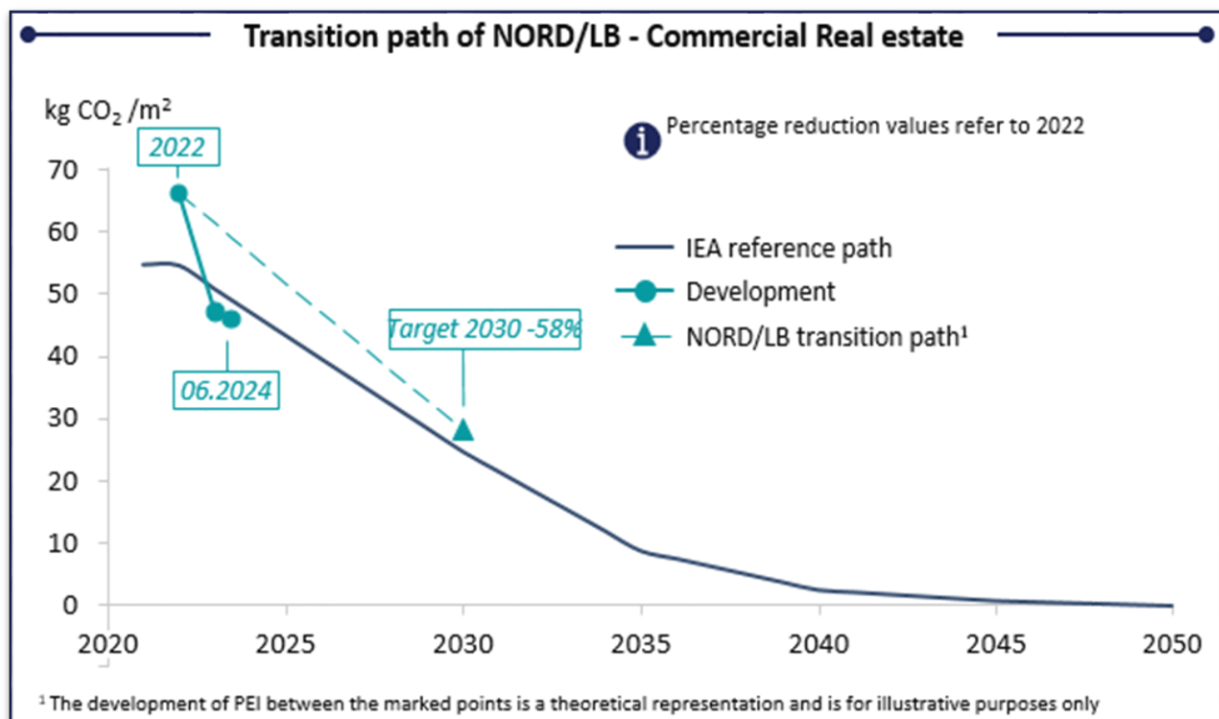
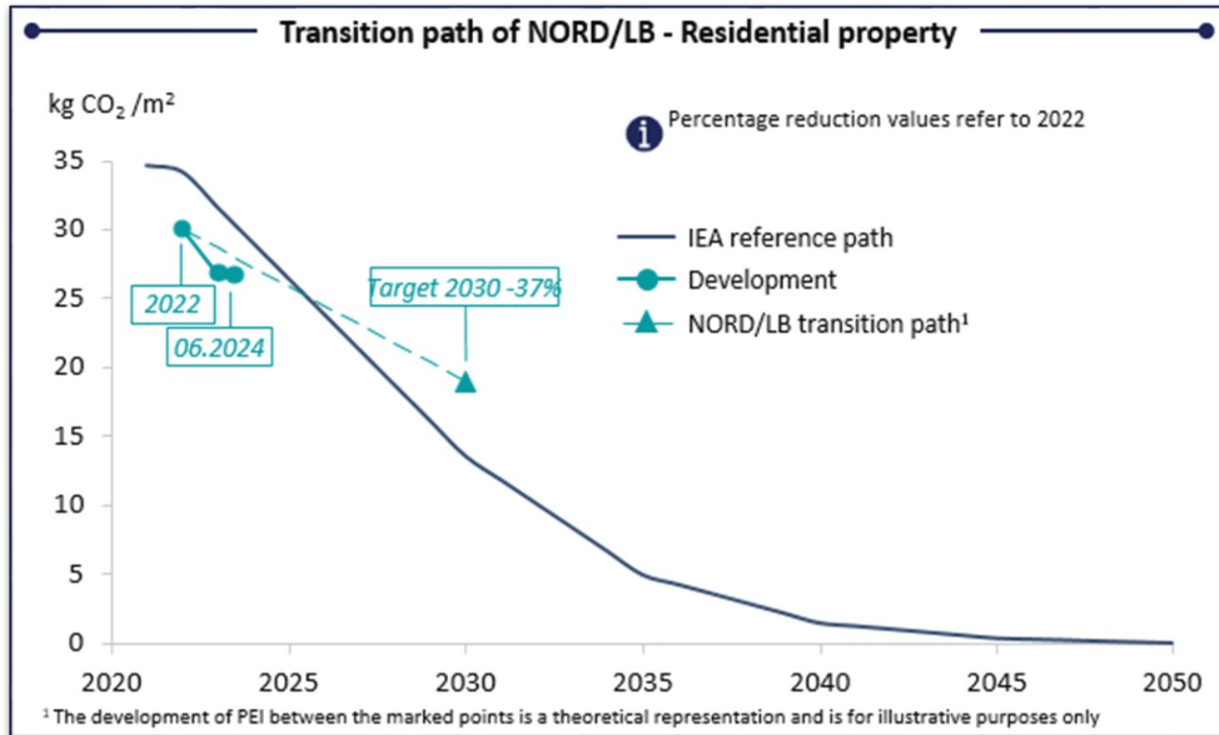
Commercial properties, including offices, retail spaces and industrial buildings, in turn often have higher energy consumption than residential buildings, as they usually have larger areas and are used more intensively.

To decarbonise the residential and commercial real estate sub-sectors, we are guided by the respective IEA NZ 2050 reference path. In line with standard market practice, the primary control parameter is the physical emissions intensity (kg CO₂/m²).

We are endeavouring to gradually reduce the physical emissions intensity of the residential and commercial property sub-sectors and to achieve net zero emissions by 2050 at the latest. As one of the leading banks in the field of real estate financing, we have recognised the urgent need to reduce emissions through targeted investments in sustainable and energy-efficient buildings.

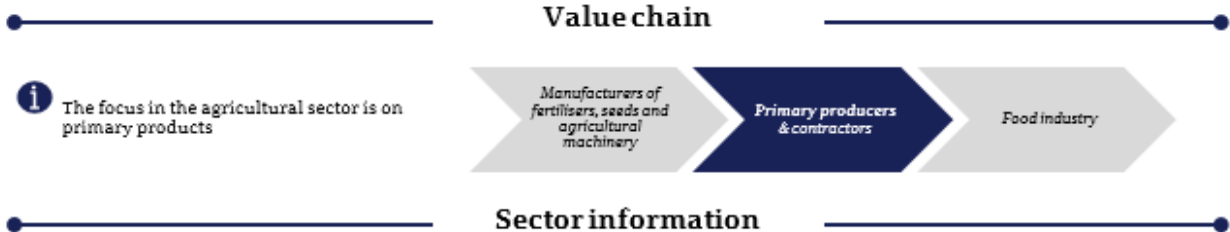
We have set ourselves the target of reducing physical emissions intensity in the residential property sub-sector by 37% by 2030 and thus not exceeding a value of 19 kg CO₂/m² (June 30th 2024: 26.7 kg CO₂/m²; thus below the IEA NZ 2050 path and our transition path).

For the commercial property sub-sector, we have set ourselves the goal of reducing physical emissions intensity by 58% by 2030 and thus not exceeding a value of 28 kg CO₂/m² (June 30th 2024: 45.7 kg CO₂/m²; therefore currently below the IEA NZ 2050 path and our transition.)





Agriculture

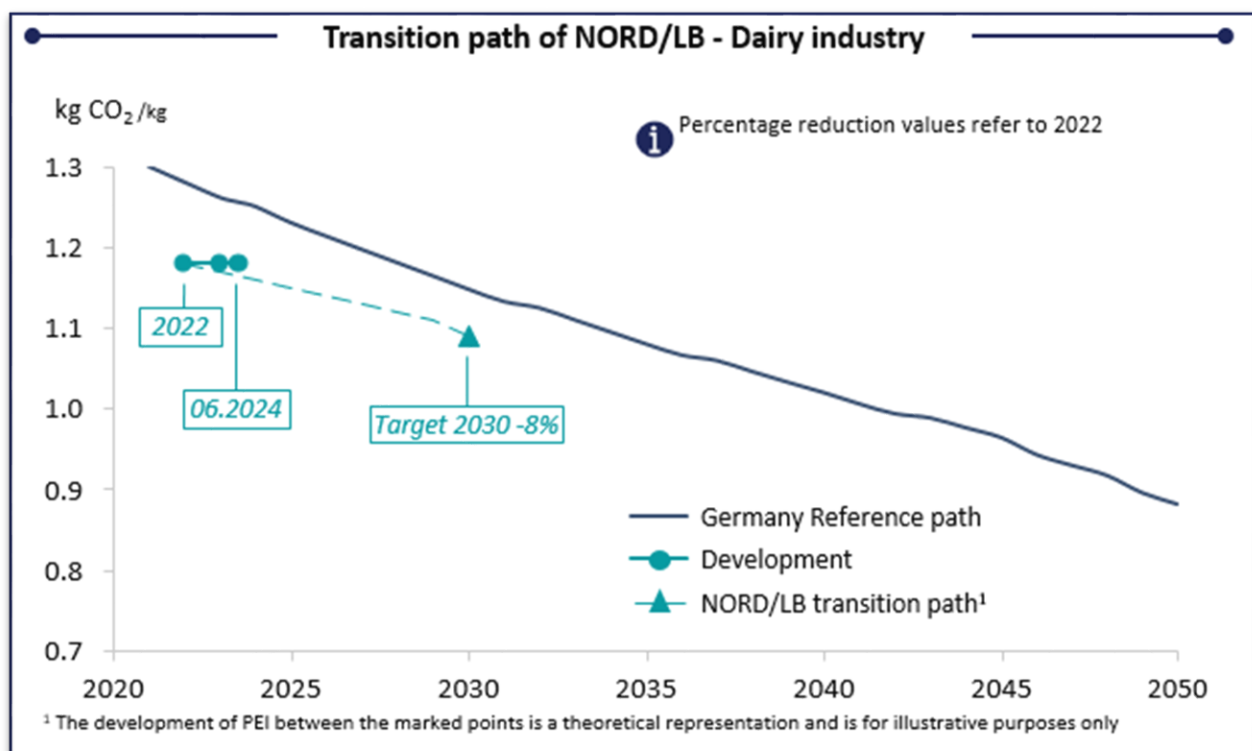


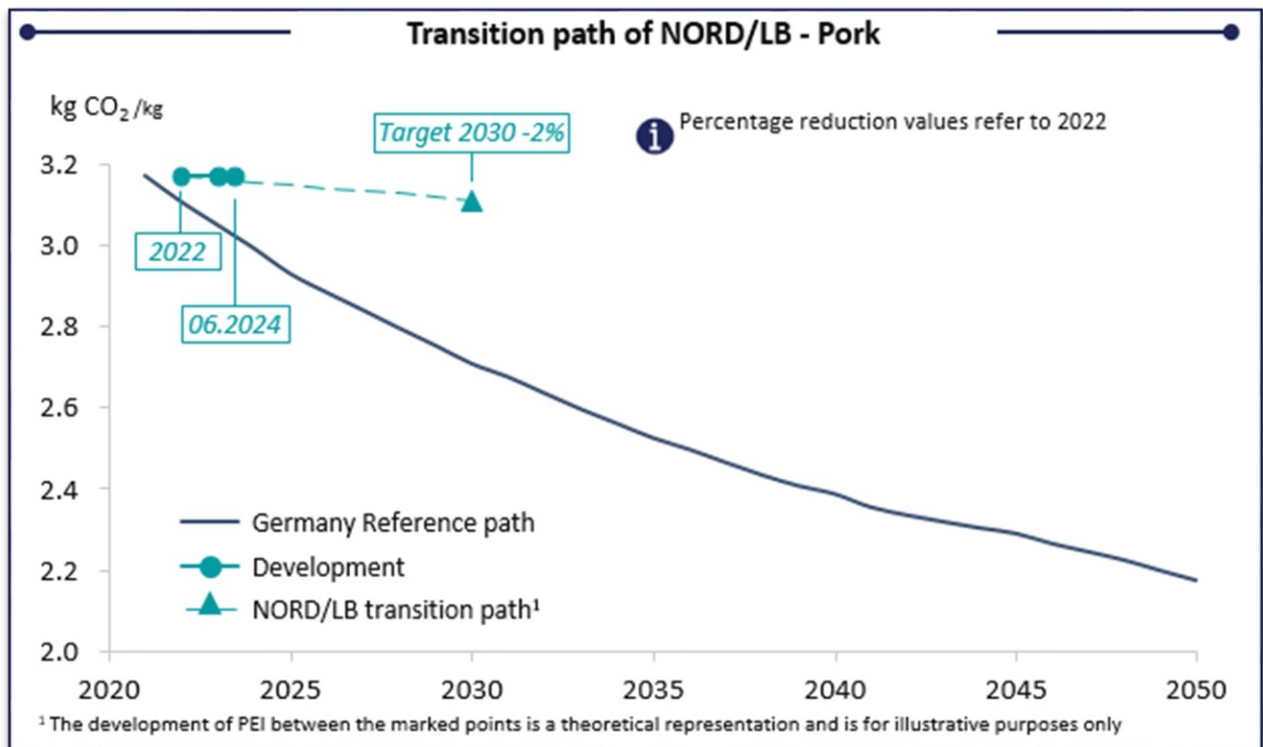
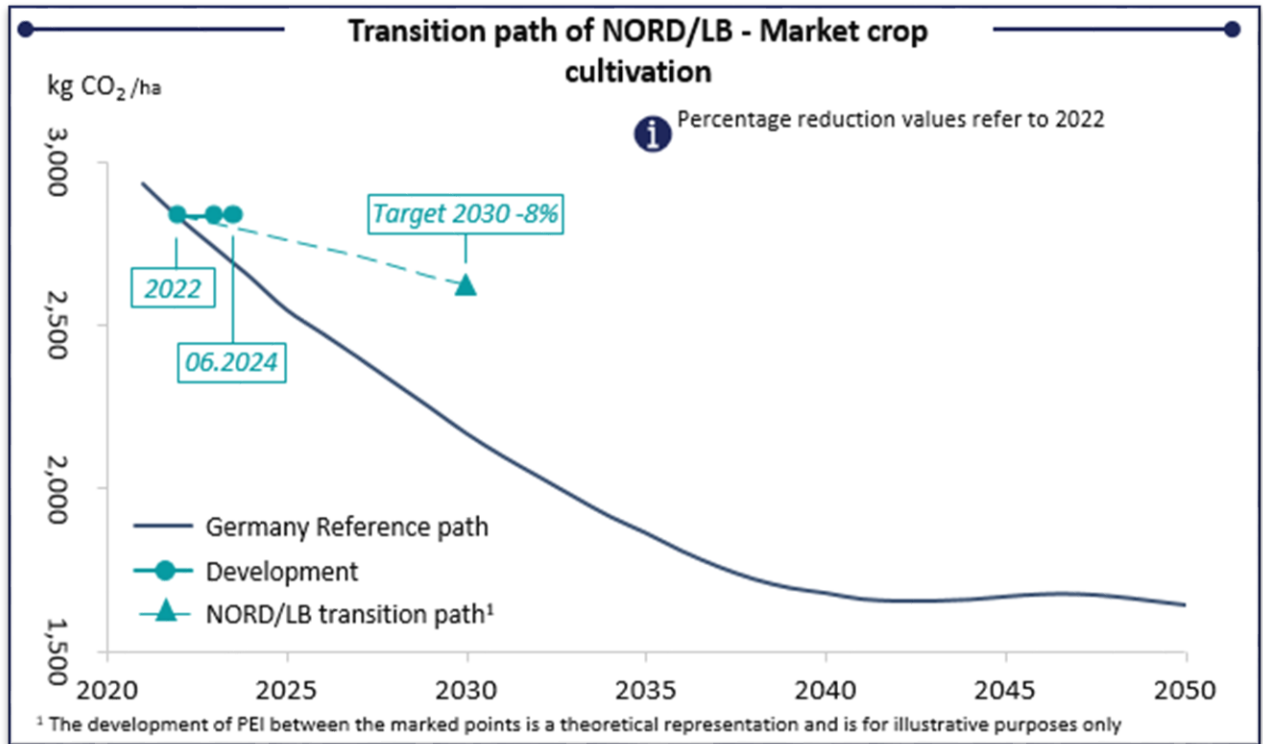
The agricultural sector plays a key role in reducing greenhouse gas emissions, as agricultural activities cause both direct and indirect emissions. Methane (CH₄) and nitrous oxide (N₂O), which are released during animal husbandry and fertilization, are particularly harmful to the climate. A sustainable transformation of this sector requires technological innovations, adapted agricultural practices and supporting political measures such as the promotion of sustainable agricultural practices, subsidies for climate-friendly technologies and the introduction of CO₂ pricing. With current requirements and subsidies, only a minimal reduction in CO₂ emissions can be expected, as these are often already exploited. For example, the fermentation of liquid manure is already widespread among our customers (in dairy farms), which means that the emissions intensity of the NORD/LB portfolio is well below the German average. Scenarios that follow a 1.5 degree global warming target of the Science Based Target Initiative (SBTi) will be clearly missed with current requirements and subsidies. Transition levers are already available today with which a transition according to SBTi could be achieved. However, due to the economic challenges, successful implementation will only be realistically achievable with extended funding and restrictions.

NORD/LB has developed a transition scenario for the decarbonisation of the agricultural sector. In line with standard market practice, the scenario's primary control parameter is physical emissions intensity. Due to the focus of emissions in the NORD/LB portfolio, we are initially focusing on the commodities dairy and pork (kg CO₂ /kg) and cash crop production (kg CO₂ /ha).

We are endeavouring to gradually reduce the physical emissions intensity of the agricultural sector based on the commodities under consideration. Decarbonisation in agriculture can only be achieved through the interplay of a transition in production, behavioural changes in consumption and global changes in land use. Essentially, only the transition in the production of agricultural products is within the direct sphere of influence of our customers (German agricultural businesses).

A net-zero target for the agricultural sector has not been set due to the natural emissions and the high demand for food. Nevertheless, we have set ourselves the target of reducing the physical emission intensities of the agriculture sector by 8% by 2030 in the dairy industry and thus not exceeding a value of 1.09 kg CO₂ /kg (as at 30th June 2024: 1.18 kg CO₂ /kg; thus currently below the Germany reference path but above our transition path), reducing them by 2% in the pork sector by 2030 and thus not exceeding a value of 3.11 kg CO₂ /kg (as at 30th June 2024: 3.18 CO₂ /kg; thus currently above both the Germany reference path and our transition path) and in the area of cash crop cultivation by 8% by 2030 and therefore not exceed a value of 2,621 kg CO₂/ha (as at 30 June 2024: 2,838 CO₂ /ha; therefore currently above both the Germany reference pathway and our transition pathway).







Oil & Gas



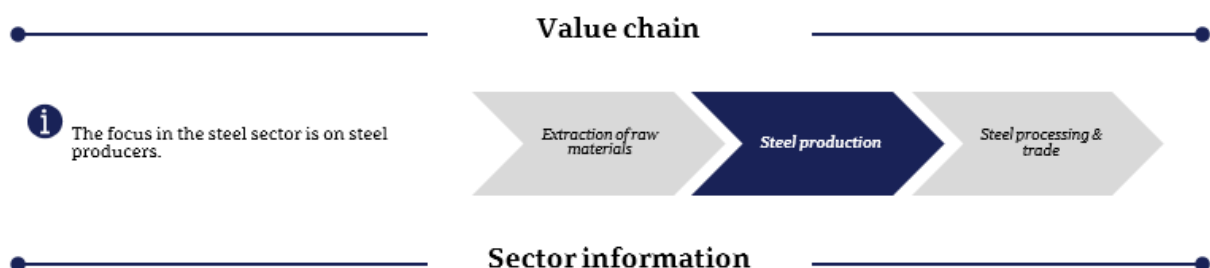
In particular, the development, exploration, and extraction of (un)conventional oil and gas deposits are criticised for making a significant negative contribution to climate change. Based on the 1.5°C target of the Paris Climate Agreement, there is a need to cover energy requirements with alternative energy sources in the future. Until then, however, the use of fossil fuels - especially gas as a bridging technology - will remain crucial for the time being in order to stabilise security of supply. This transitional period therefore characterises a phase in which the reliability of the energy supply is still largely dependent on fossil fuels, but in which the transformation towards alternative energy sources is already being driven forward intensively.

As "Bank of the energy transition" and thus an active driver of the transformation, we positioned ourselves strategically at an early stage and only maintain selective business relationships along the entire value chain in the oil & gas sector. The exposure share of the sector in NORD/LB's total financing portfolio is only around 1%.

Clear ESG exclusion criteria for upstream activities (and thus a specific exclusion of activities for the development, exploration and production of conventional and unconventional oil and gas deposits) have been defined in order to strengthen the ESG strategic focus in the oil & gas sector. By excluding these activities, we ensure that no financing is issued in this area of the value chain.



Steel

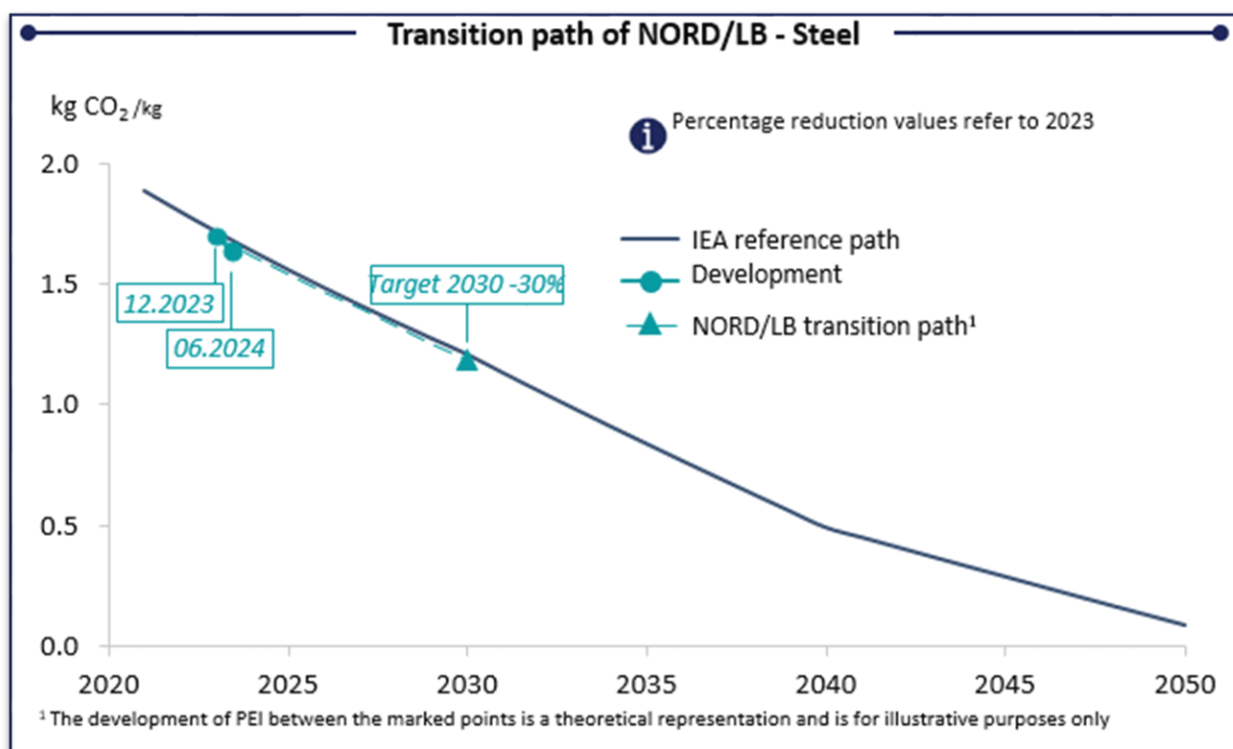


The steel industry plays a central role in the decarbonisation of industry, as it is one of the most energy-intensive sectors worldwide and therefore causes high CO₂ emissions. However, as an indispensable material in numerous industries, from construction to automotive production, steel is also of great importance for a sustainable economy. Reduc-

ing CO₂ emissions in this sector, e.g. through innovations such as the use of green hydrogen and improved recycling processes, is therefore crucial to achieving global climate targets.

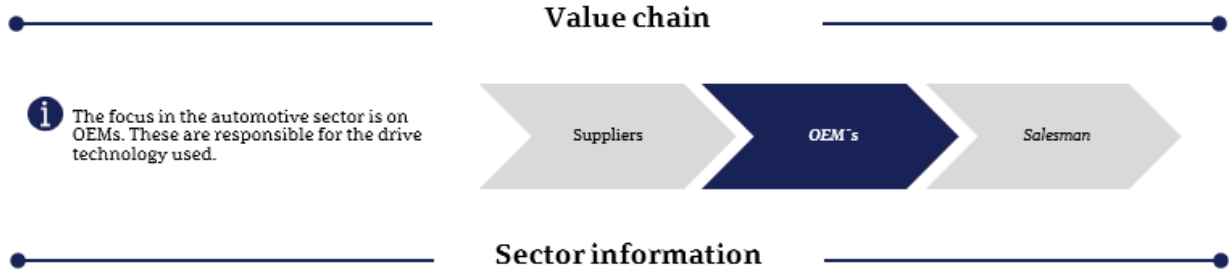
As "Bank of the energy transition", we are supporting the development process in the steel industry, which is of particular importance to industrial value chains in Germany as a basic materials industry.

We have developed a transition scenario for the decarbonisation of the steel sector. In line with common market practice, the scenario's primary control variable is physical emissions intensity (kg CO₂/kg of steel produced). We have set ourselves the goal of reducing the physical emissions intensity in this sector by 30% by 2030 and thus not exceeding a value of 1.18 kg CO₂/kg of steel produced (as at 30 June 2024: 1.63 CO₂/kg of steel produced; therefore currently below the IEA NZ 2050 pathway and our transition pathway).





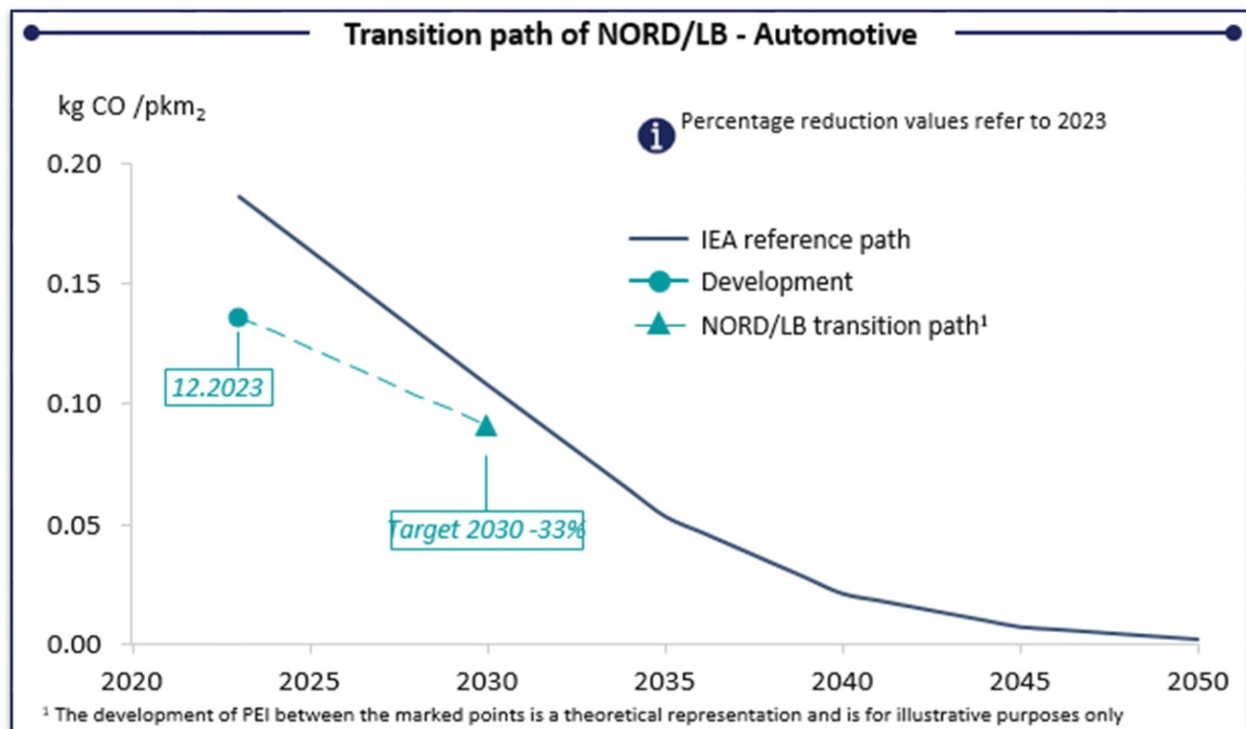
Automotive



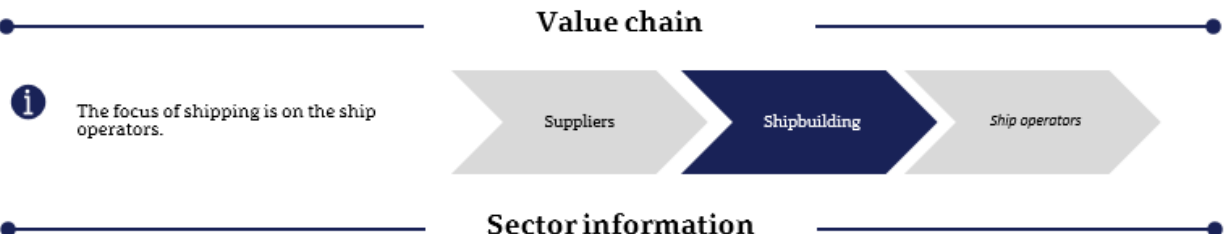
The transport sector is responsible for a significant proportion of all CO₂ emissions worldwide. The transformation of the automotive sector to net zero is therefore of crucial importance for achieving the European Union's climate targets - but at the same time, the sector itself is also significantly affected by this transformation. The business models of OEMs (original equipment manufacturers) in the automotive sector are facing considerable challenges and change processes in view of the necessary measures and regulatory requirements to combat climate change. The need to reduce greenhouse gas emissions and find more sustainable mobility solutions is forcing the sector to undergo a fundamental strategic realignment. The transition to electromobility also requires close cooperation with political decision-makers to create supportive framework conditions and funding programs and needs lender to accompany and support the transformation of the sector. We are supporting the OEMs in the automotive industry on this transformation journey.

In line with standard market practice, the primary control parameter is the physical emissions intensity (gCO₂ /pkm). We have set ourselves the goal of reducing the physical emissions intensity of the automotive portfolio by 33% by 2030 and thus not exceeding a value of 0.091 kg CO₂/pkm (as at 31 December 2023¹⁰: 0.136 kg CO₂/pkm; therefore currently below the IEA NZ 2050 path, but above our transition path).

¹⁰ The emissions data in the Automotive sector is based entirely on real data, which is reported annually by our business partners as at 31 December.



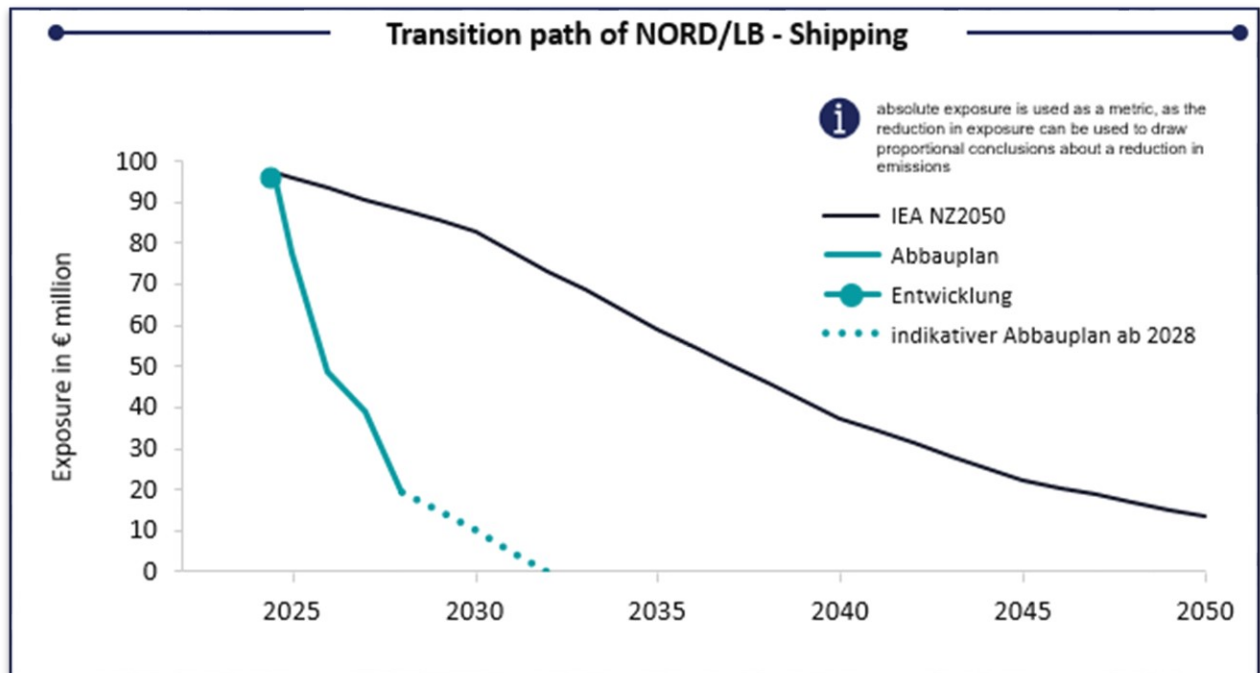
Shipping



Shipping is an important part of global trade, with around 90% of goods traded worldwide being transported by sea. At the same time, the sector contributes significantly to global CO₂ emissions and is responsible for a substantial proportion of global emissions.

As NORD/LB, we have decided to completely shut down the business division and thus the shipping sector and have already implemented this to a large extent. This results in a significantly more ambitious reduction in emissions compared to the IEA Net-Zero 2050 scenario. Due to the fixed attribution factor (as property financing) and the short time horizon (wind-down of the portfolio by approx. 2032), the reduction in exposure can be used to draw proportional conclusions about the CO₂ reduction.

As a result, no CO₂ metric is used in this sector, instead we rather use the reduction in investment/exposure as a metric. A reference pathway was derived based on the absolute emissions in maritime transport in the IEA scenario. The IEA scenario envisages a reduction of 17% by 2030, while the NORD/LB portfolio reduction, in contrast, will be largely completed by 2030.



Sustainability starts with us: How NORD/LB is reducing its own CO₂- emissions

" We are also setting a good example in our banking operations and are working to continuously reduce our own CO₂ emissions. "

As a financial services provider, we deal with the CO₂ emissions attributable to us in the context of decarbonisation, which are made up of the emissions from our own operations and the financed emissions described above. Although our own emissions only play a minor role in absolute terms compared to our financed emissions (share < 1 per cent), they are nevertheless highly relevant for us. It is therefore imperative that we analyse the emissions intensity of our own operations and identify suitable measures to sustainably reduce them to an ambitious level.

To analyse and manage emissions in our own operations, we calculate annual consumption values and greenhouse gas emissions (GHG) in accordance with the methodology of the Greenhouse Gas Protocol. The recording of reported CO₂ emissions based on the properties used for our business operations covers 95 per cent of employees and is therefore sufficiently accurate.

The accounting distinguishes between three emission areas, the so-called scopes:

- Scope 1 covers direct CO₂ emissions. They originate from emission sources at NORD/LB locations, e.g. from the combustion of fossil fuels and the operation of the vehicle fleet.
- Scope 2 refers to the indirect CO₂ emissions generated by the Bank's suppliers or service providers in the production of energy, which is purchased in the form of electricity, district heating or natural gas, for example.

- Scope 3 includes all other CO₂ emissions caused by business operations along the value chain, such as business trips by taxi, train, aeroplane or rental vehicles, as well as paper and water consumption and waste.

As “Bank of the energy transition”, we not only support our customers on the green path towards sustainability, but also make our own adjustments. In 2023, for example, we were able to reduce our CO₂ emissions from banking operations by 25% compared to the previous year to 4,127 tons of CO₂¹¹.

However, we continue to strive to reduce our emissions in order to drive forward our own transformation. We are already taking various measures. For example, our locations obtain the majority of our electricity from renewable sources and are continuously working to reduce our consumption and overall energy demand.

Our approach to reducing CO₂ emissions from our own business operations is also largely based on our **property strategy**. This includes the introduction of “smart” thermostats for heat regulation and the conversion of lighting to LED technology to reduce energy consumption in business operations.

In our **car policy**, we have also determined to switch the company car fleet completely to fully electric vehicles by 2027. This will align the vehicle fleet with sustainability criteria in order to further reduce the company's CO₂ emissions.

Our **business travel policy** ensures that employees take environmental aspects into account when choosing their travel options and primarily use public transport. By increasing the use of environmentally friendly transport options, the bank's own CO₂ footprint can be further reduced.

Focus on biodiversity

" Our aim is to implement biodiversity as a central component of our ESG strategy and actively contribute to the conservation of biodiversity. "

We understand biodiversity to be the variability of living organisms of any origin and the degree of diversity of life forms within an ecosystem. Biodiversity is thus subdivided into the diversity of the three sub-areas namely species, genes, and ecosystems. As the World Economic Forum (WEF) has categorised the loss of biodiversity as the fourth greatest global risk and the total economic value of biodiversity is estimated at 150 trillion dollars, its preservation plays an essential role for us as NORD/LB. The increasing loss of biodiversity can influence the creditworthiness of companies, as loans granted can be dependent on ecosystem services. In this way, the loss of biodiversity influences the risks of our financing portfolios.

We already took the value of biodiversity into account in the 2023 financial year with an ENCORE analysis for the integration of biodiversity into the risk inventory and expanded this analysis in 2024 to include supply chains and a biodiversity stress test. We also take biodiversity into account by actively considering and implementing ESRS E4 as part of our

¹¹ See NORD/LB Group Sustainability Report for the financial year from 1 January to 31 December 2023.

CSRD reporting. We have identified biodiversity as a material topic for us as part of the double materiality analysis in accordance with CSRD and will therefore also deal with it in depth independently of CSRD reporting and recognise it in our ESG strategy. It is essential for us that biodiversity is not viewed purely as a risk matter, but that the opportunities arising from a proactive thematic approach are reflected in business and use cases for us as NORD/LB, including through consideration in the CSRD, in order to reshape the economy in a biodiversity-positive way. To this end, we will screen our processes and products for their respective impacts on biodiversity. On the one hand, this requires an intensive build-up of knowledge, and, on the other hand, we will monitor our competitors and, based on this, build and expand awareness within our organisation and towards our customers on the topic of biodiversity. There are many ways to influence the economy in a biodiversity-positive way, whereby exclusion criteria or guidelines for financing, for example, can contribute to the proactive consideration of biodiversity aspects as a first step. Only if we become aware of our own impact on biodiversity can we actively contribute to a biodiversity-positive society and economy.

The consideration of biodiversity aspects within NORD/LB opens numerous opportunities, particularly in the context of the biodiversity-positive transformation of the economy and society. By analysing general market developments and specific market analyses, there are clear trends towards an environmentally and biodiversity-friendly orientation of economic activities, in particular the biodiversity-friendly lending of banks. This not only creates the possibility of deriving new opportunities from potential risks, but also of promoting long-term sustainable investments and positioning oneself as a biodiversity-conscious financial institution. The prospective derivation of business/use cases for NORD/LB is at the centre of the biodiversity-positive transformation.

Intensive collaboration with our stakeholders is a key component. Through this dialogue, we can better understand the requirements and expectations of our stakeholders and jointly develop innovative solutions that are geared towards sustainability and biodiversity in particular. As NORD/LB, we want to actively utilise the increasing demand for biodiversity-positive financial products in order to create added value for both our stakeholders and the environment.

4.4 Social - Our social responsibility as NORD/LB

" We are aware of our social responsibility towards our employees and society and base our daily actions on this. "

Our responsibility

As a responsible bank, we are fully aware of our corporate obligation to respect human rights. In this context, we support the guiding principles of "Protect, Respect and Remedy" and have committed ourselves to the ten principles of the UN Global Compact on human rights, labour standards, environmental protection and anti-corruption. These principles are firmly integrated into our internal exclusion criteria and sector principles. We also consider international standards such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO core labour standards. We consistently implement these through our internal guidelines on dealing with

human rights, with the aim of identifying risks at an early stage, minimising them and preventing violations or minimising their impact.

To achieve these goals, we have implemented comprehensive measures both in our business division and in our procurement processes. The focus is on our own employees and the employees of our service providers and suppliers.

Human rights are firmly integrated into our Code of Conduct, the Diversity Policy, the UK Master Slavery Agreement¹² and the Declaration of Principles on Human Rights¹³. To ensure ethics, integrity, legally compliant behaviour and professional conduct, particularly in the fight against corruption (bribery, corruptibility, acceptance and granting of advantages), our Managing Board has implemented binding rules of conduct in the Code of Conduct. These rules create a clear scope for action that combines compliance with the law with ethically correct behaviour and thus combines entrepreneurial success with social responsibility.

In accordance with the requirements of the German Supply Chain Due Diligence Act, we report publicly every year on any human rights or environmental risks or breaches of duty that are identified.

We will continue to work consistently on the implementation and further development of these measures in the future to ensure that we fulfil our responsibility to respect human rights in the long term and meet the highest standards.

Occupational safety

Occupational health and safety is a central part of our everyday office life, as we are responsible for the well-being of our employees. The Managing Board, managers and health and safety officers are legally obliged to take measures to protect our employees from accidents and health problems. For us, modern occupational health and safety goes beyond traditional hazards and is aimed at preventive health protection and adapting to a rapidly changing working environment. Challenges such as working from home, the rapid pace of IT change and demographic change require us to make continuous adjustments in technical, medical, and social areas in order to protect our employees from accidents at work and prevent potential illnesses.

Social commitment

As a company, we bear a responsibility for maintaining and communicating values in society. We are aware of this responsibility and therefore support institutions and organisations that deal with the education and training of disadvantaged children and young people and people from difficult social backgrounds. We also provide financial support, for example, for the work of facilities where abused children are taken in and receive therapy, for daycare centres in socially deprived areas or for learning projects at schools with a migration background and support numerous other projects. In addition, we refrain from giving gifts to customers and business partners during the Christmas period and instead donate these funds exclusively to social and regional projects.

¹² UK Master Slavery Act, Chapter 54, Slavery and Human Trafficking Statement (primarily relevant for NORD/LB AöR)

¹³ Declaration of principles in accordance with the requirements of the Supply Chain Due Diligence Act

Through our subsidiary, Braunschweigische Landessparkasse, we have emphasised our sponsorship responsibility by establishing the Braunschweigische Sparkassenstiftung. The foundation initiates and supports regional social projects and initiatives and also promotes voluntary work. Through the Braunschweigische Sparkassenstiftung, we thus make a significant contribution to promote civic engagement and strengthening the community. We also fulfil the important task of providing children and young people with the necessary financial knowledge. One focus here is on working with schools throughout the entire business area.

However, we take social responsibility at all our other locations and support local initiatives. We are involved in various areas in order to make a positive contribution to society. In the area of science and education, we sponsor projects at universities and schools to support the next generation of scientists. We finance endowed professorships and scientific projects as well as educational and support programmes at schools.

Our social commitment is aimed at disadvantaged children and young people, whom we help to improve their living conditions through educational projects and social organisations. We also support counselling centres and hospice work and have been investing our Christmas donations in regional projects since 2005.

In addition to social projects, environmental and climate protection is also important to us. We support scientific research in this area and promote specific measures such as school projects for species conservation, sustainable initiatives to prevent environmental pollution and to achieve climate targets.

The voluntary commitment of our employees is particularly important to us. Through regularly initiated campaigns, we give them the opportunity to collect donations for charitable organisations. In this way, we contribute to creating a culture of responsibility and solidarity, which we see as an important socio-political task and actively promote. In 2023, we launched the NORD/LB Social Day initiative for the first time, in which 16 teams with a total of over 170 employees took part. These teams were involved in various social projects and supported organisations in the areas of animal welfare and environmental protection, child and youth care as well as facilities for retired people, refugees and the homeless. We regard this commitment as a complete success, as it has shown how we as a bank can take responsibility together and actively support our society. We will continue to support our employees in their social commitment in the future and also assume social responsibility as a company.

Donations and grants

As a bank, we are aware of our social and societal responsibility and support a large number of local and regional projects. Through donations and sponsorship, we provide financial resources that make a positive contribution to society. A fixed budget is created each year for this purpose, which is used for various projects within the framework of our sponsorship guidelines. Among other things, we cooperate with the Serve the City Hannover association, which resulted in a Christmas wish tree campaign in 2024. We also want to carry out joint projects in favour of social commitment in the 2025 financial year and are therefore in regular contact with Serve the City Hannover for further ideas. In addition to social commitment, responsibility towards society is a high priority for us at NORD/LB. We see ourselves as a reliable partner in the regional networks around our locations and we want to further expand this role, particularly for local projects and organisations.

We promote art and culture.

As NORD/LB, we have a long tradition of promoting art and culture, which we have continued in a targeted manner since 2012 by establishing a cultural foundation. The foundation supports cultural projects in the federal states of Lower Saxony, Saxony-Anhalt, Mecklenburg-Western Pomerania and Bremen. Since its establishment, the foundation has supported over 300 projects in the fields of art, music and literature with a total of 4.5 million euros. The purpose of the foundation is realised through the promotion of cultural institutions and cultural projects, the acquisition or safeguarding of valuable cultural assets, the foundation's own cultural events, the establishment of its own collection, the awarding of scholarships and cultural prizes as well as research and teaching in the cultural field. In order to take account of cultural change processes in society, our cultural foundation will prioritise cross-form and cross-thematic projects that actively promote culture for selected target groups, develop new target groups and open up and communicate culture to young people.

Our employees at NORD/LB

" We pursue the vision of strengthening the performance of our employees with modern HR work and thus securing the future of NORD/LB. "

People make the difference.

We see our mission as paving the way for the sustainable success of NORD/LB by taking responsibility and promoting an appreciative, diverse and performance-orientated culture. This is based on our claim to ourselves to act competently in all operational and strategic HR issues with reliability and commitment.

Our HR work is guided by the clear positioning "People make the difference!", because only with motivated, qualified and loyal employees can NORD/LB be transformed and developed into a sustainably profitable and viable bank.

Under this positioning, our HR work is aligned with the strategic focus areas of working environment, culture & change, skills & development, recruiting & employer brand and HR business model. Our guiding principles on selected key topics express how we also fulfil our social responsibility towards our employees by shaping our HR work.

We create a future-orientated **working environment** with modern working conditions and products. We understand this to mean flexible working models that take into account the requirements of the organisation, the employees and the conditions on the labour market without reducing loyalty to the company and a sense of belonging. Competitive products for incentivisation and personnel development as well as measures to maintain the physical and mental health of the workforce make a decisive contribution to an attractive working environment in the long term. We create an appreciative and diverse **work culture** in which commitment and performance are recognised. This is reflected in a working environment in which all employees feel accepted and supported and in which diversity is seen as a strength for realising potential and achieving success together. We see diversity, equal opportunities, and inclusion as essential prerequisites for employees' sense of belonging and loyalty to the bank. We promote the potential and develop the **skills** of our employees to meet future requirements. New skills and qualifications are required and expectations

of a contemporary understanding of leadership are changing. We use systematic **learning management** to ensure that all managers and employees have the qualifications they need. We promote talented employees in order to retain them and ensure targeted succession planning.

With the measures from all strategic focus areas, we create the necessary conditions for the continuous development of employee satisfaction and loyalty and increase the employer's attractiveness for both internal employees and external interested parties.

We are diversity

As a bank, we see it as our social responsibility to promote employees regardless of gender, social background, sexual orientation, physical and mental abilities, age, ethnic origin or religion and ideology and not to exclude anyone. We attach great importance to transparency, considering the needs of different generations and supporting older employees. In doing so, we are guided by international standards such as the Diversity Charter and the Principles for Responsible Banking, supplemented by legal requirements and internal guidelines.

Our strategy for promoting diversity is based on three pillars: visibility, qualification and embedding in the organisation. With the **Community of Diversity**, which serves as an umbrella for the 7 dimensions and the resulting networks, we create space for the visibility of gender and gender identity, age diversity, sexual orientation, ethnic and social origin, nationality, physical and mental abilities as well as religion and ideology. We want to give our employees the opportunity to develop further and play an active role in shaping a stronger bank and a fairer society. **NORD/LB's** queer network BUNT/LB has established itself both internally and externally. It offers our employees a platform for dialogue, networking and joint activities. We attach particular importance to creating a "safe space". The activities include both internal meetings and the locally established #gemeinsambunt network with all companies listed under the following link: www.gemeinsambunt.de.

In addition to the legally required representative body for severely disabled employees and the company health management team, there is a team of volunteers at the bank who are committed to the physical and mental abilities dimension. Together, they organised the Diversity Day, on which our employees were able to experience the challenges that people with various disabilities face daily with the help of simulation goggles and special suits. This visibility and education are to be further expanded in the coming years. The planned action days, which will then focus specifically on one of the dimensions of diversity, will contribute to this.

A new network was founded this year. In addition to the parental leave initiative and the women's network (women@work), there is now also the fathers' network under the gender dimension.

We actively organise the Day of Older People and thus promote intergenerational exchange. The focus here is specifically on reverse mentoring. In this way, we create an intergenerational understanding, strengthen mutual respect, and can learn from each other at the same time. By expanding internal and external keynote speeches, we want to increase the visibility and understanding of diversity.

For us at NORD/LB, the equal status of all genders is of particular importance and is addressed through various measures. The topics of women in management and the gender pay gap are among the focal points here. Both topics are actively addressed through various

measures. The aim here is initially to encourage and support women to take up internal management positions and to achieve improvements in the gender pay gap.

Health as part of the company's success

The health of our employees is important to us. This is why occupational health management (OHM) is embedded in HR development and aims to strengthen and maintain the working capacity and performance of our workforce. In this way, we support our employees in dealing responsibly with their own resources.

We go above and beyond the legal requirements for occupational safety and offer our employees a wide range of counselling services. Our company medical service provides comprehensive advice on the optimal design of workstations and makes recommendations for preventive measures against postural and visual disorders. When procuring furniture and IT equipment, we always ensure compliance with ergonomic standards.

For work-related or psychosocial problems, we provide all employees with a neutral, external counselling centre that supports both employees and managers. We have continuously developed and stabilised our preventative and individual health promotion programmes. These offerings include annual flu vaccinations, time out for exercise, relaxation lunch breaks, health seminars organised by our company medical service, company sports and partnerships with fitness clubs in the region. We also offer support services from an external provider to promote work-life balance.

We support our managers in their role by offering specific seminars. In addition, our occupational health management programme provides information material on important topics such as addiction prevention, dealing with employees with mental health issues and occupational integration management. We also offer mobility support such as bicycle leasing and employee conditions for local public transport. Our employees also benefit from subsidised catering.

ESG Academy - Training that works

As the topic of sustainability has played an important role at NORD/LB for several years and this has resulted in specific training requirements for our employees, we have launched the ESG Academy, in which, among other things, mandatory training courses are developed for all our employees. As part of this ESG Academy, all our employees gain a basic understanding of the importance of ESG in general and for NORD/LB in particular. The ESG training courses convey new requirements and address knowledge in order to provide our employees with the best possible support in their tasks. Other specific training programmes with an individual focus are also offered. We plan to further roll out and expand this offering in order to create a solid knowledge base on the topic of ESG across all divisions. To cover specialist training requirements, the departments also have the option of organising department-specific measures or attending corresponding external events.

4.5 Governance - The framework for promoting sustainability

" We are committed to sustainable and transparent corporate governance that promotes integrity and firmly integrates ESG aspects into our decision-making. "

At NORD/LB, governance is meant to be a sustainable and proper corporate management that goes beyond legal requirements and embodies the values of integrity and transparency. Our entire Managing Board bears overarching responsibility for implementing ESG aspects in the bank. In addition, individual members of the Managing Board have individual topic responsibilities that are tailored to the departments and divisions for which they are responsible. The full Managing Board is also the central body for strategic ESG decisions.

ESG in our organisation

For operational implementation, the entire Managing Board is supported in its tasks by NORD/LB's ESG Expertise Centres, which we set up in the 2023 financial year due to the increasing relevance of ESG issues for us as a bank. These units pool specialist ESG expertise and play a driving role in integrating ESG aspects into our processes and decision-making channels and coordinate and analyse the requirements of our stakeholders that affect individual areas within NORD/LB. We also have decentralised ESG expertise among our employees in the relevant market divisions in order to provide our customers with comprehensive advice and the best possible support on their transformation journey. Another key offering is specific strategic ESG advice for our corporate clients. This includes ESG workshops in which specific measures and strategies are developed to drive sustainable change within the company. Our ESG advisory team actively supports the sustainable transformation of its corporate clients and helps them to prepare for the challenges of the future in the best possible way. All employees specialised in ESG are in close contact with each other via our Sustainability Forum.

ESG in our committee structure

Our committees are fully integrated into our ESG governance model. The Supervisory Board acts as an overarching supervisory body, monitors the implementation of ESG issues in the bank and integrates them into the Managing Board's performance assessment. In order to fulfil this role appropriately, we are constantly expanding our training program for our committees to include ESG aspects and have also developed ESG components into a fixed agenda item for selected bodies. To supplement our organisation, we established the Sustainability Board in 2021, which is made up of NORD/LB managers and experts from different departments who have points of contact with ESG issues in their daily work and are significantly affected by the implementation of regulatory requirements or other strategic issues in the course of integrating ESG issues into our business model. The Board assumes an overall bank management function in the ESG context on behalf of the Managing Board and makes key decisions on our ESG-specific framework conditions. The Green Asset Committee (GAC), as a sub-committee of the Sustainability Board, decides on the minimum standards for green assets and ensures at its regular meetings that the minimum standards prescribed by law in our target markets are complied with.

ESG in our strategy

Our ESG strategy is embedded in the business strategy as an independent functional strategy and is regularly validated and refined as part of our annual strategy process and submitted to our Managing Board and Supervisory Board for approval and acknowledgement. The ESG strategy provides the ESG strategic framework for our day-to-day activities and is therefore of particular importance for the overall strategic management of the bank and the consideration of ESG regulatory requirements for our business model.

Corporate culture

" We regard our corporate culture as a valuable asset and continuously invest in its further development in order to create an inspiring working environment. "

The corporate culture shapes the behaviour, values and attitudes of employees within a company. It creates a common understanding of goals and working methods and thus forms an important basis for good, collegial and productive cooperation. A strong culture motivates employees and can help to increase satisfaction and loyalty within an organisation. It also helps to attract and retain talent, as an attractive corporate culture is a decisive factor in the choice of employer. It is also of central importance for long-term business success. For this reason, it is essential for the successful future of a company to actively develop its culture.

With the successful conclusion of our NORD/LB 2024 transformation program, we have completed a large number of far-reaching structural and operational changes and are about to embark on a new phase of further development. It is therefore important that the corporate culture also reflects the Bank's new circumstances and objectives. Since Q4 2024, around 50 employees have therefore been working in three different teams on the active further development of NORD/LB's corporate culture in order to take account of the successfully implemented restructuring and the Bank's future goals, such as a further increase in profitability and ESG activities. In the "Performance" team, we are focusing on the Bank's ambitious objectives, including its cultural aspects such as commitment, team spirit and consciously recognising our successes. In addition to this, the "Execution" team deals with the associated planning and its flexible implementation and what this means for our corporate culture. In the "Entrepreneurship/Innovation" team, we are increasingly focusing on entrepreneurial thinking within the bank. In doing so, we want to strengthen our innovative power and drive its transformation into profitability.

To ensure that the cultural development measures derived in the teams have the broadest and deepest possible impact, we have ensured the greatest possible diversity in the composition of the teams, so that the voluntary participants from different parts and areas of the company, different hierarchical levels, age, length of service, gender, etc. have been distributed across the three teams. The teams are united by the common goal of creating a modern, collegial, sustainable and performance-orientated corporate culture for NORD/LB.

Anti-Greenwashing

" We see the prevention of greenwashing as a bank-wide task and have established a framework for this with our anti-greenwashing governance. "

Financial institutions face the challenge of strengthening their own credibility in the areas of environmental, social and governance (ESG) and communicating this transparently. Failure to do so can result in greenwashing risks. They can be understood as the risk that ESG-related references (e.g. at product and company level) are perceived by stakeholders as misleading in that the company appears to be "greener" than it actually is.

We see the prevention of greenwashing as a bank-wide task that extends to various areas of the bank and makes all employees responsible for proactively preventing possible greenwashing allegations and the associated risks as part of their activities.

Our "Anti-Greenwashing Governance", which was developed as part of a project in 2024, serves as our central framework. It is essentially aimed at proactively avoiding or averting greenwashing (accusations). To this end, we must continuously ensure that our ESG statements are complete, correct and comprehensible.

One of the prerequisites for successful prevention is bank-wide sensitisation, which is carried out via newsletters in addition to other planned elements. Solid awareness-raising makes an important contribution to avoiding potential greenwashing risks before they arise or identifying them at an early stage and being able to react quickly.

Appropriate reporting channels have been established in the bank for potential irregularities or suspicions in connection with greenwashing.

5 The ESG strategic approach of our business segments

" Together, we are driving progress forward - with customised solutions and a future-oriented approach to our business areas. "

As "Bank of the energy transition", we have been a pioneer in the field of financing renewable energies and infrastructure projects for over 30 years, primarily in the areas of wind energy, photovoltaics and battery storage.

Our business model is based on forward-looking business areas and is the foundation for the challenges we face in the ESG transformation of the economy and society.

We offer our business partners ESG products (active and passive) in strategic business segments (SGF) such as Private and Business Customers, Corporate Customers & Savings Banks network business or functions such as Treasury in order to provide them with the best possible support in their transformation. We also take ESG criteria into account when making new business decisions and refunding, thereby supporting our customers in their transformation.

Under the Deutsche Hypo brand, NORD/LB's commercial real estate financing covers the entire green value chain - in particular through financing by means of green loans. Through environmentally sustainable funding, the bank enables investment in sustainable financial instruments.

In addition, we offer customised ESG-based financing for SME corporate clients in bilateral and syndicated lending business as well as promissory notes, providing tailor-made solutions for the transformation to a more sustainable economy, particularly in terms of a modern economy in line with environmental goals.

The following is a detailed overview of the strategic approaches of our strategic business segments.

Strategic business segment Private & Business Customers

The Private and Business Customers division consists of Braunschweigische Landessparkasse (BLSK) and Private Banking at the advisory centres in Hanover, Hamburg, Bremen and Oldenburg under the NORD/LB Private Investors brand. BLSK acts as a sales savings bank with a public mandate and is committed to the common good, regional value creation and a sustainable basic orientation. Based on this, BLSK supports the transformation of people and industrialised society towards greater sustainability in its business segments. The consideration of social and governance standards in the savings bank and in the selection of business partners is inherent in the system.

Building on this, BLSK is utilising the opportunities for transformation in the business segments by further developing its business areas in line with retail-specific savings bank standards. With the ongoing development of transformation consulting as a cooperation with regional partners for companies, the Partnerships business division is positioning itself in the transition of companies towards a sustainable orientation. It secures financing for companies that are on the path to ecological sustainability. To this end, BLSK also integrates public funding. BLSK also supports private customers in the real estate sector with

energy-efficient construction and renovation projects through targeted consulting and financing offers (e.g. with the modernisation calculator and LBS energy consulting).

A wide range of initiatives have already been launched to realise the objectives, such as round tables on specific topics or an intensive exchange with stakeholders. BLSK is involved in the Braunschweiger Land eG energy cooperative, promotes and supports start-ups, actively participates in the HarzForumZukunft (sustainable tourism and regional development) and uses its contacts with experts to actively maintain its network. The business segment is planning to further develop the expertise of its advisors in order to meet the increasing demands and greater need for transformation advice. For example, there is already mandatory training for employees on basic ESG topics, an internal communication format for employees to provide information on current sustainability topics at BLSK, a sustainability coordinator qualified as a sustainability manager and an ESG transformation consultancy that is currently being set up.

With the Löwen⁺ investment fund, BLSK is responding to the constantly growing demand for sustainable investment products. In addition to the strict criteria for investing the fund assets, the product is characterised by the high level of investor participation. In addition, the annual distribution includes financial support for sustainable projects and initiatives throughout the business segment and the initiation of own projects. In cooperation with the TRAFU Hub, the OKERhack / Impact Talk event series has succeeded in establishing itself in the public eye as a participatory discussion series on topics such as biodiversity, flood protection, etc. and developing sustainable solutions from this. The division's comprehensive expertise is also being expanded by offering sustainable fund products for sale by other savings banks, and innovations in the area of sustainable solutions are being driven forward.

Ensuring the social and societal participation of all sections of the population, regardless of income and wealth, is important to BLSK, and accordingly financial services are offered to all sections of the population. BLSK also makes targeted use of sponsorship and funding to enable people in the region to participate in a wide range of events. Examples include the Okerinsel Festival, the Braunschweig Light Parcours, the "Save our Planet" project and the Helmstedt Summer Cinema, which could only be realised thanks to the short-term provision of funds by the Braunschweigische Sparkassenstiftung and BLSK. The events are offered free of charge or with a very low personal contribution to ensure low-threshold access. Projects and events that promote social cohesion are also supported both ideally and financially. Examples include participation in an event to strengthen democracy and support for measures to promote public acceptance of diversity and variety (e.g. rainbow stripes in the Kultviertel neighbourhood). The charitable organisation "Wir zeigen Herz e.V." (We Show Heart) emerged from a private initiative, in which active and former employees promote civic engagement and charitable causes. The challenges of sustainability are taken into account in all sponsorships and funding and efforts are made to ensure that both social and ecological sustainability are taken into account as far as possible during implementation.

The commitment to the people in the business segment and the successful utilisation of all opportunities to help shape social change is also underlined by the Braunschweigische Sparkassenstiftung, which was founded by BLSK. In this way, Braunschweigische Landessparkasse and Braunschweigische Sparkassenstiftung are jointly helping to shape people's daily decisions and life plans on the way to a modern, ecologically responsible industrial and service society.

Strategic business segment Corporate Clients and Savings Banks Networks

The Corporate Customers and Savings Banks Network strategic business segment sees the launch of the ESG strategy at NORD/LB as an opportunity to successively expand its product range and customer base. The aim is to provide all customers of the division (corporate and savings bank customers as well as the savings banks themselves) with high-quality support in their transition and the corresponding challenges (ESG advice and product range).

A sustainable ESG strategy at NORD/LB therefore offers opportunities for the positive further development of the business segment in the short, medium and long term. As part of the strategy implementation, new sales areas can be opened up for the Corporate Customers and Savings Bank Network strategic business segment, customer relationships can be strengthened and reputational gains over competitors can be realised. Concrete implementation measures have already been set up on a project basis and are being tackled with great intensity.

Based on the transition paths of the various sectors, which have yet to be defined, and the bank's existing and future business plans, it is planned to aim for corresponding target figures in new business in order to implement the transition in the portfolio.

An important prerequisite for a targeted transition of the division's portfolio is the (further) development of meaningful, measurable KPIs that can be efficiently and validly underpinned by data in particular.

Strategic business segment Markets

Markets is aware of the challenges of the current climate change and sees the establishment of the ESG strategy as a milestone for the NORD/LB Group and as an opportunity to expand its product range and customer base.

Investors' interest in ESG has increased in the recent past and a reallocation towards these assets in clients' portfolios is recognisable. Markets is continuing to develop its sustainable product range in line with customer needs. This starts with sustainably classified retail issues in accordance with the Principal Adverse Impacts (PAI) standard and extends to green fundings in benchmark format. The success and customer demand is reflected, among other things, in the strong demand for NORD/LB's first green senior benchmark bond (issue: 3 July 2023; volume EUR 500 million) and the issue of a "green" mortgage Pfandbrief (issue: 12 January 2024; volume EUR 500 million). Markets plans to drive forward the Bank's green growth strategy and the sustainable transition of the economy with further green funding issues in the Mortgage Pfandbrief format and on the basis of our renewable energy portfolio.

As a member of the committees (Sustainability Board and Green Asset Committee), Markets regularly discusses new business and refunding planning with the wholesale credit divisions (in particular Deutsche Hypo and Structured Finance).

The issue of ESG is also becoming more important for issuers (e.g. in 2023: Issue of social bond by the state of Saxony-Anhalt; NORD/LB was structuring advisor) and the attitude of the respective investors towards ESG is increasingly coming into focus. In the area of issuing business, we are seeing increasing demand for advisory services relating to ESG issues. Markets is endeavouring to meet this demand by successively building up capacity and expertise. Supporting sustainable ("green") third-party issues in the debt capital markets

business is becoming increasingly important; both the preferences of investors and the issuing activities of our clients reflect this change.

Strategic business division Structured Finance

The already good market position of SGF Specialised Finance Energy and Infrastructure Clients, particularly in the area of renewable energies, is to be further expanded in order to implement the bank's ESG strategy. The aim is to achieve an improved overall global market position by deepening existing and new customer relationships, broadening the sector and tapping into new markets. Key enablers are the consistent development of expertise and the utilisation of additional resources in the form of additional specialist staff.

The SGF understands the physical risks, e.g. in the form of natural disasters, that can have an impact on the business division's assets and expects that an ongoing climate crisis and its impact on the overall economic situation will also have an impact on financing costs. The activities of the SGF are expected to result in a continuous transformation of the portfolio in the medium term, with the keyword "climate-neutral SGF", as well as the higher valuation of relevant (non-mitigated) physical risks where necessary.

By applying the EU taxonomy and the Sustainable Loan Framework, initial governance has already been set up to provide a framework for the development described.

In principle, SGF considers itself to be well positioned with regard to ESG aspects and is already supporting the transformation of the bank as a whole with its own ESG levers.

Strategic business segment Commercial Real Estate

The "Commercial Real Estate" business segment has been involved in promoting financing for sustainably designed properties for several years.

As the property sector is responsible for a large proportion of climate-damaging CO₂ emissions of up to 40% depending on the country, investments in energy efficiency measures and a switch to renewable, non-fossil energy sources appear to be particularly suitable for sustainably reducing the impact of the construction and operation of properties.

The reuse of materials and the optimisation of existing building structures in line with their intended use can have further positive effects in the future in terms of a resource-conserving circular economy.

As a financing institution, NORD/LB therefore offers "Green Loans" under the "Deutsche Hypo" brand, which are specifically designed for the financing of very sustainably designed properties, so-called "Green Buildings". The bank supports this financing with favourable financing conditions. Bond investors can support this approach by investing in "green funding", where the bank guarantees that the funds will be used to finance green buildings.

When assessing properties, the focus is currently on energy efficiency; other aspects such as public transport connections or the question of whether new areas have been sealed or existing areas newly built on are also taken into account. This already creates transparency for these assets with regard to important aspects that are also emphasised in the EU taxonomy. These relate in particular to transitory risks that could influence the future usability of a property due to regulatory requirements or economic considerations.

Climate models predict that the occurrence of certain physical risks could increase in the future. It is therefore becoming increasingly important to not only analyse individual cases, but also to systematically record potential hazard risks using a portfolio approach.

The topic of sustainability is therefore now very specifically on the agenda of the parties involved in the property industry and will continue to develop in the future. As a financial institution, we will continue to promote this development and transformation within the sector and support it with appropriate, customised financing solutions.

The NORD/LB CBB

ESG is implemented at NORD/LB CBB in close cooperation with NORD/LB AöR via integration into the BLUE Group programme. BLUE serves as a vehicle for the overarching control of ESG activities and the ESG roadmap alongside the ESG Management division of NORD/LB AöR, which acts as an ESG competence centre. At NORD/LB CBB, active participation in the programme is based on a low-threshold, project-based approach in the line against the backdrop of the redimensioning of NORD/LB CBB. NORD/LB CBB's ESG management regularly takes part in various dialogue formats (e.g. sounding boards or green washing round tables). In addition, requests from the project are distributed by NORD/LB CBB's ESG management to the responsible departments in the bank.

ESG is fully integrated into NORD/LB CBB's bank management. This applies to the document and committee landscape as well as governance. ESG management at NORD/LB CBB fully supports the Managing Board in its responsibility for embedding ESG in the bank and serves as an external and internal point of contact for all ESG-related issues. Meaningful metrics for quantifying ESG risks are reported in NORD/LB CBB's overall risk report.

The strategic approach of NORD/LB CBB no longer provides for the transfer of new lending business. The bank therefore has no opportunities to develop new customers or additional earnings potential by means of innovative products and solutions. Supporting individual customers on their transformation path towards a more sustainable company is also not possible against this background. In future, NORD/LB CBB will focus on fulfilling all regulatory requirements relating to ESG in full.

Continuous screening of ESG-driven regulatory requirements and the further development of ESG expertise within the Bank are essential for this. It is also necessary to establish further meaningful KRI / KPIs and stress tests in coordination with NORD/LB AöR and to continuously develop these further. Efficient data management and in-depth analysis options at individual transaction and portfolio level are essential prerequisites for this.

As the topic of ESG affects the bank's internal and external processes in many different ways, it is essential to "think ESG through" in all banking processes. It is therefore essential to embed the topic more firmly in corporate communication and culture.

6 Expanding horizons: Outlook for new activities

" *We are shaping the future sustainably and financing the world of tomorrow.* "

Within the existing business segments, business opportunities that will add significant value as part of the transformation are analysed and evaluated on an ongoing basis. These include the entire value chain of the hydrogen industry as well as other technologies that contribute to a CO₂ neutral economy. Strategically, when analysing the opportunities, we follow very closely the EU taxonomy-enabled economic activities as well as the overarching environmental goals and the associated regulatory requirements. The entire circular economy sector is therefore the focus of the business segments concerned. As part of this, measures and solutions are increasingly being sought to reduce sector-specific CO₂ emissions and generate income through new business potential, particularly in the more CO₂ intensive economic activities such as the property sector.

NORD/LB continuously examines business opportunities and consciously positions itself as a strong partner for its customers in the context of the energy transition and transformation. In addition to the core market of Germany incl. D|A|CH (German speaking area), NORD/LB supports project financing globally via its foreign branches. Here too, sustainability with the goal of a CO₂ neutral economy is at the centre of activities. In addition to subsidies, the bank's own funding plays a key role in refunding its financing activities. The aim is to further increase the portfolio of green emissions issued with a growing proportion of green financing. The preparatory work required for this with regard to the categorisation of financing in terms of its EU taxonomy and SLF conformity is gradually being expanded to include further asset classes. In this context, the Bank is continuously analysing the re-funding market and the situation at our competitors.