

ESG Policy

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Sustainability Office

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Preamble

With the Paris Climate Agreement adopted in 2015, which sets the goal of limiting man-made global warming to well below 2°C compared to pre-industrial levels, climate protection was declared a central topic of international politics. As a result, the European Commission adopted its "Action Plan: Financing Sustainable Growth" (EU Action Plan). In addition to environmental aspects, sustainability also includes the areas of social affairs and corporate governance. These three areas are also abbreviated or summarised as "ESG" using the initial letters of the corresponding English terms "Environmental", "Social" and "Governance".

The EU action plan aims to channel financial flows towards sustainable investments. Specifically, the action plan aims to support the transition to a low-carbon, resource-efficient and environmentally friendly economy. By promoting sustainable investment, the aim is to achieve long-term and stable economic development that takes social aspects into account alongside these environmental concerns. The implementation of the EU action plan includes the following three measures in particular:

1. Introduction of a standardised classification system for sustainable activities
2. Embedding sustainability in risk management
3. Disclosure of sustainability information to promote transparency and long-term sustainability

In their function as financial intermediaries, banks play a central role in implementing the EU Action Plan. In its business strategy, Oldenburgische Landesbank AG (OLB) has defined a sustainability mission statement that is based on the Principles for Responsible Banking. Accordingly, OLB aligns its business model so that it contributes to realising the needs of people and the goals of society, as expressed in the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

The aim of this policy is to further specify this guiding principle for the bank and to set out principles in order to deepen the concept of sustainability and anchor it in the written organisation. The ESG policy is divided into three parts:

- Part A describes the sustainability mission statement anchored in the Bank's business strategy and explains the governance structure established for this purpose
- Part B explains the principles of the bank in its role as an economic actor and the associated impact of its own business activities, including financing and investment decisions, on sustainability factors such as climate, environment or social aspects (impact perspective or "inside-out perspective")
- Part C covers the handling of the external impact of sustainability factors on the bank, in particular the consideration of sustainability risks (financial perspective or "outside-in perspective")

The ESG policy is regularly reviewed by the Sustainability unit, at least once a year, and approved by the full Management Board. The document is updated and further developed in consultation with the relevant departments.

A. Sustainability mission statement and ESG governance

The term *sustainability* describes a "social goal for people to co-exist on Earth over a long period of time. Definitions of this term are disputed and have varied with literature, context, and time. Sustainability usually has three dimensions (or pillars): environmental, economic, and social. Many definitions emphasize the environmental dimension. This can include addressing key environmental problems, including climate change and biodiversity loss. The idea of sustainability can guide decisions at the global, national, organizational, and individual levels."¹

A.1 Sustainability mission statement

The Bank pursues the principle of acting in a long-term and sustainable manner, both in its banking business and with regard to social and ecological aspects. The topic of sustainability is integrated as a strategic factor throughout the Bank. First and foremost, this is a principle of action derived from business management, in which the development of business activities is planned and carried out with a permanent guarantee of the Bank's own operational substance, which is essential to the business. In addition, events and conditions in the environmental, social or corporate governance areas that may have an actual or potential impact on the net assets, financial position and results of operations are taken into account, as are the effects of the bank's own business activities on people and the environment.

Focus of sustainability activities

The financial services sector has a key role to play in supporting ecologically and socially responsible entrepreneurial action and enabling sustainable investments and innovations. OLB wants to actively fulfil this role, and is pursuing the following lines of action² :

- OLB accompanies its customers on the path to climate neutrality

The Bank sees the impending transformation of the economy as both a challenge and an opportunity. To accompany its customers on this path, OLB is successively expanding its range of advisory services and products to include sustainable solutions, especially on the lending side.

- OLB actively contributes to climate and environmental protection

For years now, the Bank has been calculating its ecological footprint, including the greenhouse gas (GHG) emissions associated with its own business operations (Scope 1, Scope 2 and Scope 3 categories 1 to 14). OLB has set itself the task of continuously reducing its own emissions and using natural resources in an environmentally conscious and careful manner. This also includes implementing energy-saving measures, reducing waste, and favouring recycling solutions over disposable ones.

- OLB integrates sustainability aspects into its governance

Both lending and investment decisions can have a negative impact on sustainability, and the Bank establishes investment and lending principles to minimise this impact. In addition, it measures and analyses the indirect GHG emissions financed (Scope 3 category 15) with the long-term goal of

¹ According to Wikipedia <https://en.wikipedia.org/wiki/Sustainability> ("Sustainability", accessed 2 July 2025)

² The thrust of our sustainability activities describes our overarching, long-term sustainability goals across all business and product segments and is forward-looking. This description is not the same as a corporate strategy for identifying and prioritising the principal adverse impacts of investment decisions on sustainability factors (Principal Adverse Impacts, PAI) in accordance with Article 4 of the Sustainable Finance Disclosure Regulation (SFDR). For the management body's decision in principle regarding Article 4 SFDR, see Chapter B.6.

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continuously reducing these emissions as well. In addition to the effects of its own economic activities, OLB also assesses the external effects of sustainability factors on the Bank, especially the probability and extent of sustainability risks. OLB strives to recognise both perspectives in its business management and planning, as well as in its pricing policy.

- OLB combines its business activities with social responsibility

The Bank is aware of its social responsibility and wants to be perceived by its stakeholders as a fair business partner. As an employer, it creates conditions that enable equal opportunities and diversity within the Company. It pays attention to sustainability criteria when selecting its suppliers. The Code of Conduct is an important element of the Bank's own corporate and compliance culture, and respect for and observance of human rights is a matter of course for OLB. The human rights and environmental expectations of OLB's employees and suppliers are set forth in writing in a Declaration of Principles.

- OLB publicly advocates for sustainability

Sustainability, especially the transformation of the economy to climate neutrality, cannot be achieved by any one person, company or state alone. It is a task for society as a whole, to which every individual and every institution can make a contribution. OLB wants to be a multiplier for sustainability. It therefore creates transparency with regard to its own sustainability efforts, promotes sustainable commitment and involves its stakeholders.

The overarching, prospective goal of these activities is to establish sustainability as a new, additional dimension in bank management at both portfolio and individual transaction level. In doing so, the Bank is adopting the principle of dual materiality (see chapterA.4) by recognising both the impact of its own financing and investment decisions on sustainability factors (impact perspective or "inside-out perspective") and the external impact of sustainability factors on the Bank (financial perspective or "outside-in perspective") in the target picture. The cornerstones of impact measurement are carbon accounting and the EU taxonomy (see chapterB.1). From a financial perspective, ESG scoring was introduced to determine ESG risk in the lending business, among other things, and risk management was generally expanded to include ESG aspects (see chapterC.1).

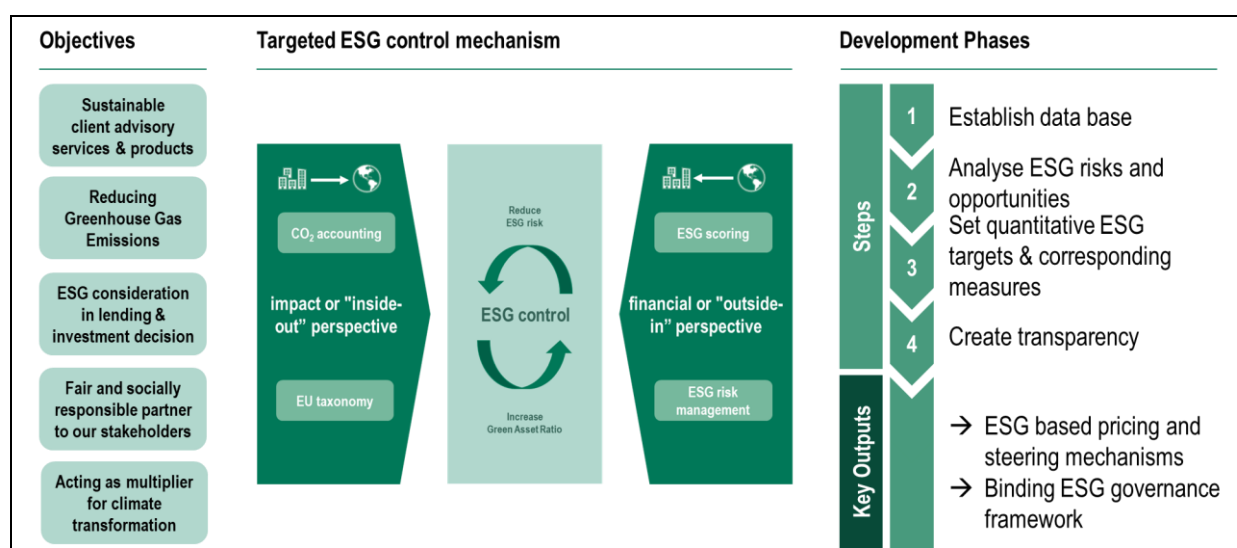


Fig.1 : Establishing sustainability as a further dimension in bank management

The management cycle described above is still in development, meaning that the intended mechanism described does not yet have any effect on prices, interest rates or margins. This strategic framework will be implemented in four development phases:

1. OLB creates a reliable database

The creation of a reliable database in the ESG environment is an absolute prerequisite for the further development of the strategic framework and all subsequent steps. In addition to determining the ecological footprint of its own business operations, determining the financed, indirect GHG emissions and the ESG risks of the loan portfolio are of particular importance.

2. OLB analyses ESG risks and opportunities

The data is then analysed in detail with regard to the associated opportunities and risks. The bank also analyses the strengths and weaknesses of its ESG governance. The establishment of an ESG-based pricing and steering mechanism is intended to reduce ESG risks on the one hand and to take advantage of business opportunities associated with the transformation on the other.

3. OLB sets itself sustainability targets

The Bank sets binding quantitative targets in the three dimensions of environment, social affairs and corporate governance and defines measures to achieve them, especially with regard to the steady reduction of GHG emissions to comply with the climate target path. It also creates internal structures and processes to advance the implementation of its future sustainability strategy.

4. OLB creates transparency

The Bank publishes sustainability information above and beyond the legal and regulatory requirements in order to inform stakeholders transparently about its own sustainability strategy and to enable independent rating agencies to assess OLB's sustainability goals and activities.

Quantitative sustainability goals

The development of a reliable ESG database is one of the core areas in the implementation of the strategic framework for the Bank's sustainability activities. Such a database serves as a starting point for defining and measuring quantitative sustainability targets and linking them to measures in the event of deviations. The sustainability targets are set by the Management Board and reviewed at least once a year as part of the strategy review. Monthly management reporting also includes monthly reporting on the development of key performance indicators (KPIs) during the year. Given that the database is still being developed, not all ESG KPIs have yet been conclusively defined and assigned specific target values, which is why the KPI system is constantly being refined. There are also plans to add risk-oriented key risk indicators (KRIs) to the KPIs.

In addition to ESG KPIs, OLB regularly takes into account a number of other non-financial performance indicators. These include, in particular, key figures on environmental matters (including the climate-related performance indicators of the Bank's own business operations, especially Scope 1 and Scope 2 GHG emissions), employee matters (for example, employee structure, full-time and part-time ratios), social matters (for example, funding projects and volumes), customer matters (for example, customer satisfaction, customer development, processing quality or complaint indicators) and money laundering/fraud prevention.

For climate targets, see chapter B.1.

Integration of sustainability aspects into the strategy process

The sustainability mission statement is part of OLB's business strategy, which is regularly reviewed and refined. Sustainability aspects, especially ESG risks, are an integral part of the annual strategy process. As part of strategic planning, ESG risks - especially climate and social transition risks and physical climate risks - are systematically included in the evaluation of the business model, the definition of strategic goals and the assessment of the long-term viability of the strategy.

Relevant developments in the regulatory, political, ecological and social environment are included in the environment analysis in order to recognise structural effects on the market environment, competitiveness and business viability at an early stage. ESG risks are recognised as strategically relevant risk drivers within existing risk types, as they can have short, medium and long-term effects on customer groups, product portfolios, refinancing and capital requirements.

For sound strategic decision-making, OLB uses forward-looking tools such as scenario analyses, ESG stress tests and key figures for portfolio alignment. ESG-related goals are embedded in the strategic framework and are harmonised with business strategy, risk appetite and capital planning.

A.2 Consideration of guidelines and international standards

In addition to the economic aspect, OLB also aims to act sustainably in an ecological and social sense. In this regard, the Bank is guided by the *Principles for Responsible Banking*. The business strategy is designed to contribute to the realisation of the needs of people and the goals of society, as expressed in the *Sustainable Development Goals (SDGs)* and the *Paris Climate Agreement*.

Principles for responsible banking

The Principles for Responsible Banking were developed by the United Nations in collaboration with leading international banks and are intended to serve as a framework for the banking industry worldwide to achieve the 17 Sustainable Development Goals of the United Nations and the goals of the Paris Climate Agreement of 2015. With over 345 banks that have joined this initiative so far (as of May 2025), it is the leading ESG framework in the financial industry.

OLB is an indirect supporter of the Principles for Responsible Banking through its membership in the Association of German Banks (BdB). It is guided by these principles and has adopted key parts of its business strategy based on the original text in a slightly revised form.

OLB sustainability mission statement

Alignment: The business strategy is aligned in such a way that it contributes to realising the needs of people and the goals of society as expressed in the Sustainable Development Goals (SDG) and the Paris Climate Agreement.

Impact: OLB strives to increase the positive impact of its activities, products and services on people and the environment, while reducing the negative impact in this context and managing the corresponding risks.

Customers: As a lender, OLB works responsibly with its customers to encourage sustainable practices and enable economic activities that can create shared prosperity for present and future generations.

Stakeholders: OLB will engage relevant stakeholders as needed and work in partnership with them to realise social objectives.

Corporate governance and objectives: These principles are to be implemented through effective corporate governance and a responsible corporate culture. The endeavour and responsibility should be reflected in corresponding goals.

Transparency and accountability: OLB will review its individual and collective contributions to the implementation of these principles and, where necessary, report on the positive and negative effects and contributions to the social objectives.

Tab.1 : OLB sustainability mission statement

The Bank thus attaches great importance to responsible banking and is aware of the impact of its business activities on the environment and society. It reports on this in a separate report ("Non-Financial Statement" or "Sustainability Statement"), the content of which is based on the requirements of the EU Sustainability Reporting Standards (ESRS).

Sustainable Development Goals

OLB's business strategy is designed to contribute to the realisation of the Sustainable Development Goals.

The 17 Sustainable Development Goals (SDG) are political objectives of the United Nations (UN) that are intended to ensure sustainable development at the economic, social and ecological levels worldwide.



Fig.2 : 17 UN Sustainable Development Goals (SDGs)

OLB strives to increase the positive effects of its activities, products and services on people and the environment, while at the same time reducing the negative effects in this context and managing the corresponding risks. Beyond its banking business, the Bank also pursues the goal of acting sustainably in ecological and social terms. Where there are overlaps, the sustainability goals pursued by OLB contribute to the United Nations' Sustainable Development Goals.

Paris Climate Agreement

OLB's business strategy is designed to contribute to the realisation of the Paris Climate Agreement.

In December 2015 in Paris, the member states of the United Nations Framework Convention on Climate Change, including Germany and the entire European Union (EU), agreed on the goal of limiting global warming to well below 2°C and also committed to a 1.5°C scenario with less dramatic climate impacts. According to the EU Commission, GHG emissions are to be reduced to net zero by 2050.

Germany ratified the Paris Climate Agreement in September 2016 and amended the Federal Climate Protection Act to specify Germany's climate protection targets: GHG emissions in Germany are to fall by at least 65 per cent by 2030 and by 88 per cent by 2040. The goal of greenhouse gas neutrality is to be achieved in Germany by 2045.

UN Global Compact

The UN Global Compact is an agreement between companies and the United Nations to make globalisation more social and ecological. Even though OLB is not a signatory for reasons of cost and relevance, it is in favour of the ten basic principles according to which companies must

- respect internationally proclaimed human rights and promote their observance within their sphere of influence,
- ensure that they are not complicit in human rights abuses,

- respect the rights of their employees to join trade unions and effectively recognise their right to collective bargaining,
- exclude all forms of forced or compulsory labour,
- cooperate in the abolition of child labour,
- exclude any discrimination in respect of employment and occupation,
- adopt a precautionary approach to environmental hazards,
- take initiatives to promote greater environmental awareness,
- encourage the development and diffusion of environmentally friendly technologies, and
- work against corruption in all its forms, including extortion and bribery.

Diversity Charter

Since signing the "Diversity Charter" in 2015, OLB has also publicly expressed its commitment to implementing diversity. The goal of regular internal communication and open employee participation on various dimensions of diversity is to make diversity visible, to raise awareness of it and to value it. The Diversity Charter in full:

"The diversity of society, influenced by globalisation, demographic and social change, is also shaping the world of work in Germany. We can only be successful economically and as a society if we recognise, promote and utilise the diversity that exists. This applies to the diversity in our workforce and the diverse needs of our business partners and citizens. The diversity of our employees with their different skills and talents opens up opportunities for innovative and creative solutions.

The implementation of the "Diversity Charter" in our organisation aims to create a respectful working environment for all employees - regardless of age, ethnic origin and nationality, gender and gender identity, physical and mental abilities, religion and ideology, sexual orientation and social background. Recognising and promoting diverse potential creates economic benefits for our organisation.

We create a climate of mutual respect and trust. This has a positive impact on our reputation in Germany and in other countries around the world.

To implement this charter, we will

- *foster an organisational culture characterised by mutual respect and appreciation. We create the conditions for managers and employees to recognise, share and live these values. They have a special obligation to do so.*
- *review our HR processes and ensure that they do justice to the diverse skills and talents of all employees as well as our performance standards.*
- *Recognise diversity within and outside the organisation, value its potential and use it to the benefit of the company or institution.*
- *make the contents of the charter the subject of internal and external dialogue.*
- *publicly report on our activities and progress in promoting diversity and appreciation on an annual basis.*
- *inform our employees about the added value of diversity and involve them in the implementation of the charter.*

We are convinced that living diversity and valuing this diversity has a positive impact on our organisation and on society in Germany."

A.3 Governance Framework

The governance framework comprises the written organisation in the area of sustainability, competencies and responsibilities as well as rules, processes and controls.

Written rules and regulations

The ESG policy is the central element of the Bank's governance framework in the area of sustainability and is further operationalised through the description of responsibilities and processes by means of specialist policies, guidelines and work instructions. The Bank discloses its rules and activities in this area both on the basis of statutory and regulatory requirements and also by means of voluntary disclosures in various reports and on its website.

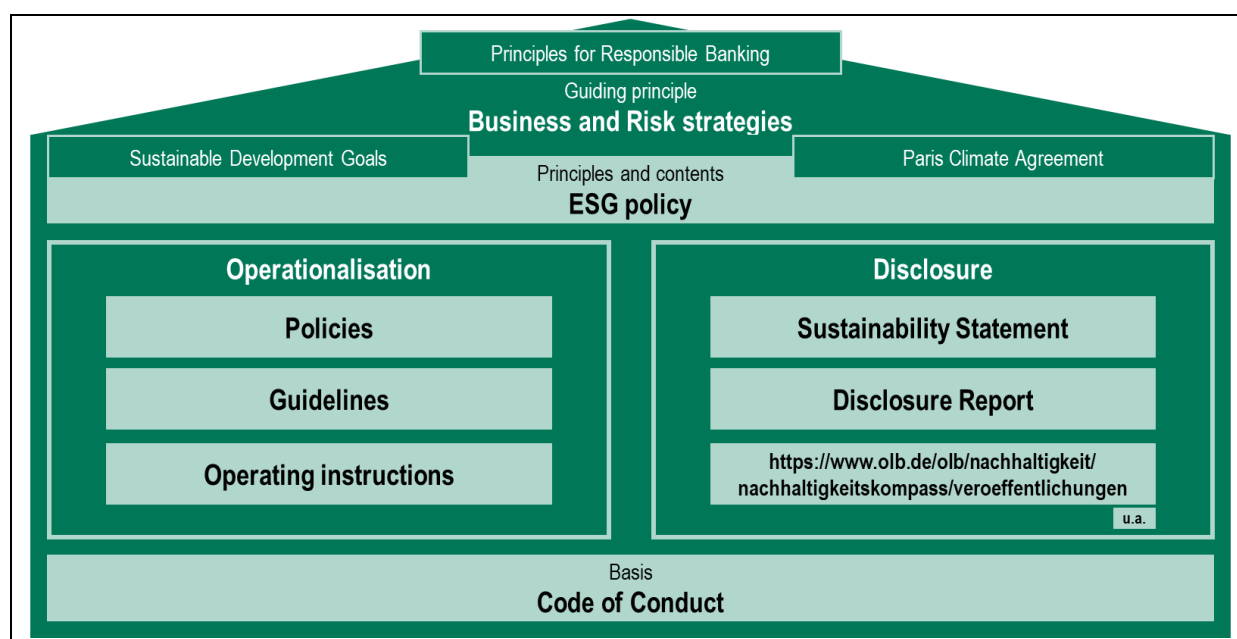


Fig.3 : Governance framework in the area of sustainability

The basis of the governance framework is the Code of Conduct, which is an important element of the Bank's corporate and compliance culture and thus also of the Bank's sustainability efforts.

OLB Code of Conduct

OLB depends on the trust of its customers, shareholders, employees and the public in the Bank's performance and integrity. This trust depends largely on how employees, managers and the Board of Managing Directors behave, and how they use their abilities for the benefit of clients, shareholders and the Company. The Bank has therefore established a Code of Conduct for all employees, managers and the Management Board. The principles of conduct described therein implement generally accepted principles for integrating sustainability and social responsibility into OLB's business activities. They describe guidelines that are intended to help employees in particular when they are not sure what behaviour is appropriate in a particular situation. In addition to describing basic values and standards, the Code of Conduct addresses in particular the honest and compliant conduct of business, customer protection, the prevention of bribery and corruption, and responsible corporate governance.

The OLB Code of Conduct attaches particular importance to protecting natural resources. Employees should ensure that they protect natural resources in their work and minimise their impact on the environment, for example by conserving materials and energy, by avoiding or reducing and recycling waste, and,

where appropriate, by carefully planning, constructing and operating buildings. For the selection of and cooperation with suppliers and other service providers, as well as for the selection and use of advertising materials and other services, this attitude means that employees should consider ecological and social criteria in addition to economic aspects.

The OLB Code of Conduct is publicly available on the OLB website.

Responsibilities and processes

The Board of Managing Directors manages the Company and conducts business under the joint responsibility of its members. As part of its management, the Board of Managing Directors determines the Company's goals, strategic orientation and business policy. The Management Board therefore also defines the sustainability strategy and objectives as well as measures for their implementation. The sustainability strategy is therefore part of the regular, at least annual, discussion of the business strategy with the Supervisory Board.

The *Head of Sustainability* is responsible for implementing the ESG strategy. To this end, he coordinates ESG activities in collaboration with the individual specialist departments. His other tasks include

- Monitoring the achievement of ESG targets and coordinating the implementation of corresponding measures
- Compliance with regulatory requirements and joint implementation with the responsible specialist department
- Continuous further development of sustainability management
- Ensuring compliance with disclosure requirements
- Monitoring risk management in accordance with Section 4 (3) of the Supply Chain Due Diligence Act (LkSG)
- Coordinating measures to continuously improve energy performance in accordance with ISO 50001 (energy management)

The Head of Sustainability is the central point of contact for stakeholders regarding sustainability issues and acts as a driving force on the topic. He heads the Sustainability unit and is assigned to the CFO's department.

A.4 Due diligence in the area of sustainability

Compliance with due diligence in the area of sustainability includes procedures through which OLB identifies the actual and potential negative impacts on the environment and people in connection with its business activities, counteracts them, mitigates their effects and accounts for how it meets these challenges. Negative impacts include those that result from OLB's own business activities and from its upstream and downstream value chain, including products or services and business relationships. Due diligence is an ongoing process that is described in the international instruments of the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. A due diligence process therefore comprises six steps, which are listed in the table below. The right-hand column explains the specific implementation within the Bank.

#	Process step	Implementation OLB
1	Adoption of a declaration of commitment to human rights due diligence by the management	▪ The Board of Managing Directors has issued and published a declaration of principles on human rights strategy that includes, among other things, the human rights and environmental expectations of OLB's employees and suppliers.

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	and its anchoring in company-wide principles and measures	▪ The human rights and environmental due diligence obligations are anchored in the Bank's Written Organizational Rules (policies, guidelines, work instructions).
2	Identification and assessment of negative impacts, including through involvement of various stakeholders	▪ The results of the procedure for fulfilling the duty of care are incorporated into the assessment of OLB's material impacts, risks and opportunities as part of the materiality analysis. The materiality analysis is described in Guideline 1.18-4 "Materiality Analysis and Sustainability Statement" . ▪ The Head of Sustainability is involved in the NPNM process ▪ OLB considers the impact of its business activities on sustainability factors in various ways: – ESG impact measurement (see chapterB.1 – Care in supplier selection and procurement processes (see chapterB.2 – Customer and product responsibility (see chapterB.3 – Personnel responsibility and social involvement (see chapterB.4 – Sustainability principles in the lending business (see chapterB.5 – Assessment of sustainability factors in the securities business and for own investments (see chapterB.6
3	Initiation of measures to end, prevent, limit and remedy the identified negative impacts	▪ Depending on the type and extent of impacts or risks identified, preventive measures are taken in the company's own business area (e.g. training or controls) or at direct suppliers (e.g. consideration of human rights or environmental expectations in newly concluded supplier contracts) (see section 1.2 of the policy statement). ▪ In the event of an actual or imminent violation of a human rights or environmental obligation in its own business area or at a direct supplier, OLB will immediately take appropriate remedial action to prevent or end the violation, or to minimise the extent of the violation (see Item 1.3 of the Declaration of Principles). ▪ With regard to other topics listed in the section BB , case-specific measures will follow in the event of material negative effects or risks. ▪ OLB defines measures with respect to the material sustainability-related impacts, risks and opportunities, and publishes them in its non-financial statement (Sustainability Statement).
4	Monitoring the implementation of these measures and their results	▪ The implementation of the remedial measures mentioned under point 3 with regard to the upstream value chain is supported by a software solution in terms of process and content by creating improvement proposals and corrective action plans and coordinating, prioritising and monitoring them with the supplier. If a direct supplier fails to implement the required corrective measures, it is initially possible to temporarily suspend the business relationship. The termination of a business relationship is considered as the last possible measure after all other options have been exhausted (see point 1.3 of the policy statement). ▪ With a focus on the most important ESG impact indicators, there is an annual Management Board reporting system ("ESG KPI Controlling"), which currently includes the following indicators: - GHG emissions (CO₂ equivalent) from own business activities - Financed GHG emissions (CO₂ equivalent) of the loan portfolio - Volume of taxonomy-eligible or taxonomy-compliant new lending business - ESG scoring indicators of the loan portfolio ▪ In general, monitoring the achievement of ESG targets and coordinating the implementation of corresponding measures is part of the Head of Sustainability's job description. ▪ The results and effectiveness of the sustainability-related concepts, measures, indicators and targets adopted are discussed annually with the Audit Committee of the Supervisory Board.
5	Public communication about the due diligence approach and the measures taken to avoid and eliminate negative impacts	▪ OLB thus attaches great importance to responsible banking, and is aware of the impact of its business activities on the environment and society. It reports on this in the non-financial statement (sustainability statement). ▪ The non-financial statement follows the structure and content of the EU Sustainability Reporting Standards (ESRS) and provides a detailed description of the due diligence approach and the measures taken to avoid and eliminate negative impacts. ▪ In addition to the statutory disclosure requirements, the bank publishes further sustainability information on its website on a voluntary basis.
6	Provision of or cooperation in remediation activities, including the establishment of or participation in grievance mechanisms, where individuals	▪ OLB has established a whistleblowing and complaints procedure. The grievance procedure enables individuals, if necessary, to report indications of violations of the law or of internal regulations, to point out possible human rights and environmental risks and, where appropriate, violations of human rights or environmental obligations that have

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	and groups can raise concerns about adverse impacts	arisen as a result of the business activities of OLB or one of its affiliated companies, a direct supplier or an indirect supplier. ▪ The Bank has set up a complaint management system for suggestions, proposals for improvement, and complaints. ▪ OLB also participates in the out-of-court dispute resolution procedure of the consumer arbitration body "Ombudsman of Private Banks" (www.bankenombudsmann.de). This procedure, like the European Commission's online dispute resolution platform available at https://ec.europa.eu/consumers/odr/, is open to any consumer. Consumers and non-consumers can also contact the German Federal Financial Supervisory Authority (BaFin) in writing or via its online portal.
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Due diligence is a continuous process that responds to and can influence changes in strategy, business model, activities, business relationships and the operational, procurement and distribution context. It is based on constructive and bidirectional dialogue with the affected stakeholders (see Guideline 1.18-4 "Materiality analysis and sustainability declaration")

A.5 Reporting, disclosure and reporting requirements

OLB reports annually on its sustainability concept and the material qualitative and quantitative aspects of sustainability. Reporting requirements arise from EU Regulation 2020/852 (Taxonomy Regulation) with information on the green asset ratio and from the Capital Requirements Regulation (CRR) with regard to the ESG risk profile. In addition, in its role as a financial advisor and financial market participant, the Bank discloses sustainability information on its website in accordance with EU Regulation 2019/2088 (Disclosure Regulation).

Sustainability declaration

OLB last published a separate non-financial statement for the 2023 fiscal year in accordance with the framework of the German Sustainability Code (DNK). Since the 2024 fiscal year, non-financial reporting has been carried out in accordance with the EU Sustainability Reporting Standards (ESRS).

Reporting requirements

Since exceeding the balance sheet total of EUR 30 billion in 2024, OLB has had to fulfil the obligations to disclose ESG risks every six months in accordance with Art. 449a CRR in conjunction with the EBA-ITS (implementing technical standard) (CRR/EBA-ITS reporting).

Independently of this, OLB is obliged to disclose the volume of sustainable (taxonomy-compliant) economic activities in its loan portfolio and calculate the green asset ratio annually for the first time since the reporting date of 31 December 2023 in accordance with Art. 8 of EU Regulation 2020/852 (Taxonomy Regulation). This report is part of the annual sustainability statement.

Information in accordance with the EU Disclosure Regulation (SFDR)

Relevant information in accordance with EU Regulation 2019/2088 on sustainability-related disclosure requirements in the financial services sector ("Disclosure Regulation") can be found at

<https://www.olb.de/olb/nachhaltigkeit/nachhaltigkeitskompass/sfdr>
are listed.

In accordance with Article 12 of the EU Disclosure Regulation, the sustainability-related disclosures must always be kept up to date. Ensuring that this requirement is met is regulated in a separate directive.

The management body's policy decision regarding the *strategies for determining and weighting the principal adverse impacts of investment decisions on sustainability factors* (Principal Adverse Impacts, PAI)

can be found at B.6 (Assessment of sustainability factors in the securities business and for own investments)

Principle of dual materiality

In structuring and prioritising sustainability topics, OLB follows what is known as *the principle of dual materiality*. This principle is particularly important because a large part of the reporting obligations specified in the ESRS in this regard depend on a materiality analysis.

In this materiality analysis, the relevance of sustainability aspects is assessed twice. First, it considers how OLB's banking business affects the respective sustainability aspect (inside-out perspective). Second, it assesses how the sustainability aspect affects OLB's net assets, financial position and results of operations (outside-in perspective). Both actual and potential effects, and both positive and negative effects, are taken into account.

OLB evaluates sustainability aspects by taking into account the interests and viewpoints of its stakeholders. OLB defines the stakeholders of social and economic relevance to it along the value chain, which extends from purchasing ("supplier/service provider" stakeholder) through service provision ("employee" stakeholder) to service acceptance ("customer" stakeholder) ("affected stakeholders"). On the other hand, stakeholders are identified by their actively expressed or legally justified interest in OLB ("users of sustainability declarations"), including equity and debt investors ("investors" stakeholder), the public ("public/media" stakeholder) and the financial services regulator ("regulator" stakeholder). Stakeholders can belong to several of these groups. Nature is considered a "silent stakeholder" and is considered indirectly within the category of affected stakeholders. Various functions or units within the bank can be assigned to the respective stakeholders, which are in contact and regularly exchange information with the respective stakeholders via various formats for different purposes.

The results of the materiality analysis are generally used by the Bank for several years. The EFRAG Implementation Guidance on the materiality analysis is updated if the business model or external conditions have changed materially since the last time the analysis was carried out.

B. Impact of business activities on sustainability factors

This section explains the principles of the bank in its role as an economic actor and the associated positive and negative impact on sustainability factors such as climate, environment or social aspects and the resulting responsibility.

The impact of OLB's own business operations on sustainability factors is relatively small compared to the effects that result in particular from the Bank's role as a lender. One indicator of this assessment is the emission of greenhouse gases (GHG) from the Bank's own business operations, which are approximately 500 times lower than the financed GHG emissions.³ From a sustainability perspective, the bank therefore assigns greater weight to its role as a lender than to its own business operations.

B.1 ESG impact measurement

The cornerstones of measuring the impact perspective are carbon accounting and the EU taxonomy. The use of both approaches is still in its infancy. Until they can be used reliably as a management tool, the focus in the short term is on establishing the necessary data structures and, where possible, automated information procurement processes, and in the medium term on continuously improving data quality and shortening regular calculation cycles.

EU taxonomy

The EU Taxonomy Regulation establishes a framework for the disclosure of information by banks and companies that defines which of their economic activities are considered environmentally sustainable. It focuses on six key environmental objectives: 1) climate change mitigation, 2) climate change adaptation, 3) protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and 6) protection and restoration of biodiversity and ecosystems. Delegated acts specify which economic activities fall within the scope of the taxonomy and are therefore considered taxonomy-eligible, as well as the criteria according to which they can be categorised as taxonomy-aligned. A bank's taxonomy-eligible or taxonomy-aligned assets are based on the financing volume of its customers' corresponding business activities.

OLB is required to disclose comprehensive taxonomy figures annually. It endeavours to integrate these indicators, and thus the EU taxonomy, into the sustainability-based dimension of bank management (see the chapter A.1).

Carbon accounting and climate targets

The Bank has been calculating the GHG emissions of its own business operations for years and categorising them according to Scope 1 (direct emissions, primarily from self-generated heat and heating energy and the vehicle fleet), Scope 2 (indirect emissions, primarily from the generation of externally sourced electricity) and Scope 3 (indirect emissions, primarily in the upstream energy procurement value chain and through business-related travel). According to the significance analysis carried out in 2024, the Scope 3 emissions triggered by the company's own business operations are not significant, meaning that these

³ The Bank reports GHG emissions (Scope 1+2, location-based GHG emissions) of 5,330 tonnes of CO₂e for its own business operations for the year 2024. The total of financed emissions for 2024 was 2,479,107 tonnes of CO₂(2) e. "Financed emissions" include the Scope 1 and Scope 2 emissions of the economic activities financed by OLB loans in the sub-portfolios (according to the PCAF definition) Listed Equity and Corporate Bonds, Business Loans and Unlisted Equity, Project Finance, Commercial Real Estate, Mortgages and Sovereigns (with LULUCF).

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emissions (Scope 3 categories 1 to 14 GHG Protocol) do not need to be disclosed in accordance with ESRs until further notice.

Scope		Scope Description	Emissions 2025	Note
Own business operations	Scope 1	Direct GHG emissions "from our own chimney", i.e. from self-operated energy sources such as heating systems and vehicle fleet.	2,556 tonnes CO ₂ e	
	Scope 2	Indirect GHG emissions "from external chimneys", i.e. primarily from the generation of purchased energy (especially electricity).	Location-based: 2,774 tonnes CO ₂ e Market-related: 1,589 tonnes CO ₂ e	The location-based method is based on the average GHG emissions in Germany for electricity. The market-based method takes into account the CO ₂ certificates from the agreed green electricity tariffs.
		Scope 3 categories 1 to 14: All other indirect GHG emissions along the upstream and downstream value chain, from goods and services, capital goods, upstream energy, upstream transport, waste, business travel, commuting/home office, upstream leasing, downstream transport and distribution, processing of products sold, use of products sold, handling of products sold at the end of their life cycle, downstream leasing	2,063 tonnes CO ₂ e	No disclosure by OLB due to lack of significance.
Financed emissions	Scope 3	Scope 3 category 15: Indirectly financed GHG emissions through lending or investments: ▪ Listed Equity and Corporate Bonds ▪ Business Loans and Unlisted Equity ▪ Project Finance ▪ Commercial Real Estate ▪ Mortgages ▪ Sovereigns ▪ Motor Vehicle Loans	2,479,107 tonnes CO ₂ e	The PCAF asset class Motor Vehicle Loans cannot be meaningfully calculated at the present time, because motor vehicle financing cannot be identified in a structured manner within retail financing.

OLB uses the key performance indicator tool of the Association for Environmental Management and Sustainability in Financial Institutions (VfU) to determine the Bank's GHG emissions. The tool enables the detailed analysis of various emission sources, such as electricity consumption, heating energy or business trips. The VfU key figures include Scope 1, Scope 2 and Scope 3 GHG emissions, the latter excluding category 15 (investments), which are calculated separately as financed GHG emissions at OLB. Scope 2 emissions are calculated using both the location-based approach (based on the region's average emission factor) and the market-based approach (taking into account specific contractual and market conditions). OLB performs the calculation process annually.

For reasons of materiality, the focus of carbon accounting is on financed GHG emissions (Scope 3 category 15). OLB bases its calculation of financed GHG emissions on the Partnership for Carbon Accounting Financials (PCAF), a market-leading standard for financial institutions to measure and disclose the GHG emissions associated with their loans and investments. PCAF provides a standard that is used for the Scope 3 Category 15 "Investments" defined in the GHG Protocol Corporate Standard. The PCAF standard harmonises the calculation and reporting of greenhouse gas emissions for the seven asset classes presented below.

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Börsennotierte Papiere & Unternehmens- anleihen	Unternehmenskredite	Projektfinanzierungen	Darlehen für Kraftfahrzeuge	Gewerbeimmobilien	Hypotheken	Staatsanleihen

PCAF is applied exclusively to on-balance sheet exposures, i.e. off-balance sheet transactions such as derivatives or open commitments are excluded. Specifically, the individual asset classes are defined as follows:

Definition der Assetklasse	Abgedeckte Emissionsbereiche
 Börsennotierte Papiere & Unternehmensanleihen - Umfasst alle in der Bilanz ausgewiesenen börsennotierten Unternehmensanleihen und börsennotierten Aktien, die an einem Markt gehandelt werden und für allgemeine Unternehmenszwecke bestimmt sind - Auch Fonds, die aus solchen Anleihen/ Aktien bestehen, sind enthalten (sofern Informationen über Zusammenstellung verfügbar) - Noch nicht enthalten sind Green Bonds	- Finanzinstitute müssen die Scope 1 und 2 Emissionen ihrer Kreditnehmer und Beteiligungsunternehmen berichten unabhängig vom Sektor, indem diese tätig sind Scope-3-Emissionen der Kreditnehmer sollen abhängig vom Sektor berücksichtigt werden: - Ab 2021: Energiesektor (Öl & Gas) & Bergbau - Ab 2023: Transport, Bauwesen, Gebäude, Materialien & industrielle Aktivitäten - Ab 2025: Alle Sektoren
 Unternehmenskredite - Umfasst alle Unternehmenskredite - für allgemeine Unternehmenszwecke (d.h. mit unbekannter Verwendung der Erträge), - an bzw. in Unternehmen, gemeinnützige Organisationen und jede andere Organisationsstruktur, - die nicht an einem Markt gehandelt werden	- Finanzinstitute müssen die Scope 1 und 2 Emissionen ihrer Kreditnehmer berichten unabhängig vom Sektor, indem der Kreditnehmer tätig ist Scope-3-Emissionen der Kreditnehmer sollen abhängig vom Sektor berücksichtigt werden: - Ab 2021: Energiesektor (Öl & Gas) & Bergbau - Ab 2023: Transport, Bauwesen, Gebäude, Materialien & industrielle Aktivitäten - Ab 2025: Alle Sektoren
 Projektfinanzierungen - Umfasst alle bilanzwirksamen Darlehen oder Aktien für Projekte oder Aktivitäten, die für bestimmte Zwecke bestimmt sind (d. h. mit bekannter Verwendung der Erlöse) - Für die Berechnung der Emissionen werden nur die finanzierten (zweckgebundenen) Aktivitäten berücksichtigt.	- Die Finanzinstitute müssen die Scope 1 und 2 Emissionen der des Projekts melden. - Scope 3 Emissionen sollten, falls relevant, erfasst werden.
 Darlehen für Kraftfahrzeuge Bilanzwirksame Darlehen für die Finanzierung von Kraftfahrzeugen	- Finanzinstitute müssen die Scope 1 und 2 Emissionen der finanzierten Fahrzeuge berichten: - Scope 1: Direkte Emissionen aus der Kraftstoffverbrennung - Scope 2: Indirekte Emissionen aus der Stromerzeugung, die in E-Fahrzeugen verbraucht wird (Hybrid- und Voll-E-Fahrzeuge)
 Gewerbeimmobilien - Bilanzwirksame Darlehen für bestimmte Unternehmenszwecke, d.h., für den Kauf & die Refinanzierung von Gewerbeimmobilien (GI) - An der Börse notierte GI-Investitionen zählen als börsennotierte Aktien & Unternehmensanleihen - Durch GI besicherte & unbesicherte Darlehen an GI-Unternehmen zählen als Geschäftsdarlehen für allgemeine UZ	- Bei Darlehen für bereits bestehende Gewerbeimmobilien: Scope 1 und 2 Emissionen sollen erfasst werden, die durch die Energienutzung im Betrieb entstehen - Berichterstattung über die finanzierten Emissionen aus dem Bau oder der Renovierung von GI ist optional
 Hypotheken - Bilanzwirksame Darlehen für bestimmte Verbraucherzwecke, d.h. für den Kauf und die Refinanzierung von Wohnimmobilien - Hypotheken für den Bau oder die Renovierung eines Gebäudes sind out-of-scope, da der Eigentümer nicht direkt für die Emissionen verantwortlich ist	Scope 1 und 2 Emissionen sollen erfasst werden, die durch die Energienutzung der finanzierten Wohnimmobilie entstehen
 Staatsanleihen - Staatsanleihen und Staatskredite aller Laufzeiten, die in inländischer oder Fremdwährungen ausgegeben werden - Nicht enthalten sind Transaktionen mit Zentralbanken in Form von Bargeld, Devisen und Derivaten	Scope 1, 2 und 3 Emissionen der Kreditnehmer-Staaten sollen erfasst werden: - Scope 1: Emissionen innerhalb des Staatsgebiets - Scope 2: Emissionen als Folge von inländischer Nutzung von Strom, Wärme usw., welche aus einem anderen Gebiet importiert werden - Scope 3: Emissionen, die auf nichtenergetische Importe zurückzuführen sind, als Ergebnis von Aktivitäten im Staatsgebiet

Due to the differentiated data availability for the calculation of greenhouse gas emissions associated with financing, PCAF defines a five-level data quality system for each asset class. The highest data quality score of 1 is achieved by using reported, verified emissions. Low data quality (scores 4 and 5) is achieved when emissions are determined on the basis of average economic data. In the short term, the use of estimated values in the absence of available primary data ensures the ability to report on financed greenhouse gas emissions. In the medium term, OLB aims to obtain actual data for specific properties, customers and companies to increase the data quality score, in order to enable high-quality GHG reporting and targeted management based on that data.

The calculation of financed greenhouse gas emissions is currently carried out every six months. In view of the intended ESG management cycle (see chapter A.1), the calculation cycle should be significantly shortened in the future so that regular calculations can be used for management purposes.

Climate targets

In its sustainability activities, OLB pursues five central thrusts, which are described in the chapter A.1. They include two qualitative, climate-related objectives under the headings "Accompanying customers on the path to climate neutrality" and "Active contribution to climate and environmental protection."

The Bank's quantitative climate targets distinguish between a) TGH emissions from its own business operations (Scope 1 and Scope 2) and b) financed emissions (Scope 3 category 15).

- a) In its own business operations, the Bank's long-term goal is to continuously reduce Scope 1 and Scope 2 GHG emissions. The bank uses the climate target calculation of the VfU key figure tool to define and control the interim targets. It enables the automatic calculation of climate targets for the two GHG emission categories Scope 1 and Scope 2. In comparison to the climate target calculation of the Science Based Target initiative (SBTi), linear reduction paths are calculated here; the final target of 2050 is identical for both methods.

With the merger of Degussa Bank AG into OLB and the associated increase in GHG emissions from the Bank's own business operations, the merger year 2024 was set as the new base year for the target path. On that basis, the GHG emissions reduction target for the Bank's own business operations is 3.8 percent per year, corresponding to a savings target of 159 tonnes of CO₂e (Scope 1 + 2 market-based) for the year 2025. No intensity targets were set.

With total energy consumption above the threshold of 7.5 GWh, OLB is subject to the provisions of the Energy Efficiency Act (EnEfG). In this context, the Bank is endeavouring to introduce an energy management system and certification in accordance with DIN EN ISO 50001. The Bank expects this step to lead to an ongoing improvement in its energy performance, which should be reflected in a parallel ongoing reduction in the GHG emissions of its own business operations.

- b) Establishing climate-related sustainability aspects as an additional dimension in bank management is the Bank's overarching sustainability goal (see chapter A.1). On the way there, the definition of a transition plan plays a decisive role in order to enable meaningful monitoring to derive management impulses and steering measures. However, OLB does not currently have an approved transition plan for climate protection. The reason for this is that the calculation of the financed GHG emissions is subject to a high degree of uncertainty due to the still inadequate ESG data quality. A resilient transition plan that takes into account the science-based net-zero targets of the Science Based Targets initiative (SBTi) by the target year 2050 and is tailored to the Bank's heterogeneous portfolio structure is currently under development. OLB plans to include a transition plan for the first time in its business planning for the planning years 2027 to 2029.

In connection with the aforementioned qualitative, climate-related intentions, the Bank is also striving for a continuous increase in the green asset ratio, but has not yet set specific targets for this. The requirements of the EU Taxonomy Regulation are used to determine the green asset ratio.

B.2 Own business operations and procurement and supplier processes

Although only a few parts of OLB's value chain are outsourced⁴, the preliminary services required to provide the Bank's services are quite extensive, and are performed in large part by suppliers or service providers. These upstream services essentially comprise the procurement of infrastructure and technology (including network technology and telecommunications), the provision of market data and information systems, specialised services and consulting (such as legal advice, external personnel services, mobility services), facility management and logistics (such as construction services, building operation and technology), insurance services and product intermediaries, and the use of brokers and platforms.

Sustainability aspects are taken into account in the regulations governing purchasing processes, business transaction monitoring, reputational risk management and compliance, among other things.

Supplier selection

All purchasing and procurement processes must comply with current legislation and case law. In light of national and international guidelines, sanctions, embargoes or similar restrictions to which OLB is subject, new contractual partners must be reviewed on the basis of the Bank's internal guideline for reviewing contractual partners before contracts are signed. Contracts with an annual order value of currently EUR 15 thousand or more must include OLB's anti-corruption/integrity clause or a version of the service provider that has been reviewed by Compliance. In addition, OLB's Code of Conduct must be observed. In selecting suppliers, aspects to be considered include the pursuit of personal interests, maintaining independence in decisions, confidentiality, fairness and honesty, as well as the guidelines on antitrust compliance and the Anti-Corruption Guideline. From a threshold value of currently EUR 100 thousand, an integrity assessment of the supplier must always be carried out.

As part of its risk management for compliance with the due diligence obligations described in the LkSG, OLB conducts an annual and ad hoc risk analysis to determine the human rights and environmental risks in its own business and at suppliers, and to weight and prioritise them where appropriate. In doing so, the Bank takes into account any findings from the processing of information from the complaint's procedure established for this purpose. The results of the risk analysis are communicated to the Management Board and other relevant decision-makers.

This process is described in a policy statement issued by the Management Board, as are the priority human rights and environmental risks identified on the basis of the risk analysis and the expectations that the company has of its employees and suppliers in the supply chain in this regard.

Human rights and working conditions

Respect for and observance of human rights, including employee rights, and the strict rejection of forced labour, child labour and exploitation are a matter of course for OLB as a company and for its employees. OLB supports and respects the protection of human rights, and any known violation of human rights would not be tolerated. The Bank ensures that it is not complicit in human rights violations, upholds freedom of association and the effective recognition of the right to collective bargaining; OLB also advocates the elimination of all forms of forced labour and the effective abolition of child labour; OLB also supports the elimination of discrimination in employment and occupation.

⁴ OLB generates the vast majority of its value added from or in connection with providing its financial services itself and with its own employees. In terms of employee capacities, the outsourced parts of the value added are not considered extensive, with a share of less than 20 percent of calculated own work, i.e., the hypothetical own employee capacity that would be necessary as an alternative to outsourcing.

B.3 Customer and product responsibility

OLB's portfolio of products and services is consistent with the Bank's strategic goals, and contributes to the necessary restructuring of the economy. With its commitment to financing renewable energies in particular, OLB is making important contributions to enabling the energy transition in Germany. The range of products and services extends from financing energy-saving solutions for construction and renovation to supporting small and medium-sized enterprises in the use of wind power and solar energy to complex financing projects such as wind and solar parks of various sizes. In cooperation with public development institutions, OLB offers customised solutions for companies to increase efficiency, reduce CO₂ emissions and ultimately remain competitive. There is particularly strong demand among private customers for programmes offered by development institutions to improve the energy efficiency of residential buildings.

Responsible marketing

OLB is interested in long-term, partnership-based relationships with its customers, and therefore gears its products and services to customer needs. The Bank's marketing activities reflect this principle and are guided by the principles of truthfulness, clarity and transparency.

For OLB, responsible marketing means communicating the Bank's values and attitudes to its customers in a uniform, understandable language. The Bank pays increased attention to the sustainability aspects of its advertising, for which all advertising measures without exception are managed centrally by the Marketing Group. Digital forms of advertising are increasingly being used for nationwide advertising communication and the use of printed posters is being reduced. Promotional letters to customers are increasingly being made available through digital advertising in the customer inbox in the bank's online banking system. The production and distribution of small gifts (e.g. on World Savings Day) is increasingly being dispensed with.

The bank has established marketing guidelines that govern corporate design and corporate language, among other things. The bank pays attention to sustainability aspects in its brand management. The corporate language is clear, understandable and formulated in simple language. When using images, OLB takes care to use inclusive depictions and not to discriminate against any groups of people.

The protection of personal data is an important European fundamental right and is especially protected in the Charter of Fundamental Rights of the European Union. OLB is fully committed to the provisions of the EU General Data Protection Regulation, the German Federal Data Protection Act and other regulations relating to data protection, and implements them in full. This is also reflected in the Bank's marketing activities: Advertising approaches to customers are made only after precisely analysing their needs, so that mass mailings are avoided. In regular sales training sessions, trainees and employees in the market are trained in customer-specific approaches and legal requirements. In addition, customer satisfaction is part of the variable remuneration of non-tariff employees.

Dealing responsibly with customers in the event of loan repayment problems

To ensure a long-term business relationship with its customers, OLB takes numerous steps to prevent possible overindebtedness among its customers. For example, before granting a loan, the Bank examines the material debt service capacity (including a possible stress scenario), and during the course of the business relationship points out to its clients the risks of possible overindebtedness. When products are concluded, reference is made to the possibility of involving complaints management, for example as a result of the right of cancellation.

In customising financing, OLB offers various credit protection instruments. For mortgage and instalment loan financing, the Bank provides transparent information about the possibilities and necessities for financial protection against the risks of unemployment, disability and other risks.

In accordance with the EU Residential Property Directive, the bank provides a range of advisory services for customers with corresponding warning indicators. In addition, credit monitoring systems help to identify and address customers with anticipated financial difficulties. In these cases, concessions by the Bank are reviewed as part of a forbearance process. Restructuring in the event of financial difficulties is carried out in line with market pricing and the applicable credit processes.

The Bank does not sell non-performing receivables from consumers by transferring the collateral provided. As part of a restructuring, interested customers are offered a cancellation agreement with the aim of selling the property on the open market within a foreseeable period (six to nine months). To this end, the loan relationship is cancelled bilaterally. The customer can also use the time granted to find other accommodation. In addition, the relevant laws apply to the initiation of the forced sale.

B.4 Personnel responsibility and social involvement

The objectives set out in the business strategy are to be achieved through needs-based employee recruitment and continuous personnel development. A respectful consideration of employee interests, defined in accordance with national standards, and the constructive and targeted information and involvement of employees are key points of this intention. OLB also strives to create a working environment that provides equal opportunities and diversity within the Company.

Employee rights

Cooperation between OLB as an employer, on the one hand, and its employees and employee committees (such as the Works Council), on the other, is constructive and based on trust. The co-determination rights resulting from the Works Constitution Act and other legal norms are observed, and the employee committees are supported by the Bank at all times in the performance of their duties. The operational structures were regulated by mutual agreement with the Vereinte Dienstleistungsgewerkschaft (ver.di) trade union in a separate collective bargaining agreement. OLB considers the Bank's compliance with employee rights (including national and international standards, working conditions, respect for trade union rights, respect for employees' rights to information, health protection, occupational safety) to be fulfilled. This status quo is to be maintained in the future.

Equal opportunities and diversity

The Bank attaches great importance to equal opportunities and diversity. The cornerstones of the concept for maintaining equal opportunities and diversity are, in particular

- **Public commitment to diversity**

The Bank strictly rejects discrimination and disparagement of any kind. OLB is a signatory to the Diversity Charter, and thus publicly declares its willingness to support diversity, and to make it visible, raise awareness of it and value it (see the chapter A.2). The principles of behaviour set out in the Code of Conduct and the Diversity Policy implement these principles, among others, and provide corresponding guidelines. The aim is to avoid discrimination and create an open, diverse corporate culture. As part of the compliance principles for the General Equal Treatment Act, the bank makes it clear, among other things, that discrimination on the grounds of ethnic origin, gender,

religion, ideology, disability, age or sexual identity must be prevented or stopped in everyday working life.

- **Equal promotion of the sexes**

The corporate philosophy is to promote women on an equal footing and to appoint them to management positions based on their performance. To this end, the bank uses personnel development programmes that specifically prepare employees for future management or specialist tasks. Other personnel development measures are regularly discussed and analysed in personnel policy meetings.

- **Gender-neutral structure of the remuneration system**

The remuneration system is designed to ensure that all employees are remunerated appropriately and in line with the market, taking regulatory requirements into account. Remuneration for the majority of the workforce is based on the provisions of the collective labour agreement for the private banking sector and takes into account the function performed and individual qualifications. The remuneration system is designed to be gender-neutral, i.e. pay discrimination based on gender is excluded.

Occupational safety and health management

OLB supports all employees and managers in their efforts to maintain and improve their health, by creating healthy conditions in the workplace and providing suitable health-promoting offerings. This objective goes beyond mere compliance with existing legal regulations (such as the Occupational Health and Safety Act, the Workplace Ordinance or the Display Screen Equipment Ordinance) and is achieved by creating healthy and flexible conditions and processes in the company and providing suitable health-promoting offers. The framework conditions for flexible working and the consideration of professional qualifications and health conditions provide support here. As part of occupational health management, preventive measures are taken to systematically identify physical and mental stress in the workplace and prevent or reduce it from the outset.

Training and continuing education

OLB sets high standards for the qualifications of its employees. To ensure that employees' knowledge and skills are always up to date and at a high level, the Bank attaches great importance to extensive training and continuing education. The core element of the programme is the "iQ" learning management system with extensive digital offerings, so that training and further education can be provided both on a job-related and cross-divisional basis, regardless of location. Additional training programmes are available in the form of face-to-face seminars and webinars. External further education and in-house training courses round off the programme.

The bank offers its employees a wide range of career and development opportunities. If necessary, employees are supported in their part-time further training. Corresponding guidelines regulate both financial and non-material support. Succession planning and further training requirements are determined in regular discussions between the Human Resources department and managers. In addition, high performers and high-potential employees are systematically identified and promoted. Talent management is being successively expanded.

Compatibility of work and private life

OLB attaches great importance to the compatibility of work and private life. Above all, this includes flexibility in terms of working hours and place of work. Through company agreements on variable working hours, mobile working, and the option of working from home, rules have been implemented that offer employees a high degree of flexibility and enable individual working time models in all areas of the Bank. Individual assistance is offered in the event of special family situations.

OLB Foundation

The OLB Foundation was established on the occasion of OLB's 125th anniversary in 1994. In doing so, the Bank followed a decades-old tradition of supporting the development of its business territory beyond its business purpose in the narrower sense.

The purpose of the OLB Foundation is to promote culture, science and environmental protection. The foundation's work focuses on projects that emphasise the strengths of the Weser-Ems region and provide new ideas and impetus for the development of the Northwest.

In addition, the OLB Foundation is the sponsor of OLB Glückssparen, OLB's lottery savings scheme. The net proceeds of this lottery are used for charitable projects in the areas of youth, culture, sports, social affairs and science.

Political influence

In keeping with its claim to independence, OLB does not strive for intensive networking and influence at the political level. Donations and contributions to political parties in the name of OLB always require the express authorisation of the responsible Board of Managing Directors. If employees wish to participate actively in political events, OLB recognises this commitment, but at the same time requires that this activity take place exclusively in the private sphere.

B.5 Sustainability principles in the lending business

As a universal bank with pronounced expertise in the lending business, OLB is aware of the corporate, social and overall societal responsibility of every lending transaction. Sustainability and responsible banking are demanding topics that require employees to have increased expertise and understanding of the challenges.

Employees therefore also scrutinise loans for potential risks in terms of their environmental, ethical and social impact. If necessary, the bank's compliance, legal and risk management departments are involved. If necessary, questionnaires are used to assess specific industry and sustainability criteria in a structured manner. Depending on the industry in question, possible areas for critical consideration include the regional and social impact of financing (resettlement, health risks, etc.), biodiversity and species protection, compliance risks and climate protection,

Business or credit enquiries relating to the sensitive areas listed below are subject to a separate review:

- Animal welfare
- agriculture
- mining
- Oil & gas
- Nuclear energy
- Hydropower
- Large infrastructure projects

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- Investment in agricultural commodities
- Human rights
- Clinical studies
- Animal testing

It is forbidden to enter into business or credit enquiries concerning the following areas:

- Forced prostitution, child pornography, child abuse, sexual abuse, pornographic film industry, establishments
- Illegal gambling
- Manufacture of prohibited weapons, nuclear weapons, manufacture of weapons banned internationally under the UN Weapons Convention and export or import of weapons of any kind to crisis areas
- Retail trade in weapons, ammunition
- Tax evasion
- Violation of sanctions and embargoes
- Terrorist associations, banned parties and organisations as well as extremist, radical, criminal or controversial organisations, associations or sects.
- Pubs, discos, bars, entertainment venues and other beverage-based catering establishments

Excluded from this list are financial portfolio management transactions to which the sustainability-related disclosures of the Sustainable Finance Disclosure Regulation (SFDR) apply. The above list of sensitive or prohibited areas is also not exhaustive and may change in the future. In case of doubt, financing requests from areas not listed here will also be subject to a separate, individual review. Further internal bank review obligations may result from increased due diligence obligations in connection with the prevention of money laundering or the avoidance of country risks.

The questionnaires are also always used before a loan commitment is presented to the Supervisory Board's Credit Committee for the first time. If the employee identifies an increased reputational risk as part of this evaluation, Corporate Communications is involved, which categorises the risk into five different levels using a reputation matrix and makes a recommendation for action. If the account manager wishes to pursue the business despite an increased risk, it must be presented to both the Chief Risk Officer and the Chief Sales Officer via the Credit Committee. The decision is reported to the full Management Board, which has a right of veto. In the case of a high risk, the approval of the Risk Committee is also required. The results are recognised accordingly in the vote when a loan is granted. All risk assessments carried out are documented, regardless of whether the transaction was accepted or rejected.

For the following industries and projects, OLB is guided by the lending principles listed below:

Nuclear energy

Contrary to EU regulations, Germany does not consider the generation and use of nuclear energy to be a green bridge technology, in part because of the unresolved issue of final storage and incalculable health risks. OLB does not finance any projects that aim to build new nuclear power plants or expand the capacity of existing nuclear power plants.

Agriculture, fisheries and aquaculture

Support for investment projects generally requires extensive authorisations. The German Building Code (BauGB) and the Federal Immission Control Act (BImSchG, Act on Protection against

Harmful Environmental Impacts from Air Pollution, Noise, Vibration and Similar Processes) are expressly mentioned.

The credit check takes place, among other things, with the submission of the building application, which contains all essential information for the fulfilment of legal requirements. OLB attaches great importance to the complete submission of these documents. Since construction may not begin until the permit has been submitted, the permit is always available to us when the loan is approved, but only when the funds are drawn down.

In the case of livestock facilities, these authorisations also include the number of approved animal places. This number is relevant for us, among other things, in order to check the profitability of the project. However, the authorised animal places are also monitored by external (state) authorities in order to prevent overcrowding. One example of this is the Lower Saxony State Office for Consumer Protection and Food Safety (LAVES).

This comprehensive legal framework regulates all areas of agriculture, forestry, fisheries and aquaculture. The clearing of forest areas or the removal of trees is linked to reforestation obligations. Fishing quotas must be observed. Credit approvals at OLB include, to a not insignificant extent, the review of these approvals and compliance with the extensive legal framework, even during the term of a financing arrangement. OLB does not finance obvious violations of the legal framework.

Regardless of the above exclusions and review requirements, no loans are currently extended to the following industries:

- Coal mining (NACE code 05.x)
- Extraction of crude oil and natural gas (NACE code 06.x)
- Ore mining (NACE code 07.x)
- Tobacco processing (NACE code 12.x)

OLB assumes country risks as a result of its business strategy. These are monitored by setting limits for non-euro countries in/with which business is currently being conducted or has been conducted in the past. Business with countries with a "high" risk rating according to the risk assessment by Compliance is generally undesirable. ESG aspects are also included in the overall risk assessment.

Transition Finance

In order to fulfil the regulatory disclosures regarding ESG risks in accordance with Article 449a CRR, the Bank distinguishes between the following three lending business classes from a sustainability perspective:

- (1) Taxonomy-compliant lending business in the narrow sense of the EU Taxonomy Regulation for the disclosures on the green asset ratio in reporting forms 6,7 and 8 under Article 449a CRR.
- (2) "Transition finance" lending business that supports the transition and adaptation process with regard to climate change mitigation and adaptation objectives but cannot or may not be categorised as part of the green asset ratio. The identification criteria are defined separately on the basis of transaction type, loan purpose, funding programme number, etc.
- (3) General lending business that fulfils the minimum standards of the ESG policy and does not fall under any exclusion criteria.

There are currently no ecological credit facilities within the meaning of point 58f of the EBA Guidelines on Loan Origination.

B.6 Assessment of sustainability factors in the securities business and for own investments

As part of its investment advisory services, OLB advises clients on financial instruments (such as stocks or mutual funds), or invests in such products as part of its asset management (financial portfolio management). In addition, OLB itself holds a portfolio of highly liquid securities with high credit ratings as part of its liquidity reserve.

The business activities or operations of companies, industries or countries can have both positive and negative effects on the environment and society. Principal adverse impacts (PAIs) are negative, material or likely material impacts on sustainability factors that are caused or exacerbated by, or are directly related to, the investment decisions made by OLB or the advice it provides. Sustainability factors include environmental, social and employee concerns, respect for human rights, and the fight against corruption and bribery.

Consideration of adverse sustainability impacts

OLB considers adverse impacts on sustainability factors as part of its due diligence obligations at the corporate level. The strategy for considering the main adverse impacts of investment decisions on sustainability factors in accordance with Art. 4 SFDR includes the identification, weighting and measurement of the Principal Adverse Impact (PAI) indicators in accordance with Annex I of Delegated Regulation (EU) 2022/1288 (decision in principle of the management body). The PAI indicators from Annex I of the Delegated Regulation are used as part of financial portfolio management. This includes not only the mandatory PAI indicators, which always reflect the most significant negative effects, but also additional PAI indicators that are considered relevant for the respective financial market participant (at least one PAI indicator from Table 2 and Table 3). The PAI indicators are measured and analysed for the required investment universe through collaboration with recognised ESG data providers, with MSCI Research currently playing a key role. The optional PAI indicators are determined and weighted on the basis of an in-depth review of the corresponding data availability and quality.

The statement on the most important adverse effects of investment decisions on sustainability factors is published and kept up to date on OLB's website in the "Sustainability" section.

OLB's participation policy

OLB does not participate in companies that the Bank recommends as part of its investment advice or acquires for its clients as part of financial portfolio management mandates.

Financial portfolio management is performed on the basis of a corresponding mandate agreement in the form of an authorisation. OLB may also invest in equity securities for the account of third parties, under the investment strategies agreed with each client. Under the financial portfolio management mandate, however, the Bank does not become the owner of the securities, and thus does not exercise any shareholder rights. The exercise of voting rights in the context of fund management is instructed by the respective management.

Sustainability principles for own investments

With the exception of the purchase of collateralised loan obligations (CLOs), which do not fall under the following premise, treasury transactions are only concluded with trading partners that explicitly incorporate an ESG orientation into their business model or aim to do so in the future. In custody account A,

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investments are prioritised over alternative investment opportunities where the issuers comply with defined ESG standards. This applies equally to countries, supranationals, agencies and financials. Purchases of corporates are not planned for Depot A. The bank excludes investments in government bonds from countries with authoritarian regimes as well as investments in companies with human and labour rights violations, child labour, forced labour, fraud and corruption as well as indications of environmental destruction. If an issuer becomes aware of a violation of the above principles or of OLB's ESG standards, the sale of the investment in question will be reviewed immediately and realised if possible.

C. Dealing with external impacts of sustainability factors

This section covers how the Bank deals with the external impact of sustainability factors and provides an overview of the Bank's risk and compliance culture.

Particular attention is paid to dealing with sustainability risks. Sustainability risks are events or conditions in the areas of the environment, social affairs or corporate governance, the occurrence of which could have an actual or potential negative impact on the bank's net assets, financial position, results of operations and reputation. Sustainability risks can arise, for example, in the area of the environment as a result of weather events caused by climate change such as heavy rainfall, storms and drought (physical risks) or from the transition to a low-carbon economy, such as increased prices for emissions certificates for emission-intensive sectors of the economy or changes in social attitudes and consumption patterns (transitory risks). In the area of social issues, these include risks from non-compliance with labour law standards and, in the area of corporate governance, the occurrence of reputational damage due to violations of anti-corruption rules.

At the same time, the Bank also wants to utilise the opportunities arising from the transformation of the economy in this regard, particularly for the lending business. The prevailing risk strategy principle described in detail in the risk strategy - ensuring structural profit potential while at the same time managing risks - is also applied in the ESG area.

C.1 Consideration of sustainability risks in the risk management system

Sustainability risks are not a direct independent risk type, but rather factors or drivers of existing risk types. Sustainability risks are recognised as a sub-risk in the RiskMap in order to appropriately acknowledge their growing significance. In order to be able to take them into account, the existing implementation in the established risks is reviewed. The management and limitation of sustainability risks are currently governed by risk and business principles such as *the Principles for Responsible Banking*.

The Bank has established a Code of Conduct for all employees, managers and the Board of Managing Directors. The principles of conduct described in the OLB Code of Conduct implement generally accepted principles for integrating sustainability and social responsibility into the Bank's business activities. Against the backdrop of increasing regulatory requirements and disclosure obligations on the topic of sustainability, the Bank has bundled the coordination of its key implementation activities in this regard in the *Sustainability* unit. In addition, the requirements stipulated by the European Banking Authority (EBA) in the *EBA guidelines on loan origination and monitoring* are observed when dealing with ESG risks. The Bank is currently working on implementing the European guidelines *on the management of ESG risks* (*EBA guidelines on the management of ESG risks*).

As part of the annual risk inventory, the Bank regularly analyses the extent to which its business model is susceptible to ESG risk drivers. To date, this has shown that credit risk in particular is affected by ESG risk drivers, and that climate-related and environmental risks are the biggest ESG risk drivers. The qualitative assessment was supplemented by quantitative scenario calculations for credit risk - the risk type with the highest impact.

Scenario analyses were implemented as stress tests, taking into account the elements "NGFS GDP scenarios", "CO2 price" and "storm surge in East Frisia" from the ESG area.

In addition to the risk inventory and scenario analyses, the assessment of specific ESG risks is another component of the bank's risk framework. In the private customer business, in the freelancer segment and

for business customers, ESG risks are taken into account when valuing properties as part of property collateral. In the commercial lending business, the direct or indirect risks associated with ESG factors are identified, analysed and assessed in a process comprising up to three stages:

- First stage: risk identification and categorisation using an ESG sector scoring, which is based solely on the borrower's sector.
- Second stage: The sector score determined in the first stage is supplemented by an individual assessment relative to the sector result.
- Third stage: If the ESG score result indicates an increased ESG risk, the ESG risk is mapped, analysed and assessed in detail.

The results are used at both borrower and portfolio level to assess existing ESG risks for the loan portfolio.

C.2 Dealing with sustainability risks in investment advice, financial portfolio management and own investments

As a financial market participant and financial advisor, OLB currently includes in its selection procedures the relevant financial risks that could have a significant negative impact on the return on an investment or an advisory service. These include, for example, market price risks, strategic risks and reputational risks. As a matter of principle, OLB recommends a breakdown into various asset classes, sectors and regions in order to achieve a customised risk/return profile (diversification).

Dealing with sustainability risks in investment advice and financial portfolio management

The Bank uses information from a recognised external data provider (currently MSCI ESG Research) to assess sustainability risks. This data is used to evaluate the sustainability risks of financial products and check them against the MSCI ESG rating. This ensures a more objective assessment of sustainability risks that is independent of OLB. The MSCI ESG rating model identifies the sustainability risks that are most important for an industry or sector on a scale from AAA (very low risk) to CCC (very high risk). In both investment advice and financial portfolio management, financial products with a very high sustainability risk (MSCI ESG rating "B" and "CCC") are excluded from investment advice or investment. The absence of an MSCI ESG rating also leads to exclusion. For certificates, the sustainability risk is considered at the level of the underlying asset.

Dealing with sustainability risks for own investments

The market values of the investments in custody account A are subject to a daily review. Should a deterioration in market values occur, the sale of the respective investment is immediately reviewed and realised if possible.

C.3 Risk and compliance culture

In its business activities, OLB pursues a concentrated and sustainable business model that secures the Bank's own operating substance, which is essential to its business, for the long term. Meanwhile, the deliberate assumption of risks and credit risks is part of OLB's business and risk strategy. The Board of Managing Directors attaches particular importance to promoting an appropriate risk culture at all levels.

Shared ethical values and a company-wide risk culture that is consistent with the risk strategy are important success factors for OLB's sustainable business performance. A strong corporate and risk culture can sustainably reduce employee misconduct. The culture practiced within OLB also influences the external perception of the Bank, and thus its reputation. Cultural values such as credibility, reliability,

trustworthiness and a sense of responsibility are at the heart of this, and can affect OLB's financial performance and thus its future viability.

As part of its risk culture, OLB's goal is to strengthen and develop risk awareness as part of risk management at all levels of the organisation, and thus to promote customer confidence in a risk-oriented bank. This section therefore defines the risk culture sought by the Board of Managing Directors, and summarises the measures, responsibilities and processes implemented and introduced within OLB to promote, develop and integrate an appropriate risk culture.

Definition of behaviour and culture

Corporate culture is generally understood to mean and characterise the defined set of values, attitudes, philosophy and mission statement on the basis of which the Bank implements its business model. In addition, the corporate culture embodies the lived organisational structure, which is shaped by the basic values and the willingness of all employees to take risks.

A corporate culture is created and developed when employees and managers have to overcome external and internal challenges and pass on their experience to new employees. The adaptation of the behaviours exemplified by managers shapes, among other things, the external perception of the bank. A corporate culture supports employees in complying with and implementing appropriate and expected behaviour through appropriate standards of conduct. Risk culture in general characterises the way in which employees deal with risks in the course of their work or (should) interact with each other for the benefit of the company.

Principles of risk culture

OLB strives for a competency-based and sustainable risk policy. On the one hand, this is reflected in the limitation to the material risks in which OLB has a high level of expertise. On the other hand, material risks are consistently limited as part of the internal processes for determining risk-carrying capacity.

The target image of OLB's risk culture is based on the four principles proposed by the Financial Stability Board (FSB)⁵ : [1] *Tone from the Top*, [2] *Accountability*, [3] *Effective communication and challenge*, and [4] *Appropriate Incentives*

Identification of an appropriate risk culture

With the expansion of the requirements profile for the compliance organisation as part of the 4th MaRisk amendment in 2012, OLB introduced a central committee for the coordination and implementation of regulatory requirements. Since then, the Regulatory Compliance Circle/Committee has been responsible for the early identification of regulatory changes at the Bank. The committee is made up of the heads of key central departments, among others, and reports to the entire Board of Management. The technical coordination of this circle is currently the responsibility of the Compliance department. As part of the standard process for identifying regulatory changes, the topic of risk culture was recognised early on as a key issue.

The quality of risk management achieved within OLB is due not only to compliance with internal and external regulations. Rather, the risk culture and risk awareness, and compliance with the risk appetite defined in the risk strategy, are to be regarded as fundamental elements of a functioning risk management process.

⁵ See Financial Stability Board (2014), Guidance on Supervisory Interaction with Financial Institutions on Risk Culture: A Framework for Assessing Risk Culture, p. 3 f.

In recent years, OLB has already taken numerous measures to promote a risk culture as part of the corporate philosophy and culture, based on a comprehensive awareness of risk. The associated instruments and approaches are being refined continuously. Examples of some of these measures are explained below.

A deeper understanding of the factors that influence risk behaviour within OLB is indispensable for exerting a lasting influence on the risk culture and effectively minimising behavioural risks. For this purpose, the risks that jeopardise the desired risk culture within the Bank must be identified and analysed. The identified risk potentials and their solution concepts must be communicated by the Board of Managing Directors and by managers at all organisational levels to promote the risk culture.

▪ **Committees**

Various committees and groups have been established at OLB that the Bank believes are essential for a functioning risk management system and thus for an appropriate risk culture. Individual central committees have been established below the Board of Managing Directors, each of which is chaired by a member of the Board of Managing Directors. These include the Bank Management Committee, which is responsible for ensuring standardised profit and risk measurement, the Credit Committee for selected lending decisions and the Risk Committee, which is responsible for monitoring and managing risk-bearing capacity.

In accordance with their respective rules of procedure, the committees support the Management Board in its work, unless laws, the Articles of Association or the rules of procedure of the Supervisory Board and the Management Board expressly stipulate that the management or supervisory body is responsible. This makes the committee members responsible for preparing risk-conscious decisions in the interests of OLB, and/or for making such decisions within the scope of their authority.

▪ **Structural and procedural organisation**

By strictly separating front and back office functions at all organisational levels, the Bank preserves the independence of these functions in order to identify and avert potential conflicts of interest between business transactions and risk assessment as early as possible.

OLB strives for an organisational structure that promotes effective and prudent management of the Bank. In the interest of an appropriate risk culture, the reporting channels, the distribution of responsibilities, and the rules governing authority in the risk management system should also be described transparently and in a manner that is accessible to all concerned. They should be precisely categorised and understood and accepted by each individual within the bank. Planned changes to the structural and procedural organisation as well as adjustments to IT and rating systems are examined and assessed in advance by a committee of the Risk Committee with regard to their impact on the internal control system and the risk management system.

▪ **Written rules and whistleblower system**

OLB continues to develop its risk culture by defining and communicating guidelines, work instructions and training measures for employees according to their respective areas of responsibility and job descriptions. In the spirit of comprehensive risk awareness, every employee is held responsible for behaving in accordance with the values that OLB strives to uphold. At the same time, this means that not only managers but also employees should recognise their own deficits so that they can

proactively develop a solution concept together with their manager. Every employee has access to an extensive catalogue of training measures designed to enable employees in their respective areas of responsibility to fully meet the requirements placed on them. This also includes various training courses on lending, credit evaluation and credit risk analysis, in order to create an appropriate credit risk culture in these areas in particular.

In addition, OLB has a zero-tolerance policy toward illegal activities, because fraud and reputational risk are among the key risks in the financial services sector. A whistleblower system, which is available to both employees and external stakeholders, can be used to report possible violations of legal regulations or compliance rules by name or anonymously ("whistleblowing"). Detailed and OLB-specific explanations of money laundering and fraud prevention are available to all employees on the intranet. In addition, principles of conduct are published and appropriately communicated as part of a generally applicable code of conduct or as topic-specific guides (e.g., on fraud prevention).

Responsibility for identifying and promoting an appropriate risk culture lies with the entire Management Board. Each member of the Management Board manages the area of responsibility assigned to them independently and is obliged to promote the desired risk culture, recognise events that jeopardise these values and initiate suitable countermeasures.

■ **Code of Conduct**

The Code of Conduct is a fundamental element of the values that OLB lives by, and serves as a binding guideline for the conduct of all employees. In addition to the topics of corruption, money laundering and discrimination, the principles of conduct set forth in the Code of Conduct also address potential conflicts of interest and how to avoid them.

OLB's Code of Conduct is published on the Internet, where it can be viewed by anyone. The content of the Code of Conduct and compliance with it are reviewed on an ad hoc basis, but at least once a year, and updated if necessary.

■ **Compensation and incentive systems**

The guidelines for OLB's compensation policy are set forth in separate compensation policies for the Board of Managing Directors and for employees. They are regularly disclosed to the Supervisory Board as part of internal reporting. To give employees an appropriate share in the Company's success, to give appropriate recognition to individual and collective performance, and to support the achievement of the corporate goals set forth in OLB's business and risk strategy, variable compensation components are granted in addition to fixed components. In particular, risk-adequate action is ensured by the appropriate inclusion of risk-adjusted performance targets and other risk-specific indicators.

The total amount of variable remuneration is determined annually as part of a formalised, transparent and comprehensible process, taking into account the risk-bearing capacity, multi-year capital planning and the earnings situation. This ensures that the granting and payment of variable remuneration components are in line with the regulatory and internal requirements for adequate equity and capitalisation. The effectiveness of the implemented remuneration system is monitored in particular by the Remuneration Officer and the supervisory body. Ensuring a risk-adequate compensation and incentive system thus contributes to an appropriate risk culture.

At no time does OLB wish to create incentives to take inappropriately high risks. To avoid excessive dependence on variable compensation, and thus creating incentives for behaviour that is inappropriate from the viewpoint of business and risk strategy, the focus of employees' compensation is generally on fixed compensation. Separate remuneration regulations apply to the Bank's identified risk takers, which comply with the relevant regulatory requirements and take into account the particular influence of these employees on the Bank's risk profile.

Internal upper limits for variable remuneration have been introduced to support this. Immoral behaviour and behaviour in breach of duty in the sense of violations of company guidelines, legal requirements or customer interests are reviewed with regard to the need to reduce variable remuneration. The compensation policy is thus consistent overall with OLB's canon of values, the defined business strategy, the defined risk appetite, and the long-term interests of shareholders and various stakeholder groups. To strengthen companywide compliance awareness and the risk culture for the long term, the target agreements for managers include goals that have an effect on implementing and complying with regulatory requirements.

▪ **Selection and appointment of persons at senior management level**

Appointments to positions on the Supervisory Board and Board of Managing Directors, as well as to key functions, are governed by a suitability policy at OLB, to ensure that risk-relevant positions are filled by knowledgeable and reliable personnel. In particular, the suitability policy specifies the skills and competences that are essential for sufficient expertise and reliability. Furthermore, in accordance with the suitability and diversity policy, balanced diversity is taken into account when filling key and management positions. Targets have been defined for the proportion of women on the Management Board and Supervisory Board as well as in the two management levels below the Management Board.

In accordance with the criteria of the suitability policy, OLB's governing body consists of a sufficient number of members and has an appropriate composition, taking into account the Bank's size and complexity. The entire Board of Managing Directors has all the expertise needed for prudent management. In addition, all members of the Management Board have the specific skills required for prudent management of their area of responsibility.

Measurement and assessment of an appropriate risk culture

The appropriateness of the risk culture within OLB is measured using various control parameters and assessed in summarised reports, so that an individual and timely response can be made in the event of undesirable developments. Whether the elements implemented are sufficient for an appropriate risk culture is assessed as a whole in the annual risk inventory and in the strategy process. The resulting adjustments are recorded in this policy.

▪ **Provision and assessment of information**

Overall bank, regional and special analyses are available via the controlling portal, which serve, among other things, to measure and assess the risk culture in the bank in a way that is appropriate for the target group. A monthly management cockpit provides the Management Board with risk and quality indicators in addition to earnings, business and operating figures. Critical developments, such as a disproportionate increase in the number of complaints, which could indicate an inadequate risk culture, can be identified at an early stage using the control logic set out in this reporting.

The assessment of risks by means of existing regular reports and the performance and quality indicators integrated into them, including the initiation of appropriate measures, is generally the responsibility of the relevant manager and the head of department.

▪ **Risk management and controlling**

OLB's risk management system uses guidelines, business processes, limit systems and controls to ensure not only the early and ongoing identification of risks, but especially their measurement and assessment. In addition to the overall bank risk strategy and the sub-risk strategies for the major types of risk, the risk strategy also includes the principles of risk management. The functioning of the risk management and controlling system is explained in more detail in the risk policy. Further requirements for risk management are laid down in methodological concepts for individual risk quantification models, for integrated multi-year planning and for determining risk-bearing capacity, as well as in target process descriptions and system manuals for the software used. As part of OLB's authority structure, risk management is included in the performance appraisals of managers and employees.

▪ **Credit processing quality**

To measure and assess processing quality in the lending business, monthly analyses of credit-related topics are prepared and made available to the managers of the responsible front and back office units, and in some cases to the responsible members of the Board of Managing Directors. In addition, a consolidated evaluation is prepared on a quarterly basis to show the development of the quality/non-fulfilment rates in the individual areas; this provides indications of possible weaknesses in the credit risk culture and is made available to the entire Management Board. Random checks are also carried out in non-risk-relevant business. The results of the checks are summarised in a report and made available to the managers in the market as well as the responsible specialist board members and the Chief Risk Officer. These reports also form the basis for a more in-depth problem analysis by managers in order to set incentives where necessary to increase risk awareness.

▪ **Complaints management**

Analysing customer complaints provides OLB with a valuable assessment of critical issues. Risk Control uses this analysis to identify potential operational risks. The Internal Audit and Compliance departments also receive regular analyses of complaint trends. The volume of complaints also flows into the Bank's management cockpit as a monthly key figure. The half-yearly complaints report is made available to all employees on the intranet.

▪ **Risk inventory**

The goal of the regular risk inventory is to prepare OLB's overall risk profile at least once a year. The results of the risk inventory provide an overview and a differentiation of individual risks according to their materiality, as well as the concentrations of risk and earnings associated with the (material) risks at OLB; this creates the basis for the Bank's annual strategy and capital planning.

The annual risk inventory includes a formalised, qualitative assessment of the appropriateness of OLB's existing risk culture. The Risk Control department and the Board of Managing Directors are

responsible for conducting the inventory. The data is collected with the help of a questionnaire that is answered by managers at the level below the Board of Managing Directors.

As a comparatively lean and communicative solution, the bank has deliberately opted for this qualitative evaluation system in order to obtain as meaningful a picture as possible of the "lived" risk culture within the company.

▪ **Strategy process and revision**

As part of a structured strategy process, OLB's strategic positioning is reviewed annually for changes in conditions, objectives and risks, and adapted to a changing environment. A major goal of the structured strategy process is to ensure a consistent overall concept of business and risk strategy that is free of contradictions, and to update OLB's business and corporate planning.

The Supervisory Board monitors this strategy process and constructively scrutinises the revisions with the Board of Managing Directors in the annual strategy discussion. Specifically, the risk appetite and risk propensity are examined and assessed to determine whether the performance standards are compatible with OLB's long-term goals. Discussion of the business and risk strategy with the Supervisory Board also includes analysing the causes of any observed deviations from targets. The follow-up process ensures that the business and risk strategy is adequately communicated and internalised by every employee.

The strategic guidelines from the business and risk strategy are in turn monitored by the Management Board with regard to their target achievement and reported to the Supervisory Board on a quarterly basis and, if necessary, on an ad hoc basis.

▪ **Provision and assessment of information**

In principle, the controlling portal on the intranet ensures that an appropriate risk culture in the Bank is measured and assessed in a manner appropriate to the target group by means of analyses of the Bank as a whole, regions and special areas and is supported by many decentralised indicators.

The monthly Management Cockpit informs the Management Board about the result and key figures, the risk overview and key figures, the quality and operational key figures as well as the business key figures. The business segments are also listed by result and key figures. Critical developments such as a disproportionate increase in risk provisioning, which could be caused by an inadequate risk culture, can be identified by the Management Board at an early stage using the traffic light logic set out in the reporting.

The measurement and assessment of risks, key figures and other control parameters or the requirements of the business and risk strategy by means of existing regular reports and the KPIs and quality indicators integrated into them are generally the responsibility of the relevant division and department head or member of the Management Board and the department head. Open communication and the initiation of appropriate measures in the respective area of responsibility must be guided by OLB's values.

Monitoring an appropriate risk culture

Both the Board of Managing Directors and the Supervisory Board have defined recurring reporting obligations at OLB (monitoring the consistency of conditions in the customer business with the business

model and risk structure; reviewing the incentives set by the compensation system with regard to consideration of the risk, capital and liquidity structure, and the probability and maturity of income; monitoring the expertise and reliability of the members of the Board of Managing Directors and Supervisory Board; reviewing and determining the total amount of variable compensation of the Board of Managing Directors, etc.), which are supplemented by individual assignments and reports on a case-by-case basis. As part of their monitoring duties, the Management Board and/or the Supervisory Board initiate appropriate countermeasures in the event of reporting anomalies with the aim of ensuring a consistent and appropriate risk culture within the bank.

▪ **Supervisory Board**

OLB's Supervisory Board appoints, monitors and advises the Board of Managing Directors, and is directly involved in decisions of fundamental strategic importance for the Bank. Detailed reporting obligations and competences of the Board of Managing Directors have been incorporated into the rules of procedure of the Board of Managing Directors and the Supervisory Board, among other things, to reinforce an appropriate risk culture. In addition, the Chairman of the Supervisory Board and the Chairmen of the Audit and Risk Committees can obtain further information from the Heads of Compliance, Risk Control and Internal Audit as required.

▪ **Management Board**

The promotion of risk awareness at all organisational levels is the overall responsibility of the Management Board and has been established in its rules of procedure. The Board of Managing Directors regularly provides the Supervisory Board with sufficient information needed to assess and monitor OLB. Among other things, this is ensured by neutral reporting by the auditor and the Internal Audit and Compliance departments in the Supervisory Board committees.

The full Board of Managing Directors has defined topics that are reported on regularly at Board meetings. The Board Office assumes the coordination function in this regard, whereby responsibility for the recurring handling of the reports lies with the specialised departments. The agenda for each Board meeting is derived from the available documents. In the event of reporting anomalies, the Board of Directors derives appropriate measures and, if necessary, formulates follow-up orders for resubmission. The departments concerned are informed promptly by the Board Office of the Board of Directors' decisions and orders.

▪ **Internal Audit**

The Internal Audit department monitors the effectiveness and appropriateness of risk management in general and of the internal control system in particular, as well as the regularity of all activities and processes at OLB, on a risk-oriented and process-dependent basis. The audit result is classified as either "low," "medium," "high" or "critical. Measures to eliminate deficiencies are specified and documented, with the responsible unit indicated. The audit report is forwarded to the entire Management Board, other control units and the managers responsible for the audited units in disciplinary and technical terms. The Internal Audit department also reports to the Audit Committee of the Supervisory Board on a quarterly basis. The details of the auditing process are set out in the Internal Audit rules of procedure, which are available to all employees on the intranet.

▪ Compliance

Whether the Bank's processes and the behaviour of its employees comply with the rules is monitored through regular control and monitoring activities in the compliance functions in accordance with AT 4.4.2 MaRisk, Delegated Regulation (EU) 2017/565, MaDepot, the German Money Laundering Act (GwG) and Section 25h of the German Banking Act (KWG). The risk assessment is based on the residual risk. This is determined from a combination of the inherent risk and the effectiveness of the existing risk minimisation measures. In the case of medium and high risks, suitable preventive measures to further reduce the residual risk are addressed and documented, stating the target implementation period and the department responsible. The measures are monitored with regard to the implementation of compliance and open or overdue measures are reported to the Management Board.

The Compliance department informs the Management Board during the year by summarising quarterly reports and once a year in a detailed annual report on the activities and implementation of the effectiveness of the control system in the above-mentioned areas. This is supplemented by ad hoc reports as required. Consolidated reporting in an overall report provides the Management Board with a summarised overview of all material compliance risks and relevant compliance processes. In addition, Compliance also reports annually to the Audit Committee of the Supervisory Board.

Communicating and promoting an appropriate risk culture

OLB considers open and transparent communication to be an essential foundation of good corporate governance. The Bank's channels of communication are chosen on an ad hoc basis and in relation to the addressees. Rules of procedure, guidelines, process descriptions, etc. generally include communication-related requirements.

The strategy process, for example, provides for a cascading communication of business and risk strategy. Following the annual discussion with the Supervisory Board, the Management Board's explanation of the strategy may form part of a management conference. Managers are required to act as multipliers and inform their employees about the bank's strategic direction and any significant changes. At the same time, they serve as a point of contact for their employees for questions regarding the Bank's strategic direction. At the same time, the business and risk strategy is published on the intranet and, if necessary, an e-mail is sent to all employees and additional explanations are posted on the intranet homepage.

In any case, the intranet plays an important role in communicating and promoting an appropriate risk culture. The intranet provides assistance on a wide range of topics in order to minimise the risk potential in the bank as far as possible. The intranet communication channel nevertheless obliges each individual to independently obtain the information required to carry out their own activities in a risk-conscious manner. This communication channel is not a one-way street: employees are invited to use the comments function on the intranet to openly and critically share their views on published topics.

Issues that are of particular interest to all employees of the bank are communicated either ad-hoc via a bank-wide conference call or, with a little more lead time, as part of information events organised by the Management Board on site or virtually. Both communication formats also offer all employees the opportunity to address questions directly to the management body. In addition, the members of the Board of Managing Directors are represented on the Bank's committees that have been established to communicate OLB's objectives and strategy, among other things.

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The communication channels established at OLB are appropriate from today's perspective, and promote open and critical dialogue across all levels of the organization. In principle, the Bank views the disclosure of errors as an opportunity culture, meaning that deficiencies are openly addressed, communicated and discussed within OLB, in order to avoid them in the future, in keeping with the desired risk culture.

As described above, the appropriateness of the risk culture within OLB is monitored using various reports and performance indicators, so that undesirable developments can be responded to individually and, primarily, promptly. As part of the annual risk inventory, a formalised, qualitative assessment is made of the appropriateness of the existing risk culture at OLB.

The topic of risk culture remains an important item on the Bank's communications agenda, in order to link the term sustainably with the values, processes and competences already practiced.