

BayernLB's Sustainability Programme as from 2021

Main KPIs for Business

KPI	Goals and measures	When
Carbon neutrality of the customer portfolio and equity book	<p>Goals:</p> <ul style="list-style-type: none"> To develop a methodology and a path To create transparency using the PCAF methodology <p>Measures:</p> <ul style="list-style-type: none"> Implement a method to analyse the sustainability impact of the BayernLB portfolio Assess the sustainability impact of the BayernLB portfolio Assess the sustainability of new lending transactions, in % Use as model the German federal gov't.'s transformation path for German industry (by sector); assess regularly and revise climate policies as needed Measure the financed emissions from loans and investments Operationalise the decarbonisation path at credit portfolio level as part of the PCAF initiative Add new features to the current methodology for controlling the CO2 mgmt. ratio Continue subsidising energy-efficiency upgrades for rental housing property under the Bavarian modernisation programme and the Energiekredit Kommunal Bayern programme (BayernLabo) 	<ul style="list-style-type: none"> By the end of 2023 By the end of 2023 By June 2021 By the end of 2021 Quarterly Ongoing By 2023 By the end of 2023 Annual reporting 2024 onward Ongoing
Range of sustainable products and services	<p>Goal:</p> <p>To add to and improve upon the product range such that selected sustainable products with an ESG component are included</p> <p>Measures:</p> <ul style="list-style-type: none"> Identify potential for new sustainable products (capital market transactions + credit) Roll out a new ESG product each for the Real Estate, Corporates, Markets and Treasury units Ensure fair sales practices and product responsibility (avoidance of greenwashing) 	<ul style="list-style-type: none"> By 2022 By the end of 2023 Ongoing

Green asset ratio reporting	<p>Goal: To attain the share of Taxonomy-compliant transactions set out by the supervisory authorities</p> <p>Measures:</p> <ul style="list-style-type: none"> • Raise substantially the amount of responsible finance for Taxonomy-compliant economic activities from the baseline level (the “before” measurement) • Publish the green asset ratio • Comply with environmental, social and ethical standards in financing and capital market transactions • Broaden the range of sustainable investment products • Finance more companies and projects that address societal challenges such as climate change and the energy transition 	<ul style="list-style-type: none"> • By the end of 2023 • Annually, from the end of 2021 onward • Ongoing • By 2023 • Ongoing
SDG compliance	<p>Goal: To install SDG mapping at the transaction level</p> <p>Measure:</p> <ul style="list-style-type: none"> • Set up a system for SDG mapping in the portfolio to improve impact transparency 	<ul style="list-style-type: none"> • By the end of 2022
Sustainability rating	<p>Goal: To at least maintain the rating as at 1 July 2021</p> <p>Measures:</p> <ul style="list-style-type: none"> • Sign on to two new market standards: PRB and UNGC • Interact purposively with rating agencies • Increase the transparency of ESG-related ratios, guidelines and policies • Create a strategic sustainability-rating roadmap that leads to the desired degree of sustainability 	<ul style="list-style-type: none"> • By the end of 2022 • By the end of 2021 • Annually • Ongoing • By 2022

Main KPIs for Operations

KPI	Goals and measures	When
<p>Environmental Reduction in BayernLB's CO2 emissions</p>	<p>Goal:</p> <ul style="list-style-type: none"> To reduce BayernLB's net carbon footprint, i.e. prior to unavoidable adverse offsets <p>Measures:</p> <p>Strategic management</p> <ul style="list-style-type: none"> Factor sustainability into the choice of new building Check ways of further raising the desk-sharing ratio Establish the "green office" (with components beyond the VfU tool, such as toner consumption) Get the Group-strategic subsidiaries more closely involved in the sustainability management system Check for new developments in environmental policy <p>Environmental indicators and EMAS (overarching)</p> <ul style="list-style-type: none"> Implement the climate protection strategy: avoid energy and commodity consumption; substitute CO₂-intensive energy sources; offset the unavoidable CO₂ emissions Get the BayernLB environmental management system revalidated through EMAS (and conduct neighbourhood talks) Collect the environmental indicators for all of BayernLB's (sales) offices in Germany Collect the environmental indicators for the foreign branches Collect the environmental indicators for the data centre and BayernBankett <p>Resource consumption</p> <ul style="list-style-type: none"> Ensure ecologically friendly power supply based on proof of origin and installation purpose; optimise operating times at all locations Stabilise power consumption at below 12,800 MWh; stabilise the peak load consumption of electricity at the Munich location with a cap of 4,000 kW; stabilise heating consumption at below 13,000 MWh; stabilise water consumption at below 18,000 l/employee B 18: upgrade lighting in corridors and computer workstations; B 18: replace four ventilator in the underground car park; B 24 rear annex: optimise the 	<ul style="list-style-type: none"> By the end of 2025, by 10% from 2019 By the end of 2030, by 30% By the end of 2040, by 70% <ul style="list-style-type: none"> By 2023 By 2023 By 2025 Ongoing 12/2022 Ongoing Annually Annually By 2023 By 2024 Ongoing Annually By 12/2022

	<p>cold water pumps on the cooling unit and replace the integrated cooling systems in the ceilings</p> <ul style="list-style-type: none"> • Assess sustainability of work-related mobility / commuting by 2023 and increase it; analyse emissions and traffic data; offset through climate levy for air travel • Stabilise the indirect environmental impacts caused by business travel at the 2019 level (proportional to the number of employees); increase train travel as a means of transport for business trips instead of flying or driving (2019 baseline) • Dispose of all waste fractions in an environmentally-friendly way; only commission waste management companies that have a certified environmental management system or have the status of a specialist waste management facility • Explore ways of optimising the waste-sorting system • Stabilise the considerably reduced volume of waste at the 2019 level (proportional to the number of employees) • Continue to update the material waste guidelines; run ongoing measures to sensitise staff and service providers • Provide intra-Group advice/recommendations with regard to the use/usability of recycled paper; continue using quality seals (e.g. "Blue Angel", FSC or Ecolabel) for all types of paper • Reduce relative paper consumption per employee by 2.5% from the 2016 level; reduce absolute paper consumption by 5% from the 2016 level 	<ul style="list-style-type: none"> • Ongoing • Annually • Ongoing • By 2025 • Annually • Ongoing • Ongoing • By 12/2022
<p>Social Diversity and integration</p>	<p>Goals:</p> <ul style="list-style-type: none"> • Increasing ratio of women in management positions: To achieve a 30% ratio of women in management positions (cumulative, i.e. 1st level + rest) • To implement an HR and a diversity strategy <p>Measures:</p> <ul style="list-style-type: none"> • Increase the number of female applicants for vacant management positions, especially at levels 2 and 3 • Have managers reach out to female staff with leadership potential • Install regular HR reviews, in all functional units, to increase the focus more on women with management/leadership potential • Continue the cross-mentoring programme • Provide inter-divisional mentoring (diversification) • Use role models in a communication campagne • Promote a network of female staff • Create safe channels for open communication • Intensify occupational health and safety <ul style="list-style-type: none"> • Stabilise the health rate at a minimum of 95% • Continue targeted healthcare management • Provide health & safety offerings in the workplace (e.g. ergonomic workstations) 	<ul style="list-style-type: none"> • By the end of 2024 • By the end of 2022 • Ongoing • Ongoing • Annually • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing <ul style="list-style-type: none"> • Annually • Ongoing • Ongoing

	<ul style="list-style-type: none"> • Combat discrimination through participation and inclusion (e.g. through applicant analyses and training for decision-makers) • Integrate soft topics into employee questionnaires • Create ways of providing time off for childcare, school-break programmes, nursery spaces etc. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing
<p>Social Help provided to the employees for making the change</p>	<p>Goal: To integrate the employees' perspective into the transformation process</p> <p>Measures:</p> <ul style="list-style-type: none"> • Anchor sustainability factors into the annual objectives for the Board of Management and the employees (where applicable) • Harmonise the sustainability programme and cascade the objectives for the relevant divisions • Conduct employee satisfaction surveys and opinion polls (e.g. for upcoming decisions), e.g. as part of the Pulse Checks • Idea management: ensure at all times an open, discrimination-free platform for expressing one's ideas, e.g. PitchNow • Provide budget/time for training for each employee and ESG topic • Develop and install an enhanced ESG training strategy for all employees 	<ul style="list-style-type: none"> • Annually • By the end of 2022 • Annually • Annually • By the end of 2023 • By the end of 2022

<p>Governance Continuous improvements to the systems, processes and communication to meet supervisory requirements and the legitimate interests of the stakeholders</p>	<p>Goals:</p> <ul style="list-style-type: none"> • To expand stakeholder management pragmatically • To increase transparency by adding more information on compliance management in the GRI reporting for the 2021 financial year <p>Measures: Stakeholder management</p> <ul style="list-style-type: none"> • Incorporate additional environmental aspects into the stakeholder analysis • Intensify engagement with contacts regarding controversial issues • Intensify engagement with ethical investors • Increase communication with strategic stakeholders and engage/network in environment-related associations, e.g. by joining initiatives; continue membership with environmental schemes e.g. UNEP FI/VfU and Klimapakt Münchner Wirtschaft (Climate Pact for the Munich Economy) • Increase communication with strategic stakeholders and audit at least five key suppliers each year • Comply with recognised environmental and social standards in the supply chain • Conclude a Sustainability Agreement with suppliers and external service providers to BayernLB • Adjust or draft conditions or guidelines (e.g. processes or policies) in cooperation with all the BayernLB units affected • Increase awareness of sustainability issues through regular training • Comply with, refine and manage high ESG standards, particularly for earmarked funding <p>Improving transparency in compliance management</p> <ul style="list-style-type: none"> • In the Bank's established COI (conflict of interest) management • In measures adopted for avoiding money-laundering etc. • In investor protection and compliance with relevant provisions 	<ul style="list-style-type: none"> • By the end of 2021 • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing • As needed • Ongoing • Ongoing • By 2022 • By 2022/2023 • Ongoing
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