BayernLB

Financing progress.

BayernLB - Sustainability Report 2020

according to GRI

Finanzgruppe

Content

GRI 102 General Disclosures

1 Organizational profile

GRI 102-1 (2016) Name of the organization 14

GRI 102-2 (2016) Activities, brands, products, and services 14

GRI 102-3 (2016) Location of headquarters 18

GRI 102-4 (2016) Location of operations 18

GRI 102-5 (2016) Ownership and legal form 19

GRI 102-6 (2016) Markets served 19

GRI 102-7 (2016) Scale of the organization 20

GRI 102-8 (2016) Information on employees and other workers 20

GRI 102-9 (2016) Supply chain 20

GRI 102-10 (2016) Significant changes to the organization and its supply chain 20

GRI 102-11 (2016) Precautionary Principle or approach 21

GRI 102-12 (2016) External initiatives 22

GRI 102-13 (2016) Membership of associations 25

2 Strategy

GRI 102-14 (2016) Statement from senior decision-maker 26

GRI 102-15 (2016) Key impacts, risks and opportunities 28

3 Ethics and integrity

GRI 102-16 (2016) Values, principles, standards, and norms of behavior 36

GRI 102-17 (2016) Mechanisms for advice and concerns about ethics 39

4 Corporate governance

GRI 102-18 (2016) Governance structure 40

GRI 102-19 (2016) Delegating authority 42

GRI 102-20 (2016) Executive-level responsibility for economic, environmental, and social topics 43

GRI 102-21 (2016) Consulting stakeholders on economic, environmental, and social topics 43

GRI 102-22 (2016) Composition of the highest governance body and its committees 43

GRI 102-23 (2016) Chair of the highest governance body 46

GRI 102-24 (2016) Nominating and selecting process for the highest governance body 46

GRI 102-25 (2016) Conflicts of interest 46

GRI 102-26 (2016) Role of the highest governance body in setting purpose, values, and strategy 47

GRI 102-27 (2016) Collective knowledge of the highest governance body 49

GRI 102-28 (2016) Evaluating the highest governance body's performance 50

GRI 102-29 (2016) Identifying and managing economic, environmental, and social impacts 50

GRI 102-30 (2016) Effectiveness of risk management processes 52

GRI 102-31 (2016) Review of economic, environmental, and social topics 53

GRI 102-32 (2016) Highest governance body's role in Sustainability Reporting 54

GRI 102-33 (2016) Communicating critical concerns 55

GRI 102-34 (2016) Nature and total number of critical concerns 56

GRI 102-35 (2016) Remuneration policy 56

GRI 102-36 (2016) Process for determining remuneration 59

GRI 102-37 (2016) Stakeholder's involvement in remuneration 59

GRI 102-38 (2016) Annual total compensation ratio 61

GRI 102-39 (2016) Percentage increase in annual total compensation ratio 61

5 Stakeholder involvement

GRI 102-40 (2016) List of stakeholder groups 61

GRI 102-41 (2016) Collective bargaining agreements 62

GRI 102-42 (2016) Identifying and selecting of stakeholders 62

GRI 102-43 (2016) Approach to stakeholder engagement 63

GRI 102-44 (2016) Key topics and concerns raised 67

6 Reporting procedure

GRI 102-45 (2016) Entities included in the consolidated financial statements 68

GRI 102-46 (2016) Defining report content and topic boundaries 68

GRI 102-47 (2016) List of material topics 70

GRI 102-48 (2016) Restatements of information 72

GRI 102-49 (2016) Changes in reporting 72

GRI 102-50 (2016) Reporting period 72

GRI 102-51 (2016) Date of most recent report 73

GRI 102-52 (2016) Reporting cycle 73

GRI 102-53 (2016) Contact point for questions regarding the report 73

GRI 102-54 (2016) Claims of reporting in accordance with the GRI Standards 73

GRI 102-55 (2016) GRI content index 74

GRI 102-56 (2016) External assurance 74

GRI 200 Economic

GRI 201 (2016) Economic performance

GRI 201 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Economic performance" 76

GRI 201-1 (2016) Direct economic value generated and distributed 76

GRI 201-2 (2016) Financial implications and other risks and opportunities due to climate change 77

GRI 201-3 (2016) Defined benefit plan obligations and other retirement plans 78

GRI 201-4 (2016) Financial assistance received fom government 78

GRI 202 (2016) Market presence

GRI 202 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Market presence" 78

GRI 202-1 (2016) Ratio of standard entry level wage by gender compared to local minimum wage 78

GRI 202-2 (2016) Proportion of senior management hired from the local community 79

GRI 203 (2016) Indirect economic impacts

GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts" 79

GRI 203-1 (2016) Infrastructure investments and services supported 80

GRI 203-2 (2016) Significant indirect economic impacts 80

GRI 204 (2016) Procurement practices

GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices" 80

GRI 204-1 (2016) Proportion of spending on local suppliers 82

GRI 205 (2016) Anti-corruption

GRI 205 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures to "Anti-corruption" 83

GRI 205-1 (2016) Operations assessd for risks related to corruption 84

GRI 205-2 (2016) Communication and training about anti-corruption policies and procedures 84

GRI 205-3 (2016) Confirmed incidents of corruption and actions taken 84

GRI 206 (2016) Anti-competitive behaviour

GRI 206 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures to "Anti-competitive behaviour" 85

GRI 206-1 (2016) Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices 85

GRI 207 (2019) Tax

GRI 207 (2019) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Tax" 85

GRI 207-1 (2019) Approach to tax 87

GRI 207-2 (2019) Tax governance, control, and risk management 87

GRI 207-3 (2019) Stakeholder engagement and management of concerns related to tax 88

GRI 207-4 (2019) Country-by-country reporting 88

GRI 300 Environmental

GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental" 90

GRI 301 (2016) Materials

GRI 301 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Materials" 101

GRI 301-1 (2016) Materials used by weight or volume 102

GRI 301-2 (2016) Recycled input materials used 103

GRI 301-3 (2016) Reclaimed products and their packaging materials 103

GRI 302 (2016) Energy

GRI 302 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Energy" 103

GRI 302-1 (2016) Energy consumption within the organization 104

GRI 302-2 (2016) Energy consumption outside of the organization 106

GRI 302-3 (2016) Energy intensity 108

GRI 302-4 (2016) Reduction of energy consumption 108

GRI 302-5 (2016) Reductions in energy requirements of products and services 109

GRI 303 (2018) Water and effluents

GRI 303 (2018) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures Management approach disclosures for "Water and effluents" 109

GRI 303-1 (2018) Interactions with water as a shared resource 110

GRI 303-2 (2018) Management of water discharge-related impacts 112

GRI 303-3 (2018) Water withdrawal 112

GRI 303-4 (2018) Water discharge 112

GRI 303-5 (2018) Water consumption 113

GRI 304 (2016) Biodiversity

GRI 304 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Biodiversity " 113

GRI 304-1 (2016) Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas 114

GRI 304-2 (2016) Significant impacts of activities, products, and services on biodiversity 114

GRI 304-3 (2016) Habitats protected or restored 114

GRI 304-4 (2016) IUCN Red List species and national conservation list species with habitats in areas affected by operations 114

GRI 305 (2016) Emissions

GRI 305 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions" 114

GRI 305-1 (2016) Direct (Scope 1) GHG emissions 118

GRI 305-2 (2016) Energy indirect (Scope 2) GHG emissions 120

GRI 305-3 (2016) Other indirect (Scope 3) GHG emissions 120

GRI 305-4 (2016) GHG emissions intensity 120

GRI 305-5 (2016) Reduction of GHG emissions 120

GRI 305-6 (2016) Emissions of ozone-depleting substances (ODS) 120

GRI 305-7 (2016) Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions 120

GRI 306 (2020) Effluents and Waste

GRI 306 (2020) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Effluents and waste" 121

GRI 306-1 (2020) Water discharge by quality and Goals 121

GRI 306-2 (2020) Waste by type and disposal method 122

GRI 306-3 (2020) Significant spills 122

GRI 306-4 (2020) Transport of hazardous waste 122

GRI 306-5 (2020) Water bodies affected by water discharges and/or runoff 123

GRI 307 (2016) Environmental Compliance

GRI 307 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental compliance" 123

GRI 307-1 (2016) Non-compliance with environmental laws and regulations 124

GRI 308 (2016) Supplier environmental Assessment

GRI 308 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Supplier environmental assessment" 124

GRI 308-1 (2016) New suppliers that were screened using environmental criteria 124

GRI 308-2 (2016) Negative environmental impacts in the supply chain and actions taken 124

GRI 400 Social

GRI 401 (2016) Employment

GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment" 126

GRI 401-1 (2016) New employee hires and employee turnover 130

GRI 401-2 (2016) Benefits provided to full-time employees that are not provided to temporary or part-time employees 132

GRI 401-3 (2016) Parental leave 132

GRI 402 (2016) Labor/Management Relations

GRI 402 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Labor/management relations" 133

GRI 402-1 (2016) Minimum notice period regarding operational changes 134

GRI 403 (2018) Occupational Health and Safety

GRI 403 (2018) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Occupational health and safety" 134

GRI 403-1 (2018) Occupational health and safety management system 135

GRI 403-2 (2018) Hazard identification, risk assessment, and incident investigation 136

GRI 403-3 (2018) Occupational health services 136

GRI 403-4 (2018) Worker participation, consultation, and communication on occupational health and safety 137

GRI 403-5 (2018) Worker training on occupational health and safety 137

GRI 403-6 (2018) Promotion of worker health 137

GRI 403-7 (2018) Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 138

GRI 403-8 (2018) Workers covered by an occupational health and safety management system 139

GRI 403-9 (2016) Work-related injuries 139

GRI 403-10 (2016) Work-related ill health 139

GRI 404 (2016) Training and Education

GRI 404 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Training and education" 140

GRI 404-1 (2016) Average hours of training per year per employee 142

GRI 404-2 (2016) Programs for upgrading employee skills and transition assistance programs 143

GRI 404-3 (2016) Percentage of employees receiving regular performance and career development reviews 143

GRI 405 (2016) Diversity and Equal Opportunity

GRI 405 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Diversity and equal opportunity" 144

GRI 405-1 (2016) Diversity of governance bodies and employees 148

GRI 405-2 (2016) Ratio of basic salary and remuneration of women to men 149

GRI 406 (2016) Non-discrimination

GRI 406 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Non-discrimination" 150

GRI 406-1 (2016) Incidents of discrimination and corrective actions taken 150

GRI 407 (2016) Freedom of Association and Collective Bargaining

GRI 407 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Freedom of association and collective bargaining" 150

GRI 407-1 (2016) Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk 151

GRI 408 (2016) Child Labor

GRI 408 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Child labor" 151

GRI 408-1 (2016) Operations and suppliers at significant risk for incidents of child labor 151

GRI 409 (2016) Forced or Compulsory Labor

GRI 409 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Forced or compulsory labor" 151

GRI 409-1 (2016) Operations and suppliers at significant risk for incidents of forced or compulsory labor 152

GRI 410 (2016) Security Practices

GRI 410 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Security practices" 152

GRI 410-1 (2016) Security personnel trained in human rights policies or procedures 152

GRI 411 (2016) Rights of Indigenous Peoples

GRI 411 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Rights of indigenous peoples" 152

GRI 411-1 (2016) Incidents of violations involving rights of indigenous peoples 152

GRI 412 (2016) Human Rights Assessment

GRI 412 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Human rights assessment" 153

GRI 412-1 (2016) Operations that have been subject to human rights reviews or impact assessments 155

GRI 412-2 (2016) Employee training on human rights policies or procedures 155

GRI 412-3 (2016) Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening 155

GRI 413 (2016) Local Communities

GRI 413 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Local communities" 156

GRI 413-1 (2016) Operations with local community engagement, impact assessments, and development programs 158

GRI 413-2 (2016) Operations with significant actual and potential negative impacts on local communities 158

GRI 414 (2016) Supplier Social Assessment

GRI 414 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Supplier social assessment" 159

GRI 414-1 (2016) New suppliers that were screened using social criteria 159

GRI 414-2 (2016) Negative social impacts in the supply chain and actions taken 159

GRI 415 (2016) Public Policy

GRI 415 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Public Policy" 159

GRI 415-1 (2016) Political contributions 160

GRI 416 (2016) Customer Health and Safety

GRI 416 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Customer health and safety" 160

GRI 416-1 (2016) Assessment of the health and safety impacts of product and service categories 160

GRI 416-2 (2016) Incidents of non-compliance concerning the health and safety impacts of products and services 160

GRI 417 (2016) Marketing and Labeling

GRI 417 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Marketing and labeling" 161

GRI 417-1 (2016) Requirements for product and service information and labeling 162

GRI 417-2 (2016) Incidents of non-compliance concerning product and service information and labeling 162

GRI 417-3 (2016) Indicents of non-compliance concerning marketing communications 162

GRI 418 (2016) Customer Privacy

GRI 418 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Customer privacy" 162

GRI 418-1 (2016) Substantiated complaints concerning breaches of customer privacy and losses of customer data 165

GRI 419 (2016) Socioeconomic Compliance

GRI 419 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Socioeconomic compliance" 165

GRI 419-1 (2016) Non-compliance with laws and regulations in the social and economic area 165

GRI FS Financial Services - Industry-specific disclosures for the financial service sector

Product Portfolio

GRI FS 1 to GRI FS 8 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Product portfolio" 167

GRI FS 1 (2013) Policies with specific environmental and social components applied to business lines 169

GRI FS 2 (2013) Procedures for assessing and screening environmental and social risks in business lines 173

GRI FS 3 (2013) Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions 175

GRI FS 4 (2013) Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines 175

GRI FS 5 (2013) Interactions with clients/investees/business partners regarding environmental and social risks and opportunities 176

GRI FS 6 (2013) Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector 177

GRI FS 7 (2013) Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose 177

GRI FS 8 (2013) Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose 178

Audit

GRI FS 9 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Audit" 179

GRI FS 9 (2013) Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures 180

Active Ownership

GRI FS 10 to GRI FS 12 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Active ownership" 180

GRI FS 10 (2013) Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues 180

GRI FS 11 (2013) Percentage of assets subject to positive and negative environmental or social screening 180

GRI FS 12 (2013) Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or on voting 181

Community

GRI FS 13 to GRI FS 14 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Community" 181

GRI FS 13 (2013) Access points in low-populated or economically disadvantaged areas by type 181

GRI FS 14 (2013) Initiatives to improve access to financial services for disadvantaged people 181

Product and Service Labeling

GRI FS 15 to GRI FS 16 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Product and service labeling" 182

GRI FS 15 (2013) Policies for the fair design and sale of financial products and services 182

GRI FS 16 (2013) Initiatives to enhance financial literacy by type of beneficiary 182

Responsibility towards Customers in Payment Difficulties

BayernLB FS 17 (2021) Dealing with customers in payment difficulties (BayernLB's own indicator) 182

BayernLB follows the standards of the Global Reporting Initiative (GRI) for its Sustainability Report 2020. The balance sheet has been prepared in accordance with the GRI standards option "Core". For further information please visit www.globalreporting.org.

For efficiency reasons, this Sustainability Report was translated from German with the help of an electronic translation software and only quality-assured by the authors. The German version remains authoritative, the English version is provided for convenience only. If you have any questions regarding the content and/or translation, feel free to contact the authors via nachhaltigkeit@bayernlb.de.

GRI 102
General Disclosures

GRI 102 General Disclosures

1 Organizational profile

PRB 1.1

GRI 102-1 (2016) Name of the organization

Bayerische Landesbank (BayernLB), Anstalt des öffentlichen Rechts

PRB 1.1

GRI 102-2 (2016) Activities, brands, products, and services

Legal framework

Pursuant to Article 2 of the Law on Bayerische Landesbank (Bayerisches Landesbank-Gesetz - 'BayLaBG') and Section 3 of its Statutes, BayernLB's main task is to strengthen competition in Bavaria through its business activities, taking account of market and competitive requirements, and to ensure an adequate and sufficient supply of monetary and credit services to the economy, in particular to small and medium-sized enterprises, and to the public sector (public mandate). It is a competitive commercial bank with a regional focus on Bavaria, Germany and the neighbouring economic areas of Europe.

Through its business activities, the Bank supports the Free State of Bavaria and its municipal corporations, including the savings banks, in the fulfilment of public tasks, in particular structural development tasks. It is the central bank for the Savings Banks and, to this extent, conducts its business with due regard for the interests of the Savings Banks. It is also a municipal bank and acts as a principal bank for the Free State of Bavaria.

BayernLB can engage in all types of banking and financial services business. The collection of savings deposits is excluded, with the exception of the savings deposits of employees and pensioners of the Bank and of the spouses, life partners and children of such persons.

BayernLB's business must be conducted in accordance with economic principles, taking account of its tasks, which include its public mandate and the public mandate of Bayerische Landesbodenkreditanstalt (BayernLabo, further information below).

In order to carry out its tasks and operations, the Bank may in particular

- Issue Pfandbriefs and other debt securities and establish other debt register claims,
- acquire or dispose of undertakings or interests therein,
- participate in associations,
- form companies,
- establish legally dependent institutions under public law within the Bank,
- as well as the sponsorship of other institutions under public law in whole or in part by contract; this does not apply to savings banks.

Business model

BayernLB is one of the leading commercial banks for large and medium-sized customers in Germany. As a member of the Sparkassen-Finanzgruppe, it is available to the Savings Banks in Bavaria as a product supplier with a wide range of products and services, and at the same time fulfils the central bank function within the group.

BayernLB Group's strategic business model is based on the following operating business areas

- Corporates & Markets with the subsidiary BayernInvest Kapitalverwaltungsgesellschaft mbH (BayernInvest)
- Real Estate & Savings Banks/Financial Institutions, including the legally dependent institution Bayerische Landesbodenkreditanstalt (BayernLabo) and the subsidiary Real I.S. AG Gesellschaft für Immobilien Assetmanagement (Real I.S.)
- DKB with the core business of the Deutsche Kreditbank Aktiengesellschaft (DKB) sub-group and Bayern Card-Services GmbH - S-Finanzgruppe (BCS).

However, this Sustainability Report only relates to BayernLB Bank (including BayernLabo). For further information on the subsidiaries, see the consolidated financial statements. The business segment "Corporates & Marketsd" serves large German and selected international as well as medium-sized companies in the regions Germany, Austria and Switzerland. BayernLB's core competencies include traditional and structured credit financing. In addition, the Bank successfully supports its customers on their way to the capital market, for example via bonds or Schuldschein notes, as well as in interest rate and currency hedging and in promotional business.

The sectoral focus pays off in terms of accompanying markets, clients and customers that have a positive impact on sustainability and specifically addressing sustainability risks. This includes both companies that have already made a strong voluntary commitment due to the clear expectations of investors and that meet high transparency requirements. At the same time, this includes companies in the supply chain, some of which are medium-sized and still at the beginning of the transformation process.

The range of services offered by "Financial Markets" essentially comprises the areas of money, foreign exchange and capital markets, funding and treasury as well as structured investment products. The main client groups are Savings Banks, banks, German and international corporates and SMEs, real estate clients and institutional clients, who are served in the respective business areas.

The Bank offers the entire spectrum of debt capital markets with green, social and sustainable bonds as well as Schuldschein note loans and supports clients starting from structuring, via the preparation of a framework and the commissioning of a second party opinion through to placement.

In real estate business, BayernLB focuses on commercial real estate financing and services. The commercial real estate segment comprises portfolio financing, project development, residential property development and portfolio financing. In the case of management properties, the focus is primarily on financing concepts for hotel and logistics properties, for properties in the care and health sector and on syndicated financing with banks and savings banks.

As an organ of state housing policy, BayernLabo is responsible by law for the promotion of housing in the Free State of Bavaria. This housing policy is based on two equally important objectives: on the one hand, the preservation of economically efficient and liveable urban centres and, on the other hand, the strengthening of rural regions. These two components are groundbreaking for housing promotion and important pillars of BayernLabo's business activities. BayernLabo also supports Bavarian regional authorities and special-purpose associations under public law, as well as the Free State of Bavaria, in fulfilling their public tasks by granting low-interest municipal loans and special promotional loans. The promotion of investments in general municipal and social infrastructure is a particular focus. In addition, the Bavarian government may delegate other tasks to BayernLabo, provided these do not conflict with European state aid provisions, in particular the principles and requirements of the European Union for the business activities of a development institution.

BayernLB cooperates with the Bavarian Savings Banks within the framework of a preferred partnership. The Savings Banks are important customers and sales partners for the Bank, and are therefore a key pillar of the business model. BayernLB performs central tasks for the Savings Banks and provides them with customised products and services in the S-Group business. The funding of the Savings Banks is an important foundation for BayernLB's refinancing and for strengthening the liquidity network. As the central bank of the Bavarian Savings Banks, the Bank supports the Savings Banks in the implementation of their sustainability goals with needs-based products and services from the entire Group.

BayernLB also acts as a financier and service provider for the public sector and for public and non-profit institutions. The range of services for state and municipal customers and institutions under public law includes a wide range of individual financing and investment solutions. BayernLB also stands out here for its involvement in public-private partnership projects and in the area of renewable energies.

As the principal bank of the Free State of Bavaria, the Bank supports the sustainability and innovation strategy of the Free State by financing the measures mentioned therein, such as the promotion of ecology, protection of natural resources, social cohesion and education and the expansion of research as well as future-oriented, sustainable technologies, mobility and energy. It accompanies the Free State in the measures directed at the state and the administration as well as the energetic refurbishment and decarbonisation of the real estate stock.

Sustainable finance solutions

In the materiality analysis (last update of 2018), the topic of "Sustainable finance solutions" was defined as material according to GRI for BayernLB and its stakeholders.

As described above, sustainability is an integral part of the product and service portfolio. This is anchored accordingly in the Sustainability Policy: "Because we integrate social and environmental aspects into our financing and capital market products, both we and our customers weigh the risks and opportunities that come with such global challenges as climate change and dwindling resources and thus make an active contribution to a sustainable development. In addition to set-

ting and continuously improving basic social and ecological standards for our financing and capital markets transactions, we set out to serve companies and projects that explicitly tackle these global challenges through, for instance, renewable energy."

One focus of sustainable finance solutions is the definition and further development of minimum social and ecological standards for financing and capital market transactions. With competitive ESG products and services and a holistic approach to supporting its clients, the Bank aims to make a significant contribution to their, and ultimately the overall, transformation and innovation.

BayernLB therefore actively promotes environmentally compatible developments in all areas, such as the climate-friendly restructuring of energy supply, social projects or those that help to mitigate climate change and aim to achieve greenhouse gas neutrality by 2050. BayernLB also supports the achievement of greenhouse gas neutrality by financing specific projects in the areas of environmental and climate protection.

BayernLB has been supporting German and international investors in renewable energies and energy efficiency for more than 20 years. Its strengths include an international positioning with offices in the key core markets of New York, London, Paris and Milan, as well as extensive industry expertise in photovoltaic, onshore and offshore wind and hydropower technologies.

As an issuer, arranger or investor, BayernLB has long taken account of the importance of green issues. The Bank is a pioneer and one of the leading arrangers of green Schuldschein notes. Back in 2016, it placed the world's first green Schuldschein note and since then has supported almost half of all sustainable Schuldschein note loans.

BayernLB also supports companies with its many years of advisory and trading expertise in emissions trading. This topic is gaining new importance due to the amendment of the Federal Climate Change Act (Bundes-Klimaschutzgesetz). This is because customers face the challenge of achieving their emissions reduction path earlier and more comprehensively. In this way, the Bank helps to channel investments into precisely those projects where the CO2 reduction is biggest.

Current ESG products and services

As a form of ESG financing, social bonds for financing social projects such as housing or kindergartens are also gaining importance in the market. In March 2021, the Bank successfully arranged the second social bond of its subsidiary BayernLabo, after the latter had already issued a social bond for housing promotion programmes in November 2017 as a pioneer in the European market.

In 2020, the Bank issued and/or supported various sustainable products. For example, BayernLB successfully placed the first Schuldschein note loan of the Evangelisches Siedlungswerk (ESW) on the market. The issue was met with great interest among investors and was oversubscribed several times. Subscriptions were made across the entire maturity bands (between 7 and 30 years maturity). ESW's debut transaction of €75 million aims at creating affordable housing for a broad section of society. In this way, ESW, whose main shareholders are the Evangelical Lutheran Church in Bavaria and the Evangelical Lutheran Foundation, fulfils its social and ecclesiastical mission.

Other examples of sustainable finance solutions:

- ESG-linked Schuldschein note loan by Arcadis NV (EUR 150 million, maturity 3, 5, 7 years)
- ESG-linked Schuldschein note loan by Schaeffler AG (EUR 300 m, maturity 3, 5, 8 years)
- Social bond issue by the City of Munich (EUR 120 million, maturity 12 years)
- Green bond issue by Hypo NOE Landesbank für Niederösterreich und Wien AG (EUR 500 million, maturity 4 years)

BayernLB's social and green bonds are reported separately in accordance with the Green & Social Bond Principles.

BayernLB is also the exclusive sales agent for one of the largest renewable energy funds in Europe, "EncavisRenewables Europe II (EIF II)" (EUR 480 million). With sustainability or ESG-linked loans, BayernLB links the financing conditions to the sustainability performance of the borrower. With green loans it finances direct investments in environmental and climate protection. Another focus is on sustainable development programmes, in which the Bank pools its expertise on development programmes and sustainability and provides support for the entire transaction.

The product range will be further expanded - also on the basis of corresponding bond frameworks.

In addition to its extensive product range, the Bank will expand its ESG advisory services, e.g. impact/KPI analyses, setting up corresponding frameworks or developing a sustainability strategy on the client side together with its clients and will continue to offer economic analyses on sustainability and megatrends for classification.

For more information on the product portfolio, see GRI Standards in FS "Product portfolio".

Further information on the Internet:

Annual Report 2020

Homepage of BayernLB: Green Bond Reporting

BayernLabo Annual Report 2020 (only German version available)

PRB 1.1

GRI 102-3 (2016) Location of headquarters

BayernLB',in accordance with the law, its statutes, and registered in the Commercial Register, is domiciled in Munich, Germany. This is also the main location of its business.

PRB 1.1

GRI 102-4 (2016) Location of operations

BayernLB's regional focus is on Bavaria and Germany, but it also supports its customers in their global activities. In addition to its head office in Munich, BayernLB has a branch in Nuremberg and seven additional offices in Berlin, Düsseldorf, Frankfurt am Main, Grafenau (BayernLabo), Hamburg, Leipzig and Stuttgart. Abroad, there are four branches in London, Milan, Paris and New York as well as a representative office in Moscow. For further information see GRI FS 13.

Further information on the Internet:

Homepage of BayernLB: Locations

GRI 102-5 (2016) Ownership and legal form

BayernLB is a public law institution with legal capacity under the laws of the Federal Republic of Germany. Its legal basis is the Law on Bayerische Landesbank (Bayerisches Landesbank-Gesetz - "BayLaBG") and its statutes.

Under the BayLaBG, the Free State of Bavaria and the Association of Bavarian Savings Banks are the issuer's owners. However, they have made use of the possibility granted to them in the BayLaBG of transferring responsibility to an authorised body. As a result, BayernLB Holding AG, Munich, is the issuer's owner, and the Free State of Bavaria and the Association of Bavarian Savings Banks are the issuer's indirect owners.

BayernLB Holding AG's nominal capital is held in full by BayernLB's indirect owners as follows. The Free State of Bavaria holds 75.00000006 %, the Association of Bavarian Savings Banks holds 24.999994 %.

The ownership of BayernLB entails, inter alia, the following tasks, powers and obligations :

- The guarantor promotes BayernLB's tasks to strengthen its competitiveness and its public mandate.
- The guarantor has the power to determine BayernLB's tasks insofar as they are not already laid down by law or in the articles of association.
- The guarantor holds a stake in BayernLB's share capital and has the right to distribute profits.
- BayernLB's assets as a whole, including its entitlement to liquidation proceeds, are assigned to the guarantor.

Further information on the Internet:

Law on Bayerische Landesbank

Statutes of Bayerische Landesbank

PRB 1.1

GRI 102-6 (2016) Markets served

BayernLB is one of the leading commercial banks for large and medium-sized customers in Germany. BayernLB's regional focus is on Bavaria and Germany, but it also supports its customers in their global activities. For further information, see GRI 102-2 and GRI FS 6.

Further information on the Internet:

Homepage of BayernLB: Locations

PRB 1.1

GRI 102-7 (2016) Scale of the organization

BayernLB Bank is one of the largest commercial banks in Germany.

This is made clear by the following overview:

	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
Balance sheet total in million euros	151.919	142.958	145.260
Business volume in million euros	186.284	176.138	178.354
Operating result in million euros	240	512	370
Reported own funds in million euros	10.525	10.886	10.624

For information on BayernLB's operating locations, see GRI 102-4.

Further information on the Internet:

Individual financial statement 2020 (only German version available)

GRI 102-8 (2016) Information on employees and other workers

For all relevant information on the topic of employees, see GRI 401.

GRI 102-9 (2016) Supply chain

BayernLB procures, among other things, IT hardware and software, office equipment and materials, facility management and consulting and auditing services from suppliers and external service providers. BayernLB's suppliers and external service providers are based almost exclusively in Germany and neighbouring European countries.

For further information on suppliers and external service providers, see GRI 204.

GRI 102-10 (2016) Significant changes to the organization and its supply chain

Due to the ongoing major challenges currently facing the entire banking sector, BayernLB decided to strategically realign its business model at the end of 2019. This is expected to be completed by 2024. The main elements are to focus on areas of the business with strong growth prospects, while cutting the cost base.

The Bank aims to achieve significant growth in its real estate business - including in selected foreign markets - while maintaining its product and property focus. The corporate banking business is expected to grow in particular in the structured asset finance business, complemented by a sector-based approach focusing on five sectors of the future (energy, mobility, technology, mechanical and plant engineering, construction and basic materials). In the capital markets business, the focus is on a few strategic products with competitive positioning and sufficient scale. BayernLB will also remain the central bank of the BavarianSavings Banks and a strong partner for the public sector and all financial institutions.

To streamline its product range in the capital market business, BayernLB concluded a contractual agreement in July 2020 to discontinue its interest rate, currency and commodities management business for Savings Banks' corporate customers on 31 December 2020 and to transfer the existing portfolio in full and at its market value, subject to the approval of the customers and Savings Banks, to Landesbank Baden-Württemberg, Stuttgart (LBBW) by 31 December 2021. As at 31 December 2020, the transfer ratio stood at 29 percent. In addition, BayernLB also shut down its commodities derivatives trading unit in the direct customer business as one of the measures to restructure its capital markets business on 30 June 2020. The strategic orientation is combined with an efficient set-up and strict cost management. The strategic realignment of the business model is associated with a significant reduction in personnel. For the latter, the instruments include severance pay, early retirement and part-time work for older employees, as well as measures to qualify employees to take on other tasks. For further information on staff restructuring, see GRI 401.

Since July 2020, BayernLB has combined the issues of Reputational Risk Management and Sustainability/Environmental Management organisationally in the new Sustainability Executive Unit, which reports directly to the Chairman of the Board of Management, in order to take even greater account of the increasing strategic importance of the issue through Group-wide coordination (for further information, see GRI 102-19).

Accordingly, the issue of sustainability plays an important role in the transformation of BayernLB's business model. The Bank's governing bodies have adopted a mission statement and a Group strategy in 2020. As a result, the institution-specific Sustainability Strategy was revised and submitted to the governing body for approval in 2021. The Sustainability Strategy is closely linked to the business and functional strategies.

Further information on the Internet:

Individual financial statement 2020 (only German version available)

Combined non-financial report of the BayernLB Group for 2020 (annex to the annual report and accounts, p. 289)

GRI 102-11 (2016) Precautionary Principle or approach

SDG 12
UN GC 7

BayernLB joined the UN Global Compact in 2021 and is committed to the following principle: "Businesses should support a precautionary approach to environmental challenges."

This is set out accordingly in the Code of Conduct: "We are actively and thoroughly committed to the challenges of sustainable development and heed our responsibility by taking ecological, economical and social aspects into account along the entire value chain. We do this in our own day-to-day (banking)operations by being careful in our use of resources, avoiding harmful environmental impacts and treating our employees responsibly. We also consider sustainability issues when looking at (business) transactions. Our actions, as well as our business relationships and transactions, are always guided by ethical principles and sustainability aspects. We ensure that these are compatible with the relevant international environmental, ethical and social standards we have signed up to."

In the materiality analysis (last update of 2018), the topic "Handling of environmental and social risks" was defined as material according to GRI for BayernLB and its stakeholders.

The Sustainability Executive Unit, which is responsible for the Sustainability Management, constantly monitors and analyses the impact of climate protection policy and other political, legal, social and technological developments on BayernLB's business. The aim is to identify opportunities and risks that may arise for the Bank and its customers from these developments at an early stage and to develop and implement appropriate strategies and measures together with the relevant areas within the Bank and external stakeholders.

The Code of Conduct, the Sustainability and Environmental Policies, the Sustainability Strategy 2021 and other guidelines form the normative foundation of BayernLB's Sustainability Management. On a second level, there are principles and guidelines that define concrete requirements for the design and limits of business activities. BayernLB has developed business guidelines/policies for particularly sensitive sectors and issues that go beyond the World Bank standards. Certain types of financing are generally excluded. For other types of financing, clear guidelines define the requirements. The requirements relate both to earmarked financing and to general corporate financing. The business guidelines are reviewed regularly and updated as necessary. BayernLB is also constantly analysing the potential need for regulation in other sectors and topics.

Binding work instructions regulate how the principles and guidelines are to be implemented and how the Sustainability Executive Unit is to be involved. For example, the Reputational Risk Management framework stipulates that the Sustainability Executive Unit must be involved in every business activity along the Group's value chain in which reputational risks or other risks relating to social and environmental aspects may arise. The structured involvement of the Sustainability Executive Unit in decision-making processes ensures that social and environmental aspects are taken into account at an early stage in line with the precautionary approach. For further information on guidelines and assessment processes, see GRI FS 1 and GRI FS 2.

Compliance is an integral part of corporate management and is defined as risk management with a preventive focus. An appropriate risk analysis, measures based on this analysis, and the promotion of a uniform understanding of values and integrity contribute to this, as does the sanctioning of violations. The principle at BayernLB is "zero tolerance".

For further information, see GRI 102-16 and 17.

Further information on the Internet:

Combined non-financial report of the BayernLB Group for 2020 (annex to the annual report and accounts, p. 289)

SDG 17
UN GC 8
PRB 6.1

GRI 102-12 (2016) External initiatives

In the materiality analysis (last update of 2018), the topic "Social committment & dialogue" was defined as material according to GRI for BayernLB and its stakeholders.

In 2021, BayernLB publicly committed itself to the UN Global Compact, which states, among other things: "Businesses should undertake initiatives to promote greater environmental responsibility."

The Environmental Policy has set the framework for this: "We are aware of our responsibility in furthering developments in the interest of the environment. To this end, we strive to invest our resources in these developments and also to take part in them together with all other publicsector companies."

This is further elaborated in the Sustainability Strategy 2021: "BayernLB is involved in various regional, national and international associations and committees with the goal of sharing experiences on an equal footing, pursuing joint strategic development and finding solutions. Active participation is driven on a topic-specific basis and focused on current needs (e.g. in the context of measuring the carbon footprint of our portfolios)."

BayernLB is actively involved in the following sustainability-related associations (in alphabetical order), among others:

- Climate Bond Initiative
  The initiative aims to involve the international bond market more closely in the financing of climate protection. In addition to providing up-to-date market data, Climate Bonds Initiative focuses on defining high and transparent market standards. BayernLB's membership has been in place since 2018.
- Diversity as an opportunity - the Corporate Diversity Charter in Germany (Charta der Vielfalt)
  By signing the Charter, the Bank is committed to an open corporate culture that recognises, respects, promotes and uses the different talents of its employees. Its implementation in the Bank aims, among other things, to create a working environment that is free of prejudice. For more information, see GRI 405.
- Fair Company Initiative
  The Fair Company initiative is the largest and best-known employer initiative in Germany. The thematic focus is on internships, working students, young professionals and trainees. Fair Company companies are reliably committed to recognised quality standards and verifiable rules in internships. For this responsible and transparent corporate culture, they are awarded the Fair Company seal every year. For more information, see GRI 401.
- Bavarian Family Pact
  This initiative, of which BayernLB has been a member since 2017, is dedicated to the issue of a family-friendly working culture in consensus between business and the Bavarian state government. The pact partners make use of advisory services, benefit from pioneers and good examples and, through networking with other companies, help to ensure that the working environment in the companies is adapted even further to family needs. As part of its measures to reconcile work and family life, BayernLB offers its employees a wide range of solutions for achieving a good balance between career and family concerns. For more information, see GRI 401 and 405.
- FX Global Code
  By signing the FX Global Code in 2018, BayernLB is supporting an initiative to promote integrity in institutional foreign exchange trading globally. It is thus committed to the standards of

fair and transparent foreign exchange trading and sends a further positive signal to its customers and business partners. The FX Global Code was developed by central banks and market participants from 16 different countries. The result is a set of uniform standards and guidelines that ensures integrity in institutional foreign exchange trading, based on principles such as ethics, governance, transparency and compliance.

- Green Recovery Alliance
  This alliance promotes investments in climate protection and biodiversity in order to revive the economy in Europe after the coronavirus crisis. By joining, the Bank is underlining its increased focus on sustainable thematic areas, which were decided as part of the Bank's strategic realignment at the end of 2019. In doing so, the Bank works with her clients to address current challenges.
- Munich Business Climate Pact (Klimapakt Münchner Wirtschaft)
  Effective climate protection needs pioneers. This is why the City of Munich founded the Munich Business Climate Pact as part of the Integrated Action Programme for Climate Protection in Munich. Participating companies commit themselves to voluntary, joint emission reductions and the implementation of further climate protection measures.
- London Bullion Market Association (LBMA)
  BayernLB is aware of the high level of responsibility that arises from trading in physical gold. BayernLB has therefore been a member of the LBMA since 2002 and complies with LBMA standards throughout the Group. Due to the strict requirements of the LBMA, BayernLB also fulfils its corporate responsibility in physical precious metals trading. All bars and coins (bullions) traded by BayernLB Group come from LBMA-certified manufacturers. Only bars and coins (bullions) of conflict-free origin are permitted for trading.
- Partnership for Carbon Accounting Financials (PCAF)
  PCAF is a global industry initiative to standardize the measurement and disclosure of greenhouse gas emissions for the financial sector. The calculation of emissions is an essential step in managing the product portfolio from a risk and sustainability perspective and in gradually decarbonising it. Since November 2020, the Bank has been a member of the PCAF-VfU coalition, which aims to support financial institutions in Germany, Austria, Switzerland and Lichtenstein (DACHLi) in measuring and disclosing the funded emissions of their portfolios. By becoming a member of PCAF itself in July 2021, BayernLB has committed to measuring and publishing emissions associated with financing within the next three years. The findings from PCAF help both clients and the Bank itself to take stock of the situation and provide a transparent progress report.
- Principles for Resposinble Banking (PRB)
  The Bank has been committed to these principles since 2021. This demonstrates its strong commitment to anchoring sustainability aspects in its business strategy. BayernLB is making an important contribution to the transformation towards a sustainable economy by consistently aligning its business model with sustainability. In this Sustainability Report, appropriate marginalia clearly indicate the progress made by the Bank concerning the PRB and/or where it publishes the required information.
- Task Force on Climate-Related Financial Disclosures (TCFD)
  The purpose of the TCFD is to help identify the information needed by investors, lenders and insurers to appropriately assess and evaluate climate-related risks and opportunities. BayernLB has been a TCFD supporter since May 2019.

- Environmental Pact of Bavaria (Umweltpakt Bayern)
  This is an agreement between the Bavarian State Government and Bavarian industry for the continuous improvement of corporate environmental protection. BayernLB has been a member since 1998.
- UNEP FI
  As part of its commitment to the environment and in the context of the Kyoto Conference on Climate Change, in 1995 the Bank signed the UNEP Statement of Commitment by Financial Institutions on Sustainable Development, thus underlining its commitment to further develop its environmental protection activities. The Bank has been a member of UNEP FI (Finance Initiative) since 1998.
- UN Global Compact
  Since September 2021, BayernLB has been a member of the UN Global Compact, the world's largest and most important initiative for sustainable and responsible corporate governance. By signing the UN Global Compact, it is committed to respecting and promoting fundamental human rights, fair working conditions, fighting corruption and promoting sustainable development. This includes social responsibility to protect vulnerable groups. Indigenous peoples are particularly in need of protection, as they are often exposed to violence and violations of labor and human rights as a result of displacement and forced resettlement. In this Sustainability Report, appropriate marginalia make it clear where the Bank contributes to the UN Global Compact.
- Association for Environmental Management and Sustainability in Financial Institutions e.V. (VfU)
  BayernLB sees the particular advantages of the membership at VfU (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.) in the open exchange with sustainability and environmental managers from German-speaking financial service providers and the opportunity for informative dialogue with experts. The latest developments in the field of sustainable finance and sustainability management are discussed annually at a joint round table with the UNEP FI. Specific topics and concrete problem solving are dealt with in working groups.

The Bank is also committed to corporate citizenship (see GRI 413) and to employee and diversity issues (see GRI 401, 404, 405 & 406).

Further information on the Internet:

Homepage of BayernLB: Memberships and commitments

GRI 102-13 (2016) Membership of associations

The Bank is active in several associations and banking associations: Initially, it is affiliated with the German Savings Banks Association (DSGV), the umbrella organisation of the Savings Banks Finance Group. The DSGV represents the interests of the Savings Banks Finance Group and organises the formation of wills within the Group. It also defines the strategic direction of the Savings Banks Finance Group. Relevant positions are continuously published on the association's

website. The Bank is also a member of the European Association of Public Banks (EAPB), the Association of German Public Banks (VOEB) and the Association of German Pfandbrief Banks (VdP). They also report transparently on their positions.

Further information on the Internet:

Homepage of BayernLB: Memberships and commitments

2 Strategy

SDG 7
SDG 9
SDG 13
UN GC 1-10
PRB 1,2

GRI 102-14 (2016) Statement from senior decision-maker

Dear Sir or Madam,

we can be satisfied with the 2020 financial year. Not only because we generated solid operating earnings, but also because we succeeded in driving forward BayernLB's transformation as planned, even under pandemic conditions. In order to take greater account of the increasing strategic importance of the topic of sustainability, we established a Sustainability Executive Unit in 2020, which reports directly to the Chairman of the Executive Board.

In this way, we are steadily building on another of BayernLB's strengths. Because for us, sustainability is not just an irreversible trend, but the only right way to orient our society. The basis for our sustainable commitment is the sustainable design of our own operations. For example, BayernLB established an in-house environmental management system more than 20 years ago, which has been validated under the European EMAS Regulation since 1999 and certified under the international ISO 14001 standard since 2011. The CO2 emissions that remain after all efforts and cannot be avoided at present are compensated for by the purchase and devaluation of high-quality emission certificates. BayernLB has therefore been climate-neutral at its Munich location since 2008, and at all other locations in Germany since 2015. By 2023, we will additionally include our foreign branches in the Environmental Statement and also offset their CO2 emissions.

This shows: We assume responsibility for socially just and fair cooperation, active environmental protection, and our contribution to the Paris climate goals and future-oriented action in line with them. We are committed to this in our Sustainability Strategy published in September 2021, which is of key importance for BayernLB Bank's overall strategic management.

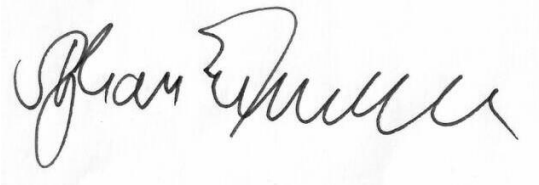
In this, we actively align our business model with sustainability. With a view to our core business, we are further expanding our understanding of sustainable benefits (ESG impact) and ESG risks and actively managing BayernLB's portfolio with these aspects in mind. In 2020, for example, we set up our ESG Assessment, a tool for the extended identification of sustainability risks and the benefits of financing for certain non-financial aspects, among other things by taking into account requirements of the EU Taxonomy Regulation. This enables us to assess the sustainability risks associated with the business relationship as well as the positive effects of financing on the achievement of climate and sustainability goals (impact). We also expect the ESG Assessment to provide information for portfolio management or portfolio development or for the dynamic further development of business within our framework for sustainable capital market business.

In doing so, we are pursuing the declared goal of significantly increasing the proportion of ESG-compliant financing. We also take CO2 emissions into account. In the case of financing and investments with a term extending beyond the year 2040, these comply with the CO2 emission limits set out in the Federal Climate Change Act (Bundes-Klimaschutzgesetz). By taking this approach, we are taking account of the climate targets of the Federal Government, the EU and the targets of the Free State of Bavaria, and we are clearly committed to the Paris Agreement by aiming for a climate-neutral portfolio even before 2050.

Our materiality analysis shows that through sustainable finance we can make the most important contribution to the UN's Sustainable Development Goals (SDGs). We are clearly positioning ourselves with our clients as a strategic partner for sustainable finance. We will therefore exploit the business potential arising from our clients' high investment requirements in order to consolidate our position in the market as a streamlined specialised bank. A particular focus is on supporting our clients in financing the transformation of their business models, processes and products in the context of decarbonisation, on further developing our range of products and services (including green & social bonds, corporate Schuldschein loans, sustainable funds) and on supporting the Green Recovery Alliance.

Our commitment to sustainability, which has been high for decades, has been confirmed by the rating agencies with prime status. In the ISS-ESG sustainability rating, the BayernLB Group achieved a top 10 ranking out of a total of 95 international banks assessed and was awarded the prestigious oekom prime status. Our aim is to at least maintain the current sustainability rating level despite constantly increasing challenges and to continuously develop ourselves further. To make our long-standing activities for the observance of human rights visible, we signed the UN Global Compact in September 2021 as the world's most important initiative for sustainable and responsible corporate governance. In addition, we are committed to the Principles for Responsible Banking (PRB), an initiative of the United Nations Environmental Program Finance Initiative (UNEP FI), of which BayernLB has been a member since 1995. The signing of the PRB is thus a consistent step towards the outside world, which illustrates our commitment to anchoring sustainability aspects in our business strategy.

This Sustainability Report provides a comprehensive insight into BayernLB's commitment to sustainability in 2020. You can also find further information on our homepage and in the BayernLB Group 2020 non-financial report.



Stephan Winkelmeier

We finance progress - sustainably out of conviction

Further information on the Internet:

Homepage of BayernLB: Sustainability

Combined separate non-financial report of the BayernLB Group for 2020 (annex to the Annual Report and Accounts, p. 289)

SDG 12
PRB 2.1
PRB 2.2
PRB 2,3
PRB 2.4
PRB 3.1

GRI 102-15 (2016) Key impacts, risks, and opportunities

Normative and strategic anchoring

In its new Sustainability Strategy, BayernLB is pressing ahead with the stronger focus on sustainable issues that it initiated as part of its extensive transformation programme. This applies both to BayernLB's own operations, which have already been climate-neutral at all German locations since 2015 (for more information on the operational environment management, see GRI Standards 300), and to its customer business.

With a view to transforming its client portfolio, the Bank has set itself a milestone plan for the coming years. First, the portfolio share of ESG-compliant financing is to be increased significantly by 2023 compared to the 2020 levels. This is achieved on the one hand by increasing the sustainable impact, above all in accordance with EU taxonomy, and on the other hand by designing adequate risk management with the aim of achieving a well-diversified and manageable ESG risk profile.

In line with its business strategy, BayernLB offers sustainable finance solutions primarily for customers in the future-oriented sectors of energy, technology, mobility, mechanical and plant engineering, construction and basic materials, as well as the real estate industry and real estate business.

BayernLB also takes CO2 emissions into account. When financing is concluded and assets and investments are made with a term extending beyond 2040, they comply with the CO2 emission limits set out in the Federal Climate Change Act (Bundes-Klimaschutzgesetz). By taking this approach, the Bank is taking account of the climate targets of the German government, the EU and the targets of the Free State of Bavaria and is clearly committed to the Paris Agreement by aiming for a climate-neutral portfolio even before 2050.

To this end, the Bank has joined the Partnership for Carbon Accounting Financials (PCAF). PCAF provides a standardised methodology that BayernLB will use in future to calculate issues in its credit portfolio. The calculation of greenhouse gas emissions is an essential step in managing the portfolio from a risk and sustainability perspective and gradually decarbonising it.

The Group Mission Statement defines a clear set of goals for the Group as a whole and its Group companies. The Sustainability Guidelines of the BayernLB Goup sets out in concrete terms the principles of BayernLB Group's Sustainability Strategy and is an expression of the business model's focus on sustainability.

The focus is on economic, social and environmental development, adherence to the principles of sustainability in all BayernLB's business processes and compliance with regulatory requirements. A clear positioning and the specification of guard rails are intended to create a binding framework for action along the entire value chain.

BayernLB has also set up an ESG assessment (ESGA). This offers the possibility of extended identification of sustainability risks and positive effects of financing on the achievement of climate and sustainability goals in the portfolio. The requirements of the EU Taxonomy Regulation are also taken into account. BayernLB expects the ESG assessment to provide information for portfolio management and development and for the dynamic further development of sustainable capital market business (for more information on the ESGA, see GRI FS 2).

Principles for responsible banking

BayernLB has been a signatory to the United Nations Environmental Program Finance Initiative (UNEP FI), founded in 1992, for over 25 years. With this voluntary commitment, BayernLB has consistently supported the integration of environmental protection into financial sector services for many years. Based on the UNEP FI Environmental Guidelines, the Bank adopted an Environmental Policy several years ago, which has since been the basis for all actions taken to improve environmental performance (for more information regarding the Environmental Policy, see GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental").

It was therefore a logical next step for BayernLB to also adopt the Principles for Responsible Banking (PRB) in September 2021, a voluntary initiative created in 2019 by member banks of the UNEP FI. This demonstrates the Bank's strong commitment to anchoring sustainability aspects in its business strategy.

Sustainability standards in the context of business activities

These are explained in detail in GRI FS 1.

Dealing with sustainability risks

In line with the view of the banking supervisory authorities, BayernLB does not manage ESG risks as a separate risk type, but sees them as a risk driver for the risk types already known (credit risk, market risk, liquidity risk, etc). In the coming years, a holistic approach to the identification and management of ESG risks will be further developed.

In order to achieve this goal, the methods, procedures, support tools and processes required for this purpose are constantly being developed further, the necessary data of sound quality is being procured and ESG expertise is being further built up along the entire value chain and along the three lines of defence model.

This includes both the operating model (internal) and the business model (external). In this way, the operating model is examined for any ESG risks and further developed if necessary. With regard to the business, both ESG impact and ESG risks will be made even more transparent at the level of sectors, countries, sub-portfolios and existing individual clients, and corresponding key figures or key risk indicators will be developed for this purpose.

New business (new clients/new transactions) is entered into in compliance with the already established exclusion criteria and the various policies after careful consideration of risk/profitability. In the future, ESG impact/risk considerations will play an even greater role in decision-making for the planned portfolio restructuring.

Information security - dealing with cyber risks

The Group Information Security Policy serves as the Bank's guideline on information security and provides uniform regulations and minimum standards for the implementation of information security. In particular, it serves to operationalize the requirements of the information security risk strategy. For further information, see GRI 418.

Dialogue with stakeholders

Transparency is crucial both for governance and for the trust of all stakeholders. In terms of business, BayernLB will make both the ESG impact and the ESG risks at sector, country, sub-portfolio and existing individual customer level even more transparent and develop corresponding key figures and key risk indicators.

Many people and institutions have a legitimate interest in BayernLB. The Bank engages in intensive dialogue with these stakeholders. Various departments are involved in the dialogue: for example, the Human Resources department, the Market departments, Investor Relations, the Press department and the Sustainability Executive Unit. For further information, see GRI 102-42 to 44.

Materiality analysis

BayernLB regularly conducts a materiality analysis in accordance with GRI with all relevant Group units in order to identify the sustainability issues that are most important to its stakeholders in relation to BayernLB. The UN Sustainable Development Goals (SDGs) are the starting point for defining the key issues. The requirements of sustainability ratings and reporting frameworks as well as industry-specific sustainability challenges were taken into account. Accordingly, for years have been essential: Sustainable finance solutions, handling of environmental and social risks, combating corruption and bribery, customer satisfaction, data protection & data security, digitalisation, employee development, diversity & equal opportunities, health management, sustainable procurement, social committment & dialogue, operational environment management and the contribution to the regulatory framework. For further information, see GRI 102-46 and 47.

The resulting materiality matrix is also the basis for BayernLB's (present) Sustainability Report and the foundation on which the Bank defined its targets for 2016 - 2020 in its latest Sustainability Programme.

Sustainability Programme 2016 - 2020

Taking into account the results of the 2015 materiality analysis, BayernLB's relevant specialist units developed a Sustainability Programme for 2016 - 2020 in 2015. In each case, it specifies goals, measures and a deadline by which the goals are to be achieved. Selected goals and measures are documented on the following pages. In addition, the monitoring of goals explains whether the formulated goals have been achieved. The 2016 - 2020 Sustainability Programme

was regularly reviewed and interim results were published as part of the sustainability reporting. Overall, it has been largely implemented over time.

Sustainability management and strategy

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Expansion of the scope of consolidation of the sustainability management system	Integration of the Group's subsidiaries in the sustainability management system and intensification of cooperation	ongoing	Continued successful intensification of cooperation; regular exchange on sustainable issues with the most important subsidiaries	partly
Certification of management systems	Revalidation of BayernLB's environmental management system in accordance with EMAS	annual	Also in 2021 for the year 2020, as well as for the entire period	full
Expansion of communication with strategic stakeholders	Intensification of the dialogue with stakeholders regarding controversial topics	ongoing	Regular discussions with customers, suppliers, NGOs and within the framework of associations (e.g. VfU)	full
	Carrying out regular supplier audits	annual	Conducting annual supplier audits regarding the Sustainability Agreement and neighborhood dialogues: 2016: 4; 2017 and 2018 combined: 9; 2019: 4, 2020: 7	full

Integrity - Compliance, Governance

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Continuous further development of systems and processes in accordance with regulatory requirements	Review of existing criteria and implementation processes	ongoing	Compliance is involved in all essential and relevant processes and decisions	full
Further development of the Code of Conduct	Observance of the value standards of the stakeholders	ongoing	Fully implemented, as permanently checked for up-to-dateness	full
Alignment of the business activities with the value standards of the company	Advising market units on compliance principles and ethical obligations	ongoing	Compliance is involved in, among other things, the new product process and advises the business and central divisions on compliance issues	full

Reputational Risk Management

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Creation of transparency with regard to the reputational risk situation	Reporting of all matters with significant reputational risk to the Central Reputational Risk Management (CRRM)	ongoing	Involvement of the CRRM is carried out by the persons responsible for the situation/ Decentralised Reputational Risk Managers	full
Creation of a framework for action that takes account of reputational risks for the entire business activity	Adjustment or redrafting of framework conditions/guidelines (e.g. process definitions, policies) in collaboration with all relevant BayernLB units	if required	Reputational risk strategies for the Group and the Bank, Group Reputational Risk Guideline, sector-specific policies, business instructions and process map implemented via the Board of Management	full

Employees - Demographic change

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Ensuring qualified employees	Continuation of the development of junior staff	ongoing	All junior staff programmes were continued and adapted to requirements	full
	Continuation of focused personnel development, talent management and in-service training measures	ongoing	2 % Top talents identified; further training measures implemented; in-service training promoted	full
Intensification of occupational health protection	Stabilization of the health rate at at least 95 percent	ongoing	As of 31.12.2020, the health rate has exceeded the 96 % (96.32 %)	full
	Further development of health management, e.g. preventive services, mental risk assessment, campaigns	ongoing	Change in 2020 from face-to-face to interactive online due to the coronavirus pandemic	full

Employees - Diversity

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Increase the proportion of women in management positions to 30 percent	Increase the proportion of women in management positions to 30 percent (here the target itself)	31.12.2021	During the reporting period, the share of 25 % was reached	mostly
	Continuation of the cross-mentoring programme	ongoing	Annual participation of team and/or department heads	full
	Expansion of part-time opportunities for managers	ongoing	The offer remained unchanged and was used. Increasing thematization of TOP sharing in 2020	full
	Inclusion of the topics "gender equality" and "promotion of women" in management seminars	12/2017	Establishment of a workshop offer (since 2020 also digital) for women who want to become managers	full
Promoting the reconciliation of work and family life	Continuation of flexible working time models and offers of home offices/mobile devices	ongoing	Service agreement concluded on location-independent and time-independent working; work flexibility significantly increased; digital working methods significantly expanded	full
	Offering counselling services and immediate assistance: Family Service & Elder Care	ongoing	Continuous offer of advisory services and immediate assistance: Family Service and Elder Care	full

Employee development

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Continuous education and training	Talent management incl. development centers, talent pool	ongoing	Talent management expanded; focused and adapted to market developments; new talent management developed and implemented	full
	In-service training (on/off-the-job)	ongoing	Further support is provided; approx. EUR 100k/year in funding	full

Customers - Digitalisation/FinTech

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Meeting customer needs	Development of customer-oriented IT solutions	ongoing	Customer portal: ongoing technical and content-related further development for interactive digital customer interface as well as onboarding of new functionalities, e.g. credit, deposit, document upload, super user, etc.	full
	Modernised online presence optimised for all devices	03/2017	Ongoing content and technical development of the BayernLB website and S-Gate	full
Use of new technologies to increase the efficiency of processes	Digitisation of processes and customer interactions (e.g. individualised customer portal as central access to BayernLB)	ongoing	Customer portal: Continuous further development of technical functionalities together with the DEAP project (Digital Expert Workplace Credit) for the digitalisation of EtE processes	full

Customer satisfaction

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Increasing customer satisfaction	Regular market research and surveys of key customer groups	ongoing	Regular surveys of the central customer groups have taken place; the survey of corporate customers ("SMEs") scheduled for 2020 was postponed to 2021 due to the focus strategy	full
	Regular contact cultivation in the context of personal discussions, selected trade events and trade fairs	ongoing	Customer events and trade fair appearances were a key marketing tool for BayernLB during the period under review; the pandemic initially put the brakes on activities in 2020 and helped hybrid and digital formats to establish themselves, presumably even beyond the end of the pandemic	full
Increasing brand awareness and reputation	Proactive public relations in the form of technical articles, interviews, advertising campaigns	ongoing	Increasing focus on "owned" channels in order to increase awareness/reputation; in addition to proactive press work, this included an expansion of activities on the relevant social media channels as well as on the website; activities in the area of "paid media" tended to be reduced or focused in the reporting period	full

Sustainable finance solutions - Responsible Finance - Financing

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Compliance with, further development of, and management of high ESG standards, especially in the case of earmarked financing	Review of existing policies, needs assessment and development of new policies if necessary	ongoing	Forest policy drawn up in 2017; fossil energy policies updated in 2019; armaments and weapons policy revised in 2020; and regular review of policies to ensure they are up to date	full
	Review and further development of the process for compliance with international financing standards	06/2017	also taken into account in the ESGA	full
Qualification of employees for the assessment of ESG opportunities and risks	Development of a keyword directory/FAQ for environmental and social auditing in the financing business	06/2017	Has been done first by issuing a detailed internal implementation guide for assessing ESG opportunities and risks, now by creating a Wiki for the ESGA	full
	Increased employee training on ESG opportunities and risks in the financing business	ongoing	Roadshows and continuous consultations have taken place; Training sessions have also taken place in 2020 for the new introduction of the ESGA	full
Expansion of the management of climate risks in financings	Examine active support for initiatives to measure and reduce climate risks	12/2018	Final detailed discussion within the framework of the VfU cooperation has already taken place in 2018	full
Expansion of sustainable products	Expansion of promotional business for projects with a high social benefit	ongoing	Until the pandemic-related reluctance to invest on the part of customers, an overall increase in the share of the funding volume of "sustainable funding programmes" in the total funding volume, especially in the area of renewable energies (project financing) and in energy-efficient investments in the building and production sectors	full

Sustainable finance solutions - Renewable energies

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Support for the energy transition	Expansion of financing for renewable energy plants	ongoing	Exposure to project financing for renewable energies as of 31.12. (in Euro): 2017: 2.7 billion, 2018: 2.9 billion, 2019 2.9 billion, 2020 3.5 billion.	full
	Financing of energy storage solutions, grid expansion and manufacturers of relevant technologies	ongoing	Ongoing financing of companies specialising in grid expansion and energy storage throughout the reporting period	full

Sustainable finance solutions - Fossil energies

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Support for the dismantling of fossil and nuclear power plants	Development of appropriate financing solutions	12/2017	Broad product portfolio still available to support any projects, but no demand discernible to date because dismantling measures are represented from special, legally prescribed dismantling funds or from existing liquidity	partly

Responsible Finance - Capital Investment

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Contribution to the development of the market for green and social bonds (future: Contribution to the development of the capital market for sustainability bonds/products)	Establishment of a Green Bond Value Chain (Origination, Sales and Research)	ongoing	Strong increase in the first 3 years of the program. In 2020, due to the monetary policy situation, BayernLB issued and/or accompanied a lower volume of sustainable bond issues than in the previous year, totalling EUR 1.8 billion	full
Expansion of climate risk management in investments	Examine active support for initiatives to measure and reduce climate risks	ongoing	Review and further development also in the context of regulatory requirements; measures to achieve objectives: Identification and measurement of risk drivers; adaptation of strategy and governance	full
Expansion of sustainable products	Extension of donation bonds for further subject areas - preferably as in the past up to 100,000 Euros per year	12/2018	Retail business discontinued as of 31.12.2020	not transposed

Social commitment

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Maintaining and making full use of the opportunities for employees to take time off for corporate volunteering (day quota)	Increasing the attractiveness by expanding the possibilities of cooperation and the cooperation partners	ongoing	Has been implemented	full
Budget allocation for corporate volunteering	Board of Management resolution	annual	There was no budget possibility due to austerity measures	not transposed
Continuous review and further development of donations and promotion activities	Review of the choice of focus of the engagement areas and projects	ongoing	Continuous review of activities; total donations remained at a constant level during the reporting period; focus of activities in particular on Sternstunden commitment as well as Joblinge and scientific scholarships	full

Operational environment management

Goals	Measures	Date	Status 31.12.2020 (Notes)	Goal achievement
Avoidance of energy and resource consumption	Long-term safeguarding of the sharply reduced electricity consumption since 2008 (basis 2014)	ongoing	The low level was largely maintained over the entire reporting period. The significant shortfall in 2020 is largely due to the coronavirus pandemic; charging points for electric cars are being used more and more, which may lead to higher electricity consumption in the future	mostly
	Stabilisation of peak load electricity supply at the Munich site to a maximum of 4,000 kW	ongoing	The stabilisation of peak load electricity purchases at the Munich site was complied with for the reporting period 2016 - 2020	full
	Increase in the use of rail as a means of transport for business trips instead of air and car (basis 2015)	12/2018	Share of rail transport in total transport decreased; due to the coronavirus pandemic, business trips were reduced to absolutely necessary trips and for safety reasons, the use of motor vehicles was switched to	mostly
	Increasing the use of environmentally compatible connecting mobility (public transport, car sharing) (basis 2015)	12/2018	Car sharing has been established throughout the company (there have been in-house registration campaigns); all employees have the possibility of access; "guidelines for business travel": the guidelines for business travel state that public transport is to be used primarily	partly
	Offering climate-neutral taxi rides (incl. electric/hybrid vehicles)	02/2017	Climate neutral taxi rides can be ordered	full
	Reduction of paper consumption per employee by 2.5 % compared to 2015 level %	12/2016	In the period from 2016 to 2020, a saving of 44 % per employee was achieved	full
	Continuation of the use of quality labels (e.g. Blue Angel, FSC or Ecolabel) for all paper grades	12/2017	Corresponding seals are mainly used for copying paper, which accounts for the majority of the paper volume	full
Substitution of CO2-intensive energy sources	Securing an ecological electricity supply on the basis of guarantees of origin and plant sourcing	ongoing	Supply of certified hydropower contractually secured until 31.12.2021 for all German sites	full
Compensation of unavoidable CO2 emissions	Expansion of compensation for unavoidable CO2 emissions to all Bank locations in Germany	12/2016	Implemented for the first time for the 2015 financial year and has been carried out annually since then	full

Further procedure - Sustainability Programme 2021ff.

To operationalise the goals from the Sustainability Strategy, BayernLB will implement a Sustainability Programme by the end of 2021. This will include goals and measures for all relevant topic areas from the Sustainability Strategy and will be a key tool for further developing BayernLB's sustainability performance. The Programme also specifies goals, measures and a deadline by which the objectives are to be achieved. The results from the 2021 materiality analysis are included in this new Programme. For further information, see GRI 102-14 and 26.

3 Ethics and integrity

SDG 12
SDG 16.3
UN GC 10
PRB 5.2

GRI 102-16 (2016) Values, principles, standards, and norms of behavior

BayernLB regards lawful, ethical and responsible conduct as a fundamental and indispensable part of its corporate and social responsibility.

In the materiality analysis (last update of 2018), the topics "Handling of environmental and social risks" and "Contribution to the regulatory framework" were defined as material according to GRI for BayernLB and its stakeholders.

The content of the values, principles, standards and norms of conduct relevant to BayernLB is specified and described in detail in the relevant standards. This standard therefore only serves as a general overview; reference is made to further information in other standards.

Code of Conduct

The Code of Conduct serves as a normative guideline for daily actions. It describes BayernLB's values and principles and is a risk prevention, management and communication tool. In this regard, the Code of Conduct itself states: "This Code of conduct serves as a standard guideline in our daily activities. By adhering carefully to it, we treat each other fairly and we contribute towards our most important objective – long-term business success that is consistent with our social responsibility; This code encompasses the major legal regulations and social requirements and describes how to apply these in a suitable manner. The rules provided represent an essential minimum standard and do not replace more detailed internal instructions and procedures. The Board of Management and senior managers are responsible for ensuring that the code is applied and adhered to in their areas of responsibility. These persons in particular serve as role models ("tone from the top"), as they stand for the principles and guidelines contained in the code, or by espousing them in der actions and communication and, in doing so, help to foster and improve them." All employees are called upon to act with decency and judgment in their areas of responsibility in order to preserve a culture that does justice to social responsibility and the conditions for sustainable corporate development. All new employees (including junior staff) joining BayernLB are handed out a physical copy of the Code of Conduct. In addition, the Code of Conduct is published on the Internet and Intranet in German and English.

Further information on the Internet:

Code of Conduct

Guidelines and commitments

The requirements contained in the Code of Conduct are to be understood as minimum standards. They are supplemented and concretised by a wide variety of guidelines and - in some cases external - voluntary commitments. For example, responsible corporate governance, sustainability or equal treatment of employees are regulated by internal guidelines or external voluntary commitments. See GRI 102-12 for an overview of external initiatives in which BayernLB is active.

Further information on the Internet:

Homepage of BayernLB: Memberships and commitments

Principles and guidelines of the Sustainability and Environmental Management

Environmental Management is an integral part of Sustainability Management, which is anchored in the Sustainability Executive Unit. This is reflected, among other things, in the fact that environmental protection is an integral part of the guidelines for Sustainability Management, such as the

Sustainability Policy. In addition, the Bank has defined central cornerstones of its environmental commitment in its Environmental Policy. For all other information, see GRI Standards 300, esp. GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental". For other components of the sustainability management system, see GRI 103-15.

Further information on the Internet:

BayernLB's Sustainability Policy

Environmental Policy BayernLB

Homepage of BayernLB: Environmental management

Sustainability-related standards and guidelines for business activities

The standards and guidelines for business activities are divided into three categories:

- Overarching ESG standards that apply to all business activities
- External standards that must be observed when carrying out the respective business activities concerned
- Internal policies for especially sensitive sectors and topics that go beyond the standards of the World Bank.

These standards and guidelines are described in detail in GRI FS 1. For more information, in addition, see GRI 412 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Human rights assessment".

Standards for suppliers and external service providers

BayernLB also requires its suppliers to comply with environmental and social standards, including the core labor standards of the International Labour Organisation (ILO). The relevant documents here are BayernLB's Code of Conduct and the Sustainability Agreement for Suppliers and External Service Providers. The Bank does not cooperate with business partners and organisations that pursue anti-constitutional or sectarian objectives. For more detailed information on the Sustainability Agreement and BayernLB's requirements for its suppliers and external service providers, see GRI 204.

Principles of personnel policy and the understanding of leadership

In addition to the Code of Conduct, key aspects of employee management are set out in BayernLB's Leadership Compass. The Leadership Compass (published internally) is the overarching guiding document for all BayernLB managers, combining all relevant rules of conduct, values and requirements for managers and cooperation within the Bank.

This Compass contains, among other things, the content from the 2019 "NewWork Platform" guardrails, which describe and capture the best possible working conditions for the demands of tomorrow's world of work. The leadership principles (= corporate values further developed for executives) are an integral part of the Leadership Compass and therefore no longer a separate document. The six corporate values (professionalism, commitment, reliability, responsibility,

team spirit, enthusiasm) continue to apply to all employees and thus also to the managers. For further information, see GRI 401.

GRI 102-17 (2016) Mechanisms for advice and concerns about ethics

SDG 16.3
UN GC 10

Compliance

BayernLB has a Group Compliance division, which is responsible, among other things, for preventing, investigating and sanctioning breaches of rules and regulations. It ensures that BayernLB's market presence is reliable and characterised by compliance with legal and regulatory requirements, and protects it against unlawful acts. In addition to combating money laundering, economic crime and terrorist financing, the tasks also include combating corruption and bribery (for further information, see GRI 205 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Anti-corruption")

Another objective is to support and implement legal, corporate, social and ethical guidelines and values within BayernLB. The department reports to the Chairman of the Board of Management and regularly reports to the Board of Management and the Audit Committee of the Supervisory Board on relevant topics via the Compliance Annual Report. A whistleblowing system has also been set up (see GRI Standard 102-33). The Code of Conduct states regarding compliance: "Compliance is an integral component of corporate management and is defined as risk management with a focus on prevention. A role is played here by appropriate risk analysis, measures based on this process, the promotion of a uniform understanding of values and integrity, as well as penalties in the event of breaches."

Reputational Risk and Sustainability Management

Since July 2020, BayernLB has combined the issues of Reputational Risk Management (including the role of Central Reputational Risk Management (CRRM)) and Sustainability/Environmental Management in the new Sustainability Executive Unit, which reports directly to the Chairman of the Board of Management. Reputational risk within the BayernLB Group is managed by means of a separate set of rules, which are anchored in a (Group and Bank) strategy, documents and processes, various topic-specific policies (see also GRI FS 1) and corresponding definitions of tasks and competences for employees, managers and other roles specific to reputational risk, among other things.

The Sustainability Executive Unit is continuously involved in assessing event- and transaction-based issues in order to manage them from a sustainability and reputational risk perspective. For example, the Unit is consulted on all (planned) business activities that (potentially) fall within the scope of existing ESG standards and policies relating to environmental or social issues and/or are potentially exposed to social and/or environmental risks. In this context, the Sustainability Executive Unit has clearly delegated rights from the Board of Management to prohibit matters or to impose conditions on approval. For more detailed information, see GRI FS 2 and GRI 102-29 and 30.

Key principles for protecting the Bank against reputational loss/damage are laid down in the relevant components of the Reputational Risk Management rules and regulations. Among other things, this stipulates at that the experts of the CRRM are to be involved in all matters with a medium or high reputational risk and have a right of veto. CRRM carries out an annual reputational risk inventory at BayernLB, including the relevant Group companies. The CRRM is also in regular contact with Communications and Press, Investor Relations and the Decentralised Reputational Risk Managers.

The individual employee is at the centre of the measures for compliance with regulatory requirements and consideration of social expectations. He*she is obliged to inform him*herself about the relevant legal obligations, instructions, guidelines and framework conditions applicable to his*her area of responsibility and to comply with them. In doing so, he*she is comprehensively supported by Group Compliance as well as other departments such as Legal and Sustainability Executive Unit.

Further information on the Internet:

Code of Conduct

Homepage of BayernLB: Compliance

4 Governance

SDG 16.6
PRB 5.1

GRI 102-18 (2016) Governance structure

As a public law institution, BayernLB has a two-tier management and supervisory structure with its two bodies, the Board of Management and the Supervisory Board, which are separated from each other in terms of personnel, as stipulated by the Law on Bayerische Landesbank. The third body is the General Meeting.

The duties and powers of the Bank's Board of Management, Supervisory Board and General Meeting are essentially governed by the Law on Bayerische Landesbank. For further details, reference must be made to the Statutes of Bayerische Landesbank, which were enacted on the basis of the authorisation in Art. 16 Para. 1 and Art. 7 Para. 2 Law on Bayersiche Landesbank, and to the Rules of Procedure of the Board of Management, which in turn are authorised to be enacted under Art. 7 Para. 5 of the Statutes. Further details can also be found in the Corporate Governance Principles. As a public-sector credit institution, BayernLB is also subject to the provisions of the German Banking Act.

Board of Management

The Board of Management conducts the Bank's business. It is responsible for ensuring that BayernLB has a proper business organisation. In addition to responsibility for compliance with legal requirements and internal guidelines, this includes the implementation and ongoing review of appropriate internal control procedures and adequate management and monitoring of material

risks. The Board of Management consisted of five members in 2020. More information on the current composition of the Board of Management can be found on the homepage.

Supervisory Board

In accordance with the Law on Bayerische Landesbank, the Supervisory Board consists of eleven members. It is made up of ten representatives of the shareholders and one representative of BayernLB's staff representatives. At least half of the shareholder representatives are external members and at least three are state representatives of the Free State of Bavaria. Two Supervisory Board mandates were held by women in 2020. The current composition of the Supervisory Board can be found on the homepage.

Among other things, the Supervisory Board decides on the appointment of members of the Board of Management as well as the adoption of the annual financial statements and the approval of the consolidated financial statements. It also supervises the Board of Management. The Supervisory Board also forms committees from among its members. For example, the so-called Audit Committee deals with issues of accounting, risk management, compliance and the audit of the financial statements and supports the Supervisory Board in monitoring the prompt rectification by the Board of Management of deficiencies identified by the auditor by means of appropriate measures. Among other things, the Supervisory Board has also formed a Risk Committee to deal with key issues relating to BayernLB's risk strategy and situation. An overview of the other committees currently in place can be found in the Annual Report and on the homepage.

General Meeting

The General Meeting, which may have up to six members, is composed of representatives of the Free State of Bavaria and the Association of Bavarian Savings Banks, in accordance with the current (indirect) shareholder structure, who are entitled to voting rights in the General Meeting in proportion to their indirect shareholding in BayernLB. Each indirect owner sends up to three representatives. The representatives and their voting representative are nominated in writing by the indirect owners to the Chairman of the Supervisory Board.

The General Meeting decides on matters of principle, which include in particular the amendment of the Bank's Statutes, the appropriation of the balance sheet result and the discharge of the members of the Supervisory Board and - upon proposal of the Supervisory Board - the appointment of the auditor and the discharge of the members of the Board of Management.

Other control mechanisms

In addition to the usual control mechanisms for financial institutions (Supervisory Board, Board of Management decisions based on the "multiple control principle", etc.), BayernLB, as a public law institution, is subject to legal supervision by the Bavarian State Ministry of Finance and Home Affairs (Supervisory Authority). The Supervisory Authority has extensive reporting and information rights and regularly attends meetings of the General Meeting and the Supervisory Board. It can issue all necessary orders to maintain BayernLB's business operations in compliance with the law, the Statutes and other regulations.

BayernLB is also subject by law to audit by the Bavarian Supreme Audit Office. The audit covers, in particular, compliance with the rules and principles applicable to business management, i.e., among other things, whether the Bank has acted economically and thriftily.

For further information, see GRI 102-22.

Further information on the Internet:

Homepage of BayernLB: Board of Management

Homepage of BayernLB: Supervisory Board

Statutes of Bayerische Landesbank

Law on Bayerische Landesbank

BayernLB 2020 Annual Report and Accounts

Corporate Governance Principles

PRB 5,1

GRI 102-19 (2016) Delegating authority

The topic of sustainability is anchored as a cross-sectional task in the Bank's board structures. The Sustainability Executive Unit and the position of Chief Sustainability Officer (CSO) with a direct reporting line to the CEO play a central role. The fact that the Sustainability Executive Unit, which was established in the reporting year, reports directly to the CEO underlines the importance of sustainability for the Bank's transformation and BayernLB's desire to take account of the increasing strategic importance of the issue.

The Sustainability Executive Unit is also responsible for the Central Reputational Risk Management (CRRM), the principles of which are laid down in the relevant components of the Reputational Risk Management framework. Since reputational risks and sustainability/environmental issues are becoming increasingly interconnected, these topics are also becoming more and more intertwined in terms of processes. For example, the Sustainability Executive Unit assesses issues relating to reputational risks and environmental/social risks from a single source and with a single voice.

Sustainability is seen as a management task at BayernLB. In addition to the Sustainability Executive Unit, all areas of the Bank deal with the aspects of sustainability relevant to their respective tasks. Therefore, a regular cross-divisional exchange on regulatory developments and strategic thrusts has been implemented. This means that an integrated management approach is used to ensure cooperation between the areas and interlinking with business policy and risk-oriented decision-making and management processes. BayernLB is thus building on one of its strengths and continuously developing its Sustainability Management - both internally and in relation to its business activities. For further information, see GRI 102-18, 20 and 26.

GRI 102-20 (2016) Executive-level responsibility for economic, environmental, and social topics

PRB 5,1

As Head of the Sustainability Executive Unit, the Chief Sustainability Officer (CSO) reports directly to the Chairman of the Board of Management and, in this capacity, reports to BayernLB's governing bodies (on a regular and ad-hoc basis) in accordance with legal and regulatory requirements. He also advises the Board of Management on sustainability and reputation management issues. For further information, see GRI 102-18, 19 and 26.

GRI 102-21 (2016) Consulting stakeholders on economic, environmental, and social topics

SDG 17.16

As BayernLB's highest supervisory body, the Supervisory Board already takes into account the interests of various stakeholder groups through its composition in the form of a staff representative and shareholder representatives, including external members and state representatives of the Free State of Bavaria, and engages in dialogue with them accordingly (see also GRI 102-18).

BayernLB also has a Business Advisory Board which, in accordance with Section 17 of the Statutes of Bayerische Landesbank, serves to provide expert advice on the Bank's business policy and to promote contacts with business circles, especially with its customers.

The Sustainability Executive Unit is the Group-wide point of contact for non-governmental organisations (NGOs), social organisations and other stakeholders in the area of environmental and social issues, especially with regard to project financing. For more information on BayernLB's dialogue with its stakeholders on sustainability issues, see GRI Standard 102-40 to 44. For more information on the governance structure, see GRI 102-18.

Further information on the Internet:

Statutes of Bayerische Landesbank

GRI 102-22 (2016) Composition of the highest governance body and its committees

SDG 5.5
SDG 16.7
PRB 5,1

In accordance with the Law on Bayerische Landesbank, the Supervisory Board consists of eleven members, ten of whom are shareholder representatives and one of whom is a representative of BayernLB's staff representatives. Two Supervisory Board positions were held by women in the reporting year (also in 2019 and 2018) (see also GRI Standard 102-18). With regard to the ten shareholder representatives, the Free State of Bavaria has the right to propose three state representatives and four external representatives. The Association of Bavarian Savings Banks proposes three members, at least one of whom must be an external representative. The remuneration of the Supervisory Board is regulated by the Statutes of Bayerische Landesbank. For further information, see also GRI 102-35.

The Supervisory Board is currently supported in the performance of its duties by five committees: The Audit Committee deals with the monitoring of accounting processes, the effectiveness of the risk management system, especially with regard to the internal control system and internal audit,

and the processing of open audit findings. The Audit Committee held a total of four meetings in the 2020 financial year (2019: five, 2018: six).The Risk Committee mainly deals with issues relating to the risk strategies adopted by the Board of Management and the risk situation, and decides on loans that are the responsibility of the Supervisory Board in accordance with the German Banking Act and BayernLB's allocation of powers. Every quarter, the Risk Committee takes note of the risk situation and risk-bearing capacity by submitting the Group Risk Report. The Risk Committee held a total of six meetings in the 2020 financial year (2019: five, 2018: six).

The Committee for Matters Relating to Bayerische Landesbodenkreditanstalt (BayernLabo Committee) exercises all the responsibilities of the Supervisory Board with regard to BayernLabo and adopts the corresponding resolutions on matters relating to BayernLabo that fall within the Supervisory Board's area of responsibility. The BayernLabo Committee held a total of three meetings in the 2020 financial year (2019: four, 2018: three).

The Executive and Nominating Committee discusses in particular (regulatory) issues in the field of corporate governance as well as corporate policy and business strategy considerations. In addition, the committee prepares resolutions on Board of Management matters for the plenum. The Committee also deals with the evaluation of the Board of Management and the Supervisory Board in accordance with the German Banking Act. The Executive and Nominating Committee held a total of ten meetings in the 2020 financial year (2019: eleven, 2018: eleven).

The Compensation Committee monitors, among other things, the appropriate design of the remuneration systems for the members of the Board of Management and employees and, in particular, for those employees who have a significant influence on BayernLB's overall risk profile. The Compensation Committee held a total of five meetings in the 2020 financial year (2019: six, 2018: six) to perform its legally assigned duties.

The current composition of the Supervisory Board and the committees formed from among its members can be found on BayernLB's homepage and in the current Disclosure Report.

The composition of the Supervisory Board is defined in the Sustainability Strategy 2021: „The Board of Management and the Supervisory Board committees also consider equal rights and diversity key factors for BayernLB’s future success. Attributes such as age, gender/gender identity, ethnic origin/nationality, religion/ideology or sexual orientation do not play a role in appointments. The key factors are whether the person has the experience and skills required to carry out the role and ensure long-term corporate success. We therefore place a special focus on the aspect of diversity when appointing new members to the Boards and committees.“

Composition of the Supervisory Board as of 31.12.	2020	2019	2018
Members in total	11	11	11
of which women	2	2	2
of which men	9	9	9
of which under 30 years old			
of which between 30 and 50 years old			
of which over 50 years old	11	11	11
of which German	11[1]	11	11

1 One member of the Supervisory Board (as of 10/2020) has dual citizenship (German/French)

The selection and appointment of suitable candidates for the Board of Management and Supervisory Board is based on the provisions of BayernLB's Statutes. In addition, the following diversity aspects are taken into account:

- Gender: When taking a decision on filling a seat in its governing body, BayernLB always considers above all the professional and personal qualifications of the candidates. There is no quantitative target for BayernLB's Supervisory Board and Board of Management in terms of the under-represented gender. However, concerted efforts continue to be made to raise the percentage of the under-represented gender in the Board of Management and the Supervisory Board. As at 31 December 2020, two women sit on BayernLB's Supervisory Board, with none on the Board of Management.
- Education and professional background: A major criterion at BayernLB when selecting candidates to fill seats in its Board of Management and Supervisory Board is the breadth of their education and professional experience in such fields as IT, finance, business administration, human resources, the natural sciences, communication or law, as well as their experience in the main activities carried out by the respective board. At present, the education and professional background of the members of BayernLB's Supervisory Board and Board of Management are adequately broad so as to enable them to carry out their tasks. The areas of business administration and economics, but also law, the natural sciences and IT, are especially well represented.
- Age: BayernLB is striving for a balanced age structure within the Board of Management and the Supervisory Board so as to ensure the continuity of the work of their committees and to enable a smooth succession planning. It has set the following upper limit, in terms of age, for the Supervisory Board members: The members of the Supervisory Board shall generally not be older than 69 years of age at the time of their (re)appointment. As at 31 December 2020, a balanced age structure has been achieved both in the Supervisory Board, with a range of 50 to 70 years of age, and in the Board of Management (with a range of 51 to 63 years). None of the current members of the Supervisory Board was older than 69 at the time of his or her (re-)appointment.
- Geographical experience: Due to the partly international nature of its business activities, BayernLB also takes into consideration the geographical background and experience of the candidates for membership on the Supervisory Board or Board of Management, the aim being to cover the key regions. As at 31 December 2020, the geographical experience at the Supervisory Board and the Board of Management of BayernLB covers the main regions in which BayernLB is active. This holds true especially for the regions in which BayernLB has a branch office.

Further information on the Internet:

Homepage of BayernLB: Supervisory Board

Statutes of Bayerische Landesbank

Law on Bayerische Landesbank

BayernLB's Sustainability Strategy

Disclosure Report 2020

SDG 16.6

GRI 102-23 (2016) Chair of the highest governance body

In accordance with the Statutes of Bayerische Landesbank, the Supervisory Board elects a Chairman and at least one Deputy Chairman from among its members at the proposal of the General Meeting. The Chairman of the Supervisory Board is not a member of the Board of Management of BayernLB, as the Supervisory Board and the Board of Management are separate bodies.

SDG 5.5
SDG 16.7

GRI 102-24 (2016) Nominating and selecting the highest governance body and its committees

In accordance with the Statutes of Bayerische Landesbank, the shareholder representatives are appointed by the General Meeting as part of the Supervisory Board. The state representatives and four external representatives are proposed by the State Ministry of Finance, Regional Development and Home Affairs. The Association of Bavarian Savings Banks proposes three members, at least one of whom must be an external representative, for appointment. The representative of the Bayerische Landesbank's staff representation shall be delegated by the same. The composition of the Supervisory Board places particular emphasis on diversity (see also GRI 102-22).

The Supervisory Board elects a Chairman and at least one Deputy Chairman from among its members at the proposal of the General Meeting.

Further information on the Internet:

Homepage BayernLB: Supervisory Board

Statutes of Bayerische Landesbank

Disclosure Report 2020

SDG 16.6

GRI 102-25 (2016) Conflicts of interest

BayernLB has rules in place to manage, minimise and avoid conflicts of interest. A conflict of interest exists when there is a risk that professional judgement or action may be unduly influenced by one or more interests. The Group Conflict of Interest Management Policy serves as an instrument for managing conflicts of interest. The policy regulates the handling of conflicts of interest and summarises the relevant points from existing detailed regulations as a framework.

In order to avoid conflicts of interest, the business organisation and distribution provides for a functional separation of front and back office units as well as trading and settlement units. According to the rules of procedure, the Board of Management is responsible for defining, approving and monitoring rules for dealing with conflicts of interest.

The Code of Conduct commits employees and Board of Management members to the following: “We take utmost care in avoiding conflicts of interest which could affect, or even appear to affect, our independence or the independence of a third party. Where signs of a potential conflict emerge, we take all necessary steps to deal with the situation, make the conflict transparent and take up any such issues with our managers or Compliance. We do business with suppliers, service providers and business partners solely on the basis of objective criteria. Recommendations

and business or human resources decisions are neither affected by any private interests or relationships nor motivated by any tangible or intangible benefits. The prohibition on accepting or granting inducements applies not only to direct cash inducements but also to other benefits which may result in an actual or perceived advantage and which could cast doubt on the Bank's professional independence. Moreover, whenever we grant or accept inducements or benefits, especially gifts or invitations, we always respect the limits of what is common practice and appropriate, as well as the tax regulations and any requirements to seek approval. The special position and status of public officials are taken into account accordingly."

An evidence centre has been set up to identify and manage conflicts of interest. It investigates and evaluates the conflict of interest and decides together with the units concerned on necessary measures and, if necessary, consequences. In addition, the evidence unit documents in a conflict of interest catalogue significant facts that could trigger a conflict of interest.

Employees may not engage (buy, sell) in values with which they are concerned in their official capacity. In addition, employee transactions may not violate client or bank interests. This is constantly monitored by Capital Market Compliance. Violations may also result in measures under labor law.

The rules on accepting and granting benefits provide employees with behavioural guidelines and assistance in accepting and granting gifts and invitations, in addition to the provisions of criminal and tax law that must be observed. Furthermore, all sideline activities at BayernLB must be approved in writing by the employer and criteria for approval are laid down.

BayernLB's voluntarily applied Corporate Governance Principles and the Statutes of Bayerische Landesbank also provide for the abstention of Board of Management members from decisions affecting themselves or relatives.

Further information on the Internet:

Code of Conduct

Statutes of Bayerische Landesbank

PRB 5.2

GRI 102-26 (2016) Role of highest governance body in setting purpose, values, and strategy

BayernLB's highest bodies, i.e. the Board of Management and Supervisory Board, regularly define the Group's values, objectives, strategies and guidelines on sustainability issues. These tasks are laid down in the Rules of Procedure of the Management Board, among others.

In November 2020, the topic of climate and environmental risks was specifically included in the Rules of Procedure of the Board of Management in accordance with the ECB Guideline. According to the Rules of Procedure, the Board of Management is now also responsible for defining a sustainability strategy contributing to the business, investment and risk strategy, taking into account corresponding sustainability risks such as climate and environmental risks". The Board of Management's responsibilities under the Rules of Procedure also include defining, approving and monitoring the implementation of "a risk culture geared to BayernLB's risk awareness and risk behaviour" and "a corporate culture and corporate values, including a Code of Conduct"

In 1998, the Board adopted the Environmental Policy, and in 2016 the second version of the Sustainability Policy. The second version of the Code of Conduct was published jointly by the Board of Management and the Supervisory Board in 2018. In 2020, the Bank's governing bodies set a new sustainable target direction with the Mission Statement "Financing progress" and BayernLB's new Group strategy. As a result, the institution-specific Sustainability Strategy was revised in 2021 and approved by the governing body. Everywhere, the aim is set out for BayernLB to assume responsibility by taking account of ecological, economic and social aspects along the entire value chain and to establish sustainable banking products. For example, BayernLB's Sustainability Policy states: "Because we integrate social and environmental aspects into our financing and capital market products, both we and our customers weigh the risks and opportunities that come with such global challenges as climate change and dwindling resources and thus make an active contribution to a sustainable development. In addition to setting and continuously improving basic social and ecological standards for our financing and capital market transactions, we set out to serve companies and projects that explicitly tackle these global challenges through, for instance, renewable energy."

In addition, all policies relating to specific business activities such as energy, gambling, forest, etc. of BayernLB have been approved by the Board of Management and apply throughout the Group. The respective departments and Group subsidiaries are responsible for implementing the guidelines and policies. Responsibility for reviewing existing policies and formulating new ones lies primarily with the Sustainability Executive Unit, and in some cases also with Group Compliance (for further information on the policies, see GRI FS 1).

The new Sustainability Strategy explains BayernLB's Sustainability Management System: "We regard striving for sustainability as an integral element of good internal and corporate governance. Sustainability is therefore in keeping with our corporate mission and values. The Sustainability Executive Unit and the position of Chief Sustainability Officer (CSO), with a direct reporting line to the CEO, play a key role, applying an integrated management approach to ensure cooperation between the divisions and interconnection with business policy and risk-oriented decision-making and/or governance processes. Key tasks are the cross-functional strategic development of sustainability, Group management, putting in place of methods, and governance; this applies both to the business model and to the Bank's own operations. [...] The Sustainability Executive Unit is involved in decisions on all measures that have a material or guiding impact on the issue of sustainability, especially with regard to the increasing importance of the carbon footprint. The management approach to sustainability and the related governance extends to all types of processes and transactions and covers both the lending business and all investments arranged by BayernLB. The issue of sustainability is embedded in the Bank's Board structures as a cross-functional task. Furthermore, regular cross-divisional discussion on regulatory developments and strategic objectives has been implemented. As well as the Sustainability Executive Unit, all the Bank's divisions deal with the aspects of sustainability relevant to the respective task. In addition, sustainability is a management task."

In addition, the issue of sustainability is an integral part of the remuneration of the Board of Management as resolved by the Supervisory Board. In particular, the aspects of new business share, zero-measurement ESG compliance and management of sustainability risks are taken into account. In this way, the issue of sustainability has also become more prominent in the area of

Board of Management remuneration. Sustainability is also taken into account in the regular evaluation of the Board of Management and the Supervisory Board in accordance with the German Banking Act and the ESMA/EBA guidelines for assessing the suitability of members of the management body, in which knowledge and experience with regard to ESG aspects are important assessment criteria with regard to the professional requirements profile. See also GRI 102-27.

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

BayernLB's Sustainability Policy

Code of Conduct

BayernLB's Sustainability Strategy

Disclosure Report 2020

GRI 102-27 (2016) Collective knowledge of highest governance body

SDG 4.7
PRB 5.1

When selecting candidates for the Board of Management and Supervisory Board, BayernLB considers the broadest possible educational and professional spectrum as well as a wide range of experience in relation to the main areas of activity on the Board as a key criterion. At present, the educational and professional backgrounds of the members of BayernLB's Supervisory Board and Board of Management cover a broad spectrum for the appropriate performance of their duties. In particular, it covers key business and economic topics as well as those from the fields of law, natural sciences and IT (for further information, see GRI 102-22).

Knowledge and experience of sustainability issues are playing an increasingly important role in the requirements for board members, which is also reflected in the ESMA/EBA guidelines on the assessment of the suitability of Board members. In the course of the internal implementation of these guidelines, the Supervisory Board adopted requirement profiles for the members of the Management Board and the Supervisory Board on the recommendation of the Executive and Nominating Committee (for further information, see GRI 102-26).

At least once a year, a training event is held for the Supervisory Board on various banking topics. In 2020, specialists from the Bank and representatives of auditing firms trained the Supervisory Board on current developments in the areas of regulation, IT/cyber security and sustainability, as well as on the resulting key challenges for banks and their supervisory bodies, with a focus on BayernLB. In addition, the members of the Supervisory Board took part in training and further education measures required for their tasks on their own responsibility and, in particular, took advantage of external further education measures offered by auditing companies on current topics in the banking sector.
The Chairman of the Supervisory Board is in regular contact with the Chief Sustainability Officer, at least once a month, and receives information from him on various sustainability issues. In addition, current developments on the subject of ESG are the subject of every meeting of the Supervisory Board.

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

Disclosure Report 2020

GRI 102-28 (2016) Evaluating the highest governance body's performance

The Executive and Nominating Committee of the Supervisory Board regularly, at least annually, deals with the evaluation of the Board of Management and the Supervisory Board in accordance with the requirements of the German Banking Act and the ESMA/EBA guidelines on the assessment of the suitability of members of the management body. The consolidated financial statements and Group management report are audited annually by an independent auditor. It also documents the number of meetings of the Supervisory Board and their content.

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

Disclosure Report 2020

SDG 16.7

GRI 102-29 (2016) Identifying and managing economic, environmental and social impacts

BayernLB attaches great importance to intensive dialogue with stakeholders on economic, environmental and social issues. As BayernLB's highest supervisory body, the Supervisory Board takes into account the interests of various stakeholder groups through its composition in the form of a staff representatives and representatives from shareholders, including external members and state representatives of the Free State of Bavaria, and engages in dialogue with them accordingly. BayernLB also has a Business Advisory Board, which advises the Bank on business policy and establishes contacts with business circles, particularly with its customers (for further information, see GRI 102-21 and 102-40).

The Board of Management has set up the Sustainability Executive Unit as a subordinate unit specifically for environmental and social issues. The Chief Sustainability Officer (CSO), as head of the Sustainability Executive Unit, reports directly to the Chairman of the Board of Management. In this function, he reports to BayernLB's governing bodies (on a regular and ad-hoc basis) in accordance with statutory and regulatory requirements. He also advises the Board of Management on sustainability and reputation management. The new Sustainability Strategy states: "The Sustainability Executive Unit is involved in decisions on all measures that have a material or guiding impact on the issue of sustainability, especially with regard to the increasing importance of the carbon footprint. The management approach to sustainability and the related governance extends to all types of processes and transactions and covers both the lending business and all investments arranged by BayernLB."

The Sustainability Executive Unit is continuously involved in the assessment and management of event- and transaction-based issues in order to manage them from a sustainability and reputational risk perspective. It must be consulted, inter alia, for all (planned) business activities that (potentially) fall within the scope of existing ESG standards and policies relating to environmental or social issues and/or are potentially exposed to social and/or environmental risks. In this context, the Sustainability Executive Unit has clearly delegated rights from the Board of Management to prohibit matters or to impose conditions on approval. See also GRI 102-17 and FS 2.

The Sustainability Executive Unit constantly monitors and analyses the impact of climate protection policy and other political, legal, social and technological developments on BayernLB's business. The Unit also has the expectations of various stakeholder groups in mind. The aim is to identify at an early stage the opportunities and risks that may arise for the Bank and its customers from these developments and expectations. At the same time, the Sustainability Executive Unit strives to develop and implement appropriate strategies and measures together with the relevant units within the Bank and external stakeholders. The existing policies on controversial sectors are also regularly reviewed by the Sustainability Executive Unit and, in some cases, by Group Compliance (currently Offshore Policy) and adapted or rewritten as necessary. The Board of Management then adopts all BayernLB policies (for further information, see GRI FS 1).

Sustainability is also a key issue in all areas of BayernLB: "The issue of sustainability is embedded in the Bank’s Board structures as a cross-functional task. Furthermore, regular cross-divisional discussion on regulatory developments and strategic objectives has been implemented. As well as the Sustainability Executive Unit, all the Bank's divisions deal with the aspects of sustainability relevant to the respective task. In addition, sustainability is a management task."

The new Sustainability Strategy highlights the importance of the availability of sound data and comprehensive data management to capture and assess ESG risks and opportunities. BayernLB uses an ESG assessment tool for this purpose, which is constantly being adapted to meet growing assessment and reporting requirements (for more information, see GRI FS 2).

At the end of 2020, the final ECB guidline on climate and environmental risks was published, setting out expectations on how these risks should be comprehensively identified, managed and disclosed by banks. The need for action identified for BayernLB by a gap analysis is being addressed in a planned manner. To this end, an interdisciplinary approach was chosen (in particular Risk Controlling, Group Development, and the Sustainability Executive Unit). In 2021, BayernLB will systematically analyse physical and transitory climate risks for new and existing transactions as one aspect of the ESG assessment.

The new Sustainability Strategy clarifies the identification and management of risks related to ESG issues. See GRI FS 2.

The structured involvement of the Sustainability Executive Unit in decision-making processes ensures that social and environmental aspects are identified and taken into account at an early stage in line with the precautionary approach (see also GRI 102-11).

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

GRI 102-30 (2016) Effectiveness of risk management processes

In the materiality analysis (last update of 2018), the topic "Handling of environmental and social risks" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB's Code of Conduct, to which all employees, managers, Board members and Supervisory Board members are bound, describes an effective control system as a key component of BayernLB's (risk) management system: "The Board of Management is responsible for installing, and the managers for organising, a functioning internal control system for their areas of responsibility that is based on the “three lines of defence” principle. As a learning organisation, BayernLB views mistakes and weaknesses as opportunities for improvement. Compliance is an integral component of corporate management and is defined as risk management with a focus on prevention. A role is played here by appropriate risk analysis, measures based on this process, the promotion of a uniform understanding of values and integrity, as well as penalties in the event of breaches. The independent Compliance function is a trustworthy and fair point of contact, both inside and outside the Bank." The risk culture plays an important role here: "Our risk culture promotes the identification and targeted handling of risk, with decision-making processes that achieve balanced outcomes not least from a risk point of view. An effective control system is a major element of our (risk)management system. For us, a healthy risk culture thus entails [...] an open and cooperative management concept, a strong risk awareness in our day-to-day thinking and action that encourages critical dialogue, and financial incentives that are in line with risk appetite." Employees are informed in detail about the essential core elements of the risk culture in the form of online training.

BayernLB's Supervisory Board, which monitors and advises the Board of Management, forms committees from among its members. The Audit Committee deals with risk management and compliance issues, among other things. It monitors the accounting process, the effectiveness of the risk management system, particularly with regard to the internal control system and internal auditing, as well as the processing of open audit and annual financial statement findings. Among other things, the Risk Committee deals with key issues relating to BayernLB's risk strategy and situation. Every quarter, the Risk Committee takes note of the risk situation and the risk-bearing capacity by presenting the Group Risk Report (see also GRI 102-22).

BayernLB's Board of Management is responsible for ensuring that BayernLB has a proper business organisation which, in addition to appropriate internal control procedures, includes above all adequate management and monitoring of the main risks. In this respect, the Board of Management is supported in particular by the Risk Office, the Financial Office, the Operating Office and the Corporate Center.

In order to ensure adequate knowledge for a member of the Board of Management as Chief Risk Officer, the Executive and Nominating Committee determines in advance of the selection of a new member of the Board of Management that, among other things, theoretical and practical knowledge of regulation and risk management as well as corporate governance is required for the position. The Chief Risk Officer joined BayernLB's Board of Management in May 2010. Among

other things, he is responsible for Group-wide risk management. The position of Chief Risk Officer is on equal footing to the position of Chief Financial Officer (also a member of the Management Board).

The Group risk strategy is regularly reviewed on the basis of the business strategy and is defined by the Board of Management and discussed with the Risk Committee of the Supervisory Board. The basis for determining the risk strategy is the risk inventory to be carried out annually in accordance with MaRisk and the risk-bearing capacity calculation. BayernLB Group's overall risk profile is presented to the Board of Management. Sub-risk strategies are drawn up for material and significant risks, such as credit, market price, business, strategic and reputational risks. The sub-risk strategies contain qualitative and quantitative targets in order to determine the control options for the individual risks for risk hedging and mitigation accordingly. This means that risks are accepted to a certain extent, otherwise they are limited, reduced or avoided. It also sets out appropriate measures to monitor compliance with the strategic objectives. The risk strategies also deal with the handling or limitation of risk concentrations. The sub-risk strategies are drawn up by the units responsible for risk, which are also responsible for monitoring compliance with the targets. The results are combined in the risk reporting to the Board of Management and the Risk Committee of the Supervisory Board. The ongoing effectiveness of the measures taken to hedge and mitigate risk is monitored on a daily basis in some cases (e.g. market price risk limits), and otherwise on a monthly basis as part of risk reporting to the Board of Management and the Risk Committee.

All material and significant risks are included in the risk management procedures. The processes, procedures and methods are regularly reviewed for their appropriateness and further developed. In this context, the results of the internal audit, the Internal Validation Unit, the annual auditor and the Supervisory Authority are also taken into account.

More information on risk management can be found in BayernLB's Disclosure Report. The management of ESG risks is described in detail in GRI 102-29 and FS 2; for Reputational Risk Management, see GRI 102-17.

Further information on the Internet:

Homepage of BayernLB: Board of Management

Homepage of BayernLB: Supervisory Board

Code of Conduct

Disclosure Report 2020

GRI 102-31 (2016) Review of economic, environmental, and social topics

Economic, ecological and social issues relevant to the Bank are constantly reviewed and evaluated. The Sustainability Executive Unit is primarily responsible for eco-social issues. However, as sustainability is a cross-sectional task, all other areas in the bank are also responsible for it. For this reason, a regular cross-divisional exchange on regulatory developments and strategic directions has been implemented.

As described in GRI 102-29, the Sustainability Executive Unit continuously monitors and analyses the impact of climate protection policy and other political, legal, social and technological developments on BayernLB's business. At the same time, the Unit is continuously involved in the assessment and management of event- and transaction-based issues in order to manage them from a sustainability and reputational risk perspective. The Chief Sustainability Officer (CSO), who reports directly to the CEO, provides regular and ad hoc reports to BayernLB's corporate bodies in accordance with statutory and regulatory requirements.

The new Sustainability Strategy emphasises close regular monitoring: "BayernLB pursues an ambitious objective when assuming responsibility for more sustainability. With its commitment dating back more than 25 years, the issues of environmental protection, social aspects and honest corporate governance are firmly entrenched as a common understanding of a sustainable BayernLB. We monitor all legislation closely. Regulatory requirements are analysed on an ongoing basis, prioritised and implemented in a timely manner."

Risk reports are submitted to the Board of Management and the Risk Committee of the Supervisory Board on a monthly basis. For more information on risk management, see GRI 102-30.

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

BayernLB's Sustainability Strategy

GRI 102-32 (2016) Highest governance body's role in Sustainability Reporting

BayernLB's regular reporting on sustainability is reflected in various reports: the Non-financial Report in the Annual Report, the Environmental Statement and this Sustainability Report. The BayernLB Group's Non-financial Report is approved by the Board of Management and Supervisory Board and externally audited. The Statutes of Bayerische Landesbank state in detail: "The annual accounts including the management report and the consolidated annual accounts with the management report shall be audited by a certified public accountant appointed as auditor by the General Meeting and shall be submitted without delay to the Supervisory Board, the indirect owners and the supervisory authority, together with the auditor's report and the recommendation concerning the allocation of distributable profit." The Chief Sustainability Officer (CSO) releases the Environmental Statement and the Sustainability Report. The Environmental Statement is also checked and approved annually by the environmental auditor. The latter will continue to examine contents of this Sustainability Report in the future.

Further information on the Internet:

Combined non-financial report of the BayernLB Group for 2020 (annex to the annual report and accounts, p. 289)

Statues of Bayerische Landesbank

GRI 102-33 (2016) Communicating critical concerns

BayernLB promotes critical dialogue among employees and managers. This is also emphasised in the Code of Conduct: "For us, a healthy risk culture thus entails an open and cooperative management concept, a strong risk awareness in our day-to-day thinking and action that encourages critical dialogue, and financial incentives that are in line with risk appetite."

BayernLB places particular emphasis on ethical, responsible and sustainable conduct and is committed to complying with laws, regulations and internal corporate guidelines. The Code of Conduct calls on employees: "Employees can and should take their concerns and queries to their manager, the specialist unit affected or Compliance in order to avoid compliance breaches. Employees can report suspicions of illegal acts or compliance breaches, or even risks of illegal acts, with the assurance of anonymity using the whistleblowing system. The maximum degree of discretion is guaranteed."

BayernLB has set up a whistleblowing system to counter potential risks of compliance breaches at an early stage and thus safeguard the Bank's reputation and security. This guarantees a fair and careful procedure towards the whistleblower and the person concerned.

The whistleblower system can be used to report, for example, cases of bribery and corruption, breach of trust and acceptance of benefits, money laundering, violations of financial sanctions, misuse of customer, employee and company data, criminal offences, insider trading and/or market manipulation, violations of the Code of Conduct, tax evasion, etc. Employees are informed about the whistleblower system on the Intranet in German and English as well as in the mandatory training on preventing and combating money laundering, economic crime and terrorist financing. Third parties are informed about the whistleblowing system under the heading Compliance Management System on the Bank's homepage in German and English. Group Compliance examines every tip - regardless of the form of contact chosen - discreetly, carefully and with an open mind. It applies that every whistleblower who gives his or her information with honest intentions (i.e. does not deliberately present untrue facts) does not suffer any disadvantages (e.g. under employment law) as a result.

Group Compliance reports to the Board of Management and the Audit Committee of the Supervisory Board on the Annual Compliance Report at least once a year on the whistleblower system, legal violations and other critical concerns. For more information on compliance, see GRI 102-17.

The Central Reputational Risk Management (CRRM) unit of the Sustainability Executive Uni also carries out an annual reputational risk inventory at BayernLB and key Group companies. This is presented to the Board annually in the RepRisk Annual Report. For more information on the CRRM, see GRI 102-17.

Further information on the Internet:

Code of Conduct

Homepage of BayernLB: Compliance

GRI 102-34 (2016) Nature and total number of critical concerns

In 2020, there were seven whistleblowing system tips. All leads were analyzed and closed by Group Compliance.

PRB 5.1

GRI 102-35 (2016) Remuneration policy

BayernLB is a significant institution pursuant to Section 25n of the German Banking Act (as amended from 29 March 2019 to 28 December 2020). In addition to the general requirements, BayernLB must therefore also take into account the special provisions of Sections 18 et seq. of the InstitutsVergV. The remuneration system is presented in detail in the annual Disclosure Report, so only the main elements are presented below. Especially on the subject of Risk Taker, reference is made to these reports.

In accordance with the Bank's Statutes, the General Meeting of BayernLB decides on the remuneration of the members of the Supervisory Board. The members of the Supervisory Board receive remuneration in line with the market. In addition, an expense allowance and a travel allowance are granted.

Under BayernLB's Statutes, the Supervisory Board decides on ”the establishment of basic guidelines for the recruitment, remuneration, pension benefits, retirement and dismissal of the Bank’s employees”. The Compensation Committee of the Supervisory Board is the main body responsible for determining compensation. This committee supports the Supervisory Board in monitoring the appropriate design of the remuneration systems for members of the Board of Management and employees, and in particular the appropriate design of remuneration for those employees who have a significant influence on BayernLB's overall risk profile. In particular, the effects of the remuneration systems on risk, capital and liquidity management are assessed.

BayernLB's remuneration policy is reflected in the remuneration strategy, which, as part of the human resources strategy, is geared towards achieving the objectives set out in BayernLB's currently valid business and risk strategy and takes account of the corporate culture. The focus of the remuneration system in the 2020 financial year continued to be on market-oriented remuneration, strengthening performance orientation, employee motivation and loyalty, and appropriate participation in the company's success.

The employee compensation system does not show any increased complexity. The focus of the total remuneration consists of an annual base salary, which is supplemented by variable remuneration components and salary-related fringe benefits. The purpose of variable remuneration is to provide incentives for employees to work towards BayernLB's goals and strategies. It also gives employees the opportunity to participate in the economic success of the institute. Since variable remuneration "breathes" with BayernLB's economic success, variable remuneration is also an element of cost flexibility. It also gives the Bank the opportunity to financially reward prudent behaviour and ensuring sustainable and sound development. The fixed compensation is structured in such a way that employees are not dependent on the variable compensation to cover reasonable living expenses. The amount of the latter depends on the degree to which the

individual objectives of the respective manager defined in a development and performance dialogue have been achieved. The principle of appropriateness, with the aim of avoiding undesirable incentives to take disproportionately high risks, is reflected in the structure of the remuneration systems at BayernLB, for example, in an unchanged upper limit of 1:1 for the ratio of fixed remuneration to maximum achievable variable remuneration.

BayernLB also has a largely uniform remuneration system for domestic and foreign risk takers and non-risk takers. As with all employees, the total compensation of risk takers may consist of a fixed annual salary plus an annual bonus, fringe benefits and, if applicable, an additional bonus to reward outstanding individual performance in a timely manner during the year. However, the risk-oriented interest rate and the payment of the variable remuneration of the risk takers are also subject to special internal regulations such as the guidelines on employee interviews, the risk taker service agreement and individual contractual regulations.

The amount of the variable remuneration of employees of the control units and employees of the organisational units controlled by them is not determined according to concurrent remuneration parameters - accordingly, the remuneration systems do not run counter to the monitoring function of the control units. There is no risk of a conflict of interest.

BayernLB's employees covered by collective agreements receive a fixed salary in accordance with the classification and remuneration provisions of the collective agreements for the private banking sector and public-sector banks, as well as any collectively agreed and non-tariff bonuses, which are governed throughout the Bank by a separate service agreement between BayernLB and the General Staff Council. In addition to the twelve monthly salaries and the collectively agreed special payment in accordance with § 10 of the collective agreement, employees covered by the collective agreement have the option of receiving variable remuneration (the benchmark in each case is half of the collectively agreed special payment). This is based on two service agreements. Accordingly, pay-scale employees are entitled to variable remuneration provided that the Board of Management has allocated a budget - depending on the Bank's performance - for variable remuneration, the task- and conduct-related targets have been met at least to a limited extent and there has been no gross misconduct. In addition, pay-scale employees receive a one-off payment amounting to half of the special pay scale, which is granted irrespective of whether the Bank provides a bonus budget for the financial year in question. This is also based on a service agreement concluded with the General Staff Council.

The fixed annual salary system for employees on a payroll that is beyond the standard pay scale is based on the value of the position or the function performed. Relevant factors for remuneration include the general tasks and requirements in terms of qualifications and skills needed to perform a function, as well as the skills of the employees. On this basis, each function beyond the standard pay scale is assigned to a job family. The mapping of the responsibility of a function within a job family is done via a career ladder with three career levels each . Each of these career levels is assigned a specific fixed salary band with upper and lower limits. For the employees of the 2. Management level (these are above the highest career level 3 and report directly to the Board of Management) there is a uniform salary band. The fixed salary bands are validated regularly using market comparisons with the support of an external remuneration consultant and adjusted to market developments if necessary. This ensures, among other things, that the individual fixed salaries are in line with the market. The external remuneration consultant has

confirmed the market conformity of the fixed salary bands in the course of a market indication in principle for the 2020 financial year. An analogous system applies in the foreign branches, whereby the number of job families varies depending on the size of the foreign branch. The variable remuneration system (annual bonus) for BayernLB employees who are on a payroll outside the standard pay scale and who are below second-level management is laid down in Germany in a service agreement concluded with the staff representative bodies. Individual arrangements apply for employees belonging to second-level management. They are based heavily on the remuneration system for employees outside the standard pay scale and below second-level managemet. In order to reward special performance by employees in the pay scale and non-pay scale during the year, employees may receive a cash or non-cash bonus in accordance with the "Service Agreement on the Awarding of Bonuses". To this end, the Board of Management also provided a bonus budget for fiscal year 2020, the amount of which was less than 10 percent of the sum of the benchmark annual bonus. Compliance with the regulatory requirements of section 7 of the InstitutsVergV was checked when the bonus budget was set and before payment.

Benefits are salary-related payments and services which BayernLB offers to its employees on a largely voluntary basis. These include, in particular, the Bank retirement fund and the provision of company cars that may be used for both business and personal purposes. All permanent employees receive a pension commitment for their retirement funds pursuant to the Bank's internal, defined-contribution-based pension schemes, as well as an additional company retirement fund under a contract concluded with BVV Versicherungsverein des Bankgewerbes AG, an insurance association for the banking industry, to which BayernLB makes (pro rata) contributions. In some cases, employees who joined BayernLB prior to 1 January 2002 have received a direct commitment in the form of a defined-benefit pension similar to that of a civil servant. In the 2020 financial year, agreements were reached with a small number of new employees on the assumption of lost variable remuneration as a result of a change of employer, the payment of guaranteed variable remuneration for the first year of employment and sign-on bonuses in compliance with regulatory requirements.

Since 1 October 2019, BayernLB has had instruments in place to safeguard jobs and reduce and restructure staff for an initial period of three years to provide social support for the strategic realignment of BayernLB. The aim is to safeguard as many jobs as possible in the long term by ensuring BayernLB's competitiveness and future viability. Any severance payments are based on institution-wide principles, whereby any negative performance contributions or misconduct on the part of employees are not rewarded. Guaranteed entitlements to benefits in the event of termination of employment are not promised (for further information on workforce reduction, see GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment").

The Board of Management is remunerated on the basis of the 2020 performance-based remuneration system for the Board of Management of BayernLB (referred to below as the “remuneration system”), which went into effect on 1 January 2020. The remuneration system for the Board of Management is accordingly aligned with the BayernLB Group's business and risk strategy and the relevant multi-year plan, supports the achievement of strategic objectives, takes account of the concept of sustainability and also takes into account the risk-taker status as defined in the Instituts-VerV. It shall be reviewed regularly and adapted as necessary. The payment of performance-

related remuneration is subject to the Supervisory Board adopting a bonus budget. When setting the bonus budget, sufficient account must be taken of the risk-bearing capacity, multi-annual capital planning and earnings situation of BayernLB Bank and the BayernLB Group, and it must be ensured that BayernLB Bank and the BayernLB Group are in a position to maintain or restore an adequate level of own funds and liquidity and the combined capital buffer requirements under Section 10i of the German Banking Act on a permanent basis. The target agreement of the Management Board consists of a Group component (weighting 50 percent) and a departmental and individual component (weighting 50 percent).

Further information on the Internet:

Disclosure Report 2020

Statues of Bayerische Landesbank

GRI 102-36 (2016) Process for determining remuneration

To ensure the appropriateness of employee remuneration, an external remuneration consultant (WillisTowersWatson or McLagan in the reporting period) is commissioned at regular intervals to obtain up-to-date market comparisons with regard to both fixed and variable remuneration. If necessary, adjustments are made to the amount and structure of remuneration on the basis of the market comparisons.

The remuneration of the Board of Management is also reviewed at regular intervals by the Supervisory Board with the support of the Remuneration Committee and with the assistance of external remuneration consultants to ensure that it is in line with the market. In the year under review, the Remuneration Committee commissioned an external remuneration report, which confirmed the market conformity of the Board of Management remuneration.

Further information on the Internet:

Disclosure Report 2020

Statues of Bayerische Landesbank

SDG 16.7

GRI 102-37 (2016) Stakeholder's involvement in remuneration

BayernLB's remuneration governance structure is described in detail in the Disclosure Report and the Remuneration Report (including a graphical overview); only the main elements are described here.

The Supervisory Board of BayernLB determines the appropriateness of the remuneration systems applicable to the members of the Board of Management (section 3 para. 2 InstitutsVergV in conjunction with section 25a para. 1 no. 6 and section 25 para. 5 KWG), and monitors the remuneration of the employees. One source of assistance with this task is the Compensation Committee (section 15 para. 2 and 3 InstitutsVergV). On the Committee's agenda for its six meetings in 2020

was employee remuneration, in particular with regard to implementing the revised German Remuneration Ordinance for Institutions. The Committee evaluated the impact of the remuneration systems on the risk, capital and liquidity of both the BayernLB Bank and the BayernLB Group, and deliberated on the proposal for calculating and allocating the total amount of variable remuneration for the employees for the 2020 financial year. The Committee was informed about the process for identifying risk takers in the Bank and in the Group, as well as of the sustainability review findings. In addition, ad hoc discussions were held, and information regularly exchanged, between the Compensation Committee and the Risk Committee of BayernLB (in some instances facilitated by certain members belonging to both committees).

One of the tasks of the Remuneration Officer is monitoring the appropriateness of the remuneration systems for the employees (excluding Board of Management members). To this end, the Officer must be integrated into the ongoing processes of redesigning, adapting and applying the remuneration systems (section 24 para. 1 InstitutsVergV). Another task of the Remuneration Officer is supporting the Supervisory Board and its Compensation Committee in their monitoring of the appropriateness of the structuring of the remuneration systems for the employees.

BayernLB furthermore has a Remuneration Board, comprised of Bank-internal members, below the Board of Management level. This body is tasked among other things with advising the Board of Management and the Human Resources Division on the structure for an appropriate remuneration system geared towards the sustainable development of BayernLB, with a particular focus on variable remuneration. It also advises and assists the Remuneration Officer on specific issues relating to the monitoring of employee remuneration systems. In addition to officers from the sales units, the Remuneration Board comprises one officer from the Risk Office units as well as representatives of the Group Risk Control, Finance, Audit, Group Compliance and Human Resources Divisions. This composition fulfils section 3 para. 3 InstitutsVergV, which requires an appropriate degree of involvement by the control units when designing and monitoring employee remuneration systems. In the 2020 financial year the Remuneration Board convened twice. A backtesting working group is in place which functions as a Remuneration Board committee and is comprised of these same Board members. It is tasked with carrying out performance reviews and backtesting. In the reporting year, it assisted the managers in reviewing the sustainability of the risk takers' contributions. To this end, it conducted a preliminary check for the backtesting of the corporate and segment objectives as well as for certain criteria which are applied when reviewing the contribution of the organisational unit and that of the individual risk taker. The working group convened in one instance.

Further information on the Internet:

Disclosure Report 2020

Statues of Bayerische Landesbank

GRI 102-38 (2016) Annual total compensation ratio

Detailed information on the remuneration of members of the Board of Management and employees can be found in the Remuneration Report, the Disclosure Report and the annual financial statements.

Further information on the Internet:

Disclosure Report 2020

BayernLB 2020 Annual Report and Accounts

GRI 102-39 (2016) Percentage increase in annual total compensation ratio

Detailed information on the remuneration of members of the Board of Management and employees can be found in the Remuneration Report, the Disclosure Report and the annual financial statements.

Further information on the Internet:

Disclosure Report 2020

BayernLB 2020 Annual Report and Accounts

5 Stakeholder engagement

PRB 4.1

GRI 102-40 (2016) List of stakeholder groups

In the materiality analysis (last update of 2018), the topic "Social committment & dialogue" was defined as material according to GRI for BayernLB and its stakeholders.

As an active part of society, BayernLB maintains a regular dialogue with numerous social groups. They have different, sometimes contradictory expectations and demands of the company.

BayernLB communicates with the following stakeholder groups:

- Shareholders
- Employees, Management Board members, Supervisory Board members
- Customers and business partners
- Investors
- Supervision (e.g. Bundesbank, BaFin, ECB, DPR)
- (Sustainability) rating agencies
- Non-governmental organisations (NGOs)
- Media
- Public

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

SDG 8.8
UN GC 3

GRI 102-41 (2016) Collective bargaining agreements

In the materiality analysis (last update of 2018), the topic "Contribution to the regulatory framework" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB is a member of the Tarifgemeinschaft Öffentlicher Banken. The latter performs collective bargaining tasks and concludes collective agreements for its member institutions. The tariff community of public banks currently comprises 44 VÖB member institutions with around 60,000 employees. The institutions participating in the collective agreement include Landesbanken, development institutions, building societies and individual Savings Banks. The tariff community of public banks has been active since 1954. Until 1972, the VÖB's collective bargaining commission concluded independent collective agreements for its members. Between 1972 and 2020, there was a negotiating association with the Employers' Association of the Private Banking Industry (AGV Banken), to which the Employers' Association of the Volks- und Raiffeisenbanken (AVR) also belonged in the meantime. From 2020 onwards, the collective bargaining community of public banks will again conduct its own collective bargaining.

Around one third of BayernLB's employees are remunerated in accordance with the collective agreements for the private banking sector and public-sector banks; further details are given in the table below:

Collective agreements and employee representation	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which employees covered by collective bargaining agreements	1.124	1.203	1.120
of which employees covered by collective bargaining agreements in Germany	1.124	1.202	1.119
of which employees covered by collective agreements abroad	0	1	1
of which employees for whom there is employee representation	3.089	3.226	2.092

For further information, see GRI 402 and 407.

PRB 4.1

GRI 102-42 (2016) Identifying and selecting stakeholders

In the materiality analysis (last update of 2018), the topic "Social committment & dialogue" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB's Reputation Risk Management framework defines a stakeholder as a group (or person) that has a legitimate interest in BayernLB's business conduct and - depending on how it reacts to incidents in the BayernLB Group - has or may have an impact on the reputation of the BayernLB Group.

A distinction is made between key stakeholders - e.g. employees, customers and business partners, investors and shareholders - and other relevant stakeholders - e.g. supervision, the public,

rating agencies and non-governmental organisations. This classification is based on risk considerations. For further information on stakeholders, see GRI 102-40 and GRI 102-43 and 44.

GRI 102-43 (2016) Approach to stakeholder engagement

SDG 16.7
PRB 3.2
PRB 4.1

Various units are responsible for the dialogue with the various stakeholders (for an overview and identification, see GRI 102-40 and 42). For example, Human Resources is the point of contact for employees. The market units are responsible for contact with customers. Rating & Investor Relations is responsible for cooperation with investors and rating agencies. The press department looks after the media representatives.

The framework for this is provided by the Code of Conduct: "BayernLB is committed to an open, fair and transparent information and communication policy. This applies both to internal communication with employees and managers and to external communication with all relevant stakeholder groups."

This approach is concretised in the Sustainability Strategy 2021: "To ensure we can present ourselves to our customers, market participants and investors as strategic contacts in sustainable finance and sustainability issues, it is imperative that we have credibly addressed sustainability in our own organisation. Other stakeholders too, such as our own employees, other business partners and the public and media, should be able to evaluate the ESG standards that BayernLB has in its own company."

In order to meet this requirement, BayernLB Research, among others, makes a significant contribution, not only with analyses and publications for the internal information of employees, but also with publications for the Bank's customers. BayernLB Research has been examining the megatrends of energy, climate change, demographic change, digitalisation, political framework conditions and regulation as well as the financing side (green loans, green bonds, social bonds) for years (for further information, see GRI FS 16).

Employees

Employees are involved in different ways.

The employees' interests are represented by the General Staff Council, the Staff Councils in Munich and Nuremberg, the Youth and Trainee Council and the Disabled Persons' Council, among others. The Bank attaches great importance to employee co-determination and the involvement of staff representatives. The staff representatives are also represented on the Supervisory Board with full voting rights in order to ensure that the interests of the employees are adequately heard on the Supervisory Board. The following bodies exist to improve cooperation between the employer and the General Staff Council: Labor Committee (Health Protection), Casino Advisory Board and Business Advisory Board. For further information, see GRI 402.

The Sustainability Strategy refers to the connection between internal and external communication: "BayernLB’s employees should be able to identify with the company. This gives them the ability to act entrepreneurially in assessing risks and leveraging opportunities, as well as in all

internal processes and external activities. For this reason, BayernLB actively encourages its employees' involvement. At the forefront are complying with corporate governance and safeguarding the legitimate interests of other stakeholders. Specifically, employees in suitable topic areas should be incorporated into the decision-making process by means of regular surveys, their creativity nurtured through idea and innovation management and their participation in success ensured."

BayernLB also relies on dialogue with employees on environmental issues. The Environmental Policy states: "We help make our staff more aware of environmental issues and involve them in all related measures taken by our Bank. We inform our staff of all environment-related issues at the Bank and require of them their help in the further development of our environment management."

Employees were asked for their feedback on the "Focus 2024" transformation programme during the reporting period. With a participation rate of just under 50 percent, a predominantly positive impression of the transformation program was noted, as well as a great understanding of the need for realignment. There was a high level of willingness on the part of the employees to support the necessary changes, to support the process and to actively participate in it.

Employees can contribute ideas and suggestions for improvement within the framework of the Idea Management. Particularly effective suggestions for improvement are rewarded financially. In addition, new formats such as PitchNow or BarCamp were introduced to facilitate more agile methods of idea generation.

In addition to the Intranet and a Wiki, the employee magazine "PlusPunkt" is used for continuous communication with and among employees. Also due to the restrictions imposed by the coronavirus pandemic, virtual formats such as the Town Hall Meeting of the Board of Management with all employees worldwide have been added.

The topic of sustainability is also represented on BayernLB's Intranet with a wide range of information: Information on the Sustainability Strategy or the company's Environmental Management System, such as tips on active environmental protection, is provided. To further raise employee awareness of the issue of sustainability, newly recruited junior staff are informed in appropriate presentations and employees in the market divisions receive special training on specific topics.

For further information on employees, see GRI 401 to 407.

Customers

In the materiality analysis (last update of 2018), the topic of "Customer satisfaction" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB states in its Sustainability Strategy. "We set great store by intensive customer communication and high customer satisfaction, and take criticism addressed to us (e.g. via our central complaints management) very seriously. To ensure we recognise our customers' changing needs, we conduct both market studies and regular satisfaction surveys, which will also include a focus on ESG-relevant issues in future."

The market studies provide information on long-term trends and key issues in the markets relevant to BayernLB. The customer barometers record the attitudes and behaviour of current and potential customers. The barometers cover, among other things, the stability of customer relationships, customer satisfaction with the Bank's services and their perception of the Bank's strengths and weaknesses. The focus is on qualitative assessments of customers and satisfaction indicators. At the same time, the analyses enable a comparison with important competitors. In view of the different requirements of individual customer groups, target group-specific surveys are carried out in the studies; the following are examples of this:

- The "Real Estate Customer Barometer" records the expectations and experiences of commercial and residential real estate customers in the course of individual interviews.
- The "Customer Barometer Mittelstand" is based on personal interviews with representatives of medium-sized companies.
- The "S-Plus Customer Satisfaction Survey" is based on interviews with members of the Board of Management and sales managers of the Savings Banks on cooperation in the individual product segments.

The results of the surveys form a central basis for product, consulting and service development. They provide important starting points for the design of measures for customer retention and acquisition.

In addition, customers are involved through the Business Advisory Board. In accordance with § 17 of the Statutes of Bayerische Landesbank, this Advisory Board serves to provide the Bank with expert advice on its business policy and to promote contacts with business circles, in particular with its customers.

In accordance with Article 26 DelVO in conjunction with MaComp and BaFin RS 06/2018, BayernLB has set up a central complaints management system and implemented procedures for handling complaints. A (potential) client can submit a complaint in writing by letter or via a website form on the Bank's website. A general complaints hotline is also available. Customers can use these channels to express criticism and rely on objective and timely processing. Group Compliance is responsible for these customer complaints. The recording and processing of complaints (including the possible involvement of the legal department) is carried out independently by the organisational units concerned. They are obliged to report these for central evaluation.

BayernLB is also a customer. As part of its EMAS certification (for all information, see GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental"), it conducts annual supplier audits with selected suppliers and external service providers who have signed BayernLB's Sustainability Agreement (for all information, see GRI 204). In these discussions, there is an exchange of views on sustainable action along the entire value chain and compliance with the agreement is checked on a random basis. Neighbourhood talks are held to foster dialogue on sustainable issues with companies in BayernLB's vicinity.

Investors/Sustainability Rating Agencies

In view of the already high and increasing market share of sustainable investors, it is becoming increasingly important for issuers to qualify their securities as sustainable investments. The prerequisite for this is, among other things, a good performance in the sustainability rating of the specialised ESG rating agencies.

BayernLB maintains an active dialogue with selected sustainability rating agencies through its Sustainability Executive Unit. The current rating results can be found on BayernLB's homepage. The Sustainability Strategy states: "Our high commitment to sustainability over several decades is confirmed by rating agencies, which have awarded us Prime status. We hold ourselves to at least maintaining the current sustainability rating despite constantly rising challenges, and to continually developing our capabilities."

Non-governmental organisations

The recurring contact with non-governmental organizations serves as a joint exchange to discuss the possible effects of business activities on people and the environment. The results are used, for example, in the revision of policies for financing or in the formulation of targets for sustainability strategies. For example, at the end of 2020, the Armaments and Weapons Policy was revised in light of the changing focus of both the Bank and its stakeholders' requirements. Financing of armaments has been generally excluded since February 2021 (see also GRI FS 1).

Press/Public/Politics

BayernLB's Communications & Marketing Unit is responsible for communicating with the press, the public and politicians. Among other things, it presents BayernLB to the public and the media, serves as a contact for the media and journalists, carries out active press work and organises interviews and (background) discussions with members of the Board of Management. It also communicates with policy makers/parliamentary advisors at the state policy level.

Shareholders/Supervisory Board/Board of Management

BayernLB's shareholders are represented on the Supervisory Board. For all general information and regarding their involvement (including that of the Board of Management) as stakeholders, see GRI 102-18, 21, 22, 23, 24, 26, 27, 28, 29 and 32.

Further information on the Internet:

BayernLB's Sustainability Policy

Code of Conduct

BayernLB's Sustainability Strategy

Homepage of BayernLB: Sustainability raitings

Homepage of BayernLB: How to submit a complaint

GRI 102-44 (2016) Key topics and concerns raised

SDG 12
UN GC 8
PRB 4.1

The 17 global sustainability goals of the UN Agenda 2030 and the climate targets of the Paris Agreement continue to be key to the general understanding of sustainability and are also used by BayernLB to align itself as a sustainable company. The related sustainability areas and the pandemic were the main topics of sustainability-related communication with stakeholders during the reporting period.

Employees

The issues in cooperation with the General Staff Council were mainly related to the pandemic. These included home office, (modified) canteen operations and desk sharing.

As part of the "FokusM" change project, interviews were conducted with the Supervisory Board, Board of Management members, managers and employees on the subject of the importance of leadership for BayernLB's success. Based on the results of the interviews, the existing values, and market standards a further understanding of leadership and cooperation was developed - the Leadership Compass. The aim of the Leadership Compass is to meet the challenges of today and tomorrow through a unified and evolved understanding of leadership (for more information, see GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment").

Customers

No systematic issues raised by BayernLB's customers have been identified through the central-complaints management system.

The digital customer magazine regularly covers topics that arise from interaction with customers. An insight into this from the reporting period (and early 2021) can be found on BayernLB's homepage:

- Decarbonization - in terms of decarbonization, the globally active steel and technology group voestalpine has set itself the goal of reducing CO2 emissions by around one third after 2030. In the long term, it is planned to gradually increase the share of hydrogen from renewable energies in order to be able to reduce CO2 emissions by more than 80 percent by 2050. H2FUTURE is the name of voestalpine's lighthouse project to drive technology transformation for further direct avoidance of CO2 emissions in steel production (MittelPunkt 3.20, online January 2021).
- Digitization - the Munich-based company M-net offers state-of-the-art fiber optic technology and thus becomes a guarantor for the Bavarian economy. M-net is working on further innovation of fiber optic technology and the progress of broadband expansion (MittelPunkt 3.20, online January 2021).
- Sustainable real estate - with state-of-the-art technology, Deka Immobilien solves the balancing act between economic interests and meeting sustainable criteria (MittelPunkt 2.20, online September 2020).
- Decarbonisation - at the Ziegler Group everything revolves around the sustainable raw material wood, from the tree to the prefabricated house. Investments in a pellet plant sustainably enrich the core activity "wood" by significantly reducing CO2 emissions, opening up new sales

channels for the residual wood and reducing heating costs (MittelPunkt 1.20, online April 2020).

- Mobility and more - Herrenknecht AG is considered the most renowned manufacturer of tunnelling technology. The company's four business areas take account of significant issues such as mobility, urbanisation, the development of new raw materials or energy sources (MittelPunkt 1.20, online April 2020).

Investors/Sustainability Rating Agencies

The Sustainability Executive Unit is in active contact with its sustainability rating agencies, not only in order to maintain the current rating level (see GRI 102-43). In order to meet their requirements even better, the respective feedback on the rating assessments was dealt with intensively and as a consequence, among other things, the present Sustainability Report was expanded by additional information (compared to the previous year).

Non-governmental organisations

See comments in GRI 102-43.

Shareholders/Supervisory Board/Management Board

For all significant issues and concerns raised, see GRI 102-18, 21, 22, 23, 24, 26, 27, 28, 29 and 32.

6 Reporting practice

GRI 102-45 (2016) Entities included in the consolidated financial statements

The contents of this Sustainability Report generally relate to BayernLB Bank with BayernLabo. Many of the relevant guidelines, such as the Code of Conduct or the guidelines for earmarked financing for fossil energies, apply to the entire Group. An overview of the scope of consolidation (IFRS 10) is provided in the BayernLB Group 2020 Annual Report.

Further information on the Internet:

BayernLB 2020 Annual Report and Accounts

SDG 6
SDG 12

GRI 102-46 (2016) Defining report content and topic boundaries

BayernLB is already committed to the stakeholder principle in its Sustainability Policy with regard to the selection of sustainability issues: "In prioritising our areas of action and setting ambitious standards, we take account of the needs and requirements of our stakeholders, whom we seek to bring into the conversation."

The materiality analysis according to GRI is a tool for defining areas of action and reporting topics; the Sustainability Strategy 2021 describes this as follows: "BayernLB regularly performs a materiality analysis with all relevant Group units in accordance with GRI, to determine the most important sustainability issues for its stakeholders in relation to BayernLB."

Building on the 2016 materiality analysis, BayernLB updated the topics that are material for the Group according to GRI in 2018. This Sustainability Report relates only to BayernLB and BayernLabo and therefore reports on their key topics in particular. In the process, 13 key topics from six areas of action were defined (see GRI 102-47).

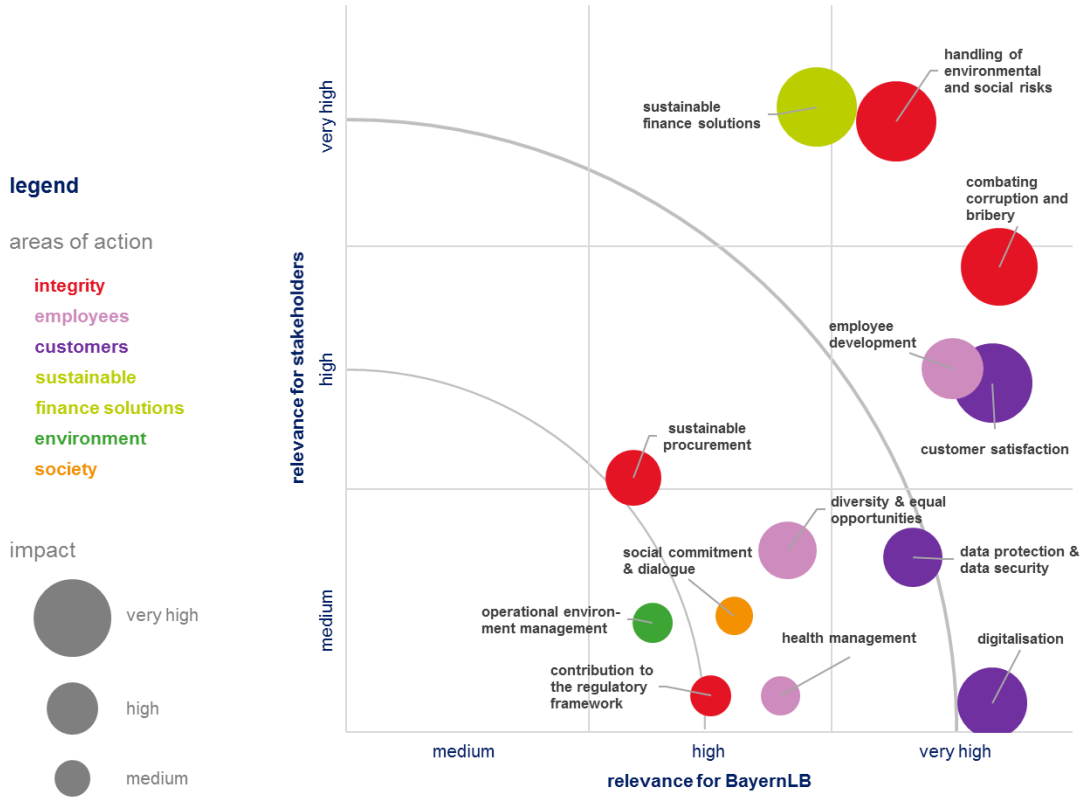
The materiality analysis was carried out in several process steps at the end of 2018. An initial selection of topics resulted from a competitive review and analysis of relevant sustainability standards and taxonomies.

In a second step, the relevance of the topics for stakeholders was discussed: What are the expectations of key stakeholder groups? In which areas do they expect companies and/or BayernLB to become active? External "stakeholder experts" were consulted for this purpose. These included interlocutors from the groups of civil society, peers, customers and science. The survey was conducted firstly through an online survey to find out how the issues are prioritised and how the scale of impact is assessed. Secondly, telephone interviews took place in order to qualitatively deepen the findings.

In an internal online survey, BayernLB employees were also asked to assess the extent to which BayernLB's business model has a positive or negative impact on people, the environment and society, and which sustainability issues are key to understanding BayernLB's business performance (e.g. in terms of reputation, customers, sales revenue, costs).

Thirdly, the findings were compiled, discussed, validated and transferred into a final matrix in a workshop.

BayernLB Group materiality matrix



The Sustainability Strategy 2021 was developed on the basis of this materiality analysis. The next update of the materiality analysis is already in preparation.

The detailed analysis of the rating requirements of major sustainability rating agencies, the requirements of the UN Global Compact and PRB and the SDGs revealed a further sharpening in the detail of the individual report contents.

GRI 102-47 (2016) List of material topics

In the 2018 materiality analysis for the BayernLB Group, the following 13 topics were identified as material. The precise assessment of relevance for both BayernLB and its stakeholders (medium-high-very high) is shown in the materiality matrix, as is the extent of its impact (see GRI 102-46). This Sustainability Report relates only to BayernLB and BayernLabo and therefore reports on their key topics in particular.

Key topics from the "Integrity" area of action:

- Handling of environmental and social risks
  The topic-specific GRI standards 300ff. (Environmental) and 400ff. (Social) deal in detail with BayernLB's handling of environmental and social risks. The topic is also reflected in GRI Standard 102-11 (Precautionary principle or approach).
- Combating corruption and bribery
  The GRI Standards of 205 (Anti-corruption) address the topic of "Combating corruption and bribery".
- Sustainable procurement
  The issue of sustainable procurement is addressed in various GRI Standards; BayernLB reports in detail on this in 204 (Procurement practices) and 412 (Human rights assessment). Also 308 (Supplier environmental assessment) and 414 (Supplier social assessment) refer to the topic.
- Contribution to the regulatory framework
  The contribution to the regulatory framework is made through responsible lobbying (GRI Standard 415). In addition, participation in market standardization initiatives is also briefly described in GRI Standards 102-12 (External initiatives) and 102-13 (Membership of associations).

Key topics from the "Employees" area of action:

- Employee development
  Information on the topic of "Employee development" can be found mainly in the topic-specific GRI Standards 400 (Social), in particular in 404 (Training and education).
- Diversity & equal opportunities
  The topics of "Diversity & equal opportunities" and the related topic of "Non-discrimination" are addressed in GRI Standards 405 (Diversity and equal ppportunity) and 406 (Non-discrimination).
- Health management
  The topic of "Health management" is reported in GRI Standard 403 (Occupational health and safety).

Key issues from the "customers" area of action:

- Customer satisfaction
  The topic of "Customer satisfaction" is reported in GRI Standards 102-43 (Approach to stakeholder engagement) and 417 (Marketing and labeling).
- Data protection & data security
  The topics "Data protection & data security" are covered in GRI Standard 418 (Customer privacy).

Key topics from the "Sustainable finance solutions" areas of action:

- Sustainable finance solutions
  The topic of "Sustainable finance solutions" is addressed in GRI Standards 102-2 (Activities, brands, products, and services) as well as 102-10 (Significant changes to the organization and its supply chain) and 102-44 (Key topics and concerns raised). In addition, a broad presentation is made in the GRI section FS.

Key topics from the "Environment" area of action:

- Operational environment management
  Detailed information on the topic of "Operational environment management" can be found in the topic-specific GRI Standards 300ff. (Environmental).

Key topics from the "Society" area of action:

- Social committment & dialogue
  The topics "Social committment & dialogue" can be found in various places in the Sustainability Report, social committment in GRI Standard 413 (Local communities), dialogue with stakeholders in GRI Standards 102-12 (External initiatives), 102-13 (Membership of associations), 102-40 (List of atakeholder groups), 102-42 (Identifying and selectingn stakeholders) and 102-43 (Approach to stakeholder engagement), among others.

GRI 102-48 (2016) Restatements of information

During the period under review, there were no mergers or acquisitions at BayernLB and no changes in the nature of its business activities. The base year for the reporting period has not been changed. Accordingly, the text does not contain any significant restatements of information from the previous Sustainability Report or other previous sustainability reporting. Minor changes are described directly in the text under the relevant indicators.

GRI 102-49 (2016) Changes in reporting

In relation to last year's Sustainability Report, the following changes occurred:

- All GRI indicators were included in the presentation. If no information is available for a GRI indicator, this is explained.
- The chapter "FS" has been added, this contains the GRI indicators specific to the financial sector.
- Marginalia on the SDGs, PRBs and UN GCs indicate that an indicator simultaneously contains relevant information on these reference systems. Thus, the Sustainability Report also serves as a progress report for the implementation of the ten principles of the UN Global Compact. At the same time, the index provides information on how the Bank contributes to the UN Sustainable Development Goals (SDGs). For BayernLB's Sustainability Management, these form a central basis for action in the exercise of social responsibility.

Apart from this, there were no significant changes from previous reporting periods in the list of material topics and delimitations of topics.

GRI 102-50 (2016) Reporting period

The Sustainability Report 2020 (according to GRI) refers to the calendar year 2020.

GRI 102-51 (2016) Date of most recent report

BayernLB published its Sustainability Report (according to GRI) in this form for the first time in 2020 for the 2019 financial year. BayernLB previously based its sustainability reporting on the GRI.

Also available is the BayernLB Group's non-financial report, which has been prepared annually since 2018 (for the first time for the 2017 financial year).It selectively draws on the GRI standards in its preparation and is integrated into the consolidated financial statements for the respective financial year. The mentioned reports are available on the Internet.

Further information on the Internet:

Homepage of BayernLB: Sustainability reporting

GRI 102-52 (2016) Reporting cycle

The Sustainability Report (according to GRI) is to be updated annually. The publication of the next Sustainability Report is planned for 2022.

GRI 102-53 (2016) Contact point for questions regarding the report

BayernLB's Sustainability Executive Unit will be on hand to answer questions and provide suggestions:

Sustainability Executive Unit

BayernLB

Brienner Str. 18

80333 München

Phone: +49 89 2171-24887

Fax: +49 89 2171-624887

nachhaltigkeit@bayernlb.de

Information on sustainability management as well as relevant reports and other documents can be found on the corporate homepage.

GRI 102-54 (2016) Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: “Core"

GRI 102-55 (2016) GRI content index

The table of contents of this Sustainability Report (according to GRI) also represents the GRI Content Index.

GRI 102-56 (2016) External assurance

The Sustainability Report was not externally validated. However, key information for the report is taken from publications that are subject to external audit. This includes economic information and key figures from the Annual Report or the BayernLB Group 2020 Non-financial Report, as well as environment-related information and key figures from the 2020 Environmental Statement (2020 financial year), which is audited by the independent environmental auditor as part of EMAS certification.

la

GRI 200 Economic

GRI 200 Economic

GRI 201 (2016) Economic performance

SDG 2.a
SDG 5.4
SDG 7.a
SDG 7.b

GRI 201 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Economic performance"

BayernLB is, also due to its legal form and ownership structure, committed to combining economic and sustainability-related interests.

The Sustainability Policy formulates this as follows: "At BayernLB we shoulder responsibility for economic, social and environmental developments in our home state of Bavaria and everywhere else we help our customers do business. We firmly believe that, by having all of our own business processes guided by the principles of sustainability, will help make our Group more successful."

This is also confirmed by the Sustainability Strategy 2021: "In line with our commitment to our shareholders as a commercial business, we act based on a clear concept of risk to achieve suitable returns in accordance with this clearly defined responsibility for our society."

BayernLB's economic performance is highlighted in a variety of financial publications such as the Disclosure Report, financial statements and Remuneration Report. Therefore, in order to avoid duplication, reference is made here to those reports. For further information within this statement, see GRI 102-2, 5 and 6.

Further information on the Internet:

BayernLB's Sustainability Policy

BayernLB's Sustainability Strategy

Homepage of BayernLB: Financial Reports

SDG 2.a
SDG 5.4
SDG 7.a
SDG 7.b
SDG 8.1
SDG 8.2
SDG 9.a
SDG 9.1
SDG 9.4
SDG 9.5

GRI 201-1 (2016) Direct economic value generated and distributed

BayernLB presents the economic value generated and distributed transparently in its financial reports. For further information refer to GRI 201 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Economic performance". BayernLB makes a significant contribution to society in this respect, as the majority shareholder is the Free State of Bavaria. See GRI Standard 102-5.

The Code of Conduct also states: "Good business decisions go hand in hand with social responsibility. We take this responsibility very seriously. Our commitment is centred on helping the community and promoting education and science, art and culture and sustainable development. We also support the voluntary social commitment of our employees, through, among other measures, our Corporate Volunteering programme." For more information on the topic of donations and volunteering see GRI 413.

Further information on the Internet:

Code of Conduct

GRI 201-2 (2016) Financial implications and other risks and opportunities due to climate change

SDG 13.1
UN GC 7
UN GC 8
UN GC 9

BayernLB is affected by the consequences of climate change both in its business operations and through its business activities as a financial services provider.

In its business operations, it addresses climate change through an appropriate climate protection strategy, which consists of reducing energy consumption, substituting resource-intensive energy sources and offsetting net emissions. This is detailed in GRI 305 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions" and BayernLB's Environmental Statement (published in German only). Evidence of compensation activity is published on the Internet.

The guidelines of the Sustainability Policy apply to business activities: "Because we integrate social and environmental aspects into our financing and capital market products, both we and our customers weigh the risks and opportunities that come with such global challenges as climate change and dwindling resources and thus make an active contribution to a sustainable development."

The Sustainability Strategy 2021 describes the concrete way forward as follows: "With a view to transforming our customer portfolio, we have established a milestone plan for the next few years. First of all we intend to significantly increase the share of ESG-compliant financing in our portfolio by 2023 compared to the figures for 2020 (bottom-up approach). We will achieve this by increasing the sustainable impact primarily in accordance with the EU Taxonomy and by developing adequate risk management with the goal of establishing a well diversified and manageable ESG risk profile.

The availability of well-founded data and comprehensive data management is essential to record and assess risks and opportunities. To this end, we have created an ESG Assessment Tool, which is continually adjusted to reflect growing analysis and reporting requirements. This enables us to assess the sustainability risks associated with the business relationship and the positive effect of financing on achieving climate and sustainability goals (impact), and thus also make them transparent for our customers. In specific scenario analyses (e.g. climate stress test), we evaluate potential development paths and their impact on the sub-portfolios, and derive recommendations for action. We enter into new business (new customers/new transactions) after carefully weighing the risk and profitability, taking account of the established exclusion criteria and the various policies. ESG impact/risk considerations will also feature more strongly in future decisions with regard to the planned portfolio restructuring."

The risks mentioned are presented in GRI 102-15. The system of policies is explained in detail in GRI FS 1 and 2.

Further information on the Internet:

BayernLB's Sustainability Policy

BayernLB's Sustainability Strategy

Abridged Environmental Statement 2020 (only published in German)

GRI 201-3 (2016) Defined benefit plan obligations and other retirement plans

Detailed information on the pension plans and benefit schemes can be found in particular in the Individual financial statement 2020 on p. 31f. and p. 70f (only published in German).

Further information on the Internet:

Individual financial statement 2020 (only German version available)

GRI 201-4 (2016) Financial assistance received from government

BayernLB is itself a public law institution, see GRI 102-5. BayernLB did not receive any financial support from the public sector in the year under review.

GRI 202 (2016) Market presence

GRI 202 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Market presence"

In its Sustainability Policy, BayernLB acknowledges its regional responsibility: "At BayernLB we shoulder responsibility for economic, social and environmental developments in our home state of Bavaria and everywhere else we help our customers do business." The Bank lives up to this in many ways. See GRI 204-1, 413 and FS 13.

Further information on the Internet:

BayernLB's Sustainability Policy

GRI 202-1 (2016) Ratios of standard entry level wage by gender compared to local minimum wage

The Bank recruits new staff on the basis of the collective agreements for the private banking industry and public banks (banking tariff). Non-tariff employees are classified and paid on the basis of service agreements concluded with the General Staff Council. This ensures payment above the statutory minimum wage. The foreign branches essentially follow the domestic remuneration system for non-tariff employees - always in compliance with local legislation and regulations. In any case, compliance with any local minimum wage regulations is ensured.

For further information on collective bargaining agreements, see GRI 102-41 and 407; for information on remuneration, see GRI 102-35 to 39.

GRI 202-2 (2016) Proportion of senior management hired from the local community

SDG 8.5

BayernLB has only a small number of managers at its foreign branches, as the branches are mainly managed from head office. In its Code of Conduct, the Bank excludes discrimination against persons on the grounds of ethnic origin, among other things. This also applies to access to management positions.

	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which employees abroad	167	188	186
of which German employees abroad without management responsibility	19	24	26
of which foreign employees abroad without management responsibility	129	142	139
of which German employees abroad with management responsibility	7	7	8
of which foreign employees abroad with management responsibility	12	15	13

GRI 203 (2016) Indirect economic impacts

GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts"

SDG 9
SDG 10

BayernLB as a whole is committed to comprehensive responsibility, see the Sustainability Policy: "At BayernLB we shoulder responsibility for economic, social and environmental developments in our home state of Bavaria and everywhere else we help our customers do business."

Within BayernLB, Bayerische Landesbodenkreditanstalt (BayernLabo) is responsible for housing promotion business and reports on this in detail in its Annual Report (only published in German). BayernLabo's housing promotion business essentially consists of state housing promotion (known as trust business) and loans refinanced via KfW Bankengruppe (KfW), Landwirtschaftliche Rentenbank and on the capital market and subsequently reduced in interest (known as proprietary business). As the municipal bank of the Free State of Bavaria, BayernLabo also supports Bavarian municipalities with individually tailored traditional municipal loans and, in cooperation with KfW, with its own development programmes. These also concern energy-related refurbishments.

Further information on the Internet:

BayernLB's Sustainability Policy

BayernLabo Annual Report 2020 (only German version available)

SDG 2.a
SDG 4
SDG 5.4
SDG 7.a
SDG 7.b
SDG 9.a
SDG 9.1
SDG 9.4
SDG 11.2
UN GC 8
UN GC 9

GRI 203-1 (2016) Infrastructure investments and services supported

BayernLabo is responsible for the development business within BayernLB, see GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts".

SDG 1.2
SDG 2.3
SDG 3.8
SDG 8.2
SDG 8.3
SDG 8.5
SDG 10.b
SDG 17.3

GRI 203-2 (2016) Significant indirect economic impacts

BayernLabo is responsible for the development business within BayernLB, see GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts".

GRI 204 (2016) Procurement practices

SDG 1.4
SDG 5.1

GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices"

BayernLB is aware that it bears responsibility for economic, social and environmental development in its home region and wherever it supports its customers in their business activities. The Code of Conduct states: "We are actively and thoroughly committed to the challenges of sustainable development and heed our responsibility by taking ecological, economical and social aspects into account along the entire value chain."

BayernLB operates in a way that conserves resources and is environmentally, socially, ethically and socially responsible. It is aware of global problems such as climate change, water shortage, poverty, deforestation and threats to biodiversity and accepts these as challenges.

In the materiality analysis (last update of 2018), the topic "Sustainable procurement" was defined as material according to GRI for BayernLB and its stakeholders.

Accordingly, compliance with sustainability criteria is an important part of BayernLB's purchasing of goods and external services. BayernLB procures IT hardware and software, office equipment and materials, and consulting and auditing services, among other things. It requires its suppliers, external service providers and also sub-suppliers and sub-service providers to comply with ecological and social standards, including the core labor standards of the International Labour Organisation (ILO). The relevant documents are BayernLB's Code of Conduct and the Sustainability Agreement for Suppliers and External Service Providers, both of which are publicly available. The Code of Conduct states: "BayernLB also expects suppliers and service providers to provide fair employment conditions and allow employees the freedom to hold meetings and the right to negotiate collectively. We say no to exploitative (child)labour and forced labour. We do not work with business partners or organisations with objectives that are cult-like or hostile to the constitution."

The internal working instruction "Minimum requirements for the procurement of material goods and services" is the central basis for the design of procurement processes. In the procurement process and thus in the contract models to be used with external parties, it is mandatory to obtain a Sustainability Agreement from suppliers and external service providers. From an expected annual volume of EUR 10 thousand gross, the Sustainability Agreement is part of the contract. When purchasing material goods, products with recognised environmental labels, such as the Blue Angel, are generally preferred for the same price-performance ratio. Corresponding products are not recorded separately in the data, so that their share of the purchasing volume cannot be shown - one exception is paper purchasing. Recycled paper is predominantly procured here, see GRI 301-1.

Until the end of 2020, all relevant suppliers and external service providers with whom BayernLB does not yet have a business relationship were screened in advance for sustainability criteria and risks by the Procurement Unit together with the Sustainability Executive Unit. This is done, among other things, through the use of a specialised RepRisk database and other sources.

Since 2021, this audit has been carried out on a random basis as a follow-up. The reason for this simplification is that the Bank has found that over a very large number of years its service providers have had little or no sustainability/reputation risks.

The Sustainability Agreement describes in detail BayernLB's principles and requirements for its suppliers and external service providers with regard to their responsibility for people and the environment. Among other things, the following points are required of suppliers (for more information, see Sustainability Agreement):

- "BayernLB requires the supplier to minimise damage to the environment and continually improve environmental protection. BayernLB requires the supplier to have established or be in the process of establishing an environmental management system and for this to be put into daily practice and actively implemented within the company. One possible means of achieving this is DIN ISO 14001 and/or DIN ISO 50001 certification. However, a supplier can also prove by other means that it has or is establishing an environmental management system.
- BayernLB requires suppliers to ensure the rights of its employees, particularly with regard to occupational health and safety, working hours regulations and health, and to prevent discrimination on the basis of skin colour, race, nationality, social background, disability, sexual orientation, political or religious beliefs, gender or age.
- BayernLB requires suppliers to not employ and to not allow or tolerate the employment of persons who cannot prove they are at least 15 years of age or older or who are employed in countries where an exception under ILO Convention 138 is deemed to exist.
- BayernLB requires suppliers to not tolerate or engage in any form of corruption or bribery.
- BayernLB requires suppliers to grant its employees freedom of association and the right to collective bargaining."

The Agreement obliges suppliers and external service providers to comply with the requirements themselves and to pass them on to their respective suppliers and external service providers. This applies equally to outsourcing. In addition, this agreement is observed correspondingly in the area of management of owned and leased real estate.

Compliance with the agreement by suppliers and external service providers is checked by BayernLB on an annual basis by means of random supplier audits. BayernLB aims to intensify dialogue with key suppliers and external service providers and to audit at least five key suppliers each year. The review is carried out on the basis of meaningful documents that the business partners must provide, as well as research in external databases, in particular the external RepRisk database. In addition, discussions are held and, where necessary, on-site visits are made to the companies. If there are indications of violations, BayernLB obtains a statement from the service provider concerned to assess the situation. The Sustainability Agreement provides for the right to extraordinary termination of all contractual relationships with suppliers or service providers if they violate the agreed standards. In this case, the company concerned is first warned and given a reasonable period of time to remedy the deficiencies. In the case of particularly serious infringements, the prior warning may also be dispensed with.

The Sustainability Agreement can be viewed on BayernLB's website. BayernLB also signs the "Modern Slavery Act" every year, which is also published on the website.

Further information on the Internet:

BayernLB's Sustainability Policy

Code of Conduct

Sustainability Agreement

Modern Slavery Act Statement

Homepage of BayernLB: Sustainable procurement

GRI 204-1 (2016) Proportion of spending on local suppliers

BayernLB understands local procurement as the supply of businesses from the whole of the Free State of Bavaria.

BayernLB's procurement volume for services and tangible goods in Germany, the most important operating entity, for which the central Procurement Unit at the Munich branch is responsible, breaks down as follows:

Procurement volume	2020	2019	2018
Percentage of procurement volume from Germany	90 %	92 %	89 %
of which percentage Procurement volume from Bavaria	52 %	56 %	53 %

GRI 205 (2016) Anti-corruption

SDG 16.5
UN GC 10

GRI 205 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Anti-corruption"

Combating corruption, bribery and other criminal acts across all branches is one of the core objectives of BayernLB's compliance management system. Compliance with the relevant standards ensures that (regulatory) sanctions and reputational damage are avoided.

In the materiality analysis (last update of 2018), the topic "Combating corruption and bribery" was defined as material according to GRI for BayernLB and its stakeholders.

Since 2021, BayernLB has been committed to the principles of the UN Global Compact, which state: "Businesses should work against corruption in all its forms, including extortion and bribery."

The Code of Conduct provides clear guidelines in this regard: "The prohibition on accepting or granting inducements applies not only to direct cash inducements but also to other benefits which may result in an actual or perceived advantage and which could cast doubt on the Banks professional independence. Moreover, whenever we grant or accept inducements or benefits, especially gifts or invitations, we always respect the limits of what is common practice and appropriate, as well as the tax regulations and any requirements to seek approval."

This is further specified in the Sustainability Strategy 2021: ”Regarding integrity, it [the Code of Conduct] describes our zero tolerance for corruption and criminal acts and the correct way to tackle potential conflicts of interest and insider knowledge. This underscores the importance we ascribe to transparent communication and rules in place on compliance, including whistleblowing. Regular measures to raise awareness for our employees and the members of the Board of Management and Supervisory Board ensure that these issues are as present as possible in their minds and are therefore highly enforceable.”

BayernLB has implemented various measures in this context. The written rules stipulate, for example, that no business relationships are entered into with persons or companies managed by them who have been convicted of corruption, among other things. The "Regulations on accepting and granting benefits (in particular gifts and invitations)" make it clear that all gifts, invitations or benefits that could impair the personal independence of the recipient or could raise public doubts about the integrity of BayernLB or the recipient are not permitted. Donations and sponsoring are also clearly regulated and strictly separated from each other. Corresponding measures are also anchored for the granting of conditions and new loans.

Within the framework of obligatory, regular training courses for all employees (in accordance with the risk-oriented defined rotation), the existing regulations and behaviour to combat corruption are addressed. It is also possible to draw attention to conspicuous conduprocedures via the whistleblowing system. This whistleblower system is also accessible to external whistleblowers via all communication channels. Information on this is available on BayernLB's website. For further information on whistleblowing, see GRI 102-33.

In addition, new employees and temporary staff are subjected to an intensive screening process, which includes the presentation of a police clearance certificate. Certain groups are also subject to regular background checks.

Any corruption risks are reviewed and monitored throughout the Group by the respective Compliance Units. Based on regular risk analyses, they have taken appropriate precautions to combat economic crime, corruption and bribery and report on the effectiveness and any incidents to the Board of Management and the Audit Committee of BayernLB's Supervisory Board on an ad hoc and annual basis.

For further information on compliance, see GRI 102-17.

Further information on the Internet:

Combined separate non-financial report of the BayernLB Group for 2020 (annex to the Annual Report and Accounts, p. 289)

Code of Conduct

Homepage of BayernLB: Compliance

SDG 16.5
UN GC 10

GRI 205-1 (2016) Operations assessed for risks related to corruption

Combating corruption, bribery and other criminal acts across all branches is one of the core objectives of BayernLB's compliance management system.

SDG 16.5
UN GC 10

GRI 205-2 (2016) Communication and training on anti-corruption policies and procedures

All employees are regularly briefed and trained on the organisation's anti-corruption policies and procedures. For details, see GRI 205 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Anti-corruption".

SDG 10
SDG 16.5
UN GC 10

GRI 205-3 (2016) Confirmed incidents of corruption and actions taken

There were no incidents of corruption in the reporting period.

GRI 206 (2016) Anti-competitive behaviour

GRI 206 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Anti-competitive behaviour"

BayernLB is committed to fair competition and does not gain any unfair advantages over customers, suppliers or competitors. In doing so, BayernLB complies with the provisions of competition law.

The Bank's Code of Conduct states: "We believe in fair competition. We therefore run our business in a professional and competent manner and do not seek any unfair competitive advantage over clients, suppliers, service providers or competitors. We comply with competition law. We do not participate in illegal actions aimed at restricting competition. We respect intellectual property rights, including commercial and non-technical property rights. We acknowledge the work of rights holders by dealing conscientiously with licensing rights, patents and copyrights."

In the materiality analysis (last update of 2018), the topic "Contribution to the regulatory framework" was defined as material according to GRI for BayernLB and its stakeholders.

Further information on the Internet:

Code of Conduct

GRI 206-1 (2016) Legal action for anti-competitive behaviour, anti-trust, and monopoly practices

SDG 16.3

In the period under review, there were no legal proceedings against BayernLB for anti-competitive behaviour or breaches of antitrust and monopoly law.

GRI 207 (2019) Tax

GRI 207 (2019) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Tax"

SDG 10
SDG 16
UN GC 10

As a legal entity with its registered office and management in Germany, BayernLB is subject to unlimited tax liability on all of its worldwide income. In addition, it has limited tax liability abroad on its branches and local income. Consideration of tax issues is an integral part of the Bank's services in many of its business activities, both in its own interests and in the interests of its clients, and is anchored in its internal guidelines within the framework of applicable laws and regulations. Strict compliance with tax regulations can prevent both financial and reputational damage to the bank. Against this background, the Code of Conduct states: "We obey financial sanctions and embargoes imposed by national and international agencies and organisations, as well as the provisions of foreign trade law and tax law. We also seek to avoid unlawful transactions, tax/levy evasions and breaches of our duty to cooperate. "

In the materiality analysis (last update of 2018), the topic "Contribution to the regulatory framework" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB's commitment to the absolute legality of the Bank's tax system and, in tandem with this, to cooperative and transparent dealings with the tax authorities and to its claim to be an exemplary taxpayer applies worldwide.

In this respect, a good tax compliance culture is the basis for ensuring that employees behave in accordance with the rules. It is shaped in particular by the basic attitudes and behaviour of the management ("tone at the top"). Both senior management and the head of the tax department are unequivocally committed to tax compliance and communicate this commitment to all company employees inside and outside the tax department (for further details, see GRI 207-2). Accordingly, processes and measures have been developed to ensure that the importance of tax compliance is appropriately reinforced in the minds of BayernLB's staff.

In addition to its Code of Conduct, BayernLB is also committed in its tax strategy to compliance with laws and regulations in the area of tax law and to freedom from tax abuse in all its business activities. This tax strategy is derived from BayernLB's general risk strategy and is set out in the Group tax guideline, which includes a specific definition of responsibilities and competences as well as the main objectives of the tax department.

BayernLB also monitors legal standards on an ongoing basis to take account of the fact that the standards relevant to its business activities are subject to constant change. Legal changes that are relevant to tax risk are thus identified at an early stage and proactively addressed in order to take the necessary measures to minimise the risk. Moreover, BayernLB's tax risk strategy rules out even legally compliant tax optimisation if it could be perceived as an 'aggressive' tax avoidance strategy in the outside world. BayernLB's business policy is accordingly not geared to exploiting comparative tax advantages.

All obligations to cooperate in connection with the taxation of third parties are fulfilled by the Bank, statutory disclosure and reporting obligations are met, and information required for tax transparency is provided. If there are significant differences between the actual tax rate and the expected tax rate, an explanation is provided in the notes to the Annual Report. BayernLB also adopts a transparent approach to transfer pricing, strictly complying with the provisions of the applicable double taxation agreements and the provisions of the tax laws of the countries concerned at the parent company and the foreign entities, and in particular observing the arm's length principle. The implementation of this principle in the determination of transfer prices is a focal point of almost every tax audit.

BayernLB also does not support any business relationships/activities in which money laundering or tax evasion or any other illegal use of offshore companies becomes apparent. A separate offshore policy explicitly excludes under the negative criteria business activities that serve to evade and/or reduce duties or taxes, or to conceal and/or unfairly benefit from such activities in one's own or another country. In this regard, BayernLB has defined a group of countries as offshore countries and classifies them as permitted or (internally) blocked offshore countries according to external assessments regarding transparency, cooperation and (banking) supervision or the lesser business significance. This list is constantly adapted to current developments.

Furthermore, the Bank complies with the recommendations of the FATF when financing countries classified by the FATF (Financial Action Task Force) as non-cooperating countries and does not offer any objectionable products in the area of tax planning and optimisation.

BayernLB has also been registered under the Foreign Account Tax Compliance Act (FATCA) since 2014. In accordance with the relevant guidelines, BayernLB does not provide customer advisory services with the aim of reducing US taxes. The role of the Responsible Officer to review the processes required with the implementation of FATCA is performed by Group Compliance.

Further information on the Internet:

Code of Conduct

GRI 207-1 (2019) Approach to tax

SDG 16

For information regarding BayernLB's tax approach, see GRI 207 (2019) - GRI 103-1 (2019), GRI 103-2 (2019), GRI 103-3 (2019) Management approach disclosures for "Tax".

GRI 207-2 (2019) Tax governance, control, and risk management

SDG 16

The full Board of Management of BayernLB is responsible for managing the Bank's tax affairs. The latter has transferred responsibility to BayernLB's CFO, who in turn delegates responsibility to the tax department via the Finance Division. The area of responsibility of the tax department is defined in detail by the Group tax guidelines and delimited from other departments. Accordingly, the tax department is responsible for the establishment and continuous development of a tax risk management system, which includes in particular the ongoing identification and assessment of tax risks. It is also responsible for setting up and maintaining an internal tax control system by means of which BayernLB's tax risks are managed and monitored centrally. This enables a precise understanding of the potential risks and, as a result, the derivation of (preventive) measures for risk reduction (e. g. the risk management system is based on the following principles: the issuance of specific work instructions, the implementation of training courses or the definition of controls). In addition to supporting tasks, the specialist departments outside the tax department are entrusted with the operational implementation of the corresponding or resulting tasks or requirements. A control to review the internal control system and its appropriateness and effectiveness takes place on an ad hoc basis.

A key element of BayernLB's supervisory and risk management systems is tax governance and tax compliance. Legal requirements should be fully met or taken into account. Compliance is given a very high priority within BayernLB. For this reason, numerous measures are being taken to raise awareness and sensitivity to the issue and to anchor compliance firmly within the corporate culture. In this respect, tax compliance is understood as part of the general compliance requirements, so that all general compliance measures explicitly include the tax area. This is also accompanied by sanctions for breaches of tax compliance. If there are any indications in this respect, the management will initiate an investigation into the facts and, if misconduct is discovered, will

respond with appropriate measures. Here too, BayernLB's Code of Conduct stipulates that information on legal and compliance violations or risks of legal violations can be provided anonymously via the whistleblowing system (see also GRI 102-17 and GRI 205).

The general reporting on taxes in the Annual Report is reviewed by the auditor as part of the audit of the annual financial statements. In addition, recurring audits are carried out by Group Internal Audit with regard to tax compliance.

SDG 16

GRI 207-3 (2019) Stakeholder engagement and management of concerns related to tax

BayernLB attaches great importance to taking into account the views and concerns of stakeholders or stakeholder groups, with whom the Bank actively seeks dialogue. For example, the tax risk strategy takes into account not only the legal requirements but also the interests of BayernLB's owners, insofar as this is legally permissible and compatible with the Bank's tax strategy. Significant tax issues and projects are also submitted to the Board of Management for information or approval.

BayernLB's Code of Conduct is firmly anchored in its commitment to a cooperative and transparent relationship with all authorities and other sovereign entities. Accordingly, the Bank attaches great importance to compliance with the legally prescribed procedures in investigations and other official activities. The legal sector is involved to safeguard procedural rights and to accompany the dialogue with supervisory and investigative authorities. In order to safeguard its own legal position, BayernLB also obtains binding information from the tax authorities in appropriate cases or, if necessary, second opinions from external consulting firms. Branches abroad also receive permanent tax compliance support from external consulting firms. In addition, the tax department is actively involved in various institutions, in particular the associations of public-sector banks (DSGV and VÖB), in order to identify trends in tax legislation in good time and to be able to react to them.

SDG 16

GRI 207-4 (2019) Country-by-country reporting

BayernLB presents its tax position in detail in its Group reporting in accordance with the International Financial Reporting Standards (IFRS). Country-by-country reporting is also carried out within this framework. This includes all countries in which BayernLB has tax-relevant units and can be found on page 285 of the 2020 Annual Report.

The country-specific reporting in accordance with the tax code is prepared by a specialised external consulting team in the standardised form customary in the industry and sent to the tax authorities after approval. Due to the manageability and constancy of the subject matter of the report, there is virtually no tax compliance risk.

Further information on the Internet:

Annual Report 2020 (p. 285)

300 Environmental

GRI 300 Environmental

SDG 7
SDG 12
SDG 13
UN GC 7
UN GC 8
UN GC 9

GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental"

In the materiality analysis (last update of 2018), the topic "Operational environment management" was defined as material for BayernLB and its stakeholders according to GRI.

(Historical) background and normative anchoring

Operational environment management covers all direct environmental impacts caused by BayernLB's business operations. BayernLB has a long tradition of using valuable resources responsibly. BayernLB's environmental protection activities date back more than three decades.

From the very beginning, the central focus was on progressive ecological building management. This was and still is the foundation of operational environment management due to continuous modernisation measures in the Bank's buildings. Environmental guidelines were formulated in the early 1990s, and compliance with them was reinforced by the signing of the UNEP FI Declaration (United Nations Environmental Program Finance Initiative), a voluntary commitment at the United Nations level to integrate environmental protection into banking operations. Based on the environmental guidelines, the Environmental Policy that is still valid today was adopted at the Board of Management level in 1998 (see below). Since then, it has been the basis for all measures to improve environmental performance. BayernLB has been implementing these since 1999 in accordance with the European Environmental Management and Audit Scheme (EMAS) Regulation. The external audit of the environmentf management system gives significant importance to internal environmental protection. BayernLB has also been climate-neutral at its Munich location since 2008 (all other German locations since 2015) (for further information on climate neutrality, see GRI 305 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions").

Compliance with the statutory requirements, which BayernLB regards as minimum standards, is laid down in the Sustainability Policy, which was first adopted by the Board of Management in 2007. In addition, environmental aspects are regulated in the Sustainability Strategy 2021 (see below).

Since 2010, the topics of environmental protection and sustainability have also been firmly anchored in the Bank's Code of Conduct: "We are actively and thoroughly committed to the challenges of sustainable development and heed our responsibility by taking ecological, economical and social aspects into account along the entire value chain. We do this in our own day-to-day (banking)operations by being careful in our use of resources, avoiding harmful environmental impacts and treating our employees responsibly."

In September 2021, BayernLB signed the UN Global Compact, once again making its long-standing commitment visible. The environmental principles to which BayernLB is committed, along with seven other principles, are:

- "Businesses should support a precautionary approach to environmental challenges.
- Businesses should undertake initiatives to promote greater environmental responsibility.
- Businesses should encourage the development and diffusion of environmentally friendly technologies."

BayernLB also uses this Sustainability Report as a progress report in this respect and indicates by means of marginalia where it is making a corresponding contribution.

The various measures in internal environmental protection not only lead to a reduction in the ecological footprint, but also form part of the Bank's overall sustainability performance. This is evaluated at regular intervals by specialised external rating agencies. Despite highly competent competitors with a similarly strong focus on sustainability issues and increasingly comprehensive agency requirements, BayernLB's sustainability performance was rated as pleasing in each case. The current ratings are published on BayernLB's homepage.

Following its longstanding commitment to operational environment management, the Bank continues to fulfil its corporate responsibility and to work continuously on improving its environmental performance, which is an important contribution to sustainable social development. Sustainability is also firmly anchored in the Bank's strategic realignment as part of its understanding of progress.

Milestones in corporate environmental protection

The most important milestones in corporate environmental protection are shown in the following table:

Year	Measures	Contents and successes
1993	full-time environmental protection officer	Coordination of all the Bank's environmental protection activities
1995	Signature of the UNEP Declaration ("Environmental Protection and Banks")	Voluntary commitment to integrate environmental protection into the Bank's operations and business processes
1996	Consideration of indirect environmental impacts	Integration of ecological aspects into the credit assessment
1998	Establishment of an environmental management system	Establishment of Environmental Policy on the basis of the 1994 environmental guidelines (1. Life Cycle Assessment)
since 1998	Use of renewable energy and rain/grey water	65 kW photovoltaics, approx. 45,000 kWh energy yield per year; saving of approx. 2 million litres of drinking water per year
1999	Validation of the environmental management system according to the regulation EWG 1836/93	Publication of the first Environmental Statement
2000	1. Sustainability rating	BayernLB becomes sector leader
2002	Monitoring of the Bavarian climate protection project at Munich Airport	Successful testing of the project-based mechanisms of the Kyoto Protocol
2003	Revalidation of the environmental management system	Publication 2. Environmental Statement
2004	Commitments	Commitment to comply with World Bank standards
2005	Climate-related product	Start of emissions trading
2005/ 2006	Participation in the "Corporate Mobility Management of the City of Munich" funding programme	Cost savings for employees and reduction of greenhouse gases through increased use of public transport
2006	Revalidation of the environmental management system	Publication of the 3. Environmental Statement, since then annual publication
2006	Financing of renewable energies	Financing of Germany's largest geothermal project in Unterhaching
2007	Purchase of certified hydropower	Savings of approx. 12,000 tons of CO2 per year
2007	Implementation of SRI products	BayernLB offers sustainable investments to both private and institutional customers
2007	Strategic further development	Adoption of a comprehensive sustainability strategy and the Group's "Renewable Energies" strategy
2008	Introduction of climate protection fee for air travel	Compulsory internal levy for air travel staggered according to environmental impact
2008	Climate strategy	Climate neutrality at the Munich branch
2009	Improvement of CO2 balance	Use of new lighting tube technology
2009	Expansion of committee and public relations work	Joining the Bavarian Environmental Cluster Implementation of the First Climate Day
2009	Expansion of range of sustainable investment opportunities	Market launch of Spendenbond

Year	Measures	Contents and successes
2010	Expansion of public positioning on climate protection	Establishment of Future Markets Department Preparation of Climate Study Chairmanship of the Finance Forum: Climate change Implementation of second climate day
2011	Expansion of the scope of consolidation EMAS	Extension of reporting limits regarding locations and input factors
2011	Commitments	BayernInvest signs UN Principles for Responsible Investment (PRI)
2012	Revision of the life cycle assessment survey mode	Improvement of the database, preparation for the use of the new VfU tool
2012	Commitments	Adoption of energy guidelines
2013	Social commitment	Joining "Economy white-blue
2013	Sustainability management system	Conversion of the environmental management manual into an sustainabaility management manual, supplementation by issue management manuals
2013	Commitments	Adoption of the guideline on speculation in foodstuffs
2014	Sustainability Reporting	BayernLabo publishes comprehensive sustainability brochure
2014	Commitments	Adoption of the Guideline on Arms Financing
2015	Commitments	Adoption of the guideline on lignite financing
2015	Climate strategy	Climate neutrality at all locations in Germany
2015	Commitments	BayernLB's participation in the Munich Climate Pact
2016	Commitments	Development of specific guidelines (policies) for the evaluation of transaction requests (topics: Nuclear, coal, oil and gas)
2016	Materiality analysis	Developing a materiality matrix by identifying 12 key sustainability issues for BayernLB's value creation and its stakeholders. This will be a central component of sustainability seporting (including the sustainability programme).
2016	Expansion of the scope of consolidation EMAS	Certification of the Nuremberg site, Fritz-Haber-Straße
2016	Sustainability management system	Adoption of a Group-wide instruction on the assessment of environmental and social risks
2016	Sustainability management system	new sustainability programme, sustainability reporting in accordance with GRI G4
2017	Expansion of reporting	Preparation and implementation of reporting according to CSR RUG
2018	Sustainability Reporting	BayernLB Group publishes non-financial report for 2017 in accordance with CSR RUG for the first time (annually since then)
2018	Expansion of communication	Launch of the Green Finance microsite
2018	Review of sustainability programme	Updating materiality analysis
2019	Commitment	Revision of the policies of the nuclear fossil guidelines
2020	Reporting	Publication of first Sustainability Report in accordance with GRI
2020	Organization	Establishment of Sustainability Executive Unit; centralization of responsibilities with now direct reporting line to the CEO
2021	Sustainability Strategy	Publication of Sustainability Strategy

Environmental Policy

As mentioned above, at the heart of BayernLB's environmental management approach is its Environmental Policy, which sets out the framework for taking account of ecological aspects along the entire value chain. Ten points cover all the main areas of environmental protection in the Bank. The Environmental Policy has been drawn up as a Board of Management resolution and made known to all employees. The Environmental Policy is binding for all employees and applies throughout the Group. The Environmental Policy (with examples now largely implemented) is as follows:

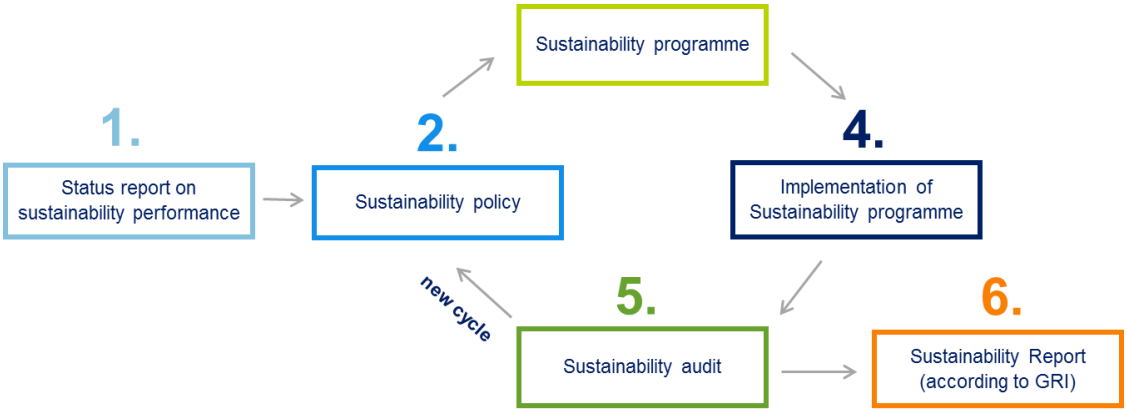
Environmental Policy	Examples of implementation
1. We are aware of our responsibility in furthering developments in the interest of the environment. To this end, we strive to invest our resources in these developments and also to take part in them together with all other publicsector companies.	• Participation in the Environmental Pact of Bavaria (1998) • Signing of the UNEP declaration (1995) • Membership and work in the VfU (1997) • Participation in the Agenda 21 working group with other Munich banks • Contact with scientific institutions
2. We see environmental protection as the responsibility of Manageme	• For this reason, all our managers are also entrusted with the duty of helping to achieve the goals of environmental protection.
3. We help make our staff more aware of environmental issues and involve them in all related measures taken by our Bank.	• Publishing of the Environment Manual (to be posted in the Intranet) • Running environmental protection workshops
4. We inform our staff of all environment-related issues at the Bank and require of them their help in the further development of our environment management.	• Inclusion of environmental issues in the staff magazine • Office communication as an information
5. We will install a viable and continuous system of economic controlling to gauge the effectiveness of our measures.	• Transition to a permanent, analytical balance sheet for the flux of materials and energy • Use of environmental checklists • Keeping protocols on the results
6. We conduct a systematic accounting of our inhouse ecology at regular intervals.	• Setting deadlines • Exchange of data in an environmentallycompatible form • Appointment of the units responsible
7. We aim to use all resources as effectively as possible and to reduce in particular the use of energy, water and all materials required for our operations	• Use of grey water in sanitary facilities • Use of energy-efficient equipment (lamps, copy machines, IT hardware)
8. We will take account of environmentally-friendly technologies in all our decisions, giving this factor precedence.	• Installation of photovoltaic apparatuses • Installation of cooling ceilings
9. We strive for a further reduction in the waste produced at our Bank and to use environmentallycompatible waste removal sources wherever possible.	• Refuse is carefully sorted; this is monitored by way of a “refuse account”.
10. We understand that protecting the environment can harbour both chances and risks for our customers. The analyses and assessments of ecological chances and risks are factors we consider when making operational decisions.	• Inclusion of ecological aspects in the corporate customer and real estate businesses

Approach

The continuous improvement of environmental and sustainability performance required as part of EMAS certification presupposes a structured management approach that does justice to the multi-layered and complex nature of the issue of sustainability. After all, the successful handling of sustainability-related issues is not only a cross-sectional task with interfaces to all corporate divisions; it also requires, in particular, the consideration of sometimes competing interests and expectations of the most diverse stakeholder groups. The coordinated implementation of corresponding environmental protection measures is carried out within the framework of a structured

management system, which is validated according to the EMAS regulation and certified according to the ISO 140001 standard.

Structure of the management system



Building on the results of an initial review of environmental and sustainability performance - first carried out at the beginning of the 1990s - an Environmental and Sustainability Programme was drawn up, comprising the key measures for the continuous improvement of environmental and sustainability performance. Since the first successful participation in EMAS (1999), the implementation status of the measures and the functionality of the management system have been reviewed in annual internal audits. In accordance with the results of these audits, both the target system and the programme of measures are consistently developed further, so that there is a system-immanent improvement in environmental and sustainability performance.

In future, the annual Environmental Statement will be integrated into the Sustainability Report according to GRI.

Organization

In order to give even more weight to the Bank's strategic focus on sustainability, the Sustainability Executive Unit was established in July 2020, reporting directly to the Chairman of the Board of Management. In addition to other tasks and competencies, Sustainability and Environmental Management have also been integrated here. For successful management and continuous improvement, cross-divisional employees at all management levels are involved and individual measures are implemented at the operational level by the respective specialist responsible (e.g. collection of environmental indicators by BayernFM) (for further information on the organisation and tasks of the Sustainability Executive Unit, see GRI 102-10, 102-17, 102-29, 102-31).

Environmental Programme 2020 and goal achievement for the reporting year 2020

BayernLB has been drawing up a comprehensive Environmental Programme every three years since 1995, setting out the goals and the measures needed to achieve them. The Environmental

Programme also has a controlling function, as the achievement of goals is checked in the course of the annual audits. Depending on the audit results, the goals and measures are modified.
The focus of the Environmental Programme 2020 is on minimising the indirect impact on the environment and society through the consistent implementation of the climate protection strategy and the increased consideration of ecological and social aspects in financing.

Areas	Goals/Measures	Time
Sustainability management	**Goals**	
	- Expanding the scope of consolidation of the sustainability management system (including successive inclusion of foreign branches)	⇒ ongoing
	- Certification of management systems	⇒ annual
	- Intensifying environmental aspects in relation to BayernLB's stakeholders	⇒ 12/2022
	- Expanding communication with strategic stakeholder groups	⇒ ongoing
	- Involvement/networking in environment-related associations	⇒ ongoing
	Measures	
	- Integration of the Group's strategic subsidiaries into the sustainability management system and intensification of cooperation	⇒ continuous
	- Collection of the environmental indicators of the foreign branches	⇒ 12/2022
	- Revalidation of BayernLB's environmental management system in accordance with EMAS	⇒ annually
	- Addition of further environmental aspects to the existing stakeholder analysis	⇒ 12/2022
	- Continuation of environment-related memberships e. g. UNEP FI/VfU, Munich Business Climate Pact	⇒ continuous
	- Intensification of the dialogue with contact persons regarding controversial topics	⇒ continuous
	- Intensification of the dialogue with principled investors	⇒ continuous
Operational environment management	**Goals**	
	- Avoidance of energy and resource consumption	⇒ continuous
	- Substitution of CO2-intensive energy sources	⇒ continuous
	- Compensation of unavoidable CO2 emissions	⇒ continuous
	- Intensification of environmental analysis	⇒ continuous
	Measures	
	- Long-term safeguarding of electricity consumption, which has been sharply reduced since 2008/stabilisation of electricity consumption at below 12,800 MWh	⇒ continuous
	- Stabilisation of peak load electricity supply at the Munich branch to a maximum of 4,000 kW	⇒ annually
	- Stabilization of water consumption to below 18,000 l/MA	⇒ annually
	- Stabilisation of heating consumption at below 13,000 MWh	⇒ annually
	- Further optimization measures at the sites:	
	- All locations: Optimization of operating times	⇒ continuous
	- Brienner Strasse 18: Lighting renewal in corridors and computer workstations	⇒ 12/2020
	- Brienner Strasse 18: Exchange of 4 pieces of ventilator fans in the TG	⇒ 12/2020
	- Brienner Straße 24 rear building: Optimisation of the chilled water pumps on the chiller and renewal of the cooling ceilings	⇒ 12/2020
	- Environmentally sound disposal of all waste fractions	⇒ continuous
	- Stabilisation of the significantly reduced waste volume at the 2019 level (in relation to the number of employees)	⇒ annually
	- Exclusive commissioning of waste disposal companies that have a certified environmental management system or have the status of a specialist waste disposal company	⇒ continuous
	- Information/sensitization of employees and other service providers, e.g. cleaning staff	⇒ continuous
	- Continuous updating of the waste signposts	⇒ continuous
	- Reduction of relative paper consumption per employee by 2.5 % compared to the level of 2016	⇒ 12/2020
	- Reduction of absolute paper consumption by 5 % compared to 2016 levels	⇒ 12/2020
	- Continuation of the use of quality labels (e.g. Blue Angel, FSC or Ecolabel) for all paper grades	⇒ continuous
	- Internal Group advice/recommendations with regard to the use/usability of recycled paper	⇒ continuous
	- Stabilization of indirect environmental impacts caused by business travel at the 2019 level (in relation to the number of employees)	⇒ annually
	- Increase in the use of rail as a means of transport for business trips instead of air and car (base year 2019)	⇒ annually
	- Emission and traffic analyses	⇒ continuous
	- Climate protection fee for air travel	⇒ continuous
	- Securing an ecological electricity supply on the basis of guarantees of origin and plant sourcing	⇒ continuous
	- Maintaining compensation for unavoidable CO2 emissions from all bank locations in Germany	⇒ continuous
	- Carrying out neighbourhood talks	⇒ annually

Areas	Goals/Measures	Time
Supplier management	**Goals**	
	- Intensification of dialogue with key suppliers and external service providers	⇒ continuous
	- Auditing of at least 5 key suppliers per year	⇒ continuous
	- Compliance with recognised ecological and social standards in the supply chain	⇒ continuous
	Measures	
	- Enlargement of the audit circle	⇒ continuous
	- Conclusion of a Sustainability Agreement with suppliers and external service providers of BayernLB	⇒ continuous
Employees	**Goals**	
	- Intensification of occupational health protection	⇒ continuous
	- Stabilisation or further increase in the proportion of women in management positions to at least 25%	⇒ continuous
	- Increase in the number of women applying for vacant management positions, particularly at levels 2 and 3	⇒ continuous
	Measures	
	- Stabilisation of the health rate at at least 95 %	⇒ annually
	- Continuation of focused health management	⇒ continuous
	- Offers for health at the workplace (e.g. ergonomics)	⇒ continuous
	- Active targeting of high-potential women for leadership by managers	⇒ continuous
	- Regular HR review in all departments to focus more on women with leadership or development potential	⇒ annually
Financial Solutions	**Goals**	
	- Compliance with, further development of and management of high ESG standards, especially in the case of earmarked financing	⇒ continuous
	- Survey of the sustainability impact of the BayernLB portfolio	⇒ 12/2021
	- Qualification of employees for the assessment of ESG opportunities and risks	⇒ continuous
	- Expansion of sustainable products	⇒ continuous
	- Support for the energy transition	⇒ continuous
	Measures	
	- Review of existing policies, assessment of needs and development of new policies if necessary	⇒ continuous
	- Increased staff training on ESG opportunities and risks in the financing business	⇒ continuous
	- Implementation of a method for analysing the sustainability impact of the BayernLB portfolio	⇒ 06/2021
	- Expansion of promotional business for projects with a high social benefit	⇒ continuous
	- Continuation of support for the energy-efficient refurbishment of rented housing as part of the Bavarian Modernisation Programme and the Energy Loan for Municipalities Bavaria programme by BayernLabo	⇒ continuous

In 2020, goals from the Environmental Programme were achieved; the following list provides an exemplary overview:

- Efficiency-increasing and consumption-reducing measures that can be implemented at low cost are constantly being examined
- Revalidation of BayernLB's Environmental Management System in accordance with EMAS
- Participation in initiatives: Continuation of environment-related memberships e.g. UNEP FI, Association for Environmental Management and Sustainability in Financial Institutions e.V. (VfU), Munich Business Climate Pact
- Intensification of the dialogue with contact persons regarding controversial topics
- Long-term safeguarding of electricity consumption, which has been greatly reduced since 2008/stabilisation of electricity consumption at below 12,800 MWh (despite inclusion of CO2 emissions generated by employees in their home offices)
- Environmentally sound disposal of all waste fractions
- Reduction of relative paper consumption per employee by 2.5 % compared to the level of 2016
- Reduction of absolute paper consumption by 5 % compared to the level of 2016
- Continuation of the use of quality labels (e.g. Blue Angel, FSC or Ecolabel) for all types of paper
- Maintaining compensation for unavoidable CO2 emissions from all bank locations in Germany
- Cooling towers: Installation of UV lamps to reduce germ formation and thus reduce the need for rinsing or the use of biocides

- Conversion of the advertising signs to LED
- Conversion of the air conditioning systems in the canteen to alternating operation, instead of parallel operation
- Stabilisation of the health rate at at least 95 %
- Continuation of focused health management
- Review of existing policies, needs assessment and development of new policies
- Implementation of a method for analysing the sustainability impact of the BayernLB portfolio

The achievement of some goals and measures set for 2020 is due in particular to the course of the coronavirus pandemic and is therefore only marginally representative in terms of its own goal achievement.

As an additional measure (without a fixed target), BayernLB has created an innovation space for progress in 2020 - as part of the new brand positioning and the new work approach. With this unique multifunctional workspace, collaboration, knowledge transfer as well as progress in the sense of the new transformation path are to be actively lived and promoted.

Environmental indicators

The environmental indicators documented and interpreted on the following pages include the EMAS-certified locations in Munich (Brienner Str. 18 (B18) and surrounding buildings) and Nuremberg (Lorenzer Platz 27 and Fritz-Haber-Str. 10) as well as the (currently non-certified) locations in Düsseldorf, Leipzig, Frankfurt, Grafenau, Hamburg and Stuttgart. The non-certified locations are mainly involved in sales activities and account for less than one percent of BayernLB's total energy consumption in Germany. The Berlin support office with three employees and BayernLB's activities in the foreign branches are not included here. This means that more than 90 percent of employees are covered by EMAS.

Emissions are therefore calculated for a total of 3,136 employees: Munich location 2,682; BayernLabo 271 (incl. Grafenau); Nuremberg locations 129; other German branches and bases 54.

In the year under review, the environmental indicators were strongly influenced by the effects of the coronavirus pandemic (see following pages). Therefore, BayernLB does not anticipate any representative consumption trends in the next reporting year either and difficulties in allocating/tracking individual key figures might arise.

For the presentation of the key figures and for the calculation of the GHG emissions caused by BayernLB, the key figure system of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU) was used (key figures for operational environmental performance in the international version and version dated 14 December 2020 - released version 1.4 of the 2018 update). Possible deviations from previously communicated data result from the increase in the level of detail in data collection or from the expansion of the scope of consolidation of the environmental management system.

The VfU indicators are based on international standards of environmental and climate reporting such as:
- the Global Reporting Initiative (GRI): www.globalreporting.org
- the Carbon Disclosure Project: www.cdp.net

- the Greenhouse Gas Protocol: www.ghgprotocol.org
- the Science Based Target Initiative: www.sciencebasedtargets.org

The 2020 update includes the following changes and new features:
- Update of the electricity consumption country mix Germany
- Inclusion of the calculation of home office electricity consumption

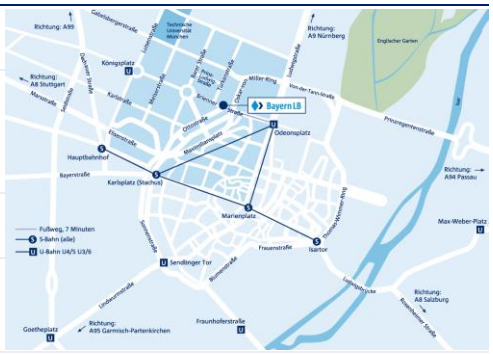
For further information, in particular on emissions, see GRI 305 (2016) - GRI 103 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions" and GRI 305-1.

Representation of the EMAS sites

The exact consumption figures for the individual sites are shown on the following pages (for energy consumption see GRI 302-1 and water consumption see GRI 303-1).

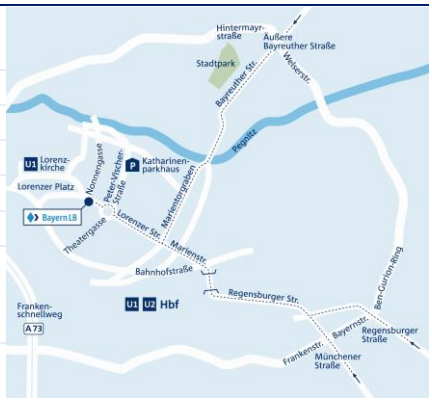
Munich - Headquarters Brienner Str. 18 and surrounding buildings

The following takes place at this location	Group headquarters
Description	Munich location: Brienner Str.16, 18, 20, 24V, 24R Karolinenplatz 6R Türkenstrasse 4 Barerstrasse 24 (ground floor only)
Usable area	92.470 m² (thereof 63,011 m² in the main building Brienner Str. 18)
Floors	Main building Brienner Straße 18: 6 upper floors, 5 basement floors (technical facilities, parking spaces)
Special features	Office and administration building with meeting rooms, canteen kitchen, casino, mailroom, print shop (to be vacated at the end of 2020), safe, large trading room, underground car park
Power supply	10 KV feed-in Stadtwerke München; electricity supply 100% hydropower; Maximum output of the photovoltaic systems: on the roofs of Brienner Strasse 20 (36 kWp) and Brienner Strasse 24 rear building (30 kWp)
Air conditioning	Partial and full air conditioning systems, chilled ceilings at Brienner Straße 18
Heating	District heating (hot water), own steam generation with natural gas
Water supply	City water, well water (for cooling), grey water use in the buildings
Water treatment	Reverse osmosis; Softening
Emergency power supply	UPS system (battery operation), 5 mains backup units
Vehicle fleet	108 passenger cars (including 4 hybrid vehicles)
Location	Mixed-use area
Legacy	none
Noise emission	There is no adverse effect on the adjacent neighbours due to noise emissions.



Nuremberg I - Lorenzer Platz 27

The following takes place at this location	Branch
Description	Location Nuremberg I, Lorenzer Platz 27
Usable area	3.673 m²
Floors	5 upper floors, 2 basement floors
Special features	Vault system
Power supply	Power supply 100 % Hydropower
Air conditioning	Small refrigeration systems, partial air conditioning systems, exhaust air systems, chilled ceilings
Heating	District heating (hot water), own steam generation
Water supply	Town water
Water treatment	None
Emergency power supply	USV system (battery operation), emergency diesel generator
Vehicle fleet	s. Group headquarters
Location	Mixed-use area
Legacy	none
Noise emission	There is no adverse effect on the adjacent neighbours due to noise emissions.



Nuremberg II - Fritz-Haber-Strasse 10

The following takes place at this location	Precious metal and precious metal processing
Description	Nuremberg site II Fritz-Haber-Strasse 10
Usable area	2.137 m²
Floors	2 upper floors, 1 basement
Special features	2.Upper floor vacant (undeveloped), smelting furnace
Power supply	Power supply 100 % Hydropower
Air conditioning	Refrigeration: via two chillers with dry coolers, partial air conditioning, exhaust air systems
Heating	Gas condensing boiler system in modular design
Water supply	Town water
Water treatment	Softening
Emergency power supply	USV system (battery operation), emergency diesel generator
Vehicle fleet	s. Group headquarters
Location	Mixed-use area
Legacy	none
Noise emission	There is no adverse effect on the adjacent neighbours due to noise emissions.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

Environmental Policy BayernLB

BayernLB's Sustainability Policy

Code of Conduct

Homepage of BayernLB: Sustainability raitings

GRI 301 (2016) Materials

GRI 301 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Materials"

In the materiality analysis (last update of 2018), the topic "Operational environment management" was defined as material for BayernLB and its stakeholders according to GRI.

BayernLB is convinced that every company can and should make its own individual contribution to environmental protection by saving raw materials and reducing CO2 emissions. A bank can only credibly support its customers in the transition to a climate-friendly and resource-conserving economy if it is also committed to this itself.

The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental". With regard to materials and their consumption, BayernLB has made specific provisions in its Code of Conduct: "Offices, furnishings and work equipment must be used in an economically and environmentally friendly way. This applies to energy and materials consumption as well as the maximising of economic life."

In addition, the Sustainability Strategy 2021 sets out, among other things, on the subject of material consumption: "The main areas for action in environmental management are waste, energy consumption, business travel, paper consumption, greenhouse gas emissions and water consumption. Even though the direct climate and environmental impact of BayernLB's business activities is relatively low, our most important contribution is to reduce resource consumption, reduce waste and ensure it is disposed of in an environmentally friendly manner, and use environmentally-friendly technologies. A sustainable workspace is defined by using the available resources responsibly. This includes conserving water, printing only when required and on recycled paper, separating waste correctly and consciously saving energy in day-to-day office operations (no stand-by mode). BayernLB sets great store by a green desk, in that it equips its employees in the office in an environmentally conscious manner with sustainable office materials and specifically makes them aware of environmental risks."

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

Environmental Policy BayernLB

BayernLB's Sustainability Policy

Code of Conduct

SDG 12.2
SDG 8.4

GRI 301-1 (2016) Materials used by weight or volume

The main material consumed by the Bank as a financial services provider is paper.

	Unit	2020	2019	2018
Total paper consumption	**t**	**65**	**95**	**131**
thereof				
Recycled paper	t	54	81	102
ECF/TCF paper	t	11	14	29
New fibre chlorine bleached	t	0	0	0

	Change compared to previous year in	2020	2019	2018
relative paper consumption (in kg/MA)	-27.6	21	29	42

Paper consumption in 2020 was 65 t. Compared to 2019, this is a reduction of 30 t or 32 %. BayernLB's absolute paper consumption continued to fall significantly compared with previous years, partly due to increased work from the home office (in the wake of the coronavirus pandemic).

Progressive digitalization also resulted in further savings. For example, in some areas of activity, the digital signature replaces printing, signing and sending documents by internal mail, and also enables access from different locations. BayernLB has also been using digital signatures in customer transactions since March 2020. Especially in times of high home office rates, this has been instrumental in making workflows digital and advancing the paperless office.

All paper (virgin fibre or recycled) used at BayernLB bears either the "Blue Angel", FSC or Ecolabel and thus meets the highest international environmental standards. The predominant use of recycled paper makes a contribution to the conservation of water resources, which, however, cannot (yet) be mapped with the VfU tool used. Paper consumption plays a secondary role in BayernLB's overall carbon footprint. For further information on emissions, see GRI 305.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

GRI 301-2 (2016) Recycled input materials used

SDG 12.2
SDG 12.5
SDG 8.4

BayernLB predominantly uses recycled paper. For more information see GRI 301-1.

GRI 301-3 (2016) Reclaimed products and their packaging materials

BayernLB is not a manufacturing company. Therefore, there is no need for packaging materials or recycling of products.

GRI 302 (2016) Energy

GRI 302 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Energy"

SDG 7
SDG 12
SDG 13
UN GC 9

In the materiality analysis (last update of 2018), the topic "Operational environment management" was defined as material for BayernLB and its stakeholders according to GRI.

Energy as such is not a production factor for BayernLB, but is used to operate the buildings and ensure business travel. BayernLB therefore regards its contribution to reducing operational energy consumption as an important part of its corporate climate protection. As a non-manufacturing business, this is appropriate in terms of its climate footprint and is shown to be common in a sector comparison.

At the UN Climate Change Conference in Paris in December 2015, the international community agreed on a limit of a maximum of 2° Celsius, and if possible even only 1.5° Celsius, for the increase in the global average temperature. In order to achieve this ambitious goal, the Federal Government has adopted the Climate Action Plan 2050, while the Free State of Bavaria has adopted the Climate Action Programme Bavaria 2050. In 2021, the German government passed the (stricter) Federal Climate Change Act with binding emission targets for the years up to 2045. Germany is to achieve climate neutrality by 2045, five years before 2050.

As a public-sector bank, BayernLB supports these goals at all levels - including by reducing its own greenhouse gas emissions. It follows a three-step approach to climate protection (for more detailed information on the climate protection strategy, see GRI 305 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions"):

- Reduce resource consumption
- Replace CO2-intensive energy sources
- Offset unavoidable CO2 emissions

BayernLB is thus committed to its Environmental Policy: "We aim to use all resources as effectively as possible and to reduce in particular the use of energy, water and all materials required for our operations."

The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental".

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

Homepage of BayernLB: Environmental and climate protection

SDG 7.2
SDG 7.3
SDG 8.4
SDG 12.2
SDG 13.1
UN GC 7
UN GC 8

GRI 302-1 (2016) Energy consumption within the organization

For BayernLB as a financial services provider, energy consumption in its buildings is the most significant direct environmental impact alongside business travel.

	Unit	2020	2019	2018
Building energy consumption (total overview)	**MWh**	**23.860**	**24.825**	**24.079**
thereof				
Electricity (incl. cooling demand)	MWh	11.853	12.837	12.591
Heat	MWh	12.007	11.999	11.488
Diesel (emergency power units)	MWh	62	91	120
Building energy consumption (total overview)	MJ	86.854.743	89.407.199	87.115.248
Share of renewable energies in building energy consumption	%	49	52	52

There was a slight reduction in building energy consumption in 2020, but this was almost entirely due to changes in usage patterns as a result of the coronavirus pandemic. Electricity consumption fell by an average of just under 10%. This shows that the presence of employees does not have a significant impact on total electricity consumption. The technical supply systems must also be operated at low attendance rates in order to maintain the building operation.

Where possible, conventional energy sources are replaced for power generation. For example, electricity is purchased from the energy producer Energiedienst Holding AG at the NaturEnergie tariff. The company supplies 100 percent emission-free, renewable green electricity from hydropower to all BayernLB's delivery points in Germany. The contract was signed in 2015 and renewed in 2019 through Dec. 31, 2021.

Steam and cold water (cooling energy) are generated at the Munich site itself. The own steam is generated using natural gas as the primary energy source. The cold water (cooling energy) is generated with the help of refrigeration machines, via outside air cooling by means of recooling plants (so-called free cooling) and room air conditioning systems.

Selected building consumption (energy)

In the following, the energy consumptions from electricity, cooling and heating (climate-adjusted) are presented and interpreted for the two most consumption-intensive buildings in Munich (B18 + B20) and for the two Nuremberg locations.

Munich - Brienner Straße 18

Energy consumption	2020	2019	2018
Electricity (in MWh)	8.885	9.613	9.569
Cooling (in MWh)	7.705	7.812	8.352
Heat, climate-adjusted (in MWh)	10.849	9.875	10.360

Electricity consumption at the Brienner Strasse 18 property was approximately 728 MWh lower in 2020 than in 2019. The reduction of approximately 8 % is largely due to the coronavirus related situation with significantly reduced staff attendance. Refrigeration consumption decreased only slightly by about 1 % in the same period. An increase of 10 % can be seen in heat consumption. This may sound contradictory at first, as there were significantly fewer employees in the building in 2020. However, the lower office load also reduces the heat input from the people and the IT equipment (PC, monitor, printer, etc.). Thus, more heat had to be conveyed via heating and air conditioning systems in order to sufficiently air-condition the premises. In addition, increased focus was placed on regular ventilation of common areas to prevent infection. The fresh air proportions of the RLT systems were also increased where possible.

Munich - Brienner Straße 20

Energy consumption	2020	2019	2018
Electricity (in MWh)	2.340	2.725	2.654
Cooling (in MWh)	429	431	580
Heat, climate-adjusted (in MWh)	1.225	1.219	1.323

Energy purchases for electricity as an energy source have decreased by 14 % to a total of 2,340 MWh compared to the previous year 2019. Cooling consumption has remained more or less the same over the same period, at 429 MWh/a. There is also no major change in climate-adjusted heat consumption. Annual consumption in 2020 increased minimally to 1,225 MWh compared to the previous year's 1,219 MWh.

Nuremberg - Lorenzer Platz 27

Energy consumption	2020	2019	2018
Electricity (in MWh)	184	202	210
Cooling (in MWh)	0	0	0
Heat, climate-adjusted (in MWh)	436	483	479

At the Nuremberg site at Lorenzer Platz 27, energy and water consumption developed as follows: Electricity demand decreased by 9 % in 2020 compared to 2019. Refrigeration consumption

is included in electricity consumption and is not currently recorded separately. In the area of heat and heating, the reduction in consumption was 10 %. In absolute terms, climate-adjusted district heating consumption was 436 MWh.

Nuremberg - Fritz-Haber-Strasse 10

Energy consumption	2020	2019	2018
Electricity (in MWh)	443	437	472
Cooling (in MWh)	0	0	0
Heat, climate-adjusted (in MWh)	273	253	289

At the second Nuremberg location (Fritz-Haber-Strasse 10), the following energy and water consumption trends can be observed: In 2020, there was a slight increase of 6 MWh in electricity purchases to 443 MWh. Refrigeration consumption is included in electricity consumption and is not currently recorded separately. In terms of district heating consumption, there was an increase of 20 MWh or 8 % to 273 MWh in 2020.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

Homepage of BayernLB: Certificate NaturEnergie

SDG 7.2
SDG 7.3
SDG 8.4
SDG 12.2
SDG 13.1
UN GC 9

GRI 302-2 (2016) Energy consumption outside of the organization

Alongside building energy consumption, business travel accounts for the largest share of BayernLB's carbon footprint.

	Unit	2020	2019	2018
Total business travel	km	**3.539.294**	**13.585.568**	**14.456.158**
thereof				
Road traffic	km	2.078.284	3.958.306	4.200.129
thereof				
own car	km	116.647	547.252	558.995
Rental car	km	141.637	558.149 [1]	558.149
Company car	km	1.820.000	2.852.632	3.082.985
Rail traffic	km	472.106	2.396.658	2.361.529
thereof				
Long-distance traffic	km	435.510	2.210.885	2.178.235
Local traffic	km	36.596	185.773	183.294
Air traffic	km	998.904	7.230.604	7.894.500
thereof				
under 500 km	km	328.630	1.951.917	2.019.510
over 500 km	km	660.274	5.278.687	5.874.990

1 Note Rental Cars 2019: At the time of reporting, no reliable data on car rental use was available. However, as no significant changes were expected, the previous year's values (2018) were used for the evaluation.

Business travel has reduced sharply due to tighter contact restrictions in 2020. A total of approx. 3.5 million km were still travelled in connection with businessThis corresponds to a decline of a good 10 million km or 74 % on the previous year. As a result, the reduction targets set out in the 2020 Environmental Programme were significantly exceeded, also due to the coronavirus situation.

Despite the exceptional circumstances, business travel continues to make a major contribution to BayernLB's carbon footprint. With a view to avoiding the GHG emissions associated with business travel, as well as travel costs, employees are therefore required to consider possible travel alternatives (within the framework of health and hygiene measures) - particularly in the case of non-customer-related travel - before commencing their journey. In addition, employees are provided with the technical infrastructure for video and telephone conferences.

BayernLB also enables its employees to register free of charge with car-sharing providers (e.g. Drive Now), which have electric cars in their portfolio, among other things. Corresponding invoices from these providers for use on business trips can also be settled. Since April 1st, 2013, all BayernLB employees who are bahn.corporate customers have also been travelling on DB long-distance trains using 100 percent green electricity.

BayernLB is continuing its efforts to reduce the negative environmental impact of commuter traffic. It has concluded a framework agreement with the Munich Transport and Tariff Association (MVV) and Deutsche Bahn for the use of discounted company tickets (job tickets). Under certain conditions, these contracts grant employees discounts on the corresponding customer tariffs for travel to work.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

SDG 7.3
SDG 8.4
SDG 12.2
SDG 13.1

GRI 302-3 (2016) Energy intensity

As a result of the reduction in consumption, energy efficiency has also increased for the most part:

	Change compared to previous year in	2020	2019	2018
Energy efficiency				
relative energy consumption (in MWh/employee)	1,8	7,7	7,6	7,7
Energy (total in MWh)	-3,9	23.860	24.825	24.079
Business trips				
Business travel volume (thousand km/employee)	-72.7	1,1	4,1 [1]	4,6
Business travel (total in thousand km)	-74,0	3.539	13.586	14.456

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

SDG 7.3
SDG 8.4
SDG 12.2
SDG 13.1
UN GC 9

GRI 302-4 (2016) Reduction of energy consumption

BayernLB has committed itself to reducing energy consumption in its Environmental Policy: "We aim to use all resources as effectively as possible and to reduce in particular the use of energy, water and all materials required for our operations."

This is the first step of the climate protection strategy, which is explained in GRI 305 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions". The development of consumption is presented in GRI 302-1 and 302-2. Specific goals and measures are regularly presented in the Environmental Programme and the Sustainability Programme, see GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental" and GRI 102-15.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

GRI 302-5 (2016) Reductions in energy requirements of products and services

BayernLB is not a manufacturing company. Therefore, no information is available on this indicator. For reduction of total energy consumption, see GRI 302-1 and GRI 302-2.

GRI 303 (2018) Water and effluents

SDG 6

GRI 303 (2018) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Water and effluents"

In the materiality analysis (last update of 2018), the topic "Operational environment management" was defined as material for BayernLB and its stakeholders according to GRI.

For a financial services provider like BayernLB, water is not a production factor, but is essential for operating the office buildings. Accordingly, water consumption is low compared to manufacturing companies.

Nevertheless, BayernLB has a long tradition of responsible use of valuable resources such as water. As early as 1998, the Environmental Policy on water use formulated the following on water use: "We aim to use all resources as effectively as possible and to reduce in particular the use of energy, water and all materials required for our operations."

These include the use of grey water and the treatment of rainwater, e.g. for flushing toilets in parts of BayernLB's buildings. This effort relates to each and every workplace, as set out in the Sustainability Strategy 2021: "A sustainable workspace is defined by using the available resources responsibly. This includes conserving water, printing only when required and on recycled paper, separating waste correctly and consciously saving energy in day-to-day office operations (no stand-by mode)."

To this end, all employees receive advice on the correct use of resources in the workplace.

The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental".

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

SDG 6.4

GRI 303-1 (2018) Interactions with water as a shared resource

When the central operations building at Brienner Strasse 18 was moved into, this building, which at the time was one of the most technically advanced buildings in Munich, set new standards in terms of energy and resource efficiency. For example, even back then the condensate from the heating return was used to heat drinking water. In addition, the water for the irrigation of green areas, for ornamental fountains and technical water has always been pumped from the company's own well and not drawn from the public water supply system.

Water consumption is as follows:

	Unit	2020	2019	2018
Water consumption (total overview)	**m³**	**34.050**	**59.976**	**57.174**
thereof				
Rainwater	m³	4.658	8.218	7.655
Ground and surface water	m³	12.119	21.380	19.915
Drinking water	m³	17.274	30.378	29.604

	Change compared to previous year in	2020	2019	2018
relative water consumption (in litres/employee)	-40.5	10.858	18.246	18.185

The significant reduction in water consumption is due to the change in usage patterns as a result of the coronavirus pandemic Water consumption is made up of rainwater, groundwater and surface water sources, as well as drinking water from the properties in Munich and the other sites in Germany.

BayernLB obtains most of its drinking water from the regional energy supplier Stadtwerke München. BayernLB produces its own process chilled water for cooling purposes at the certified locations. This is done with chillers via outside air cooling by means of recooling plants. The recooling systems are designed for free cooling and are integrated into the process chilled water generation. Depending on the outside temperature, it is thus possible to generate process chilled water without operating the chiller, which represents a significant contribution to electricity savings. The recooling plants in Munich are operated as wet plants. Here, the 42nd Ordinance on the Implementation of the Federal Immission Control Act (42. BImSchV) must be taken into account. Not least in order to keep the health risk for the population to a minimum, the circulating water is tested for legionella at regular intervals (for further information see GRI 303-4).

The grey water is fed by rainwater, wastewater from water treatment plants and wastewater from the cooling towers and is used to flush the WC facilities, some of which are located at Brienner Strasse 18 and 20 in Munich. This amount of water therefore did not have to be drawn from the public drinking water network as a result of the treatment process.

By using recycled paper, BayernLB is helping to conserve water as a resource, although this cannot (yet) be reflected in the VfU tool.

Selected building consumption

In the following, the building-related water consumptions are presented and interpreted for the two most consumption-intensive buildings in Munich (B18 + B20) and for the two Nuremberg locations.

Munich - Brienner Straße 18

Water consumption	2020	2019	2018
Water in m³	27.890	47.609	47.102

In the case of water consumption at the Brienner Strasse 18 property, a clear correlation can be seen with the reduced presence of employees (due to the coronavirus pandemic). Compared to the previous year, consumption fell by 19,719 m³ or 41 %.

Munich - Brienner Straße 20

Water consumption	2020	2019	2018
Water in m³	2.428	7.502	4.502

At Brienner Strasse 20, water consumption fell even more sharply in 2020. Compared to the previous year, 5,074 m³ or 68 % less water was consumed. However, the big change is also due to the peak in 2019, which was caused in part by a faulty flush valve.

Nuremberg - Lorenzer Platz 27

Water consumption	2020	2019	2018
Water in m³	1.006	1.217	952

At the Nuremberg site at Lorenzer Platz 27, water consumption was reduced by 211 m³ or 17 % in 2020 and totalled 1,006 m³.

Nuremberg - Fritz-Haber-Strasse 10

Water consumption	2020	2019	2018
Water in m³	369	458	341

Water consumption was also reduced at the second Nuremberg site. Based on a consumption of 458 m³ in 2019, the reduction in consumption in 2020 was approximately 19 %. The absolute value was 369 m³.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

SDG 6.4

GRI 303-2 (2018) Management of water discharge-related impacts

BayernLB uses grey water for toilet flushing at its Munich location. The grey water is fed by rainwater, wastewater from water treatment plants and wastewater from the cooling towers and is used for part of the flushing of the WC facilities in the properties at Brienner Strasse 18 and 20 in Munich. This amount of water does not have to be drawn from the public drinking water network due to the treatment process. For further information, see GRI 303-1 and 4.

SDG 12.2
SDG 6.3
SDG 6.4
SDG 8.4

GRI 303-3 (2018) Water withdrawal

Water withdrawals are presented in GRI 303-1.

SDG 6

GRI 303-4 (2018) Water discharge

The grey water is fed by rainwater, wastewater from water treatment plants and wastewater from the cooling towers and is used to flush the WC facilities, some of which are located at Brienner Strasse 18 and 20 in Munich. This amount of water does not have to be drawn from the public drinking water network due to the treatment process.

BayernLB produces its own process chilled water for cooling purposes at the certified locations. This is done with chillers via outside air cooling by means of recooling plants. The recooling systems are designed for free cooling and are integrated into the process chilled water generation. Depending on the outside temperature, it is thus possible to generate process chilled water without operating the chiller, which represents a significant contribution to electricity savings. The recooling plants in Munich are operated as wet plants. Here, the 42nd Ordinance on the Implementation of the Federal Immission Control Act (42. BImSchV) must be taken into account. Not least in order to keep the health risk for the population to a minimum, the circulating water is tested for legionella at regular intervals. In 2019, there were short-term limit exceedances. These were identified and successfully remedied by immediately initiating countermeasures and resampling using dip slides. The analysis of the water samples showed stable values in the normal range again after a short period of time.

In 2020, UV lamps were therefore installed to reduce germ formation and thus reduce the need for rinsing or the use of biocides. Rapid tests are currently carried out at regular intervals by means of dip slides in order to be able to react as quickly as possible and to prevent immissions as far as possible or to initiate countermeasures in good time. The test results show no further

breaches of the limits since last year, which is why no further measures were necessary. Testing will continue on a regular basis.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

GRI 303-5 (2018) Water consumption

SDG 12
UN GC 8
UN GC 9

For all information on water consumption, see GRI 303-1.

GRI 304 (2016) Biodiversity

GRI 304 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Biodiversity"

SDG 15

The BayernLB premises are office buildings in an urban mixed-use area. The land used for this purpose is predominantly sealed.

Biodiversity	Change compared to previous year in	2020	2019	2018
sealed area (in %) The sealed area in % results from the non-natural area/total area	0,0	74	74	74

The addresses of all locations are published on the Internet.

For information on how to deal with the issue of biodiversity in relation to financing, see FS 2.

The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental", herein the location of EMAS certified buildings is also presented.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

Homepage of BayernLB: Locations

SDG 6.6
SDG 14.2
SDG 15.1
SDG 15.4
SDG 15.5

GRI 304-1 (2016) Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

BayernLB has no buildings in protected areas or areas of high biodiversity value outside protected areas.

SDG 6.6
SDG 14.2
SDG 15.1
SDG 15.4
SDG 15.5

GRI 304-2 (2016) Significant impacts of activities, products, and services on biodiversity

BayernLB is not a manufacturing company. It has no production facilities, etc. Apart from waste water, there is therefore no discharge of substances into the environment. The buildings used by BayernLB are located in the inner-city area, and there is no change to habitats for this purpose.

For the handling of the topic "biodiversity" with regard to financial services and products, see FS 2. The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental", herein the location of EMAS certified buildings is also presented.

SDG 6.6
SDG 14.2
SDG 15.1
SDG 15.4
SDG 15.5

GRI 304-3 (2016) Habitats protected or restored

BayernLB is not a producing company, it has no buildings in protected areas and areas of high biodiversity value outside protected areas. In this respect, habitat renaturation is irrelevant for BayernLB in relation to its operational buildings.

SDG 6.6
SDG 14.2
SDG 15.1
SDG 15.4
SDG 15.5

GRI 304-4 (2016) IUCN Red List species and national conservation list species with habitats in areas affected by operations

BayernLB is not a manufacturing company. It has no production facilities, etc. The buildings used by BayernLB are located in the inner-city area, so there is no change to habitats. In this respect, no protected species are directly affected by BayernLB's business activities.

For the treatment of the issue of "protected species" with regard to financial services and products, see GRI FS 2.

GRI 305 (2016) Emissions

SDG 12
SDG 13
UN GC 7
UN GC 8
UN GC 9

GRI 305 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Emissions"

Aware that combating the negative effects of anthropogenic climate change is one of the greatest social challenges of the 21st century, BayernLB is particularly committed to climate protection. Thus, the reduction of direct and indirect emissions of the greenhouse gas CO2 is the main focus in the improvement of internal environmental performance.

This is set out accordingly in the 2021 Sustainability Strategy: "Reducing the Bank's own GHG emissions is part of a rigorous commitment to climate change mitigation and our commitment to the Paris Agreement climate targets. The ways in which we do this include using energy-efficient equipment, upgrading the energy performance of our buildings, and informing our employees and raising their awareness. In addition, CO2-intensive energy sources will be replaced as far as possible with renewable energy. The currently unavoidable CO2 emissions remaining after all these efforts are offset by purchasing and cancelling high-quality emissions certificates. As well as climate change mitigation, the offsetting measures entail additional, usually social, benefits for people in disadvantaged [...].

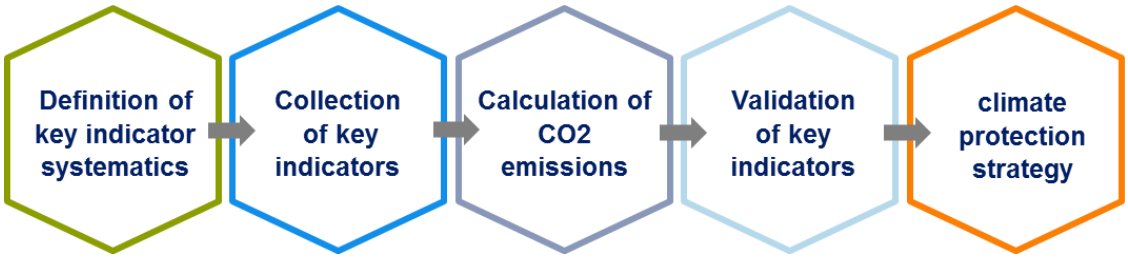
BayernLB publishes its progress in environmental management on a regular basis. We get involved in local and regional structures and make a contribution to environmental protection there as well. We will therefore incorporate our foreign branches into our commitment to environmental protection by 2023, and will also offset their CO2 emissions. With a view to transforming our customer portfolio, we have established a milestone plan for the next few years. First of all we intend to significantly increase the share of ESG-compliant financing in our portfolio by 2023 compared to the figures for 2020 (bottom-up approach). We will achieve this by increasing the sustainable impact primarily in accordance with the EU Taxonomy and by developing adequate risk management with the goal of establishing a well diversified and manageable ESG risk profile. We also take into account carbon emissions. When concluding financing and investments whose term extends past 2040, they must comply with the CO^2 emissions assigned in the German Climate Change Act (Klimaschutzgesetz - KSG). Striving to make our portfolio climate-neutral before 2050 squares with the climate goals of the German government, the EU and the goals of the Free State of Bavaria, and is a clear statement that we stand staunchly behind the Paris Agreement."

The derivation of concrete goals and corresponding measures requires an operationalization of the target system. Against this background, annual emissions analyses are carried out, which include the reporting of CO2 emissions associated with business operations. These analyses cover the following aspects of business operations and include, but are not limited to:

Area	Impact on the environment	Examples
Energy use	Resource consumption Emissions	Electricity District heating
Water consumption	Resource consumption Quality deterioration Wastewater generation	Cooling Sanitary Kitchen
Paper consumption	Resource, energy and water consumption Emissions Waste generation	Copy paper Printing paper Envelopes Household waste
Waste generation	Consumption of landfill space Emissions Transport volume	Paper Residual and hazardous waste (e.g. grease separators)
Business trips	Emissions	Road transport (rental cars, company cars, private cars) Rail transport Air transport

The operationalisation of the target system created the basis for a climate protection strategy that has been consistently implemented since 2007.

The Environmental Management system in accordance with EMAS provides a sound basis for this:



The reasons for the intensive climate protection efforts are obvious: Firstly, BayernLB's commitment to climate protection is in keeping with its special social responsibility as a public-sector bank to promote sustainable social development. On the other hand, credibility in this topic area also has a particularly positive effect on the sale of climate protection products.

BayernLB's climate protection strategy comprises three successive steps:

Avoidance of resource consumption:

The first and most important step in implementing the climate protection strategy is the continuous avoidance of operational CO2 emissions through active energy and resource management.

In this context, a wide variety of measures have been initiated and implemented in recent years - for example, the use of energy-efficient appliances or the refurbishment of buildings from an energy efficiency perspective.

Substitution of CO2-intensive energy sources:

In a second step, conventional energy sources for power generation were and are being replaced where possible. For example, electricity is purchased from the energy producer Energiedienst Holding AG at the NaturEnergie tariff (https://www.energiedienst.de/). The company supplies 100 percent emission-free and regeneratively generated green electricity from hydropower. The contract with Energiedienst Holding AG was extended in 2019 for a further two years until 31 December 2021. The financial statements cover all BayernLB's delivery points in Germany.

In addition, the Bank has been generating electricity from a photovoltaic (PV) system at its Brienner Strasse location since 1998. In the meantime, a second PV system has been added. The sustainable electricity generated in this way is fed into the public grid.

Compensation of unavoidable CO2 emissions:

In a final step, the CO2 emissions caused by the unavoidable use of resources are offset. Within the framework of this compensation mechanism, which goes back to the Kyoto Protocol, emission certificates from various externally verified climate protection projects are purchased and devalued. These investments are refinanced, among other things, from a climate protection fee that has been levied on all of the Bank's air travel since 2008. In accordance with the Bank's purchasing process, a provider is regularly selected for appropriate, high-quality certificates. Thanks to the consistent implementation of its climate protection strategy, the Bank has been climate-neutral at its Munich location since 2008. This has also been applied to all other locations in Germany since 2015.

BayernLB publishes its respective compensation measures on its homepage on an ongoing basis. For the year under review, BayernLB offset its unavoidable CO2 emissions (4,446 tonnes, for further information see GRI 305-1) using certificates from atmosfair, thereby supporting climate protection projects in countries particularly affected by climate change - in Rwanda, equipping rural households with efficient stoves that use 80 percent less wood, and the construction of biogas plants in Nepal that convert dung into gas that can be used for cooking on gas stoves, for example.
The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental".

For further information on the handling of emissions in the portfolio, see FS1, FS 7 and FS 8.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

Environmental Policy BayernLB

BayernLB's Sustainability Policy

Homepage of BayernLB: Environmental and climate protection

SDG 3.9
SDG 12.4
SDG 13.1
SDG 14.3
SDG 15.2

GRI 305-1 (2016) Direct (Scope 1) GHG emissions

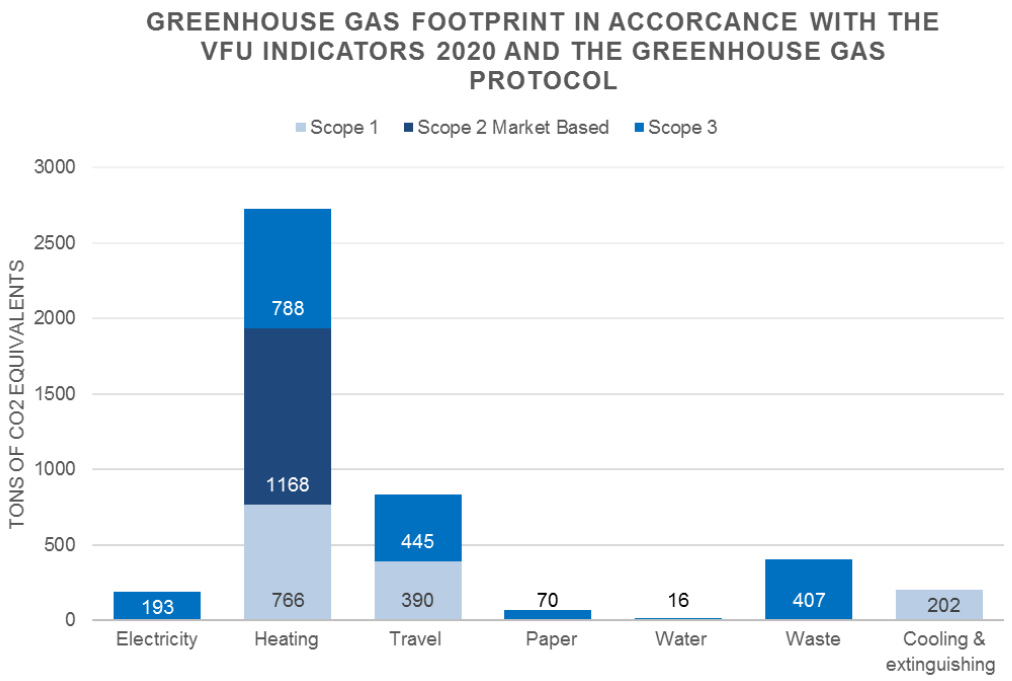
The locations covered by the environmental indicators, as well as information on the indicator system used, are presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental".

The year under review was marked by the coronavirus pandemic and its effects, which led to a significant reduction in greenhouse gas emissions compared with the previous year.

For 2020, the electricity consumption of home office activities was also included for the first time (BayernLB's average home office rate for the year under review was approx. 75 %). To this end, VfU has adapted the calculation tool in the course of 2020 and added this new category. Consumption is calculated on the basis of the hours actually recorded off the business premises - time recording via "mobile work". These amount to 2,151,703.35 hrs in 2020 plus a 10 % premium for employees who do not participate in timekeeping. These total annual hours worked in the home office were multiplied by the standard value of 100 Wh for the average electricity consumption of a home office workstation. The country mix factor is used to determine the greenhouse gas balance. In total, electricity consumption by home offices was 266 MWh in 2020. The associated greenhouse gas emissions amounted to 114 t. A calculation of the heating consumption in the home office is pragmatically dispensed with, especially since it is unclear whether the shift in the waste heat loads of the employees and their IT equipment does not actually reduce the heating requirement in the private apartments, while in the empty office buildings the unchanged room temperature leads to an increasing heating requirement.

Greenhouse gas emissions	Unit	2020	2019	2018
absolute GHG emissions	t	4.446	5.824	5.974
relative GHG emissions	kg/ employee	1.418	1.772	1.900
Number of employees	employee	3.136	3.287	3.144

In the year under review, BayernLB's business activities emitted a total of 4,446 tonnes of CO2 equivalents. This corresponds to a reduction of 1,378 tonnes or 24 % in relation to the year 2019. Converted to greenhouse gas emissions per employee, the figure has fallen from 1,772 kg/employee to 1,418 Kg/employee. A large part of the reduction in absolute GHG emissions in 2020 compared to the previous year can be attributed to the coronavirus pandemic-related impacts. The total emissions are divided into direct emissions (Scope 1) with 1,358 tons, indirect emissions (Scope 2 market based) with 1,168 tons and indirect GHG emissions (Scope 3) with 1,920 tons. GHG emissions are reported as CO2 equivalents, as all greenhouse gases for which a Global Warming Potential has been defined by the Intergovernmental Panel on Climate Change (IPCC) are taken into account.



GHG emissions are broken down into direct, indirect and other indirect categories following the Greenhouse Gas Protocol:

Scope 1: Direct emissions from the combustion of fuels in the company itself, emissions from physical or chemical processes and fugitive emissions. This generally includes emissions from heating, the company vehicle fleet and coolants.

Scope 2: Indirect emissions from energy production. This includes GHG emissions caused by electricity and heat generation outside the company. At BayernLB, electricity consumption and the use of district heating fall into this category. A distinction is made between two Scope 2 emission levels: The location-based method quantifies GHG emissions based on average emission factors for a given geographic region and activity data (e.g. energy purchased in MWh). The market-based method, on the other hand, quantifies GHG emissions based on the actual emissions generated by an energy producer from which the reporting company purchases energy, either combined with or solely through contractual instruments (e.g. RECs - Renewable Energy Certificates). The "market-based method" enables companies to present their individual emissions according to contractual agreements and energy purchases. This method is used to calculate GHG emissions for BayernLB.

Scope 3: Other indirect greenhouse gas emissions. These include emissions from employee travel, business trips by train, plane, taxi or rental vehicles, paper consumption in administration and water consumption.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

SDG 3.9
SDG 12.4
SDG 13.1
SDG 14.3
SDG 15.2
UN GC 7
UN GC 8
UN GC 9

GRI 305-2 (2016) Energy indirect (Scope 2) GHG emissions

For all information, see GRI 305-1.

SDG 3.9
SDG 12.4
SDG 13.1
SDG 14.3
SDG 15.2

GRI 305-3 (2016) Other indirect (Scope 3) GHG emissions

For all information, see GRI 305-1.

SDG 13.1
SDG 14.3
SDG 15.2

GRI 305-4 (2016) GHG emissions intensity

For all information, see GRI 305-1.

SDG 13.1
SDG 14.2

GRI 305-5 (2016) Reduction of GHG emissions

Compared to the previous year, CO2 emissions were reduced by 24 % in 2020. For more detailed information, see GRI 305-1.

For BayernLB as a financial services provider, business travel represents the most significant direct environmental impact alongside energy consumption. For further information on the targeted reduction of CO2 emissions in this area, see GRI 302-2.

SDG 3.9
SDG 12.4
SDG 13

GRI 305-6 (2016) Emissions of ozone-depleting substances (ODS)

BayernLB does not emit any ozone-depleting substances.

GRI 305-7 (2016) Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

There is no direct occurrence due to district heating. BayernLB does, however, operate refrigeration plants, among other things for the air conditioning of its office buildings. Coolants are necessary for this. This may result in losses.

Coolant losses	Year	2020	2019	2018
Coolant	Kg	141	29	0

For 2020, a loss of 141 Kg of R134a is due to a leak at the guide vane linkage at a chiller in the building Brienner Straße 18. This was noted and fixed during maintenance in February 2020.

GRI 306 (2020) Effluents and Waste

GRI 306 (2020) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Effluents and waste"

SDG 6
SDG 12.5

As a non-manufacturing company, BayernLB does not generate waste water or waste through the manufacture of products, but only in its own operations. Nevertheless, the responsible use of valuable resources has a long tradition. In 1998, the Environmental Policy was formulated for the first time: "We strive for a further reduction in the waste produced at our Bank and to use environmentally compatible waste removal sources wherever possible."

This is further elaborated in the Sustainability Strategy 2021: "Even though the direct climate and environmental impact of BayernLB's business activities is relatively low, our most important contribution is to reduce resource consumption, reduce waste and ensure it is disposed of in an environmentally friendly manner, and use environmentally-friendly technologies. A sustainable workspace is defined by using the available resources responsibly. This includes conserving water, printing only when required and on recycled paper, separating waste correctly and consciously saving energy in day-to-day office operations (no stand-by mode)."

The overall management approach to corporate environmental protection is presented in GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental".

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

GRI 306-1 (2020) Water discharge by quality and Goals

SDG 3.9
SDG 6.3
SDG 6.4
SDG 6.6
SDG 12.4
SDG 14.1

Wastewater disposal in Munich is handled by the municipal wastewater network of the City of Munich. This is done analogously at the other locations.

For all other information, see GRI 306 (2020) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Effluents and waste".

SDG 3.9
SDG 6.3
SDG 12.4
SDG 12.5
UN GC 8

GRI 306-2 (2020) Waste by type and disposal method

	Unit	2020	2019	2018
Waste/Food leftovers	**t**	**911**	**825**	**887**
thereof				
for recovery/recycling	t	522	420	430
incineratory	t	204	252	246
for deposition	t	75	49	112
hazardous waste	t	110	103	100

The total waste volume of all waste fractions in 2020 was approx. 911 t. This represents an increase of 86 t or 10 % compared to the previous year. Much of this increase was due to waste for recovery/recycling. In this category, consumption increased by 102 tonnes or 24 % to 522 tonnes. The reason for this are some evacuations of storage areas in Brienner Straße 18. On the other hand, waste quantities for incineration - such as residual waste - decreased by 48 t or 19 % to 204 t. The quantities of waste for landfill increased by 26 t or 53 % to 75 t in the building rubble sector. Hazardous waste showed an increase of 7 t, or 7 %, to 110 t. The increase is due to the increased quantities of computer scrap/electrical scrap/fluorescent tubes. Environmentally sound disposal of all waste fractions was achieved.

Due to the strategic realignment of the Bank (including the introduction of desk sharing), there will be many smaller renovation measures and relocations in the coming years, accompanied by office closures. The Bank has already announced that employees will be able to purchase discarded office equipment in return for a donation to Sternstunden, but an increased volume of waste is nevertheless expected.

In addition to this Sustainability Report (according to GRI), an Environmental Statement (in German) is available for the 2020 financial year (and previous years), which BayernLB publishes on its website.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

SDG 3.9
SDG 6.3
SDG 6.6
SDG 12.4
SDG 14.1
SDG 15.1

GRI 306-3 (2020) Significant spills

There were no significant leaks of harmful substances at BayernLB in the years 2018 to 2020. For coolant losses, reference is made to GRI 305-7, for waste generation to GRI 306-2 and for wastewater to GRI 306-1.

SDG 3.9
SDG 12.4

GRI 306-4 (2020) Transport of hazardous waste

As a non-producing company, BayernLB does not transport waste. For waste generation by fraction, please refer to GRI 306-2.

GRI 306-5 (2020) Water bodies affected by water discharges and/or runoff

SDG 6.6
SDG 14.2
SDG 15.1
SDG 15.5

As a non-producing company, BayernLB does not discharge any waste water into watercourses, and surface runoff does not occur in BayernLB's operations. For the handling of wastewater, reference is made to GRI 306-1.

GRI 307 (2016) Environmental Compliance

GRI 307 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental compliance"

UN GC 7
UN GC 8

In the materiality analysis (last update of 2018), the topic "Contribution to the regulatory framework" was defined as material according to GRI for BayernLB and its stakeholders.

The framework for environmental compliance is provided by the Code of Conduct: "BayernLB and its employees regard acting in a lawful, ethical and responsible way as a fundamental and essential part of their personal, corporate and social responsibility. Breaches of law and ethics are unacceptable to us. [...] A absence of trust in the integrity and reliability of our Bank would remove the most important basisfor sustainable business success."

For environmental compliance, this is specified in the Sustainability Policy: "At BayernLB we shoulder responsibility for economic, social and environmental developments in our home state of Bavaria and everywhere else we help our customers do business. These high ecological standards, which we apply to our sales activities, also apply to us as bank. For one thing, we keep optimising our in-house operations as part of our environmental management system, which has been certified under the strict EU Eco-Management and Audit Scheme, or EMAS." In the course of the annual (re-)validation of the main sites according to EMAS, legal conformity in the environmental area is also determined. For further information on EMAS, see in particular GRI 300 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Environmental" and BayernLB's Environmental Statement (published in German only).

In accordance with MaRisk AT 4.4.2, the MaRisk compliance function is responsible for identifying and analysing the key legal regulations and requirements, non-compliance with which may lead to a risk to the institution's assets.

BayernLB defines compliance risk as follows: "Compliance risk is part of legal risk and includes the risk of losses to the Group as a result of non-compliance with applicable legislation. This does not include violations of contractual agreements or internal rules. Compliance risk is characterized by actions or omissions in breach of duty that lead to sanctions - in particular in the form of fines or claims for damages. No compliance risk is the risk of loss as a result of inappropriate conduct in the provision of banking or financial services (conduct risk)."

BayernLB carries out a risk analysis in the area of MaRisk compliance at least once a year. In the corresponding annual report, the function addresses the adequacy and effectiveness of the arrangements for complying with the material legal rules and requirements.

Further information on the Internet:

Abridged Environmental Statement 2020 (only published in German)

GRI 307-1 (2016) Non-compliance with environmental laws and regulations

During the reporting period, no significant fines or non-monetary sanctions were levied or imposed on the Bank for non-compliance with environmental laws and/or regulations.

GRI 308 (2016) Supplier Environmental Assessment

SDG 12
UN GC 7
UN GC 8

GRI 308 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Supplier environmental assessment"

For all relevant information, see GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices".

SDG 12
UN GC 8

GRI 308-1 (2016) New suppliers that were screened using environmental criteria

For all relevant information, see GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices".

SDG 12
UN GC 8

GRI 308-2 (2016) Negative environmental impacts in the supply chain and actions taken

No negative environmental impacts were identified for any supplier(s) in 2018, 2019 and 2020. For more information, see GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices".

GRI 400 Social

GRI 400 Social

GRI 401 (2016) Employment

SDG 5.1
SDG 8.5
SDG 10.3
UN GC 6

GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment"

Principles and guidelines

The basic principles of personnel policy and employee management are laid down in various principles and guidelines. This includes, on the one hand, the Code of Conduct, which contains, among other things, two chapters on the topics of "Personal rights and protection against discrimination" (for details, see GRI 405 and 406) and "Responsibility for employees". The following passages are essential: "We are all responsible for fostering a culture of mutual respect, trust and appreciation of the value of others." "We foster skills, creativity and open and uncensored dialogue. We also expect individual responsibility and commitment from our employees. Our aim is to develop and use the individual gifts and talents of our employees as best we can."

Key aspects of employee management are also set out in BayernLB's "Leadership Compass". Various relevant individual aspects are regulated in binding guidelines. For example, principles of interaction between women and men are defined in the "Guideline for Conduct in Partnership, Protection against Sexual Harassment, Bullying and Discrimination", which was agreed with the General Staff Council in mid-2015 and communicated throughout the Bank via the Intranet. Finally, the framework conditions for human resources policy also include legal regulations such as the General Equal Opportunities Act (AGG) and external voluntary commitments (see GRI 405 for details).

In the materiality analysis (last update of 2018), the topic "Diversity & equal opportunities" was defined as material according to GRI for BayernLB and its stakeholders.

Organization

Responsibility for personnel policy issues lies with BayernLB's Human Resources Division. The human resources strategy developed there supports the business segments and central divisions in achieving their strategic and economic goals. As part of the annual strategy process, Human Resources reviews the extent to which the HR strategy is aligned with BayernLB's overarching business strategy; it is updated if necessary.

The central instrument of personnel management and development is the development and performance dialogue. This instrument promotes an open and constructive development dialogue between managers and employees and ensures a common direction. It regulates the consistent transformation of the objectives derived from the Bank's business strategy and risk culture down to the employee level. As part of this, all employees receive annual feedback on the extent to which they have achieved their goals, based on the target agreement concluded at the beginning of the year, as well as an orientation that enables them to determine their personal position and compare it with their personal career and development goals. The planning of individual development shows perspectives and fields of development. The assessment of potential ensures

that employees can make optimal use of their skills and at the same time forms the basis for potential development and talent management, in order to accompany and promote careers from within the company in a targeted manner (for more details, see GRI 404).

Challenges

Employees play a central role in mastering the numerous current political, social and technological challenges. Fair dealings with each other, continuous personal and professional qualification and comprehensive information are essential factors for success.

As part of its strategic realignment, BayernLB Bank has decided to significantly reduce its workforce at the end of 2019. The reduction of an initial 400 employee capacity was already reported in detail in 2019 (see Non-Financial Report 2019) and an increase in scope was announced. Under the known socially acceptable conditions (exclusion of redundancies for operational reasons until autumn 2022, use of instruments negotiated with the General Staff Council [including under the principle of double voluntary redundancy, severance pay, early retirement, part-time work for older staff and early retirement, measures to qualify staff to take on other tasks]), further staff capacity will be reduced by the end of 2023, bringing the total to around 940. Corresponding restructuring provisions have been formed for this purpose in the 2020 annual financial statements for a further reduction in the workforce by mutual agreement. The above-mentioned extensive regulatory agreements with the General Staff Council mitigate the risk of employee interests being affected (e.g. loss of employment), which is why no serious risks currently exist or are expected in this regard.

By the end of 2020, BayernLB was on target to achieve around a third of the targeted staff reductions, and the tools were well received by employees. A total of around 300 termination agreements were concluded, of which over 70 per cent were with non-pay-scale employees. In the process, numerous severance agreements were agreed upon and, if desired, employees leaving with the instrument of a severance package were accompanied by the newplacement services offered by Kienbaum Consultants International GmbH. In addition, by filling vacancies advertised internally, a number of employees whose duties will cease in future as a result of BayernLB's strategic realignment were successfully entrusted with new tasks, thus securing their continued employment. Due to ongoing, continuous expressions of interest on the part of employees in the downsizing and restructuring instruments, as well as the ongoing organizational changes, further termination agreements in the triple-digit range are also expected in 2021. In view of the age structure and the demand for counselling interviews, it is assumed that there will be further (early) terminations by mutual agreement in both 2022 and 2023, particularly in the context of early retirement models and due to regular age-related retirements.

The "Focus 2024" transformation programme, which is aimed at the strategic realignment of the Bank, is being accompanied by intensive change measures, particularly in order to continue to ensure operational stability and maintain the motivation of employees who continue to work at BayernLB. The entire workforce is involved through a regularly conducted Pulse Check, an employee survey to evaluate and assess the individual steps in the transformation process. Measures for improvement are derived from this in a targeted manner. Accordingly, the information and communication surrounding the transformation programme was made even more

transparent, and the visibility of the Board of Management to the workforce was significantly increased through regular video messages and Town Hall Meetings (employee meetings together with the Board of Management). The introduction of intra-divisional initiatives enabled employees to participate more actively in the transformation process and thus contribute their opinions and ideas, for example through the "PitchNow for Profit" initiative. The divisions (business segments and central divisions) are supported in the operational implementation of the strategy to become a focused specialist bank in a targeted manner, including in the context of change workshops. Particular attention will be paid to the introduction of the new cooperation model in the Corporates & Markets division.

Future-oriented topics, such as the expansion of digital and agile competencies, are systematically worked on and implemented. Employees and managers receive ongoing training in these success-critical competencies as part of the Digital Academy (see GRI 404-2).

In addition to the implementation of the "Focus 2024" strategic program, the year under review was marked by the management of the effects of the coronavirus pandemic. At the start of the pandemic, BayernLB was able to take stable operational action very quickly from its home office with a large proportion of the workforce - particularly to protect employees. The established home office concept has been used successfully for many years and has now been further expanded as a result of the pandemic. On average, therefore, around three quarters of employees were in their home offices. The employment contract regulations for mobile working were already comprehensive before the pandemic. The occupational health and safety regulations that apply in the home office, the recording of working hours, the handling of all data security issues and the rules of conduct were already communicated to each employee at the time of their initial application, and employees are additionally sensitised via recurring online training courses and internal awareness messages. For further information on BayernLB's handling of the coronavirus pandemic (including the hygiene concept), see GRI 403-7.

Employee structure	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which domestic	3.150	3.303	3.157
of which Germans	2.990	3.137	3.007
of which non-Germans	160	166	150
of which abroad	167	188	186
of which Germans	26	31	34
of which non-Germans	141	157	152
of which BayernLB without BayernLabo	3.046	3.243	3.131
of which BayernLabo	271	248	212
of which Europe excluding Germany	83	101	98
of which America	84	87	88
of which men	42	45	45
of which women	42	42	43
of which full-time employees	2.369	2.467	2.355
of which men	1.583	1.645	1.579
of which women	786	822	776
of which part-time employees	948	1.024	988
of which men	222	258	247
of which women	726	766	741
of which with permanent employment contract	3.118	3.250	3.221
of which men	1.686	1.770	1.751
of which women	1.432	1.480	1.470
of which with fixed-term employment contract	199	241	122
of which men	119	133	75
of which women	80	108	47
of which junior staff	102	106	56
of which with management responsibility	317	344	322
of which men	241	261	249
of which women	76	83	73
of which without management responsibility	3.118	3.250	3.221
of which men	1.686	1.770	1.751
of which women	1.432	1.480	1.470
of which junior staff	102	106	99
of which apprentices	24	26	32
of which dual students	45	45	40
of which trainees	33	35	27
Change in the number of employees compared to the previous year (in percent)	-4.98 %	4.43 %	3.95 %
Average age (in years)	45,2	44,7	44,4
Average length of service (in years)	15,9	15,1	15,1
of which less than one year with the company	116	271	291
of which men	71	162	162

Employee structure (further from top)	2020	2019	2018
of which women	45	109	129
of which between two and five years of service	692	604	455
of which men	415	366	289
of which women	277	238	166
of which six to ten years of service	380	393	418
of which men	218	223	241
of which women	162	170	177
of which over ten years of service	2.129	2.223	2.179
of which men	1.101	1.152	1.134
of which women	1.028	1.071	1.045

Further information on the Internet:

Code of Conduct

Combined separate non-financial report of the BayernLB Group for 2020 (annex to the Annual Report and Accounts, p. 289)

SDG 5.1
SDG 8.5
SDG 8.6
SDG 10.3
UN GC 6

GRI 401-1 (2016) New employee hires and employee turnover

Information on newly hired employees and employee turnover can be found in the following tables:

Employee turnover	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
Related turnover rate (number of employee terminations divided by the average number of employees)	2.5 %	2.5 %	2.2 %
Total fluctuation (employee terminations)	85	86	71
Fluctuation in Germany	72	76	62
Fluctuation in Europe excluding Germany	8	6	3
Fluctuation in the USn	5	4	6
Proportion of men in fluctuation	54.1 %	61.6 %	57.7 %
Proportion of women in fluctuation	45.9 %	38.4 %	42.3 %
Proportion of employees under 30 years old in the fluctuation rate	28.2 %	26.7 %	33.8 %
Proportion of 30 to 50 year olds in the fluctuation rate	57.6 %	66.3 %	54.9 %
Proportion of over 50 years old in the fluctuation rate	14.1 %	7.0 %	11.3 %

Domestic admissions (excluding temporary staff and interns)	2020	2019	2018
Recruitment within tariff and non-tariff	53	193	189
thereof trainees	20	23	23
Hiring of apprentices/dual students	27	26	32
thereof students of the Duale Hochschule BW (formerly Berufsakademie)	16	14	19
Re-entries including expiry of parental leave	113	140	146
thereof trainees	3	7	5
thereof men	62	80	74
thereof women	51	60	72
Returnees from abroad	7	3	1
thereof men	4	3	1
thereof women	3	0	0
Returnees from subsidiaries/affiliates	3	2	4
thereof men	2	1	4
thereof women	1	1	0
Other cases (e.g. a. end of illness without continued pay)	4	4	6
thereof men	2	3	4
thereof women	2	1	2

Departures - Influenceable fluctuation	2020	2019	2018
Contract cancellations	94	15	16
thereof employer terminations	3	2	2
thereof men	56	8	6
thereof women	38	7	10
Employee terminations (fluctuation)	64	71	56
thereof men	36	44	29
thereof women	28	27	27
Retirements due to special agreement	26	11	44
thereof men	16	11	25
thereof women	10	0	19
Company transfers	0	0	0
thereof men	0	0	0
thereof women	0	0	0
Termination of fixed-term contracts	40	15	13
thereof men	20	7	7
thereof women	20	8	6
Posting abroad	0	0	0
thereof men	0	0	0
thereof women	0	0	0

Departures - non-influenceable fluctuation	2020	2019	2018
Early retirement under collective agreements or retirement due to reaching the age limit or due to incapacity for work	10	27	11
thereof men	6	22	5
thereof women	4	5	6
Interruptions in activity due to parental leave and military or alternative service	122	138	171
thereof men	57	71	63
thereof women	65	67	108
Dormant employment contracts	1	1	14
thereof men	0	1	14
thereof women	1	0	0
Other cases (deaths, start of illness without continued pay)	28	15	11
thereof men	8	5	6
thereof women	20	10	5

SDG 5.4
SDG 8.5
UN GC 6

GRI 401-2 (2016) Benefits provided to full-time employees that are not provided to temporary or part-time employees

Part-time and full-time employees at BayernLB receive the same company benefits. Apart from the company pension scheme, employees with a fixed-term contract and those with a permanent contract receive the same benefits. All permanent employees receive a pension commitment for the company pension scheme in accordance with the Bank's own defined-contribution pension schemes, as well as a further company pension scheme taken out via Versicherungsverein des Bankgewerbes (BVV), to which BayernLB pays pro rata contributions. In addition, for those joining BayernLB before 1 January 2002, there is still a pension scheme similar to that for civil servants in the form of a defined-benefit direct commitment (known as the pension scheme).

SDG 5.1
SDG 5.4
SDG 8.5

GRI 401-3 (2016) Parental leave

For all information on parental leave at BayernLB, see the table:

Parental leave	2020	2019	2018
Employees entitled to parental leave[1]	3.317	3.491	3.343
thereof men	1.805	1.903	1.826
thereof women	1.512	1.588	1.517
Employees who have taken parental leave	152	181	178
thereof men	55	68	66
thereof women	97	113	112
Employees who returned to work after taking parental leave	105	136	125
thereof men	64	81	77
thereof women	41	55	48
Employees who returned to work at the end of parental leave and were still employed 12 months after their return	109	135	132
thereof men	56	74	73
thereof women	53	61	59

1 Corresponds to all active employees including junior staff; Note: Compared to the Sustainability Report 2019 (according to GRI), the data basis here has been expanded to include all BayernLB Bank employees worldwide, which corresponds to the data basis for all other key figures in the Sustainability Report. This means that the figures reported last year are not comparable to this year's.

GRI 402 (2016) Labor/Management Relations

SDG 8.8
UN GC 3

GRI 402 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Labor/management relations"

BayernLB's Code of Conduct sets out the basis for this as follows: "BayernLB promotes a working environment based on respect and tolerance. We respect the opinion of others. We acknowledge employee rights as a matter of course." The basis for co-determination at BayernLB is the Bavarian Staff Representation Act (BayPVG). This stipulates, among other things, that the General Staff Council must be informed comprehensively and in good time in order to carry out its duties.

As a member of the Association of German Public Sector Banks (VÖB), BayernLB applies the collective agreements for the private banking sector and public sector banks. For details, see GRI 102-41.

BayernLB's Staff Council is divided into the Munich and Nuremberg Individual Staff Councils and the General Staff Council. On the subject of employee representation, see also GRI 102-41.

Employees with employee representatives	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
Of which employees for whom there is employee representation	3.256	3.414	3.278

Employees are informed transparently about information and contributions from the Staff Council and trade unions via the Intranet. In the year under review, a staff meeting had to be cancelled due to the coronavirus pandemic ban on events (information and the opportunity to ask questions to the Board of Management and staff representatives were made available online) and also the annual summer party organised by the Staff Council. A second staff meeting was implemented virtually (separately for Munich and Nuremberg).

In addition, BayernLB's Youth and Apprentices Representative Council represents the affairs of young employees under the age of 18 and apprentices and dual students when problems arise and in cases relating to personnel law, as well as in matters where the Staff Council has a right of co-determination or participation under the law. Events with all apprentices, dual students regardless of age and employees under 18 take place at least once per calendar year.

Cooperation between the employee and employer sides of BayernLB is characterised by mutual respect and trust. The joint service agreements take account of the Bank's objectives as well as the interests of the employees. During the year under review, 11 service agreements (2019: 5; 2018: 9) with the Staff Council were reached.

SDG 8.8
UN GC 3

GRI 402-1 (2016) Minimum notice period regarding operational changes

BayernLB complies with the minimum notification deadlines set out in the Bavarian Staff Representation Act (BayPVG). Within the framework of a trusting cooperation with the staff representatives, emerging issues are addressed at an early stage.

GRI 403 (2018) Occupational Health and Safety

SDG 3
UN GC 1
UN GC 6

GRI 403 (2018) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Occupational health and safety"

BayernLB faces the challenge of maintaining and promoting the health of its employees. This commitment is highlighted by the Bank's Code of Conduct: "It is essential that occupational health and safety regulations are observed by all employees. It is one of the management duties of BayernLB to provide a healthy and hazard-free working environment. [...] In turn, we expect our employees to show a responsible approach to their health and fitness."

In the materiality analysis (last update of 2018), the topics "Health management" and "Handling of environmental and social risks" were defined as material according to GRI for BayernLB and its stakeholders.

Integrated Health Management and Occupational Health and Safety Committee

The Bank has an integrated Health Management System. It includes company doctors and nurses as well as specialised personnel experts. They work closely with the General Staff Council, the occupational health and safety specialist, the BayernLB sports club and the nutritionists in the staff canteen. In addition, there is an Occupational Health and Safety Committee in accordance with the legal requirements of the Occupational Health and Safety Act, which supports the monitoring of occupational health and safety programmes and also acts in an advisory capacity. It shall meet at least once every three months. It comprises an employer's representative, an occupational safety specialist, two members of the Genereal Staff Council (including the representative for se-

verely disabled persons), the company doctor and the Bank's safety officer. There were no indications of relevant (mainly health) risks in the area of occupational health and safety during the reporting period.

Prevention

In order to prevent "typical" health problems associated with primarily sedentary work at VDU workstations, the Safety and Health Officer shall ensure that the workstations are ergonomically designed. BayernLB also offers employees opportunities to take part in sporting activities as part of its health management programme and holds regular health days focusing on specific topics, e.g. exercise and healthy eating, for example.

BayernLB's company sports association has over 1,500 members. A training and gymnastics room is available in the Bank's main building in Munich to keep employees healthy, as well as its own sports grounds in the English Garden.

Due to the coronavirus pandemic, the Health Days were held digitally in the year under review with a wide range of lectures and workshops, and sports courses were also offered virtually for employees at home. Right from the start of the pandemic, certain offerings were published that addressed the challenge of maintaining health even in the home office, for example through webinars on topics such as "Successfully dealing with stress in times of covid & home office" (for more detailed information on BayernLB's handling of the coronavirus pandemic, see GRI 403-7).

BayernLB offers comprehensive support on the issues of mental health problems, stress management and burnout, including extensive information on the Intranet and seminars for employees and managers. BayernLB has also successfully implemented an occupational integration management scheme in accordance with Section 84 (2) of the German Social Code (SGB) IX, which provides employees with professional support in reintegrating into working life after an extended illness.

The success of the health management is demonstrated by the following table:

Health rate / days of absence	2020	2019	2018
Health rate in percent (100 - (sick days of all employees of the bank / number of planned working days of all employees of the bank *100))	96,3	95,58	95,64
Absence days due to illness per employee	9,24	10,93	10,77

For information on work-related injuries, see also GRI 403-9. For more detailed information on other health promotion offerings, see GRI 403-5 and 403-6.

GRI 403-1 (2018) Occupational health and safety management system

The management system for occupational health and safety is described in GRI 403 (2018) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Occupational health and safety".

SDG 3.3
SDG 3.4
SDG 3.9
SDG 8.8

GRI 403-2 (2018) Hazard identification, risk assessment, and incident investigation

The Occupational Health and Safety Committee is the point of contact for all matters relating to occupational health and safety and accident prevention at BayernLB. The company doctor and the occupational safety specialist, if necessary together with other members of the Occupational Safety Committee, carry out site inspections at regular intervals in the various buildings of the Bank. Depending on the circumstances, representatives of the responsible accident insurance institution, the trade supervisory authority or the fire department may also be called in. Suggestions and information on possible deficiencies in occupational health and safety and accident prevention issues are followed up. Any deficiencies identified are discussed at the regular meetings of the Occupational Health and Safety Committee and passed on to the responsible specialist departments of the Bank in the form of comments or requirements, and the elimination of identified deficiencies is monitored. Where necessary, appropriate investigations and expert opinions are initiated by external institutions (e.g. pollutants, noise pollution, etc.). No relevant incidents were identified for the year under review.

When the coronavirus pandemic began, BayernLB set up a crisis team that met regularly and included permanent members of the health and safety committee. The crisis team met regularly, and members of the Health and Safety Committee were informed or involved as required. In the "SARS-CoV-2 Occupational Health and Safety Rule" (version 10.8.2020), employers are required to prepare and carry out a corresponding risk assessment. This has been submitted to the company doctors and staff representatives (for more detailed information on BayernLB's handling of the coronavirus pandemic, see GRI 403-7).

As in previous years, the accident insurance institution responsible for the Bank, the Kommunale Unfallkasse Bayern (Bavarian Municipal Accident Insurance Fund), and the responsible trade supervisory office confirm that BayernLB has effective occupational health and safety, as reflected in consistently low accident figures (see GRI 402-9), among other things. TÜV Süddeutschland, with which BayernLB cooperates closely, agrees with this statement.

SDG 3.3
SDG 3.4
SDG 3.9
SDG 8.8
UN GC 1

GRI 403-3 (2018) Occupational health services

The range of occupational medicine services for BayernLB employees includes : First aid in emergencies, health check for new hires, checking health values, vaccination campaigns, screen vision tests, advice on workplace design/ergonomics, advice on addictions, advice on personal and family emergencies, company integration management. Appointments with the company doctors can be arranged via the company nurses. BayernLB also has trained company paramedics who are notified by the security centre via a beeper in the event of an emergency. The security centre is equipped with an emergency backpack and defibrillator and can be reached at any time via an internal extension number.

GRI 403-4 (2018) Worker participation, consultation, and communication on occupational health and safety

SDG 3
SDG 8.8

The composition, organization and scope of the Health and Safety Committee are described in GRI 403-1 and GRI 403-2. Employee participation is ensured through the composition of the committee. Both the Health and Safety Committee and the health management team operate Intranet sites where all employees can obtain information. Employees are made aware of special announcements and campaigns through Intranet messages.

GRI 403-5 (2018) Worker training on occupational health and safety

SDG 3

When working at VDUs and office workplaces, increased physical, visual and mental stress can pose health hazards. In addition to ergonomically equipped workstations, BayernLB therefore provides its employees with information and instructions on workplace design on the Intranet. The occupational safety specialist is always available to answer questions. In addition, special seminars are offered, such as "Mindfulness in everyday life - dealing with stress more consciously" for employees or "Stress, burnout, depression - dealing with mentally stressed employees" for managers.

For information on other measures to promote health, see GRI 403-6.

GRI 403-6 (2018) Promotion of worker health

SDG 3

Health maintenance and preventive health care are the key objectives for BayernLB's Health Management. To achieve this, continuous and long-term measures are required in order to achieve the highest possible health benefits for employees with the available resources.

Against the backdrop of the coronavirus pandemic and the associated infection control measures as well as hygiene rules, Health Management in 2020 has changed and focused on the implementation of virtual support services, as the health of employees is a top priority. For example, new approaches were taken with great success and interactive webinars were held on the topics of "Resilience - Gaining Quality of Life" and "More Energy in Everyday Life and at Work". The participants received valuable impulses - especially with regard to the initially still largely unfamiliar daily work routine in the "permanent home office".

The first digital Health Day was held in November 2020. The focus was on illuminating the topic of "Energy Management - Body & Mind" from a wide variety of perspectives. In the virtual theme rooms "Active regeneration" and "Restful sleep", interactive online lectures, workshops and coaching sessions, interested parties were able to obtain suggestions and practical tips on how to implement health-conscious actions in everyday (work) life.

BayernLB is actively helping to maintain the health of its employees, particularly in these particularly challenging times, with a needs-based Health Management System. The aim is always to raise awareness of the issue of "health", to provide impetus and to demonstrate a wide range of options that employees can implement on their own responsibility. For this reason, an "Infothek"

is also available to employees on the Intranet, where they can proactively obtain information on topics such as mindfulness, blood donation, cancer prevention, stress, burnout and depression, and eye tests (screen glasses), or find exercises and instructions for eye yoga or a moving break (if not restricted by hygiene regulations, the "moving break" also takes place on site with guidance).

For information on work-life balance and support and respite services, see GRI 103-1 (2016) - 103-2 (2016), 103-3 (2016) Management approach disclosures to "Diversity and equal opportunities".

SDG 3

GRI 403-7 (2018) Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

In the materiality analysis (last update of 2018), the topic "Handling of environmental and social risks" was defined as material according to GRI for BayernLB and its stakeholders.

As a result of the coronavirus pandemic, BayernLB successively introduced comprehensive measures at the beginning of March 2020 and took precautions to reduce the risk of infection as a health hazard as far as possible. The aim of the measures taken is to protect all employees as well as possible against infection with COVID-19 within BayernLB at the various locations and still maintain business operations. A corresponding comparison with the regulations and recommendations of the "SARS-CoV-2 Occupational Health and Safety Standard of the Federal Ministry of Labour and Social Affairs" was also carried out. The workforce is informed in detail and transparently via the Intranet and central offices of the Bank. Via special e-mail inboxes, employees can place their concerns either in general or with the company doctor. In order to discuss, decide and coordinate all bank-wide activities in the wake of the coronavirus pandemic, a central crisis team was established at a very early stage, which meets regularly and is made up of the entire Board of Managements, high-ranking managers, numerous specialists from various areas as well as occupational medicine, and is supported by business continuity management.

For example, the following measures were taken (in each case depending on the political requirements of infection control):

- Procedure agreed with the health authorities in the event of a confirmed coronavirus infection at BayernLB
- Development and implementation of a cleaning concept
- Space allocation concept for compliance with safety distances
- Creation of further additional possibilities for working from the home office
- Changeover of food service from casino operation to serving packed lunches
- Cancellation of on-site seminars and training sessions and closure of sports, seminar and recreation facilities
- Restriction of business trips and customer visits
- Access for external persons only with information form
- Mandatory masks

In addition, to take account of personal or family circumstances created by the coronavirus pandemic and to allow for more flexible working, the "Variable Working Time Regulations" have

been temporarily adjusted. Employees affected by the closure of a school/childcare facility in Bavaria were supported with three paid days off per household. In order to acknowledge the commitment of the employees and to support them in the private purchase of equipment, a one-off voluntary special payment of EUR 1,000 gross (or the equivalent amount in the foreign branches) was paid out at the end of 2020. From May 2021, BayernLB was able to make its employees an offer of vaccination, which met with lively demand.

SDG 3

GRI 403-8 (2018) Workers covered by an occupational health and safety management system

In BayernLB, 94.97 % in 2020 (2019: 94.61 %; 2018: 94.44 %) of employees were covered by the Health and Safety Management System described above (see GRI 403 (2018) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Occupational health and safety"). This results from the regulations and requirements of the Occupational Health and Safety Act (the percentage in each case corresponds to all BayernLB employees in Germany, see also GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment").

SDG 3

GRI 403-9 (2016) Work-related injuries

BayernLB's accident figures do not indicate any particularly hazardous areas or work processes. There were no serious accidents at work, nor was there any accumulation of similar accidents or any conspicuousness in certain houses of the Bank. Most of the accidents reported were so-called commuting accidents, most of which occurred on the way to or from work.

Accident figures	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
Health rate (100 - (sick days of all employees of the bank / number of target working days of all employees of the bank *100)) in percent	96,3	95,58	95,64
Sickness rate (absence days per year divided by target days per year) in percent	3,70	4,42	4,36
of which commuting accidents in %	0,03	0,02	0,02
of which occupational accidents in %	0	0,01	0
Deaths due to accidents at work	No information is available on this. Medical confidentiality applies.		

SDG 3

GRI 403-10 (2016) Work-related ill health

There are no data on work-related illnesses and deaths due to work-related illnesses. Medical confidentiality applies.

GRI 404 (2016) Training and Education

SDG 4
SDG 5
SDG 8
SDG 10
UN GC 6

GRI 404 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Training and education"

In the materiality analysis (last update of 2018), the topic "Employee development" was defined as material according to GRI for BayernLB and its stakeholders.

Development and training

The promotion of the personal and professional development of employees is facing ever greater challenges against the background of the changing requirements of the banking business. The ongoing development of the skills and expertise of all BayernLB employees is expressly demanded and encouraged, and is set out as such in the Code of Conduct: "In a world that never stands still, the commitment of our employees to a life-long learning is a key success factor. We provide appropriate opportunities for further training and professional development." Digital skills, creativity, innovative strength, agility and networked working are just as much a focus as further training courses on diversity, health management (see GRI 403-6), social skills and the permanent increase in understanding of all topics relating to sustainability (from 2022, the topic of sustainability will be taken into account in a special way in the further training programme).

BayernLB's managers also play a key role in the development and promotion of employees. They are responsible for the planning and monitoring of development measures through continuous dialogue with their employees. As part of the annual development and performance dialogue (based on a service agreement between the Bank and the General Staff Council), individual career and qualification goals are discussed between managers and employees at all levels and appropriate development measures are agreed upon, in addition to the achievement of task and behaviour-related goals and the assessment of non-specialist competencies. To ensure the transfer of learning and the success of the development measures completed, there is close monitoring of learning progress during the year by means of feedback from the manager (see also GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment").

Personal development always means self-development at the same time and presupposes self-initiative and self-responsibility. Therefore, employees are also promoted and encouraged in their self-image to give impulses for their own development. This includes the autonomous definition of personal development goals as well as the necessary active commitment to the implementation and achievement of these goals.

BayernLB is also convinced that each age group has its strengths, which need to be exploited intelligently. Talent management therefore specifically promotes different groups of employees. In a 2-year cycle, so-called "potential rounds" are held for each business/central division, in which talents are identified for the Bank. Over a two-year period, talent management supports and empowers talented individuals in their personal and skills development, enabling them to boldly drive forward necessary changes and help shape BayernLB's future.

The Bank's human resources strategy seeks to gain an early insight into anticipated staffing gaps and skills shortages in the various areas of the Bank and to take the necessary countermeasures

in the sense of active risk management. In addition, as part of systematic succession planning in the business/central divisions, managers identify employees who show potential for taking over key positions in the short to medium term (e.g. in the event of retirements or employees leaving the company). Depending on individual previous experience and function-related qualification requirements, development measures are agreed between the potential successor candidates and the manager.

In 2020, a cross-functional, agile project group was set up under the sponsorship of the Chairman of the Board of Management and the Human Resources Division in order to progressively develop BayernLB's understanding of leadership and cooperation and to derive and establish an extended training programme for managers from this. From 2021 onwards, BayernLB's managers will be trained via the Leadership Academy with workshops on topics such as virtual leadership, agile leadership and working, innovation and efficiency culture and positive leadership, thereby strengthening their role as progressive leaders.

Education

BayernLB's cooperation with universities and colleges is an important means of contacting high potentials, students and graduates and transferring knowledge. For this reason, the Bank has maintained contact with the major universities in Munich and Bavaria for many years and is involved with universities throughout Germany. These collaborations result, for example, in workshops and lectures at universities, company visits by students to BayernLB, projects with students on site or visits to trade fairs. BayernLB is also aware of its responsibility towards young talents and teaching and supports several students from different universities, for example with the Deutschlandstipendium and the Deutsche Studienstiftung scholarship (number of scholarships 2020: 21; 2019: 22; 2018: 22).

The coronavirus pandemic also necessitated a rapid and flexible adaptation of processes in contacting, recruiting and supporting junior staff in order to comply with the principle of "social distancing" on the one hand, but at the same time to be able to continue to exist in the "war for talents" on the other. Establishing contact with pupils and students proved to be a great challenge due to the cancellation of training and university fairs and taster internships. Recruitment fairs in virtual rooms were able to remedy this situation, gaining increasing acceptance as evidenced by rising visitor numbers. The internal selection procedures have also been virtualised. Despite the more difficult conditions and the increased time required, all apprentices and trainee positions were filled successfully and on time in the year under review. All junior staff were offered the opportunity to work on a mobile basis during the first half of 2020 (and since).

The following programmes are available at BayernLB: Apprenticeship as a bank clerk, dual study programme leading to a Bachelor of Arts (specialising in banking) or Bachelor of Science (specialising in business informatics). Both courses are offered in cooperation with the Baden-Württemberg Cooperative State University. University graduates can find the best possible career start at BayernLB through various trainee programmes (general or with a focus on Risk Management, Corporates & Markets, Accounting & Controlling, Mathematics, Human Resources, IT, Real Estate, Project Management or Internal Audit). In addition, the bank offers the possibility of internships for pupils and students (career orientation) as well as internships and theses for students. Since 2017, BayernLB has been cooperating with the international student organisation AIESEC, which

places young people worldwide in volunteer projects focusing on education, poverty and environmental protection through its Global Volunteer Programme. The possibility of such a stay abroad is available to apprentices, dual students and trainees. BayernLB pays the AIESEC fee, travel expenses (by arrangement) and paid leave of absence for the duration of the stay abroad (in the year under review, stays were not possible due to the coronavirus pandemic).

It is planned to maintain recruitment of junior staff at a similar level in the coming years (see tables below) in order to meet the challenges of demographic change. BayernLB again received various awards in 2020, ranging from the "Trainee-Siegel" to recognition for fair training and as a Fair Company (the current awards are published on BayernLB's website).

Junior staff	2020	2019	2018
Total number of junior staff in training as of 31.12.	**102**	**106**	**99**
thereof trainees	33	35	27
thereof men	20	16	14
thereof women	13	19	13
thereof dual students	45	45	40
thereof men	26	27	26
thereof women	19	18	14
thereof apprentices	24	26	32
thereof men	19	17	19
thereof women	5	9	13
Recruitment of junior staff	**49**	**54**	**57**
thereof trainees	22	28	25
thereof men	13	14	13
thereof women	9	14	12
thereof dual students	16	14	19
thereof men	9	9	11
thereof women	7	5	8
thereof apprenticess	11	12	13
thereof men	8	10	7
thereof women	3	2	6

SDG 4.3
SDG 4.4
SDG 4.5
SDG 5.1
SDG 8.2
SDG 8.5
SDG 10.3
UN GC 6

GRI 404-1 (2016) Average hours of training per year per employee

Further training courses and seminars as classroom events of the personnel development programme had to be switched to virtual formats at short notice in 2020 in order to keep cancellations low. As a result, numerous technical and methodological training courses, as well as seminars on personal development, could be carried out almost in their entirety and with good feedback. Despite the difficult circumstances, further qualification is important. In 2020, BayernLB therefore invested around EUR 1 million in training and qualification measures. The budget in the amount of EUR 1,5 million was therefore not fully used. Reasons for this included more cost-effective virtual formats as well as coronavirus-related uncertainty among many employees who were waiting for face-to-face formats to resume. The training budget for 2021 remains at the previous year's level of EUR 1.46 million.

In addition to the centrally managed continuing education measures, there were also target group-specific initiatives by individual departments in 2020. The focus here was primarily on technical topics and regulatory content.

Further education	2020	2019	2018
Training costs in EUR million	**1,5**	**2**	**2**
Registrations for further training	1.727	3.851	5.293
thereof men	869	1.976	3.006
thereof women	858	1.875	2.209[1]
thereof internal bookings in percent	80,8	89	91,3
Total training days of eight hours each	2.649	6.840	6.000
Further training days of eight hours each per employee	0,68	1,52	2,19

1 78 registrations without indication of gender, therefore counted with women

GRI 404-2 (2016) Programs for upgrading employee skills and transition assistance programs

SDG 8.2
SDG 8.5

BayernLB's personnel development programme includes a wide range of courses on various topics for the different roles of employees: From competence training (e.g. IT, sales, agility, leadership, languages), seminars for junior staff, offers for coaching and moderation as well as project management to subsidies for in-service measures. In the year under review, 20 employees began a BayernLB-sponsored in-service training course (usually a part-time Bachelor's or Master's degree course; 2019: 27, 2018: 7). In more than 20 years, 440 employees have already been supported in this context. In addition, there is a range of online learning platforms and other target group and subject-specific offerings on internal topics.

In order to successfully meet the growing demands placed on employees in the context of increasing digitalisation in their day-to-day work, BayernLB has set up the Digital Academy, among other things. It provides the necessary tools to enable employees to deal constructively with the digital cultural change and to actively shape the digitalisation of BayernLB. So-called "digital competences" are taught. BayernLB defines digital skills as relevant knowledge or skills from the areas of "technology", "innovation" and "agility" that enable employees to act successfully in line with the business strategy and in their day-to-day work. For the Digital Academy, internal colleagues were trained as digital coaches, who in turn pass on their knowledge in the sense of "from colleagues for colleagues".

For information on workforce reductions and resulting career departures/other employment, see GRI 401 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Employment".

GRI 404-3 (2016) Percentage of employees receiving regular performance and career development reviews

SDG 5.1
SDG 8.5
SDG 10.3
UN GC 6

All employees below Management Board level receive annual feedback on the extent to which they have achieved their targets as part of their development and performance dialogue based on the target agreement concluded at the beginning of the year. At the same time, they receive

an orientation that enables them to determine their personal position and to compare personal career and development goals. Junior staff (trainees, apprentices, dual students) as well as interns and working students are excluded from the target agreement process. Their performance is evaluated in writing by the training officers or managers in their respective deployment stations (from at least 15 working days of deployment) and discussed in a joint meeting.

GRI 405 (2016) Diversity and Equal Opportunity

SDG 5
SDG 8
UN GC 1
UN GC 6

GRI 405 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Diversity and equal opportunity"

Diversity & Anti-discrimination

In the materiality analysis (last update of 2018), the topic "Diversity & equal opportunities" was defined as material according to GRI for BayernLB and its stakeholders.

The prerequisite for respectful and tolerant interaction is conduct in a spirit of partnership without discrimination. BayernLB is publicly committed to eliminating discrimination, and not only by signing the UN Global Compact (in September 2021). Literally, Principle 6 states: "Businesses should uphold the elimination of discrimination in respect of employment and occupation." In BayernLB's understanding, diversity, equal opportunities and (anti-)discrimination are different aspects of the same basic issue and are therefore treated integratively under the diversity approach.

The diversity approach takes into account not only gender and gender orientation, age, physical and mental abilities, but also sexual orientation, ethnic origin and nationality, social origin, religion and world view. BayernLB employs people from a wide range of backgrounds and with diverse (employment) biographies. Diversity is an important building block for BayernLB's success. BayernLB employees can and should be themselves, and the LGBTQI+ community should also feel accepted.

Diversity management aims to make this diversity visible, to tolerate individual differences and to make the added value visible and usable for the corporate culture, the interaction with each other and also the success of the company. The Diversity Officer's task is to make diversity at BayernLB visible and promote it, facilitate exchange and highlight the added value for employees and the company, so that all employees feel valued and are motivated to contribute their potential for the benefit of BayernLB.

The principles of cooperation are anchored, among other things, in the Code of Conduct and in the "Policy on Conduct in Partnership, Protection against Sexual Harassment, Bullying and Discrimination". The Code of Conduct states: "We respect the rights of our employees. We protect them from discrimination of all types. [...] Any form of discrimination or harassment on the grounds of age, gender, religion, ideology, race, ethnic or social origin, handicap or sexual identity or orientation is unlawful and will not be tolerated." In addition, the Policy defines undesirable and unacceptable behaviour, strengthens the possibilities for action for all employees and

establishes a complaints procedure and sanctions. Since the introduction of this Policy, no such incidents of discrimination have been documented. Literally, the Policy states: "BayernLB takes its responsibility and obligation to protect employees against discrimination, bullying and sexual harassment and to take precautions against it very seriously. It encourages and supports those affected to seek counselling in conflict situations in order to jointly find appropriate measures to remedy the situation. To this end, BayernLB is setting up a complaints office and providing affected employees with a counselling team [...] to jointly develop and facilitate solutions from the perspective of those affected."

The Bank believes that a mix of people from different genders and cultural and social backgrounds is enriching for BayernLB. Colleagues from four different generations and with 51 different nationalities work together at the headquarters and in the domestic and foreign branches.

Age & Origin	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which men under 30 years old	198	222	205
of which women under 30 years old	162	193	179
of which men between 30-50 years old	853	969	980
of which women between 30-50 years old	807	876	901
of which men over 50 years old	754	712	641
of which women over 50 years old	543	519	437
of which Germans	3.016	3.168	3.041
of which EU nationals without Germans	146	150	135
of which remaining employees worldwide	155	173	167
Total average age	45,2	44,7	44,4

For BayernLB, employing people with disabilities is a natural contribution to inclusion. At the end of 2020, BayernLB had 103 employees with disabilities. This corresponds to 3.1 % of the workforce. The representation of people with disabilities is ensured by the representation of severely disabled persons in the General Staff Council.

Employees with disabilities	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which employees with disabilities	103	99	94
In percent	3.1 %	2.8 %	2.8 %

External initiatives

Since 2010, BayernLB has supported the "Diversity Charter - For Diversity in the World of Work", a corporate initiative to promote diversity in companies and institutions. By signing the agreement, BayernLB undertakes to create a working environment for all employees that is free of prejudice and characterised by mutual respect and appreciation - irrespective of age, ethnic origin and nationality, gender and gender orientation, physical and mental abilities, religion and world view, sexual orientation and social origin. BayernLB creates the conditions for managers and employees to recognise, share and live these values and to be informed about the added value of diversity. In 2020, for the first time, a team of young professionals registered to take part in the "Diversity Challenge 2020/2021" in the competition discipline "Rethinking Diversity".

As part of this Diversity Challenge, young employees are committed to diversity in their workplace. In 2021, actions were planned for the first time on the occasion of the 9th anniversary. German Diversity Day.

Since 2001, the company Cross Consult has been offering the "Cross-Mentoring Programme Munich", a program especially for female managers. The core element of the programme is the accompaniment, support and promotion of female managers by experienced managers from other companies participating in the programme. The tandems act on their own responsibility and individually define their goals and measures, such as coaching, counselling and networking. The framework is formed by lectures, fireside chats, feedback events and workshops. BayernLB has participated continuously since 2001 with at least one tandem per year. Participants are female managers with ambitions for the next higher management level. In 2020, four female colleagues (2019: 3; 2018: 4) participate in the program. Four female colleagues will also complete the cross-mentoring program in 2021.

BayernLB is a founding member and in 2010 signed the "Munich Memorandum for Women in Leadership", an initiative that has emerged for more mixed leadership and grown to become a seal of approval for modern, flexible and gender-appropriate employers. The signatory companies undertake to promote their female managers in a targeted and verifiable manner. The focus is on achieving a balanced participation of women in management positions at all hierarchical levels and in all positions of responsibility. In regular working meetings the participating companies maintain the professional exchange among each other as well as with the initiators, the company Cross Consult GbR. Measures and strategies are discussed, new models are discussed and ideas are passed on in the circle of participating companies as well as experiences and results are exchanged. Currently, 17 other major companies and organisations are taking part in the regular exchange alongside BayernLB.

Since 2018, BayernLB has held its annual Girls' Day with a focus on IT. This orientation day is sponsored by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and the Federal Ministry of Education and Research. Since many schoolgirls make their career choices based on their gender and influenced by social role models, the aim of this day is to broaden the range of careers available to girls. Girls' Day offers schoolgirls their first insights into working worlds previously unknown to them. In 2020, Girls' Day could not take place due to the coronavirus pandemic. In 2021, six female students participated in a digital Girls' Day (2019: 6; 2018: 5).

Reconciliation of family and career

A family-friendly work culture, in which the compatibility of family and career can be lived by women and men, mothers and fathers, is now one of the main criteria of tomorrow's skilled workers when deciding on an employer, and is therefore consequently written down in the Code of Conduct: "We support our employees in striking a balance between their work and personal lives and in increasing job satisfaction. We attach particular importance to ensuring that one’s family life is compatible with their professional life. "Among other things, the "Family Pact of Bavaria" (Familienpakt Bayern) was concluded to optimize this compatibility and create family-friendly conditions. The partners in this pact are the Bavarian State Government, the Association of Bavarian Chambers of Industry and Commerce (BIHK), the Association of Bavarian Industry and Commerce (vbw) and the Bavarian Handicrafts Association e.V. (BHT). BayernLB has also been a

member of the pact since 2017. The partners of the pact make use of advisory services, benefit from pioneers and good examples and, through networking with other companies, help to ensure that the working environment in companies adapts even further to family concerns.

As part of its measures to reconcile family and career, BayernLB offers its employees a wide range of solutions to help them balance their careers and family needs: BayernLB takes account of the life phases of its employees by designing appropriate working time models that are as flexible as possible. BayernLB supports parents with children or employees with dependents in need of care by offering a wide range of options with cooperation partners and flexible working hours (e.g. conversion of working time credits into days off). During the daycare and school closures related to the coronavirus pandemic, employees affected by this were supported in 2020 with three paid days off per household. In addition, the existing working time regulations (e.g. opening of the working time window) have been made more flexible in order to enable, among other things, the care of children and relatives requiring nursing care.

Through its cooperation with famPlus GmbH, BayernLB is able to offer its employees simple, direct and tailored childcare support. With an online platform, famPlus provides support with a large selection of, for example, childminders, nannies and babysitters as well as in the search for a place in a nursery. BayernLB covers the costs of arranging the above-mentioned childcare for employees.

There is a municipal kindergarten on the BayernLB site which has an occupancy quota for BayernLB. BayernLB regularly offers childcare during the summer holidays and on the Day of Prayer and Repentance. In addition, parents can use parent-child offices for short-term childcare shortages.

BayernLB works with awo lifebalance GmbH to support employees caring for family members. This clarifies among other things over costs and financing possibilities of the care, advises to achievements of the care insurance and care classification, mediates country widely care and support offers as well as domestic helps and much more besides. BayernLB covers the costs of advice and mediation by awo lifebalance GmbH for its employees.

Part-time	**2020**	**2019**	**2018**
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which part-time	948	1.024	988
of which full-time	2.369	2.467	2.355
of which men part-time	222	258	247
of which women part-time	726	766	741
of which with management responsibility part-time	38	51	54
of which men with management responsibility on a part-time basis	15	28	31
of which women with management responsibility on a part-time basis	23	23	23
Weekly average working time in hours within the whole year, women/men	According to these figures may not be evaluated		

Further information on the Internet:

Code of conduct

SDG 5.1
SDG 5.5
SDG 8.5
UN GC 6

GRI 405-1 (2016) Diversity of governance bodies and employees

The ratio of women (45.6 %) to men (54.4 %) in the workforce is almost balanced. At year-end 2020, the percentage of women in leadership was 24.4 percent (2019: 24.5 %; 2018: 23.1 %). BayernLB has set itself the voluntary target of increasing the proportion of female managers to 30 % by 2024.

Equality and diversity are also key success factors for BayernLB's future on the Board of Management and supervisory bodies. Attributes such as age, gender/gender identity, ethnic origin/nationality, religion/belief or sexual orientation do not determine appointment. The decisive factors are experience and skills to fill the role and ensure long-term company success. For this reason, the Bank pays particular attention to the aspect of diversity when making new appointments to committees (for further information, see GRI 102-22).

Structure of management levels below the Board of Managememt (Germany)	2020	2019	2018
Active employees incl. junior staff as of 31.12.	3.317	3.491	3.343
of which men (total)	1.805	1.903	1.826
of which men (in percent)	54.4 %	54.5 %	54.6 %
of which women (total)	1.512	1.588	1.517
of which women (in percent)	45.6 %	45.5 %	45.4 %
of which men with managerial responsibility in total (2nd to 4th management level) (total)	236	256	243
of which women with managerial responsibility in total (2nd to 4th management level) (total)	76	83	73
of which female team leader (4. management level) (total)	52	57	49
of which female head of department (3. management level) (total)	21	23	23
of which female divisional management (2. management level) (total)	3	3	1
Project managerst as of 31.12	36	30	28
of which men (total)	30	22	19
of which women (total)	6	8	9

Structure of the Management Board and Supervisory Board	2020	2019	2018
Board of Management members	5	5	6
of which men	5	5	6
of which women	0	0	0
Supervisory Board members	11	11	11
of which men	9	9	9
of which women	2	2	2

A variety of measures have been implemented to support the achievement of the goal of increasing the proportion of female managers:

- In early 2016, a working group (WoMen-Power. Diversity makes you strong) was formed to gather ideas and to plan and implement concrete actions.

- The women's network (#Fortschrittsfrauen) is being successively expanded. 146 female colleagues from BayernLB and its subsidiaries BayernInvest and Real I.S. currently meet regularly to discuss specialist topics (e.g. agility) and leadership (e.g. part-time leadership). In addition, successful managers from BayernLB or other companies pass on valuable experience and recommendations by presenting their career paths. In future, mentoring within the network will supplement the services offered within the network. A direct exchange between participants of the network and the Board of Management was also established.
- In 2020, seven seminars were offered to specifically support female professionals and managers (e.g. Aiming for success: Plan strategically, decide clearly, implement successfully). This offering was expanded to nine in 2021 (e.g. Gender mix training) and adapted to current conditions (e.g. Visibility and strong performances from the home office). Scheduled events were conducted virtually during the coronavirus pandemic, allowing them to take place as scheduled.
- In the case of vacant management positions, women are actively approached about submitting an application. If possible, at least one female candidate should be available for selection for each new management position to be filled. The employment portfolios of the departments are also regularly examined for high-potential women as part of a recurring succession planning process, and these women are encouraged accordingly.

The development of the promotion of women in management is reported annually to the Remuneration Committee.

GRI 405-2 (2016) Ratio of basic salary and remuneration of women to men

SDG 5.1
SDG 8.5
SDG 10.3
UN GC 16

The principle of "equal pay for equal work" is the subject of the collective agreement applicable to BayernLB (for more information on collective agreements, see GRI 102-41). Classification in the pay scale groups depends exclusively on the function and the degree to which it is performed and not on gender. For the remuneration of non-pay-scale employees, there are service agreements concluded with the General Staff Council. All service agreements - as well as collective agreements - are published transparently for employees on the Intranet. Together with the departments, Human Resources regularly reviews the salaries paid to non-pay-scale on the basis of gender-neutral criteria agreed with the staff representatives. The requirement profiles and function catalogues on which the non-pay-scale salary system is based are updated on an ongoing basis and are known to the General Staff Council. Job families, career levels and functions do not differentiate by gender. The individual positions for non-pay-scale employees are described and evaluated transparently by means of a co-determined "remuneration matrix"; the requirements are defined in advance in a gender-neutral manner.

As part of the implementation of the "Institutsvergütungsverordnung" (Remuneration Ordinance for Institutions) relevant to BayernLB, a Remuneration Officer was appointed at BayernLB to monitor the appropriateness of the remuneration system for employees within the Bank with regard to the regulatory requirements (for more information on remuneration, see GRI 102-35 to 102-39). According to the amended Remuneration Ordinance for Institutions (Institutsvergütungsverordnung) of 25 September 2021, the appropriateness of remuneration is expressly conditional on the exclusion of any disadvantage in terms of remuneration on the grounds of gender for the

same work or work of equal value. The measures taken to ensure equal treatment of women and men, including in terms of salary and promotions, are the subject of the Equal Opportunities Report published by BayernLB Bank every five years. BayernLB's company pension benefits are also not linked to gender.

Vacancies at BayernLB are always advertised throughout the Bank and are therefore open to all employees.

GRI 406 (2016) Non-discrimination

SDG 10
UN GC 6

GRI 406 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Non-discrimination"

BayernLB reports on non-discrimination in GRI 405.

SDG 5.1
SDG 8.8
SDG 10
SDG 16.b
UN GC 6

GRI 406-1 (2016) Incidents of discrimination and corrective actions taken

No incidents of discrimination were reported in the year under review.

GRI 407 (2016) Freedom of association and collective bargaining

SDG 8
UN GC 2
UN GC 3

GRI 407 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Freedom of association and collective bargaining"

BayernLB is committed to the core labor standards of the International Labour Organisation (ILO). Almost all BayernLB employees work in EU countries that have enshrined the ILO standards in law. BayernLB is also bound by the OECD's Guidelines for Multinational Enterprises, as well as by regional, national and supranational legal requirements (including Article 9 of the German Basic Law, freedom of association and freedom of assembly).

In September 2021, BayernLB signed the UN Global Compact, thereby committing itself to respecting and promoting fundamental human rights, fair working conditions, combating corruption and promoting sustainable development, as explicitly stated in Principle 3, among other things: “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.“

For information on staff representation at BayernLB, see GRI 402 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Labor/management relations"; for information on collective bargaining/collective agreements, see GRI 102-41.

GRI 407-1 (2016) Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

SDG 8.8
UN GC 3

The following is laid down in BayernLB's Code of Conduct: "BayernLB also expects suppliers and service providers to provide fair employment conditions and allow employees the freedom to hold meetings and the right to negotiate collectively." This is specified in the Sustainability Agreement for Suppliers and External Service Providers. In the year under review, the right to freedom of association and collective bargaining was not threatened at any of the company's own sites.

The Sustainability Agreement commits suppliers to respecting the right to freedom of association. For further information on suppliers and external service providers, see GRI 204, 308 and 414; for further information on collective bargaining/collective agreements, see GRI 102-41.

GRI 408 (2016) Child Labor

GRI 408 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Child labor"

SDG 8.7
SDG 16.3
UN GC 5

At BayernLB, minors are only employed as part of a taster internship, Girls' Day or an apprenticeship or as dual students. In this way, the Bank is making a contribution to education and attracting future junior staff through its offerings. The regulations of the Youth Employment Protection Act and the Vocational Training Act are observed/complied with. BayernLB's approach to child labor outside its operating sites is presented in GRI 412.

GRI 408-1 (2016) Operations and suppliers at significant risk for incidents of child labor

SDG 8.7
SDG 16.2
UN GC 5

BayernLB commits itself and all suppliers and external service providers not to permit child labor. The Bank has not identified any significant risk of incidents of child labor, either in its own operations or those of its suppliers. For detailed information, see GRI 412.

GRI 409 (2016) Forced or Compulsory Labor

GRI 409 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures to "Forced or compulsory labor"

SDG 8.7
UN GC 4

BayernLB's treatment of forced or compulsory labor is presented in GRI 412.

SDG 8.7
UN GC 4

GRI 409-1 (2016) Operations and suppliers at significant risk for incidents of forced or compulsory labor

BayernLB commits itself and all suppliers and external service providers not to allow any forced or compulsory labor. The Bank has not identified any significant risk of incidents of forced or compulsory labor, either at its own facilities or at those of its suppliers. For detailed information, see GRI 412.

GRI 410 (2016) Security Practices

UN GC 1
UN GC 2

GRI 410 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Security practices"

As a financial services provider, BayernLB needs security personnel. For this purpose, BayernLB mainly uses a subsidiary for the Munich and Nuremberg locations. Renowned security companies from the region are contracted for the other domestic and foreign branches.

SDG 16.1
UN GC 1
UN GC 2

GRI 410-1 (2016) Security personnel trained in human rights policies or procedures

For information, see GRI 410 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Security practices".

GRI 411 (2016) Rights of Indigenous Peoples

SDG 16
UN GC 1
UN GC 2

GRI 411 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Rights of indigenous peoples"

BayernLB's treatment of the rights of indigenous peoples is presented in GRI 412.

SDG 16
UN GC 1
UN GC 2

GRI 411-1 (2016) Incidents of violations involving rights of indigenous peoples

In the year under review, BayernLB was not aware of any incidents in which the rights of indigenous peoples were violated.

GRI 412 (2016) Human Rights Assessment

GRI 412 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Human rights assessment"

UN GC 1
UN GC 2

In the materiality analysis (last update of 2018), the topic "Handling of environmental and social risks" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB is committed in several ways to protecting and respecting human rights, rejecting child, forced or compulsory labor and protecting the rights of indigenous peoples. This applies not only to the company itself, but also to the entire upstream and downstream value chain. The Sustainability Policy states: "We pursue our goals in compliance with all legal regulations and in express consideration of all human rights, whereby, as far as BayernLB is concerned, these requirements pose bare minimum standards."

Within BayernLB itself, employees are treated with dignity. The Bank is not only bound by legal regulations such as the German Basic Law, the Youth Employment Protection Act or the ILO core labour standards, but also by its own values and standards (see, among others, the excerpts from the Code of Conduct below). For more information on dealing with its own employees, see GRI 401-407.

In the Code of Conduct, all employees and managers commit themselves to the following requirements, among others, in their own company and also towards customers and society:

- "BayernLB and its employees regard acting in a lawful, ethical and responsible way as a fundamental and essential part of their personal, corporate and social responsibility. Breaches of law and ethics are not acceptable to us."
- "BayernLB promotes a working environment based on respect and tolerance. We respect the opinion of others. We acknowledge employee rights as a matter of course."
- "Any form of discrimination or harassment on the grounds of age, gender, religion, ideology, race, ethnic or social origin, handicap or sexual identity or orientation is unlawful and will not be tolerated."
- "BayernLB expects suppliers and service providers to provide fair employment conditions and allow employees the freedom to hold meetings and the right to negotiate collectively. We say no to exploitative (child)labour and forced labour."

In September 2021, BayernLB also signed the UN Global Compact, thereby making a further public commitment to comply with and enforce the following principles, among others:

- Principle 1: "Businesses should support and respect the protection of internationally proclaimed human rights."
- Principle 2: "Businesses should make sure that they are not complicit in human rights abuses."
- Principle 4: "Businesses should uphold the elimination of all forms of forced and compulsory labour."
- Principle 5: "Businesses should uphold the effective abolition of child labour".

Accordingly, BayernLB has taken measures to implement the commitments:

- As a matter of principle, BayernLB does not engage in any business connected with drug trafficking, human trafficking, sexual exploitation, exploitative child and forced labor, slavery, smuggling of migrants, organ trafficking, prostitution, pornography or product piracy.
- BayernLB takes account of the World Bank's recognised environmental and social standards in all relevant financing where the intended use is known. These are based on the performance standards of the International Finance Corporation (IFC), a member of the World Bank Group, and the World Bank's Environmental, Health, and Safety Guidelines. The standards define extensive requirements for the protection of the environment and the observance of labor and human rights, for example in large infrastructure projects. They also include criteria for the protection of indigenous peoples and for the involvement and protection of the populations affected by the projects, such as local communities. Violations of human rights and the rights of indigenous peoples are often linked to large-scale mining and infrastructure projects in emerging and developing countries. This is why the World Bank standards for earmarked project financing are of central importance. BayernLB complies with World Bank standards as well as thematic and sector-specific policies, including the protection of human rights in project financing. This often involves dealing with local communities or indigenous peoples. In the case of indigenous peoples, for example, it is important to ensure that they are not resettled without voluntary prior consent or that they receive appropriate compensation.
- BayernLB is opposed to all forms of slavery and forced labor and has therefore pledged to comply with the UK Modern Slavery Act.
- BayernLB expects suppliers and external service providers who wish to work with BayernLB to comply with recognised environmental and social standards, including the core labor standards of the International Labour Organisation (ILO). For this purpose, a corresponding publicly accessible Sustainability Agreement will be concluded.

The Sustainability Agreement includes the following points, among others:

- "BayernLB requires its suppliers to observe basic rights and human rights."
- "BayernLB requires suppliers to ensure the rights of its employees, particularly with regard to occupational health and safety, working hours regulations and health, and to prevent discrimination on the basis of skin colour, race, nationality, social background, disability, sexual orientation, political or religious beliefs, gender or age."
- "BayernLB requires suppliers to not employ and to not allow or tolerate the employment of persons who cannot prove they are at least 15 years of age or older or who are employed in countries where an exception under ILO Convention 138 is deemed to exist."
- "BayernLB requires suppliers to not support forced labour in any way."
- "BayernLB requires suppliers to grant its employees freedom of association and the right to collective bargaining."

For more detailed information on the Sustainability Agreement and BayernLB's requirements for its suppliers and external service providers, see GRI 204.

Further information on the Internet:

Combined separate non-financial report of the BayernLB Group for 2020 (annex to the Annual Report and Accounts, p. 289)

BayernLB's Sustainability Policy

Code of Conduct

Sustainability Agreement

Modern Slavery Act Statement

Homepage of BayernLB: Memberships and commitments

Homepage of BayernLB: Sustainable procurement

GRI 412-1 (2016) Operations that have been subject to human rights reviews or impact assessments

UN GC 1
UN GC 2

Human rights are respected at all BayernLB's business locations (see GRI 102-4 for the location of the business locations).

GRI 412-2 (2016) Employee training on human rights policies and procedures

UN GC 1
UN GC 2

BayernLB's Code of Conduct is at the heart of its compliance culture. It applies to employees of all business areas of BayernLB as well as to members of the Board of Management and the Supervisory Board. Everyone is obliged to observe the principles and guidelines laid down and to base their actions on the principles. All new employees (including junior staff) joining BayernLB receive a physical copy of the Code of Conduct. In addition, the Code of Conduct is published on the Internet and Intranet. All employees and managers also receive mandatory training on the General Equal Treatment Act (AGG) every two years.

Further information on the Internet:

Code of Conduct

GRI 412-3 (2016) Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

UN GC 1
UN GC 2

All business activities with potential social and/or environmental risks must be reviewed at BayernLB. The exact process of the audit (including the audit of human rights aspects) is described in GRI FS 2. The criteria for this are presented in GRI 102-16, 412 and GRI FS 1.

GRI 413 (2016) Local Communities

SDG 11
SDG 16

GRI 413 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Local communities"

In the materiality analysis (last update of 2018), the topic "Social committment & dialogue" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB's commitment to social causes and education, to art and culture, and to science and research is an important component of its social responsibility in Bavaria and is also enshrined in its Sustainability Policy (with similar wording in the Code of Conduct): "For BayernLB and its employees, corporate responsibility is inextricably linked to corporate citizenship. By supporting social, cultural, scientific and sports projects and initiatives, we look to empower our local communities."

In this way, the Bank directly supports the social communities in which it operates.

Donations and volunteering	2020	2019	2018
Expenditure for donations, sponsoring and memberships (in Euro)	1.6 million	1.7 million	1.7 million
Days of corporate volunteering[1]	approx. 80	approx. 200	approx. 200
Days spent on voluntary activities[2]	approx. 57	approx. 60	approx. 36

1 Corporate volunteering: voluntary work organised through BayernLB; see below for examples
2 Voluntary activities: includes the assignments of employees for disaster control, the volunteer fire brigade, as election workers and other honorary positions

Instead of spreading donations widely, BayernLB has opted to concentrate on selected projects. In the area of sponsoring, the Bank focuses on education and scientific cooperation. In 2020, BayernLB spent around EUR 1.6 million on donations, sponsorship and memberships. BayernLB is committed to its Code of Conduct: "We keep organisation memberships, sponsorship commitments and charitable donations separate. We do not make donations to individuals, for missionary purposes, or to political parties, electoral groups or bodies which are cult-like or hostile to the constitution."

BayernLB has been supporting Sternstunden e.V., a charity campaign run by Bayerischer Rundfunk, since it was founded in 1993. The non-profit association is committed to the welfare of sick, disabled and distressed children. In the past 28 years, the association has been able to collect a total of more than 300 million Euros for over 3356 children's aid projects. By assuming administrative costs, BayernLB ensures that 100 percent of every Euro donated goes to the projects. In addition, e.g. office space and equipment as well as storage facilities are provided free of charge. BayernLB also takes care of the printing and mailing of donation transfer forms and the processing of all payment transactions free of charge. Even though many things were different in the year under review due to the coronavirus pandemic, the willingness of employees to get involved and donate to Sternstunden remained unchanged. Among other things, donations were raised by making a voluntary donation in exchange for a sweater from BayernLB's new image campaign, by turning Christmas markets into "Christmas magic to go" and by selling outdated advertising material.

Among other things, Sternstunden pays the logistics costs for parcels when humedica e.V., an international non-governmental organisation headquartered in Kaufbeuren, distributes its "Gifts

with a Heart" in Bavaria and to Southern and Eastern Europe at Christmas. Here, too, the employees showed their great commitment and donated 278 parcels. Some BayernLB employees were able to provide rapid and unbureaucratic assistance when they sewed over 200 nose and mouth masks themselves in the early days of the pandemic and donated them to humedica.

Another BayernLB initiative for Sternstunden is the Sterntaler campaign, which was launched in 2001 in connection with the introduction of the Euro. To date, more than two million Euros in donations have been collected. The idea: Collection boxes for leftover old currencies, for money left over from trips abroad, but also for Euro donations have been set up at BayernLB and at many Bavarian Savings Banks and are still being diligently filled.

The Code of Conduct also states that BayernLB "[...] support[s] the voluntary social commitment of our employees through, among other measures, our Corporate Volunteering programme." To this end, an annual quota of 500 working days is made available, on which employees are released from their professional duties and can contribute their energy and ideas to volunteering projects.

In this context, BayernLB is a founding member of the "Unternehmen für München" (Companies for Munich) association, in which a large number of Munich companies coordinate their voluntary commitment and extend and deepen their cooperation with state, municipal and charitable institutions.

In 2020, the majority of corporate volunteering activities took place in the first quarter of the year due to the pandemic. For example, people helped out at the Atemreich children's home in Munich's Nymphenburg district by setting up and painting cupboards, keeping senior citizens company at the St. Josef retirement home, helping out at the Münchner Tafel e.V. distribution points, and supporting the Neuhausen adventure playground. In autumn 2020, it was also possible to work in the garden - outside and in compliance with hygiene requirements - at the Eichenau care centre.

Entire organisational units were also deployed at the Bavarian State School for the Physically Handicapped, the Augustinum, the Diakonie and the Social Department of the City of Munich.

Prior to the pandemic in 2018 and 2019, 10-15 refugees each learned to swim under the guidance of several staff members.

BayernLB has also been an official corporate partner of JOBLINGE gemeinnützige AG Munich since October 2012. As part of the cooperation, BayernLB supports the initiative by assuming the costs of scholarships to qualify unemployed young people for a training place or job. BayernLB employees have been volunteering as mentors for young people at JOBLINGE since 2009.

Further mentoring programmes with active participation by employees relate to the programme of the "Service Agency for the Development of Foreign Qualifications" at the Social Department of the City of Munich. In addition to voluntary mentors, BayernLB also provides an extraordinary internship programme, which has already resulted in several permanent positions at the Bank.

Mentors are also provided for "business@school", a programme to deepen business knowledge at upper secondary schools, the mentoring programme for students at LMU Munich and the language teaching programme via the Internet "Volunteer Vision", for which 24 licences were acquired from the Bank.

BayernLB also finances Deutschlandstipendien and Deutsche Universitätsstiftung scholarships for refugees and offers them internships where possible.

BayernLB also sponsored the student initiative "TUM Boring - Innovation in Tunneling e.V." at the Technical University of Munich, in keeping with the principle of financing progress and promoting progress. The students entered entrepreneur Elon Musk's "Not-a-Boring-Competition" in which they were challenged to design and build a small-scale tunnel boring machine to develop solutions to increasing traffic, especially in urban areas. The team from "TUM Boring - Innovation in Tunneling e.V." emerged as the winner of the competition.

The branch in Nuremberg also provided voluntary services in cooperation with the Stadtmission there. The foreign branches in New York, London and Paris are also involved with individual campaigns.

BayernLabo takes over the competition-neutral housing and urban development promotion business for BayernLB on behalf of the public sector. As an organ of state housing policy, it is responsible by statutory mandate for the promotion of housing in the Free State of Bavaria. In addition, in cooperation with the Kreditanstalt für Wiederaufbau (KfW), as the municipal and development bank of the Free State of Bavaria, it supports Bavarian municipalities and special-purpose associations with municipal loans and its own development programmes, including on the topics of barrier-free accessibility and energy-efficient building optimisation.

Further information on the Internet:

Homepage of BayernLB: Corporate responsibility & corporate citizenship

SDG 11
SDG 16

GRI 413-1 (2016) Operations with local community engagement, impact assessments, and development programs

Where relevant, see disclosures in GRI 413 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Local communities".

SDG 16

GRI 413-2 (2016) Operations with significant actual and potential negative impacts on local communities

As a financial services provider, BayernLB does not engage in any business activities that have a significant actual or potential negative impact on local communities. As part of the environmental analysis required for EMAS certification, BayernLB conducts annual neighbourhood talks with neighbouring companies. These discussions do not indicate any negative impact on the local community by BayernLB and its operating units.

For further information on indirect economic impacts see GRI 203, for information on environmental indicators and their potential impacts see GRI 303-306, for occupational health and safety see GRI 403. The fact that BayernLB's business/financing activities do not have a negative impact on any community outside the local community is set out in GRI 408, 409, 411, 412, GRI FS 1 and GRI FS 2, among others.

GRI 414 (2016) Supplier Social Assessment

GRI 414 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Supplier social assessment"

SDG 12
UN GC 2

For all relevant information, see GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices".

GRI 414-1 (2016) New suppliers that were screened using social criteria

SDG 12
SDG 16.1
SDG 5.2
SDG 8.8
UN GC 2

For all relevant information, see GRI 204 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Procurement practices".

GRI 414-2 (2016) Negative social impacts in the supply chain and actions taken

SDG 12
SDG 16.1
SDG 5.2
SDG 8.8
UN GC 2

No negative social impacts were identified for any supplier in 2018, 2019 or 2020.

GRI 415 (2016) Public Policy

GRI 415 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Public policy"

SDG 16.5
UN GC 10

As a Landesbank, BayernLB is almost 75 percent owned by the Free State of Bavaria, and its tasks are laid down in the Law on Bayerische Landesbank. No employees are seconded to state or federal ministries, and no representations are maintained in Berlin or Brussels.

In the materiality analysis (last update of 2018), the topic "Contribution to the regulatory framework" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB is active in various associations and federations. These include the German Savings Banks Association (DSGV), the European Association of Public Banks (EAPB), the Association of German Public Banks (VÖB) and the Association of German Pfandbrief Banks (vdp). These associations advocate for the interests of their members and engage in professional lobbying.

Under Section 20 of the Law, BayernLabo has the State mandate “to financially promote the plans of natural persons and legal entities under private or public law as well as other measueres to improve and strengthen Bavaria’s housing and settlement structure within the context of its housing policy and in line with the aid provisions of the European Union [...].”.

Further information on the Internet:

Law on Bayerische Landesbank

SDG 16.5
UN GC 10

GRI 415-1 (2016) Political contributions

BayernLB excludes donations to political parties. The Code of Conduct states: "We do not make donations to individuals, for missionary purposes, or to political parties, electoral groups or bodies which are cult-like or hostile to the constitution." Accordingly, no donations have taken place.

Further information on the Internet:

Code of Conduct

GRI 416 (2016) Customer Health and Safety

SDG 3

GRI 416 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Customer health and safety"

As a financial services provider, BayernLB does not sell any physical products or services that have an impact on customer health and safety.

SDG 3

GRI 416-1 (2016) Assessment of the health and safety impacts of product and service categories

As a financial services provider, BayernLB does not sell any physical products or services that have an impact on customer health and safety.

SDG 3
SDG 16.3

GRI 416-2 (2016) Incidents of non-compliance concerning the health and safety impacts of products and services

As a financial services provider, BayernLB does not sell any physical products or services that have an impact on customer health and safety.

GRI 417 (2016) Marketing and Labeling

GRI 417 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Marketing and labeling"

SDG 10.5
SDG 12
UN GC 7

In the materiality analysis (last update of 2018), the topic of "Customer satisfaction" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB's Code of Conduct defines key points for dealing with customers. The topics addressed include data protection, information and transparency, and product design. The Code of Conduct also clearly regulates the topic of communication with customers: "We regard appropriate advice, comprehensible products and services, suitable risk warnings and transparent documentation as essential in our work if our clients are to make informed decisions for themselves. Misleading or deceitful advertising is unacceptable to us In order to meet clients' expectations fairly, we only offer products and services we can provide professionally. This entails, among other things, holding any necessary licences and possessing the requisite infrastructure and technical expertise. We provide honest and unambiguous corporate data and facts and information on our products and services. The Board of Management ensures that the financial reporting is accurate. All employees involved in reporting therefore take steps to ensure that their contributions are accurate and complete."

This is further specified in the Sustainability Strategy 2021: "We pursue a policy of fair interaction with our customers, by setting high standards for responsible sales practices, product responsibility (prevention of green washing), consumer protection and compliance with provisions of competition law. To ensure comprehensive product governance, new products are reviewed for sustainability aspects before they are launched."

Accordingly, the Bank has drawn up detailed rules for the presentation of information and advertising notices in accordance with the German Securities Trading Act. Information must be honest, clear and not misleading, irrespective of customer classification, and advertising messages must be recognisable as such. All information must be appropriate and proportionate regarding the nature and content of the communication. Professionalism and honesty are required. Essential statements must not be expressed in an unclear manner and must not be left unmentioned. Due to the large number of regulations, there is a comprehensive internal Bank checklist on this subject entitled "Information and marketing communications in accordance with the WpHG and advertising in accordance with the Prospectus Ordinance". The details are also regulated throughout the Bank in a binding work instruction.

BayernLB complies with all legal requirements in terms of product information on financial products. Corresponding internal audits are carried out on a regular basis. The Sustainability Strategy 2021 goes one step further in this regard: "In addition, we define clear framework conditions and in particular our own minimum standards/policies for transactions and customer relationships in business and sectors that are controversial from an ESG perspective. We continually refine these conditions." For more information, see GRI FS 2.

Further information on the Internet:

Code of Conduct

BayernLB's Sustainability Strategy

Homepage of BayernLB: Base prospectuses for tap issuance programmes (only available in German)

SDG 12.8

GRI 417-1 (2016) Requirements for product and service information and labeling

For all information, see GRI 417 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Marketing and labeling".

SDG 12
SDG 16.3

GRI 417-2 (2016) Incidents of non-compliance concerning product and service information and labeling

In the year under review, there were no violations confirmed by the courts in connection with product and service information and in connection with the labeling of the same.

SDG 12
SDG 16.3

GRI 417-3 (2016) Incidents of non-compliance concerning marketing communications

In the year under review, there were no violations of regulations relating to marketing and communications, including advertising, sales promotion and sponsoring, that were identified by the courts.

GRI 418 (2016) Customer Privacy

SDG 12

GRI 418 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Customer privacy"

The responsible use of sensitive data is an important maxim for BayernLB in its dealings with customers and employees. The Code of Conduct states: "It is particularly important when working with clients, business partners and suppliers to protect confidential information and expertise and to comply with the Bank's duty of confidentiality. It is the duty of all employees to use information gained in the course of their work only as permitted. When passing on information within the Bank or beyond, it is essential to check that the recipient is entitled to receive it. Care must always be taken that the information is passed on in a secure manner. Additional security measures, such as confidentiality agreements or audits, must be arranged depending on the importance of the information. We respect and protect other people's confidential information. Knowledge from third parties, in particular personal data, may be collected, processed or used solely for the specified purpose, and only where necessary and legal."

Data protection

It is the task of the Data Protection Officer (DPO) to ensure, among other things, compliance with legal data protection requirements in order to protect the data subjects, in particular customers and employees, from misuse of data. According to the requirements of the General Data Protection Regulation (GDPR), the DPO is the company contact person for data protection. He*she reports directly to the Chairman of the Board of Management of BayernLB and is not subject to instructions in the exercise of his*her expertise in the area of data protection. The DPO shall not be discriminated against in the performance of his*her duties and shall be bound by a special duty of confidentiality. The focus of his*her activities lies in the examination of the permissibility of data processing and the proper handling of personal data (ensuring compliance with the GDPR).

Data protection can only be effectively implemented in a secure overall system and must be supported by all operational functions. To this end, BayernLB operates an efficient data protection management system that takes account of all the necessary interfaces. On the legal side, the Legal Division is involved, and on the technical side, Group IT, IT Security and (Physical) Security. The Data Protection Management System is regularly audited by the internal audit department. Data protection, in turn, is part of BayernLB's risk management. In concrete terms, this means for the work of the DPO to submit appropriate measures and to control their implementation as well as to constantly promote data protection and security awareness through targeted training and concrete individual discussions. In addition, the rights of the persons concerned must be adequately safeguarded. Liaison with staff representatives and the supervisory authority responsible for data protection is also important and must be maintained. The Bank fully implements these requirements in various ways.

In order to ensure data protection, the Bank has developed a standard procedure that regulates compliance with detailed, comprehensive audit obligations that must be repeated at regular intervals. BayernLB also monitors external service providers who process data on its behalf.

In order to promote the responsible handling of data protection-relevant data, all employees must participate in a mandatory annual training course.

BayernLB analyses rulings with far-reaching data protection implications without delay and takes appropriate measures to ensure that it continues to operate in compliance with data protection law.

Information Security

Information and the processes and systems used to process it represent fundamental assets for the Bank. The protection of these values is indispensable in order to maintain and secure the Bank's performance and competitive position, the trust of its business partners and customers, and its reputation in the eyes of the public.

Group Compliance is responsible for the ongoing development of all information security issues, the (further) development of methods and processes for information security and risk management, and the definition of information security requirements, including monitoring compliance with and implementation of these requirements. The Group Information Security Officer (CISO)

and BayernLB's Information Security Officer (ISO) are responsible for this. BayernLB's Information Security Management System (ISMS) ensures the protection targets of confidentiality, integrity/authenticity and availability in line with the international ISO/IEC 27000 series. It serves to protect against dangers or threats, to avoid economic damage and to minimise risks. Reports on information security risks, risk-induced measures and any security events are submitted to the Board of Management on a regular basis as well as on an ad hoc basis. The Information Security team conducts regular audits to monitor the proper implementation of Information Security Management.

The internally published "Information Security Guideline" acts as the Bank's overarching information security policy. It serves to meet the regulatory and supervisory requirements relevant to information security [including minimum requirements for risk management (MaRisk), bank regulatory requirements for IT (BAIT), the NIST Framework for Improving Critical Infrastructure Cybersecurity and ISO/IEC 27001]. The Bank's information security requirements must also be contractually agreed with the relevant third parties when commissioning service providers and outsourcing activities.

All employees are jointly responsible for information security. They are obliged to familiarise themselves with the applicable specifications, instructions and regulations on information security on their own responsibility and to read the messages on the Intranet promptly. BayernLB also offers a wide range of training and awareness measures to sensitise staff to current threats and information security-compliant behaviour. It is obligatory for all employees to complete a web-based training course every year. If necessary, the CISO or the ISO can arrange for a more frequent or interim implementation (e.g. in the case of new legal regulations or an accumulation of security incidents). New employees and junior staff (also in the case of temporary employment e.g. interns or indirect employment e.g. temporary workers) must complete the web-based training. External service providers are generally not required to take part in BayernLB's training, as compliance with information security requirements is contractually agreed as standard, including the acquisition of the necessary information security skills. In addition to the web-based training, new employees and junior staff are required to take part in the training course "Information security - potential dangers and possible attack scenarios as well as behaviour for prevention and defence". The package of mandatory training measures is supplemented by an explanatory video on the confidentiality and classification of information.

Further information on the Internet:

Code of Conduct

Homepage of BayernLB: Data protection

Data protection information for customers of BayernLB and other data subjects

Data protection information for suppliers/service providers and other third parties of BayernLB

GRI 418-1 (2016) Substantiated complaints concerning breaches of customer privacy and losses of customer data

SDG 12
SDG 16.a
SDG 16.3
SDG 16.10

In the year under review, there were no complaints relating to breaches of customer data protection and loss.

GRI 419 (2016) Socioeconomic Compliance

GRI 419 (2016) - 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Socioeconomic compliance"

In the materiality analysis (last update of 2018), the topic "Contribution to the regulatory framework" was defined as material according to GRI for BayernLB and its stakeholders.

The framework for socio-economic compliance is provided by the Code of Conduct: "BayernLB and its employees regard acting in a lawful, ethical and responsible way as a fundamental and essential part of their personal, corporate and social responsibility. Breaches of law and ethics are unacceptable to us. [...] An absence of trust in the integrity and reliability of our Bank would remove the most important basis of sustainable business success."

In accordance with MaRisk AT 4.4.2, the MaRisk compliance function is responsible for identifying and analysing the key legal regulations and requirements, non-compliance with which may lead to a risk to the institution's assets.

BayernLB defines compliance risk as follows: "Compliance risk is part of legal risk and includes the risk of losses to the Group as a result of non-compliance with applicable legislation. This does not include violations of contractual agreements or internal rules. Compliance risk is characterized by actions or omissions in breach of duty that lead to sanctions - in particular in the form of fines or claims for damages. No compliance risk is the risk of loss as a result of inappropriate conduct in the provision of banking or financial services (conduct risk)."

BayernLB carries out a risk analysis in the area of MaRisk compliance at least once a year. In the corresponding annual report, the function addresses the adequacy and effectiveness of the arrangements for complying with the material legal rules and requirements. For further information, see GRI 102-17.

GRI 419-1 (2016) Non-compliance with laws and regulations in the social and economic area

SDG 16.3

During the period under review, no significant fines or non-monetary sanctions were levied or imposed on the Bank for non-compliance with laws and/or regulations in the social and economic field.

GRI FS
Financial Services

GRI FS Financial Services - Industry-specific Disclosures for the Financial Service Sector

Product Portfolio

GRI FS 1 to GRI FS 8 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Product portfolio"

BayernLB's integration of sustainability aspects into its product portfolio is governed by various guiding documents.

The Environmental Policy states: "We understand that protecting the environment can harbour both chances and risks for our customers. The analyses and assessments of ecological chances and risks are factors we consider when making operational decisions."

To this end, the Sustainability Policy further explains: "Because we integrate social and environmental aspects into our financing and capital market products, both we and our customers weigh the risks and opportunities that come with such global challenges as climate change and dwindling resources and thus make an active contribution to a sustainable development. In addition to setting and continuously improving basic social and ecological standards for our financing and capital market transactions, we set out to serve companies and projects that explicitly tackle these global challenges through, for instance, renewable energy."

Further in the Code of Conduct: „Our Bank, our products and our services are characterized by transparency, professionalism and seriousness. Sustainable financial solutions are important to us. Because we integrate social and environmental aspects into our financing and capital market products, both we and our customers weigh the risks and opportunities that come with such global challenges as climate change and dwindling resources and thus make an active contribution to a sustainable development."

In the materiality analysis (last update of 2018), the topic of "Sustainable finance solutions" was defined as material according to GRI for BayernLB and its stakeholders.

Against this backdrop, sustainable banking and corresponding financial solutions at BayernLB encompass the following areas:

- Financing of companies and projects that contribute to tackling societal challenges such as climate change and the energy transition.
- Offering sustainable investment products for private and institutional investors;
- Compliance with environmental, social and ethical standards in financing and capital market transactions.

In the Sustainability Strategy 2021, these principles are combined into an overall concept. The main points are: "Our business model is actively guided by sustainability considerations. With a view to our core business, we are further expanding our understanding of sustainable benefits (ESG Impact) and sustainable risks and we manage BayernLB’s portfolio with this in mind. We have undertaken to significantly increase the share of ESG-compliant financing. We also take into account carbon emissions. Financing and investments whose term extends past 2040 comply with the CO2 emissions assigned in the German Climate Change Act (Klimaschutzgesetz - KSG). Striving to make our portfolio climate-neutral before 2050 squares with the climate goals of the

German government, the EU and the goals of the Free State of Bavaria, that we stand staunchly behind the Paris Agreement. By the end of 2023 we will also markedly increase the ESG-compliant share of our portfolio. This in turn will also boost the Bank's Green Asset Ratio monitored by the supervisory authorities.

We want to help our corporate clients prepare for these changes actively and in good time. At the same time, we want to be a top partner when it comes to financing investments for the climate-neutral transformation of our customers' business models. We underscore this step by setting a level of ambition for the increasingly climate-neutral alignment of our credit portfolio and higher requirements for transparency on opportunities and risks in relation to sustainability at our customers. Our current priority is generating a green finance portfolio that is as comprehensive as possible, to act as a foundation for issuing sustainable products. Since the existing requirements, such as the EU Taxonomy, are currently still evolving, the Bank's ESG criteria for the real estate business are continually being refined. The goal is to create a comprehensive ESG framework that enables the Bank to establish CO2- weighted RWA management and to generate funding via green bonds in combination with green loans.

In asset finance and corporate finance, we assist our customers with project and special financing with terms of 20 years and longer, including leasing if required. Our sustainability and ESG-linked loans tie the conditions of the financing to the borrower's sustainability performance. We provide green loans to directly finance investment in environmental protection and climate change mitigation. An additional focus is sustainable subsidy programmes, in which we bundle our expertise in subsidy programmes and sustainability and support the entire transaction. In the capital market we focus strongly on helping corporate clients and special customers conduct capital market transactions with sustainable products and services. We provide the entire spectrum of debt capital products with green, social and sustainable bonds and Schuldschein note loans (SSD), and support customers from structuring to creating a framework and commissioning a second party opinion to placement. We support sustainable real estate and structured finance with interest rate derivatives. Emissions trading is a central instrument of international climate change mitigation policy and BayernLB makes its longstanding experience in emissions trading available to corporate clients, supporting them with tried and tested products, such as certificates. Furthermore, we will increase our range of sustainable investment products that we use partly to sustainably refinance selected asset pools. Regular emissions of green and social bonds already allow investors to participate in financing projects to promote climate and environmental protection and build homes and social facilities. We act as sales partners for special funds and special AIF strategies, giving investors the opportunity to invest in sustainable investments, preferably in Germany, Austria and France.As part of its 360° real estate expertise, BayernLB, in conjunction with its real estate service providers, also provides a closely meshed product offering, ranging from advice on energy-efficiency upgrades to sustainable valuation, to green financial products also incorporating state subsidies, to institutional investment in green assets. BayernLB has set medium-term goals for sustainable real estate finance. By 2024, the share of ESG-compliant loans and credit lines in new business will be doubled.

In the real estate business we are increasing the financing of sustainable projects across all asset classes, such as office, retail, residential, logistics and management properties, focusing on the German and selected, established, international markets. We incorporate sustainable finance

into project and commercial finance (short-term to long-term) - encompassing state-subsidised loans and in conjunction with syndicate banks and savings banks. Specialised services along the entire value chain [...] supplement our product offering.As the central bank to the Bavarian savings banks, we assist the savings banks and their customers reliably and competently, in a period of necessary structural change towards more sustainability, with a tailored product and service offering. With the growing range of sustainable products and services, we also want to support the savings banks in achieving their own sustainability goals. Public-sector development institutions are increasingly focusing their subsidy programmes on sustainability. Systematic advisory services on these sustainable subsidy programmes mean BayernLB's state-subsidised business contains a continually increasing share of sustainable development loans.

A key aspect of our sustainable financial solutions is setting and refining minimum social and environmental standards for financing and capital market transactions. With competitive ESG products and services and a holistic approach to supporting our customers, we want to make a major contribution to their and ultimately society's transformation and innovation."

Further information on the Internet:

BayernLB's Sustainability Strategy

Environmental Policy BayernLB

BayernLB's Sustainability Policy

Code of Conduct

SDG 10.5

GRI FS 1 (2013) Policies with specific environmental and social components applied to business lines

The management of sustainability issues is a cross-sectional task with interfaces to several Group units and almost all corporate divisions. The role of Sustainability Management is anchored in the Sustainability Executive Unit. The central task is to design and develop the necessary structures and processes (especially policies, standards and guidelines). It is also the centre of competence for fundamental issues relating to transaction evaluations according to ESG criteria and, through the integration of the Reputational Risk Management, prepares the evaluations/votes for requesting units at BayernLB Bank "with one voice" (for a process description, see GRI FS 2).

The aim is to create a framework for all of BayernLB's business activities, in particular the assessment of business relationships and transactions, by means of a clear positioning and the specification of guidelines that are as specific as possible.

The framework for this is provided by central documents:

Code of Conduct: "We also consider sustainability issues when looking at (business) transactions. Our actions, as well as our business relationships and transactions, are always guided by ethical principles and sustainability aspects. We ensure that these are compatible with the relevant international environmental, ethical and social standards we have signed up to."

Sustainability Policy: "National and international agendas like the United Nations Sustainable Development Goals provide guidance to us. We pursue our goals in compliance with all legal regulations and in express consideration of all human rights, whereby, as far as BayernLB is concerned, these requirements pose bare minimum standards."

This is further specified in the Sustainability Strategy 2021: "A key aspect of our sustainable financial solutions is setting and refining minimum social and environmental standards for financing and capital market transactions. The general perception of sustainability is currently governed by the 17 global Sustainable Development Goals of the UN Agenda 2030 and the climate goals of the Paris Agreement. BayernLB also takes into account the Bavarian Sustainability Strategy and the objectives of the EU Taxonomy Regulation and its standards where already established."

The relevant standards and guidelines are divided into three categories:

- Overarching ESG standards that apply to all business activities
- external standards to be observed in the respective business activities concerned
- internal policies for particularly sensitive sectors and issues that go beyond the World Bank's external standards (see below).

BayernLB also complies with applicable international, supranational and national legislation.

Overarching ESG standards for all business activities

- Compliance with all embargo and sanctions requirements of EU/UN and - if necessary - local regulations.
- No business with persons (and companies managed by them) who have been convicted by final judgment on the grounds of: Bankruptcy or insolvency offences, serious property offences, white-collar crime.
- No business in the service of evasion and/or reduction of duties/taxes or concealment and/or unfair material advantage of such facts in the own or foreign country.
- No transactions with a connection to targeted infringement of copyrights and industrial property rights.
- No business with connections to illegal business variants (e.g. drug, human or organ trafficking/smuggling, slavery), prostitution, sexual exploitation and pornography as well as exploitative (child) labor or forced labor.

External standards for the respective business activities concerned

Standard	Brief description
LBMA (London Bullion Market Association)	The standards of the LBMA apply to physical gold trading. They shall ensure that the gold supplied by the approved refiners does not originate from sources linked to money laundering, terrorist financing or human rights abuses.
Modern Slavery Act	The UK law obliges companies (with branches/shareholdings in the UK) to increase transparency in the supply chain.
UN Global Compact	Since September 2021, the Bank has been committed to the 10 principles of the UN GC, including respect for human rights, environmental protection, respect for workers' rights.
World Bank standards	Group-wide compliance with the environmental and social standards of the World Bank in all relevant financing, especially in the case of earmarked project financing. The standards contain, among other things, criteria for the observance of human and labour rights, for the protection of indigenous peoples, for the inclusion and protection of the population affected by the projects, such as local communities, as well as for the protection of biotopes and habitats.
Green Bond Principles, Social Bond Principles	Voluntary guidelines recommending transparency, disclosure and reporting to promote integrity in the green/social bond market. BayernLB has adopted an appropriate framework for this purpose.

Policies (core content) for particularly sensitive sectors & issues that go beyond World Bank standards

Policy	Barred as a point of principle	May be permitted following an individual review

Nuclear power	• Projects (earmarked financing) and related goods/services
	  • for mining/extracting nuclear fuels
	  • for building new nuclear power plants
	  • In protected/excluded locations[1]
	• New customers that generate their sales exclusively from products and services employed in areas excluded from financing
		• Investments to ensure the secure operation of nuclear power plants and compliance with the highest safety standards
		• Decommissioning of nuclear power plants
		• Treatment, temporary storage and disposal of nuclear waste

Coal	• Projects (earmarked financing) and related goods/services
	  • for lignite mining and the development of new coal mines
	  • for the construction of new and expansion of existing coal-fired power plants
	  • for the construction of new coal infrastructure in connection with new coal-fired power plants
	  • in protected natural and cultural environments[1]
	• New customers that generate their sales exclusively (from 2025 > 30%) from products and services employed in areas excluded from financing
		• Modernising/refitting of existing coal-fired power plants only to achieve efficiency gains/higher efficiency and/or reduce environmentally harmful emissions

Oil & Gas	• Projects (earmarked financing) and related goods/services
	  • related to extraction of crude oil from tar sands and/or fracking
	  • in protected/excluded locations[1]
	  • for the construction of oil-fired power plants within the EU, the European non-EU countries Iceland, Norway and Switzerland, and the US and Canada, worldwide from 2025
	  • for the construction of new transport infrastructure used exclusively to transport oil/gas obtained through fracking, extraction from tar sands or in protected areas
	  • for the construction of new processing plants used to process oil or gas obtained through fracking, extraction from tar sands or in protected areas
	• New customers that generate their sales exclusively (from 2025 > 30%) from products and services employed in areas excluded from financing
		• Construction of oil-fired power plants except in the countries listed on the left until the end of 2024, employing state-of-the art technology

Policy	Barred as a point of principle	May be permitted following an individual review
Armaments & Weapons[2]	- Financing of armaments	
Food	• Speculative transactions/investment products/ financing of speculative transactions involving staple foodstuffs	• Hedging prices of agricultural commodities to hedge physical underlying transactions (focused on the needs of agricultural holdings, mills, bakeries and comparable market participants)
Forest	• Business activities involving illegal deforestation, slash-and-burn clearance, violations of labour and human rights • Business activities involving forested areas that are protected or worthy of protection when clearing land for plantations (especially to cultivate palm oil & soya)	• Management of forests and plantations in which recognised environmental and social standards are complied with
Gambling	• Activities in the gambling sector	• Offered by a public or non-profit body or organisation in compliance with specific requirements
Offshore	• Support for any business relationships/transactions that entail or are based on specific indications suspected to entail money laundering or tax evasion or any other illegal use of offshore companies. • Procurement, either directly or indirectly, of offshore companies • Arranging of contact with specialised service providers or law firms in this regard.	• Conducting legal business transactions with an offshore connection, at the customer's request and where this is the market standard in that industry or no competitive product range is available without an offshore connection

1 protected/excluded sites: Areas designated as UNESCO World Heritage Sites, protected by the International Union for Conversation of Nature (IUCN), protected by Ramsar Convention, belonging to the Arctic or Antarctic.
2 as of February 2021, financing of military equipment is generally excluded (for detailed information on all policies (as of 2022), see BayernLB's homepage.

The Sustainability Executive Unit prepares an annual evaluation and, on this basis, reviews, among other things, the effectiveness of the existing ESG standards and the requirements relating to environmental or social issues, as well as the need for further corresponding regulations. In addition, the Sustainability Executive Unit keeps a constant eye on current developments, the global political situation and the expectations of various stakeholder groups in order to be able to make any necessary adjustments, e.g. to policies. For example, at the end of 2020, the Armaments and Weapons Policy was revised to reflect the changing focus of both the Bank and its stakeholders' requirements. Financing of military equipment has been generally excluded since February 2021. All BayernLB policies have been approved by the Board of Management.

Further information on the Internet:

BayernLB's Sustainability Strategy

Environmental Policy BayernLB

BayernLB's Sustainability Policy

Code of Conduct

Combined separate non-financial report of the BayernLB Group for 2019 (annex to the Annual Report and Accounts, p. 289)

GRI FS 2 (2013) Procedures for assessing and screening environmental and social risks in business lines SDG 10.5

In the materiality analysis (last update of 2018), the topic "Handling of environmental and social risks" was defined as material according to GRI for BayernLB and its stakeholders.

The handling of risks is described in general terms in BayernLB's Code of Conduct: "Our risk culture promotes the identification and targeted handling of risk, with decision-making processes that achieve balanced outcomes not least from a risk point of view. An effective control system is a major element of our (risk)management system. The Board of Management is responsible for installing, and the managers for organising, a functioning internal control system for their areas of responsibility that is based on the “three lines of defence” principle. As a learning organisation, BayernLB views mistakes and weaknesses as opportunities for improvement."

In the Sustainability Strategy 2021, this is detailed in relation to ESG issues: "Taking the same view as the banking supervisory authorities, we do not manage ESG risks as a distinct risk type, instead we regard them as a risk driver for the already familiar risk types (credit risk, market risk, liquidity risk, etc.). In the next few years, we will further expand our holistic approach to identifying and managing ESG risks. To achieve this goal, we will constantly develop the methods, procedures, support tools and processes required for this, obtain the requisite data of sound quality and continue to build up ESG know-how along the entire value chain and along the three lines of defence models. We include both the operating model (inward-looking) and the business model (outward-looking) in this. We therefore examine the operating model for any ESG risks and refine it if required. In specific scenario analyses (e.g. climate stress test), we evaluate potential development paths and their impact on the sub-portfolios, and derive recommendations for action. We enter into new business (new customers/new transactions) after carefully weighing the risk and profitability, taking account of the established exclusion criteria and the various policies. ESG impact/risk considerations will also feature more strongly in future decisions with regard to the planned portfolio restructuring.

The availability of well-founded data and comprehensive data management is essential to record and assess risks and opportunities. To this end, we have created an ESG Assessment Tool, which is continually adjusted to reflect growing analysis and reporting requirements. This enables us to assess the sustainability risks associated with the business relationship and the positive effect of financing on achieving climate and sustainability goals (impact), and thus also make them transparent for our customers."

The following implementation status is available: BayernLB considers and assesses social, environmental and reputational risks as part of an overall process. If a (planned) business activity (potentially) falls within the scope of existing ESG standards and policies relating to environmental or social issues (see GRI FS 1), or is potentially subject to social and/or environmental or reputational risks, the business activity must first be examined in more detail by the person responsible for the matter. If (potential) social and/or environmental risks are identified, they are forwarded to the Sustainability Executive Unit (which combines the roles of Sustainability Management and Central Reputational Risk Management (CRRM)) for further review and application of the standards and policies and final evaluation.

In the case of identified (potential) reputational risks, the responsible Decentralised Reputational Risk Manager (DRRM) must be involved in order to support the necessary active reputational risk management. The person responsible and the DRRM jointly determine the severity of the reputational risk with the aid of a standardised form, document the facts in writing and decide whether to follow up (with adjustment if necessary) on the business activity. If a medium or high risk is identified, a statement must be obtained from the CRRM/Sustainability Executive Unit. The latter can, among other things, draw on external data sources. The opinion may be a release, a release with conditions or a prohibition. In the event of a high risk, a decision must also be taken by the Board of Management.

Irrespective of whether a social, environmental or even a reputational risk is identified, the Chief Sustainability Officer has the fundamental right to issue instructions to cancel, terminate or prohibit business activities.

With the introduction of the database-supported ESG Assessment (ESGA) (see above), the assessment of reputational and eco-social risks was also integrated into this, which enables automated documentation and an improved workflow. In the first version of the ESGA (current at the time of reporting), the valuation of real estate, project and corporate financing is technically possible. In addition to the reputational risk module (incl. eco-social risks), the ESGA contains two further modules for ESG-relevant topics. In the ESG risk module, the front office and back office assess on a four-eye basis whether environmental, social or governance issues could have a negative impact on the ability to service debt, the probability of default or the creditworthiness of the customer. In this way, ESG risks are recorded qualitatively by means of business area-specific guiding questions. In the ESG Impact Module, front office colleagues assess on a four-eye basis whether the financing contributes to sustainable development and has a positive impact on the achievement of climate and sustainability goals.

The Sustainability Executive Unit carries out monthly spot checks and evaluates the quality of the stored modules and, if necessary, offers assistance in improving the quality of the content.

For the handling of the ESGA, detailed training and information documents are available to all employees (via framework instructions, process description, etc.) in German and English. For the introduction of the ESGA, training courses were held for all market and back office colleagues concerned. They are still available as a recording. In addition, multipliers act as an active link for each business area

Further information on the Internet:

BayernLB's Sustainability Strategy

Code of Conduct

GRI FS 3 (2013) Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions

SDG 10.5

Clients are intensively screened at the Bank, see the Code of Conduct: "We check the identity, integrity and credit standing of our clients and business partners. We conduct regular due diligence to ensure we are not being used for unlawful business practices such as the financing of terrorism, money laundering or other criminal acts; Our actions, as well as our business relationships and transactions, are always guided by ethical principles and sustainability aspects. We ensure that these are compatible with the relevant international environmental, ethical and social standards we have signed up to."

With reference to the policies mentioned in GRI FS 1, the Sustainability Strategy 2021 specifies: **"**We enter into new business (new customers/new transactions) after carefully weighing the risk and profitability, taking account of the established exclusion criteria and the various policies. In joint products (e.g. syndicated loans, letters of credit), we actively ensure that our customers comply with BayernLB's policies."

The monitoring of this compliance varies depending on the customer, the product and the contractual arrangement. For example, BayernLB takes account of the World Bank's recognised environmental and social standards in all relevant financing where the intended use is known. They define extensive requirements for the protection of the environment and the observance of labor and human rights, for example in large infrastructure projects.

As Germany has very comprehensive legal regulations with regard to the responsible handling of the environmental and social impacts of projects, the minimum standard for project financing in Germany is to verify compliance with the relevant national legislation. A more extensive review with regard to international standards, e.g. World Bank standards and Equator Principles, is possible on a case-by-case basis. For further information, see GRI FS 1 and 2.

Further information on the Internet:

Homepage of BayernLB: Membershios and commitments

GRI FS 4 (2013) Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

SDG 4.7
SDG 10.5
UN GC 1

BayernLB's Code of Conduct sees training as a joint responsibility of employees and the Bank: "In a world that never stands still, the commitment of our employees to life-long learning is a key success factor. We provide appropriate opportunities for further training and professional development." (for general information on training at BayernLB, see GRI 404).

In particular, the conventional understanding of what a financial institution must achieve or offer in terms of services is undergoing a transformation with Sustainable Finance, and the orientation towards sustainability is also gaining in importance in operations. In order to sensitise its employees, managers and board members to sustainability in the business model and company and to be able to consolidate and expand its position in the financial sector in the future, the Bank is establishing a special structural training budget in accordance with the Sustainability Strategy

2021, which will specifically strengthen skills and expertise in sustainability issues. Therefore, starting in 2022, this competency will be prioritized in a special way in the continuing education programme.

Already firmly anchored in the continuing education programme are online training courses that all employees must attend regularly on the topics of the General Equal Opportunity Act (AGG), data protection, anti-money laundering/anti-fraud, capital market compliance, information security and risk culture.

For the newly introduced ESG assessment (review of business transactions according to ESG and reputational risk aspects), employees of the market and risk units concerned are trained on an ongoing basis; in addition, training materials and video recordings of training sessions are made available on the intranet (for further information, see GRI FS 2).

SDG 17.17
UN GC 8

GRI FS 5 (2013) Interactions with clients/investees/business partners regarding environmental and social risks and opportunities

In the materiality analysis (last update of 2018), the topic "Handling of environmental and social risks" was defined as material according to GRI for BayernLB and its stakeholders.

BayernLB discusses environmental and social risks and opportunities both within relevant associations (see GRI Standards 102-12 and 13) and with individual customers and business partners.

To this end, the Sustainability Policy provides a guideline: "In prioritising our areas of action and setting ambitious standards, we take account of the needs and requirements of our stakeholders, whom we seek to bring into the conversation. Whenever our partners have conflicting interests, we work to strike a fair balance between these. National and international agendas like the United Nations Sustainable Development Goals provide guidance to us."

Specifically, according to the 2021 Sustainability Strategy, this means: "We work closely with companies from the real economy and financial sector and are committed to promoting and disclosing transparency with regard to relevant sustainability criteria and key performance indicators. In cooperation with political decision makers, sector leaders, customers, NGOs and other stakeholders, we promote the transition to a sustainable and low-emission economy and support changes in behaviour to achieve this. We help our customers to prepare for these changes actively and in good time and want to be a top partner in financing the transformation of their business models and/or of innovations in relation to sustainability. As such we make an active contribution to sustainable development. We consistently place our customers at the heart of our activities, drawing on longstanding customer relationships and an all-round consulting approach along our customers' needs. Corporate responsibility for more sustainable business plays an ever more important role. We see our role as helping our customers on their path to transformation. That means that we remain a reliable partner while they transition to more sustainable business practices."

The aim is to gain an even better and more comprehensive understanding of customers' business models and needs. The Bank wants to discuss trends and future topics with them at eye level and accompany them in the further development and transformation of their business

models. Taking into account the sector-specific challenges, BayernLB aims to provide the best possible support for its customers on the transformation path.

In this way, the Bank aims to make sustainability a standard topic in its customer dialogue. The different stages of development of the customers with regard to sustainability are taken into account. As a result, BayernLB supports its customers in their transformation towards greater sustainability as a partner, advisor and #progressfinancier.

For further information on interaction with and involvement of stakeholders, see GRI 102-43 and 44.

GRI FS 6 (2013) Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector

SDG 8.10
SDG 9.3

For the breakdown of the portfolio, please refer to BayernLB's financial reporting. Detailed information on this is provided, for example, in the individual financial statements 2020 (only available in German) on page 46. For information on the business model, see GRI 102-2; for information on the markets served, see 102-6.

Further information on the Internet:

Individual financial statement 2020 (only published in German)

GRI FS 7 (2013) Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose

SDG 11.1

The 2021 Sustainability Strategy sets out the following for capturing the social and environmental benefits of products and services: "The availability of well-founded data and comprehensive data management is essential to record and assess risks and opportunities. To this end, we have created an ESG Assessment Tool, which is continually adjusted to reflect growing analysis and reporting requirements. This enables us to assess the sustainability risks associated with the business relationship and the positive effect of financing on achieving climate and sustainability goals (impact), and thus also make them transparent for our customers. We also expect the ESG Assessment to provide information for portfolio management and/or portfolio development and for the dynamic development of transactions within our framework for sustainable capital market business. Transparency is a key factor for our governance and for the confidence of all stakeholders. When it comes to our business, we will make the ESG impact and the ESG risks at the sector, country, sub-portfolio and existing individual customer level even more transparent and will develop relevant key risk indicators."

Within BayernLB, Bayerische Landesbodenkreditanstalt (BayernLabo) is responsible for housing promotion business and reports on this in detail in its Annual Report (only published in German). For more information, see GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts".

In general, BayernLB provides an overview of its other sustainable products within the Non-Financial Report 2020 (p. 300). For more information, see also GRI FS 1 to GRI FS 8 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for the "Product portfolio" and GRI 102-2.

Separate detailed reporting is carried out for the BayernLB Sustainable Financing Framework with regard to the corresponding products that fall under this framework. This is available on BayernLB's homepage.

Further information on the Internet:

BayernLB's Sustainability Strategy

BayernLabo Annual Report 2020 (only published in German)

Combined separate non-financial report of the BayernLB Group for 2020 (annex to the Annual Report and Accounts, p. 289)

BayernLB Sustainable Financing Framework (published in English)

SDG 13.1
SDG 14
SDG 15
UN GC 9

GRI FS 8 (2013) Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose

BayernLB has been committed to the UN Global Compact since September 2021. It states: "Businesses should encourage the development and diffusion of environmentally friendly technologies."

The corresponding procedure is formulated in the Sustainability Strategy 2021: "We also take into account carbon emissions. Financing and investments whose term extends past 2040 comply with the CO2 emissions assigned in the German Climate Change Act (Klimaschutzgesetz - KSG). Striving to make our portfolio climate-neutral before 2050 squares with the climate goals of the German government, the EU and the goals of the Free State of Bavaria, and is a clear statement that we stand staunchly behind the Paris Agreement. A focus in the coming years is therefore on establishing and expanding information availability and systems. To this end we have joined the renowned PCAF initiative acting on scientific and industry-based data and are also in discussion with the RSU regarding ESG data and its measurement. Parts of the portfolio that ultimately do not make a positive contribution to the 1.5 degree target in the Paris Agreement will have to be offset in future using compensation models or pricing solutions.

Our business model is actively guided by sustainability considerations. With a view to our core business, we are further expanding our understanding of sustainable benefits (ESG Impact) and sustainable risks and we manage BayernLB’s portfolio with this in mind. We have undertaken to significantly increase the share of ESG-compliant financing. We will achieve this by increasing the sustainable impact primarily in accordance with the EU Taxonomy and by developing adequate risk management with the goal of establishing a well diversified and manageable ESG risk profile. By the end of 2023 we will also markedly increase the ESG-compliant share of our portfolio. That means financing with a contribution to the Free State of Bavaria’s sustainability goals, but especially financing for Taxonomy-compliant business activities, will rise considerably compared

to the starting point identified (zero measurement). This in turn will also boost the Bank's Green Asset Ratio monitored by the supervisory authorities."

Within BayernLB, Bayerische Landesbodenkreditanstalt (BayernLabo) is responsible for housing promotion business and reports on this in detail in its Annual Report (only published in German). For more information, see GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts".

In general, BayernLB provides an overview of its other sustainable products within the Non-Financial Report 2020 (p. 300). For more information, see also GRI FS 1 to GRI FS 8 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for the "Product portfolio" and GRI 102-2.

Separate detailed reporting is carried out for the BayernLB Sustainable Financing Framework with regard to the corresponding products that fall under this framework. This is available on BayernLB's homepage.

Further information on the Internet:

BayernLB's Sustainability Strategy

BayernLabo Annual Report 2020 (only published in German)

Combined separate non-financial report of the BayernLB Group for 2020 (annex to the Annual Report and Accounts, p. 289)

BayernLB Sustainable Financing Framework (published in English)

Audit

GRI FS 9 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Audit"

SDG 10.5
UN GC 1-10

With regard to its business model, BayernLB considers external auditing of its environmental management in particular to be a suitable measure for establishing a continuous improvement process in this area.

This is set out in the Sustainability Policy: "These high ecological standards, which we apply to our sales activities, also apply to us as bank. For one thing, we keep optimising our in-house operations as part of our environmental management system, which has been certified under the strict EU Eco-Management and Audit Scheme, or EMAS."

BayernLB established an Environmental Management System more than 20 years ago, which has been validated annually since 1999 in accordance with the demanding European EMAS regulation. The EMAS Regulation requires organisations to identify and evaluate their significant direct and indirect environmental aspects. In addition, the Environmental Management System has been certified according to the international standard ISO 14001 since 2011. Currently, more than 90 percent of all BayernLB Bank employees work at certified locations. BayernLB publishes

an annual Environmental Statement in accordance with the EMAS standard, which can be viewed on its website. The contents can also be found in section 300 "Environmental" of this GRI report.

ESG policies and assessment procedures relevant to the Bank's products and services are described in FS 2 and FS 3. The Sustainability Executive Unit carries out ongoing checks in this regard, which are carried out and documented directly in the relevant data system.

Further information on the Internet:

Homepage of BayernLB: Sustainability reporting

GRI FS 9 (2013) Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures

For all information, see GRI FS 8.

Active Ownership

GRI FS 10 to GRI FS 12 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Active ownership"

These indicators relate to organizations engaged in asset management that have voting guidelines. However, this Sustainability Report only relates to BayernLB Bank (including BayernLabo, cf. GRI 102-2).

GRI FS 10 (2013) Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues

For all information, see GRI FS 10 to GRI FS 12 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Active ownership".

GRI FS 11 (2013) Percentage of assets subject to positive and negative environmental or social screening

For all information, see GRI FS 10 to GRI FS 12 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Active ownership".

GRI FS 12 (2013) Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting

For all information, see GRI FS 10 to GRI FS 12 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for “Active ownership”.

Community

GRI FS 13 to GRI FS 14 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for ”Community”

SDG 1.4
SDG 8.3
SDG 8.10
SDG 9.3
SDG 10.2
SDG 11.1

BayernLB's commitment to the local community/local community is described in detail in GRI 413.

GRI FS 13 (2013) Access points in low-populated or economically disadvantaged areas by type

SDG 1.4
SDG 8.3
SDG 8.10
SDG 9.3

BayernLB is one of the leading commercial banks for large and medium-sized customers in Germany and, in this sense, does not engage in retail banking with a need for branches, ATMs, sales outlets, etc. (for more information on the business model, see GRI 102-2; for branches/operating locations, see GRI 102-4).

With BayernLabo's support base (for information on BayernLabo's mission, see GRI 102-2) in Grafenau, Lower Bavaria, which opened in 2016, BayernLabo is not only a prime example of Bavaria's relocation of authorities, but also supports citizens in Eastern Bavaria and Upper Franconia in realising a sustainable home of their own from there. At the same time, it strengthens the region with ten high-quality, sustainable jobs close to home.

GRI FS 14 (2013) Initiatives to improve access to financial services for disadvantaged people

SDG 1.4
SDG 8.3
SDG 8.10
SDG 9.3

BayernLB is one of the leading commercial banks for large and medium-sized customers in Germany and, in that sense, does not engage in retail banking with a need for branches, ATMs, sales outlets, etc. The Bank's business is not geared to private customers.

BayernLabo's state mandate is to create affordable housing for its target customers in the Free State of Bavaria through various subsidy programmes. For more information, see GRI 102-2, GRI 203 (2016) - GRI 103-1 (2016), GRI 103-2 (2016), GRI 103-3 (2016) Management approach disclosures for "Indirect economic impacts" as well as the BayernLabo Annual Report (only published in German).

BayernLabo Annual Report 2020 (only published in German)

Product and Service Labeling

GRI FS 15 to GRI FS 16 - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for “Product und service labeling”

For all disclosures, see GRI 417 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Marketing and labeling".

GRI FS 15 (2013) Policies for the fair design and sale of financial products and services

For all disclosures, see GRI 417 (2016) - GRI 103-1 (2016), 103-2 (2016), 103-3 (2016) Management approach disclosures for "Marketing and labeling".

SDG 1.4
SDG 4
SDG 8.10
SDG 10.2

GRI FS 16 (2013) Initiatives to enhance financial literacy by type of beneficiary

BayernLB is one of the leading commercial banks for large and medium-sized customers in Germany, and its business model does not include standardised retail banking. BayernLB Research supports business customers by monitoring, filtering and evaluating megatrends and events in politics, the economy and the financial markets. The aim is to make customers capable of speaking and ready to make decisions. Customers can use BayernLB's customer portal to access the wide range of services on offer (support for seminars, conferences, networking events; Conference Call; publications; Research Portal; Research inTouch). All further information can be found on the BayernLB homepage in the "Research" section.

For further information on communication with and information to customers, see GRI 417. BayernLB also offers apprenticeships as bank clerks and other training opportunities; for full details, see GRI 404. BayernLB employees themselves have access to an extensive range of training opportunities to enhance their own skills, see also GRI 404.

Responsibility towards Customers in Payment Difficulties

BayernLB FS 17 (2021) Dealing with customers in payment difficulties (BayernLB's own indicator)

General procedure

The Bank also feels responsible for customers in payment difficulties. Credit Consult, which is part of BayernLB's Risk Office, is responsible for the restructuring, reorganisation and liquidation of BayernLB's exposures assigned to the "problem loan treatment" support type. In doing so, it also tracks derecognised receivables and manages non-performing loan exposures of natural persons. The division thus functions as an independent workout unit (WU) within the meaning of regulatory requirements.

A corresponding guideline for problem loans regulates the treatment and evaluation of problem loans. It establishes basic principles for:

- the identification of problem loans (risk identification and early recognition)
- the definition of an adequate form of supervision for problem loans
- the necessity of a rehabilitation concept/expertise
- the creation and release of risk provisions for troubled loans
- the derecognition of actual credit defaults, and
- the reporting of troubled loans.

The processing of problem loan management is bundled in the above-mentioned workout unit in line with regulatory requirements. This unit is equipped with defined special competencies for problem loan handling (including deferral competency, waiver competency).

The primary objective is the sustainable restructuring of the transferred loan receivables, i.e. to enable the debtor to repay the loan in full (verification of sustainable debt servicing capacity). At the same time, of course, the loan receivables should be realised in the best possible way, and the business relationship as well as the company's substance and jobs should be preserved.

Problematic exposures are all exposures that require special attention due to their increased risk situation. They are classified as intensive care and problem rredit treatment. The early introduction of suitable measures within the framework of intensive support or problem loan treatment is intended to avoid or minimise potential losses.

Intensive servicing involves ongoing, close monitoring of loans for emerging or mild weaknesses in customer creditworthiness. Based on a comprehensive root cause analysis, appropriate measures are initiated. Goals are to minimize potential harm and return engagement to normal care.

In problem loan handling, borrowers are looked after whose exposures - or parts thereof - require reorganisation/restructuring or workout measures due to their creditworthiness or a negative development of the collateral. Within the framework of problem loan treatment, so-called forbearance measures are approved. Forbearance measures are intended to put the debtor back in a position to service his or her loan on a sustainable basis or to minimise the risk of loss for the Bank. Forbearance measures always occur when concessions are granted in the refinancing/rescheduling of debt for a debtor in financial difficulties and/or the originally agreed loan conditions are adjusted in the form of contract modifications (e.g. deferment, waiver, standstill agreement).

Real estate clients and customers

In the real estate business, the "European Agreement on a Voluntary Code of Conduct on Pre-Contractual Information for Home Loans" was signed several years ago. In the area of end-financed housing loans from BayernLB, there may be non-performing loan commitments. The primary objective here is not to terminate the loan commitment in the event of default, but rather to develop a restructuring concept together with the borrower if he or she is willing to restructure the loan. This should help the latter to be able to meet his or her claims in the long term, from which the Bank can ultimately also benefit in economic terms. This principle also applies in

particular to borrowers who have suffered severe strokes of fate, have to endure other personal emergency situations or where there are indications of serious reactions, e.g. suicide. With an average renovation rate of around 50 percent, many borrowers can be helped, especially traditional private real estate customers, who are often neglected by other credit institutions.

Customers of BayernLabo

BayernLabo customers may also experience payment difficulties. In the lending business with private customers - i.e. in particular the so-called "promotion of owner-occupied housing" for owner-occupied housing - an unforeseen change in life circumstances such as divorce, illness or unemployment can lead to payment difficulties. Here BayernLabo relies on intensive customer support to prevent bad debts. The main focus of intensive support is on individual measures to stabilise the business partners' finances and restore their solvency. To this end, restructuring strategies are developed together with the business partners. These should enable them to overcome their economic problems and keep the subsidised properties. BayernLabo thus most directly serves its state mandate to create affordable housing for its target customers in the Free State of Bavaria. Nevertheless, it may also be necessary to dispose of the subsidised property. However, if the economic situation of the business partners does not improve and/or a distress sale of the property fails, the last option is to sell the subsidised unit by way of compulsory auction.

BayernLabo also supports its business partners in the area of rental housing promotion in the event of payment difficulties, with the primary aim of ensuring sustainable viability, if necessary with the involvement of the other financiers involved and the relevant state ministries. Ideally, redevelopment agreements will identify ways and reach agreements to restore debt service capacity and preserve subsidized housing over the long term.

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