

ANNALY[®]



CORPORATE RESPONSIBILITY

2023 REPORT

Powering American
Homeownership

OUR ESG VISION

Annaly's long-standing commitments to industry-leading sustainable business practices, corporate governance, and a culture that develops talent and champions diversity drive positive impact and superior returns over the long-term.

Annaly views Environmental, Social, and Governance (“ESG”) factors as a critical component for achieving strategic business objectives, managing risks, and delivering superior shareholder returns. We believe that thoughtful integration of ESG priorities into our overall strategy allows us to have a positive impact and create durable value for all of our stakeholders: our shareholders, employees, business partners, and communities. Guided by our strong corporate values and ownership mentality, we strive to have a positive impact on the communities where we live, work, and invest and to provide transparent reporting and accountability of our ESG practices and policies.

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MESSAGE FROM OUR CEO

We are proud to publish Annaly's fifth Corporate Responsibility Report. As shown throughout this publication, the hallmark of Annaly's evolution has been continued progress and clear results.

Over the past five years, Annaly has successfully managed through transformative global events, substantial market volatility, and macroeconomic uncertainty. At the same time, we have purposefully built a more resilient company that we believe delivers superior risk-adjusted returns and stability through varying interest rate and macroeconomic cycles.

Most importantly, we strategically expanded our investment platform to shift capital allocation from our core Agency MBS business towards investing in and scaling our complementary Residential Credit and Mortgage Servicing Rights businesses, a strategy which delivered a 6% economic return to our shareholders in 2023, despite a challenging operating environment. In doing so, we have solidified our leadership across residential mortgage finance, further *Powering American Homeownership* as a result.

Our business achievements rest on a strong foundation of robust corporate responsibility and ESG practices. Over the last five years, we have established best-in-class governance practices that have resulted in greater transparency and accountability. We have continued to invest in our culture and our employees, whose ingenuity, excellence, and integrity form the fabric of Annaly's success. We have reduced the carbon footprint of our operations and evaluated the impact of climate risk on our investment portfolio. As you can see throughout this report, we have listened to our key stakeholders and made changes when we thought there was a business case for doing so that would lead to greater outcomes for our stakeholders.

We see corporate responsibility and ESG as a more comprehensive lens to view long-term value creation and risk management. ESG increases Annaly's accountability and transparency for our actions and our impacts. Annaly's corporate responsibility and ESG initiatives form the foundation of Annaly's success and our ability to deliver strong and durable value.

We invite you to read our fifth annual Corporate Responsibility Report and learn more about our business and our sustainability initiatives. As always, welcome your feedback.

Thank you for your continued support of Annaly.

Sincerely,



David Finkelstein

Chief Executive Officer & Chief Investment Officer

2023 Business and ESG Highlights

\$11.3bn

Permanent Capital⁽¹⁾

6%

Economic return for the full year 2023

748%

Total shareholder return since IPO⁽²⁾

850k+

American Homes Financed⁽³⁾

#1

Largest non-bank issuer of Prime Jumbo & Expanded Credit MBS and second largest issuer overall from 2022-2023⁽⁴⁾ with the lowest delinquencies (D60+) amongst top 10 non-QM issuers⁽⁵⁾

#5

Largest buyer of bulk MSR in 2023,⁽⁶⁾ with the MSR portfolio growing by nearly 50% year-over-year

4%

Voluntary turnover in 2023, representing less than a quarter of the financial services sector average⁽⁷⁾

25

Offered 25 training and development opportunities to our employees

900+

Total volunteer hours across 25 company-sponsored volunteer events with participation from over 70% of our employees

100%

of Annaly's Scope 1 and Scope 2 GHG emissions in 2023 were offset with Renewable Energy Certificates

3

Added three highly-qualified Independent Directors to our Board

92%

of Directors are independent

Please refer to "Message from Our CEO" in the Endnotes section for footnoted information





ABOUT OUR COMPANY

Annaly 2023 Corporate Responsibility Report

ABOUT OUR COMPANY

Annaly combines the power of capital with disciplined strategy to best serve our shareholders. Proven over 25 years, we continue to work relentlessly to optimize risk-adjusted returns throughout market cycles.

Annaly Capital Management, Inc. (“Annaly”) is a leading diversified capital manager with investment strategies across mortgage finance. We are internally managed and have elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes.

Our principal business objective is to generate net income for distribution to our shareholders over various economic environments through prudent management of our diversified investment strategies. We use our capital coupled with borrowed funds to invest primarily in real estate related investments, earning the spread between the yield on our assets and the cost of our borrowings and hedging activities.

We believe that our business objectives are supported by our active consideration of ESG factors in a manner consistent with our fiduciary duties.

\$11bn+

Permanent Capital⁽¹⁾

\$25bn+

Common and Preferred Dividends Declared⁽²⁾

12x

Larger than Median mREIT by Market Cap⁽³⁾

Our Investment Strategies

With more than \$74 billion in assets,⁽⁴⁾ Annaly is a leader across the residential mortgage finance market.

Annaly Agency Group

Invests in Agency mortgage-backed securities (“MBS”) & Agency commercial mortgage-backed securities (“CMBS”) collateralized by residential or commercial mortgages, guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae

Annaly Residential Credit Group

Invests predominantly in non-Agency residential mortgage assets within the securitized product and whole loan markets.

Annaly Mortgage Servicing Rights Group

Invests in mortgage servicing rights (“MSR”) assets, which provide the obligation to service residential loans in exchange for a fixed servicing fee.

Our Organizational Culture

Annaly's Core Values

Our culture is built on five core values. These values are embedded in our professional and personal conduct and are crucial to how we operate our business. We believe that fostering a strong organizational culture for our employees leads to achieving continued results for our shareholders. Guided by this understanding, we are committed to investing in and developing the diverse and unique perspectives of our people.

The Management Development and Compensation (“MDC”) Committee of our Board of Directors (the “Board”) oversees policies and strategies relating to human capital management. Additionally, the MDC Committee Chair liaises on certain human capital topics with the Chairs of other Board Committees as appropriate.



Think Like An Owner

Our entrepreneurial culture empowers our people to engage and invest in the success of our Company



Operate with Humility

A humble mindset is what keeps us grounded, balanced, and focused on achieving results for our shareholders



Be Accountable

We take pride in keeping and advancing our commitments to our shareholders, employees, business partners, and communities alike



Drive Collaboration

We cultivate a culture that fosters a shared sense of purpose, inspiring our people to innovate and operate with a growth mindset



Champion Diversity, Equity, and Inclusion

Our commitment to an inclusive, caring, and safe environment fosters a culture of belonging and shared values





OUR ESG STRATEGY

Annaly 2023 Corporate Responsibility Report

OUR ESG STRATEGY

Oversight and Management

Our Board, in its role of overseeing the sound management of the Company, has overall responsibility for ESG oversight, subject to delegation of specific ESG-related matters to the appropriate Board Committees. Our Corporate Governance Guidelines and Board Committee charters reflect integrated oversight of ESG practices, initiatives and related risk across the Board and its Committees. The Board and its Committees' oversight of our ESG initiatives is outlined in our Board ESG oversight matrix (*see page 12*).

The Corporate Responsibility ("CR") Committee of the Board, formed in 2017, oversees and reviews our corporate philanthropy, responsible investments including social impact investments, environmental and sustainability initiatives, public policy, and reputation. In 2023, the CR Committee held four meetings, including joint meetings with the Risk and the MDC Committees, respectively.

Our management team is responsible for developing our ESG strategy, implementing our initiatives, and monitoring performance, while routinely communicating to the relevant Board Committees and, as appropriate, to the full Board. Our Corporate Responsibility & Government Relations ("CRGR") team drives our ESG efforts, including climate-related matters, with the support and input of our senior management team. Our CRGR team also collaborates across business areas to develop ESG policies and initiatives, monitor progress, manage reporting, and review feedback from our stakeholder engagement.

“ Annaly’s corporate governance structure and practices are designed to ensure the responsible management of business-relevant ESG factors.”



Eric A. Reeves
Chair of Corporate
Responsibility Committee
of the Board of Directors

Board ESG Oversight Matrix

The Board has overall responsibility for ESG oversight, subject to delegation of specific ESG-related matters relating to the purpose, duties, and responsibilities of each Committee as follows:

Board of Directors				
Audit Committee	Corporate Responsibility ("CR") Committee	Management Development & Compensation ("MDC") Committee	Nominating / Corporate Governance ("NCG") Committee	Risk Committee
<ul style="list-style-type: none"> Review of ESG-related disclosures in financial and public filings (<i>shared with CR</i>) Review of human capital management disclosures in financial and public filings (<i>shared with MDC</i>) Cybersecurity (<i>shared with Risk</i>) Ethics, legal, and compliance 	<ul style="list-style-type: none"> ESG report and initiatives Diversity, equity, and inclusion (<i>shared with MDC</i>) Culture (<i>shared with MDC</i>) Responsible investments (<i>shared with Risk</i>) Environmental and sustainability Regulatory and policy risks (<i>shared with Risk</i>) Review of ESG-related disclosures in financial and public filings (<i>shared with Audit</i>) Corporate philanthropy 	<ul style="list-style-type: none"> Integration of ESG / human capital goals into compensation planning Review of human capital management disclosures in financial and public filings (<i>shared with Audit</i>) Human capital management reputation Diversity, equity, and inclusion (<i>shared with CR</i>) Culture (<i>shared with CR</i>) 	<ul style="list-style-type: none"> Governance Board education on ESG Board diversity and composition Conflicts of interest Governance disclosures in the proxy statement 	<ul style="list-style-type: none"> Responsible investments (<i>shared with CR</i>) Regulatory and policy risks (<i>shared with CR</i>) Operational risk Cybersecurity (<i>shared with Audit</i>)
<ul style="list-style-type: none"> Shareholder proposals and trends, as appropriate, depending on the topic SEC comment letters, guidance, rules and other regulatory feedback, based on the topic 				

Materiality Assessment and Stakeholder Engagement

We take pride in our extensive stakeholder outreach efforts and are committed to continued

We believe that a robust ESG strategy starts by identifying business-relevant ESG factors. We use the Global Reporting Initiative (“GRI”) Standards’ definition of materiality for the purposes of this report. Issues and factors that are material under that definition are not necessarily material to an investment or voting decision concerning the Company.

We engage in regular formal and informal assessments to determine the key ESG areas for our Company. These assessments include reviewing key ESG trends and ESG reporting frameworks, conducting benchmarking exercises, and regular outreach efforts to our stakeholders: our shareholders, employees, Board of Directors, and communities.

Through this outreach, we identify and refine the issues that are most important to our stakeholders. We then compare them to the applicable Sustainability Accounting Standards Board (“SASB”) standards,⁽¹⁾ the GRI standards, and the Task Force on Climate-related Financial Disclosures (“TCFD”) framework to focus on the ones we believe matter the most to the long-term success of our business. We share our SASB, GRI, and TCFD disclosures in this report.

By conducting periodic ESG materiality assessments and stakeholder engagement, we are able to prioritize ESG initiatives that we believe matter the most to our long-term business performance.

**Our 2023–2024
shareholder
outreach
included:**

100%

of top 100 institutional
investors

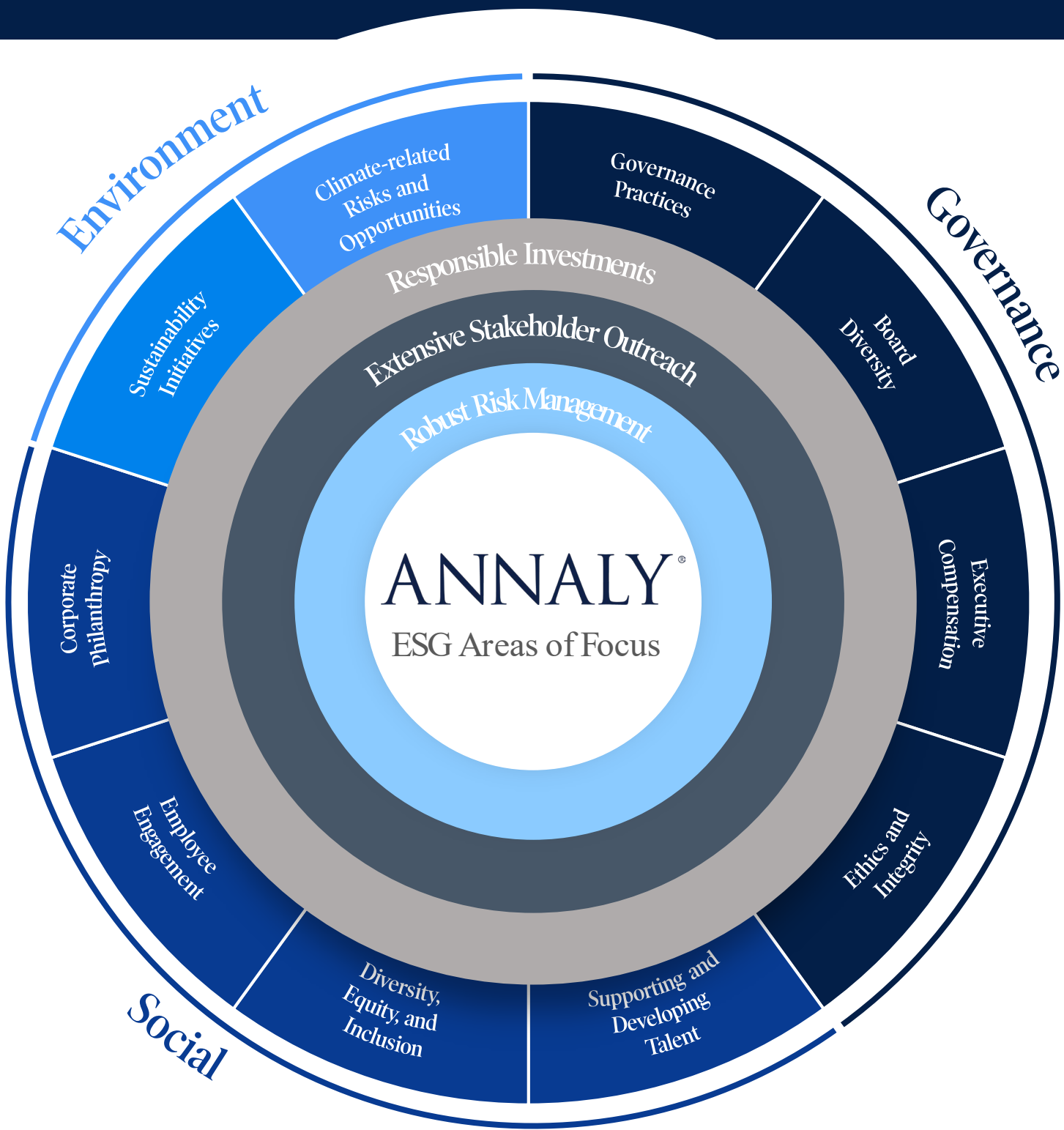
~90%

met with investors
representing ~90% of
shares held by 10
largest shareholders in
the 2023-2024 proxy
season

>200

meetings with
shareholders across
the U.S., Canada, and
Europe during 2023

engagement, transparency, and accountability.



We actively engage our stakeholders to identify and refine our most business-relevant feedback for both the Board and management and have resulted in a number of

Stakeholder Group	Engagement Mechanism	Description
Shareholders	Ongoing Outreach (in-person meetings, conferences, phone calls, electronic communication, and other platforms)	Ongoing engagement with our investors on business performance topics including ESG through a wide range of media.
	Employee Engagement Surveys	Engagement tool to help identify and measure our strengths, priorities, and the impact our human capital management-related initiatives have on employees' sense of purpose and commitment to their work and organization.
Employees	Town Hall Meetings	Regular forum for direct engagement between our CEO, senior leadership, and employees.
	Employee Experience Surveys	Periodic surveys soliciting real time feedback on topics such as: <ul style="list-style-type: none"> ▪ Learning and development ▪ Benefits, performance, and compensation ▪ Diversity, equity, and inclusion ("DEI") initiatives ▪ Employee activities
	Employee Networks	Internal communities that advance Annaly's DEI initiatives by hosting a wide range of events that foster belonging, connection, and allyship.
Board of Directors and Relevant Board Committees	Regular Meetings	Forums for the Board and certain Board Committees, as appropriate, to receive regular updates on ESG activities and provide feedback. In 2023, the CR Committee held 4 meetings.
Research Analysts and Investors	Quarterly Earnings Calls, Investor Conferences, and Direct Discussions	Forums for senior management to engage with sell-side analysts and investors.

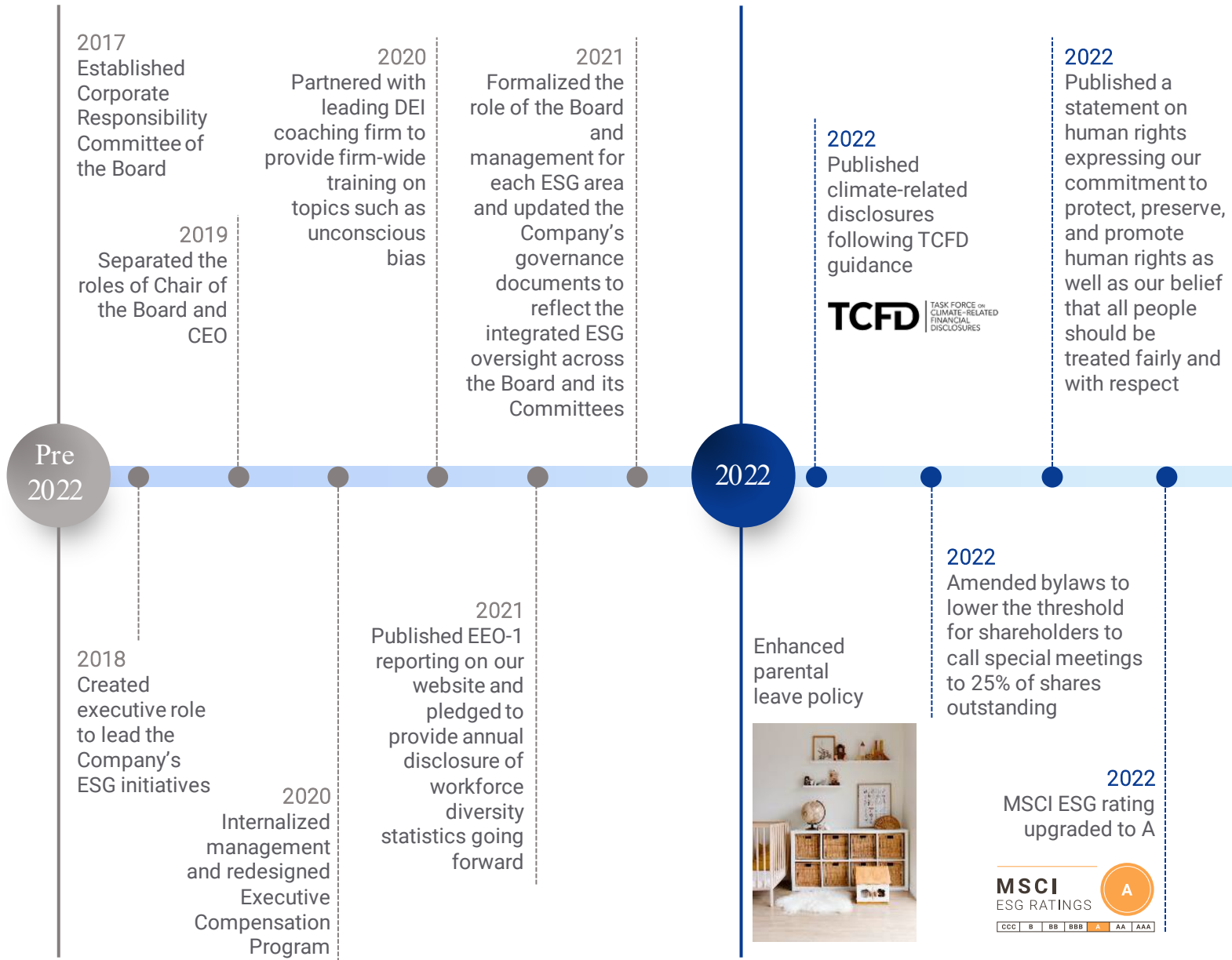
ESG areas of focus. Annaly's stakeholder engagement efforts generated significant enhancements to our ESG practices and disclosures over the last several years.

Stakeholder Group	Engagement Mechanism	Description
Communities	Volunteering and Corporate Philanthropy	Support for the communities where we live and work through Annaly Gives Back – our corporate giving, employee volunteerism, and employee matching grant program.
	Sustainability Leadership Team	Internal group that oversees Annaly's commitment to promoting sustainable and environmentally friendly practices, including conscious use of natural resources and encouragement of employees' adoption of environmentally friendly practices.
Policymakers & Regulators	Periodic Meetings	We utilize our market expertise, strong reputation, and the relationships that we have developed with policymakers over time to share our insights on policies that we believe lead to a more stable housing market and macroeconomy.
Political Advocacy, Industry Groups, and Trade Associations	Periodic Meetings	<p>We believe that responsible corporate citizenship demands active engagement on public policy. While Annaly has a longstanding prohibition on the use of corporate funds for any political contributions or expenditures, we recently adopted a Political Engagement and Contribution Policy to ensure that our political engagement and related activities comply with all applicable laws, are consistent with our core values, and protect and enhance shareholder value.</p> <p>We are members of three industry associations, including the Mortgage Bankers Association,⁽²⁾ the Structured Finance Association, and SIFMA.⁽³⁾</p>
ESG Rating Agencies	Periodic Meetings	We engage in open, transparent dialogue with rating agencies in order to better understand their methodologies and scoring, correct discrepancies, and provide feedback.

Please refer to "Materiality Assessment and Stakeholder Engagement" in the Endnotes section for footnoted information.

Milestones

For nearly a decade, we have been an ESG leader within our industry.



“As a leader across residential mortgage finance, we view ESG as a lens that promotes long-term value creation and risk mitigation. We are proud of our industry-leading ESG initiatives and of what we have accomplished to date.”

Awarded a 2022 Bronze SHARP Award from Freddie Mac for the superior servicing portfolio performance of our mortgage servicer



2023 Included in the FTSE4Good Index for fifth consecutive year



2023 Hosted a group of Project Destined and Girls Who Invest summer interns

Published a *Political Engagement and Contributions Policy* as part of our commitment to responsible political engagement

2024 Taught U.S. residential mortgage markets course in partnership with Project Destined



2024 Published 5th annual Corporate Responsibility Report



2023

2024

2023 Included in Bloomberg's Gender Equality Index for sixth consecutive year



2023 Added



3 new highly-qualified Independent Directors to our Board

2024

Offset 100% of the Scope 1 and Scope 2 GHG emissions from our operations



Tanya Rakpraja
Head of Corporate Responsibility & Government Relations

Recognition and Initiatives

Annaly has been recognized for achieving significant ESG results as part of our ongoing commitment to corporate responsibility best practices.



Bloomberg Gender Equality Index

Annaly was acknowledged in 2023 for its sixth consecutive year as a member of the Bloomberg Gender-Equality index.



50/50 Women on Boards

With 33% female representation among our Directors, Annaly is rated as 3+ by 50/50 Women on Boards, an organization advocating for gender-balanced and diverse boards.



FTSE4Good

FTSE Russell FTSE4Good Index

In 2023 Annaly was included in the FTSE4Good Index, an equity index series designed to measure the performance of companies demonstrating strong Environmental, Social, and Governance practices, for the 5th consecutive year.

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

MSCI

As of 2023, Annaly received an MSCI ESG Rating of A.



Sustainalytics

As of 2023, Annaly received an ESG risk rating of 11.2 out of 100 (low risk).

CEO **ACT!ON** FOR
DIVERSITY & INCLUSION

CEO Action for Diversity and Inclusion

Became a signatory in 2021.

STRIVE[®]

Featured Corporate Partner

Recognized at STRIVE's 2023 annual gala for our longstanding support. STRIVE provides workforce training and long-term support services to help people who face the greatest barriers to employment access good jobs with pathways to promising careers and economic mobility.

Annaly's corporate headquarters in Midtown Manhattan and office in Dallas, TX, follow environmentally-friendly practices.



LEED Gold Certification

In 2015, our headquarters building was awarded LEED Gold Certification by the U.S. Green Building Council, based on employee commuting habits, water efficiency, energy use, indoor and outdoor air quality, and sustainability policies. Our Dallas office building has also been awarded the LEED Gold Certification.



Energy Star

Every year since 2014, our headquarters building has been awarded the Energy Star designation. Our Dallas office building has also been awarded the Energy Star designation.



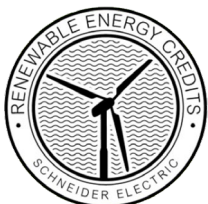
WELL Health Safety Rating

Our headquarters building and our Dallas office building achieved a WELL Health Safety Rating for their facility operations and management in 2021 and 2023, respectively. Additionally, the Dallas office building has been UL Healthy Building verified since 2022.



NYC Carbon Challenge

Our headquarters building is participating in the New York City Carbon Challenge to reduce the base building's greenhouse gas emissions at least 30% by 2029 and support New York City's goal of reducing greenhouse gas emissions 80% by 2050.



Energy Attribute Certification

In 2023, Annaly offset 100% of our Scope 2 greenhouse gas ("GHG") emissions. We purchased 470 MWh of Green-e Certified Renewable Energy Certificates sourced from U.S. wind facilities.





CORPORATE GOVERNANCE

Annaly 2023 Corporate Responsibility Report

CORPORATE GOVERNANCE

As a responsible steward of capital, we have a longstanding commitment to strong corporate governance practices that benefit the long-term interests of our stakeholders.

Corporate governance is paramount to achieving Annaly's business objectives and properly managing risks. Our corporate governance structure is designed to promote the responsible management of the business relevant ESG areas that we have identified, which helps us serve the interests of our stakeholders. We strive to leverage the Company's robust governance practices to foster a culture of long-term value creation, transparency, and accountability.

Our Board is responsible for overseeing our ESG initiatives and the long-term success of our Company on behalf of shareholders. The Board has five standing Committees: the Audit Committee, the CR Committee, the MDC Committee, the NCG Committee, and the Risk Committee. Every member of the Audit, CR, MDC, NCG, and Risk Committees are independent in accordance with applicable stock exchange requirements and our Corporate Governance Guidelines. These Committees meet regularly to carry out their functions and responsibilities.

Additional information regarding our Board, including corporate governance guidelines, biographical information, and Committee charters, is available on our [website](#) and [Proxy Statement](#).

“ Our corporate governance initiatives promote accountability, transparency, and ethical behavior consistent with our core values.”



Anthony C. Green
Chief Corporate Officer and
Chief Legal Officer

Corporate Governance Highlights

We regularly review and update our corporate governance practices in response to shareholder feedback, changes in applicable laws, regulations, requirements, and guidance, as well as the evolving needs of our business.

Best Practices	What the Company has done
<p>Commitment to strong corporate governance practices that benefit the long-term interests of our stakeholders</p>	<ul style="list-style-type: none"> ▪ Internalized management and redesigned executive compensation program ▪ Annual election of Directors with majority voting standard ▪ Separated the roles of CEO and Independent Chair of the Board ▪ Annual Board and Committee self-evaluations <ul style="list-style-type: none"> – In 2023, we engaged a third-party governance expert to conduct the annual self-evaluations, which contributed to the Board's decision to identify additional Directors with mortgage and Agency MBS expertise and to increase its focus on a formalized Board Chair succession planning process ▪ Developed and implemented a Board ESG oversight matrix ▪ Lowered threshold for shareholders to call a special meeting to 25% of shares entitled to be cast on a matter ▪ Comprehensive Board succession planning process ▪ Board refreshment with a director term limit policy
<p>Robust Director continuing education policy</p>	<ul style="list-style-type: none"> ▪ In 2023, there were 14 educational sessions, 3 for the full Board and 11 at the Committee level
<p>Best practice-driven compensation philosophy that is transparent and aligns the interests of the Company's executive officers with those of its shareholders</p>	<ul style="list-style-type: none"> ▪ In 2022, introduced a minimum performance threshold to be attained for payouts of annual executive incentives and increased relative performance metrics to target above median (55%) ▪ For 2023, increased the weighting of the Relative Tangible Economic Return metric such that it now accounts for more than 60% of the total scorecard value linked to financial metrics, with Operating Efficiency accounting for the remainder ▪ In 2023, replaced the Total Stockholder Return governor with an Absolute Tangible Economic Return modifier that impacts overall incentive award opportunity, including the portion of the award tied to individual performance
<p>Commitment to seeking out highly qualified candidates of diverse gender and race/ethnicity</p>	<ul style="list-style-type: none"> ▪ Since 2021, disclosed gender and racial / ethnic composition of our Board of Directors on an individual basis in our Proxy Statement ▪ Since 2021, 75% of new Directors have been women or racially / ethnically diverse ▪ Added three highly-qualified Independent Directors to our Board in 2023

We encourage you to review our most recent [Proxy Statement](#), which provides additional detail on our corporate governance and executive compensation best practices.

Board Composition

The NCG Committee endeavors to have a Board representing diverse backgrounds, including a wide range of professional experiences. The NCG Committee annually evaluates our Board's overall composition and rigorously evaluates individual Directors to ensure a continued match of their skill sets and projected tenure against the needs of the Company.

As evidenced by the composition of our Board, we are committed to seeking out highly qualified candidates taking into account principles of diversity, which has led to more robust Board room discussions.

92%

of Directors are independent

67%

of Directors have 5 years or less of tenure

33%

of Directors identify as women

42%

of Directors identify as ethnically/racially diverse

80%

of Board Committees are chaired by women or ethnically/racially diverse Directors

58%

of Directors have ESG experience

Note: Board composition as of May 15, 2024.

Board Members



David L. Finkelstein
 Chief Executive Officer &
 Chief Investment Officer



Michael Haylon
 Independent Chair of the Board
 NCG Committee
 Risk Committee



Francine J. Bovich
 NCG Committee (Chair)
 MDC Committee



Thomas Hamilton
 Risk Committee (Chair)
 Audit Committee
 MDC Committee



Kathy Hopinkah Hannan
 Audit Committee (Chair)
 MDC Committee
 NCG Committee



Martin Laguerre
 Audit Committee
 CR Committee



Manon Laroche
 CR Committee
 Risk Committee



Eric A. Reeves
 CR Committee (Chair)
 NCG Committee
 Risk Committee



John H. Schaefer
 Audit Committee
 MDC Committee



Glenn A. Votek
 CR Committee
 Risk Committee



Scott Wede
 Audit Committee
 Risk Committee



Vicki Williams
 MDC Committee (Chair)
 NCG Committee

Risk Management

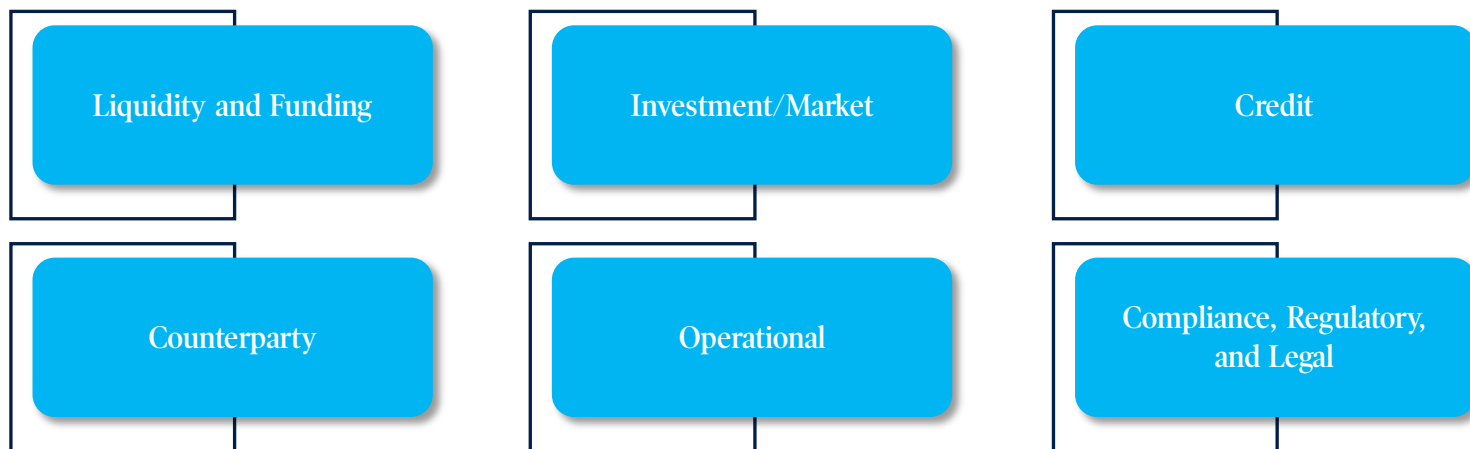
“ The identification, assessment, monitoring, mitigation, and reporting of risks are essential to our financial performance and the successful management of our businesses.”



Johanna Griffin
Chief Risk Officer

We are subject to a variety of risks in the ordinary course of business. The effective management of these risks is a key component to the overall success of Annaly. The objective of our risk management framework is to identify, measure, and monitor these risks.

When assessing risks, we utilize the following primary risk categories:



Our risk management framework is intended to facilitate a holistic, firm-wide view of risk that supports a strong and collaborative risk management culture across the Company. Our risk culture seeks to ensure that key risks are highlighted, understood, and managed appropriately.

Our overall investment model focuses on capital preservation and income generation through disciplined investing and proactive portfolio management. We maintain a conservative approach to our liquidity and leverage posture in anticipation of potential periods of heightened or prolonged market volatility.

We maintain a firm-wide risk appetite statement which defines the types and levels of risk we are willing to take in order to achieve our business objectives.

For additional information on our risk management practices, please visit our [website](#) or

At least annually, the full Board reviews with management the Company's risk management framework, which identifies and quantifies a broad spectrum of enterprise-wide risks, including cybersecurity and technology-related risks, and related action plans.

Two members of the Board, including the Audit Committee Chair, have completed the Carnegie Mellon/NACD Cyber-Risk Oversight Program and earned the CERT Certificate in Cybersecurity Oversight. In addition, the Audit Committee Chair also completed the NACD Master Class: Cyber-Risk Oversight Program recently.

Cybersecurity

The Board oversees Annaly's cybersecurity posture and risk together with management. The Board has delegated the oversight of practices and policies related to cybersecurity to the Risk and Audit Committees, which jointly oversee practices and policies related to cybersecurity and receive regular reports from management throughout the year on cybersecurity and related risks.

We have an internal Cybersecurity Committee that was established to help manage cybersecurity risks and is comprised of our Head of IT Infrastructure, and members of the Operational Risk Management, Legal, Information Technology, Mortgage Operations, and Internal Control Teams. The role of the Cybersecurity Committee is to oversee cyber risk assessments, monitor applicable key risk indicators, review cybersecurity training procedures, oversee our Cybersecurity Incident Response Plan, and engage third parties to conduct periodic penetration testing. The Head of IT Infrastructure is responsible for continuously reporting to the Cybersecurity Committee throughout the year regarding cybersecurity and related risks. Cybersecurity-related threats are addressed in tabletop exercises managed by the Cybersecurity Committee and business disruption events are addressed in tabletop exercises managed by the Operational Risk team. The results of these tabletop exercises are reported to management. Routine disaster recovery and penetration testing enhances our systems resiliency, security, and recovery of critical systems throughout the computing estate.

We also have processes in place to oversee and identify material risks from cybersecurity threats associated with our use of third-party service providers, including mortgage loan servicers and sub-servicers, upon which we depend on to perform various business processes related to our operations. Our vendor management policy establishes procedures for engaging, onboarding and monitoring the performance of third-party vendors. We also have processes to evaluate and classify cybersecurity risk related to sensitive data held by key third party service providers on their systems.

In 2023, Annaly had no material complaints, fines, or non-monetary sanctions due to breaches of customer privacy or losses of customer data.

refer to our most recent [Annual Report](#) on Form 10-K and [Proxy Statement](#).

Ethics and Integrity

We are guided by our strong values and strive to conduct our business in accordance with the highest ethical standards and principles. We comply with all applicable governmental laws, rules and regulations, and employ practices and policies that promote and safeguard these standards. We believe it is imperative that all our Directors, officers, and employees act responsibly at all times and in an honest and ethical manner in connection with their service to Annaly.

Annaly's [Code of Business Conduct and Ethics](#) (the "Code")

- Applies to all of our Directors, officers, and employees.
- Covers a wide range of business practices and procedures, setting basic principles and guidelines for resolving various legal and ethical questions that may arise in the workplace and in the conduct of business.
- Adheres to the requirements for a code of ethics under the Sarbanes-Oxley Act of 2002 and the listing standards of the New York Stock Exchange.
- All Directors, officers and employees must certify annually that they have read and are in compliance with the Code.

Mandatory Annual Training

- All officers and employees are required to complete training at commencement of employment and annually thereafter.
- The training covers compliance with applicable laws, employee obligations, business conduct, insider trading, confidentiality and privacy, communications, bribery and corruption, anti-sexual harassment, and other topics.

Reporting Illegal or Unethical Behavior

- All employees are expected to report actual or suspected violations of laws, rules, regulations, or the Code.
- Concerns can be reported anonymously through the Company's whistleblower hotline or e-mail mailbox. All such reports will be treated confidentially to the maximum extent possible and will be reviewed and investigated by an appropriate member of senior management or the Board.
- In addition, any Director, officer, or employee may raise concerns confidentially about our Company's conduct, accounting, internal controls, or auditing matters with the Independent Board Chair, the Independent Directors, the chair of the Audit Committee, or through our ethics hotline or e-mail inbox.
- We do not tolerate retaliation of any kind by or on behalf of Annaly and our Directors, officers, and employees against good faith reports or complaints of violations of the Code or other illegal or unethical conduct.

Anti-Corruption and Anti-Bribery

- We have zero tolerance for bribery and corruption.

- We have a strict policy to comply with the Foreign Corrupt Practices Act (“FCPA”) and to ensure that we do not engage in any anticompetitive behavior or violate any antitrust legislation.
- Annaly employees are strictly prohibited from participating in any activities or practices that may be considered bribery or made for the purpose of deriving an improper benefit for the Company.
- Our FCPA and Anti-Bribery Compliance Policy prohibits our employees from offering, giving, soliciting, or accepting anything of value to or from anyone for a corrupt purpose.
- Violations of anti-corruption laws can have significant consequences for Annaly and individuals associated with it, including criminal investigation and prosecution, substantial monetary penalties, loss of reputation and loss of business. Failure to comply with Annaly’s FCPA and Anti-Bribery Compliance Policy is grounds for discipline, up to and including termination of employment.
- Our Compliance team regularly reviews email communications and monitors gifts provided to counterparties. Additionally, all Annaly personnel certify annually that they have received access to, read and do understand the FCPA and Anti-Bribery Compliance Policy and that they have maintained compliance with this policy throughout the calendar year.

Political Contributions

- As part of Annaly’s long-standing commitment to corporate responsibility, we believe that responsible corporate citizenship demands active engagement on public policy. While Annaly has a longstanding prohibition on the use of corporate funds for any political contributions or expenditures, we recently adopted a [Political Engagement and Contributions Policy](#) to ensure that our political engagement and related activities comply with all applicable laws, are consistent with our core values, and protect and enhance shareholder value.
- In 2023, we participated in three industry associations. While these organizations may write or endorse model legislation or support political campaigns or lobbying activities on behalf of their members, we instruct them not to use our funds for any election-related activity at the federal, state, or local levels.

Human Rights Statement

- Our [Commitment to Human Rights](#) guides how we treat and train our employees, how we work with our vendors, and how we interact with the communities where we live, work, and invest.

“

The long-term value Annaly creates for its shareholders is supported by a strong culture of ethical decision-making.”



Audrey K. Susanin
Deputy General Counsel and
Chief Compliance Officer





HUMAN CAPITAL

Annaly 2023 Corporate Responsibility Report

HUMAN CAPITAL

Annaly's highly skilled employees are key to the long-term success and growth of our Company, and we are committed to promoting their well-being, active engagement, development, and full potential.

Our people are the driving force behind our ability to deliver for our shareholders. Simply put, they are our greatest asset.

Our employees are self-motivated, intellectually curious, and thrive working in a collaborative environment driven by continuous improvement. At Annaly, we value their contributions, dedication, and unique talent. As such, we provide our employees with a breadth of experiences that continue to enhance and advance their professional development as the needs of our business evolve. We strive to foster an inclusive and caring culture that empowers our people to innovate, broaden and strengthen their abilities, and take shared ownership of the Company's goals.

Moreover, we celebrate each employee's contributions, understanding that our success is a direct result of the power that our diverse experiences and talents create.

Our People by the Numbers



187

Full-time employees



58%

of our employees identify
as women or racially /
ethnically diverse



4%

Total voluntary turnover in
2023, representing less
than a quarter of the
financial services sector
average⁽¹⁾

Please refer to "Human Capital" in the Endnotes section for footnoted information.

Human Capital Highlights

We take pride in our robust human capital practices and initiatives. We are committed to investing in continuous professional development and a total rewards program that incentivizes and caters to the evolving needs, lifestyles, and various career stages of our people. Moreover, we proactively and continuously evaluate human capital management best practices to ensure that we are providing the most robust experience to our employees.

Best Practices	What the Company has done
<p>Provide targeted training and development opportunities that maximize performance, enable upward professional mobility, and increase employee engagement</p>	<ul style="list-style-type: none"> ▪ Since 2020, sponsored individual executive coaching ▪ Since 2021, hosted 'Get to Know Your Leaders' employee development series supporting networking, leadership exposure, and employee connectivity ▪ In 2022 and 2023, utilized Individual Style Profile exercise for newly hired employees to promote self-awareness and individual leadership styles ▪ In 2022 and 2023, partnered with highly acclaimed leadership coach on a Branding Workshop to promote individual, personal, and professional development ▪ In 2023, introduced a learning reimbursement program to support development needs on an individual level ▪ In 2023, sponsored 25 training and development opportunities including launching a topical 'lunch and learn' series aimed at informed conversations, open discussion, and broader understanding of current events impacting the business
<p>Foster impactful and meaningful connection, belonging, and empowerment focused on engagement and culture</p>	<ul style="list-style-type: none"> ▪ Since 2017, conducted an annual employee engagement survey to identify our strengths and areas for improvement ▪ In 2023, reintroduced Annaly Connects creating 50+ 1:1 employee connections that fostered networking, knowledge share, and cross-functional education ▪ In 2023, conducted a three-part training dedicated to fostering inclusive teams, relationships, and mindfulness around biases
<p>Advance diversity, equity, and inclusion efforts</p>	<ul style="list-style-type: none"> ▪ Since 2019, performed annual pay equity reviews that have resulted in no material pay inequity findings based on gender or race/ethnicity ▪ Since 2021, publicly disclosed our annual EEO-1 reporting ▪ As of 2023, taught five mortgage markets classes to 70 students and hosted ten interns from Project Destined and Girls Who Invest ▪ In 2023, our seven employee networks collectively led over 50 DEI activities in 2023, including speakers, volunteerism, trainings and brown bag lunch discussions
<p>Maintain high employee retention</p>	<ul style="list-style-type: none"> ▪ 4% voluntary turnover in 2023, representing less than a quarter of the financial services sector average⁽¹⁾

Please refer to "Human Capital" in the Endnotes section for footnoted information.

People and Culture

Annaly prioritizes employee health, well-being, and professional development by providing

Part of fostering an inclusive culture is ensuring we provide benefits that support the physical, mental, and financial wellbeing of our employees and their families.



Employee Benefits

We offer a competitive suite of benefits designed to meet employee needs, including:

- Employer-sponsored health care
- Paid primary (18 weeks) and non-primary (6 weeks) parental leave
- Phased return-to-work
- Paid family caregiver leave (4 weeks)
- Family-building support and cost assistance
- Employer retirement savings match
- Educational subsidies and reimbursement
- Job-related certification reimbursement
- Subsidized lunch



Employee Wellness

We offer a wide range of wellness initiatives, including access to:

- Talk therapy, health coaching, and stress management support
- Collaborative care plans that address both physical and mental health goals
- Employee Assistance Program
- Initiatives to support work-life balance
- Back-up care and advanced family support for children, adults, and elders
- Company-sponsored wellness week

competitive benefits that support our employees' individual and diverse needs.

Annaly invests in our employees by providing various opportunities for them to learn and advance their skillset. Whether through on-the-job or through formal programs, developing our employees is paramount to promoting a strong connection with our culture and values, fostering purpose, ownership, and ultimately resulting in the advancement of Annaly's overall strategic business objectives.



Learning and Development

Our development offerings include:

- Management Development Program focused on individualized coaching and professional advancement
- Knowledge share sessions focused on core business strategies and key initiatives
- Networking opportunities to foster deeper internal connection and broader exposure
- In 2022 and 2023, offered individual style exercise to create awareness, better understand engagement motivators, and build connection to Annaly's culture
- In 2023, introduced a learning reimbursement program to support individual learning and development needs
- Regular governance, ethics, and compliance trainings



Talent and Individual Performance

Annaly believes that professional development comes in many forms. By promoting open and continuous feedback, we are better able to recognize, reward, and maximize the potential of our employees' individual talents. Our performance review includes:

- Continuous feedback cycle including mid-year and year-end evaluations
- 360-degree performance feedback for all employees
- Succession planning for executives and key functional positions

Employee Engagement and Satisfaction

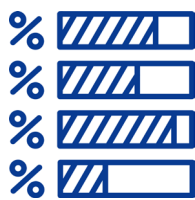
Annual Engagement Survey

In 2023, we conducted our sixth annual employee engagement survey. We utilize “The Annaly Experience” survey⁽¹⁾ to measure our corporate culture and employee engagement. With a 90% response rate and overall engagement well above the U.S. Diversified Financials average, the survey represented a comprehensive and inclusive pulse on our population, providing us with authentic and meaningful feedback.

We are proud that our high engagement results are visible across our firm. The results demonstrate that manager and team engagement have a profound impact on individual engagement. It is rewarding to see that our efforts have resulted in high engagement at the individual level.

As we continue to measure the impact of our various initiatives, we will use our annual employee engagement survey to identify our strengths and areas for improvement.

2023 Employee Engagement Survey by the Numbers



65

Items used to measure employee engagement and satisfaction levels



90%

Survey response rate



Engagement⁽²⁾ score well above the U.S. Diversified Financials average

⁽¹⁾ Please refer to “Employee Engagement and Pay Equity” in the Endnotes section for footnoted information.



The deep and varied expertise of our talented professionals enhance our ability to drive value for our shareholders.



Diversity, Equity, and Inclusion

Having a diverse group of employees is a business imperative, enhancing performance and creating value for our shareholders.

We believe that diversity, equity, and inclusion are key to our ability to deliver strong shareholder returns. As such, they are embedded in our values and essential tenets of our organizational culture. The multidimensional diversity of our employees is critical to ensuring a broad range of thought and experience throughout our Company, cultivating innovation, creativity, and agility. We believe that diversity is multifaceted and drives value for our employees and shareholders.

Annaly's Chief Human Resources Officer ("CHRO") is responsible for overseeing and continuing to advance our DEI programming. The CHRO and her team regularly coordinate with our Board and senior leaders of our Company on new and existing DEI efforts. Our DEI initiatives are committed to advancing:

Employee Experience:
education, speaker series and small-group activities

Workplace Practices:
human capital policies and practices

Community Engagement:
volunteerism and philanthropy

Compensation and Pay Equity

Our compensation and benefits programs focus on promoting our employees' engagement, supporting their well-being, and advancing our organizational culture.

Our compensation philosophy provides the guiding principles that drive compensation-related decisions across the firm and aligns the interests of the Company's employees with those of our shareholders. These principles allow us to attract and retain top talent in a competitive market, support risk management, and reinforce our culture, Company values, and ESG priorities.

Our robust compensation governance helps ensure equitable compensation for our employees. We exercise this commitment through:

Periodic pay equity reviews covering employees at all levels within the firm, including based on gender or race/ethnicity

Market analysis to ensure equitable pay in each of our locations, job levels, and functions

Compensation manager training to make informed pay decisions

Our most recent pay equity review resulted in no material pay inequity findings based on gender or race/ethnicity.

“

We aim to foster an inclusive work environment in which our employees are respected, trusted, and can bring their authentic selves to work every day.”



Seana Gormley
Chief Human Resources
Officer

We are proud of our DEI efforts and the progress we have made in 2023.

58%

of employees identify as women or racially / ethnically diverse

80%

of new hires in 2023 identify as women or racially / ethnically diverse

63%

of promoted employees in 2023 identify as women or racially / ethnically diverse

55%

of people managers identify as women or racially / ethnically diverse

57%

of Operating Committee members identify as women or racially / ethnically diverse

7

Company-sponsored employee networks, which collectively led over 50 DEI activities in 2023

For additional DEI data, please refer to our [EEO-1 data disclosures](#) in our website.

Employee Networks

Our employee networks are a vital part of our culture and help strengthen an inclusive environment. Their efforts encourage a sense of belonging, promote allyship, and raise awareness around the strength of our differences. These groups, which are open to all employees, empower colleagues to celebrate their distinct experiences and provide members and allies support, professional and personal development opportunities, information sharing, networking, mentoring, and community outreach.



Annaly Pride

Annaly Pride aims to champion equality, understanding, and respect for colleagues and business partners across the broad spectrum of diversity, including sexual orientation and gender identity. The group endeavors to have all colleagues feel comfortable being themselves at work and encourage a range of activities and initiatives that help develop community and empower employees to contribute to Annaly's success.



Black Employee Network

The Black Employee Network is committed to fostering an inclusive environment for employees with ties to African American, West Indian, Caribbean, and African heritages, engaging members through professional development, celebration of cultural events, and community involvement. The group also aims to create awareness and encourage dialogue around social and economic issues affecting our communities.



Latin American Employee Network

The Latin American Employee Network is committed to providing a space for employees with ties to Latin America to discuss relevant issues and share ideas and experiences in order to foster a strong sense of inclusion via firm-wide activities and community involvement.



Asian American & Pacific Islander ("AAPI") Employee Network

The AAPI Employee Network aims to foster an inclusive environment and a sense of belonging within the Asian community, raise awareness of AAPI culture and history through events and community outreach, and engage members with access to networking and professional development.



disAbility Employee Network

The disAbility Employee Network aims to provide a communal environment where members can share their personal experiences or family challenges and/or learn from those of others, with the understanding that disabilities come in many forms including physical, developmental, mental, emotional, and many more.



Women's Interactive Network ("WIN")

WIN aims to support the professional development of women working at Annaly. By sharing uniquely female perspectives, experiences, best practices, and information, the group helps develop the leadership abilities and career advancing skills needed to drive Annaly's success.



Veterans Employee Network

The Veterans Employee Network, which includes military personnel, their families, and allies who support them, aims to promote internal awareness, identify challenges and opportunities faced by this employee group in order to gain better self-awareness, assist group members in professional development, and build relationships in the community.

Employee Spotlight

In 2023, three employees were selected to join the junior boards of three of our long-standing philanthropic partners: Breaking Ground, STRIVE, and Enterprise Community Partners. We asked each of them what serving on those boards meant to them. Here is what they told us:

“The work Breaking Ground does is powerful and humbling. It’s personally meaningful to be able to give back in my local community and contribute to their mission of finding a home and support system for those who need it most.”



Emma Scott
Associate, Residential Credit
Breaking Ground Junior Board



“I am grateful to be part of this critical work, helping to support and raise awareness of STRIVE’s significant impact and commitment to disrupting systemic poverty by creating more equitable access to opportunities.”



Stephanie Rome
Associate, Investor Relations
STRIVE Young Professionals
Committee



“It has been an honor to draw on my experience at Annaly and get to work with other young professionals across the real estate and housing industry toward providing more affordable housing in New York City.”



Josh Bowman
Associate General Counsel
Enterprise Community
Partners Gotham Society



Corporate and Employee Philanthropy and Volunteerism

Through our corporate philanthropy and volunteerism program, Annaly Gives Back, we partner with high-impact nonprofit organizations to provide a meaningful contribution to the communities where we live, work, and invest. Annaly's corporate giving strategy remains focused on three areas:

1. Promoting housing stability through supportive and affordable housing
2. Supporting the advancement and professional development of underrepresented populations in finance
3. Supporting employee donations, volunteerism, and engagement

In 2023, Annaly and our employees contributed to the communities where we live, work, and invest:



More than \$350,000 to
over 70 nonprofit
organizations



900+ company-sponsored
volunteer hours across
28 volunteer activities
with participation from
~75% of our employees

In 2023, among many
other organizations, we
supported:

PROJECT·DESTINED

 Enterprise®

STRIVE®

girls who
invest®

BREAKING
GROUND

Featured Corporate Partner at STRIVE's Annual Gala

Annaly was honored to be recognized at STRIVE's 2023 Annual Gala for our longstanding support of their mission and their bold strategic growth plan.

Our CEO and CIO, David Finkelstein, received the award on Annaly's behalf and delivered a keynote speech.





A photograph of a modern multi-story apartment building. The facade is a mix of grey, brown, and yellow tones. Several balconies are visible, some with black metal railings and others with perforated metal screens. The lighting is warm, suggesting late afternoon or early morning. A dark blue horizontal band is overlaid on the lower half of the image, containing the title and subtitle.

RESPONSIBLE INVESTMENTS

Annaly 2023 Corporate Responsibility Report

RESPONSIBLE INVESTMENTS

Annaly is a leading source of private capital for the U.S. housing sector, facilitating homeownership and long-term economic growth.

Our Portfolio

Annaly is a leader in the residential real estate mortgage market with over \$11 billion in permanent capital.⁽¹⁾ We provide liquidity to housing finance markets, enabling lenders to extend affordable and stable credit to borrowers. In addition, our mortgage servicing oversight team is focused on ensuring that borrowers receive high-quality servicing throughout the life of their mortgages. Our investments facilitate homeownership, and in turn, economic growth in local communities and the overall economy.

Shared Capital Model

Our shared capital model drives our capital allocation strategy, allowing us to rotate our investments based on relative value while also taking advantage of synergies and managing risk across each of our scaled platforms. This model ensures that each investment strategy is focused on finding the opportunities with the best relative value across residential housing finance. Our disciplined approach promotes an investment culture whereby each investment strategy is focused on capital preservation, income generation through proactive portfolio management, and risk-adjusted returns on invested capital rather than simply growing our asset base. This shared capital model is further supported by an independent risk function with seasoned risk professionals aligned with each of the businesses.

Support for American Housing

Housing is a bedrock of economic health for individuals, communities, and the macroeconomy. Our investments across residential housing in Agency MBS, MSR, non-Agency residential credit, and CMBS have facilitated homeownership since our inception in 1996.

Over **\$73 billion** of residential housing investments

More than **850,000** American homes financed in all 50 states⁽²⁾

Lower Loan Balance Mortgages

Nearly 160,000 loans totaling over \$11.7 billion to borrowers with lower loan balance mortgages, typically financing homes that are less than half the national house price average⁽³⁾

Mortgage Servicing Rights

Nearly 600,000 loans serviced, ensuring appropriate loss mitigation and refinance options to benefit homeowners and preserve homeownership

Self-Employed Borrowers

More than 16,000 loans totaling over \$8.4 billion to self-employed, creditworthy borrowers, including small-business owners, that have challenges accessing mortgage credit from commercial banks due to non-traditional income⁽⁴⁾

Credit Risk Transfers (“CRT”)

More than 4.2 million additional homes supported through Annaly’s investments in CRT securities, which are instruments that allow the private sector to take credit risk from Fannie Mae and Freddie Mac⁽⁵⁾

Responsible Investments Highlights

As a responsible steward of capital, Annaly believes that consideration of business-relevant ESG factors contributes to our ability to drive positive impacts and deliver attractive risk-adjusted returns over the long term.

Best Practices

Further integrate the consideration of financially relevant ESG factors into our investment and portfolio management processes

What the Company has done

- Since 2020, provided ESG disclosures following SASB recommendations under the Asset Management & Custody Activity Framework for the Company
- Since 2021, provided ESG disclosures following SASB recommendations under the Mortgage Finance Standards for our Residential Credit business
- Starting in 2022, introduced ESG disclosures based on SASB recommendations in the private placement memorandum for all securitizations
- Annaly’s wholly-owned subsidiary Onslow Bay Financial LLC (“Onslow Bay”) received a 2022 Bronze SHARP award from Freddie Mac, recognizing the superior performance of our servicing portfolio
- Starting in 2023, introduced additional disclosures in the private placement memorandum for all new Onslow Bay sponsored deals in compliance with European Union and U.K. risk retention requirements

Please refer to “Responsible Investments” in the Endnotes section for footnoted information.

ESG and Our Investments

Agency MBS

Annaly's core strategy invests in agency MBS, which are pools of mortgages designed to provide liquidity, stability, and affordability to U.S. housing markets and to eliminate national variations in lenders' ability to fund mortgages. In order to achieve these goals, Fannie Mae and Freddie Mac (the "GSEs") issue agency MBS and guarantee the timely payment of principal and interest thereby taking the credit risk associated with agency MBS pools. By design, agency MBS investors receive limited borrower-specific, loan-level data on agency MBS pools such as borrower socioeconomic information and property climate risk-related characteristics.

We have had conversations with the GSEs on how ESG materiality factors into the operations of those firms. We have also raised and discussed financially relevant ESG topics with the GSEs, the Federal Housing Finance Agency ("FHFA"), industry groups, and other industry participants with the aim of increasing ESG disclosures while maintaining the liquidity and market functioning of the agency MBS market.

The GSEs and their activities are subject to overall oversight and regulation by the FHFA, an independent agency of the federal government, both as their Conservator and under the Housing and Economic Recovery Act of 2018. Moreover, the GSEs have a duty to serve underserved markets and are subject to the Department of Housing and Urban Development's regulation with respect to fair lending and to the Consumer Financial Protection Bureau's regulation with respect to consumer financial products and services.

For additional information please refer to our most recent [Annual Report](#) on Form 10-K and our SASB disclosures on page 66 of this report.

“

Strong governance over the operations of our fully scaled MSR and Residential Credit businesses is critical for achieving our strategic goals and delivering results for our stakeholders.”

Residential Credit and MSR

Annaly Residential Credit Group makes secondary market purchases of whole loan residential mortgages to creditworthy borrowers who are underserved by traditional commercial banks. Similarly, Annaly Mortgage Servicing Rights Group makes secondary market purchases of GSE MSR.

Our Residential Credit team engages with third-party due diligence providers to test that the mortgage loans purchased from sellers have been originated in compliance with law and antidiscrimination statutes. Our MSR team utilizes third-party due diligence providers to ensure that all loan servicing data is accurate and transmitted correctly to Annaly at the time that MSR are transferred. In addition, where we own the servicing rights and are the servicer of such mortgage loans, we have robust oversight of our sub-servicers to ensure compliance with all federal, state, and local laws. This includes but is not limited to policies that test for adherence to the Truth in Lending Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Homeowners Protection Act, the Flood Disaster Protection Act, the Fair Debt Collection Procedures Act, Unfair, Deceptive or Abusive Acts and Practices, and the Servicemembers Civil Relief Act. Additionally, the sub-servicers utilized for our GSE MSR have been approved by Fannie Mae or Freddie Mac and service the mortgage loans on our behalf in strict adherence to the requirements of the GSEs.

Starting in 2022, Annaly's wholly-owned subsidiary Onslow Bay began providing ESG disclosures on its securitizations in accordance with the SASB Accounting Metrics under the Mortgage Finance Accounting Standard.⁽¹⁾ In addition, while Annaly foremost evaluates loan characteristics, we also consider ESG factors when evaluating origination partners, including board structure, management experience, and legal, compliance, and regulatory track record.



Jessica LaScala
*Head of Investment
Operations*

Please refer to "ESG and Our Investments" in the Endnotes section for footnoted information.

Social Impact Joint Venture⁽¹⁾

Annaly has financed more than 25 community development projects in underserved communities across the country through a social impact joint venture with Capital Impact Partners, a national community development financial institution. Since inception, we have helped support:

Over 1.4 million

Square feet in community development projects across the U.S. employing more than 2,000 individuals

Nearly 10,000

Students receiving charter school education, including more than 80% who qualify for free and reduced-price lunch

Over 130,000

Patients receiving care from community health centers and eldercare residences, with nearly 88,000 below the poverty line

Nearly 49,000

People in low-income areas obtaining access to healthy foods through retail grocery and food production facilities



ANNALY[®]

&



CAPITAL IMPACT
PARTNERS

“ By providing targeted capital through our partnership with Capital Impact Partners, Annaly invests in inclusive economic growth and opportunity.”



Serena Wolfe
Chief Financial Officer

Strengthening the Community through Education and Affordable Housing

We are proud to support William A. Lawson Institute for Peace and Prosperity (“WALIPP”) through our joint venture partnership with Capital Impact Partners.

WALIPP was founded to promote equity and inclusion for underserved residents living with low incomes in Houston’s Third Ward community. To carry out its mission, WALIPP focuses on promoting educational success for young students and providing safe and secure housing for senior citizens.

The Lawson Academy – part of WALIPP – is committed to academic and personal development growth based on individual student needs. The diverse school provides free, open enrollment to students from mixed-income backgrounds, most of which receive a free or reduced-cost lunch. Through a comprehensive college preparatory curriculum with ongoing support, students receive hands-on learning experiences as well as skills and career training. In addition, students benefit from regular on-campus mentoring from educational psychology students from the University of Houston.

The Third Ward is also home to an increasing number of seniors who have been a part of the community since the 1950s and 60s. Maintaining a single-family home becomes harder as seniors age, but many prefer to live in comfortable and affordable facilities in the neighborhood they know. Enter the WALIPP Senior Residence, a four-story structure offering independent living for adults aged 55 and above. Not only has WALIPP provided safe, clean, and functional housing for seniors living with low incomes, they have created a viable and nurturing community: one with movie and game nights, health service presentations, legal document preparation, tax preparation assistance, Bible studies, and community parties that engage the residents in fun and rewarding experiences.

The success of these programs is evident in the lives of the students and seniors benefitting from them, as well as their families and community.







ENVIRONMENT

Annaly 2023 Corporate Responsibility Report

ENVIRONMENT

We evaluate climate change risks and opportunities for our business and promote sustainable and environmentally-friendly practices to better reduce our environmental footprint.

Environment Highlights

We recognize that climate change represents one of the most complex and critical challenges of our time. Annaly is committed to promoting a healthy environment by using resources more efficiently and responsibly. As a capital manager with 187 employees located in midtown Manhattan and in Dallas, our business operations have a relatively modest environmental impact. In addition, climate-related risks are expected to have limited impact on our investment portfolio.

Best Practices

What the Company has done

Assess climate change risks and opportunities, taking into consideration the recommendations of the TCFD

- In 2021, first published climate-related disclosures on our website
- Since 2021, conducted analyses to assess climate change risks and opportunities to our business
- Included additional climate-related disclosures following the recommendations of the TCFD starting with our 2021 Corporate Responsibility report
- Developed an in-house tool that provides the ability to estimate exposure to real-time climate-related events and allows monitoring as conditions warrant
- Developed a methodology for assessing estimated expected annual losses due to different kinds of possible future natural hazards, leveraging National Risk Index data

Track energy consumption and GHG emissions

- Since 2019, tracked, measured, and disclosed our total GHG emissions and energy consumption at our headquarters
- Since 2021, tracked, measured, and disclosed our total GHG emissions and energy consumption at our newly established Dallas office

Reduce environmental footprint of operations

- Completed an energy audit in 2018 which found that our corporate headquarters already incorporates many energy reduction best practices
- Encourage our employees to adopt environmentally friendly habits including participation in our commuter benefits program
- In 2020, established a Sustainability Leadership Team tasked with leading our sustainability efforts
- Starting in 2020, purchased Green-e certified carbon credits to offset 100% of our Scope 1 and Scope 2 GHG emissions
- Electrical Curtailments – Our NYC office building’s engineering team strategically curtailed energy usage to assist relieving the power grids
- Green Cleaning – Our NYC office building’s janitorial vendor utilizes green cleaning products

Task Force on Climate-related Financial Disclosures

We use the recommendations of the Task Force on Climate-related Financial Disclosures, or TCFD, a robust global ESG reporting framework, to help inform the development of our strategy for identifying and managing climate-related risks and opportunities.

TCFD Index	Page(s)
Governance	
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Strategy	
▪ Climate-related risks and opportunities over the short, medium, and long term	58
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Metrics and Targets	
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▪ Scopes 1 and 2 GHG emissions	61

TCFD | Strategy

Operations

Our well-established Business Continuity Plan ("BCP") was designed to ensure continued, effective operations through a variety of scenarios including natural disasters and pandemics. It identifies critical systems, processes, roles, and third parties, and can be adjusted on a real-time basis to address situations as they arise.

The BCP is regularly reviewed, tested, and updated. Annual testing includes extensive, remote disaster recovery testing and tabletop exercise scenarios with management. The BCP is part of three overlapping plans to address emergency events and ensures the firm's crisis management planning is in place. It overlaps with the Cybersecurity Incident Response Plan and the Corporate Event Protocol. Key tenets of the plan include active communication between our Crisis Response team, made up of senior leaders across a number of functions, and our internal and external stakeholders to afford efficient, thoughtful, effective responses to evolving emergency situations.

Investment Portfolio

Climate-related risks currently have limited impact on Annaly's portfolio due to our diversified strategy and products as described below.

Agency MBS comprises approximately 90% of our AUM and is thus particularly relevant when assessing Annaly's climate-related risks. Fannie Mae and Freddie Mac issue agency MBS and guarantee timely payment of principal and interest, thereby taking any credit risk including with regards to natural disasters.

Our housing exposure is geographically dispersed. In addition, borrowers have considerable equity and are required to have property insurance. Indeed, our analysis of weather-related losses historically and expected future annual losses indicate limited impact.

Annaly Agency Group

- The Government Sponsored Enterprises (GSEs) bear the credit losses associated with natural disasters
- The impact on prepayments from natural disasters is limited due to GSE policies regarding extended loan buyout timeframes, disaster payment deferral plans, and disaster-related modifications

Annaly Mortgage Servicing Rights Group

- The GSEs' cap on servicer obligations to advance principal and interest and the GSEs' borrower disaster programs to help borrowers stay in their homes limit the impact of natural disasters
- Annaly's costs associated with servicing loans that require special handling or become delinquent due to natural disasters have historically been minimal

Annaly Residential Credit Group

- Of the outstanding whole loans that we have purchased and securitized, approximately 6% of our nationwide portfolio are in FEMA Special Flood Hazard Areas
- Our other securitized holdings are generally credit enhanced and properties are geographically diverse
- Generally, across the residential credit portfolio,
 - On average, borrowers have nearly one-third of their home value in equity
 - Borrowers are required to obtain hazard insurance. Additionally, borrower properties in FEMA-designated flood zones are required to obtain flood insurance

Annaly is committed to evaluating how climate change may drive or influence risks and opportunities for our business and operations. Below, we have identified climate-related short-, medium-, and long-term risks and opportunities.

We use the Global Reporting Initiative (“GRI”) Standards’ definition of materiality.⁽¹⁾ Issues and factors that are material under that definition are not necessarily material to an investment or voting decision concerning the Company.

Risks

Short-Term

- Climate events and property insurance premiums that could impact home prices and/or disrupt borrowers’ ability to pay their mortgage/loan
- Enhanced environmental reporting obligations
- Increased instances of business interruption

Medium-Term

- Increased severity and frequency of climate events that could:
 - Have more persistent negative impacts on house prices and/or housing-related costs such as property insurance premiums
 - Disrupt borrower ability to make mortgage/loan payments
- Changes to a borrower’s likelihood to prepay their loans due to the impact of climate change on markets or government and GSE policies
- Increased instances of business interruption

Long-Term

- Repricing of assets (land, property, securities)
- Macroeconomic and demographic shifts
- Increased instances of business interruption

Opportunities

- Increased investment opportunities
- Enhanced benefits as an ESG leader, including attracting and retaining top talent through our commitment to ESG initiatives
- Enhanced evaluation of risks, including increased operational resiliency

- More differentiated value in investment products due to changes in consumer preferences and behavior
- House price appreciation due to rising costs of raw materials and greater regulation
- Changes to a borrower’s likelihood to prepay their loans due to the impact of climate change on markets or government and GSE policies
- Enhanced evaluation of risks, including increased operational resiliency

- Increased investment opportunities as a result of repricing of assets (land, property, securities)
- More differentiated value in investment products due to macroeconomics and demographic shifts
- Enhanced evaluation of risks, including increased operational resiliency

Please refer to “TCFD | Strategy” in the Endnotes section for footnoted information.

TCFD | Climate- Related Risk Management⁽¹⁾

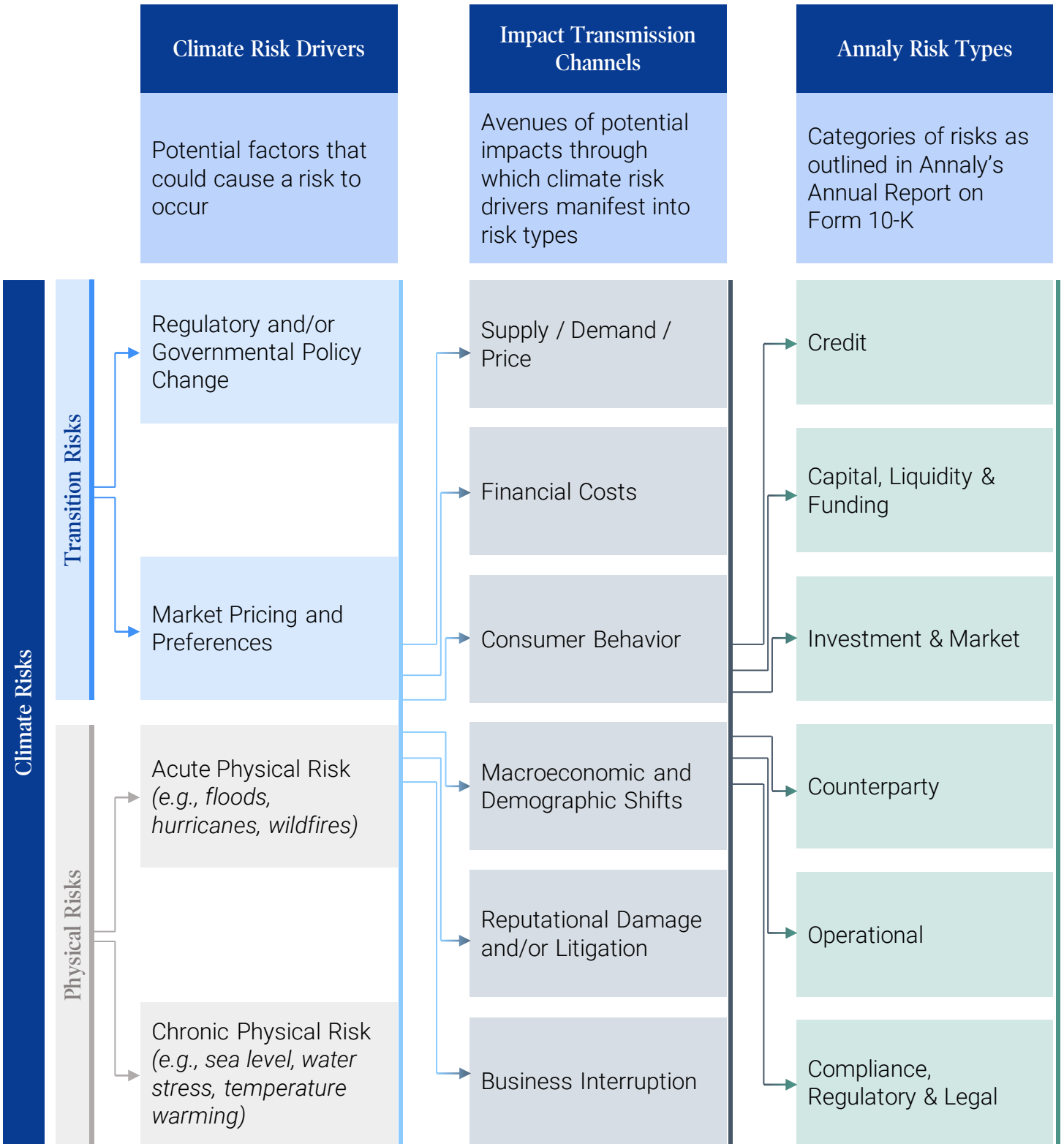
Risk management begins with the Board, through review and oversight of the Company's risk management framework, and continues with executive management, through ongoing formulation of risk management practices and related execution. The Board exercises its oversight of risk primarily through its Risk and Audit Committees with support from the other Board Committees. For example, the Risk and the CR Committee oversee matters related to ESG and our investments, including climate-related risks and opportunities.

The figure to the right depicts how climate-related risk drivers are translated into potential risks to our firm. Climate-related risk fall into two categories: transition risks and physical risks. The former arise from the transition to a low-carbon economy while the latter arise from the changes in weather and climate that impact the economy.

Changing adverse weather patterns are considered in our analysis across the portfolio utilizing a model that maps residential credit and MSR inventory exposure across geolocations and overlays natural disasters to gauge potential impact. This tool allows us to assess and monitor exposure as conditions warrant.

For additional information on our overall approach to risk management please refer to pages 27 and 28 of this report.

Translating Climate-Related Risk Drivers into Potential Risk to Our Firm



Greenhouse Gas Emissions⁽¹⁾

- We have tracked Scope 1 and Scope 2 GHG emissions since 2019.
- Annaly has zero Scope 1 GHG emissions as we do not generate energy on site or operate a transportation fleet and there were no instances of HVAC refrigerant leaks.
- Annaly's corporate headquarters in Manhattan and Dallas office are located on a floor in large office buildings. Steam and chilled water consumption are not sub-metered at our office buildings; therefore, the GHG Protocol does not require Annaly to report the emissions from steam and chilled water use.

Scope 1 and Scope 2 GHG Emissions	2023		2022		2021	
	Measure	YoY	Measure	YoY ⁽¹⁾	Measure	YoY ⁽¹⁾
Total Scope 1 Emissions	0	0	0	0	0	0
Total Scope 2 Emissions	181,413kgCO ₂	44.1%	125,885 kgCO ₂	-4.5%	131,764 kgCO ₂	18.2%
Emissions Intensity ⁽²⁾	3.4 kgCO ₂ e/sqft	25.0%	2.7 kgCO ₂ e/sqft	-8.8%	3.0 kgCO ₂ e/sqft	14.5%

Note: Steam and chilled water consumption are not sub-metered at our office building; therefore, the GHG Protocol does not require Annaly to report the emissions from steam and chilled water use.

Energy Consumption⁽¹⁾

- In 2018, we completed an energy audit on our headquarters, which found that our corporate office already incorporates many energy-reduction best practices and led to additional enhancements.
- Since 2018, we have tracked our overall energy consumption at our headquarters. Since 2021, we have tracked our overall energy consumption at our Dallas office.
- Since 2020, we have purchased Green-e certified Renewable Energy Certificates ("RECs") to offset our electricity use.

Energy Consumption	2023		2022		2021	
	Measure	YoY	Measure	YoY ⁽¹⁾	Measure	YoY ⁽¹⁾
Total Consumption	1,593,729 kBtu	37.4%	1,160,072 kBtu	-25.4%	1,555,412 kBtu	18.2%
Energy Use Intensity ⁽²⁾	30.2 kBtu/sqft	19.2%	25.3 kBtu/sqft	-28.8%	35.5 kBtu/sqft	14.5%

Please refer to "TCFD | Metrics" in the Endnotes section for footnoted information.

Sustainability Initiatives



Energy Audit

- We completed an energy audit in 2018, which found that our corporate headquarters already incorporates many energy reduction best practices
- Following the audit, we implemented additional enhancements, including:
 - Replacing disposable office kitchen items with reusable alternatives
 - Applying a sleep-mode setting to television screens
 - Enhancing the motion-sense light systems in individual offices and conference rooms
 - Since then, we have also changed default printer settings to greyscale and double sided



Our Employees

- As part of our responsibility to operate a sustainable business, we encourage our employees to adopt environmentally-friendly habits including participation in our commuter benefits program



Our Commitment

- We are committed to promoting sustainable practices, including encouraging employees to adopt environmentally-friendly practices and minimizing the environmental footprint of our operations



Sustainability Oversight

- The Sustainability Leadership team, including representatives from our Facilities, Legal, and CRGR teams, is responsible for our Environmental Sustainability Policy and its implementation. The CR Committee is periodically updated on our environmental commitments and sustainability efforts.

Renewable Energy Certificates



- In 2023, Annaly offset 100% of our Scope 1 and Scope 2 GHG. We purchased 470 MWh of Green-e certified RECs sourced from U.S. wind facilities. This action ensures that the same amount of electricity our firm uses annually is generated by renewable energy projects and added to the grid on our behalf. According to the EPA, this action is equal to 328 metric tons of avoided CO2e emissions or similar to the carbon sequestered by 229 acres of U.S. forests in one year.
- Carbon offsets are an important tool that enable companies to support projects that reduce GHG emissions and, in many cases, create valuable social and community co-benefits. At Annaly, we purchase offset credits to address emissions that we are unable to abate through efficiency improvements or other measures. We purchase offset credits that have been certified by accredited third parties, which means they are real, additional, and independently verified.

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APPENDIX:

ESG Metrics, SASB Disclosure,
GRI Content Index, Bloomberg Gender-Equality Index

ESG Metrics

	2023	2022	2021	
Governance	Number of Directors	12	10	11
	% Independent Directors	92%	80%	73%
	% Directors with Tenure < 5 Years	67%	70%	64%
	% Directors That Are Women	33%	30%	45%
	% Racially/Ethnically Diverse Directors	42%	40%	27%
	% Women Executive Officers	25%	25%	20%
	% Women on Operating Committee	43%	46%	40%
	% Racially/Ethnically Diverse Operating Committee Members	21%	15%	13%
Social	Full-time Employees	187	161	171
	% of Racially/Ethnically Diverse Employees	39%	32%	32%
	% of Employees That Are Women	35%	34%	34%
	Voluntary Turnover	4%	10%	8%
	Engagement Survey Participation Rate	90%	95%	96%
	Charitable Contributions Made by Annaly and Our Employees	\$356,219	\$340,407	\$297,822
	Number of Nonprofit Organizations Supported	71	69	45
Company-Sponsored Volunteer Hours	906	512	168	
Environment	Total Energy Consumption ¹	1,593,729 kBtu	1,160,072 kBtu	1,555,412 kBtu
	Energy Use Intensity ¹	30.2 kBtu/sqft	25.3 kBtu/sqft	35.5 kBtu/sqft
	Total Scope 1 GHG Emissions	0	0	0
	Total Scope 2 GHG Emissions ¹	181,413 kgCO ₂	125,885 kgCO ₂	131,764 kgCO ₂
	Scope 2 GHG Emissions Intensity ¹	3.4 kgCO ₂ e/sqft	2.7 kgCO ₂ e/sqft	3.0 kgCO ₂ e/sqft
	Water Usage ²	722 CCF	545 CCF	530 CCF
	Waste Generated ²	14.0 tons	7.7 tons	8.3 tons
	Recycled Waste	5.4 tons	5.6 tons	4.2 tons
	Unrecycled Waste	8.6 tons	2.1 tons	4.1 tons

Please refer to "ESG Metrics" in Endnotes section for footnoted information.

SASB Disclosure

Annaly is a leading diversified capital manager with investment strategies across mortgage finance. To help support our three investment groups, Annaly has several wholly-owned subsidiaries that help us run our business and operations, including certain licensed and registered entities, such as a Financial Industry Regulatory Authority (“FINRA”) member broker-dealer, an investment adviser registered with the Securities and Exchange Commission (the “SEC”), and a federal and state licensed mortgage loan and servicing rights aggregator/purchaser.

Annaly’s corporate responsibility and governance policies have been an area of significant focus for the Company. In an effort to provide high-quality sustainability information of interest to our stakeholders, we are supplementing this report with disclosures under the Sustainability Accounting Standards Board (“SASB”) standards framework now under the purview of the International Sustainability Standards Board of the International Financial Reporting Standards Foundation.

After careful evaluation we have determined that SASB’s Asset Management & Custody Activities industry standards most align with our overall business because of their focus on investment portfolio management, which is Annaly’s primary activity across our business lines. Additionally, we supplement our disclosure with SASB’s Mortgage Finance industry standard since it closely aligns with one of our businesses, our Residential Credit investment strategy, because of the standard’s focus on risks associated with financing homes.

This report will focus on metrics that are relevant to Annaly’s business and our industry using the SASB framework as a benchmark. Due to Annaly’s business model, Annaly is subject to different legal and regulatory requirements than the asset managers and custodians contemplated in the Asset Management & Custody Activities SASB category. In addition, Annaly’s Residential Credit investment strategy is subject to different legal and regulatory requirements than the mortgage lenders contemplated in the Mortgage Finance SASB category. As such, we have used the SASB metrics as a guide for our responses, adapting them to the nuances of our own business as appropriate and excluding certain metrics that are not relevant or could be misleading.

The inclusion of these metrics is not an admission of their materiality to an investment or voting decision and should not be construed as such. All data is as of or for the years ended December 31, 2021, December 31, 2022, and December 31, 2023, unless otherwise noted.

Asset Management & Custody Activities Sustainability Accounting Standard

Topic	Code	Accounting Metric	Page Reference
Transparent Information and Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Page 68
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	Pages 68
	FN-AC-270a.3	Description of approach to informing customers about products and services	Page 69
Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Page 69
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Pages 70-71
	FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Page 71
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	Page 71
Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Page 71
	FN-AC-510a.2	Description of whistleblower policies and procedures	Page 71

Mortgage Finance Accounting Standard

Topic	Code	Accounting Metric	Page Reference
Lending Practices	FN-MF-270a.1	(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660	Pages 72-73
	FN-MF-270a.2	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660	Page 73-74
	FN-MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Page 74
	FN-MF-270a.4	Description of remuneration structure of loan originators	Annaly is not a residential mortgage originator and as such does not employ loan originators.

Mortgage Finance Accounting Standard (*cont'd*)

Topic	Code	Accounting Metric	Page Reference
Discriminatory Lending	FN-MF-270b.1	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660	Page 75
	FN-MF-270b.2	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Page 75
	FN-MF-270b.3	Description of policies and procedures for ensuring nondiscriminatory mortgage origination	Page 75
Environmental Risk to Mortgaged Properties	FN-MF-450a.1	(1) Number and (2) value of mortgage loans in 100-year flood zones	Page 76
	FN-MF-450a.3	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	Page 76

Discussion of Accounting Metrics Under the Asset Management & Custody Activities Sustainability Accounting Standard

I. Transparent Information and Fair Advice for Customers

a) FN-AC-270a.1

(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.

- There were no material new investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings in the reporting period for covered employees.⁽¹⁾ Annaly's principal business objective is to generate net income for distribution to our shareholders and optimize our returns through prudent management of our diversified investment strategies. As a public company with a number of regulated subsidiaries, we have implemented policies, procedures and controls reasonably designed to ensure compliance with applicable rules and regulations. Moreover, we have a robust Corporate Compliance function, headed by our Chief Compliance Officer with a reporting line to the Audit Committee of the Board, who is responsible for the oversight of our Company's regulatory compliance. All employees and members of management are required to abide by our Code of Business Conduct and Ethics.⁽²⁾

b) FN-AC-270a.2

Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers.

- Annaly did not sustain any material monetary losses in the reporting period as a result of legal proceedings associated with its marketing and communications. Annaly discloses all material legal and regulatory proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

c) FN-AC-270a.3

Description of approach to informing customers about products and services.

- As a publicly-traded company, we regularly disclose business strategy and risks as well as financial performance to our shareholders. However, we do not sell products and services to customers. As such, we do not believe this metric is meaningful to our business. General information about our business is available on our website and our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

II. Employee Diversity & Inclusion

a) FN-AC-330a.1

Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.

- Annaly supports having a diverse group of employees as a business imperative and a social value. Diversity, equity, and inclusion are foundational principles of our organizational culture that enhance our overall performance and, ultimately, create value for our employees and shareholders. For more information on our recent diversity, equity, and inclusion initiatives, programs and policies, see the Human Capital section in this report, page 39.

The tables below provide breakdowns of gender and racial/ethnic group representation over the last three years.

Gender Representation (%)															
	Female						Male								
	'23	'22	'21	'23	'22	'21	'23	'22	'21	'23	'22	'21	'23	'22	'21
Executive Management	43	46	40	57	54	60									
Non-Executive Management	10	12	10	90	88	90									
Professionals	38	35	37	62	65	63									
All Other Employees	-	-	-	-	-	-									
New Hires	40	38	56	60	62	44									

Racial/Ethnic Group Representation (%)															
	Asian			Black or African American			Hispanic or Latino			White			Other		
	'23	'22	'21	'23	'22	'21	'23	'22	'21	'23	'22	'21	'23	'22	'21
Executive Management	21	15	13	0	0	0	0	0	0	79	85	87	0	0	0
Non-Executive Management	14	6	5	0	0	0	5	6	5	81	88	90	0	0	0
Professionals	27	23	22	5	4	7	9	7	6	57	63	62	3	4	3
All Other Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Hires	45	12	22	10	0	11	13	0	7	33	85	60	0	4	0

III. Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory

a) FN-AC-410a.1

Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening.

- Approximately 90% of our AUM is invested in the agency MBS market, through pools of mortgages whose timely payment of principal and interest is guaranteed by Fannie Mae and Freddie Mac (the “GSEs”). The GSEs were created by Congress to provide liquidity, stability and affordability to the U.S. housing market and, in doing so, they support the overall economy by enabling Americans to access mortgage loan funding at better terms.

Moreover, the GSEs have a duty to serve underserved markets and are subject to the Department of Housing and Urban Development’s regulation with respect to fair lending and the Consumer Financial Protection Bureau’s regulation with respect to consumer financial products and services. Additionally, the GSEs are subject to overall oversight and regulation by the Federal Housing Finance Agency (“FHFA”), an independent agency of the federal government, both as their Conservator and under the Housing and Economic Recovery Act of 2018.

In order to meet the GSEs’ Congressional mandate, Fannie Mae and Freddie Mac guarantee the timely payment of principal and interest, thereby taking the credit risk associated with agency MBS pools. By design, all agency MBS investors (including Annaly) receive limited borrower-specific, loan-level data on agency MBS pools and therefore do not know borrower socioeconomic information and property-level climate risk-related characteristics.

We have had conversations with the GSEs on how ESG materiality factors into their operations. We have also raised and discussed financially relevant ESG topics with the GSEs, the FHFA, industry groups, and other industry participants with the aim of increasing disclosure and analysis of ESG criteria while maintaining the liquidity and market functioning of the agency MBS market.

Additionally, Annaly Residential Credit Group engages with third-party due diligence providers to test that the mortgage loans purchased from sellers have been originated in compliance with law and anti-discrimination statutes. We also purchase Mortgage Servicing Rights (“MSR”) derived from Fannie Mae or Freddie Mac owned loans which meet the respective GSE’s legal & anti-discrimination compliance requirements. In addition, in connection with mortgage loans and MSR where we own the servicing rights and are the servicer of such mortgage loans, we have robust oversight of our sub-servicers to ensure compliance with all federal, state, and local laws. This includes, but is not limited to, policies that test for adherence to the Truth in Lending Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Homeowners Protection Act, the Flood Disaster Protection Act, the Fair Debt Collection Procedures Act, Unfair, Deceptive or Abusive Acts and

Practices, and the Servicemembers Civil Relief Act.

Regarding sustainability themed investment, Annaly has invested approximately \$30 million in a joint venture with Capital Impact Partners, a national community development financial institution that invests in low- to moderate-income communities across the country.

b) FN-AC-410a.2

Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies.

- As a responsible steward of capital, Annaly takes into account ESG factors that contribute to our ability to drive positive impacts and deliver attractive risk-adjusted returns over the long-term to our shareholders. In particular, Annaly's Asset/Liability Committee ("ALCO") members have the opportunity to discuss all relevant ESG issues before an investment is approved in committee.

For more information on Annaly's responsible investments and how we incorporate ESG in the investment processes see pages 49 and 50 of this report.

c) FN-AC-410a.3

Description of proxy voting and investee engagement policies and procedures.

- Annaly does not engage in proxy voting because we currently do not invest in publicly traded company equities. As such, we do not believe this metric is meaningful to our business.

IV. Business Ethics

a) FN-AC-510a.1

Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial. industry laws or regulations.

- Annaly did not sustain any material monetary losses as a result of the legal proceedings related to conduct described above in the reporting period. Annaly discloses any material legal and regulatory proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

b) FN-AC-510a.2

Description of whistleblower policies and procedures.

- Annaly's [Code of Business Conduct and Ethics](#) applies to all of our Directors, officers and employees. Intended to meet the requirements for a code of ethics under the Sarbanes-Oxley Act of 2002 and the listing standards of the New York Stock Exchange, this code covers a wide range of business practices and procedures, setting basic principles and guidelines for resolving various legal and ethical questions that may arise in the workplace and in the conduct of business. See page 10 of our Annual Report on Form 10-K, pages 29 and 30 of this report, or our proxy statement for additional information.

Discussion of Accounting Metrics Under the Mortgage Finance Accounting Standard

The following disclosures are only with respect to Annaly's Residential Credit investment strategy, which as of December 31, 2023 invests 20% of Annaly's capital. Annaly is not a residential mortgage originator. These metrics reflect our Residential Credit team's purchases of whole loan residential mortgages in the secondary market, including whole loans we have since securitized or plan to securitize at a later date, and are included in our Consolidated Statements of Financial Condition. As of December 31, 2023, the unpaid principal balance of our whole loan residential credit portfolio stood at about \$16.6 billion. Securitized loans for which we retain some risk exposure represented approximately 85% of the reported unpaid principal balance amount.

V. Lending Practices

a) FN-MF-270a.1

(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660.

FN-MF-270a.1 ⁽¹⁾	FICO scores above 660	FICO scores below 660	No FICO score reported	Total	
(a) Hybrid or Option Adjustable-rate Mortgages (ARM)					
Number of Loans	2023	3,845	42	183	4,070
	2022	2,349	42	167	2,558
	2021	1,774	32	204	2,010
Principal (\$ thousands)	2023	2,391,535	18,630	64,814	2,474,980
	2022	1,617,865	17,549	54,959	1,690,373
	2021	1,201,781	13,439	72,121	1,287,341
Fair Market Value	2023	2,327,977	18,239	64,049	2,410,266
	2022	1,499,152	16,666	53,573	1,569,392
	2021	1,251,469	13,890	74,255	1,339,614
% of loans (UPB)	2023	14.4%	0.1%	0.4%	14.9%
	2022	13.2%	0.1%	0.4%	13.8%
	2021	15.9%	0.2%	1.0%	17.1%
(b) Subject to Prepayment Penalty					
Number of Loans	2023	7,205	49	234	7,488
	2022	3,847	50	178	4,075
	2021	1,258	8	79	1,345
Principal (\$ thousands)	2023	2,739,554	14,377	81,763	2,835,694
	2022	1,643,162	13,807	66,760	1,723,728
	2021	633,733	4,126	29,834	667,693
Fair Market Value	2023	2,700,953	13,770	78,652	2,793,375
	2022	1,504,652	12,800	61,403	1,578,855
	2021	656,566	4,330	30,905	691,801

FN-MF-270a.1 ⁽¹⁾	FICO scores above 660	FICO scores below 660	No FICO score reported	Total	
(b) Subject to Prepayment Penalty (cont'd)					
% of loans (UPB)	2023	16.5%	0.1%	0.5%	17.1%
	2022	13.4%	0.1%	0.5%	14.1%
	2021	8.4%	0.1%	0.4%	8.9%
(d) Total FICO score breakout					
Number of Loans	2023	34,114	209	477	34,800
	2022	24,431	198	423	25,052
	2021	14,265	73	361	14,699
Principal (\$ thousands)	2023	16,339,821	90,364	181,019	16,611,204
	2022	11,994,522	85,310	167,514	12,247,346
	2021	7,355,453	31,391	148,647	7,535,491
Fair Market Value	2023	15,398,383	88,246	174,078	15,660,707
	2022	10,693,984	81,304	156,456	10,931,744
	2021	7,581,520	32,563	154,423	7,768,506
% of loans (UPB)	2023	98.4%	0.5%	1.1%	100.0%
	2022	97.9%	0.7%	1.4%	100.0%
	2021	97.6%	0.4%	2.0%	100.0%

Note: Annaly is not a residential mortgage originator. \$ thousands, except number of loans.

1. Figures represent residential mortgage loans and residential mortgage loans transferred or pledged to securitization vehicles on Annaly Capital Management's consolidated balance sheet as of December 31, 2021, December 31, 2022, and December 31, 2023.

b) FN-MF-270a.2

(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660.

FN-MF-270a.2 ⁽¹⁾	FICO scores above 660	FICO scores below 660	No FICO score reported	Total	
(a) Residential Mortgage Modifications					
Number of Loans	2023	1	0	0	1
	2022	1	0	0	1
	2021	9	1	0	10
Principal (\$ thousands)	2023	278	0	0	278
	2022	537	0	0	537
	2021	7,386	262	0	7,647
Fair Market Value	2023	266	0	0	266
	2022	504	0	0	504
	2021	7,554	264	0	7,818
% of loans (UPB)	2023	0.0%	0.0%	0.0%	0.0%
	2022	0.1%	0.0%	0.0%	0.1%
	2021	0.2%	0.0%	0.0%	0.2%

FN-MF-270a.1 ⁽¹⁾	FICO scores above 660	FICO scores below 660	No FICO score reported	Total	
(b) Foreclosures					
Number of Loans	2023	33	1	0	34
	2022	13	0	0	13
	2021	0	0	0	0
Principal (\$ thousands)	2023	27,385	580	0	27,965
	2022	9,800	0	0	9,800
	2021	0	0	0	0
Fair Market Value	2023	25,866	580	0	26,446
	2022	8,766	0	0	8,766
	2021	0	0	0	0
% of loans (UPB)	2023	0.2%	0.0%	0.0%	0.2%
	2022	0.1%	0.0%	0.0%	0.1%
	2021	0.0%	0.0%	0.0%	0.0%
(c) Short sales					
Number of Loans	2023	0	0	0	0
	2022	0	0	0	0
	2021	0	0	0	0
Principal (\$ thousands)	2023	0	0	0	0
	2022	0	0	0	0
	2021	0	0	0	0
Fair Market Value	2023	0	0	0	0
	2022	0	0	0	0
	2021	0	0	0	0
% of loans (UPB)	2023	0.0%	0.0%	0.0%	0.0%
	2022	0.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	0.0%

Note: Annaly is not a residential mortgage originator. \$ thousands, except number of loans.

1. Figures represent residential mortgage loans and residential mortgage loans transferred or pledged to securitization vehicles on Annaly Capital Management's consolidated balance sheet as of December 31, 2021, December 31, 2022, and December 31, 2023.

c) FN-MF-270a.3

Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators.

- Annaly did not sustain any material monetary losses in the reporting period as a result of legal proceedings associated with communications to customers or remuneration of loan originators. Annaly discloses all material legal and regulatory proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

VII. Discriminatory Lending

a) FN-MF-270b.1

(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660.

FN-MF-270b.1 ⁽¹⁾		FICO scores above 660	FICO scores below 660	No FICO score reported	Total
Weighted Average LTV					
Number of Loans	2023	34,114	209	477	34,800
	2022	24,431	198	423	25,052
	2021	14,265	73	361	14,699
Principal (\$ thousands)	2023	16,339,821	90,364	181,019	16,611,204
	2022	11,994,522	85,310	167,514	12,247,346
	2021	7,355,453	31,391	148,647	7,535,491
Wtd Average LTV (%)	2023	68	67	63	68
	2022	68	68	62	67
	2021	66	70	61	66
% of loans (UPB)	2023	98.4%	0.5%	1.1%	100.0%
	2022	97.9%	0.7%	1.4%	100.0%
	2021	97.6%	0.4%	2.0%	100.0%

Note: Annaly is not a residential mortgage originator. \$ thousands, except number of loans.

1. Figures represent residential mortgage loans and residential mortgage loans transferred or pledged to securitization vehicles on Annaly Capital Management's consolidated balance sheet as of December 31, 2021, December 31, 2022, and December 31, 2023.

b) FN-MF-270b.2

Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending.

- Annaly did not sustain any material monetary losses in the reporting period as a result of legal proceedings associated with discriminatory mortgage lending. Annaly discloses all material legal and regulatory proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

c) FN-MF-270b.3

Description of policies and procedures for ensuring nondiscriminatory mortgage origination.

- Annaly is not a residential mortgage originator. However, Annaly Residential Credit Group engages with due diligence providers to test that the loans purchased from originators comply with applicable law and anti-discrimination statutes. As a servicer for mortgage loans where we own the servicing rights, we have robust oversight of our sub-servicers to ensure compliance with all applicable federal, state, and local laws. This includes, but is not limited to, polices that test for adherence to the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Homeowners Protection Act, the Flood Disaster Protection Act, and the Servicemembers Civil Relief Act.

VIII. Environmental Risk to Mortgaged Properties

a) FN-MF-450a.1

(1) Number and (2) value of mortgage loans in 100-year flood zones.

- Approximately 6% of the whole loans that Annaly has historically purchased have been located in 100-year flood zones. Generally, Annaly purchases whole loans with the intention of securitizing them within a few months. Consistent with SASB's guidance for this metric that mortgages held for sale and mortgage-backed securities should be excluded, we do not view these loans as having a material risk to Annaly.

FN-MF-450a.1		FICO scores above 660	FICO scores below 660	No FICO score reported	Total
100 Year Flood Zones					
Number of Loans	2023	1,816	19	50	1,885
	2022	1,090	16	26	1,132
	2021	620	3	25	648
Principal (\$ thousands)	2023	1,026,176	9,671	16,896	1,052,743
	2022	615,445	8,424	8,873	632,742
	2021	353,197	1,998	8,152	363,348
Fair Market Value	2023	986,920	9,252	16,711	1,012,883
	2022	554,498	7,923	8,512	570,933
	2021	364,616	2,096	8,375	375,088
% of loans (UPB)	2023	6.2%	0.1%	0.1%	6.3%
	2022	5.0%	0.1%	0.1%	5.2%
	2021	4.7%	0.0%	0.1%	4.8%

Note: Annaly is not a residential mortgage originator. \$ thousands, except number of loans.

1. Figures represent residential mortgage loans and residential mortgage loans transferred or pledged to securitization vehicles on Annaly Capital Management's consolidated balance sheet as of December 31, 2021, December 31, 2022, and December 31, 2023.

b) FN-MF-450a.3

Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting.

- Annaly is not a residential mortgage originator and as such does not underwrite or originate loans. In general, we require borrowers to obtain property insurance to cover the risk of damage to their property resulting from hazards such as fire, wind, and, for properties in areas identified by FEMA as Special Flood Hazard Areas, flooding. At the time of origination, a borrower is required to provide proof of such insurance, and our servicers have the right and the obligation to obtain such insurance, at the borrower's cost, if the borrower allows the policy to lapse. We do not generally require property insurance to cover damages from flooding in areas outside a Special Flood Hazard Area, or to cover earthquake damage to single-family properties and to multifamily properties unless required by a seismic-risk assessment.

GRI Content Index

Statement of use

The index below includes GRI indicators that are relevant to our business. Unless otherwise noted, all data and descriptions apply to our entire firm and are as of or for the year ended December 31, 2023.

GRI used

GRI 1: Foundation 2021

Disclosure Title	Disclosure Number	Annaly Response
GRI 2: General Disclosures 2021		
Organizational details	2-1	Annaly Capital Management, Inc. Annaly is a public Maryland corporation listed on the New York Stock Exchange under the symbol "NLY" with headquarter located at 1211 Avenue of the Americas, New York, NY 10036, and operations in the United States of America.
Entities included in the organization's sustainability reporting	2-2	See "About Our Company" section on page 6 of this report.
Reporting period, frequency and contact point	2-3	This report, published on June 6th, 2024, is for 2023 (i.e., January 1 through December 31, 2023) and aligns to the firm's financial reporting period unless otherwise specified. The reporting frequency is annual. For additional information please contact crgr@annaly.com .
Restatements of information	2-4	No restatements of information from prior Corporate Responsibility reports.
External assurance	2-5	We did not seek external assurance for the contents of this report.
Activities, value chain and other business relationships	2-6	See "About Our Company" section on page 6 of this report or "Business Overview" section on pages 2-3 of our 2023 Form 10-K. For purposes of this section, there were no material changes from the prior reporting period.
Employees	2-7	See "Human Capital" section (pages 32-44), and pages 65 and 69 of this report.
Governance structure and composition	2-9	See "Oversight and Management of ESG" section on pages 11-12 and "Corporate Governance" section on pages 22-30 of this report. See our 2024 proxy statement for additional information.
Nomination and selection of the highest governance body	2-10	See page 31 of our proxy statement.
Chair of the highest governance body	2-11	Michael Haylon, Independent Chair of the Board.
Role of the highest governance body in overseeing the management of impacts	2-12	See "Oversight and Management of ESG" section on pages 11-12 on this report.
Delegation of responsibility for managing impacts	2-13	
Role of the highest governance body in sustainability reporting	2-14	The CR Committee of the Board is responsible for approving the Corporate Responsibility Report. For more details, see "Oversight and Management of ESG" section on pages 11-12 on this report.
Conflicts of interest	2-15	See "Ethics and Integrity" section on pages 29-31 of this report and Annaly's Code of Business Conduct and Ethics .
Communication of critical concerns	2-16	See pages 30-31 of our proxy statement.
Collective knowledge of the highest governance body	2-17	See "Our ESG Strategy" section of this report and page 8 of our proxy statement.
Evaluation of the performance of the highest governance body	2-18	See pages 28-29 of our proxy statement.
Remuneration policies	2-19	
Process to determine remuneration	2-20	See pages 32 of our proxy statement.
Annual total compensation ratio	2-21	See page 59 of our proxy statement.
Statement on sustainable development strategy	2-22	See "Our ESG Vision" and "Our ESG Strategy" sections on pages 1 and 10-20 of this report.

Disclosure Title	Disclosure Number	Annaly Response
GRI 2: General Disclosures 2021 (cont'd)		
Policy commitments	2-23	See "Our ESG Vision" and "Our ESG Strategy" sections on pages 1 and 10-20 of this report, our Human Rights Statement , our Political Engagement and Contributions Policy , and our Code of Business Conduct and Ethics .
Embedding policy commitments	2-24	
Processes to remediate negative impacts	2-25	See "Ethics and Integrity" section on pages 29-30 of this report and our Code of Business Conduct and Ethics .
Mechanisms for seeking advice and raising concerns	2-26	
Compliance with laws and regulations	2-27	In 2023, Annaly had no material legal actions regarding non-compliance with laws and regulations.
Membership associations	2-28	See "Materiality Assessment and Stakeholder Engagement" section on pages 13-16 of this report.
Approach to stakeholder engagement	2-29	
Collective bargaining agreements	2-30	Annaly complies with all applicable laws and regulations that make discrimination, harassment, unlawful termination and/or retaliation for collective bargaining illegal. As of December 31, 2023, we had 187 full-time employees, none of whom were subject to a collective bargaining agreement.
GRI 3: Material Topics (2021)		
Process to determine material topics	3-1	See "Materiality Assessment and Stakeholder Engagement" section on pages 13-16 of this report.
List of material topics	3-2	For purposes of these topics, there were no material changes from the prior reporting period.
Management of material topics	3-3	See pages 11-14 of this report.
GRI 201: Economic Performance (2016)		
Direct economic value generated and distributed	201-1	See pages 52-53 of our Form 10-K for selected financial data and results of operations.
Financial implications and other risks and opportunities due to climate change	201-2	See TCFD disclosures in the "Environment" section on pages 56-61 of this report.
Defined benefit plan obligations and other retirement plans	201-3	See "Employee Development, Benefits, and Wellness" section of this report
GRI 205: Anti-Corruption (2016)		
Operations assessed for risks related to corruption	205-1	Annaly's management approach to anti-corruption is guided by the Company's Code of Business Conduct and Ethics , Foreign Corrupt Practices Act, and Anti-Bribery Compliance Policy. The Company has robust processes for analyzing and reviewing risks related to corruption in all its business units on an ongoing basis.
Communication and training about anti-corruption policies and procedures	205-2	All employees and members of management are required to complete Code of Business Conduct and Ethics training at commencement of employment and annually thereafter. Additionally, each of our employees receives harassment prevention training on an annual basis.
Confirmed incidents of corruption and actions taken	205-3	In 2023, Annaly had no material confirmed incidents of corruption.
GRI 206: Anti-Competitive Behavior (2016)		
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1	In 2023, Annaly had no material legal actions regarding anti-competitive behavior and incurred no violations of antitrust and monopoly legislation.
GRI 207: Tax (2019)		
Approach to tax	207-1	Annaly is a leading diversified capital manager with investment strategies across mortgage finance. We are internally managed and have elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes.

Disclosure Title	Disclosure Number	Annaly Response
GRI 302: Energy (2016), GRI 303: Water and Effluents (2018), GRI 305: Emissions (2016), GRI 306: Waste (2020), GRI 307: Environmental Compliance (2016)		
Energy consumption within the organization	302-1	
Energy intensity	302-3	
Reduction of energy consumption	302-4	
Water consumption	303-5	
Direct (Scope 1) GHG emissions	305-1	
Energy indirect (Scope 2) GHG emissions	305-2	See page 65 of this report.
GHG emissions intensity	305-4	
Reduction of GHG emissions	305-5	
Waste generated	306-3	
Waste diverted from disposal	306-4	
Waste directed to disposal	306-5	
GRI 401: Employment (2016), GRI 404: Training and Education (2016), GRI 405: Diversity and Equal Opportunity (2016), GRI 406: Non-discrimination (2016)		
New employee hires and employee turnover	401-1	Annaly is focused on fostering an inclusive and rewarding work environment for all our employees, with ongoing opportunities for career development and wellness support that facilitates the achievement of their personal and professional goals.
Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2	In 2023, we hired 40 employees and had a 4% employee voluntary turnover.
Parental leave	401-3	For more information, see the "Human Capital" section of this report, our EE01 reports , or visit the " Careers " section of our website.
Programs for upgrading employee skills and transition assistance programs	404-2	See the "Human Capital" section of this report or visit the " Careers " section of our website.
Percentage of employees receiving regular performance and career development reviews	404-3	
Diversity of governance bodies and employees	405-1	See page 25 of this report, and pages 8-9 of our proxy statement.
Incidents of discrimination and corrective actions taken	406-1	In 2023, Annaly had no material reported incidents of discrimination or harassment.
GRI 415: Public Policy (2016)		
Political contributions	415-1	See page 30 of this report and our Political Engagement and Contributions Policy .
GRI 418: Customer Privacy (2016)		
Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	In 2023, Annaly had no material complaints, fines, or non-monetary sanctions due to breaches of customer privacy and losses of customer data.

Bloomberg Gender-Equality Index

	Data as of 12/31/2023	Location	
Leadership	Percentage of women on company board	33%	Page 25
	Chairperson is a woman	No	Page 26
	Gender balance in board leadership	80%	Page 26
	Chief executive officer is a woman	No	Page 26
	Chief financial officer is a woman	Yes	Page 52
	Percentage of women executive officers	25%	Page 65
	Chief diversity officer	Yes. Seana Gormley, Head of Human Capital Management, leads Annaly's DEI initiatives.	Page 39
Talent Pipeline	Percentage of women in total management	30%	-
	Percentage of women in senior management	43%	Page 65
	Percentage of women in middle management	35%	-
	Percentage of women in non-managerial positions	38%	-
	Percentage of women in total workforce	35%	-
	Percentage of women total promotions	35%	-
	Percentage of new hires are women	40%	-
	Percentage of women attrition	43%	-
Inclusive Culture	Number of weeks of fully paid primary parental leave offered	18	Page 35
	Number of weeks of fully paid secondary parental leave offered	6	Page 35
	Parental leave retention rate	100%	-
	Back-up family care services or subsidies through the company	Yes	Page 35
	Flexible working policy	Yes	Page 35
	Employee resource groups for women	Yes	Page 42
	Unconscious bias training	Yes	Page 17
Annual anti-sexual harassment training	Yes	Page 29	

Endnotes

Message from Our CEO

Source: Company filings and Bloomberg. Financial data, market data, and employee composition as of December 31, 2023. Board composition as of May 15, 2024.

1. Permanent capital represents Annaly's total shareholder's equity as of December 31, 2023.
2. Represents total shareholder return for the period beginning October 7, 1997, through December 31, 2023.
3. Represents the estimated number of homes financed by Annaly's holdings of Agency MBS, residential whole loans and securities, as well as multi-family commercial real estate loans, securities, and equity investments as of December 31, 2023. The number includes all homes related to securities and loans wholly-owned by Annaly and a pro-rata share of homes in securities or equity investments that are partially owned by Annaly.
4. Issuer ranking data from Inside Nonconforming Markets for 2022 through 2023 year-end (January 5, 2024, issues).
5. Based on data from the BofA Securities Non-QM Shelf and Deal Report, December 31, 2023.
6. Based on data from the Inside Mortgage Finance for the period ended December 31, 2023.
7. Financial services turnover rate estimated based on data from the U.S. Bureau of Labor Statistics as of December 31, 2023.

About Our Company

Source: Company filings. Financial data and employee composition as of December 31, 2023.

1. Permanent capital represents Annaly's total shareholders' equity as of December 31, 2023.
2. Data shown since Annaly's initial public offering in October 1997 through December 31, 2023, and includes common and preferred dividends declared.
3. Representative of the BBREMTG Index. Excludes Annaly.
4. Total portfolio represents Annaly's investments that are on-balance sheet as well as investments that are off-balance sheet in which Annaly has economic exposure. Assets reflect TBA purchase contracts (market value) of (\$0.6)bn, exclude assets transferred or pledged to securitization vehicles of \$13.3bn and include unsettled MSR commitments of \$0.5bn and \$1.4bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.1bn. MSR commitments represent the market value of deals where Annaly has executed a letter of intent.

Materiality Assessment and Stakeholder Engagement

1. As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance, and evolve the SASB Standards and encourages preparers and investors to continue to use the SASB Standards.
2. Annaly's wholly-owned subsidiary, Onslow Bay Financial LLC, is a member of the Mortgage Industry Standards Maintenance Organization ("MISMO"), which is a subsidiary of the Mortgage Bankers Association.
3. In 2023, we paid membership dues of \$102,875 to these organizations. While these organizations may write or endorse model legislation or support political campaigns or lobbying activities on behalf of their members, we instruct them not to use our funds for any election-related activity at the federal, state, or local levels.

Human Capital

Note: Employee composition as of December 31, 2023. Diversity-related data included in this report is based on information voluntarily provided to us by our employees.

1. Financial services 2023 turnover rate estimated to be approximately 17% based on data from the U.S. Bureau of Labor Statistics as of December 31, 2023.

Employee Engagement and Satisfaction

1. Survey conducted and results reported by Kincentric, a Spence Stuart Company.
2. Kincentric's defines "Engagement" as the state of emotional and intellectual involvement that motivates employees to do their best work. The engagement score is the percent of employees who are exhibiting the engagement behaviors of Say, Stray, and Strive.

Responsible Investments

Source: Company filings. Financial data as of December 31, 2023.

1. Permanent capital represents Annaly's total shareholders' equity as of December 31, 2023.
2. Represents the estimated number of homes financed by Annaly's holdings of Agency MBS, residential whole loans and securities, as well as multi-family commercial real estate loans, securities, and equity investments as of December 31, 2023. The number includes all homes related to securities and loans wholly-owned by Annaly and a pro-rata share of homes in securities or equity investments that are partially owned by Annaly.
3. Represents all of the loans included in low loan balance (<\$85,000) and medium loan balance (\$85,000-\$110,000) Agency MBS pools wholly owned by Annaly and a pro-rata share of loans in low loan balance and medium loan balance Agency MBS pools partially-owned by Annaly. Based on FHFA's September 30, 2023, seasonally adjusted House Price Index, which

Responsible Investments (cont'd)

- is calculated using home sales price information from mortgages sold to, or guaranteed by, Fannie Mae and Freddie Mac.
4. Represents the cumulative amount of current and prior residential whole loans owned by Annaly.
 5. CRTs include the loans in the credit risk transfer reference pool for the securities partially owned by Annaly. In rare cases, some individual borrowers may be counted multiple times if they are present in Annaly's holdings of multiple asset types.

ESG and Our Investments

1. Mortgage loans securitized under the OBX shelf are not originated with the intent to meet the specific criteria or any particular investor expectations concerning the SASB Mortgage Finance Standard nor any other standards established by other organizations.

Social Impact Joint Venture

Note: Company filings. Financial data as of December 31, 2023.

1. All figures quoted in this section represent the cumulative impact of Annaly's investments, including current and prior investments, with Capital Impact Partners.

TCFD | Strategy

Note: Company filings. Financial data as of December 31, 2023.

1. 'Materiality' are "those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large".

TCFD | Climate-Related Risk Management

1. Content on this page does not purport to be a comprehensive account of all risks that we manage. For additional information, please refer to our most recent Annual Report on Form 10-K, including the Risk Factors, and any subsequent Quarterly Reports on Form 10-Q.

TCFD | Metrics

1. Prior to 2021, data represents energy consumption and GHG emissions only at our headquarters. For a substantial portion of 2020, our employees worked remotely, which reduced our energy consumption and GHG emissions. Starting in 2021, data represents energy consumption and GHG emissions at our headquarters and Dallas office. Since 2021, we adopted a hybrid work approach. In late 2022, we relocated to a larger office space in Dallas to accommodate our growing headcount. Year-over-year increases in 2023 are driven by a combination of a larger office space in Dallas and a growing employee base with an increasing number of employees working in office.
2. We define intensity as total GHG emissions or total energy consumption divided by total office square footage. 2021 and 2022 intensity data has been revised to account for the proper square footage in our NYC office.

ESG Metrics

Note: Financial and employee composition data as of December 31, 2023. Board composition as of May 15, 2024. Diversity-related data included in this report is based on information voluntarily provided to us by our employees.

1. Prior to 2021, data represents energy consumption and GHG emissions only at our headquarters. For a substantial portion of 2020, our employees worked remotely, which reduced our energy consumption and GHG emissions. Starting in 2021, data represents energy consumption and GHG emissions at our headquarters and Dallas office. Since 2021, we adopted a hybrid work approach. In late 2022, we relocated to a larger office space in Dallas to accommodate our growing headcount. Year-over-year increases in 2023 are driven by a combination of a larger office space in Dallas and a growing employee base with an increasing number of employees working in office. We define intensity as total GHG emissions or total energy consumption divided by total office square footage. 2021 and 2022 intensity data has been revised to account for the proper square footage in our NYC office.
2. Stating in 2023, data represents water usage and waste generated at our headquarters and Dallas office, prior to that, data reflects only our headquarters.

SASB Disclosure

Source: Company filings. Financial data as of December 31, 2023. Employee composition as of December 31, 2023.

1. Covered employees' is defined by SASB as employees subject to filing the following forms: Forms U4, U5, and U6 with the Central Registration Depository ("CRD") of FINRA; Form BD with the Investment Adviser Registration Depository ("IARD") of the U.S. Securities and Exchange Commission ("SEC"); and Form BDW with the IARD of the SEC. As applied to Annaly, "covered employees" pertains only to employees that support our broker-dealer and registered investment subsidiary.
2. Although this metric only directly applies to our employees that support Annaly's broker dealer and registered investment advisor subsidiary as a publicly-traded company, Annaly follows all applicable SEC rules and reporting guidelines.

Important Notices

This Corporate Responsibility Report is issued by Annaly Capital Management, Inc. ("Annaly"), an internally-managed, publicly traded company that has elected to be taxed as a real estate investment trust for federal income tax purposes. Data in this report reflect estimates using methodologies and assumptions, which may change in the future as a result of new information or subsequent developments. Amounts presented are approximate unless otherwise indicated. Statements regarding the Company's future direction and intent are subject to change or withdrawal without notice and represent goals and objectives only.

In this report, we are not using the term "materiality" and other similar terms as they are used under the securities or other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting. Thus, the inclusion of information or the absence of information in this report should not be construed to represent our belief regarding the materiality or financial impact of that information.

Forward-Looking Statements

This report, other written or oral communications, and our public documents to which we refer contain or incorporate by reference certain forward-looking statements which are based on various assumptions (some of which are beyond our control) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "anticipate," "continue," or similar terms or variations on those terms or the negative of those terms. Such statements include those relating to the Company's future performance, macro outlook, the interest rate and credit environments, tax reform and future opportunities. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities ("MBS") and other securities for purchase; the availability of financing and, if available, the terms of any financing; changes in the market value of the Company's assets; changes in business conditions and the general economy; the Company's ability to grow its residential credit business; the Company's ability to grow its mortgage servicing rights business; credit risks related to the Company's investments in credit risk transfer securities and residential mortgage-backed securities and related residential mortgage credit assets; risks related to investments in mortgage servicing rights; the Company's ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting the Company's business; the Company's ability to maintain its qualification as a REIT for U.S. federal income tax purposes; the Company's ability to maintain its exemption from registration under the Investment Company Act of 1940; and operational risks or risk management failures by us or critical third parties, including cybersecurity incidents. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. The Company does not undertake, and specifically disclaims any obligation, to publicly update or release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as required by law.

We routinely post important information for investors on our website, www.annaly.com. We intend to use this webpage as a means of disclosing material information, for complying with our disclosure obligations under Regulation FD and to post and update investor presentations and similar materials on a regular basis. Annaly encourages investors, analysts, the media, and others interested in Annaly to monitor the Investors section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations, webcasts, and other information we post from time to time on our website. To sign-up for email-notifications, please visit the "Email Alerts" section of our website, www.annaly.com, under the "Investors" section and enter the required information to enable notifications. The information contained on, or that may be accessed through, our webpage is not incorporated by reference into, and is not a part of, this document.

Regardless of source, information is believed to be reliable for purposes used herein, but Annaly makes no representation or warranty as to the accuracy or completeness thereof and does not take any responsibility for information obtained from sources outside of Annaly. Certain information contained in the presentation discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions, and should not be construed as research or investment advice.

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WITH **PURPOSE**

which for us means being accountable for
how we drive durable value for our
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