

Statement by LBBW (Bank)  
on the UK Modern Slavery Act.

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## Introduction

The UK Modern Slavery Act took effect at the end of October 2015 and now requires companies to report how they combat human trafficking and forced labor in their supply chain. Under section 54 of the Act, all companies with an annual turnover in excess of GBP 36 million must submit a »Slavery and Human Trafficking« statement if they conduct at least some of their business in the UK – regardless of where the company’s headquarters are located. Thus, German companies are also required to file reports under the Modern Slavery Act, showing how they combat forced labor, slavery and human trafficking in the company and in the supply chain.

## LBBW

Landesbank Baden-Württemberg (LBBW) is a medium-sized universal bank and the central bank of the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of EUR 324 billion and around 10,400 employees as of December 31, 2022, LBBW is one of the biggest banks in Germany. Its core activity is business with corporate customers, especially with small and medium-sized enterprises (SMEs), private customers and savings banks. It also focuses on real estate and project financing in selected markets and customer-oriented capital market business with banks, savings banks and institutional investors.

## Sustainability at LBBW.

LBBW aims to consistently contribute to sustainable and balanced economic, environmental and social development. LBBW further refined its existing strategic direction in financial year 2022 and focused on future requirements and its own ambitions. Guided by the principles of growth and relevance, LBBW wants to further expand its market position, strengthen its position as a partner bank to customers and generally support economic and social change. The new strategic focus is supported by five

strategic levers (»Innovative Solutions«, »Enhanced Resilience«, »Inspire Employees«, »Social Contribution« and »Sustainable Transformation«). The levers of »Social Contribution« and »Sustainable Transformation« particularly underscore LBBW’s ambitions in the context of ESG. LBBW’s sustainability policy is designed based on the six Principles for Responsible Banking (PRB) drawn up by the UNEP FI (UN Environmental Program – Finance Initiative). In 2019, LBBW became the first German universal bank to sign up to the Principles for Responsible Banking (PRB), a voluntary initiative. The PRB provides a uniform framework for integrating sustainability in all areas of business. This allows banks to systematically align with social objectives like the Paris Agreement and the United Nations Sustainable Development Goals (SDGs). For more information, see **Sustainability at LBBW.**

Our company’s actions follow the principles of responsible, transparent corporate governance. For this purpose, LBBW has devised a Code of Conduct, which aims to create a reliable, normative frame of reference or guidance for responsible action by each individual that satisfies the legal requirements and is in line with ethical and societal standards. For more information, see **Code of Conduct (LBBW.de).**

# Our global network

LBBW's international network: 16 locations in 15 countries



# Compliance with our obligations under the Modern Slavery Act.

Our activities to promote and protect human rights include:

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Topic	Description
<b>Company policy</b>	
Commitment to the protection of human rights	LBBW recognizes the United Nations' Universal Declaration of Human Rights for all people throughout the world and expects its contractual partners to do the same. As a member of the United Nations' Global Compact, we help protect international human rights and ensure that we are not complicit in human right abuses. In keeping with the United Nations Guiding Principles in Business and Human Rights, LBBW does not undermine the human rights of others. See also Sustainability Report 2022, page 23.
<b>Supply chain</b>	
Supplier registration	<p>Activities with our suppliers are based on supplier registration. Suppliers are accepted by LBBW only if they answer questions concerning sustainability matters in the LBBW Supplier Portal. The questions relate to issues such as environmental and social management systems, the training of employees on environmental issues, waste disposal plans, and the publication of environmental or sustainability reports.</p> <p>Every supplier registering with LBBW is additionally required to acknowledge and sign the Sustainability Agreement for LBBW Suppliers when a contract is agreed. This agreement compels our suppliers to comply with what we consider to be essential environmental and social criteria. For example, we expect our suppliers to ensure fair working conditions. Any supplier violating the social or environmental standards contained in the Sustainability Agreement (e.g., prohibition against human rights abuses such as child labor) must accept this violation as grounds for termination of the contract without notice. We expect our suppliers to commit to taking responsibility for environmental, economic, social, and community issues in all areas of their business activities to the same degree as LBBW. The sustainability rules and ethical responsibility documented in our Code of Conduct are the guiding principles for all of our business relationships and transactions. See also Sustainability Report 2022, page 80.</p>

Central purchasing	<p>Centrally organized purchasing operations and binding Bank-wide standards enable us to ensure that sustainability issues are factored into investment decisions and, in cases where several product alternatives with comparable quality and cost are available, the best product in terms of sustainability is chosen. On the one hand, this enables us to guarantee that the manufacture and use of products at LBBW meets the highest sustainability standards possible. On the other hand, it allows us to promote environmentally and socially aware policies and business practices by our business partners.</p> <p>The criteria specified in the »Sustainable Procurement and Award of Work« work instruction is applicable to purchases of non-IT products. We therefore do not purchase products made of tropical wood, produced using child labor or manufactured under inhumane or inequitable working conditions. In addition to these exclusion criteria, there are also specific exclusion criteria that apply to individual product groups. More than 90% of the products and services we procure are from German suppliers. See also Sustainability Report 2022, page 80 et seq.</p>
German Supply Chain Due Diligence Act	<p>LBBW acknowledges its responsibility for human rights and the environment in its own supply chains and requires its own suppliers to respect human rights and protect the environment as required under the German Supply Chain Due Diligence Act (German Supply Chain Act). LBBW also expects its suppliers to appropriately address this expectation throughout the supply chain.</p> <p>The questionnaires and the »Sustainability Agreement for LBBW Suppliers« were reviewed and amended to match the content and objectives of the German Supply Chain Act and are also regularly reviewed and updated where necessary. Further changes to procurement processes will follow in stages.</p> <p>Under Section 4 (3) of the German Supply Chain Act, a human rights officer who is responsible for monitoring risk management is to be appointed. The role of the human rights officer includes monitoring compliance with due diligence obligations, the effectiveness review, preparing and reviewing the policy statement and the annual risk analysis report and reviewing whistleblowing. A human rights officer was appointed at LBBW with effect from 1 January 2023. This officer reports to and advises the Board of Managing Directors on issues relating to human rights and environmental risks. See also »<b>Statement by Landesbank Baden-Württemberg on its responsibility for human rights and the environment in their own supply chains and in their own business area</b>«.</p>
<b>Customer relationships</b>	
Guidelines for Financing	<p>Our guidelines for financing set the standard for lending: »When making lending decisions, we consider the key sustainability factors associated with projects to be financed, such as environmental impact, human rights and labor laws, and social added value.« See also Sustainability Report 2022, page 20.</p>
Sustainability standards for financing	<p>We are well aware of our corporate responsibility in all financing projects. This is why we ensure through mandatory in-house review processes and a comprehensive set of rules that reputation and sustainability risks relating to the environment, society or ethics are identified, analyzed and assessed early in the process of deciding on extending credit such as export financing, corporate loans or project financing. This can result in LBBW rejecting such transactions or terminating business relationship. Key activities in this regard:</p> <ul style="list-style-type: none"> <li>● <b>Traffic light review</b> process for a market-side sustainability assessment of credit customers. The screening criteria are based on the ten principles of the UN Global Compact as a framework for socially and environmentally responsible corporate governance.</li> <li>● <b>Review process for corporate and project finance</b> Financial advisors examine loan applications in terms of compliance and sustainability risks based on internal lending rules. In the case of uncertainty or topics for which there are not yet any binding rules or review criteria, an opinion may be requested from Group Compliance and/or the ESG Group Transformation department. A standardized application form is used to record information including all the persons involved, the nature and purpose of the business relationship, the findings of all research conducted to date, and any anomalies identified in terms of compliance risks (including money laundering and fraud) or sustainability risks (including areas such as arms, genetic engineering, nuclear power, environmental destruction, species and biodiversity conservation, climate change, workers' rights, and human rights).</li> <li>● <b>ESG check list</b> LBBW introduced an ESG check list for all divisions as at 1 July 2021. It is divided into climate-physical, climate-transitional, social and governance. Within these areas, the potential ESG risk is rated on a scale from 1 (very low risk) to 5 (very high risk) based on qualitative questions.</li> </ul> <p>See also Sustainability Report 2022, page 133 et seqq.</p>

Policies on private client consulting	In our policies for private client consulting at BW-Bank, we pledge that »We maintain respectful and tolerant conduct. Discrimination due to gender, nationality, ethnic background, sexual orientation, age, disability, religion or ideology will not be tolerated under any circumstances.« <b>See also: <a href="http://www.LBBW.de/Guidelines">www.LBBW.de/Guidelines</a>.</b>
<b>Our relationship with employees</b>	
Co-determination and committee for disabled persons	Co-determination at LBBW is based on the State Employee Representation Act for Baden-Württemberg. Staff meetings are held regularly at LBBW's larger locations. Employees have the right to exercise the freedom of association and assembly throughout the Group.  LBBW employees who hold severely disabled status are advised and represented by the General Representative Body for Employees with Disabilities (GSBV) and six regional representative bodies. See also Sustainability Report 2022, page 197 and 193.
Diversity	A diversity officer is assigned to supervise and support diversity and equal opportunity efforts at LBBW. According to the »Works Agreement on Protection from Discrimination and a Cooperative Environment in the Workplace« employees who feel discriminated against may turn to the Staff Council, the representative for employees with disabilities, the responsible manager, the Social Services Department or the complaints board. See also Sustainability Report 2022, page 190.
<b>Training</b>	
	As well as other measures, the mandatory training on sustainability, which our employees are required to repeat every two years, was revised in 2022 and a new digital program was launched. The content was updated to account for current developments and action areas. To best meet the varying information and training requirements of different target groups at LBBW's business units, 19 different sustainability learning pathways were also created. Directed at specific target groups, the program provides information about all action areas of LBBW's sustainability strategy. Completing an e-learning tool for implementing the German General Anti-Discrimination Act (Allgemeines Gleichbehandlungsgesetz (AGG)) is mandatory for all employees. See also Sustainability Report 2022, pages 180 and 189.

This statement is made pursuant to section 54 (1) of the Modern Slavery Act 2015. It was approved by the Board of Managing Directors on 15 August 2017 for the first time and re-approved for the 2022 financial year on 10 October 2023.



**RAINER NESKE**

Chairman of the Board of Managing Directors of Landesbank Baden-Württemberg