

Statement on Slavery and Human Trafficking 2021 under the UK Modern Slavery Act

This Statement is made under Section 54 of the UK's Modern Slavery Act 2015 (the "Act") and sets out the steps that **Bayerische Landesbank ("BayernLB")** takes to ensure that slavery and human trafficking do not occur in any of its supply chains or any part of its business. It is made in respect of the bank's activities during its 2021 financial year ending 31st December 2021.

Intent and Purpose

BayernLB supports the Act and its objective to eradicate all forms of modern slavery and human trafficking.

BayernLB wants to be recognised as a trusted financial partner acting in accordance with its core values, while taking into account internationally recognised principles for environmental protection, human and labour rights, business ethics and anti-corruption. This includes improving business practices to combat modern slavery.

Corporate Structure and Business Conducted out of the London Branch

BayernLB, a German bank established under public law, has its headquarters in Munich. In the United Kingdom, the bank has a branch in London. There are also branches in Milan, Paris and New York. In Germany, in addition to its headquarters in Munich, BayernLB has a branch in Nuremberg and offices in Berlin, Dusseldorf, Frankfurt, Hamburg, Leipzig and Stuttgart.

The London Branch acts primarily as a sales office for BayernLB within the UK, although its customers may also be based outside the UK. London Branch offers wholesale lending to a customer base which includes e.g. funds and corporate entities in the areas of Corporate Banking, Project Finance, Real Estate, Securitisation and Syndications.

As a bank established under public law, BayernLB's risk appetite is very conservative. This conservative approach feeds into the nature of business undertaken and the nature of BayernLB's customers and thus lessens the risk of slavery and human trafficking in its supply chain or business.

All of BayernLB's customers are subject to customer due diligence prior to being on-boarded. All existing customers are subject to an ongoing review. A risk based approach is taken so that those identified as higher risk are subject to more comprehensive due diligence which may be enhanced as well as more frequent reviews. This process involves the use of screening tools which ensure that should a customer previously have been or may be implicated in modern slavery or human trafficking, then this will be discovered at an early stage with appropriate action taken.

BayernLB's Normative Foundations

BayernLB's Corporate Governance Principles, the Code of Conduct, the Sustainability Policy and the Guiding Principles for Transformation together make up the normative foundations of BayernLB. BayernLB is committed to a strong ethical culture in the course of its business, with a view to improving the economic and social positions of its customers and its business and service partners. It is contrary to BayernLB's mission and policies to tolerate modern slavery in its business or its supply chain, and all BayernLB employees are expected to comply with this position. BayernLB is committed to respecting human rights, attaches a special importance to Social Responsibility and works consistently to combat any kind of modern slavery in all business and supply chains.

Corporate Governance Principles

The Corporate Governance Principles summarise the corporate management and control regulations that are either legally imposed or internal requirements which BayernLB has chosen to follow. The Corporate Governance Principles of BayernLB have been in place since 2003 and are largely based on the provisions of the German Corporate Governance Code.

BayernLB and its employees regard acting in a lawful, ethical and responsible way as a fundamental and essential part of its corporate and social responsibility. Breaches of law and ethics harm the reputation of the firm. They affect the way the general public perceive BayernLB and influence the attitude of customers, owners, business and service partners. An absence of trust in the integrity and reliability of BayernLB would remove the most important basis of sustainable business success.

BayernLB's duties extend far beyond simply observing rules. All employees have to apply propriety and judgment to maintain a corporate culture that discharges our social responsibility and allows us to move ahead in a sustainable manner.

Code of Conduct

The BayernLB Code of Conduct, formulated in 2011 and updated regularly, is intended to serve as a standard guideline in the daily activities. By following it rigorously, the Bank will be doing more than just treating each other fairly. It will also be contributing towards the most important objective – sustainable business success compatible with BayernLB's social responsibility.

The Code applies to all business areas of BayernLB, all employees, and the members of the Board of Management and Supervisory Board. All employees are under a duty to observe the Code and apply the principles to guide and check their actions.

Breaches of the Code will have consequences and may result in disciplinary action. The Code encompasses the major legal regulations and social requirements and describes how to apply these in an appropriate manner. The rules provided represent an essential minimum standard and do not replace more detailed internal instructions and procedures. They apply in dealings with colleagues, clients, suppliers, business partners, market participants, owners, the general public and government agencies. For example, the Code of Conduct stipulates that all employees comply

with prevailing legislation as a matter of course. Sustainability is important and social and environmental aspects are integrated into the Bank's products and attempt to actively contribute to a sustainable development. It also stipulates that the rights of employees are respected and BayernLB expects suppliers to provide fair employment conditions as well as saying no to exploitative (child) labour and forced labour.

Sustainability Policy

The Sustainability Policy (updated in 2016) summarises BayernLB's understanding of sustainability. It includes taking over responsibility, integrating social and environmental aspects in its products, actively communicating with its stakeholders, optimizing the in-house environmental management system, fair treatment and development of employees and corporate citizenship. It further states that BayernLB's goals are pursued in compliance with all legal regulations and with due regard for human rights, whereby BayernLB regards the relevant regulations as minimum requirements.

Guiding Principles for Transformation

With the Guiding Principles for Transformation (published in 2021) BayernLB has for the first time externally published its standards and guidelines, in particular its internal policies for especially sensitive industries and topics (armaments & weapons, coal, nuclear power, oil & gas, forest, food, gambling, offshore). In the Principles BayernLB takes a stand on important social challenges and formulates its understanding of itself and its values as well as general ethical, environmental and social standards; it specifically mentions BayernLB's commitment regarding the protection of human rights. The Bank thus concretises the normative requirements from the above-mentioned publications.

Specifications Regarding Supply Chain and Financing Transactions

In the context of the Act the following specifications are of significant importance:

Supply Chain: Sustainability Agreement

BayernLB's suppliers and external service providers are required to meet minimum environmental, ethical and social requirements. BayernLB bases its minimum social standards mainly on the Fundamental Principles of the United Nations' International Labour Organization (ILO).

The Sustainability Agreement describes the principles and standards BayernLB requires its suppliers and service providers as well as sub-suppliers and sub-service providers to comply with when procuring products or performing services; these relate to their responsibility towards humankind and the environment. BayernLB encourages its suppliers and service providers to sign up to the Sustainability Agreement, unless of course the supplier or service provider has their own principles and standards in place which are of a similar nature and comparable standard. BayernLB expects that its suppliers and service providers as well as sub-suppliers and sub-service providers in no way support or facilitate forced labour and requires that they make genuine efforts to comply with the requirements and that they pass these on to their own suppliers.

BayernLB considers compliance with these standards to be an essential part of its contractual relationship with suppliers. Compliance with the Sustainability Agreement by suppliers is checked on a random basis annually by BayernLB by means of supplier audits. This is done on the basis of meaningful documents made available by business partners and searches in external databases, in particular the specialised external Reputational Risk database. Supplier discussions also take place, and, if necessary, companies are also visited.

Accordingly, serious violations of the standards in this agreement by a supplier constitute grounds for the extraordinary termination of all contractual relationships with that supplier. Prior to any such extraordinary termination, BayernLB will usually warn the supplier of the violation and set a deadline for remedial action – although in particularly severe cases, the warning does not have to be given. These termination rights exist even if a violation of the above standards is not directly related to the agreement between BayernLB and the supplier, and this provision does not limit BayernLB's other contractual rights.

The only exception which can be made is made for indispensable providers and monopolists i.e. airlines.

Financing Transactions: Equator Principles

In addition to the internal policies and guidelines (mentioned in the Guiding Principles for Transformation, see above) BayernLB takes the Equator Principles into account in all relevant financing. These are based on the environmental standards of the World Bank and the social standards of the International Finance Corporation, a subsidiary of the World Bank. The Equator Principles define extensive requirements for environmental protection and compliance with labour and human rights, for example in large infrastructure projects. They also contain criteria for the protection of indigenous peoples and for the inclusion and protection of the population affected by the projects, such as local communities. The assessment of the observance of those Principles is a basic principle of the due diligence in relevant financing transactions.

Further Steps

There is a strong Compliance culture within BayernLB and the dedicated Compliance department keep aware of developments in the area. In London Branch, Compliance and anti-financial crime training provided help to heighten awareness of slavery as a financial crime. Comprehensive financial crime policies and procedures are in place. No unpaid work is offered by London branch. Human Trafficking and the Modern Slavery Act training is available as part of the annual Continuous Professional Development programme of London Branch.

Finally, there is strong support for whistleblowers in BayernLB. Should any issues with regard to modern slavery and human trafficking come to light, there are a variety of channels in place to ensure the utmost protection of whistleblowers.

Compliance with the Modern Slavery Act

This Statement has been duly considered by BayernLB and is reflected in the BayernLB Sustainability Report published on the BayernLB website.

BayernLB affirms its commitment to taking steps to ensure that slavery and human trafficking are not taking place in its business or supply chains.

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