

Policy statement by Norddeutsche Landesbank Girozentrale on the Supply Chain Due Diligence Act (LkSG)

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1 Introduction

This is the policy statement of Norddeutsche Landesbank - Girozentrale - ("NORD/LB") on the Supply Chain Due Diligence Act ("LkSG"). In this declaration, NORD/LB sets out its actions with regard to human rights. It applies to NORD/LB's own business operations in Germany and abroad and to its suppliers and service providers. NORD/LB's own business operations include its domestic and foreign locations and those Group companies over which it exercises a decisive influence.

2 Business model

With total assets of €113 billion, NORD/LB is one of Germany's leading commercial banks. Its core business areas include structured financing in the energy and infrastructure sector, aircraft financing, corporate customer business, real estate banking customers, capital market business and private and business customers. The bank is based in Hanover, Braunschweig and Magdeburg. NORD/LB also has branches in Düsseldorf, Hamburg, Munich and Schwerin.

Outside Germany, NORD/LB is represented by a covered bond bank (NORD/LB Luxembourg SA Covered Bond Bank) in Luxembourg and by branches in London, New York and Singapore.

In Schwerin, NORD/LB is primarily active in corporate customer business as an association partner of the savings banks in Mecklenburg-Vorpommern.

3 Importance of human rights and the environment

NORD/LB's understanding and its human rights and environmental due diligence processes are based on the LkSG and the conventions listed in its annex, in particular

- The International Bill of Human Rights, i.e. the United Nations Universal Declaration of Human Rights as well as the Civil and Social Covenants, which define the civil, political and social rights to which all people are entitled for the sake of their dignity.
- The core labour standards of the International Labour Organization (ILO) with their four basic principles on freedom of association and the right to collective bargaining, the elimination of forced and child labour and the prohibition of discrimination in respect of employment and occupation.
- International regulations to ensure occupational health and safety in the workplace

NORD/LB expects its employees to comply with the principles and values of NORD/LB.

Similarly, NORD/LB supports its employees in taking all reasonable measures to prevent NORD/LB from being involved in or contributing to human rights abuses or the violation of environmental obligations in its operations, services or business relationships. All employees can expect to be protected from human rights violations by NORD/LB.

4 Realisation

NORD/LB is aware of its corporate responsibility to respect human rights.

As a signatory to the UN Global Compact, NORD/LB is expressly committed to implementing the ten internationally recognised principles of the UN Global Compact on the aspects of human rights and working conditions as well as environmental protection and corruption in its sphere of influence:

- respects and supports international human rights.
- ensures that it is not complicit in human rights violations.
- freedom of association and the right to collective bargaining.
- advocates the abolition of all forms of forced labour.
- for the abolition of child labour.
- advocates the abolition of discrimination in employment or occupation.
- follows the precautionary principle in dealing with environmental problems.
- promotes greater environmental awareness.
- promotes the development and dissemination of environmentally friendly technologies.
- stands up against all forms of corruption, including extortion and bribery.

NORD/LB has joined the United Nations Environment Programme Finance Initiative (UNEP FI). Through this initiative, NORD/LB supports the integration of sustainability aspects into the services of the financial sector.

In addition to applying the applicable laws and regulatory requirements, NORD/LB is guided by leading international and national standards and incorporates these into its actions, in particular:

- Universal Declaration of Human Rights
- International Covenant on Economic, Social and Cultural Rights
- International Covenant on Civil and Political Rights
- Core labour standards of the ILO (International Labour Organization)
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Supply Chain Due Diligence Act

NORD/LB implements respect for human rights with an internal guideline on dealing with human rights, preventing or minimising risks to human rights and preventing, ending or minimising the extent of human rights violations.

To achieve this goal, NORD/LB has implemented appropriate measures in its own business area and in its procurement processes. Our own employees and the employees of our service providers and suppliers are at the centre of every measure. NORD/LB is particularly concerned to include and consider the interests of those potentially affected in all areas.

By applying the guideline, NORD/LB:

- Securing structures and responsibilities
- take into account the importance of human rights requirements for employees, market partners and society in its business activities,
- provide guidance to employees and market partners with regard to potential human rights violations,

- further develop processes for creating transparency, assessing, analysing and monitoring potential human rights violations, and
- ensure that human rights aspects are taken into account in complaints management.

By systematically taking human rights and labour standards into account in its business activities, NORD/LB aims to actively promote the sustainable development of the economy and society in its sphere of influence, primarily in the areas of

- Respect for the human rights of our own employees,
- Avoidance of human rights violations through its business relationships with customers,
- Avoidance of human rights violations through its direct business relationships with service providers and suppliers.

Accordingly, human rights and the protection of the environment are also integrated into NORD/LB's Code of Conduct.

5 Fulfilment of the statutory duties of care

NORD/LB has established a risk management system for human rights in its own business area and in the supply chain. Risk management is divided into the sub-processes of risk analysis, preventive measures, complaints procedures, remedial measures, effectiveness testing, documentation and reporting. The Managing Board is informed about risk management at least once a year.

NORD/LB has therefore established human rights and environmental due diligence processes as an integral part of its organisation and in its relationships with our business partners, for example by appointing a human rights officer.

The implementation of human rights and environmental due diligence obligations in line with changing contextual conditions, the type of business activity and the size and structure of the company is a continuous process and is constantly reviewed and further developed in the form of risk analyses.

The results of the analysis of human rights and environmental risks and impacts are incorporated into the corporate decision-making processes with regard to supplier selection and business partner management. The risk analysis forms the basis for identifying appropriate measures. In addition, NORD/LB uses the results as a basis for creating and, where necessary, adapting internal regulations, processes and training in order to take account of the changing requirements for corporate due diligence processes.

NORD/LB expects employees in its own business division and its service providers and suppliers to protect human rights and the environment as required by the LkSG and described in detail therein. NORD/LB also expects its service providers and suppliers to address this expectation appropriately along the supply chain.

5.1 Carrying out risk analyses

NORD/LB carries out risk analyses for its own business division and suppliers once a year and on an ad-hoc basis.

As part of an abstract risk analysis, potential human rights and environmental risks are first identified on the basis of defined risk factors. These are essentially sector and country risks. Once a relevant risk has been identified, the next step is to carry out a specific risk analysis in relation to the business relationship and business object, taking into account the appropriateness criteria.

5.2 Prevention measures in our own business division

If NORD/LB identifies a relevant risk in its own business area on the basis of the completed risk analysis, it will immediately take appropriate preventive measures, in particular

- the implementation of the human rights strategy set out in the declaration in the relevant business processes,
- the development and implementation of suitable procurement strategies and purchasing practices to avoid or minimise identified risks,
- organising training courses in the relevant areas,
- the implementation of risk-based control measures to verify compliance with the human rights strategy contained in the Declaration of Principles in its own business area.

5.3 Preventive measures vis-à-vis suppliers

If NORD/LB identifies a relevant risk at a direct supplier on the basis of the completed risk analysis, it will immediately take appropriate preventive measures, in particular

- the consideration of NORD/LB's human rights and environmental expectations when selecting a direct supplier,
- Obtaining contractual assurances from a direct supplier that it complies with NORD/LB's human rights and environmental requirements and addresses them appropriately along the supply chain,
- the agreement of appropriate contractual control mechanisms and the implementation of training and further education to enforce the contractual assurances of the direct supplier,
- the implementation of ad-hoc control measures on the basis of the agreed control mechanisms with which compliance with the human rights strategy at the direct supplier is checked.

5.4 Remedial measures

In the event that NORD/LB identifies an existing or imminent violation of a human rights or environmental obligation in its own business area or at a direct supplier, appropriate remedial measures are taken immediately to prevent, end or minimise the extent of such a violation, taking into account the statutory due diligence obligations. With regard to the direct supplier, the specific remedial measures to be taken are determined on a case-by-case basis. Remedial measures may lead to the temporary suspension or cancellation of the business relationship.

5.5 Due diligence obligations towards indirect suppliers

If NORD/LB obtains substantiated knowledge of the possible violation of a human rights or environmental obligation by indirect suppliers, the following measures in particular are taken as appropriate and taking into account the statutory due diligence obligations:

- Carrying out a risk analysis,
- Establishment of appropriate preventive measures vis-à-vis the polluter, such as the implementation of control measures, support in the prevention and avoidance of a risk or the implementation of industry-specific or cross-industry initiatives to which the company has signed up
- Creation and implementation of concepts to prevent, end or minimise the violation of a human rights or environmental obligation and
- updating this policy statement as necessary.

5.6 Complaints procedure

NORD/LB has set up a complaints procedure in order to learn of human rights and environmental risks or violations that have already occurred at an early stage and to be able to offer support and remedy the situation in good time. Via this complaints procedure, which can be accessed via the NORD/LB website - <https://www.nordlb.com/legal-notice/submitting-a-note/complaint-to-nord/lb> - individuals can submit written information to the office responsible for receiving complaints within NORD/LB.

A corresponding procedural regulation with a description of how to deal with complaints is published in the same place.

5.7 Documentation and reporting

NORD/LB continuously documents the measures taken as part of risk management. Based on the risk analyses carried out, an annual report is prepared which is submitted to the responsible supervisory authority, the Federal Office of Economics and Export Control, and made available to the public on NORD/LB's website.

5.8 Effectiveness control

NORD/LB reviews the effectiveness of the preventive measures, the remedial measures and the complaints procedure once a year and on an ad-hoc basis.

6 Results of the risk analysis

The risk analysis for suppliers reveals only abstract risks in some cases, which result from industry risks combined with country risks and represent ancillary services in relation to the Bank's products

and services. The completed risk analysis for the Bank's own business division does not give rise to any specific risks in relation to the Bank's own employees.

7 Continuous further development

This declaration is subject to continuous further development. This includes, among other things, the presentation of the results of future risk analyses and any measures based on them.

Hanover, 5 December 2023

The Managing Board

8 Attachment

Companies over which NORD/LB exercises significant influence

- NORD/FM Norddeutsche Facility-Management GmbH, Hans-Böckler-Allee 1, 30173 Hanover, Germany
- NORD/LB Leasing GmbH, Markt 12, 26122 Oldenburg
- NORD/LB Luxembourg SA Covered Bond Bank, 7 Rue Lou Hemmer, 1748 Findel Niederaanven, Luxembourg
- KreditServices Nord GmbH, Friedrich-Wilhelm-Platz, 38100 Braunschweig
- Finpair GmbH, Friedrichswall 10, 30159 Hanover
- Caplantic, Adenauerallee 10, 30175 Hanover