

Introduction

This statement is prepared in accordance with the requirements of the transparency in supply chains provision of the Modern Slavery Act 2015 and the UK Governments subsequent updated guidance (2017) and is in respect of the financial year ending 31st December 2018.

In order to make the report easier to read, we have used only the male form.

NORD/LB at a glance

Norddeutsche Landesbank – Girozentrale – is convinced that many aspects of global change result in opportunities and risks for its customers and will therefore also affect its business activities. Conversely, however, NORD/LB's business activities as a bank and as a company also have an impact on the environment, society and human rights. NORD/LB's business model and the application thereof help keep the potential risk of NORD/LB's involvement in forced labour, human trafficking, child labour or other inhuman circumstances relatively low. NORD/LB has taken various measures in order to further minimise this already very low risk potential.

NORD/LB is an active participant in the UN Global Compact, acknowledges the ten internationally recognised principles in the fields of human rights, employment conditions, protecting the environment and corruption, and takes them into account in its business activities. For NORD/LB, this is a key element of its responsibility as a financial services provider for its customers and employees, and as a "corporate citizen" for society.

Just as sustainability is a matter of mindset for NORD/LB, the bank is involved in social projects, and contributes its business expertise and profile to the discourse within society. In implementing a sustainable and socially aware approach to business, NORD/LB urges its suppliers and service providers to act with the same environmental and social principles and standards.

Scope

This statement applies to all of NORD/LB's business activities and the associated relationships with third parties.

Business model

NORD/LB is a public-law institution with legal capacity and registered offices in Hanover, Brunswick and Magdeburg. Its head office is located in Hanover. NORD/LB's owners are the federal states of Lower Saxony and Saxony-Anhalt, the Savings Banks Association of Lower Saxony (Sparkassenverband Niedersachsen), the Holding Association of the Savings Banks of Saxony-Anhalt (Sparkassenbeteiligungsverband Sachsen-Anhalt) and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern). NORD/LB operates in the business segments of private and commercial customers, corporate customers, markets, savings bank and network customers, energy and infrastructure customers, ship customers, aircraft customers and real estate banking customers.

NORD/LB had 5,163 employees at the end of 2018.

Principles and policies

NORD/LB sees itself as part of society, and as such believes it is important to guard against criminal activities by doing its utmost to prevent them from occurring in the first place and by living up to the trust placed in it by its employees, customers and business partners through its own ethically, morally and legally compliant conduct, and to maintain and strengthen this trust. This also involves compliance with regulatory requirements, legally compliant conduct and a zero-tolerance policy towards bribery, corruption and preferential treatment.

A top-down commitment starting from the highest level of the bank ensures that employees have a clearly defined scope for action. This reduces the risk that employees unknowingly act to the detriment of the bank or place themselves in danger of violating laws or regulations. To that end, the managing board of NORD/LB imposed the obligation to be "100 per cent compliant" on employees, and they have underscored this requirement by establishing a Corporate Compliance Policy. Principle 10 of the UN Global Compact also requires its signatories (including NORD/LB) to work against all forms of corruption, including extortion and bribery.

NORD/LB's Code of Conduct serves as a standard guideline for daily activities and fair coexistence. It contains clear standards for avoiding corruption, bribery and preferential treatment. Supplemental internal guidelines describe the permissibility of accepting or giving invitations and gifts as well as the requirements for the reimbursement of expenses for entertainment and gifts. NORD/LB does not tolerate corruption or bribery in its business activities.

NORD/LB also endeavours to work with customers whose business practices exhibit a high degree of governance and responsibility, and has policies and procedures in place for selecting and assessing the bank's customers.

Through its "Guideline on Human Rights and Labour Standards", NORD/LB complies with Principles 1-6 of the UN Global Compact on the consideration of human rights and labour standards. By applying this guideline, NORD/LB provides its employees and partners in the market guidance with respect to potential human rights violations, as well as processes for establishing transparency and for evaluating, analysing, monitoring and incorporating human rights aspects in complaints management.

NORD/LB has excluded the following transactions entirely on account of its policies and the negative effects on human rights:

- Companies involved in the manufacture, trade, transport, storage or repair of the following arms, in defiance of international treaties: In particular, these include:
 - Biological weapons
 - Chemical weapons
 - Anti-personnel mines
 - Cluster bombs and cluster munitions
 - Uranium-based munitions
 - Weapons that have a particularly capacity to cause injury and damage among the civilian population
- Business relationships with companies that produce and trade in pornography as well as companies associated with that sector.

Employees

The bank does not tolerate any human rights violations in the way it deals with its workforce.

NORD/LB also uses its HR policies and processes to take further precautions against the violation of its employees' human rights. These precautions include the following measures:

- Fostering a culture of diversity that offers equal opportunities for all;
- Providing and maintaining a safe and healthy work environment;
- Recognising employees' right to associate and collectively negotiate;
- Equal, fair and competitive pay that is appropriate to the function or task in question;
- Promoting work-life-balance through family-friendly arrangements;
- Employee surveys on the subject of "The importance of sustainability at NORD/LB as an employer", including on human rights.

NORD/LB has set up a whistleblower system to help combat criminal and illegal acts. To that end, among other things an external ombudsman has been engaged who is responsible for NORD/LB and whom all employees may contact confidentially and, if desired, anonymously. This ensures that whistleblowers do not need to fear any repercussions, even if their suspicions prove to be unfounded.

In appointing an ombudsman, NORD/LB is complying with the guidelines set out in the German Corporate Governance Code. This role is performed by a lawyer who acts as a mediator between the bank and the whistleblower. The ombudsman can also advise the whistleblower regarding problems, and provide help and advice on the discontinuation of criminal behaviour. He has a duty to maintain lawyer-client confidentiality and the right to refuse to give evidence.

Suppliers and service providers

As part of its procurement management activities, NORD/LB expects its potential business partners to adhere to the ten principles of the UN Global Compact, and also makes this expectation a prerequisite for the business relationships between its business partners and their upstream suppliers and service providers.

As part of its contracts with service providers and suppliers, NORD/LB uses a group-wide provision (the "Sustainability Clause") with which it requires its business partners and all upstream suppliers and service providers involved in a particular contractual relationship to commit to the principle of sustainable development. What this means with respect to human rights is compliance with all statutory norms and international standards for basic and human rights and workplace safety, as well as all regulations pertaining to all forms of discrimination (General Act on Equal Treatment, *Allgemeines Gleichbehandlungsgesetz* or AGG).

Training

Upon joining NORD/LB, all new employees are trained in the most important topics. Furthermore NORD/LB's Corporate Compliance Policy requires the planning and performance of target group-specific employee training or the provision of support for operational areas to conduct their own training. The aim is to increase employees' understanding of compliance-related topics and thus improve awareness of these topics in their day-to-day activities, while simultaneously enabling employees to act in compliance with the law.

The aim of NORD/LB's diversity work is also based on ensuring discrimination-free operations, i.e. that customers, employees, suppliers and other business partners do not enjoy any advantages or suffer any disadvantages.

NORD/LB always provides training based on need. For this reason, a distinction is made between legally required training, target group-specific training and ad-hoc measures. All NORD/LB employees and members of managing board must attend the training required by law. NORD/LB guards against discrimination by appointing a dedicated AGG Officer as well as by regularly conducting AGG WBT.

Approval

This statement, which will be reviewed annually and updated as required, was approved by the managing board of NORD/LB at its session held on 28th May 2019.



Thomas Bürkle
CEO



Dr. Hinrich Holm
Member of the Managing Board