Statement by SüdFactoring GmbH on the UK Modern Slavery Act.

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.

SüdFactoring

- SüdFactoring is the oldest factoring company owned by German shareholders which is independent of any vendor ties. With a yearly turnover in 2018 of 11 billion Euros we belong to the five largest factoring companies in Germany.
- Our core activities are focused on tailor-made full-service factoring, inhouse factoring (both silent and on notification) and section factoring.
- As a fully owned subsidiary of Landesbank Baden Württemberg (LBBW) we represent stability, solidity and security in terms of finance. Our customers can rely on these values.

Sustainability

SüdFactoring as a part of the LBBW Group aims to consistently contribute to sustainable and balanced economic, environmental, and social development. For this purpose, the LBBW Group has adopted a comprehensive sustainability policy, setting out a framework for all business activities. The sustainability policy is further solidified by the "Principles and Guidelines for Implementing the LBBW Sustainability Policy and Goals." It includes general principles such as compliance, human rights principles and biodiversity principles, along with the LBBW climate strategy as a basis for orientation.

For more information, see www.LBBW.de / Nachhaltigkeit.

LBBW Group has also 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 www.LBBW.de / Rechtliche Hinweise / Code of Conduct.
LBBW Group—Compliance with obligations under the Modern Slavery Act.

Our activities to promote and protect human rights include:

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| Company policy                                  | To enforce its sustainability policy and sustainability goals, LBBW has defined principles and guidelines as a basis for orientation applicable to the LBBW Group. Our commitment to the protection of human rights states, "As part of the international community, we are committed to the United Nations’ Universal Declaration of Human Rights. [...]"
See also [www.LBBW.de/Übergreifende Prinzipien - Menschenrechte](http://www.LBBW.de/Übergreifende Prinzipien - Menschenrechte). |
| Supply chain                                    | Südfactoring applies the unified purchasing and binding Bank-wide standards enable 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. Firstly, this enables us to guarantee that the manufacture and use of products at LBBW Group meets the highest sustainability standards possible. Secondly, it allows us to promote environmentally and socially aware policies and business practices by our business partners. The criteria specified in the LBBW "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. |
| Customer relationships                          | The Guidelines for Financing of the LBBW Group 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 value-added." See also: [www.LBBW.de/Leitplanken-Kreditgeschäft](http://www.LBBW.de/Leitplanken-Kreditgeschäft). |
| Audit processes relating to reputation and sustainability risks | 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 and also in Südfactoring rejecting such transactions or terminating business relationships. A key activity in this regard is the audit process for industry/country risks based on the industry/country matrix. This review entails researching how companies in industries considered particularly relevant in this regard (wood/paper, mining, crude oil/natural gas, and bioenergy) in certain countries deal with industry-specific sustainability issues. See the 2016 Sustainability Report [www.LBBW.de/Nachhaltigkeitsbericht_2016](http://www.LBBW.de/Nachhaltigkeitsbericht_2016). |
| Treatment of our employees                      | Co-determination at LBBW Group is based on the State Employee Representation Act for Baden-Württemberg. Staff meetings are held regularly. Employees have the right to exercise the freedom of association and assembly throughout the Group. See the 2016 Sustainability Report [www.LBBW.de/Nachhaltigkeitsbericht_2016](http://www.LBBW.de/Nachhaltigkeitsbericht_2016). |
| Training                                        | The e-learning tool "Fraud prevention and sustainability" and the tool for implementing the General Equal Treatment Act must be completed by all employees of the LBBW Group. The e-learning tools include human rights issues. |

Our company's actions follow the principles of responsible, transparent corporate governance. Our sustainability policy plays a key role in this regard and is the foundation for long-term financial success and the trust of our clients, business partners, investors, employees, and the financial markets.

This statement is made pursuant to Section 54 (1) of the Modern Slavery Act 2015 for the 2018 financial year, and was approved by the Board of Managing Directors on July 30, 2019.

Stefan Lechner  
Thomas Rebentisch  
Guido Feldhaus  
Management Board Südfactoring GmbH