

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 2019 of 13.2 billion Euros we are one of the 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. Alongside business focus, digitalization and agility, sustainability is one of LBBW's four strategic levers. The 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/sustainability.

Our company's actions follow the principles of responsible, transparent corporate governance. For this purpose, LBBW Group 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 www.LBBW.de/code-of-conduct-e.

LBBW Group-Compliance with obligations under the Modern Slavery Act.

Our activities to promote and protect human rights include:

Topic	Description
Company policy	
Commitment to the protection of human rights	To enforce its sustainability policy and sustainability goals, LBBW Group has defined principles and guidelines as a basis for orientation. Our commitment to the protection of human rights is described here as follows, "As part of the international community, we are committed to the United Nations' Universal Declaration of Human Rights. [...]." See also Sustainability Report 2018, page 15.
Supply chain	
Supplier registration	Activities with our suppliers are based on supplier registration. In order to be an approved supplier of LBBW Group, among other things questions about sustainability issues must be answered on LBBW Group's supplier portal (www.LBBW.de/Lieferantenregistrierung). The questions pertain to such topics as environmental and social management systems. Every supplier is additionally required to acknowledge the "Sustainability Agreement for LBBW Suppliers" when registering with LBBW Group and sign it when entering into a contract. This agreement compels our suppliers to comply with what we consider to be essential environmental and social criteria. Any supplier violating the social 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 Group. 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 2018, page 54.
Central purchasing	Centrally organized purchasing operations and Group-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. 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 "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 2018, page 54.
Customer relationships	
Guidelines for Financing	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 also additional social value." See also Sustainability Report 2018, page 16.
Audit processes relating to reputation and sustainability risks	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 Group rejecting such transactions or terminating business relationship. A key activity in this regard is the audit process for industry/ country risks based on the industry/country matrix. For the identification, analysis and evaluation of possible sustainability risks in international financing projects, 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 also Sustainability Report 2018, page 85 et seq.
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." See also: www.LBBW.de/Leitlinien-Privatkundenberatung
Our relationship with employees	
Codetermination and committee for disabled persons	Codetermination 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. LBBW employees who hold severely disabled status are advised and represented by the General Representative Body for the Severely Disabled (GSBV – Gesamtschwerbehindertenvertretung) and five regional representative bodies for the severely disabled. See also Sustainability Report 2018, page 117 and 119 et seq.
Diversity	A diversity officer is assigned to supervise and support diversity and equal opportunity efforts at LBBW Group. According to a "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 2018, page 114.
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. See also Sustainability Report 2018, pages 56 and 114.

This statement is made pursuant to Section 54 (1) of the Modern Slavery Act 2015 for the 2019 financial year, and was approved by the Board of Managing Directors on June 04, 2020.



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Management Board SüdFactoring GmbH