

LB  BW

Breaking new ground

Acting sustainably. Code of Conduct.

October 2021



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About this report



The Code of Conduct establishes standards of behavior and ethics for LBBW and its subsidiaries.

The Code of Conduct provides us with an overview of important regulations that help us with legal and ethical issues. It guides us in dealing with our customers, business partners, employees and society (the public) by laying out policies, principles, and values that govern the behavior of all employees throughout the Group.

The Code of Conduct applies to all divisions of LBBW, to the members of the Board of Managing Directors, as well as to employees at every level of LBBW and its subsidiaries worldwide. It is important that all of us put the Code into practice every day in order to live up to our high standards of responsible and lawful conduct. Honest and ethical conduct that sets an example for others must be perfectly natural for every one of us.

The Code cannot encompass every imaginable business-related occurrence and issue. Therefore, it is essential for us all to feel a commitment to both the words and the spirit of the Code, allowing ourselves to be guided by behavior that is not only legally permitted but also morally dictated. It is not a stand-alone legal rule but a not exhaustive collection of rules to be followed on the basis of existing legal sources from within and without LBBW (e.g. laws, directives, work instructions, labor contracts, etc.).

The Code is not only important because it contains legal references, but it also has serious economic impact. Over the long term, LBBW will be competitive only if it fulfills its responsibility to its customers, shareholders, competitors, business associates, supervisory authorities and, not least of all, to its own employees.

We promote an open, trusting and transparent "risk culture". We define the term "risk culture" as the totality of standards, attitudes, and behaviors at LBBW that relate equally to risk awareness, risk appetite, risk management and controls.

We attach great importance to transparency. We want to learn from mistakes; improvements are openly discussed and implemented. Recognizing errors in good time and acknowledging them is an important requirement for this. Proper conduct in our everyday work is ensured by the ensured by considering/following of risk principles and our Code of Conduct. This has a positive impact on our risk culture. Both our long-term business success and our competitive focus are based on trust, reliability, and integrity. Therefore, the values set forth in this Code and the unconditional compliance with all statutory provisions create the foundations of sustainable corporate governance. It is the duty of each and every one of us to hold up these values. In terms of content LBBW is very closely aligned with the spirit of the German Corporate Governance Code (GCGC). The GCGC is a set of essential regulations governing the management and monitoring of German listed companies and contains recommendations on good corporate governance. We follow the standards established in the Public Corporate Governance Code of the State of Baden-Württemberg.

Foreword by the Chairman of the Board of Management

The Code of Conduct serves as a guide to our employees by establishing standards of proper behavior.

Rainer Neske,
Chairman of the Board of Managing Directors
of Landesbank Baden-Württemberg



Dear colleagues,

The banking industry and society are undergoing a period of rapid change and extreme uncertainty. We need to be adaptable and innovative in order to hold our ground in this competitive environment and fulfill our demands of process excellence and quality.

That is why agility is one of our bank's strategic thrusts. At the same time, however, we have to comply with a multitude of laws, rules, and regulatory requirements. Moreover, society expects us to adhere to basic values and standards.

With the tension created by these goals, the Code of Conduct serves an important purpose. It serves as a guide to our employees by establishing standards of proper behavior and helps them deal with conflicts of interest. Thus, the Code of Conduct enables us to remain agile by laying boundaries within which each employee can act responsibly on his or her own. That is because we desire to work non-bureaucratic – but obey the law. We desire to fulfill our customers' requirements – but do so properly. We want to manage risks – and we do so responsibly. We desire to do business – but not at any cost.

This requires that we consider our values and our attitude – a prerequisite for dealing with risks. The »three lines of defense« model is designed to serve this purpose. It divides the corporate functions into three separate lines of defense and thus forms the basis for systematic risk management. At LBBW, this model provides us with clear responsibilities and accountability.

The Code of Conduct provides us with highly practical assistance for doing that by outlining our bank's most important principles in a form that is well organized, clear and understandable. In this way, it condenses the barely comprehensible and extremely complex rules and regulations into proportions that we can work with on a daily basis.

Therefore, please familiarize yourself with our updated and expanded Code of Conduct on the following pages, and follow it in your daily work. In doing so, you will be safeguarding our bank, our customers, and – not least of all – yourself.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Rainer Neske". The signature is written in a cursive style with a large initial "R" and "N".

Rainer Neske
Chairman of the Board of Managing Directors of Landesbank Baden-Württemberg

01

Integrity and Responsibility

»To be a man is, precisely, to be responsible.«

Antoine de Saint-Exupéry

Integrity

»We believe in the rule of law.«

This is the basis for working together in a spirit of trust and partnership.

Conduct with integrity is the basic prerequisite for cooperation based on trust and partnership. We obey applicable laws and internal company regulations, thus protecting the company and ourselves from damage or loss. LBBW trains and encourages its employees to act responsibly and in accordance with existing statutory regulations, instructions, directives, legal frameworks, and local requirements. Employees who have any questions or concerns about ethical conduct may contact the group compliance¹ and/or human resources divisions.

Violations of applicable law can cause serious damage: fines, claims for compensation, sanctions, and a tarnished reputation. That goes for LBBW worldwide as well as for all our employees.

Employees who commit a violation or breach of their contractual obligations should expect consequences, including disciplinary action.

We remain aware of possible consequences for LBBW when conducting ourselves outside our duties for LBBW. This is because certain rules, such as confidentiality obligations, do not end when we leave the office, but also because of activities on social media and other statements made on the Internet.

¹In this case, Group Compliance or the corresponding compliance unit in your company or branch is always meant.

Respect and Tolerance

»We protect human rights and behave in a manner that shows tolerance, fairness, and respect.«

Respect, tolerance and equal opportunities characterize the standards for the working environment at LBBW. LBBW recognizes the United Nations' Universal Declaration of Human Rights as applicable to all people around the world and expects its contract partners to do the same.

As a signatory to the United Nations' Global Compact², LBBW supports the protection of international human rights and ensures that we are not complicit in human rights violations.

Special significance is given to protecting universal human rights as well as safeguarding the fundamental rights of labor (ILO Core Labor Standards³). We will regularly report on measures being taken by us to prevent forced labor, slavery, and human trafficking within our company and our supply chain.⁴

By doing so, we will ensure responsible and just corporate governance around the world.

We also expect our customers and business partners to adhere to the above values named. Any form of discrimination or bias within LBBW or in relations with employees, customers, business partners, suppliers, or other individuals will not be accepted. In particular, this applies to discrimination or bias based on race, gender, origin, age, religion, disability, marital status, sexual orientation, or citizenship.

We do not tolerate any subversive statements or efforts of organizations that do not respect the above named values. We refuse to work with such organizations or groups of individuals.

²https://www.globalcompact.de/de/ueber-uns/dgcn-ungc.php?navid=539859539859#anchor_13c756dc_Accordion-1-Menschenrechte

³ <http://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.html>

⁴ Cf. »UK Modern Slavery Act 2015«, <http://services.parliament.uk/bills/2014-15/modernslavery.html>

Dealing with employees

»We treat one another with respect and appreciation.«

We show regard for the rights and interests of employees.

Our cooperation should be characterized by mutual respect and appreciation. We succeed in this when we show consideration for one another.

We appreciate and acknowledge the right of all employees to be actively represented by an employee representative body, such as the Staff Council or a representative for disabled employees. Trustworthy and fair conduct is the basis of constructive teamwork.

LBBW also offers its employees various options, flexible work hours and child care, for example, for achieving a work-life balance.

Our executives give us guidance and security by setting the example through their conduct.

They encourage us to think, act, and make decisions on our own.

Together, we set clear, ambitious, and realistic goals. We communicate openly and honestly.

We treat one another with fairness and as partners – even during conflicts.

We must all work together to create a friendly work environment.

Dealing with Conflicts of Interest

»We place value on dealing with conflicting interests openly.«

Conflicts of interest can occur in numerous situations related to the banking business. Within LBBW, the appropriate means of handling them is by taking organizational precautions.

By dealing with conflicting interests properly, we protect our customers and our reputation, but we also safe-guard LBBW's assets, both tangible and intangible.

Should it not be possible to avoid conflicts of interest, we disclose them and ensure they are dealt with responsibility and appropriateness in the interest of our customers and employees.

Dealing with Customers and Business Partners

»We bear responsibility for our customers – worldwide.«

We work with our customers and business partners honestly, appreciatively, and respectfully, and we naturally expect the same in return.

We do not enter into business relationships with partners who obviously violate laws or international conventions, conceal their true identity or ownership structure, engage in money laundering, or fund terrorism.

Anti-Corruption

»We do not tolerate corrupt or unprofessional behavior and consistently reject any and all forms of bribery.«

Our desire is to impress and achieve success through first-rate quality and value in our services – never by using unfair means.

In our company, we tolerate neither the giving nor the taking of bribes. Even the appearance of corruption must be avoided under any circumstances.

In its business activities, LBBW does not accept any actions that conflict with the principles of tax compliance and fair taxation.

We want to make appropriate business decisions at all times.

None of us is permitted to take advantage of the company's connections for his or her own benefit or the benefit of others. In questionable or uncertain situations, we immediately contact our supervisors or the compliance division.

Fraud Prevention, Money Laundering, Financial Sanctions, and Embargoes

»We want to fulfill our ambition of acting properly and dutifully at all times.«

We do not tolerate any kind of criminal acts that may lead to the endangerment of the Institute's assets. We consistently avoid violations of financial sanctions and embargo regulations, and we at all times adhere to all requirements that both protect us as employees and LBBW from negative consequences. Acting with honesty must be natural for us all.

We report suspected cases of money laundering and other criminal acts to the Central Unit of the compliance division, which investigates them diligently and systematically.

We prevent the exploitation of the financial system for purposes of money laundering and terrorism financing by always acting lawfully, dutifully, and properly.

Individuals violating these obligations may be subject to criminal prosecution as well as civil and disciplinary action.

Inducements, Gifts, and Invitations

»We make business decisions objectively and independently.«

Gifts and other inducements that influence or even appear to influence proper business decisions must not be accepted by us or third parties we have hired. Conversely, we do not promise or grant such gifts or inducements to third parties.

In situations involving a conflict, we must always ask ourselves whether a benefit, gift, or invitation comes with obligations and what consequences accepting the benefit will have.

We observe the internal rules on accepting and giving inducements and gifts and contact the compliance division if we have any concerns.

As a matter of principle, LBBW does not make donations to political parties, politicians or governments.

Antitrust Law and Competition Law

»We pursue our business objectives fair considering the legal framework set.«

Our declared aim is to prevent anti-competitive behavior by market participants towards other competitors and customers by not entering into anti-competitive agreements with market participants. For example, we do not enter into any agreements with competitors, either explicitly or implicitly, regarding prices, charges, fees, interest rates, commissions or other price components.

Participation in association meetings in which competitors also take part is not prohibited per se, but participation in such an association meeting increases the potential risk of an infringement of antitrust law. Therefore, we strictly adhere to the antitrust law provisions for dealing with the most important antitrust law principles, e.g. through strict documentation requirements.

Accounting and Financial Reporting

»We comply with the statutory regulations on proper bookkeeping and accounting.«

As an international commercial bank, we place extreme importance on the trust of our customers and business partners. Transparency, openness, and reliability are the basis of their confidence in our global activities.

We comply with legal standards of accounting and bookkeeping. By meeting the most current legal and regulatory requirements, we give the principles our full consideration.

Our accounting, financial reporting, and regulatory reporting are precise and compliant.

02

Trust

»Nothing can strengthen a person more than the trust placed in him.«

Paul Claudel

Data Protection

»We protect personal information.«

We give the highest priority to protecting the personal data of customers, employees, and business partners. We collect, process, and use personal information only to the extent allowed by laws, regulations, and our internal rules and policies. We comply with all data protection regulations and protect confidential information and documents.

The data protection officer acts independently and without instructions. His tasks result from the European General Data Protection Regulation (GDPR). Among other things, he is responsible for checking compliance with the GDPR and other data protection regulations and acts as a contact person for all data protection issues for customers and employees.

Information Protection

»We undertake to ensure the confidentiality of sensitive information at all times.«

We are obligated to maintain the secrecy of business and trade secrets as well as any other sensitive, non-public information entrusted to us as part of our business activities or to which we otherwise become privy.

We safeguard and respect the business and trade secrets of other companies and the intellectual property of our competitors and business partners, and use them only with their express permission or to the extent permitted by law.

In addition, we undertake to protect our intellectual property rights, such as patents and brands, as well as our know how.

Dealing with insider knowledge

»We reject all forms of insider trading.«

If we obtain specific, confidential, and non-public information about customers or LBBW, this information is subject to special secrecy and treated as strictly confidential.

The misuse of insider information is subject to prosecution. It is prohibited by law to sell, buy or recommend the purchase or sale of financial instruments using inside information.

Inside knowledge may not be exploited for personal interests, for the advantage of LBBW or for the benefit of third parties.

We commit to act in compliance with regulations and adhere to the principles of personal account dealings by employees by having all employees of LBBW sign a declaration of compliance at the start of their employment and observe its provisions.

Dealing with company property

»We handle company property carefully.«

We handle LBBW's property and assets with care.

Above all, this also includes taking care of work-related materials and equipment. We use them gently, always protecting them from theft or damage and following all internal rules.

03

Social Responsibility

»We are not only responsible for what we do, but also for what we do not do.«

Jean Baptiste Molière

Sustainability

»We think and act with the future in mind.«

Our goal is to consistently contribute to viable, economically, ecologically and socially responsible development within the scope of our banking business and to shape the future in a sustainable manner. Sustainability is therefore an integral part of our corporate strategy and business policies.

The sustainability policy and goals, as well as the associated principles and guidelines for their implementation, provide us with a binding framework for responsible action, thus creating the basis for sustainable corporate governance. In August 2019, LBBW became the first German universal bank to sign the Principles for Responsible Banking (PRB) – a new voluntary initiative for responsible banking.

We support our clients in the transformation towards more sustainable business models. Sustainability rules and ethical responsibility at LBBW are also guiding principles for evaluating business relationships and assessing and carrying out business transactions.

We offer our customers quality products and services. We add value to society with our sustainable products and services and support projects and initiatives in the fields of art and culture, education and training, and nature conservation and environmental education. Being economically successful also requires taking ecological action. We therefore aim to make our business as eco-friendly as possible while conserving resources. We work consistently to improve our environmental footprint, addressing both the ecological and the economic cost of resource consumption.



Health and occupational safety

»We promote the health of our employees and create a safe working environment.«

We are committed to the corporate goal of maintaining and, as far as possible, promoting the health of our workforce. Pursuing this goal is part of our leadership responsibility.

The company medical service and the social services unit, combined in the Health Management department, are the experts in implementing this goal. Under the leadership of the head company doctor, the Bank offers a wide range of opportunities to strengthen personal health individually and maintain it in the long term (behavioral prevention). In addition, LBBW supports the "Sport und Freizeitclub e.V."

Occupational health and occupational safety jointly follow the above-mentioned corporate objective. They are expressed in the form of strategic workplace safety objectives such as safe, ergonomic, and performance-enhancing design of workstations at LBBW (environmental improvements), consistent compliance with all workplace safety regulations within the company, and development or establishment of a corporate culture of prevention. We all make our own responsible contribution to both relationship and behavioral prevention.

Optimizing the conditions in the workplace is a key focus on the path toward reaching this ambitious goal. LBBW places extreme importance on ensuring workplace safety in accordance with the latest scientific knowledge by continuously improving its working environment.

04

Ensuring Compliance

»It is not enough to possess knowledge; one must also apply it.
It is not enough to want something; one must also take action.«

Johann Wolfgang von Goethe

Compliance Training

»We take part in regular training on the subjects of compliance and the Code of Conduct.«

To familiarize all its employees with the guidelines and principles laid out in the Code of Conduct and regularly remind them of those precepts, LBBW conducts compliance training on a recurring basis. The training provides information about the contents of the Code and the legal regulations to which they must adhere.

We commit ourselves to undergoing any compliance training deemed mandatory for us. Specially developed compliance training seminars using various media formats support compliance with the Code of Conduct.

The Code of Conduct is available to all employees in German and English.

Whistleblowing system

»Be vigilant. Ask. Speak up.«

We will achieve the goals of the Code of Conduct if we all participate. As employees, we are best placed to see what is actually happening in our environment.

Through the whistleblowing system we can provide information – anonymously or openly –about:

- irregularities, concerns, and unlawful conduct and criminal actions within LBBW (e.g., fraud, theft, bribery, embezzlement, money laundering, violations of antitrust or tax laws, insider trading, market abuse),
- breaches of legal requirements, and
- breaches of internal guidelines and instructions.

If we have any suspicions, we talk to our manager, internal audit or the contacts at Group Compliance. There is also the option of submitting confidential information (by name or anonymously) to Group Compliance or LBBW's external ombudsman⁵.

⁵Cf. p. 23 Ombudsman of LBBW

05

Up close

»Wir können den Wind nicht ändern, aber die Segel anders setzen.«

Aristoteles

Practical examples: By responding proactively to suspicions of serious misconduct, we can prevent harm from coming to the bank, the employees and our customers.



As a loan officer, you are presented with a businessperson's loan application for approval. The entrepreneur is a long-standing customer and has been served by your colleague for years. You have doubts about the businessperson's creditworthiness and talk to your colleague about it. He reassures you. Business with the customer has always been trouble-free. You have the impression that your colleague is under pressure from the customer. Upon further questioning, your colleague reacts with incomprehension and in an unfriendly manner.

How do you react?



You should contact the Central Office/Group Compliance unit, which is responsible for reporting irregular transactions.



Ms. X, an LBBW employee, forwards several documents – after they have been checked – for subsequent dis-patch to customers, to the colleague responsible for this, Mr. Z. After re-checking, Mr. Z inadvertently overlooks the separator sheets between the individual documents and thus sends several documents to one customer.

Has Mr. Z acted illegally by inadvertently sending the documents to one recipient?



Yes, this is a violation of the GDPR. Personal and confidential data has been sent to the wrong recipient. This means that a third party has obtained unauthorized knowledge of the financial circumstances of the customers. Mr. Z must immediately report the matter to Group Data Protection so that necessary measures can be jointly taken. The data protection supervisory authority may impose fines on the basis of the individual risk incurred by the person concerned



A long-standing customer became unemployed a few months ago. Now he receives a large sum of money by bank transfer, which is high for his financial circumstances. A few days later, he transfers most of the money to a foreign company.

Are there any suspicions of money laundering?



The external circumstances of this transaction suggest that it could involve an attempt at money laundering, e.g. the fact that part of the money may have been withheld as a commission. In addition, the amount of money received is very high, considering the financial circumstances of the customer. In cases of doubt, please contact Group Compliance.



As an employee of the Bank, Mr. X is representing LBBW at a specific business association or organization. At the meeting, a participant from a competitor submitted a statement on a topic that Mr. X considers being sensitive to antitrust law and that was not on the agenda. Mr. X stayed silent and continued to attend the meeting without protesting what he considered an antitrust law case and leaving the meeting after having his protest and departure noted in the minutes.

Mr. X, in the wake of the event, wonders how he should now deal with the issue of antitrust law?



Mr. X should promptly seek a discussion with Group Compliance and, if necessary, Legal to discuss the facts of the case and assess them from an antitrust perspective. Afterwards, if antitrust law relevance is confirmed, Mr. X should document the process, preferably in coordination with Group Compliance and Legal.

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Ms. X, a member of the bank's Board of Managing Directors, has access to an as-yet unpublished study by the bank on an Austrian pharmaceutical company. In the near future, the company will launch a new drug. The study therefore recommends buying the share.

Do you think it is right for Ms. X to buy shares in the pharmaceutical company for her securities account, in anticipation of the price increase?



No, she would be consciously exploiting her information advantage to gain an economic advantage for herself or others.

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As a customer advisor, you receive a box of exquisite red wine as a Christmas present by a long-standing business customer.

Are you allowed to accept this Christmas present?



As a matter of principle, caution is required here, as the acceptance of gifts can lead to conflicts of interest. You must adhere strictly to the internal guidelines on gifts. An accusation of acceptance of advantage may be made. In cases of doubt, please contact Group Compliance.

Contact persons

»We have the option to use our whistleblower system in order to fight wrongdoing and criminal conduct.«

Every one of us is obliged to protect the interests of the Bank and to take reasonable action to ward off imminent danger. Together, by responding proactively to suspicions of serious misconduct, we can prevent harm from coming to LBBW and its employees.

**The following contact persons are available:
Immediate supervisors**

Conduct Compliance Hotline

Phone +49 (0) 711 127-76667

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