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Policy

Policy on Respect for Human Rights in NLB d.d. and the NLB Group

Issue 1

Table of contents

1.	Introduction	3
2.	Scope of application of the document and persons/entities obliged to comply	3
3.	Principles and commitments	3
3.1.	Employee's relations	3
3.2.	Customer relations, banking products and services	5
3.3.	Suppliers	6
3.4.	Relations with other stakeholders	7
4.	Action, control and reporting	7
5.	Appointment of a Human Rights Custodian	7
6.	Transitional and final provisions	Error! Bookmark not defined.
7.	Reference documents	Error! Bookmark not defined.
8.	Statement about the alignment and approval of the internal document	Error! Bookmark not defined.

Chronology of amendments

Edition	Date	Description
1st edition	9 th Jan. 2023	Preparation of a policy based on a decision of the NLB Group Sustainability Committee

1. Introduction

This Policy contains the commitment of NLB d.d. and the NLB Group (hereinafter: NLB) to respect human rights in accordance with all the highest international standards, including but not limited to the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guidelines, Performance Standards 2,4,9 as per EBRD Environmental and Social Policy, and the OECD Guidelines. At the national level, expectations of economic operators are regulated by the National Action Plan of the Republic of Slovenia for the Respect of Human Rights in Business.

NLB also pays special attention to human rights in the context of the development of the Environmental and Social Factors/Risk Management System (ESMS), which aims to manage climate and/or environmental and social risks.

Human rights are inherent, inalienable, universal, indivisible and interrelated. They represent the minimum conditions that allow all people to maintain their dignity. Human rights belong to all of us, but in exercising them we must also respect the human rights of others. Respect for human rights is an indicator of the maturity of a social and business environment and is therefore an important element of social responsibility.

As a bank, NLB d.d. can make an important contribution to respect for human rights as a financial institution, as an employer, as a provider of banking products and services, and can be a driving force for progress and prosperity.

The aim of this Policy is to systematically monitor respect for human rights in all areas of the NLB Group and to prevent human rights abuses in the context of banking business.

2. Scope of application of the document and persons/entities obliged to comply

The Policy applies to all employees of NLB d.d. and all members of the NLB Group.

3. Principles and commitments

In accordance with the NLB Group Code of Conduct, all employees, external business partners, suppliers and clients of NLB d.d. and members of the NLB Group are expected to respect human rights, employee rights and the fundamental principles of conduct set out therein. We also assess respect for human rights when setting criteria in the context of our investment policy and take due care to consider the direct and indirect effects on respect for human rights in the countries where we are present, which all employees must respect.

The mechanism for the protection and respect of human rights must be taken into account in our business processes at the following levels:

3.1. Employee's relations

At NLB Group, we value our employees and want to be a good employer.

3

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NLB Group employees have **the right to a suitable and safe working environment**. We encourage the personal and professional growth and development of our employees.

To this end, we provide **equal opportunities** in terms of access to work and a safe working environment, to training and career development opportunities within the Bank and the NLB Group, and to promotion. The NLB Group Code of Conduct sets out the fundamental principles of conduct and behaviour of NLB Group employees, as well as expectations from business partners and other stakeholders. Through the Bank's core values, which support employee development, foster an entrepreneurial mindset, and improve lives, we set out the desired behaviours that guide us towards the expected fundamental principles of conduct within the NLB Group.

NLB d.d. strives to improve the **representation of under-represented gender in management positions**, which is monitored on an annual basis within the framework of the internal Policy on the provision of diversity of the management body and senior management in NLB d.d., and the gender pay gap is also monitored. These guidelines also apply to the NLB Group.

We ensure zero tolerance and **prohibition of any form of harassment** in order to ensure the dignity of employees and a work environment in which no employee is subjected to ill-treatment and sexual or other harassment by anyone performing duties at NLB. This area is carefully regulated at NLB d.d. by the Policy on Prevention of Harassment and Mobbing of Employees and the Rules on the Prevention of Harassment and Mobbing at Work. NLB d.d. appoints special officers for the prevention of harassment and mobbing (by the employer and by the workers' representatives), who also report annually or as necessary to the Bank's Management Board on the cases they have dealt with. The same principle and in accordance with local legislation also apply to the NLB Group.

NLB employees are guaranteed the **right to an effective complaint mechanism** in order to be able to express their opinions, complaints, observations at the workplace or at the Bank, where it is ensured that the concerns expressed are treated confidentially. In the Bank, employees can express their views through different channels (through the Works Council, through the Trade Union and through a dedicated anonymous e-mail address or as provided for by local regulation).

Furthermore, NLB Group ensures **equal opportunities for women and men**. This ensures equal treatment irrespective of gender. We do not restrict access to job vacancies on the basis of gender, nor do we require information from applicants or make employment conditional on marital or family status, pregnancy or family planning. As an employer, we are obliged to pay comparable remuneration to all workers, regardless of gender, for the same work and for work of equal value.

With regard to the work and employment of persons with disabilities, we ensure the inclusion of persons with disabilities in the Bank and/or the NLB Group by making appropriate adjustments to workplaces and work environments, or in accordance with local regulations.

Respect for freedom of association and collective bargaining

The NLB Group recognises the fundamental rights of employees to form and join trade unions or other forms of association, to bargain collectively and to have the protection of workers' representatives recognised in accordance with labour law. At NLB d.d., the relationship between the Bank and the workers' representatives is regulated in the Agreement on cooperation between the Works Council and the employer and in the Collective Agreement of NLB d.d. or the NLB Group, as provided for by local law.

Protection of employees' health

The NLB Group considers the safety and health of employees to be of fundamental importance and gives priority to the continuous improvement of working conditions. In addition, NLB d.d. complies with

4

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all its obligations under the Occupational Health and Safety Act and ensures that appropriate measures are taken to ensure health and safety in the workplace. The Bank has appointed an Occupational Safety and Health Engineer who, together with the workers' representatives, is responsible for improving working conditions and introducing preventive measures for the protection and safety of employees.

NLB Group **remunerates employees appropriately** on the basis of their qualifications, experience and responsibilities, and the requirements of the workplace (in particular applicable local labour laws, collective agreements), internal regulations (in particular Rules on Job Classification, Employee Remuneration Policy of NLB d.d. and the NLB Group) and the socio-economic environment.

NLB Group ensures that employees have the **right to protection of their personal data** and privacy. It offers its employees a flexible working environment, where the workplace meets certain requirements, including working from home, which enables them to balance their profession and career with their family and other interests.

The NLB Group supports **the elimination of all forms of forced and child and adolescent labour, human trafficking** and does not employ minors (under 18 years of age).

3.2. Customer relations, banking products and services

The NLB Group only does business with customers it can trust, and therefore expects its customers (owners as well as the governing body and senior management) to conduct their business in accordance with the principles of business ethics and with an appropriate level of candour in communication. At the same time, the NLB Group does not finance activities or operations that it knows or has reasonable grounds to suspect constitute a violation of the applicable legal, tax or regulatory framework. Furthermore, NLB has a number of internal regulations (policies, methodologies, standards, instructions) on the basis of which we approve investments. Thus, NLB will not directly finance activities that are known to contain elements of human rights abuses and/or where such abuses exist. However, if human rights abuses are observed in existing clients, NLB will endeavour to cooperate to prevent further abuses in the future.

Customers are informed about all the Bank's products and services in a transparent manner in accordance with the applicable regulations and decisions. The Bank does not offer products and services that could have a negative impact on human rights, which it ensures through regular monitoring processes of all products and services offered by the NLB Group.

We pay particular attention to the rights of consumers as regulated by the applicable European and Slovenian regulations. NLB is committed to responsible banking and ensures that our customers understand in detail the risks of each financial service. We strictly comply with the rules on consumer protection in the marketing and contracting of financial services and consumer protection against unfair commercial practices. We provide consumers with transparent information on financial services, professionalism, advice on the choice of financial services, as well as clear and ethical advertising.

We expect our customers to:

- comply with all applicable human rights laws and standards and strive to uphold them as set out in the Universal Declaration of Human Rights and, where local legislation does not meet these standards,
- identify and manage human rights risks,
- review potential human rights impacts,
- avoid causing or contributing to human rights violations,
- assess potential human rights risks in their supply chains and use their influence to address human rights violations by their suppliers and customers,
- engage with their stakeholders and provide access to remedy where necessary.

5

3.3. Suppliers

NLB will promote respect for human rights throughout its supply chain and will encourage suppliers and their subcontractors to comply with the commitments outlined in this Standard, while respecting their autonomy and adhering to best practices and procedures and in accordance with procurement policies and procedures.

Before selecting a supplier and before signing a contract/issuing a purchase order, NLB must conduct due diligence on the supplier. In addition, suppliers must agree to the ESG criteria and confirm that they are acting in accordance with the general terms and conditions of the contract, the NLB Group Code of Conduct and other internal regulations governing this area. NLB expects suppliers to comply with the following principles:

Free choice of work

The Supplier must not force anyone to work and must not allow any form of forced labour.

Prohibition of child and adolescent labour

The Supplier rejects all forms of forced child labour. The age limit for permitted employment shall not be below the age up to which children are obliged to attend primary school and shall in no case be lower than 15 years. Adolescents must not be exposed to any hazardous situation or any situation likely to have a negative impact on their health.

Prohibition of undeclared work

The supplier must not allow illegal employment. The supplier/provider undertakes and warrants to:

- make the work available to the individual with whom they will conclude an employment contract, register him/her for compulsory social insurance or not deregister him/her from compulsory social insurance during the employment relationship,
- enable an individual to work with whom they conclude a civil law contract under which work may be performed or whom they declare to be covered by compulsory social security schemes,
- enable a pensioner to work, with whom they will conclude a contract for temporary or casual work in accordance with the Labour Market Regulation Act,
- enable a student to work in accordance with the rules governing temporary or temporary work for students,
- legally employ a third-country national.

Prohibition of discrimination

The supplier must be committed to promoting diversity in its workforce, to acting in accordance with the principle of equality and to rejecting all forms of discrimination. They must provide equal opportunities irrespective of sex, race, complexion, age, medical condition or disability, religious, political or other beliefs, trade union and works council membership, national or social origin, family status, property, sexual orientation or other personal circumstances.

Remuneration for work

The supplier shall pay its employees salary and salary compensation for work performed in accordance with the employment contract or other contract, in accordance with applicable law.

Working hours

The supplier must ensure that their employees do not exceed the locally applicable, legally defined maximum working hours. Accordingly, they are obliged to observe full-time working hours, which may not exceed 40 hours per week.

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Freedom of association

The supplier must respect the rights of their employees to organise and bargain collectively and must ensure that employees are able to organise or join a trade union without discrimination.

Respect for dignity

NLB expects the supplier to respect the dignity of the private sphere and the personal rights of their employees and to ensure decent workplaces. Sexual harassment or abuse, intimidation, mobbing and physical assault or punishment must not be tolerated.

Health and safety

The supplier shall be responsible for the health and safety of their employees in accordance with applicable regulations. NLB expects the Supplier to provide a safe and healthy working environment and to act in such a way as to prevent potential accidents and occupational diseases and to take all necessary preventive measures.

3.4. Relations with other stakeholders

As a leading banking and financial institution, NLB supports and promotes human rights in South-eastern Europe. It will work for the right of communities to a healthy and clean environment and will work to reduce the environmental impact of its transactional activities.

4. Action, control and reporting

The Bank implements the following measures or activities in its internal processes (recruitment, investment approval, supplier relations, etc.):

- a) preparation of policies and procedures as well as internal control mechanisms to prevent human rights violations,
- b) regular training of employees and training of target groups on human rights,
- c) conducting due diligence and taking appropriate measures to manage human rights risks,
- d) inclusion of special conditions on minimum expectations regarding respect for human rights in contracts and/or general conditions with third parties (customers, business partners, suppliers),
- e) ensuring the availability of channels for (anonymous) reporting of alleged abusive practices,
- f) implementing procedures and mechanisms to address suspicious or harmful conduct and take corrective action, and implementing measures to protect whistleblowers (internal and external) and prevent retaliation,
- g) engaging with key stakeholders, including customers, investors, external business partners and civil society, to promote progress in respecting human rights in business.

NLB will regularly monitor and report on its respect for human rights in its annual and/or sustainability report.

5. Appointment of a Human Rights Custodian

NLB d.d. has appointed a Human Rights Custodian to monitor and oversee human rights compliance on the Group level, organise training and follows up a mechanism to address violations. In addition to the Human Rights Custodian, we also educate managers and other responsible persons on human rights issues.

7

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Due diligence is carried out to identify key risk factors for human rights violations, taking into account all business processes, and is integrated into the risk management system, and a response and mitigation mechanism be put in is taking place to address human rights non-compliance.