

Bereit für Neues

LB  BW

UN Principles for Responsible Banking.

Landesbank Baden-Wuerttemberg Progress Report 2024

June 2024



UNEP
FINANCE
INITIATIVE

PRINCIPLES FOR
RESPONSIBLE
BANKING

Landesbank Baden-Wuerttemberg Reporting and self-assessment 2024

In 2019 LBBW became the first German universal bank to sign up to the Principles for Responsible Banking, launched by the United Nations Environment Programme Finance Initiative (UNEP FI).



Principle 1 Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



Principle 2 Impact & target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



Principle 3 Clients & customers

We will work responsibly with our clients and our customers to encourage sustainable practises and enable economic activities that create shared prosperity for current and future generations.



Principle 4 Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



Principle 5 Governance & culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6 Transparency & accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.



Alignment: We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services.

Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

High-level summary of bank's response

Landesbank Baden-Württemberg (LBBW) is a medium-sized universal bank and the central institution of the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate.

With total assets of EUR 333 billion and around 10,400 employees (as at 31.12.2023), LBBW is one of the largest banks in Germany.

LBBW is a bank under public law. Its owners are the Savings Banks Association of Baden-Württemberg, the state of Baden-Württemberg, the state capital Stuttgart and Landesbeteiligungen Baden-Württemberg GmbH.

Its core activities include the corporate customer business, especially with SMEs and business with private customers and the savings banks. A further focus lies on real estate and project financing in selected markets as well as on customer-oriented capital market business with banks, savings banks and institutional investors.

Together with Baden-Wuerttembergische Bank (BW Bank), LBBW has been serving numerous private and corporate customers for many years.

In addition to expertise in innovative and complex financing, support in opening up international markets also plays an important role for medium-sized companies. To this end, LBBW is represented internationally at 17 locations in 16 countries. Specialised subsidiaries in areas such as Real Estate, Leasing, Factoring, Asset Management and Venture Capital, complete the LBBW Group's in-house range of services.

Reference(s) to bank's full response/ relevant information

[Annual Report 2023](#)
(p. 23ff, 35, 55)

Results of operations in the segments

	01/01/2023 – 31/12/2023
	EUR million
Corporate Customers	678
Real Estate/Project Finance	361
Capital Markets Business	230
Private Customers/Savings Banks	267
Corporate Items/Reconciliation/Consolidation	- 161
Adjusted for badwill	- 161
Consolidated profit/loss before tax	1,374
Adjusted for badwill	1,374

Geographic breakdown

Net exposure in %	Share 31/12/2023
Germany	67.3
Western Europe (excluding Germany)	19.1
North America	7.7
Asia/Pacific	3.5
Other ¹	2.4
Total	100.0



Alignment: We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) to bank's full response/ relevant information

Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples]

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: LBBW is required to annually disclose non-financial information in line with German law and the EU directive 2014/95 (Non-Financial Reporting Directive)

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: UK Modern Slavery Act, Pillar 3 disclosures (EBA)

None of the above

[Sustainability Report 2023](#)
(p. 15f, 74f)

[Statement by LBBW on the UK Modern Slavery Act](#)

Sustainability is a cornerstone of our corporate strategy and the driving force of our corporate governance. As a state-owned institution, LBBW is committed to serve the common good. Sustainability has been at the top of Landesbank Baden-Württemberg's (LBBW) agenda for many years.

For the first time in 2006 LBBW set itself sustainability goals and has consistently aligned its actions with these. Since then, change processes have been initiated to ensure further alignment. In addition sustainable product and advisory offerings were developed, and ecological and social standards established. **Since 2017, sustainability is a key strategic pillar of LBBW.**



Alignment: We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) to bank's full response/ relevant information

Strategy Alignment

(continued)

In 2019, LBBW became the first German universal bank to sign the Principles for Responsible Banking, thereby committing to systematically aligning its business activities with the Paris Climate Agreement and the Sustainable Development Goals (SDGs) of the United Nations.

In the 2022 fiscal year, LBBW further developed its strategic focus on Sustainability. Under the guiding principles of growth and relevance the strategic levers "sustainable transformation" and "social contribution" highlight LBBW's ambitions in the context of ESG.

With the strategic lever "sustainable transformation", LBBW is specifically strengthening its positioning as a **supporter and strategic partner for the transformation of the economy**.

To this end, LBBW is pursuing the following aims:

- Supporting customers in navigating complex transformation challenges (esp. changed value/supply chains, global upheavals, stranded asset risks due to climate change, digitalization).
- Providing customers with innovative transformation financing as well as developing and providing sustainable products, services and consulting offerings
- Transforming the LBBW loan portfolio to align with the Paris climate targets as well as definition of sector-specific targets for 2030 and establishing of appropriate management oversight
- Measuring and managing of ESG risks and ensuring improvement of data quality



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.1 Impact Analysis

2.1a - 2.1d:

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d)

a) Scope:

What is the scope of your bank's impact analysis? Please describe which parts of the bank's **core business areas**, products/ services across the **main geographies** that the bank operates in (as described under 1.1) have been considered in the impact analysis.

High-level summary of bank's response

LBBW is a mittelstand-minded universal bank and operates primarily in its regional core markets in Germany (States of Baden-Wuerttemberg, Rhineland-Palatinate and Saxony) but also supports its customers on global markets via an international network.

In terms of income, business with corporate customers - nationally and internationally - accounts for the largest share in its customer business. The next largest customer business area is Real Estate and Project Finance.

In the Corporate Customers segment the focus is essentially on traditional SMEs and companies in the upper SME segment with capital market orientation.

For its corporate customers LBBW Group implements a universal bank approach with a selected range of products and services, extending from international business to various forms of financing, payments, hedging transactions and asset management. Corporate Finance offers individual consulting and financing solutions to corporate customers, as well as structured financing products such as syndicated loans, bonds/Schuldschein loans and ABS.

Please note:

In 2023, LBBW prepared an impact analysis of its most relevant business area in accordance with the requirements of the UNEP FI and had the results certified by an auditor as required. This analysis was not further detailed or expanded in 2024 due to the requirements of the European Union's Corporate Sustainability Reporting Directive (CSRD). According to this, companies subject to reporting requirements had to carry out a comprehensive double materiality (impact) analysis - across all business and customer areas. LBBW has since carried out this analysis in a Group-wide project and will make the results transparent in its first CSRD report in 2025. Additionally, in 2023, the materiality analysis was reviewed and updated in accordance with the CSR Directive Implementation Act. For this year's so called "interim reporting" for the UN PRB, we will therefore continue to use last year's analysis results as a basis.

To prioritize the most relevant countries to be assessed in UNEP FI's Impact Analysis Tool, we analyzed our complete portfolio over all segments and products in 2023. The analysis showed Germany, UK and USA as the largest markets based on our full portfolio exposure.

Combining this result with our core business activity **the scope of our 2023 initial impact analysis based on the UNEP-FI tool comprised our corporate lending and financing activities in Germany, UK and USA.**

Reference(s) to bank's full response/ relevant information

[Annual Report 2023](#)
(p. 23f, 35, 54f, 87, 90)



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Reporting and Self-Assessment Requirements

2.1 Impact Analysis

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b) Portfolio composition

Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope and by sectors & industries for (...) portfolios (i.e. sector exposure or industry breakdown in %),

High-level summary of bank's response

At around EUR 1.25 billion, corporate banking in 2022 accounted for 29% of LBBW's gross income. Differentiated by markets with the largest share this means: Germany 79,9%, UK 1.6%; USA 1.1%.

We recorded the NACE code for the sectors in which we are engaged and applied these accordingly in the Impact Analysis Tool.

Sectors		Global ¹	Germany	GB	USA
Corporate Banking					
C	Manufacturing/production of goods	22%	81%	0%	2%
D	Energy supply	11%	78%	4%	1%
E	Water supply, sewage and waste disposal and elimination of environmental pollution	5%	100%	0%	0%
G	Trade, maintenance and repair of motor vehicles	7%	81%	1%	0%
H	Transport and storage	5%	77%	4%	0%
J	Information and Communication	4%	84%	0%	1%
K	Provision of financial and insurance services	6%	54%	0%	0%
L	Land and housing	9%	95%	0%	0%
M	Provision of freelance scientific and technical services	11%	79%	0%	1%
O	public administration, defense and social security	7%	96%	0%	0%
	Other ¹	12%	68%	0%	0%

¹The "other" field includes NACE codes level 1 A, B, F, I, N, P, Q, R, S, T and U.

²The global values include 100% per NACE Code. Germany, the UK and the USA show their share per NACE code.

Reference(s) to bank's full response/ relevant information



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Reporting and Self-Assessment Requirements

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c) Context

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?
Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

High-level summary of bank's response

According to the Context module of the PRB Impact Analysis Tool priority impact areas in LBBW's largest Corporate Banking market (Germany) are climate stability, circularity, availability/ accessibility/ affordability/ quality of resources & services and Integrity & security of person.

Because Germany is LBBW's home market, accounting for almost 80% of earnings in the corporate business, the political ESG-priorities that apply in Germany are of particular importance – in particular given LBBW's status as a public-sector institution.

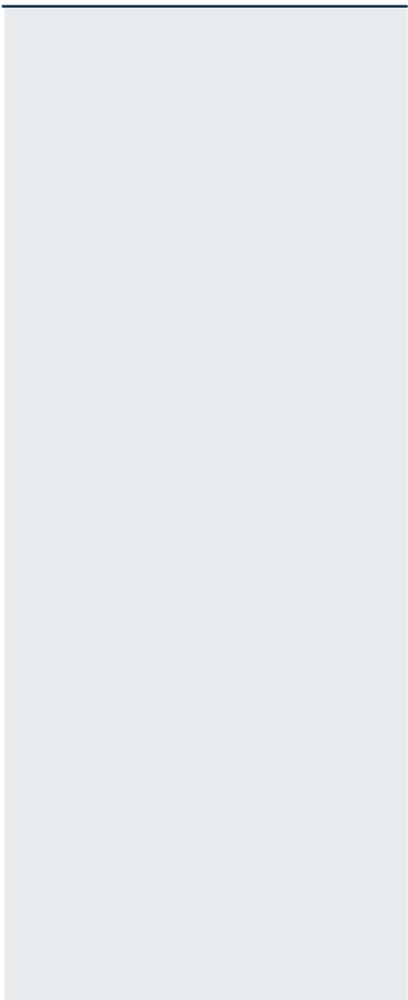
Germany has set itself the goal of promoting sustainable development that takes equal account of social, economic and ecological aspects. A climate-stable future is an essential component of this sustainability effort.

Germany's path to climate neutrality is laid out in the amendment to the Climate Change Act (May 2021).

The switch to renewable energies, energy efficiency measures and a low-carbon economy are currently key levers for the German government to combat climate change.

- The **energy generation sector** alone represents a share of more than 30 % of total CO2 emissions in Germany . With this share of CO2 emissions and their importance for virtually all other sectors, energy suppliers have a key role to play in the sustainable transformation.
- **Sustainable production processes** help reduce the industry's environmental footprint and reduce pollution. Through the use of renewable energy, the efficient use of resources, waste minimization and the use of environmentally friendly technologies, industry can help limit environmental damage.

Reference(s) to bank's full response/ relevant information





Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.1 Impact Analysis

Based on these first 3 elements (2.1a - 2.1c) of an impact analysis, what **positive and negative impact areas** has your bank identified?

Which (at least two) **significant impact areas** did you **prioritize** to pursue your target setting strategy (see 2.2) ?

High-level summary of bank's response (limited assurance)

The results of the Identification Module (calculated for each individual portfolio) showed that LBBW's greatest potential positive impacts are in the areas of

- 1) availability/accessibility/affordability/quality of resources and services and
- 2) infrastructure

In terms of SDGs, the greatest positive impacts are in SDG 9: Innovation and Infrastructure and SDG 11: Sustainable Cities and Communities.

Furthermore we identified potential negative impacts of our corporate lending and financing business (calculated for each individual portfolio) :

- 1) circularity
- 2) climate stability

In terms of SDGs, the greatest negative impacts refer to SDG 12: responsible consumption and production and SDG 13: climate action.

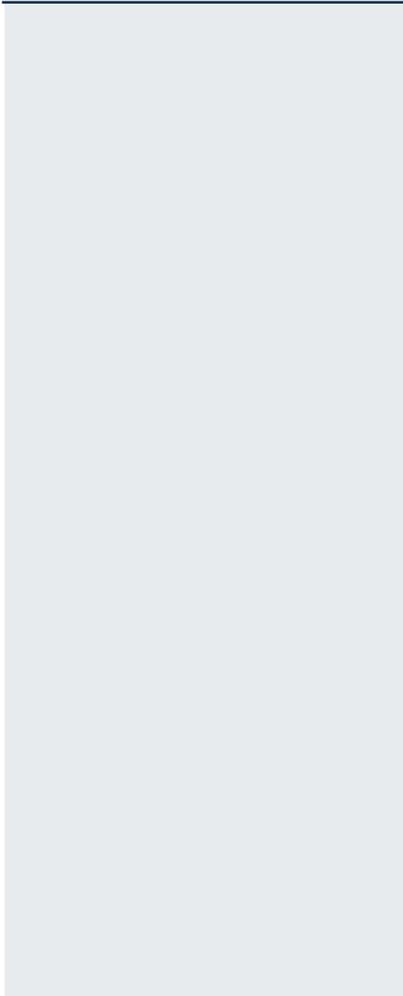
These results of last year's analysis confirmed the existing fundamental strategic objectives of LBBW.

LBBW has further focused its strategy on sustainability in 2022. As part of the strategic lever "sustainable transformation", we have already defined priorities with "**compatibility of our financing portfolio with the Paris Agreement**" and "**guiding and supporting our customers in the transformation**", which correspond to the impact areas of the analysis:

- by steering the financed emissions of its portfolio in the direction of net zero, LBBW is making a significant contribution to achieving SDG 13: climate action.
- by supporting our customers in the sustainable transformation of their business models directly contributes to SDG 12: responsible consumption and production.

These areas/SDGs are also prioritized on the political agenda - especially in our core market Germany.

Reference(s) to bank's full response/ relevant information





Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.1 Impact Analysis

2.1a - 2.1d:

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d)

d) Performance measurement

For these (min. two prioritized impact areas): Has your bank identified which **sectors & industries** as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe **how you assessed the performance** of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining **priority areas for target-setting** among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

High-level summary of bank's response

1.) Financed Emissions are a central KPI

For a number of years, we have been increasingly focusing our efforts on the impact our banking operations have on the environment. At the heart of this is calculating the greenhouse gas emissions (GHG emissions) generated by projects and loans that we finance and providing a transparent picture of these.

LBBW has significantly improved its internal data basis and collected real emissions data from corporate customers. Where no information is available from the companies, LBBW follows the PCAF guidelines for measuring financed emissions and refers to estimated values such as industry averages.

The basis for the calculations of the financed CO₂ emissions are the 'Scope 1 and Scope 2 emissions of our customers.

The financed emissions of LBBW 2023 correspond to 11.8 million t CO₂e.

Around 66 % of financed emissions are due to manufacturing, with a correspondingly high share of exposure, and the high-emissions energy provision sector. In line with the business activities of LBBW (Bank), 70 % of the financed issues also relate to loans and project finance in Germany.

Reference(s) to bank's full response/ relevant information

[Brochure "Our path to net-zero"](#)

[Sustainability Report 2023](#)
(p. 170)

Table 1: Financed emissions¹ of the LBBW Group and Berlin Hyp with a breakdown of the LBBW (Bank) portfolio by NACE sector

Institution	Sector	Exposure in EUR billion	Fin. emissions in million metric tons	Emissions intensity in metric ton per million EUR
LBBW Group*	Total	317.9	12.3	39
Berlin Hyp	Total	38	0.6	15
LBBW	Total	280	11.8	42
	A Agriculture and forestry, fishing	0.3	0.1	425
	B Mining and quarrying	1.2	0.6	490
	C Manufacturing	40.8	3.7	92
	D Energy provision	11.9	4.1	343
	E Water supply; sewerage; waste management and remediation activities	3.5	0.3	73
	F Construction	5.6	0.2	28
	G Wholesale and retail trade; repair of motor vehicles and motorcycles	12.1	0.4	36
	H Transporting and storage	5.5	0.7	135
	J Information and communication	7.6	0.1	8
	K Financial and insurance activities	108.7	0.1	1
	L Real estate activities	36.8	0.4	11
	M Professional, scientific and technical activities	8.2	0.2	21
	N Administrative and support service activities	5.3	0.1	28
	O Public administration and defense, compulsory social security	15.6	0.3	22
	Q Human health and social work activities	2.4	0.0	8
	S Other services activities	1.6	0.1	53
	-- Other (I = Accommodation and food service activities; P = Education; R = Arts, entertainment and recreation)	13.4	0.3	23

* Measured against the LBBW Group portfolio, 1.2% of the exposure and 13.3% of the financed emissions are "carbon-related assets" according to the GICS sector granularity.

** The economic unit is based on the reported intensity or an average value of the operating sector. It is then aggregated using the legal coding (i.e. of a holding company).



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.1 Impact Analysis

2.1a - 2.1d:

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d)

d) Performance measurement (continued)

High-level summary of bank's response

2.) Sector-specific metrics

Furthermore, to align LBBW's credit portfolio with the Paris climate agreement and our net zero commitments, we defined sector-specific metrics for highly relevant sectors:

- Power: kg CO₂/MWh
- Automotive manufacturers: g CO₂/km
- Automotive suppliers: share of sales with ICE components
- Cement: kg CO₂/t cement
- Aircraft financing: g CO₂/pkm (passenger kilometers)
- Steel: kg CO₂/t steel
- Commercial real estate: kg CO₂/m²*a (square meters per year)
- Oil and gas: exposure reduction for companies with upstream activities absolute.

In 2022 LBBW prioritized in a first step the Energy and Automotive sectors as the most material

(also see PRB Report 2022).

- Energy is the sector with the highest CO₂ impact in LBBW's portfolio playing a key role in the transformation of the German economy. Given its energy intensive industries fast transition towards renewable energies is required for the German climate initiatives to succeed.
- With 10% share of its total corporate customer portfolio the automotive sector is one of the most significant credit for LBBW
- Context: The state of Baden-Württemberg (partial owner of LBBW) is the center of Germany's automotive industry. LBBW has traditionally maintained close ties with the sector. As a result the climate protection efforts by the German federal government (exit from combustion engines/promotion of alternative powertrains) have a major impact on LBBW's corporates portfolio.

Reference(s) to bank's full response/ relevant information

[Brochure "Our path to net-zero"](#)



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Reporting and Self-Assessment Requirements

2.1 Impact Analysis

2.1a - 2.1d:

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d)

High-level summary of bank's response

Reference(s) to bank's full response/ relevant information

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, resource efficiency & circular economy

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.2 Target Setting

2.2a - 2.2d:

Show that your bank has set and published a minimum of two **targets which address** at least two different **areas of most significant impact** that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for **each target separately**

a) Alignment

Which international, regional or national **policy frameworks** to align your bank's portfolio with have you identified as relevant? (...)

b) Baseline

Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*(A **package of indicators** has been developed (...). The overview of indicators can be found in the Annex of the questionnaire template.)*

High-level summary of bank's response

a) Alignment

LBBW's climate change target setting is based on:

- ...the binding commitment made by signing the Climate Protection Commitment of the German financial sector. Accordingly LBBW will align its loan and investment portfolios with the Paris Climate Agreement. In addition, LBBW has committed to formulating and publishing sector-specific and scenario-based climate targets for its portfolio.
- ...the commitment to make positive contributions to the SDGs
- ...the climate policy and climate goals of the federal government of Germany (see 2.1.b)
- ...the methodological framework of the PCAF initiative to measure financed emissions

b) Baseline 2023

Impact Area:
Climate change mitigation

Indicator code	Response
A.1.2	Yes – net zero by 2050; emissions baseline 2021 for sector specific targets the IEA NZE 2050 climate scenario is used as a benchmark (for real estate the CRREM scenario is used)
A.2.2	Total financed CO2e-Emissions 2022: 11.8 million t CO2e.; climate scenario IEA NZE
A.3.2	Not available
A.4.2	% Portfolio corporates aligned with Paris: 20 percent
A.4.1	Reduction of GHG emissions - % over time/kg/CO2e: Financed emissions have 2022 decreased by 1.5 million t CO2e compared to 2021(see section 2.3)
A.1.4	100% of the lending portfolio has been analyzed in terms of financed emissions
A.2.3	Emission intensity within the relevant sector: - Power: 224 kgCO2/MWh - Automobile Manufacturer: 153 gCO2/km (For the other 5 sectors see section 2.2c in this report)
A.2.4	LBBW has set Paris-aligned targets for 7 sectors which account for 12 percent (€ 38.3 billion) of total loans and approximately 20 percent of the Corporates, real estate and project finance-portfolio

Impact Area:
Client engagement / transformation

Indicator code	Response
A.2.1	Yes, sustainability and transformation is a part of portfolio steering for corporate customers (see section 2.1.d)
A.3.1	Sustainable business volume in 2022: EUR 220 billion; total volume of LBBW's sustainable financing: EUR 57 billion in 2022
A.1.3.	Rules and processes for client relationships – Yes
A.1.5	Financial products tailored to support customers' reduction in CO2 emissions: Yes (see section 3.2)

Reference(s) to bank's full response/ relevant information

Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.2 Target Setting

2.2a - 2.2d:
Show that your bank has set and published a minimum of two **targets which address** at least two different **areas of most significant impact** that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for **each target separately**

c) SMART targets

Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target?

High-level summary of bank's response

Target 1:
Climate Change Mitigation - Compatibility of our financing portfolio with the Paris Agreement's 1.5-degree target for 2050 (SDG 13)

Financed emissions

Financed emissions are a key performance indicator in our organization and a concrete timebound target regarding **emissions intensity per euro financed** is about to be implemented in our internal steering system. The target will be **bonus-relevant** for top management thus giving market units concrete incentives to finance fewer emissions.

Sector-specific targets

LBBW published sector-specific climate targets for the following sectors:

- Power generation / energy producers
- Automotive (OEM)
- Automotive (supplier)
- Oil & Gas (regulation via directive)
- Cement manufacturing
- Iron & Steel
- Commercial real estate
- Aircraft financing (passenger aircraft)

With sector-specific transformation pathways, the progress of decarbonization of the loan portfolio is measured and aligned with clear and ambitious sector targets.

Reference(s) to bank's full response/ relevant information

[Brochure "Our path to net-zero"](#)

Sector	Relevant KPI	Actual	Target 2030	Reduction (vs. 2021)
Oil and gas	Definition of clear guidelines for new transactions in the upstream segment through new lending guidelines			
Energy generation	Scope 1	224 kg CO ₂ /MWh	110 kg CO ₂ /MWh	-50%
Automotive manufacturing	Scope 3	153 g CO ₂ /km	95 g CO ₂ /km	-40%
Automotive supply	Share of sales generated from combustion components	25 %	17% share of sales	30% reduction in the share of sales that automotive suppliers generate from combustion components
Cement	Scope 1 + Scope 2	565 kg CO ₂ /metric ton of cement	480 kg CO ₂ /metric ton of cement	-15%
Aircraft financing	Scope 1	88 g CO ₂ /pkm	66 g CO ₂ /pkm	-25%
Steel	Scope 1 + Scope 2	1,074 kg CO ₂ /metric ton of steel	860 kg CO ₂ /metric ton of steel	-20%
Commercial real estate	Scope 1 + Scope 2	51 kg CO ₂ /m ²	22 kg CO ₂ /m ² a	-57%



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.2 Target Setting

2.2a - 2.2d:

Show that your bank has set and published a minimum of two **targets which address** at least two different **areas of most significant impact** that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for **each target separately**

c) SMART targets

(continued)

High-level summary of bank's response

Target 1:

Climate Change Mitigation - Compatibility of our financing portfolio with the Paris Agreement's 1.5-degree target for 2050 (SDG 13)

(continued)

Due to their overall significance energy utilities play a key role in the sustainable transformation.

Without investments in renewable energy, climate initiatives in all downstream - especially energy-intensive - sectors of the economy would be fruitless. In accordance with the IEA Net Zero Emissions climate scenario, the energy sector has to reach net zero by 2040 in order to achieve climate neutrality over all sectors in 2050.

In addition LBBW is striving to achieve **Paris-compliant business operations** by consistently reducing its own emissions (Scope 1 & 2). LBBW's goal for 2023 was for own CO2 emissions at LBBW ((Bank), excluding subsidiaries) not to exceed 10,500 metric tons. This goal was achieved thanks to organizational and technological optimization. LBBW (Bank) emitted roughly 9,630 metric tons of CO2.

Target 2:

Customer Engagement - Guiding and supporting our customers in their transformation efforts towards a climate-neutral future by expanding our sustainable product range in all operating segments (SDG12)

LBBW attaches great importance to its client engagement strategy. Not only do we focus on offering a sustainable product range we deliberately go beyond this to drive the transformation of the economy. LBBW offers its corporate customers advisory services to support their sustainable transformation (also refer to section 2.3). We therefore define **client engagement as an impact area in its own right** and not solely as an output indicator within the climate change mitigation framework.

The total volume of sustainable financing is our central KPI for measuring the success of LBBW's client engagement strategy.

LBBW's target is to increase its sustainable business volume to EUR 300 billion by 2025, thereof EUR 75 billion in sustainable financing. This increase in sustainable business volume is a significant contribution to the transformation of the overall economy.

Reference(s) to bank's full response/ relevant information

[Brochure "Our path to net-zero"](#)



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.2 Target Setting

2.2a - 2.2d:

Show that your bank has set and published a minimum of two **targets which address** at least two different **areas of most significant impact** that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for **each target separately**

d) Action Plan

Which actions including milestones have you defined to meet the set targets?

Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts

High-level summary of bank's response

Target 1:

Climate Change Mitigation - Compatibility of our financing portfolio with the Paris Agreement's 1.5-degree target for 2050 (SDG 13)

LBBW has evaluated 7 sectors and adopted specific interim targets for the year 2030 (please refer to slide in 2.2.c).

Strict and transparent lending guardrails have been developed for new business in the upstream sector (i) oil and gas. The emissions intensity (ii) of energy generation is expected to fall by 50% and the emissions intensity (iii) of automotive manufacturers by just under 40% compared with 2021. The average share of sales generated by (iv) automotive suppliers with combustion components is to be reduced by 30%.

LBBW is also planning ambitious reductions in emissions intensity for the cement, aircraft financing, steel and commercial real estate sectors: (v) cement by 15 %, (vi) aircraft financing by 25 %, (vii) steel by 20 %, and (viii) commercial real estate by 57 %.

Milestones:

- Formulate principles for credit business, guidelines and exclusions: LBBW's set of rules is regularly expanded by introducing additional lending guidelines. In 2023, a guideline was adopted for oil and gas, fisheries & aquaculture and cattle breeding in South America.
- Integration of sector pathways into the LBBW credit processes to ensure stringent portfolio management.
- Measuring positive impact of our financing products

Roadmap 2024:

- Further developing the quantification of financed emissions and physical risks to meet the requirements of disclosure, the CSRD, climate stress testing and risk management processes.
- Expanding the internal data infrastructure to include physical and transitory risks as well as financed emissions

Reference(s) to bank's full response/ relevant information

[Brochure "Our path to net-zero"](#)

[Sustainability Report 2023](#)
(p. 44ff)



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.2 Target Setting

2.2a - 2.2d:

Show that your bank has set and published a minimum of two **targets which address** at least two different **areas of most significant impact** that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for **each target separately**

d) Action Plan

Which actions including milestones have you defined to meet the set targets?
Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts

High-level summary of bank's response

Target 2

Customer Engagement - Guiding and supporting our customers in the transformation towards a climate-neutral future by expanding our sustainable product range in all operating segments (SDG 12)

Roadmap 2024:

- Expansion of the product range, especially customised solutions (e.g. asset-linked/asset-based solutions) and trading activities
- Expansion of the track record for green, sustainable & ESG-linked products through a high volume of sustainable finance transactions - strengthening **LBBW's position as a transformation bank**
- Expansion of the range of sustainable fund offerings and mandates in Asset Management - thereby addressing of client needs for sustainable investment products
 - Expansion of the sustainable offering through launches of new and innovative funds
 - Conversion of existing funds to ESG solutions for institutional clients
 - Offering transformation funds that invest in companies in the process of implementing a greenhouse-neutral or less carbon-intensive business model.
- Expansion of Sustainability Advisory services for corporate customers
- Optimizing the asset management app "BW Vermögen". Incorporating and displaying sustainability information in the app like the sustainability analysis in portfolio reporting.

Reference(s) to bank's full response/ relevant information



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) to bank's full response/ relevant information

2.2 Target Setting

2.2a - 2.2d:
Show that your bank has set and published a minimum of two **targets which address** at least two different **areas of most significant impact** that you identified in your impact analysis.

Self-assessment summary			
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	... first area of most significant impact: ... <i>(please name it)</i>	... second area of most significant impact: ... <i>(please name it)</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
	Climate Change	Customer Engagement/ Transformation	
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.3 Target implementation and monitoring

For each target separately:
 Show that your bank has implemented the actions it had previously defined to meet the set target.
 Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

High-level summary of bank's response

In 2006, LBBW set itself initial sustainability targets. Since then LBBW has consistently focused on advancing its approach .

The goal is clear: We want to achieve "Net-Zero" in line with the Paris Climate Agreement. Not only in our own business operations (scope 1 & 2), but also in our loan portfolio (scope 3). For this reason, we support our customers in the transformation of their business models.

Target 1:

Climate Change Mitigation - Compatibility of our financing portfolio with the Paris Agreement's 1.5-degree target for 2050

A) Financed emissions (also refer to pg. 10 in this report)

- Since 2019 LBBW has published information on greenhouse gas emissions (GHG) associated with financed projects and loans in its Sustainability Report. A clear positive trend is visible: **the average emissions intensity fell from 48 t CO2/million EUR in 2021 to 42 t CO2/million EUR in 2023.**

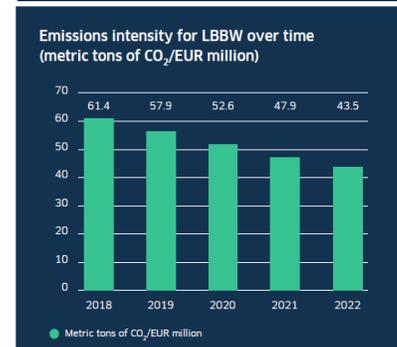
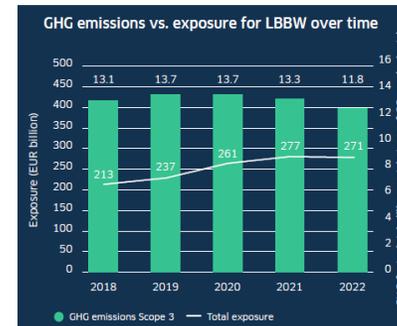
(The average emission intensity is calculated as the quotient of the financed emissions and the exposure of the loan portfolio (financed emissions in tonnes of CO2e/exposure in EUR million)).

- As of the reporting date of December 31, 2023, LBBW's GHG footprint amounted to 11.8 million t CO2 equivalent (million t CO2e) – thus remaining at the same level as in the previous year.
- LBBW-financed CO2 emissions are determined on a quarterly basis.

Reference(s) to bank's full response/ relevant information

[Sustainability Report 2023](#)
(169f, 246)

[Brochure "Our path to net-zero"](#)



Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.3 Target implementation and monitoring

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

(continued)

High-level summary of bank's response

Target 1:

(continued)

B) Sector-Specific targets

LBBW uses specific phase-out pathways for individual sectors to sustainably reduce the CO2 emissions of its lending portfolio and has adopted key measures in the interest of ensuring effective portfolio management:

- In order to ensure Paris-compliant management of its portfolio, LBBW has derived sector-specific targets from the decarbonization routes/sector paths.
- In order to achieve its goals as quickly as possible and consistently align its portfolio in a sustainable manner, LBBW already works intensively with credit guidelines in the relevant economic sectors. These define transparently and comprehensibly whether or not the bank will participate in certain transactions. Detailed information on the credit guidelines for the relevant sectors can be found in the document "Sustainability Practices at LBBW".

Reference(s) to bank's full response/ relevant information

[Sustainability Report 2023](#)
(p. 172)

[Sustainability Practices](#)

Sector	Value chain	Relevant control parameter	2021	Actual 2022*	Target (2030)	Reduction (versus 2021)	
Energy producers	Upstream/electricity generation	Scope 1	224 kg CO ₂ /MWh	214 kg CO ₂ /MWh	110 kg CO ₂ /MWh	~ 50%	
Oil and gas	Upstream	Establish clear guidelines for new upstream business through new lending guidelines					
Automotive manufacturers	Automotive manufacturers	Scope 3	153 g CO ₂ /km	157 g CO ₂ /km	95 g CO ₂ /km	~ 40%	
Automotive suppliers	Automotive suppliers	Share of revenue attributable to combustion engine components	25%	22%	17% share of revenue	30% reduction in share of revenue generated by automotive suppliers through combustion engine components	
Cement	Cement producers	Scope 1 + Scope 2	565 kg CO ₂ /metric ton of cement	563 kg CO ₂ /metric ton of cement	480 kg CO ₂ /metric ton of cement	~ 15%	
Aviation	Aircraft financing and airlines	Scope 1	88 g CO ₂ /pkm	80 g CO ₂ /pkm	66 g CO ₂ /pkm	~ 25%	
Steel	Steel manufacturers	Scope 1 + Scope 2	1,074 kg CO ₂ /metric ton of steel	1,314 kg CO ₂ /metric ton of steel	860 kg CO ₂ /metric ton of steel	~ 20%	
Commercial real estate	Commercial real estate	Scope 1 + Scope 2	51 kg CO ₂ /m ²	37 kg CO ₂ /m ²	22 kg CO ₂ /m ²	~ 57%	

*The most recent sustainability data for companies is available for 2022; exposure for weighting as of 31 December 2023.

Impact & target setting: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.3 Target implementation and monitoring

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.
Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

(continued)

High-level summary of bank's response

Target 2:

Customer Engagement - Guiding and supporting our customers in their transformation towards a climate-neutral future by expanding our sustainable product range in all operating segments

LBBW sees itself not only as a financier, but also as an advisor and strategic partner. Last year, we therefore once again strengthened our sustainability advisory services.

The claim of LBBW's Sustainability Advisory is not only to accompany corporate customers in the sustainable transformation of their business models, but to actively advise and support them. Starting with the performance of a materiality analysis, we advise and support companies in their strategic orientation through to the management of their sustainability activities.

As such LBBW develops **individual climate goals** conforming transformation and **decarbonization paths** for their clients. LBBW aims to generate value for its customers by integrating ESG components into the financing structure. (=> see section 3.2 for financing solutions)

LBBW Sustainability Advisory works closely with other units in LBBW to provide customers with LBBW's full range of sustainability expertise. The great success of this holistic approach has led to a strong expansion of the team. We have added further specialist areas and future topics to our range of services and consulting. E.g. in 2022 Sustainability Advisory service for corporate customers was expanded and extended, in particular through a stronger focus on sustainability strategy consulting. **"Sustainability Readiness Checks"** actively support corporate customers in setting priorities and targets.

LBBW is currently rolling out its **ESG Dashboard**, a digital platform which enables corporate customers to determine their own position in the area of sustainability and to collect and submit relevant data as part of the strategic dialog.

Additionally, with the **"ESG Academy for companies"** LBBW started a new digital customer event to provide its corporate customers with important information and inspiration for sustainable transformation.

LBBW's Sustainability Advisory expertise and customized product solutions have already won numerous awards. Most recently in spring 2024: LBBW took first place in the "Transformation Finance" category at the "ESG Transformation Awards" of the German government's Sustainable Finance Advisory Council.

Reference(s) to bank's full response/ relevant information

[Sustainability Report 2023](#)
(p. 55, 113)



Clients & customers: We will work responsibly with our clients and our customers to encourage sustainable practises and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements

3.1 Client engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

High-level summary of bank's response

Does your bank have a policy or engagement process with clients and customers⁸ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts? |

Yes In progress No

(=> outlined in section 2.3)

LBBW's Sustainability Advisory Team offers specialist knowledge combined with guidance and assistance at the implementation stage to companies, financial institution and institutional clients.

The experts at LBBW also advise banks, savings banks and institutional clients on structuring their own portfolios in line with ESG criteria and on issuing social and green bonds.

Reference(s) to bank's full response/ relevant information

[Sustainability Report 2023](#)
(p. 54ff)



Clients & customers: We will work responsibly with our clients and our customers to encourage sustainable practises and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period.

Provide **information on existing products and services**, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

High-level summary of bank's response

LBBW is well positioned with its range of sustainable products and services and can provide sustainable offerings in almost every product group. Sustainable offerings are available for all customer groups in categories relevant to them.

Sustainable Financing:

- Sustainable Finance has further established itself in the most important financing markets for corporate customers.
- We support green promissory note loans and green bonds for companies that want to make an active contribution to the decarbonization of the economy. When issuing green promissory note loans, we pay particular attention to ensuring that the financed sustainable investments fit into a holistic sustainability strategy and thus support the transformation of the business model.
- In 2022, LBBW was able to design further financing products with sustainable finance qualities:
 - LBBW issued green ABCP for the first time via the Weinberg Asset Backed Commercial Paper (ABCP) program sponsored by LBBW and implemented an ABS transaction linked to sustainability criteria.
 - Not only bilateral or syndicated loans, but also sustainable promissory note loans (Schuldscheine) can be coupled with a positive incentive mechanism. In 2022, LBBW arranged "ESG-linked promissory note loans" with an external sustainability rating for a number of customers. In addition, LBBW arranged a number of ESG-linked promissory note loans with company-specific sustainable performance

Reference(s) to bank's full response/ relevant information

[Annual Report 2023](#)
(p. 108ff)

[Sustainability Report 2023](#)
(p. 131ff, 176f)



Clients & customers: We will work responsibly with our clients and our customers to encourage sustainable practises and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period.

Provide **information on existing products and services**, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

(continued)

High-level summary of bank's response

Sustainable investment products:

LBBW offers private, corporate and institutional customers a comprehensive range of sustainable investment products.

ESG bonds:

- In the market segment of commercial banking, the LBBW Group is one of the largest issuers of sustainable bonds (so-called ESG bonds) outside China.
- Overall as at 31 December 2023 the LBBW Group has outstanding green bonds of EUR 14.09 billion, outstanding social bonds of EUR 4.04 billion and an outstanding sustainability-linked bond (through its subsidiary BerlinHyp) of EUR 500 million.
- LBBW's green bonds specifically finance projects in the field of the environment and climate protection. LBBW actively wants to drive forward the market development for green bonds and therefore already launched its own green bond program in 2017.

Structured Bonds and Certificates:

- The range of sustainable retail products (certificates and bonds) was expanded further in 2023. Numerous retail products were classified as PAI products, a sustainability category.
- In October 2023, LBBW also issued its first bond to which fully EU Taxonomy-compliant assets are allocated in the context of real estate and wind farm financing and that meets the strictest sustainability preference category ("environmentally sustainable investment (in accordance with the Taxonomy)"). This bond provides investors with a product solution designed specifically to help achieve the EU's "climate change mitigation" environmental objective

Sustainable funds:

- Since 2002, LBBW Asset Management has been offering its private and institutional customers investment products and mandates with sustainability features that incorporate non-financial criteria (ESG criteria) into the investment strategy in addition to return and risk considerations.
- The ESG assets category at LBBW Asset Management totaled EUR 22.59 billion as at 31 December 2023 (previous year: EUR 20.71 billion), EUR 16.51 billion of which as assets under management and EUR 6.08 billion as assets under administration (in cooperation with external asset managers).

Reference(s) to bank's full response/ relevant information



Clients & customers: We will work responsibly with our clients and our customers to encourage sustainable practises and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period.

Provide **information on existing products and services**, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

(continued)

High-level summary of bank's response

Project Finance:

- Transactions in the field of renewable energies and digital infrastructure make an important contribution on the path to a sustainable future.
- LBBW wants to help ensure that the energy transition succeeds by providing sustainable and reliable financing solutions. For years, LBBW has therefore been financing renewable energy projects such as wind power and photovoltaic plants.
- Renewable energy financing was increased by 12% to EUR 3.3 billion in 2023. Renewable energies thus accounted for 42% of the portfolio and 92% of financed energy generation plants.
- With a financing solution for the He Dreih offshore wind farm in the Netherlands, the company is making it possible to supply around 1.1 million households with wind power in the future.
- As a partner to a banking consortium, LBBW is financing the construction of parts of the nationwide fast-charging network for electric cars, which is making the switch to e-mobility even more attractive.

LBBW's Investment business

- LBBW undertakes to include aspects relating to responsibility for the environment and society as well as corporate governance (ESG criteria) in the analysis and decision-making processes for investment activities.
- All Group-wide regulations, such as the Code of Conduct, the company exclusion list and the credit regulations for avoiding reputational and sustainability risks in financing, are binding for LBBW's investments.
- In 2022, standardized ESG investment guidelines were put into effect for the entire proprietary trading portfolio (Portfolio A) which are based on established standards and voluntary commitments of LBBW. In addition to an exclusion list for countries, these also contain sector-specific regulations in particular. The standards in the customer business were thus also adopted and standardized for the investment book.

Reference(s) to bank's full response/ relevant information



Stakeholders: We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements

4.1 Stakeholder identification and consultation

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

High-level summary of bank's response

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

LBBW maintains an ongoing dialogue with its stakeholders in order to focus our sustainability activities on the key issues.

- In addition to various dialogues with NGOs, in 2023 we exchanged ideas with our private and corporate customers as well as with institutional investors at conferences and at our own events, for example as part of investor presentations, and we contributed to expert panels on the topic of sustainability.
- We also cooperate closely with ESG rating agencies and regularly survey our customers about their satisfaction with us.
- In 2023, the tenth bank-wide employee survey took place. The questionnaire again covered the categories of collaboration, leadership, information, mood, satisfaction, agility, competitiveness, and digitalization.

Reference(s) to bank's full response/ relevant information

[Sustainability Report 2023](#)

(p. 55ff, 205)



Governance & culture: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

5.1 Governance Structure for Implementation of the Principles

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

High-level summary of bank's response (limited assurance A)

Does your bank have a governance system in place that incorporates the PRB?		
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

- The stringent integration into the existing Group structure supports systematic sustainability management at LBBW. Responsibility for this lies with the Board of Managing Directors.
- The Board of Managing Directors' Sustainability Committee is the central decision-making and steering body. It meets every quarter (or more frequently where required), is chaired by the Chairman of the Board of Managing Directors (CEO) and comprises other members of the Board as well as the Head of Sustainability. All members are entitled to vote.
- The main tasks of the Board of Managing Directors Sustainability Committee include overall management, decision making and strategic development for all matters pertaining to sustainability.
- LBBW's Sustainability Committee performs a coordinating and advisory function. The LBBW Sustainability Committee is tasked with creating transparency and cross-divisional networks in the interest of further solidifying and, where possible, expanding the subject of sustainability's importance as one of LBBW's strategic pillars.
- For each business area, a person responsible for the business unit who is tasked with the operational implementation of the measures adopted has been appointed. Their key tasks include managing sustainability topics within the respective business unit, coordinating target attainment in the context of the balanced scorecard and advancing business unit-specific activities.
- LBBW's existing governance processes, sustainability targets and principles and guardrails for implementation apply worldwide for all international locations. An ESG Regional Hub Network consisting of representatives from the regional hubs and the Group headquarter in Stuttgart convenes on a regular basis in order to ensure the uniform implementation of ESG provisions and strengthen networking within the bank.

Reference(s) to bank's full response/ relevant information

[Annual Report 2023](#) (p. 92f)



Governance & culture: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

High-level summary of bank's response

- LBBW complies with all applicable legal regulations. Internal rules and our Code of Conduct serve as the foundation for responsible action in compliance with the applicable legal requirements as well as ethical and societal standards.
- As the Code of Conduct plays a central role as a reflection of ethical values and current challenges, the Bank has updated the existing version in 2024. It also underlines the importance of current topics such as cyber security and diversity. These topics reflect the changing risk landscape and highlight the Bank's efforts to promote an ethical corporate culture.
- A program of mandatory, web-based training courses ensures that our employees' knowledge of compliance-relevant subjects is always up to date. These learning modules cover a range of topics such as fraud prevention, the General Data Protection Regulation, capital markets compliance and anti-money laundering.
- A mandatory web-based training on the subject of "Sustainability at LBBW" was introduced in 2021. **All of our roughly 10,000 employees must complete this training every two years.**
- In addition, a total of 23 digital new learning paths on the topic of sustainability were made available in 2023. They comprise a mix of seminars, webinars, and eLearnings around the topic of sustainability in the product and banking context.
- LBBW fosters an appreciative and dialog-oriented corporate culture. To this end, we promote communication among employees, in particular open exchange across hierarchies via "Xchange" dialog rounds with the Board of Managing Directors and top management.
- LBBW expressly encourages its employees to make potential abuses transparent and has established a whistleblowing process to facilitate this: Violations of statutory provisions or internal policies and criminal activities within LBBW can be reported in strict confidence to the Compliance department or an external and independent ombudsman appointed by LBBW.

Reference(s) to bank's full response/ relevant information

[Sustainability Report 2022](#)
(p. 97, 195f, 199, 206f)



Governance & culture: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks

High-level summary of bank's response

Climate and environmental risks are already integrated into all aspects of risk management and are being consistently developed further. Overall, LBBW classifies ESG risks as material regarding counterparty/credit risk and relevant regarding reputational risk.

Risk Inventory:

- The ESG risks that arise in connection with LBBW's business model are systematically evaluated in the Group risk inventory.
- In 2022, a significantly refined and complete risk inventory with regard to ESG risk drivers was carried out as part of the Group risk inventory. Environmental Risk includes climate and environmental risks, which can be transitory or physical. As a result, the impact of transitory and physical climate-related risks on credit risk in particular was assessed as material in the short, medium and long term.
- The impact of climate and environmental risks on reputation risk was also considered relevant. For example, events in our customers' environment (such as working conditions, environmental standards) can also affect LBBW's reputation.
- Risks related to social and governance issues on credit risks were considered less relevant from a risk perspective.

Governance

- The ongoing monitoring and management of sustainability risks is carried out via the existing risk processes.
- At Board of Managing Directors level, the relevant bodies are the monthly Risk Committee (risk monitoring, definition of risk methodology), the monthly Asset Liability Committee (interest rate (banking book), FX, liquidity, capital and balance sheet structure management of the LBBW Group) and the Credit Committee (credit decisions in accordance with the credit/trading decision rules).
- Responsibilities for the ongoing consideration of sustainability risk (ESG) are divided among the units in accordance with the Three Lines of Defense.
- Operational responsibility in the first line of defense lies with the units responsible for the business according to the type of risk (in particular credit and reputational risk). The monitoring function of the second line of defense is divided among Risk Control, Group Compliance and COO Risk Management.

Reference(s) to bank's full response/ relevant information

[Annual Report 2023](#)
(p. 97ff)



Principle 1



Principle 2



Principle 3



Principle 4



Principle 5



Principle 6

Governance & culture: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) to bank's full response/ relevant information

5.3 Policies and due diligence processes

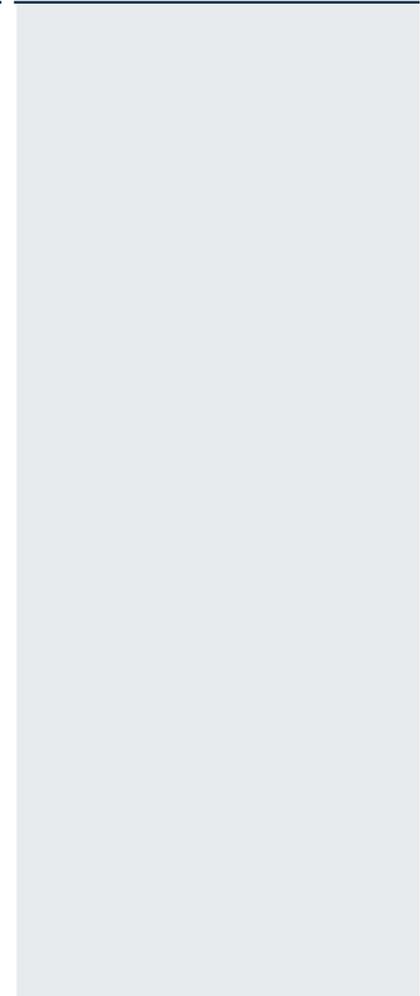
Does your bank have policies in place that address environmental and social risks within your portfolio?

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(continued)

Governance *(continued)*

- On the first line of defense LBBW's sustainability management system implements sustainable policies and practices throughout the Bank, in all specialized divisions, subsidiaries and branches, and therefore embeds sustainability-related aspects in all business policy decisions.
- The "Principles and Guidelines for Implementing LBBW's Sustainability Policy and Goals" give our managers and staff concrete guidance on how to conduct everyday business.
 - The LBBW Group considers ethical aspects, such as human rights, environmental protection, working conditions and anti-corruption, when granting loans and making investment (according to the UN Principles of Responsible Investment).
 - Through mandatory in-house ESG review processes and a comprehensive set of rules LBBW ensures that sustainability risks relating to the environment, society or ethics are identified, analyzed and assessed early in the process of deciding on extending credit. This can result in LBBW rejecting such transactions.
 - LBBW has established exclusions for environmental, social and governance criteria - e.g. LBBW does not consider companies that produce cluster munitions, delivery systems for cluster munitions and/or anti-personnel mines. LBBW is also withdrawing from business with the coal industry and no longer lends to companies that build new coal-fired plants or coal mines. In addition, clear thresholds have been set for energy suppliers regarding the share of energy or revenue generated by coal.
 - For each transaction, it must be ensured that the principles of LBBW's sustainability policy are complied with. The ESG Group Transformation department supports the relevant market areas in their day-to-day business in identifying and assessing transaction-related sustainability risks in order to counter reputational risks.





Governance & culture: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) to bank's full response/ relevant information

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(continued)

Risk management and monitoring:

- ESG analyses are already an integral part of the overall risk management process, starting with risk inventory, methods, measurement, reporting and scenario analyses.
- ESG scenario analyses are prepared for several medium- and long-term periods and in this respect serve in particular to provide early warning and identify the need for action in the long term, as well as providing a basis for strategic discussions.
- LBBW uses various methods and tools to systematically assess ESG risks in connection with individual transactions and portfolios and to measure the impact on relevant business areas and segments.
- Because transition risks are key drivers of credit risk, the Bank has developed a carbon tool and an accompanying process to determine Scope 1 and 2 CO2 equivalent emissions for each counterparty, ensuring full portfolio coverage. The emissions financed are published by LBBW in the Sustainability Report.
- In addition, LBBW has developed a Physical Risk Tool to analyze the impact of chronic and acute physical climate risks on credit risk.
- The Board of Managing Directors is informed about financed emissions once a quarter and about physical risks on a semiannual basis in risk reports.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No



Principle 1



Principle 2



Principle 3



Principle 4



Principle 5



Principle 6

Transparency & accountability: We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements

**High-level summary of bank's response
(limited assurance required for responses to highlighted items)**

**Reference(s) to bank's full
response/ relevant information**

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis , target setting and governance structure for implementing the PRB)? Please describe briefly.

Under the dual banner of "growth and relevance," the bank has successfully worked to expand its importance in a national and international market environment and achieve further growth. Five strategic guiding principles point the way: We want to contribute to the sustainable transformation of the economy, support our customers with innovative solutions, increase our resilience as a bank, inspire our employees, and make a substantial contribution to society.

Strategic objectives of the "sustainable transformation" lever that drive us:

- Responsibly directing capital flows and thereby assuming social and societal responsibility.
- Positive impact on customers, the market and reputation - and thus increasing relevance in social discourse
- Differentiation in the labor market and increase in corporate identification

Sustainability is about being ready for future challenges. It is now more important than ever to actively take responsibility, facilitate change and be a reliable partner, especially in turbulent times. We strive to be one of the most sustainable universal banks in Europe.

We want to continue to drive the sustainable transformation of the economy and society in partnership with our customers, our employees and the people in the regions that we call home as a state bank



Transparency & accountability: We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s) to bank's full response/ relevant information

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis , target setting and governance structure for implementing the PRB)? Please describe briefly.

(continued)

In relation to our 2 key targets, we have set many projects on the agenda for this year - **see Roadmaps in section 2.2 d - Action Plan**

Additional Plans:

- Achieving CSRD-Compliance
- Publish a Sustainable Finance Framework
- Development and implementation of a fundamental ESG strategy for the sustainability commitment of the LBBW Group
- Further development and implementation of training concepts on sustainability and sustainable finance



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