

Sustainable Finance Framework

of

Landesbank Baden- Württemberg

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Landesbank Baden-Württemberg

Sustainable Finance Framework

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1 Executive summary

This sustainable finance framework (the “SFF”, or the “Framework”, or the “Sustainable Finance Framework”) outlines the approach of Landesbank Baden-Württemberg (the “LBBW” or the “Bank”) to classify activities as sustainable finance (the “Sustainable Finance”) and sets forth the underlying criteria and guiding principles that shape our decision-making processes. The Framework is only applicable to LBBW as legal entity and does, at this stage, not include further group companies of LBBW. Sustainable Finance in the sense of this SFF is limited to the financing activities of LBBW, i.e. loans or other financing activities as described in 3.4 granted by the Bank (excluding further instruments like deposits or other monies raised by the Bank) which do not violate LBBW exclusion criteria (as defined in 3.2) and comply with any of the following criteria:

- (a) the use of proceeds from such financings for purposes which contribute substantially (the “Substantial Contribution”) to one or more of the environmental objectives¹ according to the Technical Screening Criteria (the “TSC”) of the EU Taxonomy Regulation², whereby the further criteria for sustainable economic activities e.g. do no significant harm (the “DNSH”) or minimum safeguards³ (the “MS”) can, but do not need to be fulfilled (as described in section 3.3.1);
- (b) the use of proceeds from such financings for social purposes which comply with the LMA Social Loan Principles and/or the ICMA Social Bond Principles (as described in section 3.3.2); and
- (c) Sustainability-linked financings which comply with the LMA Sustainability-Linked Loan Principles (as described in section 3.4)

In general, the Sustainable Finance Framework is an instrument for a standardized definition within LBBW, based on which the sustainable finance volume (the “Sustainable Finance Volume”) is reported. Based on market changes, regulatory adjustments and progress made by LBBW in achieving its sustainable goals, the SFF will be reviewed at least once per year and, if necessary, may be updated on an ad-hoc basis to reflect the relevant adjustments.

2 Framework for Sustainable Finance in the LBBW

2.1 Sustainability policy, principles, and commitments outside the SFF

LBBW wants to be a reliable social and economic partner, providing long-term support to its stakeholders in complex transformation processes. To address the rapidly changing environment and the wide range of complex customer requirements, [LBBW's Group Strategy](#) includes five strategic levers. Two of these strategic levers refer to sustainability in the narrow sense, i.e. ‘sustainable transformation’ and ‘social contribution’.

As a guideline for sustainability, LBBW has set sustainability policies, targets, guidelines and principles. These overarching objectives comprehend (i) human rights by taking frameworks such as the UN Human Rights Declaration or the UN Global Compact into consideration, (ii) compliance with work protection laws such as the Core Labour Standards according to the International Labour Organization, the (iii) [LBBW Code of Conduct](#) and (iv) the [LBBW Sustainability Practices](#).

¹ Art. 9 (a-f) of the EU Taxonomy Regulation (2020/852/EU)

² Art. 3 (a) respectively Art 3 (d) of the EU Taxonomy Regulation (2020/852/EU)

³ Art. 3 (b) to (c) of the EU Taxonomy Regulation (2020/852/EU)

Furthermore, by signing the Klimaschutz-Selbstverpflichtung (climate protection commitment) of the German financial sector, LBBW has committed to formulating and publishing sector-specific and scenario-based climate targets for the LBBW portfolio. LBBW's portfolio includes various emissive industries that are systematised into several sector specific transformation pathways. Each of these sectors requires a specific decarbonisation strategy.

LBBW prioritised these sectors based on their relevance to GHG emissions and their size in the LBBW portfolio. The application of reference paths will be successively developed further and supplemented by additional sectors.

After analysing the various climate models, LBBW decided to use the IEA's Net Zero Emissions (NZE) scenario as the reference path for decarbonising the economy. The model is in line with the Paris Climate Agreement. At the same time, this corresponds to the requirements of the Net Zero Banking Alliance Germany (NZBAG) and has a strong acceptance and distribution on the market. For commercial real estate financing, on the other hand, LBBW uses the reference path of the Carbon Risk Real Estate Monitor (CRREM) as the basis for determining the reference path. We have published the detailed procedure for developing the sector paths in the publication [»Sustainable Transformation – our path to net zero«](#).

Financed emissions, which comprise largely of the scope 3 emissions of LBBW resulting from our credit portfolio, are monitored by LBBW's internal risk controlling unit. The internal reporting is therefore being updated at least on an annual basis to ensure we meet our specific goals for 2030 for selected sectors with high greenhouse gas emissions (sector-specific transformation pathways). LBBW reports on its financed emissions in its annual [Sustainability Report](#). Moreover, LBBW has set long-term climate goals. Performing a detailed analysis of the portfolio and deriving sector-specific transformation pathways and objectives are the deciding factors that will enable the Bank to achieve its net zero target for emissions at latest by 2050.

2.2 Sustainable Finance Volume as defined by the SFF

The Sustainable Finance Volume consist of Sustainable Finance activities in terms of this Framework and will be published at least once per year on the LBBW's website. Beginning from business year 2025 the Sustainable Finance Volume will be comprehensively defined solely based on this Sustainable Finance Framework. LBBW has committed itself to a public ambition of increasing the Sustainable Finance Volume to at least EUR 7,1 billion by the end of business year 2025. This public ambition linked to an annual disclosure⁴ is also considered as an instrument to engender transparency. Moreover, LBBW is part of industry cooperations and initiatives and engage with clients.

To reach this goal, LBBW has incorporated specific targets into its strategic planning and controlling scheme. LBBW has taken further and concrete steps to transform and align its portfolio with the 2025 goal, for example with its focus on renewable energy and sustainable real estate financing such as energy efficiency and "green" buildings (Table 1). The acquisition of Berlin Hyp AG has helped to strengthen its dominant position in this market segment. LBBW has also established in-house sustainability advisory teams that assist customers in developing and enhancing their own sustainability strategies and sustainable business cases. LBBW aims to build on these and other resources to continue its successful trajectory in accompanying clients on their transformation paths.

⁴ The annual disclosure will initially be published per year-end 2025 in Q1/2026. This will include the current Sustainable Financing Volume and its planned increase for the year 2026.

2.3 Core Principles of selection criterion I: LBBW exclusion criteria

Before granting financing, LBBW strives that all activities classified as sustainable comply with official national and international environmental and social standards as well as local laws and regulations. In this regard, our Code of Conduct provides support with regard to applying legal as well as ethical standards. The Code of Conduct covers topics such as integrity, forms the basis for LBBW's risk culture and addresses social responsibility. Overall, it represents the principles, values and policies that guide the conduct of all employees in the LBBW. Based on this, LBBW has defined minimum requirements (or exclusion criteria) in terms of its sustainability policy and sustainability goals for the environmental and social compatibility of financing transactions. These minimum requirements are continuously developed and renewed. A list of all criteria can be found in the Sustainability Practices of LBBW. Financing activities that do not comply with LBBW's exclusion criteria cannot be classified as Sustainable Finance according to this Framework. Details on this selection criterion is provided in 3.2.

2.4 Core principles of selection criterion II: Dedicated purpose financing

2.4.1 Framework for classifying use of proceeds for environmental purposes

I. EU Taxonomy-aligned financing

Financing activities that are aligned with the EU Taxonomy Regulation 2020/852/EU (the “EU Taxonomy Regulation”) are Sustainable Finance without further assessment (see 3.3.1).

II. Use of proceeds according to EU Taxonomy Screening Criteria

If a financing activity does not comply with the EU Taxonomy Regulation the contribution to the achievement of an environmental objective can be measured on the requirements of the TSC according to this Framework (see table 1). The process to identify such financing activities as sustainable according to this Framework does not include further regulatory tests, e.g. Do-No-Significant-Harm or Minimum Safeguards (see 3.3.1).

2.4.2 Framework for classifying use of proceeds for social purposes

Financing activities with use of proceeds for social purposes in the sense of this SFF must contribute to the achievement of at least one of the following objectives and must comply with the LMA Social Loan Principles or the ICMA Social Bond Principles. For an unambiguous classification, we define specific economic activities as “social”, using the National Classification of Economic Activities provided by Federal Statistical Office of Germany (WZ), who are based on NACE (see list of WZ codes in 8).

Thus, the purpose of the financing must be a social project that aims to either benefit the general public, or to solve or alleviate a specific social problem thereby benefitting a socially or otherwise disadvantaged groups of the population. Target groups may vary with regard to the social project, targeted region, and/or economic sector.

Relevant social objectives include the promotion of social and community projects of many kinds, such as:

- an affordable basic infrastructure in the areas of transport, social housing, energy supply and information and telecommunications technology;
- Access to essential services, such as health, education and contribute to reduce social inequality and reduce poverty

2.5 Core principles of selection criterion III: Sustainability-linked financing

To classify financing as sustainability-linked, the transaction must adhere to the Sustainability-Linked Loan Principles set forth by the Loan Market Association (LMA). These principles require that the financing purpose includes social and/or environmental aspects, which are represented through sustainability KPIs and targets.

The sustainability KPIs and targets must be:

- Material: They should be relevant and significant to the borrower's core sustainability and business strategy.
- Ambitious: They should reflect a high level of commitment and drive substantial improvement in the borrower's sustainability performance.

In case of syndicated sustainability-linked loans KPIs can be adjusted on a case-by-case decision with the agreed level of lender consent and - if applicable - the agent and/or the sustainability coordinator. For further details see section 3.4.

3 Classifying Sustainable Finance in the LBBW

3.1 Decision tree for classifying Sustainable Finance

The following figure 2 depicts a decision tree illustrating the selection criteria applied to define Sustainable Finance according to this Framework. LBBW has implemented exclusion criteria that are applied in a first step to check if a financing activity can be eligible according to this Framework. In a next step, we identify if there is a dedicated purpose financing with use of proceeds for environmental purposes or use of proceeds for social purposes (selection criterion II), or a sustainability-linked financing (selection criterion III). If in addition to selection criterion I either criterion II or III is met, the financing activity is sustainable according to this Framework. The current volume of outstanding Sustainable Finance will be regularly reported, at least once per year.

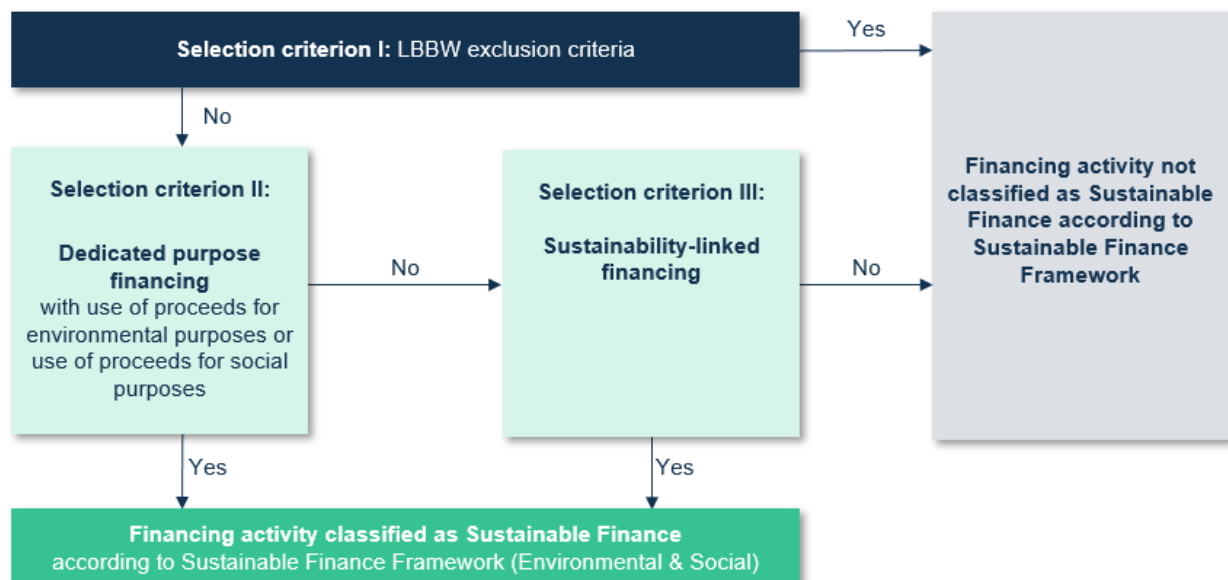


Figure 1: Decision tree depicting the approach for identifying Sustainable Finance

3.2 Selection criterion I: LBBW exclusion criteria

Relevant for the exclusion criteria are overarching guidelines in the investment and lending business, such as on the topics of human and labour rights or biodiversity principles and species protection. During the assessment, relevant specialist areas such as the compliance department or the sustainability department are included in the decision-making process by means of statements.

Furthermore, in the relevant decision process for transactions we ensure through a basic set of exclusion and test criteria that reputation and sustainability risks relating to the environment, society or ethics are identified, analysed and assessed. Financing activities that do not comply with LBBW's exclusion criteria cannot be classified as sustainable according to this Framework.

In addition to this basic set of exclusion and test criteria applied to all financing transactions in general, the risk of individual transactions for the factors Environmental, Social and Governance (ESG) is evaluated in a second step via a so-called ESG-checklist. This checklist highlights the

individual ESG-risk and is used in addition to further evaluate a specific transaction. The process includes the outside-in perspective as well as the inside-out perspective (double materiality). It can result in LBBW rejecting the specific transaction.

Thus, the risk management tools in combination with the minimum requirements through basic exclusion criteria also aim to mitigate the main negative impacts. However, the process to identify Sustainable Finance according to this Framework does not include Do-No-Significant-Harm (“DNSH”) or Minimum Safeguards (“MS”) tests according to the EU Taxonomy Regulation.

3.3 Selection criterion II: Sustainable use of proceeds

3.3.1 Environmental classification: Financing with use of proceeds for environmental purposes

I. EU Taxonomy-aligned financing






Against the background of the EU Taxonomy Regulation mentioned as the first measure in the EU Action Plan, it is a declared goal of LBBW that our Sustainable Finance Framework is aligned closely with the environmental goals and requirements laid out in the EU Taxonomy Regulation, even though the share of financing of taxonomy-aligned activities is currently rather low.




Taxonomy-aligned financing requires the fulfilment of the “Do-No-Significant-Harm”-criteria and “Minimum Safeguards” in addition to the fulfilment of the “Substantial Contribution”.

To identify taxonomy-aligned financing, a range of feasible taxonomy-eligible financing activities are pre-selected centrally by LBBW’s EU Taxonomy project team as well as dedicated experts in LBBW’s sustainability department. Subsequent, experts in the specific business units assess if the earmarked financing activity is taxonomy-eligible, if this is the case, it is further determined whether the financing is also taxonomy-aligned or not. This screening process has been provided to and approved by LBBW’s external auditor in the process of preparing LBBW’s non-financial reporting.

II. Use of proceeds according to EU Taxonomy Screening Criteria

Table 1 provides an overview of categories and business areas (eligibility criteria) that are defined by LBBW as environmentally sustainable based on qualitative and quantitative metrics. All metrics or criteria are exclusively derived from and closely aligned with the EU Taxonomy Technical Screening Criteria.

Category & UN SDG	Classification based on	Business areas (eligibility criteria)	Further metrics and/or criteria (qualitative/quantitative)
Financing with use of proceeds for environmental purposes			
Power generation from renewable energies    	EU Taxonomy Technical Screening Criteria	LBBW understands energy production from renewable energies to mean any activities that fall under electricity or heat and/or cooling production and whose carbon intensity does not exceed certain target values over the entire life cycle, in particular through <ul style="list-style-type: none"> • Photovoltaics or solar energy concentration (CSP) • On- and offshore wind turbines • Production of “green” hydrogen and “green” power-to-X derivatives (e.g. “green” ammonia, synthetic fuels, ie. e-fuel, e-gas, e-SAF, and e-methane) 	Suitability test of the activity is done using thresholds: Photovoltaics: Yes/No Wind park: Yes/No “Green” Hydrogen & Power-to-X: Hydrogen must be produced by electrolysis powered by renewable energy
Energy efficiency and “green” buildings 	EU Taxonomy Technical Screening Criteria	LBBW understands to mean energy-efficient and environmentally friendly buildings to mean activities such as the financing or refinancing of new or existing buildings with sustainability criteria, esp. <ul style="list-style-type: none"> • Buildings with verifiably high energy standards, • Buildings that have a comparatively low primary energy demand (PED), • Buildings whose energy performance is significantly below the threshold for lowest energy buildings (NZEB) in the local market, • Buildings that can show a significant improvement through renovation compared to the performance before renovation (reductions through renewable energy sources are not taken into account), 	Suitability testing of the activity is carried out using thresholds. New construction (from 01.01.2021): Primary energy demand at least 10% below NZEB standard Existing buildings (until 31.12.2020) EPC Level A or evidence for Top 15% of national or regional building stock (in terms of PED, FED, or CO2) All building renovations: Improvement of PED by at least 30% (period 3 years). Significant improvements refer to renovation that comply

		<ul style="list-style-type: none"> Buildings that have been refurbished and meet the criteria for major renovations in accordance with the applicable building regulations. 	with the applicable requirements for major renovations as defined in the Energy Performance of Buildings Directive (EPBD), based on the cost optimal level as defined in EnEV 2016 ⁵
Agriculture and forestry 	EU Taxonomy Technical Screening Criteria	<p>LBBW understands agriculture and forestry to mean the protection, utilisation and efficiency of natural resources, any activities that contribute to a reduction in CO₂ emissions or a resource-saving effect in the aforementioned areas, in particular,</p> <ul style="list-style-type: none"> Use of environmentally friendly production methods in agriculture and forestry Creation of forest areas through conversion of non-forest areas into forest or new planting/targeted seeding Reforestation: If the non-forest should be degraded ecosystem and it must not have been intentionally degraded by the same end borrower. <p>Generally, it must be assured that the reforestation and conversion should not be done by the organizations/companies that did the damage.</p>	<p>Suitability testing of the activity is based on certification labels provided (FSC, PEFC, RSPO) to ensure a credible sustainable forestry management plan. Sustainability testing for production methods in agriculture based on appropriate certifications:</p> <p>EU Organic IFOAM, ProTerra, Naturland</p>
Clean transportation  	EU Taxonomy Technical Screening Criteria	<p>LBBW understands clean transportation and infrastructure⁶ to mean any type of activity involving the transport of goods and/or people by land, air and water that contributes to a CO₂-free or low-carbon mobility transition, in particular,</p> <ul style="list-style-type: none"> Vehicles with clean drive energy such as e-mobility (any zero direct emissions such as electric and hydrogen) Expansion and improvement of rail and public transport infrastructure 	<p>Suitability testing of the activity is carried out using thresholds:</p> <p>The infrastructure must not be dedicated to the transport or storage of fossil fuels (with regards to its main purpose) and fulfilment of at least one additional requirement:</p>

⁵ Compliance with all the TSC for activity 7.2 must be ensured for a positive assessment: The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.

⁶ Related to creation/construction of the infrastructure



		<p>and operation without direct CO₂ emissions,</p> <ul style="list-style-type: none"> • New infrastructure required for zero and/or low-CO₂e transport (electric vehicle charging stations, rail infrastructure, hydrogen fueling facilities), • Measures for CO₂ reduction in aviation⁷ and its infrastructure⁸ 	<p>(i) all vehicles with zero-direct emission (ii) passenger cars and light commercial vehicles (vans) with direct emissions <50g CO₂e per passenger km (iii) freight rail and road transport: direct emissions <25g CO₂e/tkm (iv) air traffic: Aircraft analogue EUTaxonomy Regulation. Financing activity must comply with EU Taxonomy Regulation, Activity 6.19 TSC</p>
Data infrastructure  	EU Taxonomy Technical Screening Criteria	<p>LBBW understands data infra-structure to mean any activities that encompass potential savings of CO₂ emissions in the sense of digital or data-driven opportunities and standards, in particular,</p> <ul style="list-style-type: none"> • Energy-efficient data centres 	<p>Suitability testing of the activity is done against thresholds:</p> <p>Data Centres⁹: Power Usage Efficiency (PUE) ≤1.5 for existing data centres until 2026 ≤1.4 for existing data centres from 2027 ≤1.3 for new data centres (targeted PUE)</p>

Table 1: Overview of sustainable economic activities & eligibility metrics for environmental categories



⁷ Reference: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/348/view> (Refers to Substantial Contribution, not DNSH or MS)

⁸ This criterion adheres to EU Taxonomy Regulation activity 6.17 "Low Carbon Airport Infrastructure".

⁹ According to the European Code of Conduct for Datacenter, which labels the PUE as a crucial efficiency indicator, LBBW defines the subsequent thresholds for financing data center under this SFF.

3.3.2 Social classification: Financing with use of proceeds for social purposes

Table 2 provides an overview of categories and business areas (eligibility criteria) that are defined by LBBW as social sustainable based on the impact indicators. All metrics or criteria are exclusively derived from and closely aligned with the LMA Social Loan Principles and/or the ICMA Social Bond Principles.

Financing with use of proceeds for social purposes			
Affordable basic infrastructure  	- LMA Social Loan Principles; and/or - ICMA Social Bond Principles	LBBW understands affordable basic infrastructure to mean any activities that address the basic infrastructural needs of people, in particular the need for basic infrastructure ¹⁰ :	Suitability testing of the activity is carried out using impact indicators:
		<ul style="list-style-type: none"> • Clean water (target population is the general public, analogous to ICMA Social Bond Principles where the general provision of "clean water" is classified as social contribution) • Sewerage (operation of sewer systems and sewage treatment plants), operation of wastewater treatment plants, water production with external procurement for distribution • Public transport: Financing of service & infrastructure (analogous to ICMA Social Bond Principles where "transport" is classified as "social" category) • Healthcare and education: construction and refurbishment of healthcare (e.g. hospitals), social welfare (e.g. nursing homes) and education (e.g. schools and universities) 	Unique classification via Wirtschaftszweig (WZ) with underlying positive list (a full list will be provided in SFF appendix).

¹⁰ With specific regard to the impact categories affordable basic infrastructure and access to essential services (i.e. analogous to ICMA Social Bond Principles categories), financing activities are identified based on a classification of economic sectors (economic sector code, WZ code provided by the German Federal Office of Statistics). These WZ code take into account the specifications of the statistical classification of economic activities in the European Community (Nomenclature statistique des activités économiques dans la Communauté Européenne, NACE) and were established with the approval of the European Commission. A company can only ever be assigned to one code, even if different activities or services are provided. The main activity of the company is decisive. In addition to the WZ code, the type of credit is also recorded. Only the following loan types are permitted for LBBW's permissible portfolio of social financing: investment loans, forfaiting, promissory bills. Building loans and consumer loans are not permitted in order to avoid possible blurring.

Access to essential services

- LMA Social Loan Principles; and/or
- ICMA Social Bond Principles

LBBW understands access to essential services to mean any activities that contribute to the provision of basic social services in societies:

- Health Care: Hospital activities (operation of public and private hospitals), medical and dental practice activities (operation of medical practices)
- Social care: Residential nursing care facilities, residential care activities for the elderly
- Education and vocational training: Vocational adult education, vocational secondary education, general and political adult education, General secondary education, kindergartens, elementary schools

Suitability testing of the activity is carried out using impact indicators:

Unique classification via Wirtschaftszweig (WZ) with underlying positive list (a full list will be provided in SFF annex).

The objective/benefit is to facilitate improvements in the listed basic social services and contribute to reducing social inequality and reduce poverty.

Table 2: Overview of sustainable economic activities & eligibility metrics for social categories

3.4 Selection criterion III: Sustainability-linked financing

LBBW defines sustainability-linked financing as financing that complies with the LMA Sustainability-Linked Loan Principles. This includes syndicated loans or promissory loans. In case of syndicated sustainability-linked loans, KPIs can be adjusted on a case-by-case decision with the agreed level of lender consent and - if applicable - the agent and/or the sustainability coordinator.

Financing of customers without a specific use of proceeds is considered to be sustainability-linked within the meaning of the Sustainable Finance Framework, if it is accompanied by a definition of relevant and substantial sustainability KPIs and targets at the customer's organisation level. If the customer achieves the targets, the company is rewarded with financial incentives such as lower interest rates.

The sustainability-link must be material and ambitious the indicators and targets must be related to the core economic activity of the customer and also relevant to the respective industry or sector. The indicators create incentives for the respective customer and thus support the customers efforts in improving its sustainability profile over the term of the loan. The respective sustainability KPIs must be consistent with the principles mentioned in chapter 4 and are negotiated and agreed during the process of the respective financing.

LBBW conducts an due diligence to check the ambition of the sustainability performance targets and the materiality of the sustainability KPIs with regard to current and sector-specific ESG issues, challenges, comparative values/benchmarks, and conformity with the customer's sustainability strategy, among other things. In line with the LMA, LBBW strongly recommends that its customers have the defined sustainability KPIs reviewed and confirmed by a recognised, external provider (e.g. ESG rating agency, certification or expert opinion by a second party). ESG ratings must come from a sustainability rating agency established in the market.

The sustainability KPIs are to be reported by the customer at least once a year, transparently and comprehensibly. The report (e.g. in the form of a sustainability report that includes the agreed sustainability KPIs) of the borrower's performance level against each sustainability performance targets for each sustainability KPIs is recommended to be externally verified by a recognised, established and independent provider (e.g. auditor) and verified with at least limited assurance for each period. Based on the performance assessment, the economic characteristics of the financing activity may be adjusted according to the pre-specified agreement throughout the term of the financing activity.

4 Governance and processes for identifying and monitoring Sustainable Finance activities

The selection, monitoring and declassification of a Sustainable Finance activity according to the Sustainable Finance Framework follows a defined procedure. LBBW has defined processes for this purpose and established lending rules. Further reference is made to our Sustainability Practices at LBBW which are available on our website [\[Sustainability at LBBW\]](#).

4.1 Internal processes for identifying eligible financing activities

The assessment for classification and validation is the prerequisite for the subsequent disclosure of Sustainable Finance activities. The classification process generally consists of three consecutive steps, that is, a 4-eyes principle selection process conducted as the first two steps, plus a third step involving a referral to a central body as escalation committee if necessary. LBBW documents the respective results and information underpinning the decisions within this process in order to ensure traceability. Verified Sustainable Finance activities are marked in the Bank's corresponding systems.

4.1.1 EU-Taxonomy-aligned financing

For a detailed description of LBBW's internal processes and governance to evaluate compliance with the EU Taxonomy Regulation criteria, please also see chapter 3.3.1, as EU Taxonomy alignment provides a sufficient requirement to classify financing as sustainable according to this Framework.

4.1.2 Financing with sustainable use of proceeds

For financing activities classified by criterion II, the sequence is as follows:

Step 1: Front-office representatives will identify financing activities in their area of responsibility and conduct a preliminary eligibility assessment following the Sustainable Finance Framework.

Step 2: Risk-management representatives in their area of responsibility conduct a front-office independent assessment and verify the classification as Sustainable Finance under the Sustainable Finance Framework.

Step 3: In case of an inconsistency of both independent validation assessments or in the event that a financing activity cannot clearly be classified as sustainable according to this Framework, the department Group Sustainability has to be involved. Further, the Sustainability Board Committee as escalation committee will make a final decision about the classification.

4.1.3 Sustainability-linked financing

Correspondingly, with regard to selection criterion III (sustainability-linked financing), the process to check for compliance with the requirements involves a comprehensive 4-(or more, depending on the responsibilities LBBW holds in the banking consortium)-eyes-principle. The risk department bears responsibility for an escalation process involving direct board oversight which is triggered by a non-congruent assessment between the first two pairs of eyes in the process. LBBW applies a process assigning concrete responsibilities to the specific screening within a two-staged process model:

During the first stage of the process, ambition and materiality of the submitted KPIs are reviewed on an individual level for every KPI with the help of an established KPI assessment tool and distributed responsibility, applying a four-eyes-principle.

The second stage of the process determines eligibility (i.e. materiality and ambition) at the level of the complete KPI set that has been submitted, based on the outcomes of the first stage.

4.2 Internal monitoring of the Sustainable Finance Volume and declassification

4.2.1 Monitoring and declassification for dedicated purpose financing with use of proceeds

Dedicated purpose financing activities with use of proceeds classified as Sustainable Finance according to this Framework will be monitored and periodically reviewed, at least there will be conducted an event-related screening of the transaction in the case of negative information, by the relevant business units. In the event that the prerequisite for classifying a financing activity as Sustainable Finance within the meaning of the Sustainable Finance Framework is no longer met, LBBW will discuss suitable countermeasures with the customer and, if no improvement can be achieved, will no longer disclose it as Sustainable Finance according to the SFF.

4.2.2 Monitoring and declassification for sustainability-linked financing

For sustainability-linked financing, LBBW adheres to the LMA Sustainability-Linked Loan Principles regarding monitoring and declassification events. The borrower is required to regularly report on their progress in achieving the sustainability KPIs, typically on an annual basis, which can be verified by external auditors. If the borrower fails to meet the established sustainability KPIs, it is considered non-compliant to the specific criteria and thresholds defined in the loan agreement. As a result of this non-compliance, the loan will no longer be considered a sustainability-linked loan. In case of this declassification event according to LMA's Sustainability Linked Loan Principles (SLLP), LBBW will no longer disclose it as Sustainable Finance according to the SFF.

5 Public communication of LBBW's Sustainable Finance Volume

The Sustainable Finance Volume defined as Sustainable Finance according to the standards laid out in this Framework will be reported externally in periodic intervals. The information will be made available [on LBBW's website](#). LBBW commits to publishing such an update at least once per year.

6 External review and updates to the SFF

The quality and integrity of LBBW's Sustainable Finance Framework was reviewed and validated by the external ESG rating agency ISS-Corporate. The results of the review are documented in an external review and can be viewed on the website of [Sustainability at LBBW](#). This certification is valid until further notice and will be updated in case of major changes to the Sustainable Finance Framework. The Sustainable Finance Framework is reviewed regularly - at least once a year - and updated as necessary. The need for adjustment depends on regulatory and market developments.

7 Disclaimer

The SFF defines the framework for LBBW's Sustainable Finance and may be subject to change. The basic classification of financing as sustainable within the meaning of this Sustainable Finance Framework does not constitute an offer or commitment of financing by LBBW, it merely provides information. Financing by LBBW is offered by means of offer documentation in accordance with the applicable laws after the Bank has made a positive decision based on concrete information in connection with the specific financing project. This document is protected by copyright. Use of the contents is not permitted without the written consent of LBBW.

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8 Annex

WZ CODES¹¹

36001 Collection and purification of water incl. purchases from other suppliers for distribution
 36002 Collection and purification of water excl. purchases from other suppliers for distribution
 36003 Distribution of water without collection and purification
 37001 Operation of sewer systems
 37002 Operation of sewage treatment facilities
 49100 Passenger rail transport, interurban
 49310 Urban and suburban passenger land transport
 49391 Scheduled long-distance passenger transport by motor bus
 49392 Non-scheduled passenger transport by motor bus
 49399 Land passenger transport n.e.c.
 85101 Kindergarten education
 85102 Pre-school classes, school-kindergartens
 85200 Primary education
 85311 Schools offering general education, secondary level stage I
 85312 Schools offering general education, secondary level stage II
 85320 Technical and vocational secondary education
 85410 Post-secondary non-tertiary education
 85421 Universities
 85422 Universities of applied sciences
 85423 Colleges of public administration
 85424 Vocational academies, specialised academies, schools for nurses, midwives etc.
 85520 Cultural education
 85591 General and political adult education
 85592 Vocational training for adults
 85599 Education n.e.c.
 85600 Educational support activities
 86101 Hospital activities (excluding university hospitals, preventive care and rehabilitation centres)
 86102 Activities of university hospitals
 86103 Activities of preventive care and rehabilitation centres
 86210 General medical practice activities
 86220 Specialist medical practice activities
 86230 Dental practice activities
 86901 Activities of psychological psychotherapists
 86902 Activities of midwives and man midwives, physiotherapists and other paramedical practitioners in the field of massage, hydrotherapy, etc.
 86903 Activities of non-medical practitioners
 86909 Other own-account activities pertaining to human health
 87100 Residential nursing care activities
 87300 Residential care activities for the elderly and disabled
 88101 Domestic social service activities
 88102 Other social work activities without accommodation for the elderly and disabled
 88910 Child day-care activities
 88990 Other social work activities without accommodation n.e.c.

¹¹ Building loans are not included in "Medical professions" (86210-86909).

9 Glossary

Term	Definition
DNSH	Do No Significant Harm; requirement that certain economic activities in the EU Taxonomy do not damage other EU environmental goals
EBPD	Energy Performance of Buildings Directive
ESG	Environmental, Social and Governance
EU	European Union
FED	Final Energy Demand
FSC	Forest Stewardship Council
GAR	Green Asset Ratio
GHG	Greenhouse Gas
ICMA	International Capital Market Association
IEA	International Energy Agency
KPI	Key Performance Indicator
LBBW	Landesbank Baden-Württemberg, refers to LBBW (Bank), the parent company of the LBBW Group
LMA	Loan Market Association
MS	Minimum Safeguards
NACE	Nomenclature statistique des activités économiques dans la Communauté Européenne; a classification for statistical data from the economic sector, broken down by economic activity
NZBAG	Net Zero Banking Alliance Germany
NZEB	Nearly Zero Energy Building
PED	Primary Energy Demand
PEFC	Programm for the Endorsement of Forest Certification
SLLP	Sustainability-Linked Loan Principles
TSC	Technical Screening Criteria
RSPO	Roundtable on Sustainable Palm Oil
UN SDG	United Nations Sustainable Development Goal
WZ, WZ-Code	“Wirtschaftszweig”; Statistical code of specific economic sectors

Table 3: Glossary