

# Principles for Responsible Banking

## Progress Statement 2025

## Landesbank Baden-Württemberg: Responsible Banking Progress Report 2025

In 2019, LBBW became the first German universal bank to sign the UNEP Finance Initiative's Principles for Responsible Banking. As a public-law institution, LBBW has for many years pursued a strategic approach to integrating environmental, social, and governance (ESG) considerations into its business strategy, management processes, and product and service offerings.

With the development of the ESG Strategy 2025+—hereinafter referred to as the ESG Strategy—the initial implementation of the requirements of the Corporate Sustainability Reporting Directive (CSRD) based on the European Sustainability Reporting Standards (ESRS), and the further operationalization of sustainability-related governance, the existing approaches were consistently refined during the 2025 reporting year.

The results of the dual materiality analysis, the identified Impacts, Risks, and Opportunities (IROs), the ESG Strategy, and the continuous advancement of sustainable finance form the foundation for LBBW's sustainability-related corporate management.



## 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.

### Response

Sustainability is an integral part of LBBW's business strategy and corporate governance. As a public-law institution, LBBW is committed to making a sustainable contribution to economic development and social transformation.

Sustainability has been a strategic cornerstone of LBBW since 2017. The current business strategy combines the strategic goals of "Growth and Relevance" with the five strategic levers: "Sustainable Transformation," "Innovative Solutions," "Enhanced Resilience," "Inspire Employees," and "Social Contribution."

With the strategic lever "Sustainable Transformation," LBBW is specifically positioning itself as a financing and transformation partner for its customers. The goal is, in particular, to

- \* support companies through complex transformation processes,
- \* provide sustainable and transformative financing solutions,
- \* further develop sustainable products and services, and
- \* contribute to the goals of the Paris Agreement.

With its ESG strategy, which took effect on January 1, 2025, LBBW is defining its strategic direction along the dimensions of Environment, Social, and Governance.

The ESG strategy takes into account the results of the double materiality analysis and addresses the key topics of climate and decarbonization, nature and resources, customers, employees, society, and responsible corporate governance.

Furthermore, LBBW is committed to internationally recognized standards and initiatives, including in particular:

- Sustainable Development Goals;
- Paris Climate Agreement;
- UN Global Compact;
- UN Guiding Principles on Business and Human Rights;
- OECD Guidelines for Multinational Enterprises;
- ILO Core Labor Standards;
- UN Women's Empowerment Principles;
- Principles for Responsible Investment

### Links & references

[Annual Report 2025](#), ESG-Strategy, Lending rule, Human rights pp. 95-96, 122, 126-147

[Disclosure Report 2025](#), ESG Risk (Art. 449a CRR), pp. 130-134, 138, 146

[Sustainability Strategy](#)

## 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.

### Response

LBBW conducted an impact analysis in 2023 in accordance with the requirements of the UNEP Finance Initiative and had the results independently verified.

In light of the initial implementation of the requirements of the Corporate Sustainability Reporting Directive (CSRD) based on the European Sustainability Reporting Standards (ESRS), a comprehensive dual materiality analysis was conducted at the Group level in 2024 and further developed in fiscal year 2025. The dual materiality analysis is recognized by UNEP FI as an appropriate approach for meeting the requirements of the impact analysis and now serves as the central framework for identifying, assessing, and prioritizing material impacts, risks, and opportunities (IROs).

As part of the analysis, positive and negative as well as actual and potential impacts were assessed along the value chain and across the business portfolio.

The results of the dual materiality analysis confirm LBBW's existing strategic priorities and form the basis for the further development of the ESG strategy. For the identified material impacts, risks, and opportunities, targets, measures, and management approaches were defined and integrated into the ESG strategy.

In fiscal year 2025, a transition plan was developed that addresses the requirements of the EBA Guideline "Guidelines on the management of ESG risks" (EBA/GL/2025/01). This transition plan serves as a starting point for further refining and embedding ESG governance at LBBW. The further development of the transition plan will be advanced in 2026.

Disclosure of financed emissions is carried out transparently as part of the disclosure required under Art. 449a CRR and in the Sustainability Statement of the annual report.

In addition, LBBW regularly conducts climate risk stress tests to quantify the potential impacts of climate- and environment-related risks on the bank's portfolio and, if necessary, to prepare countermeasures at an early stage.

Beyond the further development of internal management approaches, LBBW sees itself as an enabler and reliable transformation partner for its customers. It supports them with tailored financing solutions, capital markets and structuring expertise, as well as guidance on complex investment and transformation projects, thereby combining financing and advisory services across the entire value chain.

The effectiveness of this approach is demonstrated through concrete examples of transformation as well as sustainability-related performance metrics, such as new sustainable finance business, green and social allocation and impact reporting, and PCAF-compliant financed issuances.

### Links & references

[Annual Report 2025](#) : pp. 95-96 (ESG--Strategy 2025+), 122-123, 136 (Sustainable Transformation as strategic lever, Targets), 125-126 (Climate risk stress test), 128-133 (Financed emissions)

[Annual Report 2025](#): Double Materiality Analysis/IROs: pp. 101–106, 108-113

[Disclosure Report 2025](#) : ESG Risk (Art. 449a CRR): Methodologies and international standards in ESG risk management pp. 139-140, Financed Emissions 147-150

[ESG Booklet 2026](#), Target in new sustainable finance 2026: p. 5

### Principle 3: Clients & Customers

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

#### Response

Supporting customers in the sustainable transformation of the real economy is a central element of LBBW's "Sustainable Transformation" strategic lever.

LBBW supports its clients as a financing, structuring, and advisory partner in implementing sustainable business models and investments. The focus is particularly on financing projects in the areas of renewable energy, energy-efficient real estate, and sustainable finance solutions.

In addition, LBBW supports its clients with transformation-related issues. LBBW also assists financial institutions, savings banks, and institutional clients with sustainable capital market transactions and with integrating ESG considerations into business and portfolio strategies.

LBBW aims to actively support its customers in their sustainable transformation by providing sustainable financing solutions. These include, among other things, sustainable finance products, green, social, and sustainability bonds, as well as other instruments to support the transformation of emission-intensive sectors.

Issues related to nature and biodiversity are taken into account within the framework of existing ESG risk processes, and the further development of corresponding approaches is continuously reviewed.

In addition to supporting its customers, LBBW fulfills its responsibilities along its own supply chain and implements the requirements of the Supply Chain Due Diligence Act through appropriate processes and assigned responsibilities.

#### Links & references

[Annual Report 2025](#) : Sustainable Transformation, pp. 96-97, 121-122

[Disclosure Report 2025](#): ESG Risk (Art. 449a CRR), p. 135

[ESG Booklet 2026](#), pp. 5-6

### Principle 4: Stakeholders

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

#### Response

LBBW aims to give appropriate consideration to the interests of its key stakeholders and to systematically incorporate them into its business decisions.

As part of the double materiality analysis, relevant stakeholder groups were identified and included in the assessment of material impacts, risks, and opportunities (by stakeholder representatives from the bank). These include, in particular, customers, employees, owners, investors, business partners, regulatory authorities, as well as societal actors and affected communities.

The results of the stakeholder dialogues and the findings from the double materiality analysis are incorporated into the further development of the ESG strategy as well as relevant guidelines and processes.

Customer satisfaction is regularly assessed through surveys. Employee surveys are conducted bank-wide and serve to identify areas for improvement and derive appropriate measures.

In addition, LBBW participates in national and international initiatives, industry associations, and working groups to monitor regulatory developments and to exchange and further develop best practices for the sustainable transformation of the financial sector.

#### Links & references

[Annual Report 2025](#) pp. 99-101

## Principle 5: **Governance & Culture**

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

#### Response

LBBW's Executive Board bears overall responsibility for the Group's sustainability strategy and oversees the implementation of the ESG strategy. Sustainability considerations are integrated into the business strategy, the Group risk strategy, and key management and reporting processes.

Sustainability-related responsibilities are anchored within the organization through clearly defined roles and responsibilities. Business units, risk, and control functions work closely together to ensure that ESG aspects are taken into account in business decisions, risk management, and reporting.

Sustainability considerations are an integral part of compensation systems and are taken into account in quantitative performance agreements.

To promote a culture of responsible banking, employees receive regular training on sustainability topics as well as on compliance, integrity, and anti-discrimination issues. In addition, internal and external whistleblower systems are available to confidentially report violations of legal or internal regulations.

LBBW also promotes diversity and equal opportunity and aims to continuously increase the proportion of women in leadership positions.

#### Links & references

[Annual Report 2025](#): Sustainability Governance, pp. 92-93, Remuneration strategy/Anti-discrimination/Whistleblower system/Complaints process pp. 149-150, 153-154, 158-159, Gender Pay Gap 166

[Disclosure Report 2025](#): ESG Risk (Art. 449a CRR), pp. 136-138

[ESG Booklet 2026](#), p. 10

## 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.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report

### Response

LBBW reports transparently on its sustainability-related impacts, risks, and opportunities in its Sustainability Statement, which is included in the 2025 Annual Report, as well as on its regulatory disclosure obligations pursuant to Article 449a of the CRR.

The Sustainability Statement was prepared in accordance with the requirements of the ESRS and underwent an external limited assurance review.

In addition, LBBW publishes supplementary information on its ESG strategy, sustainable financing, and climate-related metrics.

LBBW will continue its reporting in accordance with regulatory requirements and international market standards, striving in particular to continuously improve transparency regarding the achievement of targets, key performance indicators, and progress in implementing its ESG strategy.

### Links & references

[Annual Report 2025](#): Sustainability Statement: pp. 89-94; Sustainability Reporting Process: p. 95

[Annual Report 2025](#), Independent Limited Assurance Report, pp. 318–323

[Disclosure Report 2025](#): ESG Risk (Art. 449a CRR), pp. 138, 147ff

[ESG Booklet 2026](#), pp. 4, 11

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