

Sustainable actions.  
2021 Sustainability Report of  
Landesbank Baden-Württemberg.

Including  
an updated  
environmental  
statement



# 2021 Sustainability Report.

## Accelerate change.

The economic and social transformation towards sustainability is gaining momentum. It is with total conviction and in acknowledgment of our particular responsibility as a public-sector bank that we are driving this change. Sustainability as a whole has been one of LBBW's strategic objectives for many years and so we are now in a strong position to meet rising customer demand for innovative and sustainable investment products and financial solutions. We intend to continue along this path actively and successfully – and help shape the future as one of Europe's most sustainable universal banks. We are breaking new ground.

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# About this report.

## Reporting period

LBBW's 2021 Sustainability Report covers the period from 1 January to 31 December 2021. The time series for environmental data generally refer to the calendar years from 2017 to 2021. LBBW's previous sustainability report was published on 29 July 2021. The report is published annually.

## Report content

This report has been prepared in accordance with the GRI Standards (GRI = Global Reporting Initiative): core option.



Individual items of content in this sustainability report have been allocated to the respective Sustainable Development Goals (SDGs). These 178 goals are at the heart of Agenda 2030, which was adopted by all of the United Nations member states at a summit in September 2015. It lays the foundations for global economic progress in harmony with social justice and within the Earth's ecological limits.

## Scope of reporting

Our sustainability management system is applicable to LBBW (Bank) (including BW-Bank) and the wholly owned subsidiaries Gastro Event GmbH, LBBW Immobilien Management GmbH, LBBW Corporate Real Estate Management GmbH (formerly BW-Immobilien GmbH), and LBBW Asset Management Investmentgesellschaft mbH. The sustainability report therefore covers this part of the LBBW Group.

## Editorial notes

All the information in this report was compiled with the utmost care. To the best of our knowledge, this information and data are correct. Nonetheless, no liability can be assumed for any errors or omissions in the information provided.

We would like to thank the numerous colleagues who participated in preparing this report for their support.



# 01

## Strategy and management

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Shaping transformation.

Sustainability is the foundation of our corporate strategy and the driving force of our corporate governance. As a public-sector bank, LBBW is committed to acting in the public interest. We want to make a relevant contribution to accelerating the shift towards a sustainable way of living and doing business. We apply a sense of urgency and passion to this task.

“Climate change is and remains the central challenge of our generation and future generations.”

RAINER NESKE, CHAIRMAN OF THE BOARD OF MANAGING DIRECTORS OF LANDESBANK BADEN-WÜRTTEMBERG



## Foreword by the Chairman of the Board of Managing Directors.

Dear readers,

Even with tragedies of historic proportions such as the Russian war against Ukraine and the global COVID-19 pandemic increasingly pushing the issue of sustainability out of the headlines, climate change remains the central challenge facing our generation and future generations. The climate issue is a matter of life and death. It poses a long-term risk to life on our planet and so we have to act.

Accordingly, the EU action plan on the financing of sustainable growth aims to direct capital flows towards creating a more environmentally friendly economy, better integrate sustainability into banks' risk management and foster transparency in sustainable products. The high costs of transforming the economy in line with the objectives of the Paris Agreement cannot be borne by the public sector alone. In view of this, governments are relying particularly heavily on banks as a lever for mobilizing the private sector and directing capital flows towards sustainable investment. How we succeed in this as a financial industry will be measured in the years ahead by the value we add to society.

In particular, LBBW helps create a carbon neutral future by actively supporting its customers: We finance the transformation, develop suitable investment products and provide holistic advice to our customers. Today, we benefit from the fact that LBBW began promoting sustainability at an early stage and has already built up the relevant expertise and range of products and services.

Nevertheless, actively shaping the transformation process is a real challenge for the financial sector. LBBW examines and assesses regulatory publications, requirements and regulations in detail. We integrate the requirements of the ECB's Guide on climate-related and environmental risks and the provisions on disclosure and sustainability reporting set out in the Taxonomy Regulation in our business processes.

We do so with total conviction and a great deal of passion. Accordingly, in 2021 we launched a Group-wide project at LBBW to promote the issue of sustainability as a whole. As part of this, we have begun or finished implementing numerous regulatory requirements. Our aim is to achieve further milestones in 2022 – for example in calculating the greenhouse gas emissions generated by the projects and loans that we finance, integrating ESG criteria into the lending business and expanding our sustainable financing volumes and products.

This is a historic task but also a huge opportunity for banks. “Banking is necessary, banks are not”. Bill Gates coined this phrase many years ago, referring chiefly to the technical aspects of our business. But banks do much more than this. They manage financial flows and can use these to drive the shift towards a greener economy. Through our active involvement in the transformation, our goal is to bring capital flows into line with the objectives of the Paris Agreement. We will show that we are approaching this task sensibly and intelligently and with a commitment to our customers and society and that we are playing an active role in creating a future worth living. We expressly support the targets and principles of the UN Global Compact, which are important benchmarks for us. Our greatest strength here is the commitment and ideas of the approximately 10,000 LBBW employees. Together, we push for greater sustainability day in, day out – at our bank and at our customers.

Yours sincerely,



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

# The company.

## Profile

Landesbank Baden-Württemberg (LBBW) is a mid-sized universal bank and a central institution for the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of EUR 282 billion and about 9,900 employees (as at 31 December 2021), LBBW is one of the largest banks in Germany. Its core activities include corporate customer business, primarily with SMEs, and business with retail customers and savings banks. It also focuses on real estate and project finance in selected markets and customer-oriented capital markets business with banks, savings banks and institutional investors. Together with its regional customer bank Baden-Württembergische Bank (BW-Bank), LBBW supports its retail and corporate customers – many of whom it has worked with for many years as their principal bank – from about 100 locations. As well as its expertise in innovative and complex financing, support in tapping international markets also plays a key role for SMEs. Internationally, LBBW operates at 17 locations in 16 countries. Subsidiaries round off the LBBW Group's in-house services, for example in the areas of leasing, factoring, real estate, commercial investment business, venture capital and asset management.

### Business abroad

LBBW supports its business clients and the savings banks' corporate customers internationally in doing business abroad at 17 locations worldwide. The international network comprises four branches, 12 representative offices and our financing company in Mexico City. Each of the LBBW locations specializes in services that are in particularly high demand and required locally – customers are assisted with country expertise, market knowledge, and financial solutions. Three regional hubs (EMEA, Asia/Pacific, Americas) manage the local units centrally from New York, Singapore and London.

The regional hubs are part of LBBW's Group-wide sustainability management system. This means that LBBW's existing governance processes, its sustainability targets and principles and guidelines for implementation apply to all foreign locations worldwide. An "ESG Regional Hub Network" comprising representatives from the regional hubs and the Group head office in Stuttgart meets regularly to ensure that ESG provisions are applied consistently and to strengthen bank-wide networking.

The regional hubs again carried out a wide range of activities and projects to promote sustainability in 2021.

### Regional hub EMEA (Europe, Middle East, Africa)

As well as its efforts to further expand the share of green projects in real estate business and project finance, last year the LBBW London branch directed its focus specifically on integrating climate risks into its governance processes. Virtual climate training sessions and training with all EMEA locations were conducted to increase awareness of the opportunities and risks of climate change and to foster a sustainable corporate culture. Climate risks were also included as an integral part of the internal meeting structure.



### Regional hub Asia/Pacific

In the Asia/Pacific region, LBBW continued to improve its performance as a partner for international renewable energy projects in 2021, again enjoying particular success with wind projects in Vietnam. With a total capacity of more than 100 MW, we have already established ourselves as a market leader among the financing foreign banks in the area of wind power – and there are already plans to finance further wind turbines in the triple-digit megawatt range. Finally, in fall 2021 LBBW facilitated the sale of twelve wind turbines to Vietnam by lending around EUR 35 million to a local buyer, a German wind turbine manufacturer. Financing is provided as part of the “Special Renewable Energies Initiative” for the federal government’s export credit guarantees, which the government wants to use to further develop renewable energy internationally.

### Regional hub Americas

LBBW is aware that its social responsibility does not end at the German border. The Americas region, managed from New York, is involved in numerous campaigns and initiatives to engage in social causes. As well as direct monetary donations, employees can help out in soup kitchens or participate in sponsored runs and blood drives during working hours and are encouraged to take part. LBBW also takes a sustainable approach to its employees: time off work is provided for health matters, commuting costs are covered and hybrid working concepts during the pandemic are ensured as a matter of course.



## Developments in 2021

As in 2020, fiscal 2021 was again shaped by the COVID-19 pandemic. At this extraordinary time, LBBW once again demonstrated its capabilities and supported its customers with all financial issues. Despite major challenges such as disruption to global supply chains, persistently low interest rates and a sharp rise in inflation since the end of the year, LBBW increased its operating profit, improved its efficiency and made steady progress with its strategic goals. At EUR 817 million, net consolidated profit before tax was far higher than the previous year's figure of EUR 252 million. This success was thanks to close customer relationships, systematically implementing the long-term strategy and the business model of a universal bank, which proves resilient to crises.

At **EUR 817 million**,  
net consolidated profit is up considerably on  
the previous year's figure of **EUR 252 million**.



LBBW's capitalization and lending book proved solid and unfazed by the pandemic. Despite growth and stricter regulation, LBBW's common equity Tier 1 remained at its excellent previous year level of 14.6%. At the same time, the bank improved its efficiency across the Group. LBBW's cost/income ratio declined to less than 65% in 2021 – an improvement of more than 5% compared to 2020. All in all, the risk situation was unremarkable. Nonetheless, LBBW's allowances for losses on loans and securities accounted for a potential increase in loan defaults due to the pandemic, supply chain problems or rising commodities prices.

In operating business, LBBW's four pillars again paid dividends. In corporate customer business, it expanded the growth areas defined in pharmaceuticals and healthcare, telecommunications/media, electronics/IT and utilities/energy. In addition, the bank was again the market leader in 2021 when it came to issuing Schuldscheins. In real estate finance, LBBW increased income significantly while maintaining its conservative risk standards. In capital market business, it scored notable successes in connection with its participation in multiple major EU issues, record certificate sales and the rise in assets under management in Asset & Wealth Management. With plans to establish personal online consultations and the restructuring of the branch network, the retail customer business laid the strategic foundations for the transformation into a modern omnichannel bank. LBBW is thus well equipped for rapidly changing customer requests in the future.



LBBW's **sustainable** total business volume of more than **EUR 150 billion**

LBBW was also exceptionally successful in strategic terms, with the four strategic objectives of business focus, sustainability, digitalization and agility reliably guiding the way in turbulent times. It reached an agreement with Helaba to pool expertise in the savings banks business. Preparations for the signing to take over Berlin Hyp were also successfully completed last year. Through its many decades of experience, LBBW wants to play an active role in the transformation towards a more sustainable way of doing business. Its expertise and good market position are demonstrated in the development of various new ESG-compliant financial products and in the expansion of its successful advisory services. In 2021, corporate customers ranked the bank as Germany's best advisor for sustainable financing/ESG (FINANCE Banks Survey 2021). LBBW has also worked hard on implementing the wide range of ESG criteria in line with supervisory requirements and will continue this process in 2022.

The sustainable total business volume of over EUR 150 billion at LBBW in 2021 reflects demand on the market and among our customers for sustainable products and underscores the good performance of the Group as a whole. This comprises the following exposures:

- The **sustainable financing volume** is EUR 38.3 billion<sup>1</sup>. We are aiming for significant growth in this area in the years ahead. Our **ambition** is to increase this figure **considerably by 2025** (EUR 65 billion).
- We also supported EUR 90.6 billion of **sustainable customer issues**.<sup>2</sup>
- The **volume of sustainable investment products** in 2021 came to EUR 32.6 billion. The sustainable investments are investments in accordance with Article 8 and/or Article 9 of the Disclosure Regulation, including certificates.
- LBBW leads the pack in Europe in terms of **own ESG bond issues** at about EUR 6.6 billion in 2021 (outstanding volume of green and social bonds). Signing the contract to take over Berlin Hyp is expected to again increase the volume of own ESG bond issues significantly.

<sup>1</sup> On-balance-sheet, sustainable financing volume (including irrevocable loan commitments). Includes sustainability-related development loans, sustainable project finance, financing of energy-efficient real estate, Corporate Customers financing that is eligible for social bonds, green finance and ESG-linked finance.

<sup>2</sup> Includes, for example, sustainable bonds, Schuldschein loans and syndicated loans.



## Key figures of the LBBW Group

<b>Income statement (EUR million)</b>	<b>01.01. - 31 Dec. 2021</b>	<b>01.01. - 31 Dec. 2020</b>
Net interest income	2,031	1,771
Net fee and commission income	598	538
Net gains/losses on remeasurement and disposal	35	- 362
of which allowances for losses on loans and securities	- 240	- 544
Other operating income/expenses	93	198
<b>Total operating income/expenses</b>	<b>2,757</b>	<b>2,146</b>
Administrative expenses	- 1,802	- 1,743
Expenses for bank levy and deposit guarantee system	-137	- 118
Net income/expenses from restructuring	- 1	- 32
Consolidated profit/loss before tax	817	252
Income taxes	- 399	- 80
<b>Net consolidated profit/loss</b>	<b>418</b>	<b>172</b>
<b>Key figures in %</b>	<b>01.01. - 31 Dec. 2021</b>	<b>01.01. - 31 Dec. 2020</b>
Return on equity (RoE)	6.0	1.9
Cost/income ratio (CIR)	64.7	70.4
<b>Balance sheet figures (EUR billion)</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
Total assets	282.3	276.4
Equity	14.2	14.0
<b>Ratios in accordance with CRR/CRD IV (after full implementation)</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
Risk weighted assets (EUR billion)	84.6	82.3
Common equity Tier 1 (CET 1) capital ratio (in %)	14.6	14.8
Total capital ratio (in %)	21.4	22.8
<b>Employees</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
Group	9,893	10,121





# Sustainability strategy and management.

**Sustainability is the basis for long-term success. Looking at the overall picture is essential. At the LBBW Group, we now work on an interdisciplinary basis across all levels and divisions. We consistently work towards our strategic and operating sustainability targets.**

The four key strategic objectives of Landesbank Baden-Württemberg (LBBW) are clearly defined: We are strengthening customer business in a targeted manner, driving the digitalization process, increasing agility and, above all, firmly enshrining sustainability in our thoughts and actions. To this end, we have established regulations and standards that are binding for all LBBW employees. They guide our day-to-day actions and ensure that we act responsibly with regard to other people, our environment, and the natural world.

## Sustainability policy and goals as well as principles and guidelines for their implementation

The sustainability policy establishes a framework for meeting the sustainability targets and thus for all sustainability activities in the LBBW Group in the form of overarching guidelines.

The principles and guidelines derived from the sustainability policy guide the day-to-day actions of all employees and ensure that they act responsibly with regard to people, the environment, and the natural world.



LBBW was the first German universal bank to sign the **Principles for Responsible Banking.**

## LBBW sustainability policy

LBBW's sustainability policy is designed based on the six Principles for Responsible Banking (PRB) drawn up by the UNEP FI(UN Environmental Program - Finance Initiative). In 2019, LBBW became the first German universal bank to sign up to the Principles for Responsible Banking (PRB), a voluntary initiative.

The PRB provides a uniform framework for integrating sustainability in all areas of business. This allows banks to systematically align with social objectives like the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).



### 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.

## Principle 1: Alignment

- Sustainability has long since been part of LBBW's DNA. In 2017, we made sustainability one of our strategic objectives.
- Our goal is to consistently promote sustainable and economically, environmentally, and socially responsible development as part of our banking business.
- We endeavor to use our sustainability management system to put into practice sustainable thought and action throughout the Bank, in all specialized divisions, subsidiaries, and branches, and therefore to take sustainability-related factors into account in all business policy decisions.
- The "Principles and Guidelines for Implementing LBBW's Sustainability Policy and Goals" provide our managerial staff and employees with concrete guidance on how to conduct everyday business.
- Sustainability issues are considered when we make lending and investment decisions.

## Principle 2: Impact & target setting

- LBBW is committed to the UN's Sustainable Development Goals and the Paris Agreement.
- We contribute actively to the transition from a greenhouse-gas-intensive to a low-emissions way of doing business. In line with the objectives of the Paris Agreement, our lending and investment portfolios are designed to be carbon neutral by 2050. By the end of 2022, we will formulate and publish sector-specific climate targets for our portfolios.
- We continually work to further reduce our use of natural resources.
- We add value to society with our sustainable products and services and promote nature/environmental, education, and social projects and initiatives.
- We give preference to sustainable products and sustainability-focused suppliers and service providers in our purchasing and procurement processes wherever this is an economically viable option.

## Principle 3: Clients & customers

- We want LBBW to be a skilled, effective, and reliable partner to our customers and aim to establish long-term customer relationships.
- We offer sustainable products and services to all customer groups whenever possible.
- We support our customers in strengthening their commitment to climate protection, sustainable development, and reducing environmental pollution.

## Principle 4: Stakeholders

- We engage in continuous dialog with our stakeholders so that we can focus our sustainability activities even more precisely on central issues.

## Principle 5: Governance & culture

- LBBW acts in the long-term best interests of its customers and other key stakeholders. Fair, responsible action is the bedrock of our business policy.
- Systematic sustainability management is safeguarded by incorporating it into the existing Group structure.
- It goes without saying that we comply with all applicable legal regulations.

- LBBW has a sustainable human resources policy. It is thus committed on an ongoing basis to being an attractive employer of and reliable partner to its employees.
- We sustainably promote our employees so that we can shape a successful future with a team of healthy, motivated, and qualified employees.
- All employees should be valued regardless of their gender, nationality, ethnic origin, religion or worldview, disability, age, sexual orientation, or identity. LBBW does not tolerate any form of discrimination within the Bank or with respect to its employees, customers, business partners, suppliers, or other persons.
- We keep our employees informed about sustainability and provide sustainability training.

### Principle 6: Transparency & accountability

- LBBW reports to the public regularly on the progress made in fulfilling its commitment to sustainability.

## LBBW's sustainability goals

The following targets are strategic framework objectives that are described in more detail in the sustainability program – as required by the EMAS Regulation (for more information see the sustainability program, page 32 et seqq.).

1. We have successively implemented sustainability as an integral component of our business policy. For this reason, we strive for an active focus on projects, products, and services with a positive impact on sustainability.
2. We offer sustainable investment products to all customer groups and in all asset classes. The goal is to increase the share of sustainable investments in all business areas – including in our own investment portfolio. We take sustainability risks and earnings potential for customers and the Bank into account in our lending advice and lending decisions. We treat our customers fairly, collaboratively, and respectfully, ensure data protection and transparency, and provide high-quality advice.
3. We promote the health and performance of our employees with specific measures for this purpose. At LBBW, we ensure a good work-life balance, and promote diversity and equal opportunity. We intend to maintain and further raise the high education and training level in our Bank.
4. We will further optimize the use of resources within our organization. Our efforts to reduce the CO<sub>2</sub> emissions generated by our business focus on energy usage and business-related travel. We apply sustainability criteria in the selection of products and service providers when procuring materials and awarding contracts.
5. In addition to providing our banking services, we want to actively contribute to adding value to society. LBBW is therefore active as a donor and sponsor. In the regions in which we do business, we support education initiatives and various other social projects.
6. We inform our stakeholders about our commitment to sustainability and engage in a constructive dialog with them.



# Principles and guidelines for implementing LBBW's sustainability policy and goals



## 1. Business guidelines

### 1.1 Guidelines for investment

We actively promote sustainable investments. In customer business, we offer sustainable investment products to all customer groups and in all asset classes. The goal is to continually increase the share of sustainable investments in all business areas – including in our own investment portfolio.

LBBW is committed to the Principles for Responsible Investment (PRI), an initiative launched by the United Nations in 2006.

#### The 6 PRIs:

1. We will incorporate environment, social and governance (ESG) issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

### 1.2 Guidelines for lending

- When making lending decisions, we consider the key sustainability factors associated with projects to be financed, such as environmental impact, human rights and labor laws, and social value-added.
- During the process of analyzing and deciding whether to finance projects, we use suitable tools for identifying, avoiding, and managing sustainability risks.
- We aim to actively gear the lending business toward transactions, projects, products, and customer groups that positively impact the living conditions of all people, the global climate, and biological diversity, and therefore also improve our sustainability performance.

### 1.3 Guidelines for human resources management

Our employees are our most important resource. They are the key factor in shaping a successful future. Sustainable human resources activities therefore focus primarily on increasing their satisfaction, motivation, and performance. These activities are based on the following principles:

### ***Compensation and benefits***

We provide an up-to-date, complete remuneration system in which salary components can be structured flexibly. Attractive social benefits effectively express our appreciation for our employees. Performance at the LBBW Group is measured on the basis of the four key strategic objectives (sustainability, business focus, digitalization and agility) for members of the Board of Managing Directors and employees not subject to collective bargaining agreements. This means that sustainability plays a significant role when it comes to performance-based variable remuneration.

### ***Change management***

We strive to continuously improve working conditions and organization. Necessary changes are made in a socially responsible manner. Employee co-determination is respected and supported.

### ***Work-life balance***

To achieve the best possible balance between work and personal goals, we offer our staff various models for managing their working time flexibly as well as support for caring for their children and other family members.

### ***Communication and information***

We keep our employees informed about important and current issues. The partnership between the staff councils and the Bank is characterized by openness and mutual trust. Employees have the right to exercise the freedom of association and assembly throughout the Group.

### ***Management***

LBBW values a respectful and appreciative leadership culture. Our requirement profile for managers ensures that there is a uniform understanding of how cooperation between employees and managers should be structured.

### ***Personnel development***

We help our employees to continue to develop themselves and their skills throughout their careers as well as to leverage their existing potential. LBBW offers a wide range of training and continuing education options for this purpose.

### ***Employee retention***

Employee retention at LBBW begins on the very first day of work and is an ongoing process that aims to keep our employees and their skills, abilities and personalities at LBBW for as long as possible. This is built on motivating and attractive working conditions that ensure high employee satisfaction.

### ***Demographic developments***

Our organizational structure is tailored to the age breakdown of our employees and demographic trends.

### **Promoting health**

Professional in-house healthcare management allows us to keep our employees healthy, motivated, and productive for the long term.

### **Equal opportunity and diversity**

We guarantee an unprejudiced working environment free of bias. All employees are valued regardless of their sex, nationality, ethnic origin, religion or worldview, disability, age, sexual orientation, or identity.

## **1.4 Guidelines for business operations**

As part of its climate strategy, LBBW has pledged to further reduce CO<sub>2</sub> emissions. Accordingly, we set ambitious standards for our own resource use.

- We reduce our energy consumption by continually optimizing our building systems and our IT hardware in the data centers and the workplace.
- By offering expanded video conferencing and teleconferencing options, we strive to further reduce the volume of business travel. We are also working actively to decrease the average fuel consumption of our vehicle fleet.
- Environmental friendliness, fair compensation systems, and primarily regional origin are key factors for us when selecting products and services. In order to ensure compliance with the sustainability criteria in our procurement standards, we require our suppliers to provide information about product origin, manufacturing processes, and materials used. Furthermore, we reserve the right to extraordinary termination in the event of non-compliance with our social and environmental standards, which all of our suppliers are required to accept.

## **2. General principles and commitments**

### **2.1 LBBW exclusion criteria**

LBBW does not enter into any business relationships with companies that produce cluster munitions and/or anti-personnel mines, which are prohibited by international conventions. LBBW does not finance the delivery of weapons of war to other countries. LBBW does not sell any investment products associated with agricultural commodities.

### **2.2 UN Principles for Responsible Banking**

By signing the United Nations' "Principles for Responsible Investment" (PRI), LBBW undertakes to increasingly incorporate aspects relating to responsibility for the environment, society and corporate governance (ESG issues) into the analysis and decision-making processes for investment activities.

### 2.3 Human rights, children's rights

LBBW recognizes the United Nations' Universal Declaration of Human Rights for all people throughout the world and expects its contractual partners to do the same. As a member of the United Nations' Global Compact, we help protect international human rights and ensure that we are not complicit in human rights abuses. In keeping with the United Nations Guiding Principles on Business and Human Rights, LBBW does not undermine the human rights of others. We do not work with any company or institution known to disregard human rights.

LBBW advocates unconditional respect for the rights of children and the abolition of child labor and also expects this from its customers, employees, suppliers and other partners.

### 2.4 Workers' rights

The eight core labor standards of the International Labour Organization (ILO) on fair working conditions apply for all LBBW Group employees, provided these have been ratified by the country in question. We also expect our suppliers and their sub-contractors to comply with human rights and workers' rights. LBBW regularly publishes a declaration on the Modern Slavery Act on its sustainability website at → [www.LBBW.de/sustainability](http://www.LBBW.de/sustainability)

### 2.5 Code of Conduct/compliance

It goes without saying that we comply with all applicable legal regulations. Internal rules and our Code of Conduct are the foundation for responsible action of every individual at LBBW in compliance with the legal requirements as well as ethical and societal standards.

We do not tolerate fraud or other punishable offenses of any kind. We avoid any breaches of financial sanctions and embargo regulations and always comply with all guidelines that protect us as employees and LBBW from negative consequences.

### 2.6 Biodiversity

All companies directly or indirectly use services that affect biological diversity ("biodiversity"). LBBW does not support projects that clearly lead to large-scale destruction of the environment and nature without adding ecological value.

This is particularly true of projects in areas with international protected status (e.g. High Conservation Value Areas, IUCN protected areas, UNESCO World Heritage Sites, wetlands according to the Ramsar Convention) and endangered species e.g. the Washington Convention (CITES)).

### 2.7 Climate strategy

The goal of LBBW's climate strategy is to achieve carbon neutrality. As well as striving for carbon neutrality at the bank itself, LBBW also supports the objectives of the Paris Agreement and does its part to help limit global warming to well below 2°C.



## Sustainable corporate governance

Sustainability has been on our agenda for many years now. In 2006 we set specific sustainability targets for the Group for the first time and systematically focused our actions on meeting these goals. We initiated change processes, developed sustainable products and established ecological and social standards. Sustainability has been one of LBBW's four key strategic objectives since 2017, alongside a focus on customer business, digitalization, and agility. This means we increasingly provide support to companies as they move to sustainable business models and reflect the growing interest in sustainable investment opportunities on the part of professional investors, high net-worth retail customers, and savers.

### Sustainability-related regulatory and supervisory requirements for banks



With the Paris Agreement in 2016 and the United Nations' "2030 Agenda for Sustainable Development" in 2015, countries around the world have committed to working toward the more sustainable development of our planet and our economy. The financial sector plays a key role when it comes to supporting ecologically and socially responsible business activity and driving sustainable investments and innovations. Accordingly, the European Commission published its "action plan on the financing of sustainable growth" in March 2018 with the aim of making a significant contribution to climate protection and the implementation of sustainable industrialization, innovation, and infrastructure – the ninth Sustainable Development Goal forming part of Agenda 2030 – by way of a concrete package of measures. The European Commission revised its sustainable finance strategy in July 2021 and published it together with a detailed action plan. This is divided into the following four action areas:

- Financing the transition to a sustainable economy
- Creating an inclusive sustainable finance framework
- Resilience of the financial sector
- Support for a global agenda, taking account of double materiality

By taking this approach, the European Commission is putting sustainability on the agenda of finance ministries, supervisory authorities and institutions for the years ahead and continuing to underscore the urgency surrounding sustainable environmental change, stressing the need to step up climate and environmental efforts.

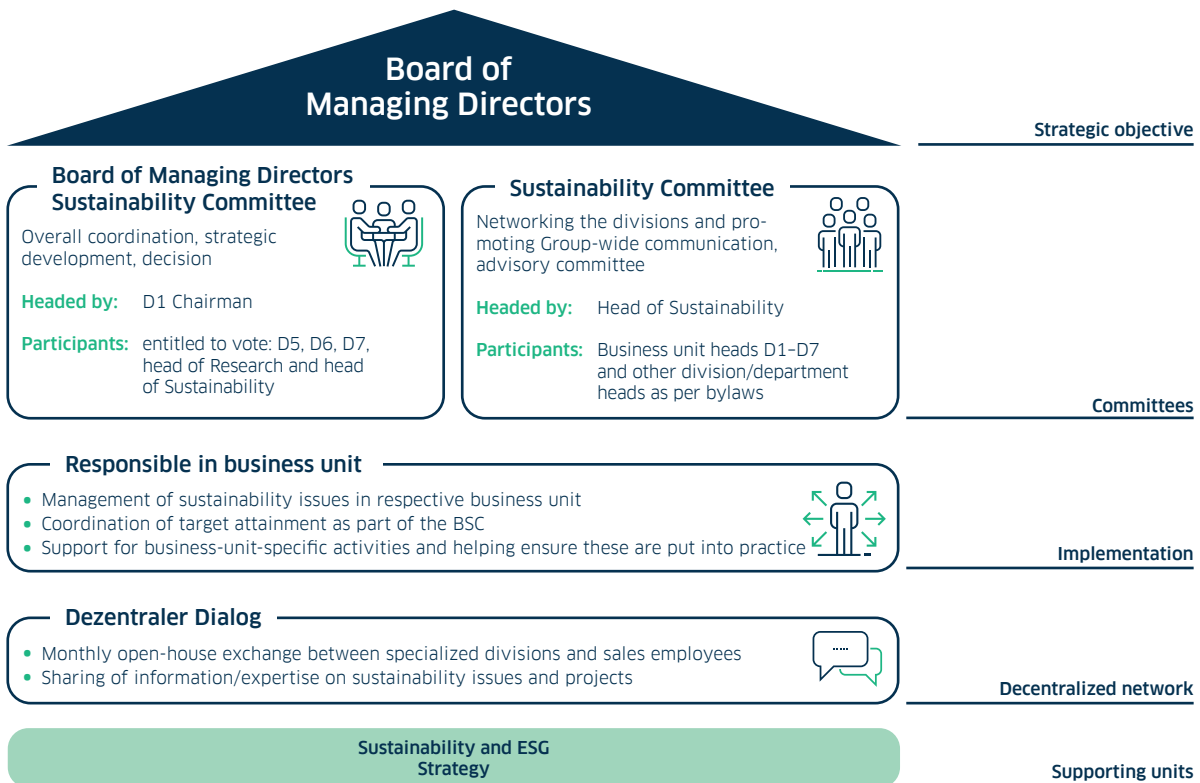
At the heart of the sustainable finance strategy is the Taxonomy Regulation (EU Regulation 2020/852), which sets out uniform criteria for determining the ecological sustainability of an economic activity. The classification system also serves as a benchmark for further regulatory requirements and standards, such as the EU Green Bond Standard that was published as a draft regulation in 2021. Furthermore, requirements on disclosure and sustainability reporting and on investment advice were set out in more detail in the reporting year in delegated acts. (Commission Delegated Regulation (EU) 2021/2178 and Commission Delegated Regulation (EU) 2021/2139). Disclosures pursuant to Annex XI Article 8 of the Taxonomy Regulation can be found in the non-financial report in LBBW's 2021 management report.

The “Guide on climate-related and environmental risks” published by the European Central Bank (ECB) at the end of 2020 sets out regulatory expectations for the banks it supervises in areas including business strategies, risk management, stress scenarios and disclosure. The “Core sustainability project” launched in 2021 ensures that the requirements will be met quickly and efficiently (see page 24). For this purpose, LBBW drew up coordinated action plans (including risk driver analyses at portfolio and customer level, internal climate risk scenario analyses and ECB stress test, ESG data set).

LBBW examines and assesses regulatory publications, requirements and regulations in detail. A holistic approach is taken to implementation in all cases, connecting the individual requirements and measures.

### Management involvement

Sustainability has been one of LBBW's four key strategic objectives since 2017. As well as sustainability, these include digitalization, agility and business focus. The large number of new regulatory requirements imposed by banking regulators highlights the increased relevance of this issue. Moreover, demands by customers, who are primarily seeking innovative and sustainable solutions, mean that it is essential to address the matter from a risk and regulatory perspective and consider sustainability holistically.



- D1: Central Divisions
- D2: Retail and Business Customers/Savings Banks
- D3: Real Estate and Project Finance
- D4: Capital Markets Business and Asset Management/International Business
- D5: Risk Management and Compliance
- D6: Corporate Customers
- D7: Finance and Operations



### Decision-making and steering body:

The Board of Managing Directors Sustainability Committee is the central decision-making body and provides key momentum for the strategic objective sustainability. It meets each quarter and comprises the Chairman of the Board of Managing Directors, other members of the Board of Managing Directors, the head of Research and the head of Sustainability. All members are entitled to vote.

The core responsibilities of the Board of Managing Directors Committee include overall management and strategic ongoing development of the sustainability objective. It responsibly directs relevant flagship projects and substantial overall impact in connection with sustainability.



### Advisory committee:

The LBBW Sustainability Committee is responsible for creating transparency and networks across business units to further reinforce the importance of sustainability as one of the four strategic objectives and, where possible, to expand it. The Sustainability Committee has a coordinating and an advisory role and submits decision documentation to the Board of Managing Directors Sustainability Committee. The Sustainability Committee generally meets once per quarter.



### Implementation:

A business unit head is appointed for each business unit and is responsible for implementing the measures decided.

The business unit head's core tasks include managing sustainability issues in their business unit, coordinating target attainment using the balanced scorecard and supporting and promoting activities specific to that business unit.



### Supporting units:

The Sustainability & ESG group jointly coordinates with Group Strategy on the Group's direction when it comes to sustainability and helps the business units with content. The Sustainability & ESG group is also the competence center for technical questions on all aspects of sustainability.

## Balanced scorecard

Since 2019, a balanced scorecard has been used to manage the four strategic objectives at the LBBW Group. The four objectives are:

- Sustainability
- Business focus
- Digitalization
- Agility

Internal key performance indicators (KPI) are collected for all the strategic objectives on a quarterly basis. These are then reported to the Board of Managing Directors and compared with the target figures. Within the sustainability objective, the following KPIs will be used at Group level for 2022: result of the Imug sustainability rating, sustainable net inflows in investment activities and the number of CO<sub>2</sub> sector pathways analyzed. Other sustainability-related KPIs were also defined at business unit level and are tracked accordingly. The results of the balanced scorecard affect the remuneration of those responsible. This way, LBBW underscores how important its ambitious sustainability targets are.

## Sustainability project

Five action areas were established in 2018 to integrate sustainability even more thoroughly into all of LBBW's core areas. In 2021, we integrated the action areas investment, lending, carbon footprint, human resources and communication into the new "Sustainability project" to proactively build on the strategic objective and address it on a cross-divisional basis. Our aim is to further expand LBBW's leading role in the area of ESG (environment, social, governance) and, through interdisciplinary collaboration, strengthen its position as one of the leading universal banks when it comes to sustainability.

Relevant aspects of the project include establishing a target vision, identifying customer needs and further refining the ESG product range. Focus is also on meeting regulatory requirements, including those imposed by the European Central Bank and European banking supervisory authorities, and further integrating ESG risks into lending, risk management and back office processes. Formulating sector targets and establishing transformation pathways are other focal areas in terms of future portfolio management. An IT target vision required for implementation is also developed at the same time. The project is supported by internal and external communication and the expansion of training courses for employees.

The project has clear governance and project progress is regularly reported to the Board of Managing Directors.

## Climate strategy



LBBW's climate strategy forms part of the "Principles and Guidelines for Implementing LBBW's Sustainability Policy and Goals". We are committed to operating our business in a manner that is climate friendly and aim to support low-emission business activity through our banking services. In this way, we are contributing to UN SDG 13 on combating climate change and its impacts.

LBBW's goal for 2021 was for the bank's own emissions not to exceed 11,000 metric tons. Thanks to organizational and technological optimization, for example in building technology, this target was achieved. The increase in working from home due to the COVID-19 pandemic, which resulted in far less business travel, reduced carbon dioxide emissions further.

We intend to continue systematically lowering the CO<sub>2</sub> emissions generated from our business operations. The "carbon footprint team" has supported us internally here since 2019, providing effective ideas and actions. Further information and detailed figures can be found in the "Environment" section (see page 184 et seqq.) and the sustainability program (page 32 et seqq.).



Accordingly, LBBW has offset all remaining CO<sub>2</sub> emissions that cannot be avoided since 2021 – not by buying emissions certificates, but by investing in forestation. Specifically, LBBW invests USD 3.5 million in the global forestation fund Arbaro Fund.

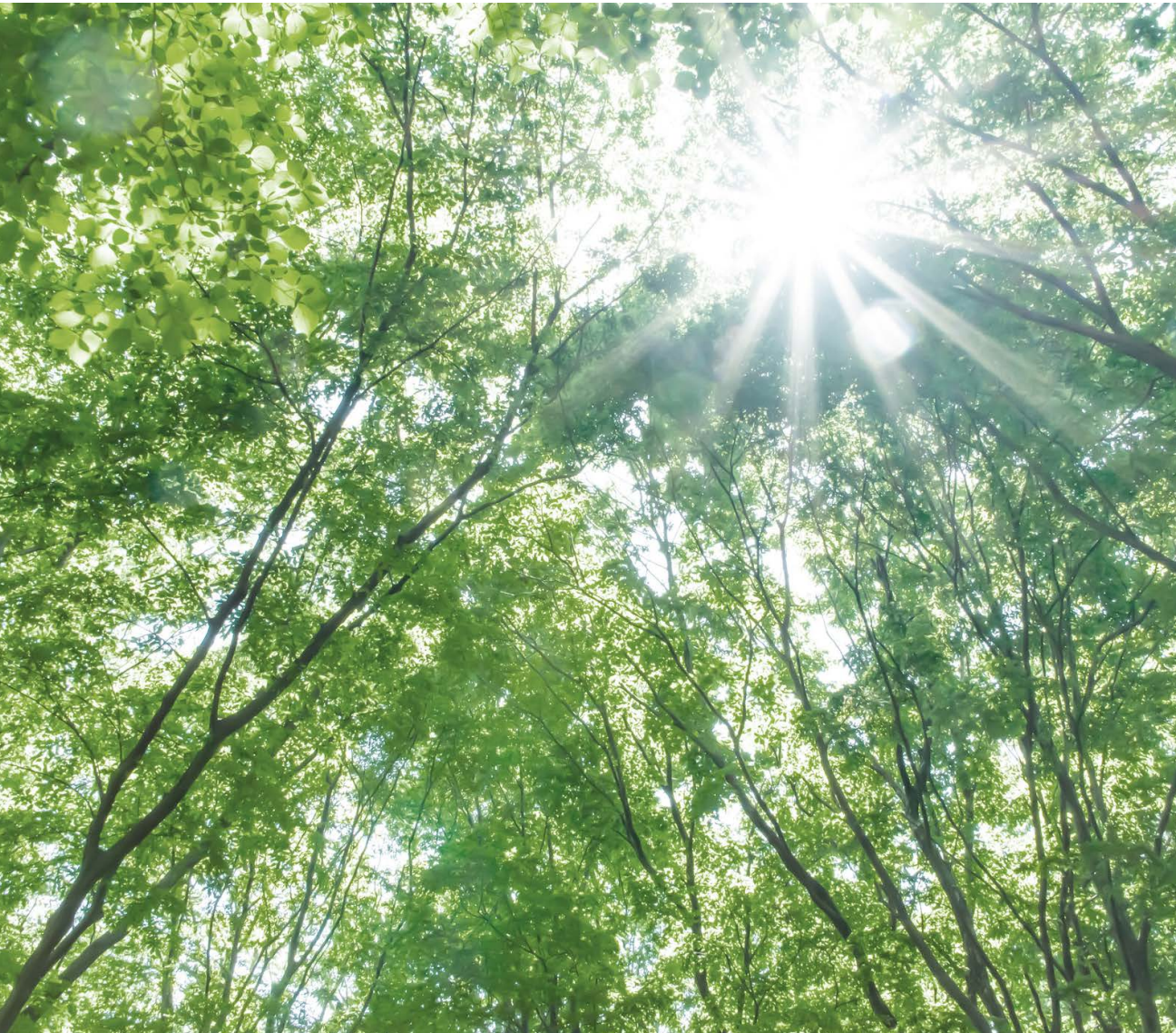


Another major challenge is specifically including CO<sub>2</sub> emissions resulting from investments that we finance as a bank. Further information can be found in the "Financing" section (see page 132 et seq.).



**USD 3.5 million**

invested in global forestation fund »Arbaro Fund«



# Materiality analysis

## Analysis of environmental/sustainability issues in our business activities

Topic	LBBW focus areas	LBBW focus issues	Effect on our sustainability performance	Classification within the meaning of double materiality*	Sustainability issues, environmental impact and influencing laws	GRI indicators	Selected more detailed, internal LBBW parameters, internal standards, and voluntary commitments signed	External stakeholders	External measurement score (1 = not important at all, 5 = very important)	Internal measurement score (1 = not important at all, 5 = very important)
Strategy and management	Corporate governance		Significant	Material	Loss of confidence in bans disclosure obligations, social development: clear focus on sustainability issues  Draft ECB Guide dated 20 May 2020: Climate and environmental risks are to be included in the frameworks for governance and risk appetite, duly incorporating all relevant functions.  Principles for Responsible Banking (PRB) standardized framework for all areas of business for systematic alignment with social objectives like the Paris Agreement and the United Nations Sustainable Development Goals (SDGs)	102-18 to 102-39	Principles and Guidelines for Implementing LBBW's Sustainability Policy and Goals, LBBW Sustainability Regulations (as of November 2020)	Supervisory authorities, sustainability rating agencies, owners	5, very important	5, very important
	Compliance	Internal and external fraud-prevention efforts, embargoes and financial sanctions, anti-corruption measures, data protection, corporate ethics	Average	Material	Fraud, compliance with generally applicable laws and with laws concerning business, anti-money laundering, German Banking Act (KWG), German Securities Trading Act (WpHG)	205-1 to 205-3, 206-1, 418-1	Code of Conduct, money laundering prevention guidelines, fraud and corruption prevention guidelines	Supervisory authorities, sustainability rating agencies, owners	5, very important	5, very important
	Regulation	Compliance with sustainability legislation	Significant	Material	German CSR Directive Implementation Act, Non-Financial Reporting Directive, EU action plan, recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Taxonomy Regulation, BaFin information sheet, ECB Guide on environmental and climate risks, Benchmark Regulation, Green Bond Standard; Disclosure Regulation, MiFID-II Amendment Regulation	307-1	"Regulation" action area within the key strategic objective of "Sustainability" at LBBW, voluntary commitment to climate protection signed to the German financial sector and the German Savings Banks Finance Group ("Sparkassen-Finanzgruppe")	Supervisory authorities, sustainability rating agencies, owners	5, very important	5, very important
Customers	Sustainability standards in financing business (environment, social issues, corporate governance)	Financing taking into account environmental protection, human rights and working conditions, definition of exclusion criteria	Significant	Material	Environmental violations and violations of human rights in financing projects, climate change, biodiversity and loss of species diversity, worldwide scarcity of raw materials and natural resources, destruction of nature reserves and forests essential to life, UN SDGs	412-3, FS 6-8	Lending rules, company exclusion list for anti-personnel mines and cluster munitions, guidelines for sustainability in lending business, UN Global Compact, traffic light review, Principles for Responsible Banking	Society, NGOs, sustainability rating agencies, owners	5, very important	5, very important
	Sustainability standards in investment business (environment, social issues, corporate governance)		Significant	Material	Environmental violations and violations of human rights in investment transactions, climate change, biodiversity and loss of species diversity, worldwide scarcity of raw materials and natural resources, destruction of nature reserves and forests essential to life, UN SDGs, Benchmark Regulation, Disclosure Regulation, Taxonomy Regulation	FS 6-8, FS 10-12	Principles for Responsible Investment (PRI), guidelines for sustainability in investment business, exclusion criteria for proprietary investments, company exclusion list for anti-personnel mines, cluster munitions, and delivery systems for cluster munitions, Principles for Responsible Banking	Supervisory authorities, society, sustainability rating agencies, owners	5, very important	5, very important

\* Double materiality:  
 1. Outside-in perspective: sustainability aspects that, as opportunities and risks, could affect the company's business performance, earnings or position (relevance to company) and  
 2. Inside-out perspective: business activities, relationships and products and services of the company that have positive and negative or likely serious effects on sustainability aspects (relevance to sustainability).



**Analysis of environmental/sustainability issues in our business activities**

Topic	LBBW focus areas	LBBW focus issues	Effect on our sustainability performance	Classification within the meaning of double materiality*	Sustainability issues, environmental impact and influencing laws	GRI indicators	Selected more detailed, internal LBBW parameters, internal standards, and voluntary commitments signed	External stakeholders	External measurement score (1 = not important at all, 5 = very important)	Internal measurement score (1 = not important at all, 5 = very important)
	Sustainable investment products	Offering sustainable investments (e.g. investment funds, structured products, green bonds, social bonds), sustainable asset management	Significant	Material	Disclosure of investment criteria and investment policies, engagement and participation policies, worldwide scarcity of raw materials and resources, destruction of nature reserves and forests essential to life, biodiversity and loss of species diversity, climate change, sustainability-related growth markets, UN SDGs	FS 6-8, FS 10-11	Principles for Responsible Investment (PRI), guidelines for sustainability in investment business, exclusion criteria for proprietary investments, company exclusion list for anti-personnel mines, cluster munitions, and delivery systems for cluster munitions, Principles for Responsible Banking	Owners, society, customers, sustainability rating agencies	5, very important	5, very important
	Financing with a sustainable focus	Promotion of climate-friendly projects and technologies (e.g. renewable energies, building renovation to improve energy efficiency), positive incentive loans	Significant	Material	Climate change, financing needs in innovative and promising sectors, projects and technologies; worldwide scarcity of raw materials and resources, UN SDGs	201-2, 412-3, FS 7-8	Percentage of total project finance portfolio accounted for by credit facilities drawn for renewable energy projects, financed emissions, percentage of portfolio accounted for by credit facilities drawn for green buildings, LBBW green bond framework, climate strategy, guidelines for sustainability in lending business, Principles for Responsible Banking	Owners, society, customers, sustainability rating agencies	5, very important	5, very important
	Product responsibility/consumer protection	Responsible sales practices, customer-oriented advice, compliance with legal regulations pertaining to advertising, prevention of poverty among the elderly and excessive debt, fraud prevention for customers, personal finance education for youth, dealing with customers with payment problems	Significant	Material	Loss of confidence due to the financial crisis, safeguarding customer interests, excessive debt, needs-based advice, transparency, protecting banking secrecy, data protection	418-1, FS 15-16	Voluntary commitments in advertising according to "Deutscher Werberat" (German Advertising Council) guidelines, guidelines for retail customer advice at BW-Bank	Legislators, customers, sustainability rating agencies, owners	5, very important	5, very important
	Payments, cards, accounts	Financial inclusion/access to financial services for disadvantaged groups in society, cards or accounts with sustainability themes	Average		Data protection, avoidance of social exclusion	418-1, FS 16	Code of Conduct, guidelines on data protection at the LBBW Group	Society, sustainability rating agencies	4, important	3, somewhat important
	Real estate	Real estate financing, financing and consulting on building renovation to improve energy efficiency, sustainable construction standards for customer projects, municipal development, cleanups of existing contamination, and return of sites to their natural state	Significant	Material	Worldwide scarcity of raw materials and natural resources, climate change, energy efficiency	FS 8	Standards for construction of new sustainable buildings, LBBW green bond framework, share of total commercial real estate financing accounted for by energy-efficient buildings	Owners, society, sustainability rating agencies	4, important	4, important

\* Double materiality:  
 1. Outside-in perspective: sustainability aspects that, as opportunities and risks, could affect the company's business performance, earnings or position (relevance to company) and  
 2. Inside-out perspective: business activities, relationships and products and services of the company that have positive and negative or likely serious effects on sustainability aspects (relevance to sustainability).

**Analysis of environmental/sustainability issues in our business activities**

Topic	LBBW focus areas	LBBW focus issues	Effect on our sustainability performance	Classification within the meaning of double materiality*	Sustainability issues, environmental impact and influencing laws	GRI indicators	Selected more detailed, internal LBBW parameters, internal standards, and voluntary commitments signed	External stakeholders	External measurement score (1 = not important at all, 5 = very important)	Internal measurement score (1 = not important at all, 5 = very important)
Employees	Personnel management, hiring, and development	Training and continuing education, employee management, talent management, women in management, digital and alternative learning and working methods	Significant	Material	Growing impact of demographic change, social responsibility as an employer, UN SDGs	404 - 1 to 404 - 3	Personnel development measures for each employee, employee review rate, guidelines for sustainability in human resources management, women in management	Society, sustainability rating agencies	3, somewhat important	5, very important
	Work-life balance	Flexible working time models, offer of childcare options	Average		Social responsibility as an employer, provisions of collective agreements, demographic change	102 - 41	Number of spots in LBBW-internal daycare facilities, guidelines for sustainability in human resources management	Sustainability rating agencies	2, less important	3, somewhat important
	Corporate culture	Equal opportunities and cultural diversity, health management, fair compensation models, occupational safety, inclusion, co-determination by employees, mobile working	Average		Social responsibility as an employer, demographic change, equal opportunity, discrimination, co-determination rights, provisions of collective agreements, German Pay Structure Transparency Act	403 - 1, 403 - 3 to 403 - 6, 403 - 8 to 403 - 10, 405 - 1 to 405 - 2, 406 - 1	Management positions, diversity charter, guidelines for sustainability in human resources management	Society, sustainability rating agencies	3, somewhat important	4, important
Business operations	Resource use and CO <sub>2</sub> emissions	Responsible use of resources (paper, water, energy), facility management, hazardous materials, waste, vehicle fleet management, sustainable business travel (including electric mobility), responsible construction of own buildings, carbon offsetting	Significant		Worldwide scarcity of raw materials and natural resources, destruction of nature reserves and forests essential to life, biodiversity and loss of species diversity, climate change, UN SDGs	301 - 1 to 301 - 3, 303 - 3 to 303 - 5, 305 - 1 to 305 - 5	Climate strategy, guidelines for sustainability in business operations, recording of environmental data using accounting software	Society, sustainability rating agencies, owners	3, somewhat important	5, very important
	Sustainable procurement	Integrating sustainability criteria in supplier selection/evaluation and product procurement, longterm cooperation with suppliers based on trust	Average		Environmental violations and violations of human rights at suppliers, climate change, biodiversity and loss of species diversity, worldwide scarcity of raw materials and natural resources, destruction of nature reserves and forests essential to life	308 - 1, 407 - 1, 408 - 1, 409 - 1, 414 - 1 to 414 - 2	Supplier information questionnaire, sustainability declaration for suppliers, product group strategies, guidelines for sustainability in business operations	Society, sustainability rating agencies	3, somewhat important	3, somewhat important
Social commitment and communication	Corporate citizenship	Promoting foundations, corporate volunteering, promoting nature-related/environmental, education, and social projects	Minimal		Contribution to regional development of LBBW locations	413 - 1		Society, sustainability rating agencies, owners	3, somewhat important	3, somewhat important
	Stakeholder dialog	Exchange of opinions with stakeholder groups in society and employees	Significant	Material	Transparency in business activities, identifying societal expectations of LBBW	102 - 40, 102 - 42, 102 - 43, 102 - 44	LBBW sustainability goals, Principles for Responsible Banking	Stakeholder expectations, sustainability rating agencies	5, very important	4, important

\* Double materiality:  
 1. Outside-in perspective: sustainability aspects that, as opportunities and risks, could affect the company's business performance, earnings or position (relevance to company) and  
 2. Inside-out perspective: business activities, relationships and products and services of the company that have positive and negative or likely serious effects on sustainability aspects (relevance to sustainability).

## Sustainability program 2021

The various departments play a significant role in the sustainability management system. It is not until environmental and social criteria are integrated into their business activities that sustainability can be actively pursued and put into practice.

Based on the “Principles and Guidelines for Implementing LBBW's Sustainability Policy and Goals”, the responsible specialized divisions at LBBW and its subsidiaries define specific projects for the sustainability program. The sustainability team acts in an advisory capacity. At the end of each year, we document whether the projects have been successfully realized. The Board of Managing Directors is informed about the status once a year as part of the management review.

In 2021, the program comprised a total of 50 projects. 44 projects were completed, while three projects were partially completed and another three were not completed, in part due to the coronavirus pandemic. The following tables provide an overview of the 2021 program, along with each project's status.

—  
**»44 of 50 projects were completed in full.«**



### Strategy and management

Project	Responsible	Status	Implementation
Setting out the business unit targets on operating emissions in the balanced scorecard	D3 Real Estate and Project Finance <b>Responsibility: Group Purchasing and Security, carbon footprint team</b>	✓	The business unit targets on operating emissions have been set out in the balanced scorecard. Actual and target CO <sub>2</sub> figures for business units D1 to D7 are monitored each quarter.
Structured analysis of portfolios and risk drivers. The focus in 2021 was on climate risks in the lending business.  Ongoing development and integration of social and governance criteria in subsequent years	D5 Risk Management and Compliance	✓	Based on the industry standard from the Partnership for Carbon Accounting Financials (PCAF) initiative and the report by the consulting firm MACS (see page 132 et seq.), an internal carbon tool was developed to measure financed emissions. The tool was successively further enhanced and granulated over the course of the project. This means that analyses can be prepared and the impact on LBBW's portfolio calculated.  A method to analyze key physical climate risks (such as flooding, heavy rain and storms) was also developed that allows for a qualitative assessment in the form of a transparent traffic light system. Risks from flooding were identified as a major driver of physical risks.

✓ completed, ≈ partially completed, ✗ not completed

Project	Responsible	Status	Implementation
Preparation of first scenario analyses based on the initial analysis of portfolio and risk drivers, including in preparation for the ECB's climate risk stress in 2022  Ongoing further development in subsequent years to meet the ECB's expectation	D5 Risk Management and Compliance	✓	A stress test concept to take account of ESG risks was developed on the basis of the results of the analysis of portfolio and risk drivers. This includes a method to simulate the impact of climate-related developments on credit ratings and securities. The internal climate stress test is also used for technical and methodological preparation for the ECB climate stress test.
Improved control over the sustainability objective	D7 Finance and Operations <b>Responsibility: Strategy and Equity Investments</b>	✓	Key performance indicators (KPIs) relating to sustainability were updated, governance for the issue of sustainability was revised.
Active support of regulatory and lobby work, occasionally acting as a driver	D7 Finance and Operations <b>Responsibility: Strategy and Equity Investments</b>	✓	Voluntary participation in the European Banking Authority (EBA)'s "EBA sensitivity analysis" on environmental and climate risks; feedback on guide by the European Central Bank (ECB) on environmental and climate risks; involvement in the Federal Association of Public Banks in Germany (VÖB)'s TAXO TOOL on the EU Taxonomy etc.



## Customers

Switching all balance funds to sustainability and conducting a marketing campaign	D2 Retail and Business Customers/Savings Banks	✓	LBBW balance funds were switched to sustainability on 1 March 2021. Management and the composition were amended accordingly.
Asset management: sustainability reporting for customers	D2 Retail and Business Customers/Savings Banks	✓	All customers with ESG mandates have received an ESG report since reports were issued for the first quarter of 2021. Customers with conventional mandates can receive an ESG report upon request.
Integration of additional sustainability indicators (e.g. climate figures, Taxonomy Regulation) into the investment process	D2 Retail and Business Customers/Savings Banks	✓	Additional ESG indicators were included in the Asset Management investment process. Model ESG portfolios were developed in Retail Customer Business to analyze sustainable investment decisions. Each time an investment decision is made, the effect that including or taking out an equity would have on the model portfolio's ESG components is discussed on the basis of the ESG indicators.
Offering asset management mandates with ESG impact approach	D2 Retail and Business Customers/Savings Banks	✗	This project was not put into place, in part because of a lack of regulatory clarity, and so it was included in the 2022 sustainability program 2022.
Web-based training (WBT) on "Sustainability at LBBW" for all employees (mandatory)	D4 Capital Markets Business and Asset Management/International Business <b>Responsibility: Sustainability and ESG</b>	✓	Mandatory training was held on "sustainability at LBBW". All employees must repeat the training session every two years.
Integration of ESG criteria into advisory tools	D2 Retail and Business Customers/Savings Banks	✗	Only simple valuation methods (ESG: yes/no) were integrated into advisory tools. It will not be completed until the end of Q2 2022.

✓ completed, ≈ partially completed, ✗ not completed

Project	Responsible	Status	Implementation
Completion of green construction financing product and implementation in IT in collaboration with the German Savings Banks Association (DSGV)	D2 Retail and Business Customers/Savings Banks	✘	The "green construction financing" product has not yet been launched. A preliminary study by the DSGV to draw up the technical requirements for IT implementation was completed in September 2021. The project is being followed up.
Inclusion of EUR 600 million of green bond-eligible new transactions contracted in the Real Estate division in the balanced scorecard for 2021	D3 Real Estate and Project Finance	✔	EUR 1,381 million of green bond-eligible new transactions were contracted in the Real Estate division in the balanced scorecard as at 31 December 2021.
Inclusion of EUR 1 billion of sustainable new business contracted in the Project Finance division (of which EUR 600 million green bond-eligible new transactions contracted) in the balanced scorecard for 2021	D3 Real Estate and Project Finance	≈	EUR 521 million in sustainable new business (EUR 126 million of which green bond-eligible new transactions) was contracted as at 31 December 2021 in the Project Finance division.
Expansion of sustainable certificates (green and social)	D4 Capital Markets Business and Asset Management/ International Business	✔	In 2020, LBBW was the first issuer of green impact issues on the retail market and in 2021 it was the first issuer of social impact issues. The range of certificate products in the area of sustainable index concepts (focus: MSCI) was expanded significantly.
Expansion of the range of sustainable funds and mandates	D4 Capital Markets Business and Asset Management/ International Business	✔	The range on offer was expanded from eight funds to 18 sustainable mutual funds. This expansion includes launching four sustainable mutual funds and switching four existing funds to sustainability.
Sustainability advisory unit for savings banks, banks and institutional customers	D4 Capital Markets Business and Asset Management/ International Business	✔	LBBW acquired 36 advisory mandates (25 savings banks, 4 banks, 7 institutional investors) in 2021. Well over 100 consultations were held in connection with these.
Supporting green and social bond transactions	D4 Capital Markets Business and Asset Management/ International Business	✔	LBBW supported 55 sustainable bond issues in 2021 (of which: 27 green bonds, 9 social bonds, 13 ESG-linked bonds and 6 sustainable bonds).
Publication of various "In Focus" spotlight studies on sustainability – on individual corporate sectors (e.g. automotive) and financial institutions (banks, sovereigns, SSAs, insurance companies) – on key terminology and regulatory changes relating to sustainability	D4 Capital Markets Business and Asset Management/ International Business	✔	Various "In Focus" spotlight studies were published relating to sustainability, including on the development of the green Schuldschein market, the new ICMA principles and several country "In-Focus" reports on the LBBW climate risk index (see page 54).
Launch of a regular publication type, "Green Bond Compass", covering new issues of ESG bonds from the four asset classes of corporates, financials, sovereigns, and SSAs.	D4 Capital Markets Business and Asset Management/ International Business	✔	12 issues of the "Green Bond Compass" were published in 2021 on a monthly basis.
Integration of ESG criteria into the loan granting process Assessing the impact of any ESG effects on the sustainability of business models and customer credit ratings. The focus in 2021 was on conducting a qualitative assessment of ESG risks.	D5 Risk Management and Compliance	✔	Since 1 July 2021, ESG risks in corporate customer business, international project finance and retail customer business have been systematically assessed as part of the lending decision using segment-specific sustainability lists. The result, which is presented in the form of an ESG score, is included in the loan application and taken into account in the lending decision.
Sustainable training concept for corporate customer sales	D6 Corporate Customers	✔	A training concept was designed and carried out for about 40 advisors. The final examination is conducted by an external partner.
Internal community page on sustainability	D6 Corporate Customers	✔	The internal LBBW community was regularly informed about current trends, projects and news relating to sustainability.
Sponsorships with sales division heads	D6 Corporate Customers	✔	Regular sessions were held to exchange ideas. These provided inspiration for ESG products and the training concept.

✔ completed, ≈ partially completed, ✘ not completed

Project	Responsible	Status	Implementation
Attending sustainability workshops and conferences, including the Green FINANCE Conference, Finance Symposium	D6 Corporate Customers	✓	LBBW was the sole organizer of the first Green FINANCE Digital Conference on 23 March 2021. Sustainability-related round tables and workshops were held with customers at the Green FINANCE Digital Conference, at the Mannheim Finance Symposium on 22 April 2021 and at Structured FINANCE on 24 November 2021 in Stuttgart.
Continuation of the sustainability study with the "FINANCE" magazine	D6 Corporate Customers	✓	Publication of the second study "Sustainability and green finance" with F.A.Z. business media/"FINANCE" and presentation of results at the first Green FINANCE Digital Conference.
Expanding the track record of green and ESG-linked products	D6 Corporate Customers	✓	The number of green bond and Schuldschein issues, ESG-linked Schuldschein loans and ESG-linked syndicated financing transactions was more than tripled. Additional bilateral ESG-linked loans were realized.
Reviewing the further establishment of corporate customer assets for LBBW's sustainable finance issues such as social and green bonds	D6 Corporate Customers	✓	Most of the assets eligible for social bonds are in Corporate Customers (especially municipal business). The first assets eligible for green bonds were introduced from Corporate Customers.
Product innovations in sustainable finance, including asset backed securities (ABS), factoring and derivatives	D6 Corporate Customers	✓	The first ESG-linked factoring agreement was piloted. The carbon-neutral lease for IT equipment was extended.
Expanding funding business	D6 Corporate Customers	✓	As part of the Green Finance sales campaign, an internal online conference was held on development loan programs related to the environment and energy. New business in Corporate Customers was increased.
Creating transparency in the credit portfolio, including by improving the ESG customer database	D6 Corporate Customers	✓	Data transparency, especially regarding greenhouse gas emissions (GHG emissions), was improved considerably by reporting available Scope 1, Scope 2 and Scope 3 emissions in sectors that are particularly relevant.



## Employees

Project	Responsible	Status	Implementation
Increasing the proportion of women in management positions	D1 Central Divisions <b>Responsibility: HR</b>	✓	<p>The share of women in management positions increased to 21.2% as at 31 December 2021 (previous year: 19.6%).</p> <p>Deliberate efforts were made to appoint women to key positions. Whenever appointing someone to a position at level 3 or higher, Group Board of Managing Directors also takes into consideration efforts to increase the share of female senior managers when making its decision. The program to encourage women with high potential to take up top management roles was continued. The female mentoring program also began a new round. We looked specifically for female graduate trainees and accepted more women into the graduate trainee program.</p> <p>The "women in management" criterion was included as a Group key performance indicator, with a Group-wide target of 25%.</p>

✓ completed, ≈ partially completed, ✗ not completed

Project	Responsible	Status	Implementation
Better communication and internal education about "women in management positions" to continue raising awareness among all employees, including managers, and to motivate ambitious women to actively compete for positions.	D1 Central Divisions <b>Responsibility: HR</b>	✓	An internal communication campaign for 2021 was organized with the slogan "women have careers", (including five panel discussions with women in senior management, presentations on the intranet). Various programs by women for women were supported. The mentoring program for women was launched in fall 2021 and focuses on female employees who have not been able to actively engage in leadership issues due to their personal lives.
Providing professional support for HR changes at the bank	D1 Central Divisions <b>Responsibility: HR</b>	✓	At the request of the divisions and departments, Human Resources provided support for LBBW's various change programs. In addition, reporting was provided on the development of the management structure.
Managing staff costs, negotiating with employee representatives and advising senior executives	D1 Central Divisions <b>Responsibility: HR</b>	✓	A Group-wide cost program, including a reduction in staff numbers by 2025, was launched after an additional agreement was reached with the staff councils. Quarterly reports have been submitted to the Board of Managing Directors since this time.
Providing high-potential employees across the Group	D1 Central Divisions <b>Responsibility: HR</b>	✓	A key performance indicator on the movement of Group managers between business units was included in the balanced scorecard. A new round was launched of the Group-wide talent group "senior management employees with high potential", with 15 participants (including six women), and a talent group for "talented young employees with high potential", with 26 participants (15 women). Human resources systems (HR systems) were modernized and HR.vita, a new module for looking for suitable candidates across the Group, was introduced in December 2021.
Consciously weighing up succession planning and applications for the potential suitability procedure with the goal of ensuring that candidates have a realistic chance of passing the procedure and being able to move into a suitable position.	D1 Central Divisions <b>Responsibility: HR</b>	✓	The identification and nomination of management potential was consolidated at Group level by the "talent management" key performance indicator. This was considered as part of the annual personnel planning session. Members of the Bank's Board of Managing Directors received reports on the high-potential pool in the second quarter of 2021, with half-yearly discussions to take place regularly.

✓ completed, ≈ partially completed, ✗ not completed



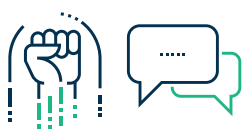


## Business operations

Project	Responsible	Status	Implementation
IT efficiency program: <ul style="list-style-type: none"> <li>• Digitalizing processes</li> <li>• Taking down servers and optimizing infrastructure</li> <li>• Expanding collaboration tools</li> </ul>	D1 Central Divisions <b>Responsibility: IT</b>	✓	Consolidation and cutbacks in IT infrastructure resulted in long-term savings of more than EUR 5 million p.a., including in associated electricity costs.
Further development of the CO <sub>2</sub> dashboard	D3 Real Estate and Project Finance <b>Responsibility: Group Purchasing and Security, carbon footprint team</b>	✓	Targets were introduced at business unit level and more detail was provided in the personal CO <sub>2</sub> dashboard.
CO <sub>2</sub> challenge (competition for environmentally friendly conduct in a work environment) for employees	D3 Real Estate and Project Finance <b>Responsibility: Group Purchasing and Security, carbon footprint team</b>	✓	A green project competition was held with staff. The top five examples of where these have been put into place will be incorporated into the organizations as best practices.
Paperless internal/external post (where legally possible)	D7 Finance and Operations	≈	Trials introducing the electronic delivery of paper-based incoming mail and internal mail began in October 2021 as part of a pilot project led by LBBW Service GmbH and involving various units at the bank. A special process was developed for this in the "Doxis4" system and this has proved a resounding success.  The next step is to roll it out to the entire business unit 51. It will be rolled out for the bank as a whole in 2022.
Achieving a CO <sub>2</sub> target of 11,000 metric tons	D3 Real Estate and Project Finance <b>Responsibility: Group Purchasing and Security, carbon footprint team</b>	✓	The target was achieved. Measures were taken to optimize business travel and reduce the volume of waste and paper usage.
Reducing electricity usage for building operations in absolute terms and per employee by 5% compared to 2020	D3 Real Estate and Project Finance <b>Responsibility: LBBW Corporate Real Estate Management GmbH, carbon footprint team</b>	✓	Electricity consumption was lowered by reducing the amount of space used, for example by moving out of the building at Große Bleiche in Mainz into the more energy-efficient Rheinkontor building (Mainz is not a certificated location). Less cooling energy was needed as temperatures were lower than in the previous year.
Maintaining the 2020 figure for heating energy usage adjusted for weather	D3 Real Estate and Project Finance <b>Responsibility: LBBW Corporate Real Estate Management GmbH, carbon footprint team</b>	✓	Heating energy usage, adjusted for weather, in 2021 was actually lower than in the previous year, indicating a very positive trend for the buildings in winter.
Maintaining use of copy paper on par with 2020	D3 Real Estate and Project Finance <b>Responsibility: Group Purchasing and Security, carbon footprint team</b>	✓	This goal was achieved thanks to ongoing digitalization, an increase in people working from home as a result of COVID-19 restrictions, the switch to double-sided printing and continuing to reduce printer use.

✓ completed, ≈ partially completed, ✗ not completed

Project	Responsible	Status	Implementation
Assessing the use of a photovoltaic system at the Am Hauptbahnhof building in Stuttgart	D3 Real Estate and Project Finance <b>Responsibility: LBBW Corporate Real Estate Management GmbH</b>	✓	The roofs of LBBW buildings at Pariser Platz (buildings 3, 4 and 5) are suitable for generating about 350,000 kWh of electricity for own usage each year. According to the CO <sub>2</sub> conversion factor for hydropower electricity generation for LBBW of 9.3 g/kWh, this would reduce CO <sub>2</sub> by 3.3 metric tons each year. A photovoltaic system would pay for itself after about seven years. It has a lifetime of around 25 years. The assessment concluded that commissioning a photovoltaic system is a profitable investment for the future.
Awareness projects to encourage employees to help protect the environment	D3 Real Estate and Project Finance <b>Responsibility: Group Purchasing and Security, carbon footprint team</b>	✓	The following projects were implemented to raise awareness of how employees can help protect the environment: Communication on the LBBW intranet blue.net and LBBW's social media community, multiplayer online game SCIARA for experimental climate time travel, cafeteria special offers, sustainability training, invitation to take part in the CO <sub>2</sub> challenge and "RadKultur" (bike culture) and "Stadtradeln" (city cycling) campaigns, JOBRAD bikes, expansion of the "Rad-Community" cycle network.



## Social commitment and communication

Project	Responsible	Status	Implementation
Ongoing communication regarding all of the bank's sustainability activities (products, services, emissions)	D1 Central Divisions <b>Responsibility: Group Communication, Marketing and Board of Managing Directors' Office division</b>	✓	Numerous communication projects were put into place: <ul style="list-style-type: none"> <li>• Press releases (e.g. "Germans know little about the EU's climate protection initiatives")</li> <li>• Press placements (e.g. in "Handelsblatt" on LBBW's coal policy)</li> <li>• Articles on LBBW's website (e.g. "Climate protection - banks' key role")</li> <li>• Social media posts (e.g. "LBBW's restaurant: regional and sustainable", "Where does Germany stand on climate protection?")</li> </ul>
Communication for Retail Customers/Asset and Wealth Management: Information provided on sustainable investments, image campaign for the BW-Bank brand	D1 Central Divisions <b>Responsibility: Group Communication, Marketing and Board of Managing Directors' Office division</b>	✓	The following sustainability-related marketing initiatives were launched: <ul style="list-style-type: none"> <li>• World Savings Day with a focus on sustainability (sustainable gifts, promotion of online branches)</li> <li>• Extensive communication of the sustainable balance fund (since March 2021)</li> <li>• Sponsoring of stella scooters and solar benches in Stuttgart</li> <li>• Market overview - expert discussion on sustainability</li> <li>• Newsletter "BW Exclusiv", 3/2021 issue focusing on sustainable investment</li> </ul>
Active communication on sustainability ratings and NGO reports	D1 Central Divisions <b>Responsibility: Group Communication, Marketing and Board of Managing Directors' Office division</b>	≈	There were no special communications because there was no new news. Instead, only the relevant pages on LBBW's website were updated.

✓ completed, ≈ partially completed, ✗ not completed







# Sustainability program 2022

The tasks of “those responsible in the business units” include the specific form of all sustainability issues in the business unit in question. They are responsible for managing and implementing these. This also includes responsibility for planning projects for 2022 (“Roadmap 2022”), which is presented below broken down by the material topics:



## Strategy and management

Project	Purpose	Timeline	Business unit responsible/responsibility
Active support of regulatory and lobby work, occasionally acting as a driver	<ul style="list-style-type: none"> <li>• Coordination of requests (European Banking Authority (EBA), European Central Bank (ECB))</li> <li>• Coordination of ECB climate stress test. Coordination of recording the green asset ratio</li> </ul>	Ongoing	D7 Finance and Operations <b>Responsibility: Strategy and Equity Investments</b>
Structured analysis of risk drivers on the basis of a central data model (covering all asset categories, customer segments, ESG dimensions): Determining potential effects/situations/events using the environmental, social and governance dimensions. The focus in 2022/23 will be on further developing the method of measuring financed greenhouse gas emissions and establishing a risk assessment for social and governance risks. Increase transparency by establishing risk reporting.	<ul style="list-style-type: none"> <li>• Active management of sustainability risks. Compliance with regulatory requirements</li> <li>• Improvement of rating results</li> </ul>	12/2022	D5 Risk Management and Compliance
2022 ECB climate stress test carried out on the basis of initial scenario analyses  Integration of ESG risks in the market price risk stress tests	<ul style="list-style-type: none"> <li>• Active management of sustainability risks. Compliance with regulatory requirements</li> <li>• Improvement of rating results</li> </ul>	12/2022	D5 Risk Management and Compliance
Preparation of industry guidelines on biodiversity (agriculture and forestry, fishing and animal welfare) and investment guidelines on proprietary trading (LBBW banking book)	<ul style="list-style-type: none"> <li>• Expanding and providing details of exclusion criteria and guidelines to make an active contribution to the sustainable transformation of the economy</li> </ul>	Q2 2022	D4 Capital Markets Business and Asset Management/International Business <b>Responsibility: Sustainability and ESG</b>





## Customers

Project	Purpose	Timeline	Business unit responsible/responsibility
<p>Expanded presentation of sustainability attributes in the customer portfolio analysis as part of the new iVO 360 consultancy application for high net-worth private clients from Private Asset Management and Wealth Management. These show:</p> <p>ESG portfolio score/ESG portfolio rating</p> <p>Percentage of controversial business areas</p> <p>Top 5/bottom 5 equities in terms of sustainability</p> <p>10 largest securities account items with their score/rating/rating trend</p> <p>An optimization report with specific investment recommendations shows the impact on the securities account's sustainability profile.</p>	<ul style="list-style-type: none"> <li>Transparent sustainability analysis of the customer portfolio</li> <li>Solid basis for consultations</li> </ul>	Q2 2022	D2 Retail and Business Customers/Savings Banks
Sales-specific training (web-based training)	<ul style="list-style-type: none"> <li>Ensuring all employees have the language to speak about sustainability at LBBW</li> <li>Implementation of ESG criteria in the advisory process</li> </ul>	Q3 2022	D2 Retail and Business Customers/Savings Banks
Integration of ESG criteria into advisory tools	<ul style="list-style-type: none"> <li>Implementation of ESG criteria in the advisory process</li> <li>Targeted advice using a sustainable securities account analysis</li> </ul>	07/2022	D2 Retail and Business Customers/Savings Banks
Offering asset management mandates with ESG impact approach	<ul style="list-style-type: none"> <li>New unique selling point in sustainable product range</li> </ul>	12/2022	D2 Retail and Business Customers/Savings Banks
Two additional ESG strategy funds launched in Asset Management	<ul style="list-style-type: none"> <li>More customer-specific fund selection by closing a gap in the 40% to 80% equity share</li> </ul>	07/2022	D2 Retail and Business Customers/Savings Banks
Inclusion of EUR 2 billion of sustainable new transactions contracted in the Real Estate Financing and Project Finance division	<ul style="list-style-type: none"> <li>Green project finance in the area of renewable energies ensure cleaner energy and help protect the climate.</li> <li>Green-bond eligible properties have lower emissions, chiefly due to lower CO<sub>2</sub> consumption, and so help protect the climate.</li> </ul>	12/2022	D3 Real Estate and Project Finance
<p>Establishment of Environmental Products center of excellence:</p> <ul style="list-style-type: none"> <li>Product supplier for all customer groups</li> <li>Range of services expanded to include new asset classes</li> <li>Expansion of product range, in particular moving towards customized solutions (e.g. asset-linked/asset-based solutions) and commercial activities</li> </ul>	<p>Pioneering role on German banking market</p> <p>Covering the entire range of products and services:</p> <ul style="list-style-type: none"> <li>Risk management (including hedges on CO<sub>2</sub>, electricity)</li> <li>Financing (CO<sub>2</sub> emission allowances, transformation financing (decarbonization), electricity markets)</li> <li>Facilities (CO<sub>2</sub> facilities and offsetting products (CO<sub>2</sub> storage, forestation)</li> <li>ESG-compliant liquidity management</li> </ul>	Ongoing since 2021	D4 Capital Markets Business and Asset Management/International Business

Project	Purpose	Timeline	Business unit responsible/responsibility
Expansion of advisory capacities for savings banks and institutional customers to increase advisory approaches and mandate business and to help customers establish and implement an individual sustainability policy	<ul style="list-style-type: none"> <li>Consolidation of the business relationship (sustainability as a strategic core topic)</li> <li>Generation of direct consultancy fees</li> <li>Obtaining sustainable primary market mandates.</li> </ul>	Ongoing since 2020	D4 Capital Markets Business and Asset Management/International Business
Expansion of sustainable certificates (green and social)	<ul style="list-style-type: none"> <li>Focus on addressing customer needs for sustainable investment products</li> </ul>	Ongoing	D4 Capital Markets Business and Asset Management/International Business
Expansion of the range of sustainable funds and mandates: <ul style="list-style-type: none"> <li>Expansion of sustainable product range by way of new issues with innovative fund ideas</li> <li>Switching existing funds and ESG solutions for institutional customers</li> <li>Offering transformation funds that invest in companies with carbon-neutral or low CO<sub>2</sub> business models.</li> </ul>	<ul style="list-style-type: none"> <li>Focus on addressing customer needs for sustainable investment products</li> <li>Aim of being one of the most sustainable asset managers in the DACH region</li> </ul>	Ongoing	D4 Capital Markets Business and Asset Management/International Business
Supporting green and social bond transactions	<ul style="list-style-type: none"> <li>Bringing together financing needs in sustainable projects and investor demand for sustainable investments</li> </ul>	Ongoing	D4 Capital Markets Business and Asset Management/International Business
Publication of various "In Focus" spotlight studies on sustainability <ul style="list-style-type: none"> <li>on individual corporate sectors (e.g. automotive) and financial institutions (banks, sovereigns, SSAs (= sub sovereigns, supranationals and agencies), insurance companies)</li> <li>On key terminology and regulatory changes relating to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Meeting investor's information requirements</li> <li>Sharing and assessing basic knowledge</li> </ul>	Ongoing	D4 Capital Markets Business and Asset Management/International Business
Launch of a regular publication type, "Green Bond Compass", covering new issues of ESG bonds from four asset classes (corporates, financials, sovereigns, and SSAs)	<ul style="list-style-type: none"> <li>Meeting investor's information requirements</li> </ul>	Ongoing	D4 Capital Markets Business and Asset Management/International Business
Reapplication for certification of selected sustainable mutual funds with the FNG transparency logo	<ul style="list-style-type: none"> <li>Additional transparency of the product quality of our sustainability range for our customers by conducting an objective assessment of the sustainability approaches</li> </ul>	Ongoing	D4 Capital Markets Business and Asset Management/International Business
Improving the track record for green, sustainable & ESG-linked products by increasing the number of sustainable finance transactions supported	<ul style="list-style-type: none"> <li>Positioning in the growth market</li> <li>Sustainable finance</li> <li>Positioning LBBW as a transformation bank: Supporting customers with transformation processes by providing suitable financing and advisory products</li> </ul>	Ongoing	D6 Corporate Customers
Expansion of Sustainability Advisory's advisory services for corporate customers	<ul style="list-style-type: none"> <li>Positioning in the growth market</li> <li>Sustainable finance</li> <li>Positioning LBBW as a transformation bank: Supporting customers with transformation processes by providing suitable financing and advisory products</li> </ul>	Ongoing	D6 Corporate Customers

Project	Purpose	Timeline	Business unit responsible/responsibility
Ongoing development of the process of granting and processing loans in line with effects on customers and the results of a bank-wide ESG analysis of risk drivers. Integration of ESG risks into the lending processes at banks and sovereigns and expansion of the scope to include changes in existing business with corporate customers and in international project finance	<ul style="list-style-type: none"> <li>Active management of sustainability risks</li> <li>Compliance with regulatory requirements</li> <li>Improvement of rating results</li> </ul>	07/2022	D5 Risk Management and Compliance



## Employees

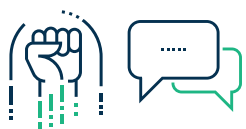
Project	Purpose	Timeline	Business unit responsible/responsibility
Increasing the proportion of women in management positions	<ul style="list-style-type: none"> <li>Utilizing internal potential</li> <li>Promoting ambitious women</li> </ul>	Ongoing	All business units
Better communication and internal education about "women in management positions" to continue raising awareness among all employees, including managers, and to motivate ambitious women to actively compete for positions.	<ul style="list-style-type: none"> <li>Utilizing internal potential</li> <li>Promoting ambitious women</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: HR</b>
Providing professional support for HR changes at the bank	<ul style="list-style-type: none"> <li>Ensuring that the ratio of senior managers to employees makes sense in organizational and business terms</li> <li>Increasing flexibility when filling management positions outside own business unit</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: HR</b>
Managing staff costs, negotiating with employee representatives and advising senior executives	<ul style="list-style-type: none"> <li>Ensuring that the ratio of senior managers to employees makes sense in organizational and business terms</li> <li>Increasing flexibility when filling management positions outside own business unit</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: HR</b>
Providing high-potential employees across the Group	<ul style="list-style-type: none"> <li>Utilizing internal potential</li> <li>Promoting ambitious employees</li> <li>Ensuring that the ratio of senior managers to employees makes sense in organizational and business terms</li> <li>Increasing flexibility when filling management positions outside own business unit</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: HR</b>
Consciously weighing up succession planning and applications for the potential suitability procedure with the goal of ensuring that candidates have a realistic chance of passing the procedure and being able to move into a suitable position.	<ul style="list-style-type: none"> <li>Utilizing internal potential</li> <li>Promoting ambitious employees and targeted further development</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: HR</b>





## Business operations

Project	Purpose	Timeline	Business unit responsible/responsibility
Paperless internal/external post (where legally possible), in business unit 51 as pilot and then bank-wide roll-out	<ul style="list-style-type: none"> <li>Establishing digital, paperless processes wherever possible without disrupting processes</li> <li>Cultural change as regards digitalization</li> <li>Improving remote work options at the Group</li> </ul>	Ongoing	D7 Finance and Operations
Awareness projects to encourage employees to help protect the environment	<ul style="list-style-type: none"> <li>Employee awareness and increasing awareness of cost reductions</li> </ul>	12/2022	D3 Real Estate and Project Finance
Achieving a CO <sub>2</sub> target of 11,000 metric tons (Bank)	<ul style="list-style-type: none"> <li>No increase in CO<sub>2</sub> emissions</li> </ul>	12/2022	D3 Real Estate and Project Finance
Expansion of charging infrastructure - where technologically possible - for e-bikes and pedelecs at main offices (outside Stuttgart) and larger branches and improvements to parking in collaboration with LBBW-CREM	<ul style="list-style-type: none"> <li>Increasing the appeal of sustainable mobility</li> </ul>	12/2022	D3 Real Estate and Project Finance
Further sustainable expansion of internal charging infrastructure for electric vehicles - where possible - in collaboration with LBBW-CREM	<ul style="list-style-type: none"> <li>Increasing the appeal of e-mobility</li> </ul>	12/2022	D3 Real Estate and Project Finance
Installation and operation of photovoltaic systems at the Stuttgart Campus with annual output of at least 350,000 kWh for own consumption	<ul style="list-style-type: none"> <li>Green energy generation for own usage (annual output in 2022 with operations beginning in Q3 2022: approx. 150,000 kWh).</li> <li>Long-term electricity cost savings</li> </ul>	12/2022	D3 Real Estate and Project Finance
Certification as "bike-friendly employer" by ADFC (LBBW headquarters and Leipzig office)	<ul style="list-style-type: none"> <li>Improved image in employer branding</li> <li>Motivate employees to switch to environmentally friendly transportation</li> </ul>	2022	D3 Real Estate and Project Finance
IT efficiency program: <ul style="list-style-type: none"> <li>Digitalizing processes</li> <li>Taking down servers and optimizing infrastructure</li> <li>Expanding collaboration tools</li> </ul>	<ul style="list-style-type: none"> <li>Saving paper</li> <li>Saving electricity</li> <li>Reducing business trips/travel</li> <li>Reducing costs</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: IT</b>



## Social commitment and communication

Project	Purpose	Timeline	Business unit responsible/responsibility
Ongoing communication regarding all of the bank's sustainability activities (products, services, emissions)	<ul style="list-style-type: none"> <li>Increasing name recognition</li> <li>Strengthening market position</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: Communications</b>
Communication for Retail Customers/Asset and Wealth Management: Information provided on sustainable investments, image campaign for the BW-Bank brand	<ul style="list-style-type: none"> <li>Increasing name recognition</li> <li>Strengthening market position</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: Communications</b>
Active communication on sustainability ratings and NGO reports	<ul style="list-style-type: none"> <li>Increasing name recognition</li> <li>Strengthening market position</li> </ul>	Ongoing	D1 Central Divisions <b>Responsibility: Communications</b>
Preparation of additional training concepts on sustainability and sustainable finance	<ul style="list-style-type: none"> <li>Development of expertise, education and raising awareness regarding sustainability and sustainable finance in sales, positioning LBBW as a central point of contact for sustainability issues</li> </ul>	Ongoing	D6 Corporate Customers
Carrying out and publishing the third study "sustainability and green finance" together with the FINANCE magazine	<ul style="list-style-type: none"> <li>Development of expertise, education and raising awareness regarding sustainability and sustainable finance in sales, positioning LBBW as a central point of contact for sustainability issues</li> </ul>	Ongoing	D6 Corporate Customers
Regular updates of internal communication on issues relating to sustainability and sustainable finance via online conferences and the internal LBBW community sustainability@UK	<ul style="list-style-type: none"> <li>Development of expertise, education and raising awareness regarding sustainability and sustainable finance in sales, positioning LBBW as a central point of contact for sustainability issues</li> </ul>	Ongoing	D6 Corporate Customers
Coverage of sustainability topics at external events for specific target groups (including the Green FINANCE Conference)	<ul style="list-style-type: none"> <li>Development of expertise, education and raising awareness regarding sustainability and sustainable finance in sales, positioning LBBW as a central point of contact for sustainability issues</li> </ul>	Ongoing	D6 Corporate Customers

The following projects that have not been completed or only partially completed will be continued in 2022:

- Active communication on sustainability ratings and NGO reports
- Sustainable new business in the Real Estate Financing and Project Finance division
- Offering asset management mandates with ESG impact approach
- Integration of ESG into advisory tools
- Paperless internal/external post (where legally possible)

Projects carried out in the past and now running permanently are no longer included in the current sustainability program. This includes the sustainability advisory unit for savings banks, banks and institutional customers.

## Dialog with customers and stakeholder communication

In order to focus our sustainability activities more precisely on the central issues, we conducted a so called “materiality analysis” in 2014. The main objective of this exercise was finding out how future global changes will affect LBBW and what our stakeholders expect of us in this regard. Subsequently, we launched a dialog series to engage with various customer groups to learn about their particular concerns and what they expect from our Bank and the products we offer.

### Relevant LBBW stakeholder groups

The diagram below shows an overview of LBBW's relevant stakeholder groups.



## Dialog with customers

- 2015/2016 retail customers/private banking customers: In several rounds of discussions, we extensively analyzed the results of the materiality analysis with groups of retail and private banking customers. To better identify the needs of young adults, we invited customers aged between 18 and 29 to their own customer dialog, the BW-Bank Sustainability Summit. Around 20 young customers participated in this event.

The key findings: Although customers are knowledgeable and demonstrate a high degree of affinity for the topic of sustainability, our commitment to sustainability and our sustainable investment products are not well known or customers are unaware of their full extent. Young customers in particular are very keen to use their own money to make a difference in society. Above all, they expect the Bank to actively take responsibility for the environment and society. Transparency and credibility in communication with customers are highly prioritized.

- 2017 corporate customers: "Sustainability: Changing Business Models" was the title of the discussion we held with seven selected company representatives to find out what sustainability issues they are currently focusing on and the effect this is having on their business models. At the same time, we asked our business partners what they expect of us.

The key findings: Sustainability as an overarching concept should always be incorporated into business policies and activities. Transparency, continuity, and trust are the qualities at the heart of a sustainable customer-bank relationship.

- 2017 institutional clients: We sent our institutional clients a written survey inquiring about the importance of sustainability issues at their institutions, the key aspects, and their opinion of future developments. In addition, we wanted to know how they perceive our commitment to sustainability. Around 40 institutional clients responded to the survey.

The key findings: The importance of sustainability issues will increase further from the perspective of investors for reasons including growing market demand and stakeholder expectations. LBBW is generally viewed as a reliable business partner with good customer service. However, institutional clients do not have a clear picture of the Bank's commitment to sustainability.

- Start of the "future dialogs" for all customer groups in 2019: We are continuing the existing customer dialog series together with political representatives. The aim of the "future dialogs" series is to jointly develop potential solutions to the challenges in the region in line with the global sustainability goals.

The first future dialog on 17 May 2019 addressed climate change and the associated tasks and challenges at state and municipal level. Political representatives, officers from public utility companies and experts from the Bank discussed the societal challenges involved in successfully shaping the transition to renewable energies in Baden-Württemberg and jointly pursuing future-oriented solutions. A particular focus was placed on specific measures that can be implemented promptly with a direct positive influence.

The key findings: Energy-efficient construction and renovation were identified as especially important for climate protection in the local environment in particular. Following on from the future dialog, the concept of a regional or municipal loan with low barriers that rewards energy-efficient construction measures with an attractive interest rate was pursued and subsequently launched on the market in the form of the "Stuttgart climate loan".

### In summary, the previous dialog series indicates the following:

- All our customer groups are very interested in sustainability and are addressing this topic intensively.
- LBBW and BW-Bank are held in high regard, but customers know little about our sustainability activities to date.
- Transparency, authenticity, and trust are the keys to a sustainable relationship with customers.

We use the insights gleaned from past customer dialogs to further reinforce our commitment to sustainability and improve communication with stakeholders.

The following issues are the main priority:

- Expanding our range of sustainable products
- Stepping up communication with customers about sustainable products and services
- Establishing sustainability as a key strategic objective for LBBW
- Improving LBBW's sustainability profile

### Stakeholder communication

#### Dialog with the LBBW Supervisory Board

LBBW's Supervisory Board was informed of the latest developments relating to sustainability and LBBW's activities in this area on 25 June 2021 and 21 October 2021 in the form of a report and at a meeting. As well as regulatory requirements, it also received reports on LBBW's sustainable product range and other plans.

#### Dialog with employees

Internal communication keeps our employees up to date with LBBW's sustainable activities. We conduct regular surveys to assess whether our employees feel that they are well informed and whether collaboration is working. In 2021, we also specifically initiated conversations about sustainability with our foreign experts and sales specialists at special events.

All international LBBW colleagues were informed about the latest sustainability issues as part of our Digital International Day on 16 December 2021 by way of a presentation and subsequent panel discussion.

- **Digital securities week at LBBW**

As part of the 2021 digital securities week, we talked to our sales specialists at BW-Bank, the savings banks and other banks about strategic and sales securities issues by organizing numerous specialist lectures. The topic of sustainability in investment business was also on the agenda.

- **Employee survey**

The results of the most recent employee survey can be found on page 159.



## Dialog with customers, companies and investors

We regularly share information with our retail and corporate customers and institutional investors at events. We also discussed sustainability at the following events and platforms in 2021.

At the digital green finance conference organized by the “FINANCE” business magazine, LBBW took part in the discussion round “ESG in finance departments: still a trend or already standard?” on 23 March 2021. The results of the second joint study conducted by the business magazine “FINANCE” and LBBW, “sustainability and green finance”, were presented at this event. An LBBW expert from Sustainability Advisory also participated in the round table “Financing considerations during the transition to carbon neutrality”.

- **“Initiative Marke und Mittelstand”**

At the IMM federal conference held by “Initiative Marke und Mittelstand” on 10 June 2021, LBBW delivered a specialist lecture discussing the role banks play in sustainability and answered questions from attendees.

- **Finance Symposium**

LBBW sponsored a workshop with the title “sustainability at companies – why taking a holistic view pays off” at the Finance Symposium arranged by the management consulting firm Schwabe, Ley & Greiner on 22 April 2021. This included discussion of how regulatory changes at banks affect companies.

- **Expert talk on sustainability**

In June 2021, LBBW organized a talk on sustainability with internal experts. Customers, employees and interested parties were able to take part in the online event. Topics discussed included economic development from the perspective of the ecological footprint, the UN's 17 sustainability goals and the transformation of the EU economy for a sustainable future. We also provided information about the sustainability review and the exclusion criteria for sustainable investments. LBBW's sustainability strategy was also presented.

- **Fit for 55**

The European Union wants to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. To achieve this goal, the European Commission unveiled the package of guidelines and measures known as “Fit for 55” in July 2021. The LBBW website provides up-to-date information for interested customers and companies.

## Dialog with students and start-ups:

- **Universities**

Various discussions were held in 2021. For example, LBBW took part in the Company Fair at the Mainz University of Applied Sciences on 20 May 2021 where it talked about “sustainability as the new normal – the role of banks during the transition to carbon neutrality”. On 29 October 2021, students at the University of Leipzig listened to a specialist lecture about the role banks play in achieving the Paris climate goals.

- **INNO Festival BW**

LBBW participated in the Baden-Württemberg founders event on 17 July 2021 and delivered a speech on sustainability. The subsequent discussion led to more in-depth talks with various start-ups.

## Dialog with NGOs

### WWF

The dialog with the WWF that began in 2019 and continued in 2020 was maintained in July 2021. The dialog was again based on a detailed ESG questionnaire. The WWF's follow-up study titled "German banks need to pick up the pace" was published in November 2021. Once again, no bank was rated "pioneer" or "visionary" in the overall assessment. LBBW was again rated "ambitious".

Biodiversity in banking was also assessed by the WWF. This aspect was rated average for LBBW in the above study, but the result was not included in the overall evaluation for 2021. In its first bilateral dialog, LBBW discussed key aspects of biodiversity with the WWF in October 2021.

### urgewald

In October 2021, a discussion was held with representatives from urgewald on the financing of fossil fuels and arms by banks. urgewald is calling for Germany as a whole to phase out coal by 2030 and gas by 2035 and urging banks to support this goal through suitable financing regulations. Essentially, urgewald wants to cut off funding for new fossil fuel projects and companies that carry these out. In the arms sector, urgewald says that companies that supply arms to states at war or that disregard human rights should also no longer receive funding.

As well as dialog with NGOs, we also speak to our private and corporate customers and to institutional investors at conferences and at our own events and contribute to expert panels on the topic of sustainability.



# Communications

Sustainability is not an empty phrase as far as we are concerned. We seek to make an active contribution to strengthening ecological and social awareness within our own four walls and in the public sphere. We ensure that responsibility is taken on a day-to-day basis by providing regular internal and external information on current topics, raising awareness among our employees and generating impetus at numerous events.

## Sustainability reporting

We provide information about our sustainability activities on our sustainability website and in our comprehensive sustainability report. This is published online and supplemented by current news on the LBBW sustainability portal. The sustainability report is based on the established reporting standards of the Global Reporting Initiative (GRI, see [www.globalreporting.org](http://www.globalreporting.org)).

We have published a non-financial report every year since fiscal 2017. Large, capital market-oriented companies and large credit institutions and insurance companies are required to issue a non-financial report in accordance with the German CSR Directive Implementation Act (“CSR-Richtlinie-Umsetzungsgesetz”) of 19 April 2017. The CSR Directive on the Disclosure of Non-Financial and Diversity Information regulates reporting on environmental, employer, and social concerns, respect for human rights, and efforts to combat corruption. LBBW's non-financial report is audited by the statutory auditor and acknowledged by the Board of Managing Directors and the Supervisory Board. The new requirements under the Taxonomy Regulation were implemented in the non-financial report for the 2021 reporting year accordingly.

## Internal communication

We inform our employees via digital channels, e.g. by e-mail and on the intranet. External communication is also mirrored in internal media in some cases. Our intranet – known as Blue.net – provides technical information and latest news from the Bank. It is accessed around 116,000 times a day by some 10,000 employees.

Sustainability  
on the intranet: **around 160**  
articles, videos and market reports  
published in 2021.



In 2021, we provided information about the Bank's sustainability activities in around 160 articles, videos, and market reports. The topics covered included:

- The introduction of mandatory sustainability training for all employees.
- Invitation to all employees to internal discussions with the head of Sustainability and the head of the Sustainability and ESG group.
- Increase of English language information relating to sustainability available on the intranet.
- LBBW's collaboration with the Hochschule für Technik Stuttgart university on two surveys relating to "sustainable mobility in urban areas – focus on pedelecs".
- Collaboration continued between BW-Bank and Stadtwerke Stuttgart in relation to the *stella* scooter sharing program. An employee and customer tariff was also established for green electricity and gas via extend. The solar benches project for each neighborhood was also developed further.
- The cafeteria campaign by the interdisciplinary carbon footprint group, which shows the CO<sub>2</sub> emissions generated by individual dishes on the menu.
- An online simulation game that demonstrates the impact individual actions have on the environment.

Employees can address important suggestions and requests to the Chairman of the Board of Managing Directors directly. About 100 messages are received each year. The dialog is supplemented by a page run by the Chairman of the Board of Managing Directors in the online community within the bank. The event format "Xchange - Dialog with ..." allows our employees to enter into a face-to-face discussion with members of the Bank's Board of Managing Directors. Overall, more than 20 dialog events were held in hybrid or online format in 2021.

## Customer and investor communication

We regularly share information with our retail and corporate customers and our institutional investors at trade fairs and conferences as well as an entire series of LBBW's own events.

- LBBW's Debt Investor Relations activities:  
LBBW maintains a constant dialog with its institutional investors as part of its Debt Investor Relations activities. This aims to secure/increase existing national and international credit lines in order to minimize the costs and risks of refinancing for the bank. In addition, LBBW seeks to expand its investor basis and diversify it internationally. In recent years, it has also seen the addition of a new group of sustainability-focused investors, who have a particular requirement for information about ESG.

Communication with institutional investors uses a number of different channels, for example the bank's members of the Board of Managing Directors have held individual and group presentations for institutional investors. The Debt Investor Relations team also made use of new virtual methods of dialog to continue and build on the close collaboration with the investors. Numerous talks were held with German and foreign investors from Europe, Asia and the US. In 2021, investors focused primarily on the quality of the lending portfolio and the bank's sustainability strategy.

- LBBW regularly participates in the dialog on the United Nations Principles for Responsible Investment (PRI) to discuss current issues relating to the implementation of this voluntary commitment. LBBW Asset Management Investmentgesellschaft mbH, which also signed the UN PRI, is also an active member of the Sustainability Committee at the German Investment Funds Association (“Bundesverband Investment und Asset Management e.V.” (BVI)).
- Conferences and webinars: In 2021, LBBW Asset Management Investmentgesellschaft mbH was again represented with presentations at conferences and events for a wide range of customer groups, although these were mostly held in digital format on account of the COVID-19 pandemic. LBBW Asset Management Investmentgesellschaft mbH also organized online conferences for sales partners on sustainable investment strategies and products.
- Information for savings banks sales:  
LBBW has significantly increased the amount of information it provides on sustainability for savings bank sales. 290 banks now receive MSCI ESG Research's sustainability package from LBBW Research, which we presented at three major workshops in 2021 and then discussed on many occasions in individual talks.

As part of the digital securities week at LBBW, we took a broad look at investments in the context of ESG. In addition, a six-week sustainable World Savings Day week was held specifically for the savings banks with the slogan “sustainability matters to us”. For Asset Management, established information channels for savings banks sales such as the “Wochenradar” were used. The LBBW foundation management provided information about sustainable investments and social commitment at the meeting of the Baden-Württemberg savings banks foundations. Our quarterly news ticker “Pfandbrief pooling” discusses the development of cover assets for green bond issues and on cover stock pooling. At the 2021 Capital Markets Forum, the most important event for savings banks, we focused on putting sustainability into practice at banks and on sustainable investing.

We supported several savings banks customer events relating to the transformation of small and medium-sized enterprises in 2021. Together with savings banks experts, we also advise corporate customers on transformation, where we discuss how sustainability can be implemented and what is required.

In the development loan business, LBBW held more than 100 information events in 2021 for approximately 4,500 sales experts at savings banks in Baden-Württemberg, Rhineland-Palatinate, and Saxony. It presented the development loan programs related to innovation and digitalization funding, e-mobility, new business models, the energy transition and resource efficiency. One focus here was the new federal subsidies for energy-efficient buildings. The coronavirus grant programs were of little significance.

- Information sessions by LBBW Advisory for institutional customers and savings banks:  
The LBBW Advisory consulting team delivered diverse specialist lectures for institutional investors and savings banks in 2021 to explore sustainability in more depth. Key aspects of sustainability for the core business were elaborated on at savings banks associations in Baden-Württemberg, eastern Germany and in Lower Saxony, as well as at conferences and in working groups, and the latest regulatory requirements and the implementation of these were discussed.

The Sustainability Advisory also bolstered sustainability efforts during various activities with the German Savings Banks Association (DSGV). LBBW is part of the new sustainability management working group that was set up in 2021 and encourages ongoing knowledge sharing between savings banks and regional savings banks associations. As well as practical examples from savings banks, this group also shares and discusses conceptual work and strategic positions. LBBW also plays an active role in the DSGV's regulatory sustainability project via the divisional board member for Financial

Institutions & Corporates in the steering committee and via the Advisory Team at working level. This closely supports the development of comprehensive regulatory requirements and systematically develops practical solutions.

At the 2021 LBBW Capital Markets Forum for savings banks, banks and institutional investors, five different workshops were also held giving a broad overview of the EU Taxonomy, highlighting how to measure and manage sustainability in the lending business and in investing activities as well as the specific characteristics of ESG ratings from various ratings agencies and discussing green bond investments with issuers.

## LBBW research studies on sustainability issues

LBBW Research analysts regularly publish studies on issues that are of particular interest to our customers. Several country “In-Focus” reports on the new LBBW climate risk index from LBBW Research and sustainability issues were also published in 2021 as part of the new LBBW Research publication series “Klartext”, which comes out every two weeks.

In addition, in 2021 LBBW Research published the “Green Bond Compass” each month, featuring detailed market data and forecasts for expected new issues.

Complementing this, the new monthly publication series “ESG Insight” was published for the first time in September 2021. This is aimed at investors with focus on sustainability and discusses the latest capital market developments for all asset classes and special topics related to sustainability.

Numerous other studies and information relating to sustainability or sustainable finance were also published on the banking and corporate sector. Some of these studies include:

- LBBW In-Focus Corporates: “Does sustainability pay?” The Greenium phenomenon”
- LBBW In-Focus Corporates: “Chemicals Industry on Track – Sustainability Gains Ground in terms of Financing”
- LBBW In-Focus Corporates: “Sector Outlook for H2 2021: Back on Track – Challenges Remain”
- LBBW In-Focus Financials: “ECB’s Economy-wide Climate Stress Test”
- LBBW In-Focus Financials: “Agency Outlook H2 2021: EU Driving Issue Volume in the SSA Sector”
- LBBW In-Focus Financials: “Covered Bond Outlook H2 2021: ECB – Dance Until the Music Stops?!”
- LBBW In-Focus: “The New ICMA Standards”
- LBBW In-Focus: “ABC of Sustainability – as at August 2021”



# Sustainability ratings, awards, and memberships

**Sustainability is more than just a trend. Actively taking responsibility is a guiding principle at LBBW. We aim to continue to live out this conviction. Therefore, we participate in initiatives in Germany and internationally to ensure that sustainability becomes increasingly important in the financial services industry. The quality of our own products and services and the sustainability mission pursued by our management are documented by independent sustainability ratings and awards.**

## Sustainability ratings\*

Just as we evaluate the sustainability performance of companies, partners, and suppliers, our commitment to sustainability is reviewed by neutral rating agencies. Sustainability ratings, unlike ratings measuring financial strength, are not usually commissioned by the companies being rated but instead by investors. They are an important basis for decision-making for the constantly growing number of sustainability-oriented investors. These include not only charitable organizations, but increasingly also conventional institutional investors.

The most recent results that LBBW has achieved in the various ESG ratings and that were known to us by the editorial deadline for this sustainability report are described below. ESG stands for environment, social, governance and so the ratings cover criteria relating to these areas.

- Sustainalytics gave LBBW a low ESG risk of 18.1 in the ESG risk rating on a scale of 0 (insignificant risk) to 100 (serious risk). (As at: February 2022)

Sustainalytics has been a subsidiary of the financial information provider Morningstar since 2020 and is a leading provider worldwide of ESG and corporate governance analyses and ESG risk ratings with more than 25 years of experience

→ (see legal disclaimer (sustainalytics.com)).

- LBBW regularly receives top rankings in MSCI ESG Research's ratings, obtaining a rating of AA on a scale from AAA to CCC. This makes LBBW a sector leader when it comes to the most important ESG risks and opportunities (as at: December 2021).

MSCI ESG Research is the world's largest provider of sustainability analyses and ratings in the area of environment, social and governance, with research expertise dating back 40 years

→ (see MSCI ESG disclaimer).

\* Disclaimer: The rating information we publish is publicly available. It is presented solely as an additional service. Explanations on the meaning of a rating must be obtained from the agency in question. This information does not belong to LBBW. It should not be interpreted as a recommendation to purchase LBBW securities. LBBW is not liable for ensuring that the information is complete, up-to-date or correct or for the selection of information.

- In its first rating by imug, Landesbank Baden-Württemberg received 69 points on a scale from 0 to 100, putting it in the “good” category. (As at: November 2021)

As a partner in the network of ESG data provider V.E, a Moody's subsidiary, imug rating represents one of the world's leading sustainability rating agencies in Germany and Austria.

- ISS ESG gave LBBW an overall grade of C+ on a scale of A+ to D-.

This result makes LBBW a sector leader, awarded prime status for its outstanding commitment to environmental and social issues. (As at: November 2020)

With more than 25 years of experience in ESG research and ratings and more than 30 years of experience in corporate governance and proxy advisory, ISS ESG is one of the world's leading ESG specialists.

## Rankings

- LBBW's 2020 Sustainability Report took eighth place in the “large corporations” category in the “2021 sustainability report ranking” published by the Institute for Ecological Economy Research (IÖW) and the business association future. LBBW is therefore the best company in the financial sector out of a total of 62 major companies. The IÖW has compared and evaluated the sustainability reports of companies in Germany since 2005 based on an extensive range of social, ecological, management, and communication criteria.
- LBBW made significant progress in the sixth update of the Fair Finance Guide Germany ([www.fairfinanceguide.de](http://www.fairfinanceguide.de)) in February 2022: With a score of 56%, LBBW ranks joint seventh with ING – behind five specialist sustainability and church banks and the Sparkasse Köln-Bonn. Overall, the sustainability activities of 18 banks were reviewed. The ratings are based solely on the policies of the banks as published in official documents. Unlike sustainability ratings, which are primarily aimed at investors, the Fair Finance Guide is designed to provide independent assistance for ethically and ecologically motivated consumers.

## Awards

“LBBW Nachhaltigkeit Aktien” and “LBBW Global Warming” (see page 97 et seq.)



“LBBW Nachhaltigkeit Renten” and “LBBW Multi Global Plus Nachhaltigkeit” (see page 97 et seq.)



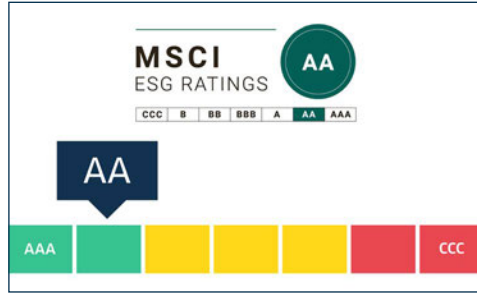
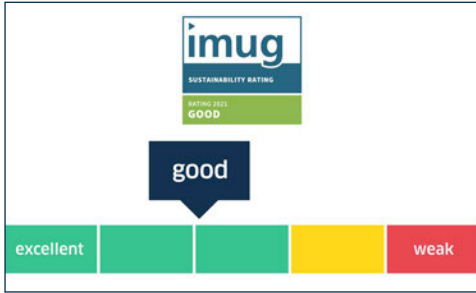
Human resources policy (see page 144 et seqq.)



Environment policy (see page 184 et seqq.)



Ratings (see page 55 et seq.)



## Memberships and initiatives

### LBBW's international involvement

#### UN Global Compact

The United Nations Global Compact is the world's largest responsible corporate governance initiative. This open forum aims to initiate change processes for the development of a sustainable global economy for the benefit of all people, communities, and markets and offer a platform for sharing ideas.

We signed the UN Global Compact in December 2017. This means we have undertaken to integrate the following ten principles into our corporate strategy, corporate culture, and day-to-day business (including investment, lending, and our own investment activity) and to participate in partnerships that promote the general goals of the United Nations, particularly the Sustainable Development Goals.

#### The Ten Principles of the UN Global Compact

##### Human rights

- 01 Businesses should support and respect the protection of internationally proclaimed human rights and
- 02 make sure that they are not complicit in human rights abuses.

##### Labour

- 03 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,
- 04 the elimination of all forms of forced and compulsory labor,
- 05 the effective abolition of child labor, and
- 06 the elimination of discrimination in respect of employment and occupation.

##### Environment

- 07 Businesses should support a precautionary approach to environmental challenges,
- 08 undertake initiatives to promote greater environmental responsibility, and
- 09 encourage the development and diffusion of environmentally friendly technologies.

##### Anti-Corruption

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The UN Global Compact and the Global Reporting Initiative (GRI) are complementary initiatives that help companies contribute to sustainable development and report transparently about their progress. The disclosures and data contained in the LBBW Sustainability Report corresponds to the annual Communication on Progress required by the principles of the United Nations Global Compact.

Further information on the German Global Compact network can be found at [www.globalcompact.de](http://www.globalcompact.de)

### **OECD Guidelines for Multinational Enterprises**

In addition to statutory requirements and provisions, our internal guidelines and instructions are based on internationally recognized standards and voluntary commitments. Alongside the UN Global Compact and the core labor standards of the International Labour Organization, these include the OECD Guidelines for Multinational Enterprises. This Code of Conduct for responsible business activity contains the common recommendations addressed by the member states of the Organisation for Economic Cooperation and Development (OECD) to business on topics including human rights, the environment, corruption, and transparency.

For example, it states that multinational enterprises should report publicly on all key aspects of their business activities, including compliance with environmental and social standards and the risk factors that their business activities can be foreseen to involve. Enterprises should introduce efficient environmental management and apply the prudence principle. They should generally seek to ensure fair competition with other enterprises and fair business practices with respect to consumers.

### **UNEP Finance Initiative**

LBBW is an active member of the United Nations Environment Programme Finance Initiative (UNEP FI), a partnership between the UN's Environment Programme and companies worldwide. The goal of this partnership is to support financial institutions in integrating sustainability issues into their companies at all levels.

In addition to its global activities, UNEP FI along with the Association for Environmental Management and Sustainability in Financial Institutions (VfU) initiated an annual round table as a forum for dialog with financial services providers in German-speaking countries.

### **Principles for Responsible Banking**

In 2019, LBBW was the first signatory of the "Principles for Responsible Banking" (PRB), a voluntary initiative of UNEP FI. The PRB provides a uniform framework for integrating sustainability in all areas of business. This allows banks to systematically align with social objectives.

Specifically, LBBW commits to observing the following six principles:

1. LBBW's business operations are aligned with the Paris Agreement and the United Nations Sustainable Development Goals.
2. We set ourselves transparent goals to continually increase the positive impact our actions have on people and the environment and to reduce the negative consequences of our actions.



3. Together with our customers, we continuously work on jointly developing sustainable solutions and ensuring that these have a lasting effect.
4. We will permanently and continually engage with all stakeholders to jointly achieve society's goals.
5. LBBW implements sustainable governance and a culture of responsible conduct.
6. LBBW regularly reports on its positive and negative impact to ensure maximum transparency and accountability.

LBBW focused particularly on taking pioneering action to align business with the Paris Agreement (Principle 1) and on implementing a sustainable governance structure with clearly defined responsibilities for sustainable development (Principle 5):

- LBBW has set itself the target of becoming carbon neutral (Scope 1 and Scope 2). Accordingly, LBBW has offset all remaining CO<sub>2</sub> emissions that cannot be avoided since 2021 – not by buying emissions certificates, but by investing in forestation. Specifically, LBBW invests USD 3.5 million in the global forestation fund Arbaro Fund.
- The new governance structure creates clear responsibilities: We have linked the sustainability action areas defined in our Group structure with the business units at an organizational level. By appointing “those responsible in the business units” to implement sustainability initiatives, we are creating clear responsibilities in the respective sub-discipline of a universal bank.

In 2021, we placed significant emphasis on the process of developing sector-specific climate targets (Principle 1 + Principle 2) and further refining our ESG product portfolio to meet customer needs (Principle 3). Our goal is to make our lending and investment portfolios carbon neutral by 2050 in line with the objectives of the Paris Agreement. By the end of 2022, we want to define and publish sector-specific climate targets for our portfolios. As part of our cross-business-unit “Sustainability project” launched in 2021, we developed a roadmap for establishing climate targets and for how to reduce CO<sub>2</sub> in high-emission sectors and have already calculated how this can be done for the “energy producers” pilot sector.

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**»Our goal is to make our lending and investment portfolios carbon neutral by 2050 in line with the objectives of the Paris Agreement.«**

## Principles for Responsible Investment

LBBW has been a signatory of the United Nations Principles for Responsible Investment (UN PRI) since 2009. As part of this, we voluntarily undertake to increasingly incorporate aspects relating to our responsibility for the environment and society as well as corporate governance (ESG criteria) into the analysis and decision-making processes for LBBW's proprietary trading (LBBW banking book). In 2017, LBBW Asset Management Investmentgesellschaft mbH also signed the UN PRI for the Investment Manager category, followed in 2018 by Baden-Württembergische Equity GmbH (BWEquity), which was merged with LBBW Asset Management Investmentgesellschaft mbH with effect from 1 January 2021. More than 3,800 signatories from over 60 countries have voluntarily signed up to these guidelines. Taken together, they currently have assets under management of around USD 120 trillion.

More than **3,800** signatories from over **60** countries have voluntarily signed up to these guidelines.



## Green Bond Principles

LBBW adheres to the Green Bond Principles, thus contributing to building the market for sustainable issues. The International Capital Market Association's (ICMA) Green Bond Principles define voluntary guidelines for the issuing process to promote standardization and transparency and reinforce integrity in market development. To this end, the Green Bond Principles provide recommendations, including for the use of the issue proceeds.

## Climate Bonds Initiative

LBBW has been a partner of the Climate Bonds Initiative (CBI) since 2018. The investor-focused non-profit organization for climate financing issues designed the Climate Bonds Standard to meet the objectives of the Paris Agreement. CBI is involved in policy advice at a global level and is a member of various high-profile international bodies such as the European Commission's EU Technical Expert Group on Sustainable Finance.

In particular, the partnership is intended to help further develop climate financing solutions. LBBW helped develop CO<sub>2</sub> benchmarks for real estate financing for its green bond program, which was launched in 2017, and was the first European bank to adopt the portfolio approach for financing green projects.

## German Sustainable Investment Forum

LBBW Asset Management Investmentgesellschaft mbH is a member of the German Sustainable Investment Forum (FNG). The FNG in Germany, Austria, Liechtenstein and Switzerland has more than 200 members, including banks, investment companies, insurance companies, rating agencies, asset managers, financial advisors and NGOs, as well as scientific institutions and individuals. The Forum promotes dialog and discussion between business, academia and governments and advocates improved legal and political conditions for sustainable investments.

## LBBW's national involvement

### Association for Environmental Management and Sustainability in Financial Institutions (VfU)

As a member of the VfU, we play an active role in workshops and forums. In 2021, for example, we took part in the VfU event "PCAF user groups to measure financed CO<sub>2</sub> emissions". PCAF stands for the Partnership for Carbon Accounting Financials. The PCAF standard currently focuses on measuring and reporting financed emissions in six asset classes: listed equity and corporate bonds, corporate loans and unlisted equity, commercial real estate, mortgages, project finance and motor vehicle loans. The aim of this bank partnership is to develop a global standard on recording the greenhouse gas intensity of financial portfolios.

As part of recording key financial issues, the VfU prepared "ESG risk monitors" and explained the background information for these via teleconferences. "Factsheets" were drawn up on the individual sectors to illustrate key issues in the credit check processes and to take these into account in credit standards. These information sheets are available for the following sectors:

- Biodiversity
- Cement
- Hydropower

LBBW also regularly takes part in the opportunities offered by the VfU for discussion and networking between banks on the topic of sustainable finance.

### Alliance for Development and Climate

The German Federal Ministry for Economic Cooperation and Development launched the Alliance for Development and Climate in 2018, which became a KfW foundation in 2020. It is tasked with promoting climate protection and development collaboration while also increasing public awareness of the impact of global warming around the world. The activities of the alliance partners are voluntary and include participating in carbon offsetting projects in developing and emerging countries. LBBW supports the alliance as part of its contribution to the implementation of the United Nations' "2030 Agenda for Sustainable Development" and the achievement of the targets set out in the Paris Agreement.

### German financial sector's voluntary commitment to climate protection

LBBW is one of the 16 initial signatories to the German financial sector's voluntary commitment to climate protection published in June 2020. The aim of this banking initiative is to bring lending and investment portfolios into line with the Paris Agreement, supporting sustainable economic and social development. At the same time, the initiative also intends to help achieve the nationwide target of being carbon neutral by 2045 in accordance with the revised German Climate Change Act and establishing Germany as a leader in sustainable finance. Signatories help each other develop generally accepted methods of measuring and managing the emissions related to lending and investment portfolios and introduce these by the end of 2022. There are no fixed time limits for fund and mandate business. The individual financial institutions report on their progress each year. The voluntary commitment to climate protection builds on the "UNEP FI Commitment to Climate Action", consolidating the UN's "Principles for Responsible Banking".

## **Voluntary commitment by German savings banks to environmentally friendly and sustainable business**

More than 170 savings banks, state banks and affiliates, including LBBW, signed the “Voluntary commitment by German savings banks to environmentally friendly and sustainable business” in 2020. This is based on the goals of the Paris Agreement and the “Principles for Responsible Banking”. The voluntary commitment features five action areas:

- Take account of environmental protection aspects in the lending and investment portfolio
- Reduce CO<sub>2</sub> emissions from business operations and achieving carbon neutrality by no later than 2035
- Support customers in the shift to environmentally friendly business
- Help managers and employees be more sustainable and do more to protect the climate
- Align funding programs and local cooperation more closely with environmental and climate issues

### **Pathway to Paris**

LBBW is involved in the Pathway to Paris initiative launched by the WWF and PricewaterhouseCoopers (PwC) at the start of 2021 and supported by the German Federal Ministry for the Environment. It aims to provide clarity in discussions between the real economy, the academic community and players in the financial sector regarding the transformation requirements needed to achieve the Paris Agreement climate targets and ensure that these can be met by way of specific investment and action plans. Ten sector working groups were formed for this purpose, which discuss and develop specific ways to transform companies so that they comply with the Paris Agreement. Practical, sector-specific guidelines and a web-based transformation tool are to be developed by the end of 2022 that companies can use to analyze how various measures can help reduce greenhouse gas emissions and lower costs. This is intended to create a basis for decision-making when it comes to reducing emissions in line with the Paris climate targets. LBBW brings its many years of experience at the heart of the German automotive industry in Baden-Württemberg to the working group for the automotive sector, which focuses on the transformation from the age of combustion engines to the future market of zero emission mobility.

### **German Sustainable Building Council**

LBBW Immobilien Development GmbH is a member of the German Sustainable Building Council (“Deutsche Gesellschaft für Nachhaltiges Bauen e.V.” (DGNB)). LBBW Immobilien Management GmbH's development company specializes in designing and building sustainable residential complexes and commercial space. As a service provider, the company provides its expertise in sustainability, revitalization project management, efficiency improvements and other areas.

### **ESG Circle of Real Estate (ECORE)**

LBBW and LBBW Immobilien joined the ESG Circle of Real Estate (ECORE) in 2021. Members of the initiative for ESG compliance in real estate portfolios include prominent European investment firms, project developers, real estate asset managers, real estate companies, industry associations, banks and insurance companies. Ecore has developed a reliable European industry standard to measure the sustainability performance of real estate properties and portfolios. The scoring model is built on the three clusters of governance, consumption and emissions and asset check and underwent a large-scale pilot in 2021. LBBW Immobilien played an active role in its development. It is due to be implemented in 2022.

## LBBW's regional involvement

### Clean Air Alliance

The Clean Air Alliance was initiated in 2019 with the aim of improving the air quality in Stuttgart. The alliance brings together the city and state authorities and the biggest employers in the region, whose business and commuter travel and deliveries account for a large proportion of traffic in the Baden-Württemberg state capital. The members share the aim of taking individual and joint measures to help ensure compliance with the thresholds for nitrogen dioxide and particulate matter with a view to improving quality of life. The catalog of measures includes expanding the proportion of electric vehicles in the company fleet, promoting travel by bicycle, conducting mobility campaigns, and expanding the options for working from home and mobile work. In addition to LBBW, the members include the State of Baden-Württemberg, the City of Stuttgart, Daimler, Porsche, Bosch, Mahle, Audi, AOK, Energie Baden-Württemberg, and the Marienhospital.

LBBW has already



- established electronic charging infrastructure with a total of 68 charging points in Stuttgart,
- installed 20 public e-bike charging stations and a bike service station at Stuttgart Campus,
- developed a bicycle salary conversion model together with JobRad that is already used by around 500 employees.

### Stuttgart Financial financial center initiative

In April 2021, LBBW signed “Stuttgart’s Declaration on the Sustainable Transformation of the Financial Center” – an initiative by Stuttgart Financial, the central platform for financial issues in Baden-Württemberg. The declaration sets out a long-term sustainability strategy to promote and support developments and position Stuttgart as a sustainability and sustainable finance hub in Germany. To achieve this, the signatories agree to joint sustainability benchmarks for the Stuttgart financial center. These include the Paris Agreement, the UN’s 17 sustainable development goals, the German federal government’s sustainable finance strategy, the inclusion of sustainable investment options in customer service and the alignment of the business model with ESG factors. Stuttgart Financial was founded in 2007 by the Baden-Württemberg Ministry of Finance and Economics, the Foundation for Credit Services (Stiftung Kreditwirtschaft) of the University of Hohenheim and Vereinigung Baden-Württembergische Wertpapierbörse.

### Other memberships

LBBW is a member of approximately 270 associations, registered organizations and support programs. These cover a broad range of social, cultural and banking issues. As well as being a part of and promoting relevant organizations, LBBW can represent its interests in issues relevant to doing business.

**Approximately 270**  
memberships in associations,  
registered organizations  
and support programs





# Binding standards.

As part of our sustainability management activities, we have specified binding standards for many of the Bank's units and activities. Our suppliers and service providers are also required to observe sustainable criteria. Our compliance management team ensures that all internal and external regulations and laws are observed.

## Scope of applicability and EMAS certification

Our sustainability management system is applicable to LBBW (Bank) (including BW-Bank) and the wholly owned subsidiaries Gastro Event GmbH, LBBW Immobilien Management GmbH, LBBW Corporate Real Estate Management GmbH and LBBW Asset Management Investmentgesellschaft mbH.

### Environmental performance statement

The environmental performance statement and the environmental indicators and time series cover all the buildings extensively used by LBBW in Germany, including buildings we lease. Buildings LBBW leases to tenants whose data is not collected are not included. As of 31 December 2021, a total of 292 individuals were employed by the LBBW Group outside Germany.

Whereas data on purchasing, business trips, and waste quantities is collected and managed centrally, we compile data on electricity, heating energy, and water consumption for each site individually. The usage data for subsidiaries like Gastro Event GmbH which operate in LBBW buildings is therefore included in our environmental performance statement. In certain cases, this also applies to tenants who use parts of our buildings and whose consumption data cannot be determined separately.

### EMAS certification

We have committed to complying with the standards of the Eco-Management and Audit Scheme (EMAS) and ISO 14001 and have maintained a certified environmental management system since 1998. The implementation of the Scheme and ISO standard is verified once a year by means of an internal and external audit. The following are validated according to EMAS and certified according to ISO 14001:

- four buildings at "Am Hauptbahnhof" and two buildings at "Pariser Platz" in Stuttgart,
- the Fritz-Elsas-Straße 31 building (known as the "Bollwerk" building) in Stuttgart,
- the Königstraße 3 building in Stuttgart,
- the Kleiner Schlossplatz 11 building in Stuttgart, and
- the Augustaanlage 33 building in Mannheim

with a total of 7,152 employees.

## Stuttgart



**1 Landesbank Baden-Württemberg**  
Am Hauptbahnhof 2, 70173 Stuttgart

**Building 2**  
Am Hauptbahnhof 7 - 9, 70173 Stuttgart

**Building 3**  
Am Hauptbahnhof 11, 70173 Stuttgart

**Building 4**  
Am Hauptbahnhof 8, 70173 Stuttgart

**Building 5**  
Pariser Platz 1, 70173 Stuttgart

**Building 6**  
Heilbronner Straße 28, 70173 Stuttgart

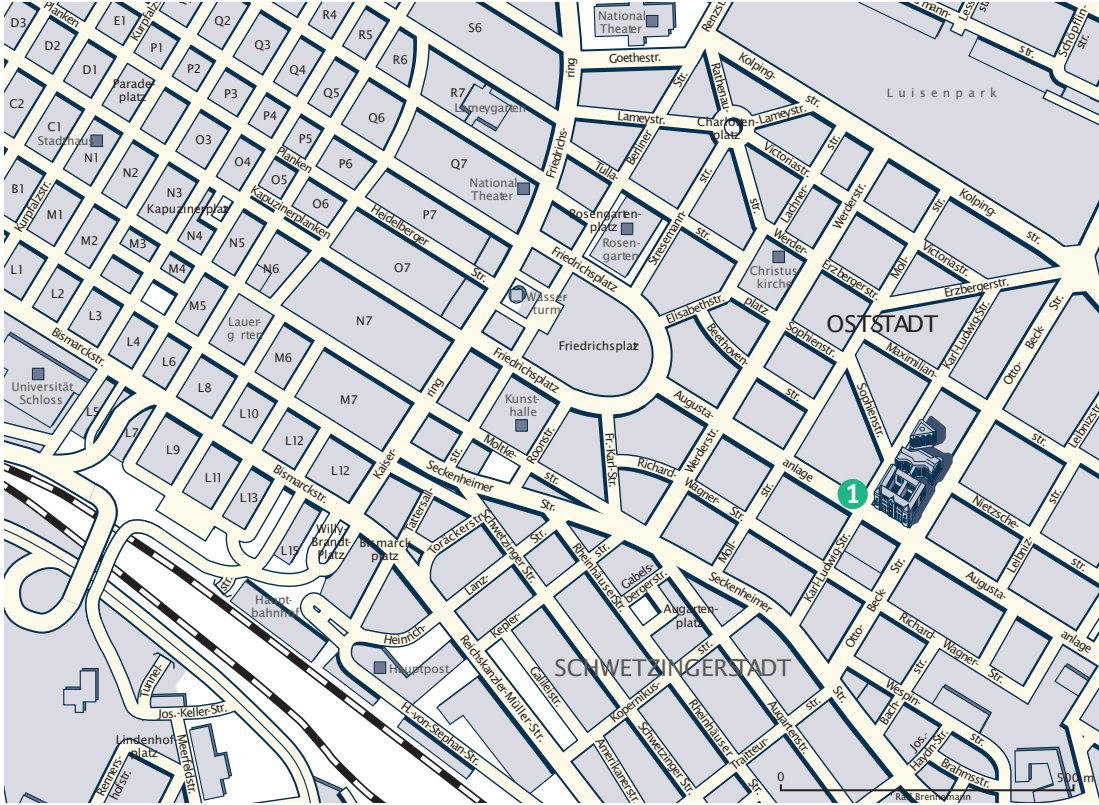
**Building 7**  
Pariser Platz 7, 70173 Stuttgart  
(SüdLeasing Building)

**2 Service center am Bollwerk**  
Fritz-Elsas-Straße 31, 70174 Stuttgart

**3 Training center**  
Königstraße 3 - 5, 70173 Stuttgart

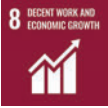
**4 Kleiner Schlossplatz, BW-Bank**  
Kleiner Schlossplatz 11, 70173 Stuttgart

## Mannheim



- 1 Landesbank Baden-Württemberg  
Augustaanlage 33, 68165 Mannheim

## Supplier management



As a major corporation, we maintain business relationships with more than 1,600 suppliers and service providers with long-term contracts. The products externally sourced by Group Purchasing in 2021, such as hardware and software, advisory, marketing and other services, office supplies, fleet vehicles and other means of transportation, travel, logistics, and buildings/technology, had a total volume of around EUR 616.6 million (previous year: EUR 632.3 million).

### Supplier assessment

Activities with our suppliers are based on supplier registration. Suppliers are accepted by LBBW only if they answer questions concerning sustainability matters on the LBBW Supplier Portal. The questions relate to issues such as environmental and social management systems, the training of employees on environmental issues, waste disposal plans, and the publication of environmental or sustainability reports.

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## »Every supplier must sign the >Sustainability Agreement for LBBW Suppliers<.«

Every supplier registering with LBBW is additionally required to acknowledge and sign the Sustainability Agreement for LBBW Suppliers when a contract is agreed. This agreement compels our suppliers to comply with what we consider to be essential environmental and social criteria. For example, we expect our suppliers to ensure fair working conditions. Any supplier violating the social or environmental standards contained in the Sustainability Agreement (e.g. prohibition against human rights abuses such as child labor) must accept this violation as grounds for termination of the contract without notice. In 2021, no suppliers were identified at which there were discernible indications of child labor or forced labor. Furthermore, there were no violations of the other requirements formulated.

We expect our suppliers to commit to taking responsibility for environmental, economic, social, and community issues in all areas of their business activities to the same degree as LBBW. The sustainability rules and ethical responsibility documented in our Code of Conduct are the guiding principles for all of our business relationships and transactions.

## Purchasing standards

Centrally organized purchasing operations and binding Bank-wide standards enable us to ensure that sustainability issues are factored into investment decisions and, in cases where several product alternatives with comparable quality and cost are available, the best product in terms of sustainability is chosen. On the one hand, this enables us to guarantee that the manufacture and use of products at LBBW meets the highest sustainability standards possible. On the other hand, it allows us to promote environmentally and socially aware policies and business practices by our business partners.

The criteria specified in the “Sustainable Procurement and Award of Work” work instruction is applicable to purchases of non-IT products. We therefore do not purchase products made of tropical wood, produced using child labor or manufactured under inhumane or inequitable working conditions. In addition to these exclusion criteria, there are also specific exclusion criteria that apply to individual product groups such as maximum emission levels for the volatile organic compounds used in office furniture.

In order to give our regional economy a boost and minimize the distance transported, we prefer to use suppliers from Baden-Württemberg and our other core business territories. More than 90% of the products and services we procure are from German suppliers.

## IT service providers

In 2013, LBBW outsourced most of its information technology (IT) activities to Finanz Informatik GmbH & Co. KG (FI), the IT service provider to the German Savings Banks Finance Group (“Sparkassen-Finanzgruppe”) and one of the largest European providers of IT services to banks. The Provider and Production Management department is responsible for coordinating the services of FI and its subsidiaries FI-TS and FI-SP. This department represents LBBW’s interests towards its strategic IT partners. It also functions as an advocate for FI within the Bank, which is a key condition for a collaboration in partnership between the two companies.

Since the outsourcing of our IT activities, new hardware and technical software (databases, operating systems, etc.) have been purchased by FI-TS. In the course of negotiations with FI, key sustainability issues that were already applicable at LBBW were incorporated into the contract. For instance, a sustainability clause for suppliers was agreed. Software ergonomics are still reviewed by LBBW before an application is approved for use. Banking-specific software and standard software (e.g. office products) continue to be procured by Group Purchasing at LBBW.

## Service provider and supplier selection at LBBW subsidiaries

LBBW Corporate Real Estate Management GmbH:

We have developed a special sustainability clause for all new LBBW Corporate Real Estate Management GmbH (formerly BW-Immobilien GmbH) service contracts that requires service providers to comply with all applicable environmentally relevant regulations and ensure that their employees receive sufficient training in sustainability issues, among other things. Cleaning companies are supplied with a list of substances that may not be included in any cleaning supplies used in our offices. The companies are requested to keep the safety data sheets and operating instructions of the detergents used easily accessible and shall be subject to checks.



**Gastro Event GmbH:**

In selecting suppliers, our subsidiary Gastro Event GmbH, which runs our six company restaurants, gives preferred status to smaller, regional suppliers.

**Sustainable construction materials**

LBBW Immobilien Development GmbH is a member of the German Sustainable Building Council (“Deutsche Gesellschaft für Nachhaltiges Bauen e.V.” (DGNB)). It builds and certifies sustainable office, administrative, and residential buildings, primarily according to DGNB standards. In cases where DGNB certification is not explicitly planned, the internal “LBBW Immobilien Development GmbH Standard for New Construction of Sustainable Office and Administrative Buildings” and “LBBW Immobilien Development GmbH Standard for New Construction of Sustainable Office, Administrative, and Residential Buildings” are applied. These internal standards are aligned with selected DGNB criteria and, for example, ensure the use of wood from sustainable forestry and healthy indoor climates in residential buildings. Sustainability issues are also taken into account in tenders and the awarding of contracts.

Tenders issued by LBBW Corporate Real Estate Management GmbH for real estate used by the Bank contain an extensive list of guidelines with regard to the construction materials and their health and ecological safety. To comply with these criteria, LBBW’s general clause for construction and supply contracts is enclosed with the tenders and written orders.



## Compliance



Responsible corporate action is based on compliance with external and internal rules and laws. Effective compliance management primarily prevents criminal acts such as money laundering, terrorism financing, fraud, corruption, and insider trading, as well as ensuring data protection and monitoring of financial sanctions.

LBBW's Group Compliance division takes a proactive approach. In particular, it provides advice on matters relating to capital market and real estate compliance, money laundering and fraud prevention (other punishable offenses), and financial sanctions and embargoes. The decentralized compliance structure includes compliance officers who are responsible for compliance at the branches and subsidiaries, as well as LBBW compliance coordinators who serve as a link between the specialized divisions and the central Group Compliance division. The aforementioned coordinators provide a point of contact for employees in the operating units and in the branches for all compliance-relevant issues. The point of contact for planned outsourcing activities is Central Outsourcing Management, which is responsible for determining and monitoring the requirements for consistent outsourcing management throughout the entire Group. Central Outsourcing Management informs the specialized divisions in good time about internal rules and requirements and supports the implementation of outsourcing.

### Compliance training

Compliance with legal requirements requires safeguards to be put into place. One of these safeguards is to raise awareness and train our employees. Their compliance knowledge must be up-to-date at all times. Self-study programs (web-based training) have proved a good and time-effective way of imparting this information. Each training session includes a test at the end to check whether the learning objectives have been achieved.

The training concept is applied across the bank and throughout the Group. Compliance - where necessary in coordination with the specialized divisions in question - determines the relevance of the training for each self-study program specifically for each individually organizational unit. LBBW's representative offices and branches have been linked via the online platform HR.lerncampus since the fourth quarter of 2021. The subsidiaries are to be onboarded by the end of Q2 2022. Managers can view what training sessions their employees have completed via HR.lerncampus.

Employees who do not complete the required training within the period stipulated (usually 30 days) automatically receive a personalized standard e-mail on the due date. After the fourth reminder and once more than 90 days have passed since the training should have been completed, the division head in question is notified of the situation by e-mail each month and is asked to keep track of training completion. Once 120 days have passed since the date on which the training should have been completed, the division head must assess the employee's reliability, document the evaluation and notify Group Compliance of the result.

As at 31 December 2021, the average completion rate for compliance training was 98.99% in 2021.

None of the individual training elements had a completion rate below 97.8% in 2021.

## Code of Conduct

Sustainable business success is based on trust. In the long term, LBBW will only be competitive if it meets its responsibility to customers, shareholders, competitors, business associates, the supervisory authorities, and not least to its own employees. For this reason, unconditional compliance with all statutory provisions and internal rules as well as the integrity of each individual employee constitute the foundations of sustainable corporate governance. A Code of Conduct ([www.LBBW.de/code-of-conduct](http://www.LBBW.de/code-of-conduct)) has been adopted as an overarching guideline. This behavior and ethics code applies to LBBW and its subsidiaries. The aim of the code is to create a reliable, normative frame of reference or guidance for responsible behavior by each individual that satisfies the legal requirements and is in line with ethical and societal standards.

In recent years, digitalization, sustainability and stricter regulatory requirements have increasingly become a factor in the everyday business of the bank. The internal Code of Conduct was last updated by Group Compliance in October 2021. Among other things, the Code of Conduct contains examples of situations from the bank's everyday business and specific recommendations for action, as well as a separate chapter on the whistleblower system.

## Regulatory compliance function according to MaRisk (Minimum Requirements for Risk Management)

Today more than ever, it is important for companies to react quickly to critical developments and be able to make well-founded decisions based on reliable data. This includes not only rapid processing of risk-related information, informative risk reporting, and agile risk management but also a corporate compliance culture that models a responsible risk culture.

For this reason, the Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" (BaFin)) more precisely defined the Minimum Requirements for Risk Management ("Mindestanforderungen an das Risikomanagement" (MaRisk)) for credit institutions and financial services providers based on the German Banking Act ("Kreditwesengesetz") in Circular 10/2021. LBBW has a regulatory compliance function that meets the requirements of MaRisk and is involved in material processes and workflows to assess the impact of these on material legal regulations. The legal regulations and standards applicable to LBBW are identified on an ongoing basis, decentrally for the bank as a whole and at the level of the relevant Group units. The regulatory compliance function ensures that this ongoing screening is carried out, helps implement appropriate and effective procedures for compliance with regulations and monitors these on the basis of risks. The compliance functions of the relevant Group units and the regulatory compliance function (Group) continually exchange information to promote a uniform, Group-wide compliance culture.

It is therefore particularly important that MaRisk compliance processes are sustainably implemented at LBBW, taking into account the "Internal Control System" (ICS), and that interface management with the specialized divisions is stepped up. The organizational and operating networking on the basis of a sustainable three-step defense model ("three lines of defense") ensures a comprehensive and effective risk management system: The specialized divisions constitute the first line of defense and are responsible for identifying risks in every-day business at an early stage and efficiently combating these. Operating risk management is supported and monitored by the specialized divisions in the second line of defense, which are responsible for setting standards. From its higher-level second line of defense, the regulatory compliance function provides advice and support here to the LBBW Board of Managing Directors regarding compliance with legal regulations. Internal Audit, a process-independent body, is the third line of defense.



## Preventing money laundering and combating the financing of terrorism

Money laundering describes the practice of integrating into legal circulation assets acquired illegally through organized crime, drug trafficking, fraud, and other punishable acts. This conceals the illegal origin of the funds in order to launder them back into the legal economic cycle. The financing of terrorism misuses banks to collect funds that have been acquired legally or illegally and use these funds to conduct partially or wholly terrorist activity. Accordingly, the LBBW Group has developed appropriate Group-wide business and customer-related security systems and controls for preventing money laundering and terrorism financing. These include, for example, rules on relationships with politically exposed persons, the process for accepting applications from new customers, the updating of customer data, and continual monitoring of business relationships as well as the integration of the anti-money laundering officer in the new products process.

## Financial sanctions and embargoes

LBBW is obligated to initiate measures to ensure compliance with national and international financial sanctions and embargo regulations. Financial sanctions result in restrictions on capital movements and payments, whereas embargoes limit the freedom of foreign trade.

Measures and organizational requirements for the Bank and the Group are defined in the internal guidelines. For instance, all cross-border payments and the entire LBBW customer list are automatically compared every day against German and international sanction and embargo lists. The same is true of internal company exclusion lists for cluster munitions and anti-personnel landmines. The processes and IT-based verification procedures required to do so are already firmly established in-house.

A country and product matrix on the LBBW intranet is part of the internal sustainability standards relevant for cross-border business (sanction and embargo regulations and critical industry-country combinations due to sustainability and reputation risks).



## Fraud prevention (other punishable acts)

At LBBW the purpose of fraud prevention is to prevent criminal acts that could expose the assets of LBBW or its customers to the risk of loss or that could harm the LBBW Group's reputation. Risks are analyzed, leading indicators are tracked, and transaction and customer-related security systems and controls are implemented. In an annual threat analysis, all possible internal and external risks in connection with prosecutable offenses relevant to the Bank and the Group are identified and evaluated, and suitable preventive measures are developed on this basis. In addition, LBBW adheres to the overarching OECD Guidelines for Multinational Enterprises, which also contain recommendations on corruption prevention.

The rules and regulations for the Bank and the Group for combating criminal activity primarily comprise Bank and Group fraud and corruption prevention guidelines. These guidelines provide a general framework for appropriate risk management and suitable fraud and corruption prevention procedures and processes from the perspective of LBBW (e.g. organization of fraud and corruption prevention at the bank and the Group, responsibilities of the central office (how to report suspicious activity, point of contact) and the key preventative measures. The goal of fraud and corruption prevention guidelines is to identify risks and early indications of other punishable offenses in good time to avoid damage to LBBW, its employees and its customers. These standards are implemented in the guideline for giving and receiving benefits (gifts, invitations, events), for example. Employees may also report irregularities and suspicious activity anonymously via an external ombudsman. This option is implemented across the LBBW Group in the branches and subsidiaries. Since January 2019, the ombudsman has also been available to external third parties (e.g. LBBW's customers, business partners, and suppliers).

To the best of LBBW's knowledge, no corruption proceedings were conducted against LBBW (Bank) or the subsidiaries integrated into the sustainability management process in 2021. No fines were levied. LBBW has implemented clear internal rules and regulations throughout the Group to tackle corruption and bribery. To detect corruption, LBBW focuses on raising awareness and training its managers and employees. As well as frequent online training sessions on preventing punishable offenses, ongoing training is also provided on the guideline for giving and receiving benefits ("Gift guideline") for managers and employees. As part of this training, the employees are familiarized with LBBW's regulations on giving and receiving perks and with the reporting and approval procedure and, in particular, informed about the transparency required when giving and receiving benefits. Managers and employees can use the whistleblower system to report any incidents of corruption and so have a wide range of communication channels at their disposal.

The types of fraud to which customers and LBBW are exposed are becoming increasingly multifaceted. At the same time, the number of fraud attempts is climbing rapidly, a result not least of social uncertainty caused by the coronavirus pandemic and all the by-products of the crisis. LBBW therefore has many preventative measures in place to protect customer and bank assets against the consequences of fraud and, in particular, financial losses. All in all, losses of more than EUR 11 million were prevented in 2021 for customers and the bank in 997 cases.



## Capital market compliance

The compliance function according to the Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organization, and Transparency (“Mindestanforderungen an die Compliance-Funktion und die weiteren Verhaltens-, Organisations- und Transparenzpflichten für Wertpapierdienstleistungsunternehmen” (MaComp)) is responsible for ensuring observance of statutory rules applicable to securities trading and related regulatory requirements. To this end, it issues internal guidelines and work instructions that serve as guiding principles.

A risk analysis is performed once a year. Among other factors, this focuses on the relevant statutory regulations and an analysis of individual risks.

Compliance with external and internal standards is monitored regularly. In addition to centralized reviews of documents, processes, and directives, monitoring is also conducted on site, e.g. at the branches, advisory centers, and central units. If any shortcomings are found, the compliance function according to MaComp works with the relevant divisions to bring them into conformity with the rules.

Another responsibility of the compliance function according to MaComp is to prevent market abuse and ensure compliance with the provisions on financial market regulation set out in the revised EU Markets in Financial Instruments Directive (MiFID II). We have a zero tolerance policy towards market abuse and market manipulation. Compliance with requirements is closely monitored.

In addition, according to the rules for the compliance function according to MaComp, conflicts of interest in connection with securities and related services must be avoided. Our employees in the compliance function according to MaComp are available to help identify, avoid, and manage conflicts of interest.

## Data protection and information security

Confidentiality in the handling of customer data enjoys the utmost importance at LBBW. The protection of personal data is guaranteed by way of compliance with the applicable rules and regulations. Protecting personal data is a fundamental European right and is protected under the Charter of Fundamental Rights of the European Union (Article 8 (1)) and in the Treaty on the Functioning of the European Union (Article 16 (1)). The EU General Data Protection Regulation (GDPR) harmonizes data protection requirements relating to processing the data of natural persons in the EU. The regulatory framework at LBBW was developed on the basis of this EU-wide law. It covers general conditions and due diligence obligations for customers and employees and, in particular, sets out the aims and responsibilities, organizational integration and authorizations and reporting obligations relating to data protection. There are detailed regulations in place, for example relating to handling data protection breaches and the rights granted to data subjects, creating and maintaining records of processing activities and processing.

LBBW's data protection officer reports to the LBBW Board of Managing Directors and regularly reports directly to the Board of Managing Directors member responsible for risk management, Group compliance, and internal audit.

Each LBBW subsidiary has its own data protection officer. Information about key processes and major events is included in the annual Group data protection report.

Compliance with statutory data protection requirements is monitored during audits by the data protection officer during the year.



The laws generally reinforce the rights of customers, e.g. by expanding the right of objection and introducing stricter corporate responsibilities. These include, for example, stricter rules regarding penalties and expanded disclosure and documentation obligations.

As each and every employee has a particular responsibility for data protection and security, the e-learning tool on data protection in accordance with the GDPR is compulsory for all LBBW employees every two years.

The rights granted to data subjects continued to be widely used. There were 55 customer complaints in 2021 (previous year: 54), 126 requests for information (previous year: 102) and 115 requests for deletion (previous year: 106).

Secure information processing is a central aspect of LBBW's business policy, as the confidentiality, availability and integrity of this processing is decisive in our business success and that of our customers. We ensure secure information processing by taking a three-pronged approach of deliberate action, practical organizational regulations and modern technical arrangements.

With the number of attack vectors rising due to the multitude of technical options and increasingly topical nature, conventional cyber security measures are no longer enough. Accordingly, LBBW intends to establish adequate resilience against cyber attacks.

The close links to risk management mean that importance of information security is influenced to a significant degree by regulatory requirements imposed on the banking sector such as MaRisk. LBBW thus places great value on identifying and managing information security risks and on the transparency this creates regarding existing risks. We also include external sources of risk resulting from outsourcing IT services in our evaluation.

Ensuring security when processing information is an ongoing process at LBBW, the principles of which are established by the Group Information Security Management System (ISMS). Corresponding governance structures have been defined to successfully plan, implement and maintain this process. Closely involving management in the ISMS and allocating resources in security organization ensures that due consideration is given to information security and the related risks within the Group and that there is sufficient awareness of information security.

One key component of information security management at LBBW is the information security policy based on ISO/IEC 27001:2013. In this policy, the Group information security officer defines a suitable level of information security on behalf of the Board of Managing Directors. This takes account of both regulatory and legal requirements.

One of the most important measures to raise awareness among our employees is a comprehensive, web-based training session on information security, which tests participants on what they have learned. This e-learning tool is updated each year. New multimedia content is integrated at the same time. The training session is compulsory for all employees.

Technology is progressing rapidly. Given this, we regularly review existing safeguards and requirements and make changes where needed. LBBW's security organization is thus a continual improvement process, allowing us to respond appropriately to the latest developments and challenges at all times.

## Corporate Security

LBBW's Corporate Security helps the police investigate criminal activity, including providing details about what has happened and video recordings in accordance with the GDPR. Charges will be filed in the event of any damage to LBBW. Corporate Security also informs and trains LBBW employees on what to do before and after an incident and in the event of threats, coercion or insults.

Corporate Security is also responsible for LBBW's business continuity management (BCM). LBBW processes are assessed in terms of their time sensitivity, measures and workarounds in the event of emergencies are incorporated into business continuation plans and relevant exercises are planned and carried out in annual cycles and - depending on the situation - throughout the year. Accordingly, BCM focuses on planning stability measures for emergencies ahead of time in order to ensure process stability in the long term.



Corporate Security has been the main body responsible for **COVID-19 crisis organization** since March 2020.

Corporate Security has also been the main body responsible for COVID-19 crisis organization since March 2020. Crisis management is broken down into various bodies such as the COVID-19 crisis response team (strategic top management level) and the emergency center (operating level) and, at employee level, takes the form of regular discussions between the relevant BCM points of contact in all specialized divisions and subsidiaries, known as business continuity coordinators (BCC).

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**»The goal of all steps taken is to protect employee health.«**

All topics related to COVID-19 are combined at Corporate Security, e.g. managing working from home, monitoring legal conditions, monitoring developments in infection rates, external and internal communication and monitoring process stability in terms of COVID-19-related staff absences in critical divisions. The core goal of all steps taken is to protect employee health while at the same time ensuring a stable business process organization.

### **Violations of environmental law**

In 2021, LBBW did not incur any fines or penalties resulting from non-compliance with statutory environmental regulations. During internal and external audits, no substantive violations of environmental law were uncovered.

### **Tax compliance**

LBBW does business and pays taxes primarily in Germany and is committed to fulfilling all its tax obligations in Germany and abroad. LBBW receives no advantages whatsoever from the tax authorities. As a public-law institution under German law (“Anstalt des öffentlichen Rechts”), LBBW considers itself a responsible taxpayer and has therefore developed a tax strategy that requires compliance with tax law regulations and rejects aggressive tax avoidance strategies.

It meets these guidelines through numerous organizational instructions to comply with tax obligations, including a clear allocation of responsibilities. The guidelines for LBBW's tax compliance management system play a central role. They describe and stipulate all material provisions for compliance with tax laws and the monitoring and control functions. These guidelines contain specific information and requirements for employees regarding compliance with LBBW's tax provisions. These prohibit the following:

- Supporting transactions that create the appearance of tax evasion
- Calculating LBBW remuneration on the basis of tax savings at customers or business partners
- Involvement in transactions for the purpose of anonymously participating in offshore companies in breach of reporting obligations
- Collaborating with a customer to abuse foreign legal systems
- Dividend arbitrage of any form

These guidelines also prohibit arrangements in connection with countries that have been categorized as non-cooperative jurisdictions by the EU, the Organisation for Economic Co-operation or by BaFin circulars. Business relationships with business partners from these jurisdictions are permitted only if individually approved by the Board of Managing Directors. Transactions with existing offshore companies are authorized only if it can be ensured that no tax evasion is involved.

Based on these provisions, LBBW does not advise customers to establish international structures with the purpose of tax avoidance. Neither the bank nor its subsidiaries participate in transactions involving international structures that are evidently intended to avoid tax.

Monitoring compliance with provisions under the tax compliance guidelines is safeguarded by the bank-wide control system, the organizational arrangements made by Audit and its own tax compliance organization. Employees are informed of the tax strategy each year and obliged to uphold it.

LBBW supports the principle that a company's gains are to be taxed where value is added. The bank is also responsible for the companies in which it conducts business. It supports national and local economies through taxes, tariffs and duties. Business relationships with local units abroad are organized in accordance with the arm's length principle, the rules of international tax law and local tax laws. The LBBW Board of Managing Directors approved a "UK Tax Strategy" in line with local laws specifically for the UK in 2017. This is published on LBBW's website. LBBW prepares special communications for financial authorities on issues relating to international matters. These include information about foreign investments (Section 138 (2) Abgabenordnung (AO - Fiscal Code of Germany), the preparation of transfer pricing documentation (Section 90 (3) AO) and "country by country reporting" in accordance with Section 138a AO. Reporting obligations for cross-border tax schemes (Section 138b AO, DAC6) are also met.

In accordance with Section 26a subsection 1 sentence 2 et seq. of the German Banking Act ("Kreditwesengesetz" – KWG), the following information is published for the companies fully consolidated in LBBW's consolidated financial statements – even if they are domiciled or have a branch outside Germany – broken down by European Union member states and third countries: Country-by-country reporting in accordance with Section 26a KWG):

- Company name, nature of activity, and geographical location of branch(es)
- Revenue
- Number of waged and salaried employees expressed in full-time equivalents
- Profit or loss before taxes
- Taxes on profit or loss
- Public subsidies received

(Country by country report at [www.LBBW.de](http://www.LBBW.de))



## Corporate governance

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### »LBBW adheres to key aspects of the German Corporate Governance Code (>Deutscher Corporate Governance Kodex<).«

LBBW adheres to key aspects of the German Corporate Governance Code (“Deutscher Corporate Governance Kodex”). This is a set of essential statutory provisions governing the management and monitoring of German listed companies and contains nationally and internationally recognized standards for good and responsible corporate governance, including in the form of recommendations.

Due to its emphasis on listed stock corporations, the code is not applicable in all respects to Landesbank Baden-Württemberg, which is an unlisted credit institution established as a public-law institution under German law (“Anstalt des öffentlichen Rechts”). Some provisions of the German Corporate Governance Code can therefore be applied only analogously to Landesbank Baden-Württemberg. In terms of content, LBBW’s corporate governance adheres very closely to the spirit of the German Corporate Governance Code. For this reason, there are special provisions in the LBBW Act, in the ordinance, and in the bylaws of the executive bodies and other committees concerning many of the recommendations of the German Corporate Governance Code. Furthermore, there are special provisions for corporate governance in banking supervisory legislation that are not included in the code but do apply to LBBW.

At LBBW management and supervisory rules applicable to corporations are observed. For instance, the responsibilities of LBBW’s Annual General Meeting and Supervisory Board are regulated in the same way as for a stock corporation even though this is not LBBW’s legal form. The members of the LBBW Board of Managing Directors make their decisions independently of any external instructions. At the same time, independent expertise is drawn on through the supervisory bodies. LBBW’s Supervisory Board comprises eight independent members including the Chairman.

Additional information on corporate governance at LBBW is available in the 2021 annual report (see page 15 et seqq.).

Information on the remuneration of the members of the Board of Managing Directors and the Supervisory Board can be found in the 2020 remuneration report (see page 13 et seq.).



## Principles for Responsible Investment

By signing the United Nations “Principles for Responsible Investment” (UN PRI), we voluntarily undertook to incorporate sustainable criteria into the analysis and decision-making processes for our investment activities. Both LBBW and LBBW Asset Management Investmentgesellschaft mbH thus place greater focus on ESG criteria (ESG = environment, social, governance) in their investment practices.

We have implemented the following measures to date:

- All Group-wide regulations such as the Code of Conduct, exclusion lists for cluster munitions and lending rules to avoid reputational and sustainability risks during financing are binding for LBBW's investments in the banking book.

In addition, since 2019 the sustainability agency ISSESG has prepared an exclusion list each year for LBBW Treasury's holdings encompassing disputed human rights and workers' rights<sup>1</sup>, controversial environmental practices, and restrictions on coal producers at the level of corporate investments. At the level of government investments, we refrain from doing business in countries with authoritarian regimes. ISSESG reviews our investments to ensure compliance with these criteria each year. The last audit took place as at 31 December 2021 and covers an investment volume of EUR 35.7 billion. A climate impact report is also prepared by ISS ESG for LBBW depository Account A (LBBW's banking book) that meets the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for effective environmental reporting. In 2022, LBBW adopted new investment guidelines for the banking book of its proprietary trading business. These will be published on LBBW.de by May 2022.

- LBBW Asset Management Investmentgesellschaft mbH does not ever invest in companies that produce cluster munitions or anti-personnel mines, which are prohibited by international conventions (Oslo and Ottawa Conventions), nor does it invest directly in agricultural commodities.
- Since 2011 new investments or reallocation of funds for the company pension system through LBBW's additional retirement pension plan (ZVK-LBBW) have been subject to sustainability criteria. Compliance with the criteria is regularly audited by ISS ESG; the funds are managed by LBBW Asset Management Investmentgesellschaft mbH.

**1 Child labor:** At country level, it is considered a violation if the employment of children is widespread in the respective country. At company level this means that child labor is an exclusion criterion (see Violation of workers' rights).

**Violation of workers' rights:** At country level, it is considered a violation if working conditions in the respective country are especially poor, particularly with regard to minimum wages, working hours, health and safety. At company level, it is considered a violation to flagrantly breach at least one of the four fundamental principles of the ILO Declaration on Fundamental Principles and Rights at Work concerning association and collective bargaining, forced or compulsory labor, child labor, and discrimination. It is also considered a violation to systematically circumvent minimum labor standards (e.g. in health and safety, pay, working hours) even if they do not relate directly to the four ILO conventions. This exclusion criterion applies to minimum standard violations by the company itself as well as its suppliers/subcontractors.

**Violation of human rights:** At country level, it is considered a violation if human rights in the respective country are severely restricted with regard to political arbitrariness, torture, privacy, freedom of movement, freedom of religion, etc. At a company level, that means it is considered a violation to egregiously breach internationally recognized principles like the UN Universal Declaration of Human Rights, provided they do not exclusively relate to governmental obligations and are not already covered by the ILO Declaration on Fundamental Principles and Rights at Work (see "Violation of workers' rights" above). In particular, this includes actions that deliberately expose the population, customers, etc. to serious threats to their health/life; human trafficking; severe use of force against third parties and the hiring and/or active support of such use of force; actions that seriously violate third parties' rights to self-determination; actions that seriously disregard cultural rights to self-determination or cultural dignity. This exclusion criterion applies to violations by the company itself as well as its suppliers/subcontractors.

- Active and responsible exercise of shareholder rights for shareholders is a key element of LBBW Asset Management Investmentgesellschaft mbH's fiduciary responsibilities. In particular, this includes actively exercising voting rights at annual general meetings (proxy voting) and constructive business dialog (engagement). LBBW Asset Management Investmentgesellschaft mbH works with an external service provider in the exercise of voting rights. The voting rules are based on the guidelines issued by the German Investment Funds Association ("Bundesverband Investment und Asset Management" (BVI)) as well as the German Corporate Governance Code.
- LBBW does not sell any investment products (e.g. certificates and investment funds) associated with agricultural commodities.
- The "Sustainable Focus of the Issuer/Investment Firm" criterion has been added to the product review process for the Retail Customers/Private Asset Management segment. The issuers or investment companies mentioned in our current product recommendations have signed the UN PRI or agreed to be bound by comparable sustainability criteria.

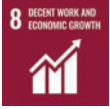
Implementing the UN PRI requires LBBW and LBBW Asset Management Investmentgesellschaft mbH to publish an annual transparency report. This report can be inspected at the UN PRI website (<https://www.unpri.org>).

## Voluntary commitments in advertising

We take care to ensure that all marketing measures fall within the scope of generally accepted societal values and the prevailing opinions about decency and morals in society. Legal regulations pertaining to advertising, such as the prohibition against advertising containing dishonesty or misleading statements, are adhered to strictly. In this regard, we primarily follow the basic commercial communication guidelines of the German Advertising Council ("Deutscher Werberat").

LBBW was not issued any sanctions, fines, or warnings due to non-compliance with advertising regulations in 2021.

## Equitable working conditions

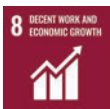


We comply with the eight core labor standards set out in the ILO Declaration (International Labor Organization, [www.ilo.org](http://www.ilo.org)) governing equitable working conditions for all LBBW Group's employees. These have the status of international legal instruments where they have been ratified by the respective country:

- Forced Labor Convention
- Freedom of Association and Protection of the Right to Organise Convention
- Right to Organise and Collective Bargaining Convention
- Equal Remuneration Convention
- Abolition of Forced Labour Convention
- Discrimination (Employment and Occupation) Convention
- Minimum Age Convention
- Worst Forms of Child Labor Convention

We also expect our suppliers and their sub-contractors to comply with these human rights and workers' rights.

## Risk management (focus on ESG risks)



In line with the business strategy, LBBW prepares risk strategies as part of suitable and effective risk management. LBBW defines risk management as the use of a professional, constantly evolving range of tools to manage risks. Alongside the strategies, this range of tools primarily includes establishing internal control processes and ensuring that the risk-bearing capacity is ensured at all times.

The risk strategies define the organizational and procedural framework for properly handling risks and effectively limit the occurrence of risks. The risk strategies comprise a part addressing multiple risk types (Group risk strategy) and specific parts on individual risk types that the bank identified as material as part of an annual process (risk inventory).

The Board of Managing Directors limits risk taking, in part by establishing qualitative and quantitative requirements in the risk strategies, known as risk tolerance. A key aspect of the qualitative requirements are risk guidelines, which must be observed by all LBBW employees at all times. The guidelines set out the main principles for the consideration of opportunities and risks within the LBBW Group and form the basis of a uniform Group-wide understanding of the Bank's goals in connection with risk management.

**Examples of these include (as at January 2022):**

- (1) The LBBW Group acts in the best long-term interest of its customers and stakeholders.
- (2) Transactions that are liable to jeopardize the Bank's reputation for a sustained basis should be avoided. The sustainability policy of the LBBW Group must be observed.
- (3) Sustainability is our strategic objective and we also ensure that sustainability criteria are met for customer financing. We want to support our customers in transitioning to more sustainable business models.
- (4) Together with other actors in the German financial sector, as part of a climate agreement LBBW agreed to facilitate and support the transformation the economy needs to make to achieve carbon neutrality by no later than 2050. To do so, LBBW will measure the environmental impact of its lending and investment portfolios and manage this in accordance with national and international climate targets. In this context, it will also reduce its funding of fossil fuels and bring an end to this in the long term.
- (5) At the LBBW Group, ethical aspects such as human rights, working conditions, environmental protection, and anti-corruption efforts are taken into account when granting loans and making investments. It goes without saying that the Bank does not support any unlawful acts, such as tax evasion or actions in violation of tax compliance and criminal activities.
- (6) The financing or hedging of deliveries of arms and defense goods to other countries and other critical sustainability issues are subject to restrictions defined in the Bank's internal rules. As a rule, LBBW does not support projects that clearly lead to large-scale destruction of the environment and nature without adding ecological value.

Sustainability risks and ESG risks are associated with specific risk drivers that could have a negative impact on LBBW. They affect various financial and non-financial types of risk that LBBW classifies as material – ESG risks are also considered an interdisciplinary issue for this reason. LBBW considers ESG risks material overall, as they have a particular impact on the counterparty default/credit risk and reputation risk. Both types of risk are assigned specific sub-risk strategies. LBBW is also continuing to develop how it handles ESG risks, chiefly as part of a bank-wide sustainability project.

The LBBW Group's Board of Managing Directors is responsible for the organization and development of risk management for ESG risks and compliance with its fundamental principles at LBBW. The Board of Managing Directors Sustainability Committee is an important decision-making body and provides key impulses (see page 22 et seq.). In addition to these strategies, the guidelines are operationalized in detail and this is documented in the bank's written policies. LBBW also uses sustainability-related core indicators to set and monitor targets. These are monitored and amalgamated using a balanced scorecard (see page 23).

Key aspects of risk identification and assessment include the measurement of CO<sub>2</sub> emissions financed by LBBW (see page 132 et seq.), which was newly developed in 2021, and physical risks for real estate. This allows LBBW to identify and monitor material risk drivers, simulate the future effects of climate change and climate policies and monitor future changes at sector level.

One way LBBW manages and limits risks during its lending process is by using check lists to assess ESG risks.

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 power plants or coal mines. In addition, clear thresholds have been set for energy suppliers regarding the share of energy or revenue generated by coal.

Please see the risk report in the 2021 annual report for further information on LBBW's risk management and controlling processes.

As well as sustainability-related review criteria in the loan application process, to identify and assess (chiefly transaction-related) reputation risks LBBW has a product certification process for derivatives and a reputation risk review for new products in the form of the "New Product Process" (NPP).

When it comes to reputation risks, LBBW draws a distinction between transaction-based reputation risk management (i.e. precautions relating to individual business transactions) and non-transaction-based reputation risk management (i.e. precautions chiefly in relation to the media and issue management).

The media, relevant news agencies and selected social media channels are continuously monitored and the Board of Managing Directors and key decision-makers are informed. A comprehensive media response analysis covers reporting on the bank and its main competitors to assess the bank's reputation in the media and the effectiveness of its communication strategy.

Accordingly, in its risk management LBBW uses the "three lines of defense model" for the two sub-risk types.

Individual front office units are responsible for the transaction-based management of reputation risks ("first line of defense"). The ultimate decision as to whether a transaction is carried out from a reputation risk perspective is made by the employees and their managers responsible for the transaction. The sustainability team assists the relevant front office units in identifying and assessing transaction-related sustainability risks in their everyday business.

In addition to the transaction-related/subjective assessment, all employees are subject to public perception regardless of their role or activity. Non-transaction-related reputational risk management (“first line of defense”) is the responsibility of the Group Communication, Marketing and Board of Managing Directors' Office division and of the Sustainability and ESG group together with all division heads and managing directors of Group subsidiaries.

Group Compliance is responsible for transaction-related and non-transaction-related reputation risks as the “second line of defense” and performs a control and monitoring function. Internal Auditing is the “third line of defense”, as part of which it monitors the first and second lines and assesses the appropriateness and effectiveness of risk management.





# 02

## Responsibility and commitment

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We are pioneers – and want to remain so. Thanks to its innovative ideas and sustainable products, LBBW has helped the financial sector make good progress in many areas. We will not rest on our laurels here. Instead, we will continue to work on combining financial values with environmental and social value added. In the digital age, our aim is still to be a reliable partner for our customers, our employees, and the citizens of our country and create new opportunities.



## Customers

### Continue to bolster high demand

More and more customers want to invest their money sustainably. Accordingly, we have once again expanded our range of funds, adding four new mutual funds (e.g. "LBBW Gesund Leben") and switching four existing funds to sustainability (e.g. the umbrella fund "LBBW Balance"). LBBW Asset Management Investmentgesellschaft mbH now manages almost a quarter of assets in line with sustainable criteria, a total of EUR 23.1 billion, and this trend is increasing.

 **EUR**  
**23.1 billion**  
of sustainable investments

### Promoting innovative trade finance

We are a member of the Marco Polo network, the world's largest and fastest-growing trade finance network that is based on innovative distributed ledger technologies and ensures complete, secure and fast documentation. Together with one corporate customer, we have now successfully completed our first live transaction – another milestone in the growing segment that is blockchain financing. Export-focused companies in particular will thus be able to benefit from more efficient goods, money and credit flows for international transactions in the future.

**Block-chain**   
First live transaction  
on Marco Polo network

### Finance environmental and social projects

LBBW is one of the largest issuers of green and social bonds among European commercial banks. We continued to acquire leading international investors in 2021 and again increased the outstanding volume of our green and social bonds from EUR 5.8 billion to EUR 6.6 billion within a year. This way, we are helping fund a sustainable economy and society. We assure our investors that their money is being used to fund environmental or social projects while also generating good returns for them.

**EUR**   
**6.6 billion**  
in green and social bonds

# Customers

## Innovative, top performing, based on partnership

**Banks play a key role in creating a sustainable economy and society. In their role as intermediaries between investors and borrowers, they are responsible for directing financial flows into sustainable channels and are therefore essential when it comes to overcoming challenges such as climate change and the energy transition. Our aim is to actively shape change processes with sustainable investment products, green finance, and digital innovations, supporting our customers on their way to a sustainable future as a reliable and responsible partner.**

Demand for sustainable investment products is higher than ever. Sustainable finance is now firmly established on the market. We are proud to be one of the pioneers leading the way in this promising development. We offer our retail customers the opportunity to invest their money profitably while at the same time financing environmental and social projects. In light of high demand, we again increased the range of sustainable funds and types of investment we offer in 2021. Additional green and social bonds were successfully placed. LBBW is one of the leading commercial banks in Europe when it comes to issuing sustainable bonds. Using innovative financing solutions where, for example, we link conditions to a company's sustainable development, we create targeted incentives to drive change.

Energy efficiency, environmental awareness, and fairness are the order of the day when it comes to doing business. Companies are under growing pressure to act – from politicians, society, consumers, employees, and shareholders. They need to critically analyze conventional business models and make them sustainable across the board. At the same time, they have to become more resilient in the face of crisis. In conjunction with digital transformation, these change processes often require substantial investments which must be well thought through. At this time in which fundamental decisions are being made and the COVID-19 pandemic presents external uncertainties, we act as a reliable partner for companies, providing financing solutions and risk management. Our Sustainable Advisory team plays a supporting role here and advises on transforming and adapting business models.

Sustainability has reached the financial sector and is gaining momentum as a result of new regulatory requirements. As a future-oriented universal bank, we want to make an active commitment to ensuring that the change process in business and society is a success. Sustainability, digitalization, agility, and a targeted focus on our customers' needs are our key strategic objectives.

We are continuing to make progress in developing digital innovations. As a trailblazer on the financial market, we again successfully placed numerous issues on the basis of blockchain technology in 2021. The payment method giro pay provides optimal security for online shopping. We are always there for our customers – 24 hours a day thanks to online and mobile banking. We have tailored services and advice to meet their needs, establishing online consulting services on equal footing to bricks-and-mortar locations and the online branch. We also continue to place emphasis on face-to-face discussions and holistic advice. The times may be changing, but the individual needs and desires of our customers will remain our key focus in the future.



## LBBW customer and product groups

- The “**Corporate Customers**” segment comprises business with small and medium-sized and large corporate customers and municipalities. In line with the universal bank approach, the range of products and services offered is very broad. These range from classic through structured to off balance-sheet financing and services related to cash management, interest rate, currency and commodities management. It also includes asset/pension management and leasing and factoring business. The results of capital market business products and foreign business products sourced from our corporate customers are also reported in this segment.
- The “**Real Estate/Project Finance**” segment primarily focuses on commercial real estate financing business and on structured project finance. As well as conventional financing, property, portfolio and corporate financing structures are also offered to real estate clients as an arranger or syndicate bank with a supplementary range of liability, interest rate and currency management products. The range of real estate services also includes asset management, municipal development and development products. Project Finance offers financing solutions for renewable energy and infrastructure and transport financing.
- The “**Capital Markets Business**” segment offers products for the management of interest rates, currencies, credit risk, and liquidity for the institutional, banks, and savings banks customer groups. In addition, the segment includes products and services for international business. Financing solutions are also offered on the primary market in the field of equity and debt, along with asset management services and custodian bank services. It also includes trading activities for customers. In addition, all treasury activities are allocated to the segment.
- The “**Private Customers/Savings Banks**” segment comprises all activities with private customers in retail banking in addition to services for high net-worth private clients. Business customers including medical practitioners, freelancers, and tradespeople are also allocated to this segment. The product range extends from checking accounts and card business to financing solutions and investment advice. Selected business activities connected with LBBW's function as the central bank for savings banks are also included in this segment.
- The “**Corporate Items**” segment comprises all business activities not included in the above segments. In particular, these include the financial investments and management of the Bank's portfolio of buildings. **Reconciliation/Consolidation** includes pure consolidation adjustments as well as the reconciliation of internal financial control data to external financial reporting data.



## Savings banks

Savings banks are dedicating increasing attention to integrating sustainability into their strategic business focus and operating management. As the central bank for savings banks in Baden-Württemberg, Rhineland-Palatinate, and Saxony, LBBW communicated its various offers of cooperation in the area of sustainability to the savings banks through various bodies and the associations' information formats and expanded its range of sustainable products and services.

LBBW's Sustainability Advisory advises savings banks across Germany. Analysis focuses on savings banks' core business. Based on the German Savings Banks Association (DSGV)'s "Vision 2025 - guide to sustainability at savings banks", proprietary investments in particular are assessed and analyzed on the basis of ESG indicators and lending is assessed and analyzed using a proprietary ESG sector score. In addition, Sustainable Advisory also supports the ESG assessment of securities in asset management and assistance with sustainability rating processes. In collaboration with the sustainability advisory agency kap N, LBBW also created a package of measures that directly links sustainable business focus with communication and reporting to promote efficient processes. LBBW also supports the DSGV's central sustainability implementation project. As in previous years, LBBW contributed its sustainability expertise to the Association at numerous conferences organized by the regional savings banks associations.

For proprietary investments, we offer savings banks a broad range of sustainable LBBW products. These include sustainable funds, green and social bonds, sustainable Schuldscheins and investments in sustainable project financing. This product range was increased further in 2021, for example to include a sustainable fund in the infrastructure segment. These products are supplemented by additional services that cover sustainability aspects, such as enhanced fund reporting and sustainability research information for portfolio management and proprietary investments.

Moving to refinancing, we incorporate the topic of sustainability for savings banks into the residential construction financing segment. The aim here is to systematically develop cover assets that make it possible to issue green bonds as own issues or by Pfandbrief pooling in S-Finanzgruppe. LBBW is involved in the DSGV's "Greenpooling" project, which uses finance informatics (FI) to create a simple technical solution for meeting future requirements for the financing of green and social bonds. This also encompasses information for reporting and data integration from energy certificates. Savings banks are kept up to date with project development on a regular basis.

In retail business, we offer savings banks an expanded LBBW portfolio of sustainable mutual funds, certificates, stepped bonds, fixed interest bonds and asset investment for the "retail customers" and "private banking" target groups. We also increased the size of our product portfolio for exclusive distribution at savings banks and set up another two sustainable mutual funds in 2021. In 2021, we expanded our MSCI EMU SRI Select 30 Decrement 3.5 % index, which focuses on the most sustainable companies in the eurozone, to include the MSCI World SRI Decrement 3.5% index, which has a global focus. We launched sustainable products in the certificates business on this index and offered them to savings banks for distribution to retail customers. In sustainable asset management, we offer savings banks two products: the "VV-Strategie - Wertstrategie 50" fund and the customizable "BW Premium Nachhaltigkeit".

In both cases, extensive sustainability reporting was included in asset management in 2021. We hold gold that is produced ethically and socially and environmentally responsibly for the precious metals business. To provide sales assistance to savings banks, in 2021 we again held training sessions and web conferences on sustainable investments.

In business with corporate customers, we help savings banks and their customers work together to implement sustainable financing strategies.

In the central joint loans business, since the end of 2021 we have helped savings banks support corporate customers in the real economy who will be affected by the revision of the EU's "Non-Financial Reporting Directive" ("Corporate Sustainability Reporting Directive") that comes into effect in 2023. Our corporate sustainable finance (CSF) consulting services as part of the EU action plan on "financing sustainable growth" does not only increase savings banks' efficiency when meeting stricter regulatory and supervisory requirements, it also helps their corporate customers manage their "sustainability-integrated financial stability". The holistic impact model for our CSF consulting services is based on meeting the UN's 17 sustainability goals ("SDGs") in order to manage the sustainability impact of our products as effectively as possible.

In LBBW's development loan business, investments by savings bank customers, for example to improve energy efficiency or use renewable energy, are financed through loans from Kreditanstalt für Wiederaufbau (KfW). Savings banks for which LBBW acts as the central bank receive a report for their sustainability reporting in connection with the development loan.

## Advisory approach

### Financial plan

Our customer relationship managers work together with their customers to explore their goals - including those beyond investing - and subsequently prepare a personalized financial plan. The focus here is on holistic investment advice. LBBW provides detailed and readily understandable information about various forms of investment and any associated risks. We prepare a suitability report for each investment consultation, in which banks are required to set out in writing why the recommendation they have made - e.g. to buy a or sell a product is suitable for the respective customer and fits their investment goals.

### Securities business

Our advisors are not assigned sales targets for individual securities products. There are no point systems for assessing sales and revenue targets. We advise and support our customers on all financial matters in every phase of their lives.



## Guidelines for retail customer advice

Our sustainable approach to financial advisory services and the rules for systematic implementation and review are set out in the “Guidelines for Retail Customer Advice at BW-Bank”; see ([www.bw-bank.de](http://www.bw-bank.de)). Our consultations take a holistic approach, focusing on the individual needs of each and every customer. We take our customers' suggestions on board and use these to continuously improve.

Specific work instructions and process guidelines provide the framework for the advisory process. Product selection guidelines and review mechanisms ensure that we always put our customers' interests first.

## BeWoman initiative

We want to encourage women to take their finances into their own hand. Since 2019, a team of 60 female employees at BW-Bank has therefore been working on the “BeWoman” project that promotes financial education and consulting by women for women, provides special services and events and improves networking among women in Baden Württemberg. The initiative comprises:

- Financial responsibility: We want to teach our female customers how to take responsibility for their own asset generation and retirement arrangements. Our comedy show “Von Frau zu Frau” (“From woman to woman”) provides an entertaining look at the topic of financial responsibility.
- Financial education: Through information events, talks and our monthly digital workshop series (“FitForFinance – a woman's journey through life”, “FitForFinance – implementing projects we care about”, “FitForFinance – how to finance – basics”, “FitForFinance – how to finance – stocks, funds & ETFs, property and provisions”) we encourage and support women to take responsibility for their own financial planning and take an emotive approach to discussing complicated financial issues. For young customers, we developed the interactive project “BeGirl” and expanded it into the “Life journey – keeping an eye on your finances” workshop to be used with pupils in Stuttgart schools.
- Online information: Since July 2021, the advisory area of BW-Bank's online branch has featured detailed information on the BeWoman initiative and financial independence.
- Bolstering female entrepreneurs: Our “Innovation Lunch” program brings together women who have founded companies, female entrepreneurs and investors on an equal footing and facilitates discussion, encouraging access to capital for female founders and access to innovation for female investors.
- Women's networks: We want to help create stronger networks among female customers and employees, and we support groups such as the Stuttgart Women's Network and its forum “Women's networks in the Stuttgart region”. We also organize events, talks and workshops as part of our “Fit-ForFinance” event series to support women's networks at other companies and regional and national women's mentoring programs.
- Expansion of sales: To further expand the sales concept for women, we want to put more women into advisory positions and we are holding web talks with the support of the LBBW women's network that explore topics including career opportunities in sales.

## Sustainable products, sustainable conduct

Is my money invested well? This consideration no longer refers simply to returns but also to the question, “What is my bank financing with my money?” The idea of achieving financial targets in conformity with a personal ethical stance as well as social and environmental objectives is gaining traction in Germany.

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**»We actively encourage this interest in sustainable investments and raise public awareness of the concept of sustainability at our internal and external events.«**

We actively encourage this interest in sustainable investments and raise public awareness of the concept of sustainability at our internal and external events. All our investment and lending services – from savings bonds to asset management and corporate loans to export and project finance – are based on the “Guidelines for Sustainability”. These help reduce risk with respect to sustainability and allow the bank to leverage the corresponding opportunities.

We assign top priority to dealing honestly and correctly with our customers, employees, and all of the people with whom we do business, either directly or indirectly. Group Compliance proactively ensures compliance with all internal and external rules and laws and prevents criminal actions and corruption, among other things.

We expect the companies in our investment and lending business to integrate environmental, social, and governance criteria into their operating policies, including climate protection and anti-corruption requirements, as well as, of course, observing human rights and workers' rights and following tax regulations. The same applies to gender-specific and women's rights criteria. We expect our customers to demand compliance with these criteria in the agreements they conclude with subcontractors and suppliers.

For large companies and multinational corporations, we require the publication of a sustainability report prepared in accordance with the standards of the Global Reporting Initiative (GRI).

## Sustainable investment products

We help our customers invest their assets responsibly, environmentally and ethically and our innovative products demonstrate time and time again that financial returns can go hand in hand with benefits for the environment and society. We offer an extensive portfolio of sustainable investment products for retail and corporate customers, savings banks and institutional investors (e.g. insurance companies, investment companies, foundations, and church organizations). We align our portfolio with sustainability criteria through voluntary commitments, including the UN's "Principles for Responsible Investment".

We continued to expand our portfolio for sustainable investments in 2021. LBBW Asset Management Investmentgesellschaft mbH and business with high net-worth retail customers had previously been merged for organizational purposes in order to better network advice and product development with a focus on customers.

We use special product training courses and additional training to extensively inform our employees about sustainability in general and our sustainable products in particular.

Five online conferences were organized in 2021 on our sustainable investment fund and supported by related sales campaigns.

The "Nachhaltigkeit im Beratungsgeschäft" (Sustainability in Advisory Business) seminar was also available to our sales employees in 2021 as part of our training program. However, these in-person training sessions had to be canceled on account of the pandemic. New, activity-specific training sessions in various formats will be created in 2022 to expand our training program.

We have named at least one advisor in every front office unit of BW-Bank as a multiplier for sustainable investments and provided the requisite further education and training. Each year, we hold several information events and training initiatives for the sustainability multipliers within the sales units in our retail customer business. 42 sustainability multipliers (with representatives) were established in this segment in 2021, who report on sustainability on a regular basis in the respective sales units.

## Sustainable mutual funds/environmental funds

LBBW Asset Management Investmentgesellschaft mbH managed and administered ESG assets<sup>1</sup> of EUR 23.1 billion at the end of 2021. These comprise 18 sustainable mutual funds for retail and institutional investors and special funds for institutional investors.

BW-Bank asset management's sustainable investments focus on discretionary asset management mandates. It also works as an advisor for selected sustainable mutual funds.

<sup>1</sup> We report investment products in accordance with Article 8 and 9 of the Disclosure Regulation in the new "ESG assets" category.

## LBBW Asset Management Investmentgesellschaft mbH's sustainable mutual funds

### SUSTAINABLE DEVELOPMENT GOALS

- LBBW Asset Management Investmentgesellschaft mbH's total portfolio was increased to 18 sustainable mutual funds in 2021. Four of these were new sustainable mutual funds (including "LBBW Gesund Leben") and four existing mutual funds were switched to sustainability.
- LBBW Asset Management Investmentgesellschaft mbH's sustainable mutual funds follow a sustainability concept that applies extensive exclusion criteria (negative screening). This excludes, for example, investments in companies involved in controversial business activities and practices. The investment universes for the funds are selected primarily on the basis of the sustainability ratings published by ISS ESG.
- For some funds, this negative screening is combined with the best-in-class method, under which only companies that score highest in terms of ESG criteria (ESG = environment, social, governance) are selected.
- Six sustainable mutual funds received the prestigious FNG transparency logo in this year. Three mutual funds were awarded the top grade of three stars ("LBBW Multi Global Plus Nachhaltigkeit", "LBBW NachhaltigkeitRenten", "Pfalz Invest Nachhaltigkeit") and three funds received two stars ("LBBW Global Warming", "LBBW NachhaltigkeitAktien", "RM Vermögensstrategie Nachhaltigkeit").
- LBBW Asset Management Investmentgesellschaft mbH actively and responsibly represents shareholder rights for investors (active ownership), for example by exercising voting rights at annual general meetings and constructive business dialog. LBBW Asset Management Investmentgesellschaft mbH publishes the outcomes of these activities in its "Report on voting and participation policy".
- LBBW Asset Management Investmentgesellschaft mbH publishes more details and additional key indicators for the sustainable mutual funds on its website ([www.LBBW-am.de](http://www.LBBW-am.de)). As well as a sustainability, environmental, social and governance score, these also include a climate score based on the carbon risk rating.

#### Examples of sustainable mutual funds:

- The "LBBW Global Warming" thematic fund primarily invests in companies offering products and services that counteract or mitigate the consequences of global warming. The fund follows a low-carbon risk strategy and is also subject to exclusion criteria based on sustainability. The fund has been awarded the European transparency logo for sustainable mutual funds, as well as the FNG transparency logo with two stars and the Austrian Ecolabel. High demand pushed the fund volume over the EUR 1 billion mark for the first time this year.
- The new "LBBW Gesund Leben" thematic fund launched in 2021 invests predominantly in shares in companies that are heavily involved in the areas of "getting healthy" and "staying healthy" and that, in the opinion of the fund management, have higher-than-average growth and earnings prospects.

- The “LBBW Nachhaltigkeit Aktien” equity fund invests in companies worldwide that have an above-average sustainability profile. The fund has been awarded the European transparency logo for sustainable mutual funds, as well as the FNG transparency logo with two stars. As in previous years, the fund also received the Austrian Ecolabel.
- The balanced mixed fund “LBBW Multi Global Plus Nachhaltigkeit” primarily invests worldwide in fixed-income securities, certificates, and money market instruments, as well as up to 50% in equities. Issuers must have an above-average sustainability profile. The fund has been awarded the European transparency logo for sustainable mutual funds, as well as the FNG transparency logo with three stars.
- LBBW Asset Management Investmentgesellschaft mbH also manages five sustainable mutual funds for exclusive distribution through savings banks as a cooperation partner. Two of these funds were successfully added in 2021.

#### BW-Bank's sustainable mutual funds

### SUSTAINABLE DEVELOPMENT GOALS

- The established “LBBW Balance” umbrella fund has been managed on the basis of sustainable criteria since 1 March 2021. Exclusions are ensured here by a minimum rating. In addition, the investment universe focuses on the better half of a comparison group. This additional best-in-class approach ensures that the target funds give significant weight to ESG criteria. There are three varieties of the umbrella fund, which differ in terms of their equity share (sub-funds CR 20, CR 40 and CR 75).
- Retail customers have also been able to invest in the “VV Strategie Wertstrategie 50” strategy fund since 2019. Previously, this fund was available only within asset management. It explicitly integrates all the UN sustainability goals as part of an innovative approach developed in cooperation with data analysts from ESG Screen 17. The fund invests in a widely diversified portfolio of bonds and up to 50% equities. The fund is managed so as to limit the risk of loss to 8% of the value at the start of the year where possible. However, this lower value threshold of 92% does not represent a minimum value guarantee.

#### Awards

- The FNG transparency logo is a renowned quality seal awarded by “Forum Nachhaltige Geldanlagen” (German Sustainable Investment Forum) that establishes a quality standard for sustainable investments in German-speaking countries. Certified funds follow particularly ambitious sustainability strategies that exceed the minimum requirements. These are evaluated by independent auditor Novethic, which looks at institutional credibility, in other words the degree to which a company promotes sustainable developments in the areas in which it does business. The assessment also includes product standards, particularly with regard to transparency and research quality, as well as the sustainability impact achieved by the fund manager, for instance through the investment strategy and critical dialog with the responsible parties at the individual companies.
- The European transparency logo for sustainable mutual funds recognizes sustainable funds that disclose their investment criteria and research processes as well as their investment policies in a transparent way.



- The Austrian Ecolabel is an independent environmental and quality label. It highlights and excludes funds that invest in nuclear power, arms, genetic engineering, and companies or institutions that systematically violate human rights, workers' rights or central political, social, or ecological standards.

### BW ZukunftsSparbrief



Retail customers can help finance community and environmental projects with the BW ZukunftsSparbrief savings bond. Each euro invested promotes lending to sustainable projects and innovations that contribute greatly to ensuring a bright future and good quality of life in the Stuttgart region and throughout Baden-Württemberg. These include investments in energy-efficient construction and renovation, renewable energies, environmental technologies, organic food, green IT, green mobility, forest management, and natural cosmetics as well as projects by non-profit organizations. The selection criteria for awarding assistance to projects were developed along with prominent environmental, community, and scientific organizations in the public sector. The BW ZukunftsSparbrief gives customers a secure annual return over a term of three and three-quarter years. Our customers could invest in the BW ZukunftsSparbrief until February 2019, reaching a total volume of EUR 3.8 million as at 31 December 2021. The funds were primarily used to grant loans for energy-efficient construction and renovation. It has been possible to invest in BW ZukunftsSparbrief again since January 2022.

### Sustainably structured bonds and certificates

LBBW offers investors a wide range of sustainable structured bonds and certificates. A distinction is made here between ESG impact and ESG strategy products.

- ESG impact products are products for which the investment capital is used in line with our internal guidelines on promoting green or social investments as part of the green/social bond framework.
- ESG strategy products take a best-in-class approach. This aims to invest in companies that make considerable sustainability efforts in the sector in question. Certain business areas (e.g. weapons) or business practices (e.g. child labor) are not permitted.

Detailed sustainability information on each investment certificate can be found on the online portal at [www.LBBW-markets.de](http://www.LBBW-markets.de). Specific sustainable products can be selected.



## Examples of ESG impact products:

### LBBW stepped coupon/fixed interest sustainability bond (green bond)



“LBBW Stufenzins-Anleihe Nachhaltigkeit” is the first structured bond on the German market that makes sustainable use of funds. It was designed in October 2019 for standard retail customers. The proceeds are invested in sustainable projects such as energy-efficient buildings and renewable energies in accordance with LBBW’s green bond framework. This provides our customers with regular interest income while allowing them to support environmental goals.

This innovative step-up bond has received multiple awards: In 2019, LBBW was awarded the “Special Award 2020” by the rating agency Scope, which recognizes accomplishments, especially new standards for transparency, quality, or service, and sustainability-relevant innovations for the certificate market. The “LBBW Stufenzins-Anleihe Nachhaltigkeit” won the “Sustainable Award in Finance 2020/2021” in the “Environment” category in 2020, underscoring its significant contribution to funding climate protection initiatives. In 2020, the prize was awarded for the first time by the analyst Morgen & Morgen and the specialist “Bankmagazin” and “Versicherungsmagazin” magazines.

Since August 2020, LBBW has primarily issued the “LBBW Festzins-Anleihe Nachhaltigkeit” variant where annual interest payment remains constant during the term.

As part of expanding the product portfolio, the bonds have been named “LBBW Stufenzins-Anleihe Nachhaltigkeit (Green Bond)” and “LBBW Festzins-Anleihe Nachhaltigkeit (Green Bond)” since 2021.

### LBBW stepped coupon/fixed interest sustainability bond (social bonds)



The “LBBW Stufenzins-Anleihe Nachhaltigkeit (Social Bond)” and “LBBW Festzins-Anleihe Nachhaltigkeit (Social Bond)” bonds were included in the product portfolio for the first time in 2021. The proceeds are to be invested in accordance with the “LBBW Social Bond Framework” and used to ensure access to important services (healthcare, social welfare, education/vocational training) and to create vital basic infrastructure (water/wastewater, public transport).

In November 2021, LBBW’s “LBBW Stufenzins- bzw. Festzins-Anleihe Nachhaltigkeit (Social Bond)” was awarded the “Sustainable Award in Finance 2021/2022” in the “Social” category. In the same month, the prestigious ratings agency Scope also named LBBW the “Best ESG certificate issuer”. The ESG award, which was presented for the first time, underscores the growing importance of sustainability and highlights LBBW’s innovative strength in this segment.

## Examples of ESG strategy products:

### Investment certificates and structured bonds in the MSCI sustainability index

LBBW developed a sustainability index in collaboration with the index provider MSCI in 2019. The “MSCI EMU SRI Select 30 Decrement 3.5% Index” expands LBBW’s range of underlying assets and can be used for certificates and structured bonds. The index selects and equally weights 30 eurozone companies with the largest market capitalization, applying a liquidity filter from the parent index MSCI EMU SRI Index. The MSCI EMU SRI index, in turn, is compiled from the approximately 240 equities from the MSCI EMU Index through a combination of exclusion criteria and best-in-class selection. The composition of the sustainability index is reviewed each quarter.

Another sustainability index with a global focus, the “MSCI World SRI Decrement 3.5% Index”, was included in the underlying portfolio in July 2021. The index shows the MSCI World SRI index and looks at the most sustainable companies in each sector in more than 20 industrialized countries. Equities are selected for the index based on their sustainability rating from MSCI ESG Research and taking account of values-based exclusions (e.g. weapons, nuclear energy or gambling). The composition is reviewed each quarter.

### Investment certificate tracking the LBBW Research Sustainability Favorites Stock Index

The LBBW open-end index certificate tracks the performance of the LBBW Research Sustainability Favorites Stock Index. Analysts at LBBW typically select ten equities for this index from the research investment universe that the independent sustainability rating agency MSCI ESG Research has ranked “A” or higher according to environmental, social, and ethical criteria. The composition of the LBBW index is reviewed weekly. Investments focus on sustainable companies with large market capitalization and high stock market turnover. The LBBW open-end index certificate tracking the LBBW Research Sustainability Favorites Stock Index was issued in 2017. It has no fixed term and can be sold or transferred to LBBW each trading day.



## ESG bonds

LBBW is one of the largest issuers of sustainable bonds, known as ESG bonds (ESG = environmental, social, governance), in the commercial banking market outside China. The volume of outstanding LBBW green and social bonds is EUR 6.6 billion (as at 31 December 2021). A pioneer at an early stage of the market, LBBW contributed to general market development and helped create transparent sustainable financing by continuously developing the program.

Green bonds became increasingly important in 2021 as climate and environmental targets were tightened across the board, investor demand climbed and, indirectly, as a result of a sharp increase in regulatory pressure in relation to reporting climate and environmental risks. This is highlighted by the emergence of many new issuers, increasingly at the national level. The German federal government, for example, issued its first ever sustainable government bond in 2020.


By expanding our range of green and social bonds, we also intend to play our part in financing the United Nations' development goals.

## Green bonds



Green bonds are used to finance specific projects in the area of environmental and climate protection. In line with our desire to actively drive ahead the development of the green bond market, we launched our own green bond program in 2017. The program has continued to grow ever since, with green bonds being issued in various formats and currencies. The investor base was widened to include leading international ESG investors.

As at 31 December 2021, LBBW had outstanding green bonds of EUR 4.3 billion. This compares to EUR 8.8 billion of finance under the LBBW green bond program. At around EUR 6.8 billion, most of the assets come from commercial real estate financing. Project finance in the area of renewable energies totaled EUR 2.0 billion. The utilization rate of the program is 49%.

LBBW has outstanding **green bonds** of **EUR 4.3 billion.** 

The following green bonds were issued in benchmark format in 2021:

- EUR 500 million green senior non-preferred bond (term: 7 years)

In addition, Landesbank Baden-Württemberg offered private customers the opportunity to direct their investments towards supporting sustainable projects on the basis of the Green Bond Framework through its step-up/fixed interest sustainability bonds (green bonds) in the structured bond environment. Overall, these bonds generated sales of more than EUR 250 million in 2021.

LBBW was one of the first commercial banks in Europe to introduce the portfolio approach which finances green assets in accordance with the criteria of the Climate Bonds Standard.

The impact of our green bonds is published annually in an impact report prepared in accordance with the ICMA Green Bond Principles (International Capital Market Association), which are also incorporated into the EU Green Bond Standard. All in all, the CO<sub>2</sub> reduction due to the financing of sustainable commercial properties and renewable energies amounted to 1,230,779 metric tons in 2021. The volume of carbon dioxide is reported in accordance with the recognized principles of the Harmonised Framework for Impact Reporting 2021, which has become established as the market standard and which makes it easier for institutional investors to consolidate CO<sub>2</sub> savings on a portfolio-wide basis.

The accompanying second-party opinion (SPO) independently verifying the ecological standing and the actual use of funds was prepared by ISS ESG, the sustainability area of the Institutional Shareholder Services (ISS). Impact reporting and the enhancement of the data collection methods are performed by external consultants. The key accompanying information such as the SPO, method development, impact analysis and use of funds can be found at [www.LBBW.de/greenbond](http://www.LBBW.de/greenbond).

A cross-divisional Green Bond Committee ensures the transfer of expertise within the Bank.

So that an informed choice can be made about which energy-efficient buildings are included in the real estate portfolio, with the support of prestigious external consultants LBBW developed an approach for the launch of its first green bond that enables it to measure and compare the carbon intensity of commercial real estate and renewable energies. In 2018, this made LBBW the first European commercial bank to obtain certification from the Climate Bonds Initiative (CBI). This certification enjoys special recognition among sustainably oriented investors. Among other things, it signifies that a green bond conforms to the goals of the Paris Agreement.

Our green bonds indirectly contribute to the achievement of the United Nations' Sustainable Development Goals (particularly Goal 7 "Affordable and Clean Energy", Goal 11: "Sustainable Cities and Communities" and Goal 13 "Climate Action").

### Social bonds



Social bonds finance a wide range of social and community projects in areas such as education, health, drinking water supply, public infrastructure and transportation.

As a public-sector bank ("Landesbank") and a public-law institution, we also want to give investors the opportunity to invest in social projects. Accordingly, the groundwork for developing a social bond program at LBBW was laid in 2018 and we issued our first social bond in September 2019. The eligible assets in the LBBW social bonds portfolio have a volume of EUR 2.6 billion (as at 31 December 2021). This compares to outstanding social bonds of EUR 2.3 billion (as at 31 December 2021).



The following social bonds were issued in benchmark format in 2021:

- EUR 750 million social senior non-preferred (term 10 years)

Landesbank Baden-Württemberg offered private customers the opportunity to direct their investments towards supporting sustainable projects on the basis of the Social Bond Framework through its step-up/fixed interest sustainability bonds (social bonds) in the structured bond environment. Overall, these bonds generated sales of approximately EUR 50 million in 2021.

LBBW uses the proceeds from its social bonds to fund social projects in the areas of healthcare and social services, vocational training, care homes and homes for the disabled. Other potential financing objects include schools, hospitals, infrastructure projects and public water supply.

The LBBW social bond program builds on our successful green bond program. Sustainability experts at ISS ESG are also responsible for the second-party opinion verifying factors such as the social benefit of the bonds. This also involves a sustainability analysis integrating the United Nations' Sustainable Development Goals. Impact reporting is performed by the external service provider Prognos AG.

The social bond program expands our financing spectrum for the achievement of the United Nations' Sustainable Development Goals, particularly Goal 3 "Good Health and Well-being", Goal 4 "Quality Education", Goal 6 "Clean Water and Sanitation", and Goal 11 "Sustainable Cities and Communities".



## Alternative asset investments with a sustainability focus of LBBW Asset Management (Alternatives area, formerly BWEquity)



BWEquity GmbH was merged with LBBW Asset Management Investmentgesellschaft mbH (LBBW Asset Management) with retrospective effect as at 1 January 2021. “Alternatives” will continue to perform its tasks as a center of expertise for alternative asset investments. The merger will synchronize the existing expertise and processes of BWEquity GmbH and LBBW Asset Management, creating clear added value for our customers.

There is still high demand for sustainable options in the area of alternative asset investments. Following an intensive review and placement approval, the Alternatives area of LBBW Asset Management offers its sales partners (BW-Bank and savings banks) alternative asset investments as investment opportunities for high net-worth private investors, institutional investors and corporate customers. EUR 93.2 million (previous year: EUR 11.3 million) was brokered in 2021. The overview below lists all individual funds:

Alternative asset investments of LBBW Asset Management Investmentgesellschaft mbH (formerly BWEquity GmbH) <sup>1</sup> in EUR million	2021	2020
BVT Concentio Energie & Infrastruktur	9.8	8.1
BVT Concentio Energie und Infrastruktur Institutionell	51.0	-
BVT Concentio Vermögensstrukturfonds III <sup>2</sup>	12.5	3.2
BVT Private Equity Select III	1.7	-
PATRIZIA GrundInvest Augsburg Nürnberg	18.3	-
Total volume brokered to all sales partners <sup>3</sup>	93.2	11.3

The “BVT Concentio Vermögensstrukturfonds III” fund launched in 2020 and “BVT Concentio Energie & Infrastruktur” are classed as Article 8 funds in accordance with the Disclosure Regulation. Revenue continued to perform well in 2021. Placement of PATRIZIA GrundInvest Augsburg Nürnberg, which is also considered an Article 8 fund in accordance with the Disclosure Regulation, began in 2021.

“BVT Concentio Energie und Infrastruktur Institutionell”, specially designed for the needs of institutional investors, raised EUR 51 million of capital in 2021 and was allocated to five institutional target funds at the end of 2021. These include funds that qualify under Article 9 of the Disclosure Regulation.

At the start of 2021, the Alternatives area of LBBW Asset Management placed the first private equity fund that qualifies under Article 8 of the Disclosure Regulation, “BVT Private Equity Select III”.

1 BWEquity GmbH was merged with LBBW Asset Management Investmentgesellschaft mbH with retrospective effect as at 1 January 2021.

2 Subsequent addition for 2020: This revenue was not included in the 2020 Sustainability Report because information was not provided on the classification of the AIF in accordance with the Disclosure Regulation until after the 2020 LBBW Sustainability Report was published.

3 Alternative asset investments that were classified in accordance with Disclosure Regulation Article 8 or 9; the AIF was brokered via all sales partners of LBBW AM - Alternatives area (LBBW Group, savings banks and other partners); presentation differs to that of the 2020 Sustainability Report, where reporting covered the period from 2001 to 2020 (sales partner LBBW Group).



Alternative asset investments distributed by the Alternatives area of LBBW Asset Management may include the following assets or investment objects:

- Power plants (e.g. photovoltaic systems, wind farms or hydroelectric plants)
- Infrastructure (e.g. communication such as radio masts or cable networks, utilities such as waste disposal or social infrastructure)
- Real estate in Germany and abroad (e.g. office buildings, shopping centers, or apartment buildings)
- Private equity (off-market equity investments in companies)

Before including an alternative asset investment in the range of services offered, the product is closely analyzed using a certified review process. In addition to business aspects, this explicitly considers environmental, social, civic, and ethical/moral principles. These include:

- In the case of commercial real estate, specific dimensions such as property-related criteria (e.g. green building) and management (e.g. assessment of the tenant using social/ethical and environmental criteria)
- Sustainability approach of the manager/advisor (e.g. signing the United Nations' "Principles for Responsible Investment" (UN-PRI)). As part of collaboration, providers of alternative asset investments are required to develop their own sustainability principles or apply existing guidelines.
  - Alternative asset investments are not included if they contain the following assets or investment objects;
  - Projects that clearly lead to large-scale destruction of the environment and nature without adding ecological value;
  - Projects that are ethically and morally dubious (e.g. investments in tobacco, alcohol, nuclear energy, arms, green genetic engineering) or with ethically controversial business practices (e.g. violations of human rights or workers' rights).

If criteria are identified during the product review of the alternative asset investment that do not meet the criteria defined, the asset investment is not included in the Alternatives area's offer. LBBW Asset Management is a signatory of the UN PRI and, as a subsidiary, is also required to observe the LBBW Group's sustainability principles and guidelines.

## Responsible Gold



Under the Responsible Gold banner, BW-Bank offers its and our customers sustainably produced gold that comes solely from certified mines in the Nevada desert. Production is subject to strict guidelines: Mining is required to involve sparing use of chemicals like mercury and minimal CO<sub>2</sub> emissions. A special environmental impact system ensures that the water quality is not endangered, for example. The miners work under conditions that comply with all human rights requirements and international regulations (e.g. those issued by the UN). They are paid union wages. The gold bars are produced by the Swiss precious metal refining company Valcambi and marketed by the German precious metal trader ESG Edelmetall-Service. The sales price includes a small surcharge to cover the more expensive production process and the monitoring of production by the independent British auditor ALS Inspection UK.

## Asset management according to ethical, social, and environmental criteria



Since 2004, BW-Bank has offered its customers asset management solutions taking into account ethical, social, and environmental criteria. To this end, it works with external providers that assess and classify financial instruments and/or issuers according to transparent sustainability criteria.

BW-Bank also offers investors two sustainable strategy funds. Both actively managed funds invest in equities and fixed income securities from issuers that contribute to the attainment of all 17 of the United Nations' Sustainable Development Goals.

- The “VV-Strategie Stiftungen Wertstrategie 30 ESG” strategy fund was launched in 2018 particularly for foundations and non-profit organizations. Equities are limited to a maximum of 30%.
- The “VV-Strategie Wertstrategie 50” strategy fund was fully converted to sustainability in 2018. Equities are limited to a maximum of 50%. Since October 2019, retail customers have also been able to invest in this fund.

The umbrella fund “LBBW Balance” with its sub-funds CR 20, CR 40 and CR 75, for which BW-Bank asset management is the adviser, has also been managed in accordance with sustainable criteria since 1 March 2021.

We are also seeing a general upturn in demand for sustainable investments: Around 40% of all new BW Premium mandates for individual securities management have been concluded as sustainability mandates. As at 31 December 2021, we managed and advised on assets of over EUR 4.1 billion based on sustainability criteria. Independent tests have repeatedly found our asset management activities to be exemplary. For example, the business magazine Focus Money rated us as “excellent”.



## Sustainability research and advisory unit for savings banks and institutional investors

LBBW is one of Germany's leading research and capital market institutions. It is not only our private investors and corporate customers who stand to benefit from our many years of experience in and up-to-date analyses on sustainability issues. We also provide our expertise to savings banks and institutional customers for consultations, assessments, proprietary investments management and lending portfolio analysis.

For our sustainability research and advisory unit, we cooperate with two highly qualified specialists who are some of the leading providers worldwide of sustainability analyses and ratings in the area of environmental, social and governance (ESG): ISS ESG, the responsible investment area of Institutional Shareholder Services ISS and MSCI ESG Research, the sustainability division of financial services provider MSCI.

### Customer service

As well as in-depth issuer analyses and market trends, we also provide customer service teams at savings banks, cooperative banks and retail banks with information relating to sustainability.

More than **290 banks** with over  
**11,000 single users**  
were enabled for the new MSCI sustainability page.



More than 290 banks with over 11,000 single users were enabled for the new MSCI sustainability page in August 2021. In addition to our standard research reports that we compile, sales has access to over 90% of all equities subject to continuous monitoring (around 180), as well as sustainability information from MSCI ESG Research through the LBBW Markets portal ([www.LBBW-markets.de](http://www.LBBW-markets.de)). We provide sustainability profiles of listed companies prepared by MSCI ESG Research ("ESG Investor Snapshot"), an MSCI rating overview of all LBBW Equity Coverage, information about potential compliance violations and general explanations on ratings systems and the exclusion criteria applied. Effective immediately, LBBW's "Aktie Kompakt" publication can also be obtained in a sustainability version with an integrated MSCI ESG corporate rating.

### Information for proprietary investments and portfolio management

We offer savings banks and institutional customers sustainability analyses for their proprietary investments and portfolio management.

Since 2021, we have made it possible for institutional customers and savings banks to incorporate sustainability ratings into the risk, performance and regulatory analyses of their proprietary investments. As part of the "ESG Portfolio Monitor Premium", we provide company ratings and quantitative and qualitative issuer analyses for over 400 equities that are regularly updated by the LBBW Research team. In addition, ESG ratings, ESG performance, prime status and compliance with the UN Global Compact (UNGC) are integrated into the monthly company analyses and the daily LBBW Research report.



Through the LBBW Markets portal, our institutional customers and savings banks have access to LBBW Research's sustainability studies. Users of the ESG Portfolio Monitor Premium can obtain additional supplemental information on a contract basis, e.g. brief company portraits and an overview of all issuers covered by LBBW Research featuring key figures, ratings and exclusion criteria for countries and companies. The characteristics are also briefly explained.

### Extensive individual advisory services by LBBW Advisory Financial Institutions

In recent years, LBBW Advisory Financial Institutions has expanded its range of advisory services to include the specialized Sustainability Advisory unit. The unit, which is part of Financial Markets, has long-standing links with savings banks, banks and institutional customers such as insurance companies, pension funds and social security agencies. As well as expert talks on regulatory requirements and strategic direction, these customers will now also be offered in-depth analyses on the sustainability of their investments and lending portfolios. Furthermore, investors will also receive support in achieving a better sustainability rating and preparing their own lending and investment guidelines.

The advisory approach is modular. Investment portfolios are primarily analyzed on the basis of data from ISS ESG. Analysts assess various aspects such as controversies, ESG ratings and ESG scores, the impact on the climate and the risks and opportunities associated with the transformation to a low carbon business. These also play a central role when analyzing the credit portfolio. However, the analysis here is based on the proprietary ESG sector score and supplemented by support in defining specific lending business policies. The objective of the LBBW Advisory approach is to allow savings banks and institutional customers to establish and implement individual sustainability policies. The customer-specific analyses prepared using in-house tools thus do not merely assess the status quo, they also highlight a path to systematically improving sustainability for investments and the lending portfolio.



## Sustainable investment products at a glance

EUR million	2021	2020
<b>LBBW Asset Management Investmentgesellschaft mbH funds/mandates in accordance with Article 8 of the Disclosure Regulation<sup>1</sup></b>		
Sustainable mutual funds; including:	4,003.1	872.0
"LBBW Global Warming"	1,318.5	496.3
"LBBW Gesund Leben"	40.3	n/a
"LBBW Nachhaltigkeit Aktien"	271.7	135.3
"LBBW Multi Global Plus Nachhaltigkeit"	79.9	32.9
Special funds (from 2021 onwards: as per Article 8 Disclosure Regulation)	19,083.2	5,022.0
Managed special funds	13,580.3	5,022.0
Administered funds (with external asset managers)	5,502.9	n/a
Sustainable direct mandates (from 2021 onwards: as per Article 8 Disclosure Regulation)	-	16,612.4
<b>Total</b>	<b>23,086.3<sup>2</sup></b>	<b>22,506.4<sup>3</sup></b>
<b>Sustainably structured bonds and certificates<sup>4</sup></b>		
ESG strategy products	4,980.9	3,808.7
ESG impact products	520.2	224.8
<b>Total</b>	<b>5,501.1</b>	<b>4,033.5</b>
<b>Asset Management</b>		
<b>Total assets managed and advised under sustainability-oriented criteria</b>	<b>4,110<sup>5</sup></b>	<b>1,526.6<sup>6</sup></b>
Individual asset management mandates	797	-
LBBW Balance CR 20	1,349	-
LBBW Balance CR 40	1,011	-
LBBW Balance CR 75	576	-
"VV-Strategie-Stiftungen Wertstrategie 30 ESG"	45	44.4
"VV-Strategie Wertstrategie 50"	332	275.9
<b>Total investment products relating to sustainability</b>	<b>32,628.4<sup>7</sup></b>	<b>28,066.50</b>
<b>BW ZukunftsSparbrief</b>		
<b>Total funds invested</b>	<b>3.8</b>	<b>20.3</b>

1 New ESG classification approach introduced. Investment products are classified in accordance with Article 6, 8 and 9 of the Disclosure Regulation. All Article 8 and 9 products are shown in the new "ESG assets" category in our reports (only limited prior year comparison possible with the old "sustainable investment" category).

2 Corresponds to approximately 24.8% of LBBW Asset Management Investmentgesellschaft mbH's total assets under management as at 31 December 2021.

3 Corresponds to approximately 26.1% of LBBW Asset Management Investmentgesellschaft mbH's total assets under management as at 31 December 2020.

4 ESG strategy and ESG impact products (new product groups in 2020; these include the individual products "LBBW open-end index certificate tracking the LBBW Research Sustainability Favorites Stock Index" and "LBBW Stufenzinsanleihe Nachhaltigkeit" from previous years).

5 Corresponds to approximately 39.5% of total assets under management (AuM) and assets under advisory of asset management as at 31 December 2021.

6 Corresponds to approximately 24.8% of total assets under management (AuM) of asset management as at 31 December 2020.

7 The total reported for asset management of EUR 4.1 billion includes EUR 69 million for AM. To avoid double counting, this was calculated based on the total for investment products.

Demand for sustainable investments has grown significantly in recent years. In addition to major institutional investors, an increasing number of retail customers are becoming interested in sustainable ways of investing their money. We still see enormous potential in the field of sustainable investments.

As at 31 December 2021, LBBW Asset Management Investmentgesellschaft mbH managed ESG assets in accordance with Article 8 and 9 of the Disclosure Regulation with a total volume of EUR 23.1 billion. This corresponds to approximately 24.8% of LBBW Asset Management Investmentgesellschaft mbH's total assets under management. The volume of sustainably managed assets and assets under advisory in Asset Management amounted to EUR 4.1 billion. This corresponds to approximately 39.5% of the total volume in Asset Management.

#### By way of comparison:

The proportion of sustainable investment funds and mandates in the German market as a whole is 6.4%.



(Source: FNG Market Report 2021, as at June 2021).

As well as this, we take account of sustainability criteria in our conventional investment products and are attempting to incorporate more and more ESG (environment, social, governance) aspects into our product selection. Sustainability criteria now play an important role in many asset classes. In accordance with the Disclosure Regulation, product makers have now classified their products according to ESG criteria. Sustainable funds currently account for about 40% of BW-Bank's range of funds, split between various asset classes. The number of sustainable investment products offered by the bank will be gradually increased further in the future.

## Foundation management

When citizens use their capital for the good of society or the environment, they deserve the best possible support. From the initial idea through forming a foundation to managing assets, BW-Bank helps donors effectively realize their commitment. To do so, our team of experts develops customized solutions that extend far beyond standard banking services. Thanks to our many years of experience in managing foundations, we provide competent and transparent support to more than 1,100 foundations across Germany.

In 2021, BW-Bank was again rated as the best foundation expert in Germany and the German-speaking countries. The ranking is performed annually by the renowned Fuchs-Richter Prüfinstanz and published in the "Fuchs Report". The expert concluded: "BW-Bank performed outstandingly in the 2021 foundation manager test and took first place. The conceptual part and the range of services offered, which are tailored to the needs of the foundation, are particularly strong. Thanks to its top position in the annual ranking, BW-Bank also defended its first place in the all-time list".

Deutsche Stiftungstag 2021, Europe's largest meeting of foundations, was held entirely online for the first time. The slogan was "Creating cohesion together". The event focused on how foundations can actively harness opportunities, especially in times of crisis. Issues including the reform of foundation law and how foundations can equip themselves for future changes were also on the agenda.

Our publication, which is called "Stiftungsmanagement - Impulse für Stiftungen" (Foundation Management - Inspiration for Foundations), has been published for 19 years now, providing donors and those who wish to become donors with new ideas and projects. It provides targeted support for the actions of numerous foundation executives when it comes to navigating substantial societal challenges and the ever-changing nature of foundation law. It also serves as a valuable source of information on foundation and tax law-related issues and tips for investing foundation assets sustainably and effectively according to ESG criteria.

## Financing

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**»The coronavirus pandemic clearly illustrated the importance of sustainable business, strong partnerships and regional strengths.«**

Our economy is going through a period of upheaval. The transition to renewable energies, digitalization, and globalization are just some of the challenges right now. The coronavirus pandemic clearly illustrated the importance of sustainable business, strong partnerships and regional strengths.

As a state bank, we provided companies in our regions with liquidity during the COVID-19 crisis, while at the same time fostering digitalization. We increasingly support our customers in transitioning to sustainable business models that are fit for the future. As a public-sector bank, we see this task as our responsibility to society. It is a key aspect of our sustainability strategy.

Change involves more than just a new way of thinking and a strong will - it also requires the capital to drive forward good ideas and make innovation a reality. This is where we come in as a reliable partner and advisor. As a universal bank, we also help numerous SMEs to invest in a sustainable future. From environmentally friendly production facilities and digitally connected infrastructures to renewable energy projects, we work together to place the financing on a secure footing and our sustainable finance helps ensure competitive advantages.

We also help our retail customers to live in a more environmentally aware manner. We offer them our expertise for large and small projects alike, from financing an electric car through to designing their home to be energy-efficient.

## Increasing regulatory requirements

The European Commission published its revised sustainable finance strategy in July 2021 which is based on the “EU action plan for sustainable finance” from 2018 and supports the objectives of the European Green Deal. The aims of the detailed plan include helping finance the transition to a sustainable economy and improving the resilience of the financial sector. By setting an ambitious time frame for implementing the individual measures, the EU wants to ensure that it remains its leading global position in the area of sustainable finance.

At national level, the German federal government published its sustainable finance strategy in May 2021, which essentially adopts the Sustainable Finance Committee's more general recommendations. Although no new national regulatory action is expected to result from this that is independent of EU sustainable finance regulations, the federal government's strategy builds on work to drive efforts to finance the transition to a sustainable economy.

We also expect regulatory requirements in the area of sustainable finance to continue to increase and take a proactive approach to addressing these.

### Interdisciplinary team

To ensure links between all sustainability activities related to financing across business areas, an interdisciplinary team regularly discusses current topics such as new product ideas or tougher regulatory requirements. The team reshaped its objectives in 2020 and will focus more on proactively addressing and evaluating current developments in order to effectively support front and back office units.

## Management of environmental and social risks

We are aware of our corporate responsibility in all financing projects. This is why we apply mandatory internal review processes and a comprehensive set of rules to ensure that reputation and sustainability risks relating to the environment, society, or ethics are identified, analyzed, and assessed at an early stage in the process of deciding on extending credit, such as export financing, corporate loans or project finance. This can result in LBBW rejecting such transactions or terminating business relationships.

## Sustainability standards in financing business

Our “Principles and Guidelines for Implementing LBBW's Sustainability Policy and Goals” and the “Guidelines for Lending” contained therein form the basis for the sustainability standards in financing business.

In addition to statutory requirements and provisions, LBBW adheres to internationally recognized standards and voluntary commitments for its internal guidelines and operating procedures. Alongside the UN Global Compact, these include the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises and the Performance Standards of the International Finance Corporation (IFC). The IFC standards were developed by the World Bank Group with the aim of ensuring that minimum environmental and social standards are observed in the design of globally financed projects and programs.

In addition to Germany, LBBW mainly provides project finance in Europe and North America, where particularly strict statutory environmental and social standards also apply.



In Germany, the approving authority assesses the following aspects for investments that require an environmental impact assessment:

- Impact on individuals and the population
- Impact on flora and fauna
- Land usage
- Change in organic substance, soil erosion, sealing, compaction
- Hydromorphological changes, changes in the quantity or quality of water
- Changes to the climate, e.g. due to greenhouse gas emissions, changes to the microclimate at the location
- Impact on historically, architecturally, or archaeologically important sites and structures and on cultural landscapes

Only when a project has been approved and compliance with environmental protection standards is ensured do we disburse a loan. Where applicable, we also extend loans with environmental conditions attached, e.g. a contractual obligation to dismantle equipment.

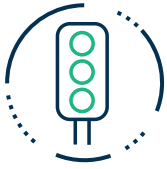
The IFC standards must be observed for projects in developing nations and emerging economies in particular such as those financed by the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA), or the development bank IFC itself.

#### **We have implemented the following review processes:**



##### **Review processes for corporate and project finance**

Financial advisors examine loan applications in terms of compliance and sustainability risks based on internal lending rules. In the case of uncertainty or topics for which there are not yet any binding rules or review criteria, an opinion may be requested from Group Compliance and/or the sustainability team. A standardized application form is used to record information including all the persons involved, the nature and purpose of the business relationship, the findings of all research conducted to date, and any anomalies identified in terms of compliance risks (including money laundering and fraud) or sustainability risks (including areas such as arms, genetic engineering, nuclear power, environmental destruction, species and biodiversity conservation, climate change, workers' rights, and human rights). In addition to the voluntary request for an opinion by Compliance and the LBBW sustainability team, binding criteria were also established where an opinion is required. Following a corresponding analysis by the compliance and/or sustainability experts, the financial advisor responsible for the transaction initially decides whether the transaction should be pursued. There is also a standardized inquiry process in place for this. If so, the corresponding compliance/sustainability analyses are included in the loan application and taken into account in the lending decision. When it comes to verifying sustainability aspects, the sustainability team refers to databases from renowned sustainability agencies such as "imug | rating" and "ISS ESG", as well as the ESG due diligence information service "RepRisk".



### Traffic light review

In early 2019, a uniform process for the sustainability review of borrowers by front office was introduced for corporate customer business (excluding export and project finance that is subject to specific review processes). The review criteria are based on the ten principles of the UN Global Compact as a framework for socially and ecologically responsible corporate governance. Using a traffic light model, each question is answered with green, yellow, or red. If this results in a red (negative) score due to extensive violations of the requirements for socially and ecologically responsible corporate governance or a violation of human rights, it is no longer permitted to do business with the respective company. For investment projects outside the DACH region (Germany, Austria, Switzerland), the review process also includes using the protected planet database ([www.protectedplanet.net](http://www.protectedplanet.net)) to examine whether the respective project is located in a specially protected area (e.g. UNESCO<sup>1</sup> World Heritage Sites, sites covered by the international Ramsar Convention on wetlands, UNESCO MAB (UNESCO's "Man and the Biosphere" program), International Union for Conservation of Nature (IUCN) Category Ia, Ib or II protected areas). If one of these protected areas is involved, the sustainability team must be consulted.



### ESG check list

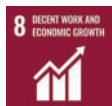
The "EBA Guidelines on loan origination and monitoring" by the European Banking Authority (EBA) require ESG risks to be firmly evaluated as part of lending. Accordingly, LBBW introduced an ESG check list for all divisions as at 1 July 2021. It is divided into climate-physical, climate-transitional, social and governance. Within these areas, the potential ESG risk is rated on a scale from 1 (very low risk) to 5 (very high risk) based on qualitative questions. The result of the individual areas and the overall evaluation are included and acknowledged in the loan application when granting loans. We initially used the ESG check list for new lending transactions with new and existing customers at the level of the group of connected clients above a certain lending volume. The check list must be completed for each individual transaction, ensuring constant monitoring. Starting on 1 July 2022, the ESG check list will also be used for existing transactions with a change.

<sup>1</sup> UNESCO is the United Nations Educational, Scientific and Cultural Organization.

## Cross-industry guidelines

The following cross-industry guidelines apply for all types of financing (including general corporate finance, project finance, export finance):

### Human rights and workers' rights



As a member of the international community, LBBW is committed to the United Nations' Universal Declaration of Human Rights.

LBBW is also committed to the United Nations Guiding Principles on Business and Human Rights.

We do not work with any company or institution known to disregard basic human rights. This applies to all types of business, transactions, projects, products, operating decisions, strategies, and plans of the LBBW Group. Human rights are an integral part of our values and convictions. In order to identify, prevent and reduce human rights violations, we have integrated aspects of human rights into our investment and credit process to the greatest possible extent. We are aware that certain sectors could involve greater risk potential in terms of human rights abuses. To this end, we have defined specific industry guidelines for our lending business.

If our corporate customers extract natural resources in a way that affects land rights, we expect this to take place with the free, prior and informed consent (FPIC) of the affected land users.

### Biodiversity principles and species protection



All companies directly or indirectly use services that affect biodiversity. LBBW does not support projects that clearly lead to large-scale destruction of biodiversity without adding ecological value. This is particularly true of projects in areas with international protected status (e.g. High Conservation Value Areas (HCVA), IUCN protected areas, UNESCO World Heritage Sites, wetlands according to the Ramsar Convention) and endangered species (e.g. the Washington Convention (CITES)). Protected areas are essential for sustainable development and play a major role in achieving the Sustainable Development Goals "Life below water" (SDG 14) and "Life on land" (SDG 15).

With regard to wildlife and species protection, we expect our customers and their suppliers to avoid negative impacts on populations or numbers of plant and animal species included on the IUCN Red List of endangered species. LBBW also considers trading in the endangered plant and animal species included on the CITES lists to be critical.

Living genetically modified organisms should only be produced or traded with the approval of the importing country and subject to all of the requirements of the Cartagena Protocol being fulfilled. LBBW also places emphasis on ensuring that activities in the area of genetic material and genetic engineering only take place in accordance with the approval and processing requirements set out in the United Nations Convention on Biological Diversity and the associated Bonn Guidelines and Nagoya Protocol.

## Indigenous peoples



We are aware of the need to protect indigenous population groups and their connection to the land of their ancestors. In our project finance, we therefore take particular care to protect indigenous peoples and their cultural heritage. Where business has an impact on indigenous peoples, LBBW takes into account factors such as compliance with human rights, the ecological consequences for the affected region, and land rights.

If resettlement is unavoidable, we expect our corporate customers to act in accordance with national laws and regulations and – where applicable – with International Finance Corporation (IFC) Performance Standard PS 5 (“Land Acquisition and Involuntary Resettlement”).

Where we identify potential impacts on indigenous peoples in project and export finance, we expect our corporate customers to act in accordance with the goals and requirements of IFC Performance Standard PS 7 (“Indigenous Peoples”). We expect them to obtain free, prior, and informed consent (FPIC) from the affected groups and to actively involve the groups in their decision-making and implementation processes. This applies in particular to the areas of land, natural resources and environment (territory), legal equality including the right to culturally adapted education and healthcare, political participation, and self-administration. In this respect, LBBW places particular emphasis on the need for the companies to refrain from establishing or supporting settlements in occupied areas in accordance with international humanitarian law.

## Industry-specific guidelines

### Industry-country risks relating to wood/paper, mining, crude oil/natural gas, and bioenergy

In order to identify, analyze, and assess possible sustainability risks in international financing arrangements, loan applications in industries considered particularly relevant in this regard (wood/paper, mining, crude oil/natural gas, and bioenergy) in certain at-risk countries for these industries are subject to a sustainability review using a country and product matrix.

Financing projects involving companies outside Germany in an industry-country combination that is considered critical and operating in raw materials extraction, import/export, or primary processing are subject to a careful process to weigh the risks. One exception is financing that includes security by the federal government or another state export credit agency in an OECD country, as these have already undergone an environmental/social review. Also excluded from the review process are high-volume documentary transactions (e.g. letters of credit, guarantees, and sureties) in which the Bank functions merely as a broker between the importer and exporter.

The aforementioned industries are reviewed regarding the following issues in particular:

Wood/paper	Mining	Crude oil/natural gas	Bioenergy
<ul style="list-style-type: none"> <li>• Illegal logging/deforestation of virgin forests</li> <li>• Activities in protected areas (1)</li> <li>• Endangerment of biodiversity (2)</li> <li>• Waste management</li> <li>• Rehabilitation/recultivation</li> <li>• Human rights</li> <li>• Existing land use rights</li> <li>• Environmentally friendly production processes (e.g. soil conservation, erosion protection)</li> <li>• Fair working conditions (ILO core labor standards)</li> </ul>	<ul style="list-style-type: none"> <li>• Accident prevention</li> <li>• Land consumption (in surface mining)</li> <li>• Waste management</li> <li>• Decommissioning of production facilities</li> <li>• Activities in protected areas (1)</li> <li>• Mountaintop removal (3)</li> <li>• Human rights</li> <li>• Existing land use rights</li> <li>• Fair working conditions (ILO core labor standards)</li> <li>• Compliance with ICMM principles (4)</li> </ul>	<ul style="list-style-type: none"> <li>• Accident prevention</li> <li>• Waste management</li> <li>• Decommissioning of production facilities</li> <li>• In Canada: extraction of tar sands in the province of Alberta (surface mining)</li> <li>• Activities in protected areas (1)</li> <li>• Human rights</li> <li>• Existing land use rights</li> <li>• Fair working conditions (ILO core labor standards)</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in land use of virgin forests or wetlands, either directly or indirectly (for example through the displacement of food production)</li> <li>• Activities in protected areas (1)</li> <li>• Endangerment of biodiversity (2)</li> <li>• Handling of chemicals</li> <li>• Use of genetically modified plants</li> <li>• Waste management</li> <li>• Human rights</li> <li>• Existing land use rights</li> <li>• Fair working conditions (ILO core labor standards)</li> </ul>

(1) E.g. International Union for Conservation of Nature (IUCN) protected areas; United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Sites; wetlands according to the international Ramsar Convention on wetlands.  
 (2) E.g. endangered flora and fauna in accordance with the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).  
 (3) Coal mining method using explosives to remove mountaintops.  
 (4) International Council on Mining and Metals.

### Coal mining and coal-fired power plants



The immense use of fossil fuels like coal, oil, and gas is one of the most significant causes of climate change. Burning coal is one of the main sources of the CO<sub>2</sub> emissions that contribute to global warming. Accordingly, specific guidelines are in place for the financing of coal mining and energy from coal. These were tightened in 2021 (see also page 86).

The following limits apply to the financing of coal mining and energy provision:

#### Absolute thresholds:

- No financing is provided to energy suppliers that mine more than 70 million metric tons of coal each year (from 2025: more than 50 million metric tons)
- No financing is provided to energy suppliers that have coal-fired power plant capacity of more than 15 GW

#### Phase out:

- All existing contractual obligations will be maintained until maturity. Financing that does not meet the framework's criteria will not be renewed.
- For all new financing, the companies must provide a transformation plan for achieving targets to phase out coal (by 2038 for companies based in Germany, by approx. 2040 for companies based abroad).
- Any financing in the area of renewable energy that supports the transformation of a customer's existing business model is excluded from the thresholds and the following regulations.



As part of our general corporate financing, we support energy suppliers with the aim of promoting the transition to renewable energies.

LBBW does not provide general corporate finance for energy suppliers in the following cases:

- Energy suppliers that build new coal-fired power plants.
- Energy suppliers who are new customers where coal accounts for more than 20% of electricity production or revenue.<sup>1</sup>
- Energy suppliers who are existing customers based in Germany where coal accounts for more than 35% of electricity production or revenue (30% from 2025 and 25% from 2030).<sup>1</sup>
- Energy suppliers who are existing customers based outside Germany, where coal accounts for more than 20% of electricity production or revenue.<sup>1</sup>
- Companies that clearly perform mountaintop removal mining (MTR)<sup>2</sup> directly.

Existing general corporate finance, including refinancing, is still possible with a term until 2030, regardless of the thresholds.

LBBW does not finance any projects that are identifiable to us in Germany or abroad by

- energy suppliers in connection with
  - the construction of new coal-fired power plants of any kind,
  - the expansion of the capacity of coal-fired power plants unless effectiveness or fuel efficiency is being improved or emissions are being reduced,
  - other investments in coal-fired power plants;
- mining companies in connection with
  - the construction of new or expansion of existing coal mines of any kind, unless the project involves technical modernization to improve the environmental or social conditions on site,
  - particularly destructive mining methods such as mountaintop removal mining (MTR)<sup>2</sup>.

LBBW does not engage in export financing for goods and services or other financing in/for coal mines (surface mining or underground mining) or coal-fired power plants.

Export financing involving particularly destructive mining methods, such as mountaintop removal mining<sup>2</sup> - where identified - is not permitted.

All existing contractual obligations will be maintained until maturity.

<sup>1</sup> Whichever is highest.

<sup>2</sup> Mountaintop removal mining (MTR) describes a special form of mining used in coal extraction, in which the mountaintop is removed to provide access to the hard coal seams below. This is cheaper than surface mining but leads to the destruction of the area's landscape and ecosystems. Other negative consequences of this method include the accumulation of large quantities of excess rock and soil, and the release of heavy metals, which can contaminate rivers and groundwater. The resulting dust emissions are also classified as potentially carcinogenic.

## Nuclear power



Nuclear power is extremely risky due to the incalculable health risks of radiation, especially when accidents occur, and the unsolved problem of how to permanently dispose of radioactive waste. LBBW's business practices are aligned with the prevailing political view on the use of nuclear power as a bridging technology. In Germany, the decision to end the use of nuclear power precludes the construction of new nuclear power plants. There is therefore no need for rules regarding this scenario. LBBW does not support projects that are identifiably related to the construction of new nuclear power plants or expansion of existing nuclear capacity in other countries. This means:

- General corporate financing is not provided to energy suppliers that operate nuclear power plants outside Germany if the share of nuclear power legally attributable to total plant output is greater than 25 %.
- No financing is provided for specific projects by energy suppliers that promote the construction of new nuclear power plants or expansion of existing nuclear capacity in other countries.
- No financing or security for goods or services is provided for nuclear power plants outside Germany if certain thresholds regarding the total investment amount or nominal volume are exceeded.

There are no limits on financing for decommissioning nuclear power plants or investments intended to guarantee plant safety (technical modernization projects).

## Mining

The aforementioned rules on critical industry-country combinations apply to the mining industry as a whole.

When providing project finance in the mining industry, LBBW generally takes into account

- the way in which the company operates the mine (e.g. environmental pollution through the introduction of toxic chemicals, processing of excess rock and soil),
- the protection of High Conservation Value Areas and UNESCO World Heritage Sites,
- compliance with human rights, particularly the rights of local communities and indigenous peoples,
- compliance with minimum standards of occupational safety and working conditions in accordance with International Labour Organization (ILO) standards,
- land restoration measures.

## Uranium mining

Uranium mining (for nuclear power plants, nuclear weapons or even medical purposes) is associated with significant radiation exposure and therefore endangers the health of people and seriously pollutes the environment in the entire region surrounding the mines. LBBW does not support uranium mining without sufficient environmental and safety standards and health protection measures, and hence refrains from engaging in business activities that we can identify as directly involving uranium mining, as well as from providing export finance to suppliers of uranium mining companies that do not comply with these environmental and safety standards and health protection measures. This means:

- General corporate financing is not provided to companies that engage in uranium mining, generate at least 1% of their revenue from such activities, and do not provide the relevant proof of compliance with health and safety standards (e.g. ISO 14001, OHSAS (Occupational Health and Safety Assessment Series) 18001, ICMM (International Council on Mining & Metals), UN Global Compact, ILO core labor standards, IFC Safety Guidelines, Voluntary Principles on Security and Human Rights).
- No financing is provided for specific uranium mining projects if no relevant proof of compliance with health and safety standards is submitted (see above).
- No financing or security is provided for goods or services used in uranium mining that exceed a certain nominal volume if no relevant proof of compliance with health and safety standards is submitted (see above).

## Crude oil/natural gas



LBBW does not engage in project finance to extract or produce oil and gas (upstream). This means it is not involved in financing controversial crude oil extraction processes such as drilling for crude oil or natural gas in the Arctic (Arctic drilling), the extraction of oil and tar sands, oil drilling in the Amazon rainforest, or fracking (crude oil/natural gas drilling operations under high pressure, e.g. to extract shale gas). The extraction of tar sands in the province of Alberta (Canada) is also defined as a critical industry-country combination when it comes to foreign companies' financing projects.

## Arms

LBBW does not enter into any business relationships with companies involved in the production of **cluster munitions and/or anti-personnel mines**, which are prohibited by international conventions. We ensure this at the operational level with a company exclusion list that applies throughout the entire Group (= LBBW (Bank) and all subsidiaries majority owned by LBBW) and is also integrated into the automated embargo monitoring system of the Bank. The exclusion list is updated regularly on the basis of controversial weapons research by ISS ESG, the sustainability ratings department of the Institutional Shareholder Services (ISS). Among other things, this screening includes the development, maintenance, production, storage, testing, and transportation of controversial weapon systems.

LBBW does not finance the export of **weapons of war** (according to the supplement to the German Weapons of War Control Act (KrWaffKontrG), e.g. warships, tanks, bombs), even if the German Federal Office for Economic Affairs and Export Control (BAFA) has approved their export.

There are strict standards and limits for the export of **other arms** (not falling under the KrWaffKontrG according to BAFA export lists, e.g. guns, ammunition). Financing and security for exports of such goods to military facilities outside Germany is possible only in the case of EU or NATO member states.

**Nuclear, biological, and chemical weapons, also known as weapons of mass destruction (WMDs)**, are banned internationally because they pose a significant threat to the civilian population and the environment. We do not enter into any transactions relating to the production of these weapon systems with companies that we can identify as being involved in the production of WMDs, key components (e.g. plutonium, highly enriched uranium, mustard gas) or enrichment facilities. This means:

- General corporate financing is not provided to companies generating more than 5% of their revenue from WMDs.
- No financing is provided for specific projects connected with the production of WMDs, key components, or enrichment facilities.
- No financing or security is provided for exports of WMDs (see exclusion of weapons exports).

#### Pornography

LBBW does not provide financing in connection with the production and sale of pornographic products, the operation of brothels, the provision of sex tourism and pornographic telephone hotlines, etc.

#### Gambling

LBBW does not provide financing for controversial forms of gambling.

Changes to existing lending regulations during the year and new policies are updated on an ongoing basis in the “LBBW Sustainability Regulations” publication ([www.LBBW.de/sustainability](http://www.LBBW.de/sustainability)), where they can also be viewed.

### Training and communication



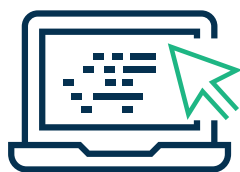
All the sustainability principles and review processes for financing are set out in the Bank's mandatory lending rules. These are available to all financial advisors and back office experts on the LBBW intranet. Information on changes is also provided on the intranet and in newsletters.

#### Activities in the Corporate Customers segment

We conducted comprehensive sustainability training for sales staff, designed for specific target groups, for the first time in June 2020. Over 16 online conferences lasting up to two hours each, participants received training on the relevance of sustainability, ESG regulation, CSR reporting, ESG ratings and ESG products. It finished with an online test to become a “certified sustainability adviser”, which was conducted by Sparkassen-Akademie. All 39 sales employees who took the test passed.

The “Green Finance” sales campaign that we launched in 2019 was continued in 2021 with a range of communicative measures such as a large-scale LinkedIn campaign. This was accompanied by detailed information material on the intranet and on LBBW’s website. One key element of this was the second “sustainability and green finance” study conducted with the “FINANCE” business magazine in 2021. 290 employees from in the corporate customer advisory unit attended the online conference presenting the results. The results of the study were also published at the first digital “Green FINANCE” conference. As well as participating in the discussion round on the results of the study, LBBW also took part in a round table. LBBW discussed green finance at “Structured FINANCE 2021” as part of a round table and at the “32nd Finance Symposium” as part of a workshop on sustainability at companies. Almost 150 participants listened to the round table at “Structured FINANCE”. In addition, LBBW also published articles on sustainability and green finance in several trade journals, including in the “FINANCE” magazine’s special supplement.

We discuss our activities relating to sustainability, including the updated coal policy, for the entire Corporate Customers business unit in our monthly “Update call” in the form of an online conference. On average, this was attended by about 420 employees and around 1,500 people subsequently viewed the corresponding intranet page (presentation and live recording).



Monthly »update call« on  
sustainability on the intranet viewed  
**about 1,500 times.**

In December 2020, we launched the “sustainability@CC” page on the LBBW intranet as a new communication platform in Corporate Customers to establish a community on matters relating to sustainability and sustainable finance. By providing the latest information on the market or on regulatory developments, we want to encourage internal debate and discussions. There are now more than 300 subscribers.

#### Activities in the Real Estate and Project Finance segment

**Real estate market:** A classification tool was developed in collaboration with Drees & Sommer, a consultancy firm that focuses on energy measurement and management, to systematically identify (large-scale) commercial real estate financing that is eligible for green bonds. This is based on the fundamental principles of taxonomy and means that energy-efficient buildings in Europe and the US can be identified at an early stage. In April 2021, the entire sales unit for (large-scale) commercial real estate financing, which has about 40 employees in Germany and abroad (sales locations in New York and London), attended a training session of approximately 1.5 hours that looked at a current practical example. The training session was conducted by internal experts at the bank and external advisers.

**Real Estate and Project Finance, front and back office:** As part of the bank-wide sustainability project, about 220 employees received training on identifying and classifying environmental, social and governance risks in the context of the guidelines issued by the European Banking Authority (EBA). The 1.5 hour training sessions were held online in July 2021 in Germany and in August 2021 abroad. Front and back office also discussed project finance with an aircraft manufacturer.





### Sustainable financing products



Sustainability has reached the most important financing markets for corporate customers. The very strong growth enjoyed in previous years was repeated in 2021. The increased professionalism of market participants – issuers, banks and investors – is clear to see. Accordingly, company-specific sustainability KPIs are being integrated into financing more frequently than even in the previous year. A review is currently underway looking into linking all financing products to a sustainability component:

“Positive incentive loans” and “sustainability linked loans” and Schuldschein loans that are linked to sustainability ratings or company-specific sustainability KPIs have established themselves on the market in recent years. Additional banking products such as export financing, guarantee facilities and bilateral financing have been linked to sustainable criteria and successfully launched. Pilot projects are also being put into place at present for other products and so we expect to be able to offer a sustainable alternative for all financing products in just a few years. The aim of these products is to help customers develop their sustainability and support them in transitioning to lower carbon business models.

Our sustainable financing solutions contribute to the following UN Sustainable Development Goals in particular: Goal 7: “Affordable and Clean Energy”, Goal 8: “Decent Work and Economic Growth”, Goal 9: “Industry, Innovation and Infrastructure”, Goal 11: “Sustainable Cities and Communities”, Goal 12: “Responsible Consumption and Production”, and Goal 13: “Climate Action”.



## Financing the energy transition

The transition to renewable energies is a key lever as we move toward a sustainable future. This means that the complete decarbonization of the energy system is linked to the comprehensive transformation of the entire sector. We have been financing renewable energy projects such as wind turbines and photovoltaic systems for a number of years. Whereas it was mainly the large energy suppliers that invested in renewable energies at first, we are now seeing more and more municipal companies, production facilities and private households switching to sustainable generation technologies. The intelligent networking of sustainable solutions is being accelerated by the onset of digitalization: smart grid infrastructures and intelligent demand control using smart metering are helping to improve efficiency. The development of powerful storage technologies is essential not only in terms of energy supply to municipalities, companies, and private households but also when it comes to the penetration of electric mobility. Our aim is to provide stable, reliable financing solutions in order to help the energy transition to succeed. We support our customers in all their projects, whether large or small – from sustainable industrial parks to energy-efficient design in the home.

Headed by a sector specialist for energy, utilities, and waste disposal, we have consolidated our expertise on the latest challenges in the transformation process in the energy industry on a Bank-wide basis in order to ensure close integration between sales, risk management, research, and product development. We ensure that our team is updated on energy-related topics through internal industry workshops and webinars and work together to design new financing solutions. We regularly participate in public events with a view to actively driving the transition to renewable energies. We also organized our own events in 2021 in order to initiate constructive discussions and get effective financing solutions off the ground.

We refer our corporate customers to energy efficiency service providers on request. In this regard, we work with external partners to calculate savings potential and determine the available funding options.



We intend to continue to make an active contribution to the transition to renewable energies, as the complex political, economic, and social challenges involved can only be resolved by working together. LBBW continued to help fund numerous new renewable energy projects in Germany and abroad in 2021, such as photovoltaic systems and onshore and offshore wind farms. There is a clear trend in conventional power production towards building efficient cogeneration plants, that not only produce electricity but also use the warmth generated for heating in the form of district heating or for industrial purposes in the form of process steam, making them highly efficient.

Efforts to accelerate the expansion of renewable energy require high levels of investment to create the infrastructure needed for the energy transition. For example, we are supporting the construction of the major north-south routes to take wind energy in northern Germany and transport it to where it is consumed in the south of the country. As well as expanding major electricity highways, distribution grids have to be upgraded and extended in order to integrate charging infrastructure for e-mobility and generate power from decentralized energy sources into the grid.

As well as expanding renewable energy and upgrading electricity grid infrastructure, a successful energy transition requires completely rebuilding our energy system. As well as energy, “clean molecules” will play a key role here in the future. On the one hand, increased direct electrification is essential, as the example of e-mobility shows. In areas where this is not possible or is very difficult, alternatives must be found to replace fossil fuels in the long term, such as hydrogen and other alternative gases. We closely monitor the market and technological developments here so that we can point the way to transformation for existing investments.

In waste management, considerable investment is also required as a result of increased requirements regarding the separation and recovery of waste in order to conserve more valuable resources in the future and reuse raw materials. This is less about traditional waste disposal and more about a holistic circular economy with closed-loop materials cycles. This development also requires companies in the sector to refine their established business models so that available resources are used as sustainably as possible.

## Corporate customers

### Sustainability Advisory Corporate Finance

LBBW Sustainability Advisory aims not only to stand by corporate customers during the sustainable transformation of their business models but also to actively advise them. After carrying out a materiality analysis, we advise and support companies with their strategic direction and help them manage their sustainability activities. The considerable success of this holistic approach has increased the size of the team significantly and we have included additional fields and issues for the future, such as biodiversity, in our range of services and advice. We want to create added value for our customers, including when integrating ESG components into financing structures.

The sustainability advisors work in close collaboration with other units to offer companies LBBW's extensive sustainability expertise. We also advise customers on developing sustainable business models and implementing strategic measures. This approach has already helped us boost our corporate customers' sustainability performance in several projects.





### Positive incentive loans

Sustainable business activity should be rewarded. This is the principle behind the “positive incentive loan”, which incentivizes sustainable business activity. To this end, the conditions of a bilateral or syndicated loan financing instrument are tied to sustainability elements to incentivize better sustainability performance by way of lower credit margins. In 2021, LBBW developed the “sustainability linked bilateral loan” so that it was ready for market and successfully placed the product. The sustainability component is usually based on a sustainability rating. We are seeing growing interest in sustainable finance across all sectors and for all sizes of companies and expect the strong growth for positive incentive loans on lending markets to continue.

### Sustainable/green Schuldscheins and bonds

In addition to bilateral and syndicated loans, sustainable Schuldscheins can be linked to positive incentive mechanisms. We successfully placed the world’s first Schuldschein transaction linked to a company’s sustainability rating (ESG rating) on the market in 2019, attracting a high level of interest among companies and investors. In 2021, LBBW arranged “ESG-linked Schuldschein loans” with external sustainability ratings for companies including Traton SE (ESG rating from ISS ESG), Teamviewer AG (ESG rating from Sustainalytics), Constantia Flexibles GmbH and Biesterfeld AG (ESG scorecard from Ecovadis). LBBW also arranged “ESG-linked Schuldschein loans” with company-specific sustainable performance targets for the Dräxlmaier Group, Zeppelin GmbH and DIC Asset AG.

LBBW also supported green Schuldschein loans/corporate bonds for which proceeds are earmarked for sustainable projects in 2021, for example as the joint lead arranger for the EUR 500 million debut green bond issued by ZF Friedrichshafen AG, several green bonds for RWE AG in the amount of EUR 1.85 billion, a EUR 500 million green bond for EWE AG and a EUR 500 million green bond and a EUR 500 million green hybrid for EnBW AG. We also accompanied an “ESG-linked Green Schuldschein loan” for the MANN+HUMMEL Group.

We support Green Schuldschein loans like those described above in this way for companies that wish to play an active part in decarbonization. When issuing Green Schuldschein loans, we place particular emphasis on ensuring that the sustainable investments financed are incorporated into a holistic sustainability strategy and thus help transform the business model. Following this reasoning, we believe that this constitutes sustainable business.

### Sustainable project finance

We have been financing national and international projects for a number of years, mainly in the area of renewable energies but increasingly also in the field of sustainable infrastructure solutions. In 2021, for example, we funded the expansion of fiber optic networks in Scandinavia and Germany. The focus was on rural and suburban areas and connecting them to a fast network. In comparison to the copper cables that are so widespread in Germany, fiber-optic also scores highly in terms of sustainability: Thanks to far better energy efficiency and a longer lifetime, it helps drive digitalization in a way that benefits the environment.

### Carbon-neutral leasing

SüdLeasing GmbH has offered companies the option to lease equipment and machinery on a carbon neutral basis since 2020. This makes the LBBW subsidiary the first independent leasing company in Germany to do so. The principle is that CO<sub>2</sub> emissions generated as a result of operations are measured, translated into euro and added to the lease payment. The amount added is then invested in purchasing emission reduction certificates for recognized environmental projects. SüdLeasing collaborates here with the Munich-based company ClimatePartner, which supports selected climate protection projects and certifies CO<sub>2</sub> offsetting. All equipment that is made carbon neutral using this method is labeled accordingly. SüdLeasing covers all support costs.

### Retail customers

#### Energy-efficient renovation of residential properties

We facilitate the straightforward financing of smaller projects up to EUR 50,000 with “small-scale loans”, which are anticipatory loans combined with an LBS home loan savings plan as the repayment vehicle. This enables retail customers to carry out energy-saving renovations in owner-occupied or leased properties at low interest rates and without unnecessary bureaucracy. The “Stuttgart climate loan” is available for owner-occupied properties in the state capital.

“BW Modernisierungsvorsorge” helps customers to accumulate capital for future modernization activities via a home loan savings plan, allowing them to obtain a favorably priced home loan to cover additional capital requirements, including small loan amounts.

#### Stuttgart climate loan

BW-Bank assists homeowners in Stuttgart who wish to bring their homes in line with the latest energy efficiency standards in order to reduce their CO<sub>2</sub> emissions. It finances measures supported by the City of Stuttgart such as wall and roof insulation, window replacement, more energy-efficient heating technologies Stuttgart Energy solar power generation. The climate loan is based on a home loan savings plan from LBS Südwest, with which the loan is later paid off in the amount of the respective contract. Our customers can also apply for a subsidy from the City of Stuttgart and obtain a professional evaluation from the Stuttgart Energy Advisory Center (EBZ).

#### BW Green Movement Loan

We want to get e-mobility off the ground. To achieve this, we support customers who want to get an e-bike, pedelec or e-scooter or install a charging station for their electric car (wallbox) in their garage at home by offering the BW Green Movement loan by BW-Bank in cooperation with Creditplus Bank. This sustainable loan option of up to EUR 5,000 provides quick, affordable and simple initial support. The BW Green Movement loan is available through all sales channels.

### Development loans

Under certain conditions, sustainable private and corporate projects can obtain financing subsidies from government development loan programs, e.g. Kreditanstalt für Wiederaufbau (KfW). We help our customers to explore the available subsidies and apply for development loans. In 2021, the majority of new business was again generated with development loans in the area of energy efficiency. The new federal subsidies for efficient buildings launched on 1 July 2021 were essential here. The loans to help secure liquidity for SMEs and regional economic structures in connection with the pandemic played only a very minor role.



### Residential development loan programs

We help residential real estate companies and private investors to apply to KfW development loan programs. In addition, we assume risk when passing through the approved KfW funds. Indirectly, this enables us to contribute to the availability of energy-efficient and affordable housing. We also participate in financing urban development projects and projects to restructure residential neighborhoods.

In 2021, LBBW approved a new business volume of EUR 3,454 million comprising around 13,900 separate loan agreements for **private energy efficiency measures** via its own distribution channels as well as the savings banks, meaning it remains the clear market leader in its core markets of Baden-Württemberg, Rhineland-Palatinate, and Saxony.

The **commercial loans for ecological purposes** (including environmental and energy efficiency, renewable energies, and flood defenses) arranged by LBBW via its own distribution channels or for the savings banks remained at a high level as at 30 December 2021 with a new business volume of EUR 1,798 million and some 2,175 individual loan agreements. In LBBW's core markets, the savings banks organization received more than 50% of the total funding volume in 2021.

LBBW is the market leader in Baden-Württemberg when it comes to **promoting innovation and digitalization** through its own distribution channels and the savings banks, holding a market share of 48 % in 2021. Good use continued to be made of existing programs for financing new, sustainable business models and digital and innovative investment projects. A new business volume of EUR 341 million was approved in 2021, comprising 1,199 individual loan agreements.

Together with savings banks, LBBW did EUR 672 million in new business with 5,885 customers to fund **social projects**.

<b>New business volume (EUR million) Development loans Arranged by LBBW directly and via savings banks</b>	<b>30 Dec. 2021</b>	<b>30 Dec. 2020</b>	<b>30 Dec. 2019</b>	<b>30 Dec. 2018</b>
Private energy efficiency measures	3,454	3,195	1,370	1,208
Commercial development loans	1,798	1,441	1,489	1,288
Promoting innovation and digitalization	341	313	255	955
Social projects	672	906	783	420

### Liquidity support during the pandemic

In light of sales losses caused by the coronavirus pandemic, together with savings banks we provided EUR 0.9 billion to 4,918 customers in core markets to supply liquidity to the regional economy.

### Commercial real estate business

There is a growing focus on the financing of sustainable projects, including in the commercial real estate business. Green bonds are seeing growing demand for funding purposes. LBBW has had its own green bond program for funding energy-efficient commercial real estate since 2017.

We also specifically inform the owners of commercial properties about the availability of public-sector grants during consultations. One focal point is the grant programs offered by the German Reconstruction Loan Corporation (KfW), including the Energy-efficient Refurbishment, Energy-efficient Construction, and Solar Power Generation programs. In addition, we offer the corresponding development loan programs from Landeskreditbank Baden-Württemberg (L-Bank) such as the energy and resource efficiency programs for business and corporate customers.

When assessing real estate value, we take into account criteria in four categories (market, location, property, and cash flows) that also incorporate ESG (environment, social, governance) factors. This allows us to determine a sustainability ranking, ranging from “highly sustainable” to “not sustainable”.

## Data on sustainable finance

In terms of net exposure by sector in 2021 (see 2021 Annual Report, page 64), LBBW has the highest levels of exposure in the retail, consumer goods, automotive and industrial sectors. Net exposure provides information on the scope of financing and broadly quantifies the volume of remaining capital after collateral is deducted.

### Project finance

Every second project financed by LBBW is in the area of renewable energies, with these projects accounting for 48% of the total volume in 2021. In the energy sector, renewable energies made up 85%.

Public-private partnerships account for 26.6% of balance sheet assets. At 12.5%, the third-largest sector was infrastructure and logistics projects.

### Project finance by region and sector in 2021

<b>Project finance balance sheet assets (in EUR)</b> <b>(as at 31 December 2021)</b>	<b>Renewable energies</b>	<b>Conventional energies</b>	<b>Infrastructure, logistics, grids, and pipelines</b>	<b>Public private partnerships</b>	<b>Other</b>	<b>Total</b>
Germany	850,794,908	176,175,336	202,022,811	760,544,642	226,142,161	2,215,679,858
Europe excl. Germany	1,658,566,791	0	177,363,462	641,003,105	6,318,750	2,483,252,107
USA/Canada	26,978,720	245,478,303	284,509,418	0	0	556,966,440
Other regions	0	22,928,715	0	0	0	22,928,715
<b>Total</b>	<b>2,536,340,418</b>	<b>444,582,354</b>	<b>663,895,691</b>	<b>1,401,547,747</b>	<b>232,460,911</b>	<b>5,278,827,121</b>

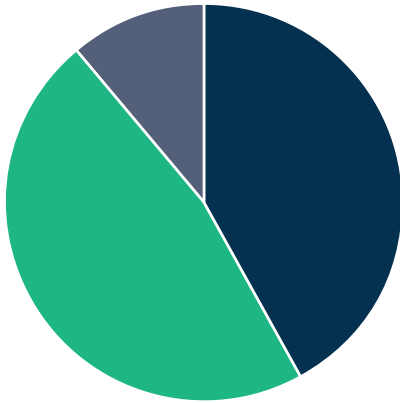
The project finance volume in the renewable energies sub-segment came to around EUR 2.54 billion in 2021, on par with the previous year (previous year: EUR 2.58 billion). We again made several transactions in the Netherlands. We were also delighted to support two major wind farm transactions in Ireland and Austria. On the German market, issues relating to permits for wind turbines are still currently hampering the expansion of this type of energy, which ultimately significantly limits the number of potential transactions, especially high-volume transactions. As a result, the focus will remain on other European countries.

LBBW did not finance any projects in the area of hydroelectricity/dams in 2021.



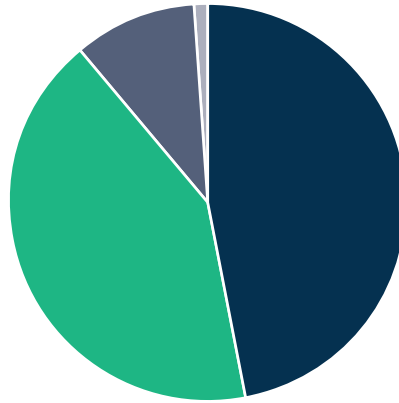
Project finance balance sheet assets by region

(as at 31 December 2021)  
Total volume: EUR 5.28 billion



- Germany (42%)
- Europe excl. Germany (47%)
- USA/Canada (11%)
- Other (0%)

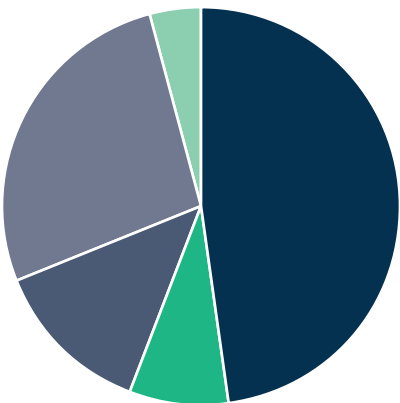
(as at 31 December 2020)  
Total volume: EUR 5.11 billion



- Germany (47%)
- Europe excl. Germany (42%)
- USA/Canada (10%)
- Other (1%)

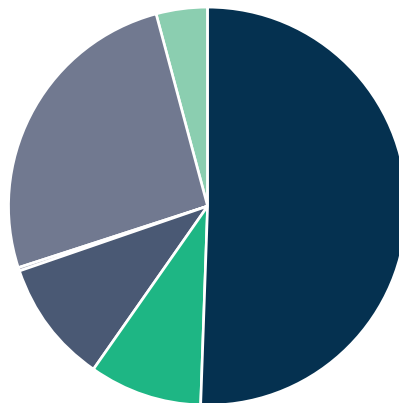
Project finance balance sheet assets by sector

(as at 31 December 2021)  
Total volume: EUR 5.28 billion



- Renewable energies: wind, solar/photovoltaic, biogas, geothermal (48%)
- Conventional energies (8%)
- Infrastructure, logistics, grids, and pipelines (13%)
- Public private partnerships (27%)
- Other (4%)

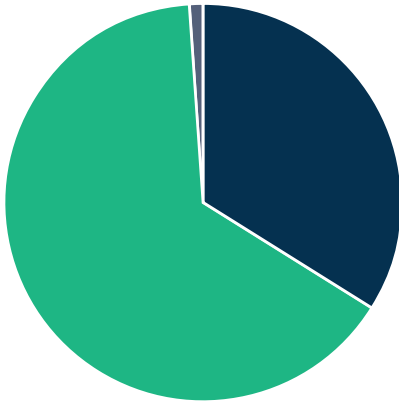
(as at 31 December 2020)  
Total volume: EUR 5.11 billion



- Renewable energies: wind, solar/photovoltaic, biogas, geothermal (51%)
- Conventional energies (9%)
- Infrastructure, logistics, grids, and pipelines (10%)
- Raw materials industry (0.2%)
- Public private partnerships (26%)
- Other (4%)

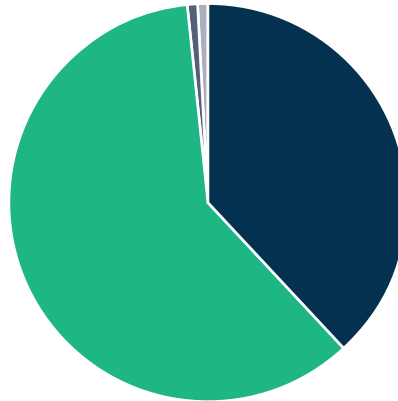
## Renewable energies project finance balance sheet assets by region

(as at 31 December 2021)  
Total volume: EUR 2.54 billion



- Germany (34%)
- Europe excl. Germany (65%)
- USA/Canada (1%)
- Other (0%)

(as at 31 December 2020)  
Total volume: EUR 2.58 billion



- Germany (38.2%)
- Europe excl. Germany (60.2%)
- USA/Canada (1%)
- Other (0.6%)

## Financed emissions

For a number of years, we have been increasingly focusing our efforts on the downstream 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. Despite ongoing methodological challenges, something of an industry standard is now being developed in the form of the PCAF<sup>1</sup> initiative. PCAF expands on and clarifies the Greenhouse Gas Protocol (GHG Protocol)<sup>2</sup>.

We again commissioned the consulting firm MACS Energy & Water GmbH, which specializes in sustainability in the financial sector, with calculating the GHG footprint of our lending business, known as Scope 3 emissions. Calculations are still based on LBBW's exposure (differentiated both by geography and sector), i.e. the total of all outstanding receivables from and commitments to borrowers as at 31 December 2021.

Scope 3 emissions represent the Scope 1 and Scope 2 emissions generated by the customers to which the loans are attributed in accordance with their share of financing. In the previous year, the calculations were based entirely on sector "emissions intensity" and a simple gross exposure approach, which resulted in an exaggeration of financed emissions. The actual emissions of the financing in question have already been taken into account for about a third of the exposure for 2021 and the exposure term for measuring emissions has also been optimized. Another substantial improvement to result quality was made by considering sub-sectors. One example here is renewable energies, which have very low "emissions intensity" compared to the energy sector as a whole.

1 PCAF (2020). The Global GHG Accounting and Reporting Standard for the Financial Industry. First edition. 18 November 2020.  
2 GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", downstream category 15, "investments".

The result was a GHG footprint of almost 13.3 million metric tons of CO<sub>2</sub> equivalents, 3% lower than in the previous year<sup>3</sup>, with a 6% rise in exposure. This means that average “emissions intensity” has declined substantially from 53 to 48 metric tons of CO<sub>2</sub>e/EUR million<sup>4</sup>. Loans and projects that we financed in Germany account for three quarters of the emissions, with the energy sector responsible for more than 40%. In collaboration with our customers, we are still striving to further improve the accuracy of our GHG calculations in the years ahead and to further reduce our carbon footprint.

For this purpose, in the financial year we created a granular measurement of financed emissions up to customer level based on the MACS method and integrated it into ongoing monitoring. The data are also used in internal and supervisory stress tests for climate risks. Methods are constantly developed and refined.

## BW extend value-added checking account



For many years, BW-Bank's customers have benefited from BW extend, a value-added checking account offered at a reasonable monthly flat rate including a host of exclusive benefits.

On the “my extend” customer portal, they can find information online about all benefits and cooperation partners and activate offers directly. For example, Stadtwerke Stuttgart provides preferential conditions for green electricity, natural gas, biogas and the use of *stella*-sharing's electric scooters.

Further information can be found at [www.meinextend.de](http://www.meinextend.de)

<sup>3</sup> The 19.0 million metric tons of CO<sub>2</sub>e reported in the last report in 2020 cannot be directly compared to the new GHG footprint due to the methodological improvements described. The new method would have put financed emissions as at 31 December 2020 at 13.7 million metric tons of CO<sub>2</sub>e, which is used here as the comparative figure.

<sup>4</sup> Average “emissions intensity” is the ratio of financed emissions and the lending portfolio's exposure. The previous year figure refers to the GHG footprint in accordance with the current method described in footnote 3.





## Future-oriented solutions

The advance of digitalization is changing markets, companies, and society. Our lives are becoming more flexible and more mobile. Quick and easy access to information through the internet is improving transparency. Information exchange is being accelerated and intensified by new digital communication channels. Data is being networked more and more, improving efficiency and enabling solutions to be tailored precisely to customer needs. Digital transformation promotes technological innovations in every part of life and business. Smart cars, smart factories, smart homes, smart cities: the Internet of Things allows devices and machines to communicate and interact with each other.

Intelligent networking opens up a wealth of opportunities but also carries risk: Digitalization does not necessarily result in improved resource efficiency. Issues such as the need to responsibly handle data and protect people's private lives pose further challenges. Against this background, we aim to provide our customers with more services, convenience, and security - while conserving resources as much as possible.

Digitalization and sustainability are closely linked and impact each other. As the forces that are shaping our future, they both form part of our key strategic objectives. Accordingly, we have initiated online crowdfunding platforms for community projects and associations and are a digital pioneer when it comes to corporate financing and securities transactions using resource-saving blockchain technology. This meant that we were able to arrange a Schuldschein entirely digitally, i.e. without a parallel process in paper form, for the first time in 2020.

We offer payment methods that provide optimal security for online shopping. Our customers expect us to be there for them - whether they are banking online, through an online branch or in person. As well as online and mobile banking, our digital options such as the AssetGo investment app make our services available around the clock. Conducting transactions, managing securities accounts, obtaining information, communicating, and documenting and archiving banking activities electronically does more than just save paper and time - it also reduces CO<sub>2</sub> emissions by allowing people to drive less. We offset the potentially larger carbon footprint caused by greater electricity usage for digital processes by purchasing green electricity.

Our aim is to leverage the opportunities offered by digitalization to continue offering our customers the best possible service and high-quality financial advice while actively shaping a sustainable future through innovation.

## Blockchain financing

Blockchain technology makes transactions quicker, more secure, and more transparent. In recent years, we have intensively addressed digital innovations for the distributed, tamper-proof recording of business transactions – distributed ledger technology (DLT) – in order to make financing instruments and the associated processes more efficient for the parties involved. In 2017, for example, LBBW became the first provider on the German market to successfully realize a *Schuldschein* using block-chain technology together with the auto manufacturer Daimler and participating investors from the German Savings Banks Finance Group (“Sparkassen-Finanzgruppe”). This was followed by a *Schuldschein* for the telecommunications company “Telefónica Deutschland” in 2018. Another milestone followed in 2019: As the platform operator, LBBW realized its first legally effective digital securities transaction on the basis of blockchain technology without a parallel process in paper form on behalf of the investor, MEAG, the asset manager of Munich Re and ERGO.

LBBW arranged the first digital *Schuldschein* without a parallel process in paper form for Daimler AG in March 2020. Further progress was made in digitalizing the *Schuldschein* process thanks to combining the DEBTVISION marketing platform and the digital signature with the DLT processing platform. In addition, additional successful digital transactions for asset-backed commercial papers (ABCP) were carried out in 2020 in collaboration with MEAG, Munich Re and IT experts at targens GmbH. An ABCP is a secured commercial paper backed by assets. Companies, acting as sellers of receivables, receive liquidity for selling their receivables portfolios (e.g. trade receivables) that is refinanced through the capital market.

A blockchain is a chain of data sets. These chained blocks can contain information on transactions, for example, with the clear chain of blocks serving to record the complete value chain of a financing instrument in a tamper-proof manner. The sequence of all transactions – e.g. from the origination of a financing instrument through interest payments to repayment – is stored decentrally on the computers of the market participants involved and continuously checked. This means the information is distributed in the network and secure. Changes can be made only in accordance with a defined consensus principle. Distributed ledger technologies are therefore particularly suited to the finance industry, which requires a high degree of security and complete documentation. The parties to the transaction can ensure the required and desired level of transparency by selecting a corresponding DLT protocol. The market participants involved benefit from improved efficiency.

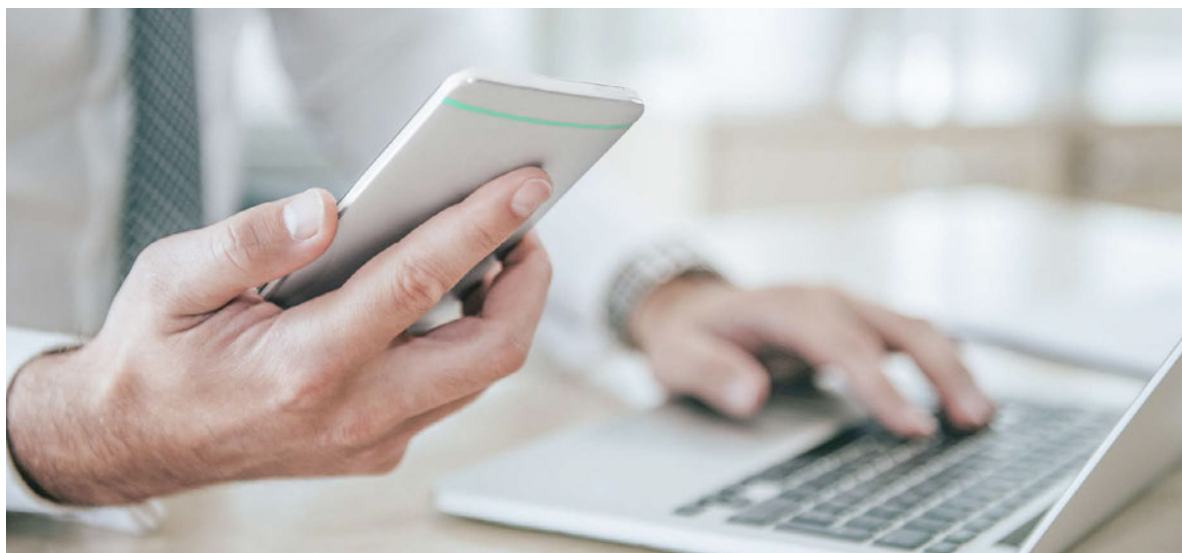
This is why we want to drive ahead the use of distributed ledger technologies. In the next phase, we intend to expand their use to increasingly include areas such as trade finance in order to simplify and accelerate the processes involved in international transactions while simultaneously reducing risk. More efficient goods, money and credit flows are particularly important to export-oriented German companies. In 2018 LBBW joined the Marco Polo network, the world's largest and fastest-growing trade finance network powered by DLT. Together with German corporate customers, we successfully completed the first live transaction on the Marco Polo network in 2021. We are also working on concepts for international trade and innovative cash flows within supply chains using supply chain finance as part of the blockchain trade finance initiative of the German Savings Banks Finance Group (“Sparkassen-Finanzgruppe”).

In the next few years, we intend to scale up the expertise we have established and our IT solutions in the DLT environment, both by ourself and as part of further collaborations, and integrate these even more thoroughly into standard processes.

## Online and mobile banking

BW-Bank's online banking services include electronic account statements for private and business accounts, savings accounts, loan accounts, and securities and credit card billing. This practice is environmentally sounder than paper printouts and also reduces CO<sub>2</sub> emissions by eliminating the need to deliver mail. The electronic mailbox guarantees a secure exchange of information, with the option of attaching files as required.

The BW mobile banking app allows customers to access core online banking functions (such as account balance queries, wire transfers, and account-to-account transfers) and access their electronic mailbox together with all documents on their smartphones or tablets. Numerous other functions, such as photo-based bank transfers, uploading invoices to the payment screen, scanning of transfers via GiroCode, and storage of receipts (for guarantee or warranty claims) directly in the account balance display, offer greater convenience and a better overview.



## BW direct brokerage

BW direct brokerage can be accessed via BW-Bank's online banking. This allows our customers to trade securities on all German and selected foreign stock exchanges and to manage their securities accounts themselves. We keep investors continually updated on capital market developments by providing business and economic news, market data and analyses by LBBW Research.

## AssetGo – the investment app

People who are interested in securities can use the AssetGo investment app for smartphones. The app keeps users continually updated on capital market developments by providing business and economic news as well as forecasts and analyses by LBBW Research. Customers can also access securities account information at any time and use the app for on-the-go securities trades.

## giropay

paydirekt is now called giropay. BW-Bank customers can use the online payment system for banks and savings banks, to easily and securely shop on the internet: once a user is registered for online banking, a user name and password are all that is required to pay with a checking account. The Bank always controls the data, which is processed exclusively in Germany according to German data protection requirements. Extensive buyer protection is also offered for this process, which requires users to be registered for online banking: If a seller cannot provide proof of shipping, customers who have paid through giropay are refunded their money. This still works exclusively with verified traders and customers who have an authorized checking account at a participating bank or savings bank. giropay's data protection and data security concept is also based on strict banking standards. paydirekt GmbH took over giropay GmbH in 2021 and combined the two payment systems under the giropay brand. There are technical differences between the two systems, for example the old giropay process had no buyer protection because the purchaser's payment is made confirmed transfer from the bank that has assumed a payment guarantee on behalf of the customer.

## bw crowd

Making a difference together is the basic idea behind the crowdfunding platform bw crowd and since 2014 we have supported efforts to raise funds for small-scale community, charitable, and cultural projects via the internet. More than EUR 1 million has been raised. This has been used to fund more than 260 projects in Baden-Württemberg, including purchasing large fans for the "Fechtzentrum Heidenheim" sports center so that indoor training and home tournaments can go ahead despite the coronavirus, as well as funding two video productions by the independent theater THEATERmobile-SPIELE in Karlsruhe so that schools can stream shows during lockdowns. To motivate people to help, BW-Bank made a financial contribution to each successful project. Every month, a total of EUR 1,500 was placed into a project fund for this purpose.

We said goodbye to bw crowd on 31 December 2021 after seven successful years. The platform will now be operated by our cooperation partner fairplaid under the name Baden-Württemberg Crowd to support projects from all areas of society for and/or from Baden-Württemberg.

## Xavin - crowd investing for clubs/associations and their members

Clubs and social organizations are an important pillar of our society. The crowd investing platform Xavin (<http://xavin.eu>) makes it possible to quickly and easily finance infrastructure projects. Members and supporters can help their club or organization by providing a loan and, in return, receive not just an attractive monetary profit, but also the emotional return of supporting a meaningful project or even benefiting from improved infrastructure as a member themselves. For example, the Franziskus-Schule school association in the Rhein-Sieg district has had a school roof greened and two new kitchens put in, the tennis department of the SC Neubulach sport club can build new toilets and changing rooms and the "Hoffnungsträger Stiftung" foundation is building new housing for refugees and people from disadvantaged backgrounds using an innovative wood system construction concept. Xavin, the digital platform for regional and emotional investments, was launched with the assistance of LBBW in 2016 and has traded as a separate company since 2018. As well as sports clubs, the start-up works primarily with social institutions but is now also financing private schools and other non-profit organizations. More than EUR 8.4 million has already been collected for clubs and social institutions since Xavin GmbH was launched.





### **Online consulting services by BW-Bank**

We want to provide our customers with the best and most flexible support we can. Since 1 April 2021, online consulting services have been of equal importance to BW-Bank's omnichannel strategy alongside bricks-and-mortar locations and the online branch. Both retail customers and small business owners can access advice at their convenience from home or on the go during extended hours.

Step-by-step process optimization to move towards digital advisory and service solutions by telephone, e-mail and video do not only help us reduce paper consumption, CO<sub>2</sub> emissions generated by traveling to branches or sending documents by post are also lower. At the same time, our advisors benefit from flexible working hours, the option to work remotely and so from not having to commute to work.





## Complaint management

We want to ensure that customer complaints are dealt with appropriately and promptly. Accordingly, LBBW has met the legal requirements for a central complaint management system. Complaints received are evaluated in order to resolve recurring errors or problems thereby ensuring a high level of customer satisfaction at all times and customer retention in the long term.

The auditor's report on the German Securities Trading Act and securities account audit for the 2021 calendar year confirmed that the Bank has, as a whole, adopted and implemented appropriate organizational precautions and hence fulfilled the regulatory requirements for a complaint management system.

LBBW's complaint processes state that all customers, employees and stakeholders can approach LBBW by telephone, by letter, using the online contact form, or in person at an LBBW or BW-Bank branch. LBBW responds to these complaints orally or in writing within an appropriate period and with a view to finding a solution.

Unfortunately, we are sometimes unable to find a satisfactory solution. Consumers may also refer to the consumer arbitration board of the Federal Association of Public Banks in Germany (VÖB) in order to resolve disputes with the bank. Non-consumers (business customers) can also refer to this arbitration board in the case of disputes relating to payment services and electronic money. Further details can be found in the rules of procedure of the VÖB arbitration board, which can be provided on request. The Bank participates in the dispute resolution proceedings before this recognized consumer arbitration board.

To resolve disputes relating to contracts concluded online, consumers may also refer to the online platform at <http://ec.europa.eu/odr>.

Customers also have the option of lodging a complaint with BaFin, if their complaint relates to an alleged infringement of provisions monitored by BaFin, or taking legal action.

In the event of disputes with the bank that are subject to the requirements of the Swiss Financial Services Act (FIDLEG), customers in Switzerland can also contact the "Ombudsman's Office for Financial Service Providers", an arbitration board.

## Customer satisfaction

We want our customers to be satisfied with the support and advice we provide, which is why we regularly test our service quality and encourage our employees to obtain qualifications and take part in continuing education.

### Market research

Our retail customers are surveyed every year by an independent market research firm. In addition to overall satisfaction with BW-Bank, we survey satisfaction in the individual front office units.

BW-Bank also regularly conducts “mystery shopping” at its branches. This procedure is used primarily to test the quality of the advice and services provided. The results of test purchases are systematically analyzed and discussed in workshops and implemented in initiatives aimed at improving LBBW's services and advice.

In “Business customers and freelancers”, we offer consulting and service from a single source for the customers who entrust us with their business and private banking. Customers receive support from team comprising a lending expert, an investment expert and a market assistant. A primary point of contact is provided based on the customer's needs. We carried out a customer satisfaction survey for the first time in 2020. Feedback was positive about our team concept, with those surveyed also saying that the tandem approach with specialized corporate customer advisors ensures long-term advice and support.

### Continual commitment to quality

In order to maintain the high quality of advice that we provide, we invest continually in the professional expertise of our employees. Most of the approximately 250 asset managers at BW-Bank completed the “Financial Consultant” course at the Frankfurt School of Finance & Management. This program is also regularly offered to junior staff in asset management and the bank also provides them with the time and financial support to attend the course.

The in-service “BW-Bank Certified Financial Advisor” training course (certified by Sparkassenakademie Baden-Württemberg) ensures that BW-Bank's financial advisors provide knowledgeable customer service. The course conveys theoretical knowledge and advisory skills in a practical context, including current customer and market requirements. Sustainability is also part of the subject knowledge conveyed. Financial advisors are recertified every three years to maintain a high level of quality.

LBBW's Corporate Customers segment has also worked with a university to develop a training program culminating in corporate banking certification. Customer advisors who successfully complete this program consisting of lectures, workshops/case studies, and presentations by LBBW and external lecturers are designated “Certified Corporate Consultants”. The training program goes into detail about subjects including current customer requirements and covers certain topics from the customer perspective. Sustainability issues are also addressed. This certification makes LBBW a trendsetter in Germany in this field.

In Corporate Customers, we also invested in service quality. The new “customer manager” function is specifically designed to provide rapid, expert advice on service matters. The customer managers prepare for their responsibilities by way of in-depth, comprehensive qualifications.

To maintain our excellent consulting expertise and support that satisfies our corporate customers moving forwards, we introduced a targeted learning plan to train new corporate customer advisors in mid-2020 and a standardized induction program for market assistants in the first quarter of 2021. A sustainable sales process was also established. This centers on regular discussions with customers.

### **Certification: Senior-friendly Service**

In May 2013, the seniors' council of the city of Stuttgart ("StadtSeniorenRat Stuttgart e.V.") certified all BW-Bank's branches in the state capital as senior-friendly for the first time. The branches in Stuttgart were recertified for a further three years in September 2018 and authorized to display the "Senior-friendly Service" certificate through 2021. The review panel's decision was based on a large number of criteria ranging from needs-based and age-appropriate services, to the service provided by staff, to construction measures and the option of house calls.

### **Bank office hours for senior citizens**

In 2012, we established "bank office hours" at retirement facilities to reach seniors who have difficulty traveling to their local BW-Bank branch but still want to retain their independence. BW-Bank advisors and service managers regularly help residents with all types of financial matters and questions - from wire transfers, cash withdrawals, and account transfer services to securities transactions and powers of attorney. In 2017, we began organizing digital banking workshops for seniors in which we explain concepts such as online banking options and using the online account manager to interested customers.







# Employees

## Protecting against COVID-19

We launched a broad LBBW vaccination campaign throughout the Group for our 9,893 employees, as part of which they could receive SARS-CoV-2 vaccinations across Germany. An LBBW vaccination center was set up at our headquarters in Stuttgart where our employees could quickly receive their first doses of the new mRNA vaccinations followed by a booster. There was particular demand for our experts in the social services department and the occupational health service, who have been on hand to talk to all employees at all times since the start of the pandemic via a coronavirus hotline and in person.

  
**Fast vaccination**  
Campaign, advice and LBBW vaccination center

## Acting responsibly

It is of utmost importance to us that our employees behave responsibly and follow the LBBW sustainability strategy. A mandatory digital self-study program on sustainability was introduced that is also regularly revised so that it can be completed when working from home. Our employees must repeat this training every two years. In addition, further targeted learning content is gradually being introduced on sustainability to keep our employees up to date on the latest developments at all times.

  
**Every two years**  
we train employees on sustainability.

## Preparing for management positions

Mentoring programs have shown to be a suitable personnel development method. This is particularly clear from our mentoring program for women. One recent change is that we now also offer this program specifically for extremely high-performing women who do not work full time for personal reasons. We prepare potential candidates for top positions by way of a special support program. We create targeted development opportunities for future managers through talent programs. When selecting for the programs, we are careful to ensure a good balance between men and women. Women currently account for one in every five management positions at LBBW, a figure that we want to increase to at least one in four in the future.

  
**Strong women**  
Furthering careers

# Employees

## Dedicated, performance-focused, diverse

**Lifestyles and ways of working are changing. Digitalization offers up many opportunities but also challenges. LBBW invests in its employees' skills and performance and makes a conscious effort to address the changing requirements at work. Only an ambitious team that thinks ahead, is well trained and acts responsibly can convince its customers and succeed against the competition. We want our employees to be able to enjoy working for us and work together successfully while also having enough room for their private lives. This is our motivation for pursuing sustainable human resources management.**

LBBW is and intends to remain an attractive employer. Our aim is to shape the future of banking together with employees who are ambitious and responsible. This is why we are addressing the challenges we face at present.

Digitalization and shifting values are changing the world of work. We are working with our employees to address complex challenges with a strong team spirit, increasingly agile working methods and cross-divisional and cross-hierarchical cooperation.

Our sustainable human resources management helps all employees grow their professional abilities and enhance their soft skills throughout their entire career.

Investing in young talent and future managers is particularly important to us and so we developed various talent programs for particularly committed and high-performing employees with considerable potential. We offer a range of different development programs aimed specifically at our female employees that are designed to help create a leadership culture that is free of discrimination. Another mentoring program is directed at female employees for whom leadership roles are an option only if they work part time, for example due to family obligations.

In another year shaped by the COVID-19 pandemic, we were determined to offer our employees in Germany and abroad a working environment that was as safe as possible by establishing comprehensive hygiene measures. We have supported our employees since the start of the pandemic, providing up to-date information and personal advice through our coronavirus advice hotline and individual talks with our experts from the occupational health service and the social services department. We set up our own vaccination center at our headquarters in Stuttgart and launched a large-scale LBBW vaccination campaign that ran into 2022. All employees were quickly offered first doses and booster vaccines. Despite restrictions and the need to cancel in-person events, we continued to offer a wide range of educational programs and significantly expand our digital courses. Our employees responded positively to working from home as a result of COVID-19, with many saying in the employee survey that they would like to continue working remotely after the pandemic.



We know that we benefit from the varied backgrounds, skills, and cultural orientations within our Group. Another advantage is the experience of our employees from 71 different countries.

Our LGBTTIQ\* network, which champions diversity in the areas of sexual orientation and gender identity, received LBBW's "Bereit für Neues" ("Breaking new ground") award in 2021. Diversity is what brings our corporate culture to life.



## Personnel figures

The number of employees in the LBBW Group totaled 9,893 as of 31 December 2021. LBBW (Bank) counted 7,938 employees as of this reporting date.

The following tables contain annual comparisons of all personnel figures.

### Personnel figures for the LBBW Group (as of 31 December of each year)

	2021	2020	2019	2018	2017
<b>Employees</b>					
Employees, total according to IFRSs	9,893	10,121	10,005	10,017	10,326
thereof women	5,013 (51%)	5,147 (51%)	5,191 (52%)	5,227 (52%)	5,431 (53%)
thereof men	4,880 (49%)	4,974 (49%)	4,814 (48%)	4,790 (48%)	4,895 (47%)
Full-time employees	6,996 (71%)	7,234 (71%)	7,133 (71%)	7,206 (72%)	7,323 (71%)
Part-time employees	2,897 (29%)	2,887 (29%)	2,872 (29%)	2,811 (28%)	3,003 (29%)
thereof women	2,561 (88%)	2,585 (90%)	2,582 (90%)	2,554 (91%)	2,653 (90%)
thereof men	336 (12%)	302 (10%)	290 (10%)	257 (9%)	350 (10%)
Apprentices (including Cooperative State University ["Duale Hochschule"] students)	275 (2.8%)	329 (3.3%)	304 (3.0%)	278 (2.8%)	300 (2.9%)
Graduate trainees	95	134	83	59	66
Fixed-term employees	14	8	6	6	18
<b>Age</b>					
Average age (in years) <sup>1</sup>	46.1	45.7	45.5	45.3	44.8
Age breakdown <sup>1</sup>					
> 60 years	385 (4%)	325 (4%)	294 (3%)	304 (3%)	312 (3%)
51 - 60 years	3,264 (36%)	3,207 (35%)	3,144 (34%)	3,015 (33%)	2,947 (31%)
41 - 50 years	2,770 (31%)	2,935 (32%)	3,050 (33%)	3,155 (34%)	3,296 (34%)
31 - 40 years	1,644 (18%)	1,732 (19%)	1,792 (19%)	1,816 (20%)	1,935 (20%)
25 - 30 years	668 (7%)	691 (8%)	730 (8%)	706 (8%)	781 (8%)
< 25 years	242 (3%)	289 (3%)	260 (3%)	272 (3%)	325 (3%)
<b>Other</b>					
Average length of service (in years) <sup>1</sup>	19.4	18.9	18.8	18.5	18.4

<sup>1</sup> All figures on the age and length of service of employees refer to the LBBW Group excluding the subgroups (i.e. not including LBBW Immobilien Management GmbH and MKB Mittelrheinische Bank GmbH) and excluding targens GmbH.

## Personnel figures for LBBW (Bank) (as of 31 December of each year)

	2021	2020	2019	2018	2017
<b>Employees</b>					
Total employees	7,938	8,148	8,230	8,232	8,574
thereof women	4,074 (51%)	4,198 (51%)	4,283 (52%)	4,299 (52%)	4,507 (53%)
thereof men	3,864 (49%)	3,950 (48%)	3,947 (48%)	3,933 (48%)	4,067 (47%)
Full-time employees	5,496 (69%)	5,684 (69%)	5,728 (70%)	5,786 (70%)	5,927 (69%)
Part-time employees	2,442 (31%)	2,464 (30%)	2,502 (30%)	2,446 (30%)	2,647 (31%)
thereof women	2,181 (89%)	2,220 (90%)	2,252 (90%)	2,228 (91%)	2,338 (88%)
thereof men	261 (11%)	244 (10%)	250 (10%)	218 (9%)	309 (12%)
Employees with disabilities/employees with equivalent status (reporting date)	402 (5.1%)	419 (5.1%)	419 (5.1%)	415 (5.0%)	432 (5.0%)
Apprentices (including Cooperative State University ["Duale Hochschule"] students)	251 (3.2%)	304 (3.7%)	282 (3.4%)	260 (3.2%)	281 (3.3%)
Graduate trainees	90	128	80	52	60
Fixed-term employees	4	7	4	2	11
Temporary employees	14	16	17	21	21
<b>Management</b>					
Board of Managing Directors	7 (0.1%)	6 (0.1%)	6 (0.1%)	6 (0.1%)	6 (0.1%)
thereof women	1 (14%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Division heads (including brand board members)	52 (0.7%)	53 (0.7%)	54 (0.7%)	52 (0.6%)	50 (0.6%)
thereof women	7 (13%)	8 (15%)	9 (17%)	7 (13%)	6 (12%)
Department heads	173 (2%)	167 (2%)	174 (2%)	178 (2%)	184 (2%)
thereof women	35 (20%)	22 (13%)	22 (13%)	22 (12%)	19 (10%)
Group heads	442 (6%)	467 (6%)	470 (6%)	479 (6%)	544 (6%)
thereof women	100 (23%)	106 (23%)	105 (22%)	105 (22%)	110 (20%)
<b>Age</b>					
Average age (in years)	46.1	45.7	45.5	45.3	44.8
<b>Age breakdown</b>					
> 60 years	332 (4%)	282 (3%)	252 (3%)	253 (3%)	270 (3%)
51 - 60 years	2,913 (37%)	2,860 (35%)	2,810 (34%)	2,690 (33%)	2,622 (31%)
41 - 50 years	2,463 (31%)	2,636 (32%)	2,741 (33%)	2,845 (35%)	2,993 (35%)
31 - 40 years	1,409 (18%)	1,484 (18%)	1,542 (19%)	1,577 (19%)	1,689 (20%)
25 - 30 years	586 (7%)	606 (7%)	640 (8%)	610 (7%)	692 (8%)
< 25 years	235 (3%)	280 (3%)	245 (3%)	257 (3%)	308 (4%)
<b>Other</b>					
Part-time executive staff at levels 1 to 3	8	6	7	4	5
Men on parental leave/family year	197	202	210	241	250
thereof: men working during parental leave	20	20	21	23	11
Women on parental leave/family year	595	590	579	635	726
thereof: women working during parental leave	111	71	113	88	97
Men on family year leave	1	1	2	3	1
Women on family year leave	25	26	23	37	47
Men on family care leave	10	5	3	8	7
Women on family care leave	14	17	13	13	13
Average length of service (in years)	19.9	19.5	19.3	19.4	18.9
Turnover rate, including early retirement and severance agreements	5.4%	4.1%	5.1%	6.3%	7.4%
Women who have left the company	182	169	204	252	286
Men who have left the company	204	174	201	254	304
Rate of absence due to illness	3.7%	4.7%	4.0%	3.8%	3.0%

	2021	2020	2019	2018	2017
<b>Personnel development</b>					
Personnel development measures, total	16,614	4,357	8,999	8,598	15,342
of which online	14,632	n/a	n/a	n/a	n/a
Training days per employee (not including apprentices)	1.0 days	1.2 days	2.2 days	2.3 days	3.6 days
Training hours per employee (not including apprentices) (7.8 hrs./day)	7.9 hours	9.4 hours	17.1 hours	18.9 hours	28.1 hours
<b>Personnel development measures by category (no.)<sup>1</sup></b>					
Specialist training	11,972	2,548	4,369	4,921	12,417
Executive staff training	691	463	874	521	419
Long-term training (study programs/certificates)	112	294	389	395	481
Training on social and methodological expertise	3,729	979	2,875	2,466	1,593
Language training	110	73	492	295	432

n/a = no data available.

1 The introduction of a new SAP system (HR.lerncampus) and the associated system changeover required changes to be made to the categories.

	2021	2020	2019	2018	2017
<b>Remuneration structure by gender LBBW (Bank)<sup>1</sup></b>					
AT	44%	43%	42%	41%	40%
thereof women	28%	27%	27%	26%	25%
thereof men	72%	73%	73%	74%	75%
TG 7 - 9	40%	40%	40%	40%	40%
thereof women	65%	65%	65%	65%	64%
thereof men	35%	35%	35%	35%	36%
Up to TG 6	16%	17%	18%	19%	20%
thereof women	80%	81%	82%	83%	83%
thereof men	20%	19%	18%	17%	17%

1 Employees in the TVöD civil service collective bargaining agreement category (2.15%) were assigned to the relevant bank-specific wage group.

AT ("außertariflich") = Not subject to collective bargaining agreements.

TG ("Tarifgruppe") = Wage group.

Employees by location LBBW Group <sup>1</sup>	Stuttgart	Mannheim	Karlsruhe	Mainz	Leipzig	Branches	Outside Germany
31 Dec. 2020	6,507	277	302	435	274	1,329	283
31 Dec. 2021	6,440	272	279	420	273	1,228	292
<b>Change</b>	- 67	- 5	- 23	- 15	- 1	- 101	9

1 LBBW Group excluding subgroups (i.e. not including LBBW Immobilien Management GmbH and MKB Mittelrheinische Bank GmbH).

Employees by location LBBW (Bank)	Stuttgart	Mannheim	Karlsruhe	Mainz	Leipzig	Branches	Outside Germany
31 Dec. 2020	5,449	264	294	416	223	1,256	246
31 Dec. 2021	5,368	259	271	410	220	1,154	256
<b>Change</b>	- 81	- 5	- 23	- 6	- 3	- 102	10

## Key performance indicators – human resources

The best foundation for business success is a sustainable human resources policy. In order to make implementation of the guidelines for sustainability in human resources policy measurable, we regularly document key performance indicators (KPIs).

Key performance indicator	is an indicator of the extent to which ...	2021	2020	2019	2018	2017
<b>1. Compensation and benefits</b>						
Ratio of lowest salary group to minimum wage (wage EUR/hour * 100/EUR 9.19/hour)	... we ensure a fair living wage	--	--	186.0%	--	--
<b>2. Change management</b>						
Percentage of employee initiated resignations (not including early retirement and severance agreements)	... employees are satisfied with the work organization and working conditions	1.9%	1.4%	1.7%	1.9%	1.9%
Percentage of measures by management consulting (no. of events [team workshops]/no. of employees * 100)	... change processes in the company are furthered by the employer	n/a	n/a	1.0%	2.1%	1.7%
<b>3. Work-life balance</b>						
"Audit berufundfamilie" audit certification by the Hertie Foundation every three years	... independent institutions consider our company to be family-friendly	Re-audit	Re-audit	Re-audit	--	--
Daycare places	... we make it easier for our employees who are parents to work	113 (incl. 5 places for children of guests)	110 (incl. 5 places for children of guests)	96 (incl. 5 places for children of guests)	90 (incl. 5 places for children of guests)	92 (incl. 5 places for children of guests)
Ratio of part-time employees	... our employees take advantage of flexible working time models to balance their careers and personal lives	31%	30%	30%	30%	31%
No. of part-time executive staff at levels 1 to 4/Percentage of part-time executive staff at levels 1 to 4.	... our employees take advantage of flexible working time models to balance their careers and personal lives	38 (6%)	36 (5%)	34 (5%)	31 (4%)	56 (7%)
No. of female part-time executive staff Levels 1 to 4 part time women/percentage of part-time executive staff at levels 1 to 4	... our employees take advantage of flexible working time models to balance their careers and personal lives	27 (19%)	28 (21%)	25 (18%)	23 (17%)	25 (19%)
<b>4. Communication and information</b>						
Percentage of employees who can access the company intranet	... the employer informs employees about important events	96.8%	97%	97.1%	98.5%	98.5%
Results of the employee survey regarding information <sup>1</sup>	... employees feel sufficiently informed	8.0	7.7	7.3	92%	85%

<sup>1</sup> New measure since 2019: Average score across all employee survey respondents, on a scale from 1 (lowest) to 10 (highest).

Key performance indicator	is an indicator of the extent to which ...	2021	2020	2019	2018	2017
<b>5. Management</b>						
Participation rate in management seminars/workshops	... executives discuss their management duties and further develop their leadership skills	2%	18%	18%	31%	58%
Employee review percentage	... the percentage of employees with whom a review was conducted every three years	71%	74%	74%	74%	77%
<b>6. Personnel development</b>						
Personnel development days per employee (no. of personnel development days/no. of employees)	... we further develop our employees' skills	2.1	0.5	1.1	1.0	1.8
Training days per employee (total no. of training days/no. of employees)	... we further develop our employees' skills	1.0	1.1	1.9	2.3	3.6
<b>7. Employee retention</b>						
Early turnover rate (employment relationships terminated in probationary period/no. of hires * 100)	... we make good personnel choices	4.8%	3.6%	1.8%	0%	0%
Turnover rate by age structure (age cluster in %) (resignations/average no. of employees per age group)	... young employees remain with the company	> 60 years 34.9%	> 60 years 43.4%	> 60 years 52.9%	> 60 years 49.8%	> 60 years 37.12%
		51 - 60 years 3.4%	51 - 60 years 3.0%	51 - 60 years 2.5%	51 - 60 years 3.6%	51 - 60 years 5.33%
		41 - 50 years 2.0%	41 - 50 years 1.8%	41 - 50 years 1.8%	41 - 50 years 2.5%	41 - 50 years 3.1%
		31 - 40 years 3.7%	31 - 40 years 3.8%	31 - 40 years 4.4%	31 - 40 years 5.4%	31 - 40 years 6.30%
		25 - 30 years 4.8%	25 - 30 years 3.4%	25 - 30 years 7.1%	25 - 30 years 9.2%	25 - 30 years 8.46%
		< 25 years 17.0%	< 25 years 6.8%	< 25 years 15.7%	< 25 years 20.1%	< 25 years 24.96%
Average length of service (in years)	... we are able to retain our employees for the long term	19.9	19.5	19.3	19.4	18.9
Employee satisfaction (results of employee survey) <sup>1</sup>	... employees are satisfied with their employer	8.0	7.9	7.5	94%	91%

<sup>1</sup> New measure since 2019: Average score across all employee survey respondents, on a scale from 1 (lowest) to 10 (highest).



Key performance indicator	is an indicator of the extent to which ...	2021	2020	2019	2018	2017
<b>8. Demographic developments</b>						
Average age of the workforce (in years)	... we ensure a balanced ratio of older and younger employees	46.1	45.7	45.5	45.3	44.8
Age breakdown (age clusters in %)	... we ensure a balanced ratio of older and younger employees	> 60 years 4%	> 60 years 3%	> 60 years 3%	> 60 years 3%	> 60 years 3%
		51 - 60 years 37%	51 - 60 years 35%	51 - 60 years 34%	51 - 60 years 33%	51 - 60 years 31%
		41 - 50 years 31%	41 - 50 years 32%	41 - 50 years 33%	41 - 50 years 35%	41 - 50 years 35%
		31 - 40 years 18%	31 - 40 years 18%	31 - 40 years 19%	31 - 40 years 19%	31 - 40 years 20%
		25 - 30 years 7%	25 - 30 years 7%	25 - 30 years 8%	25 - 30 years 7%	25 - 30 years 8%
		< 25 years 3%	< 25 years 3%	< 25 years 3%	< 25 years 3%	< 25 years 4%
Training ratio (number of apprentices/no. of employees * 100)	... we train young professionals internally	2.0%	2.6%	2.4%	2.1%	3.3%
Ratio of Cooperative State University ("Dual Hochschule") students (no. of students/no. of employees * 100)	... we train young professionals internally	1.1%	1.1%	1.0%	1.0%	1.2%
Graduate trainee ratio (number of graduate trainees/no. of employees * 100)	... we train young professionals internally	1.1%	1.6%	1.0%	0.6%	0.7%
<b>9. Promoting health</b>						
Rate of absence due to illness (with physician's note) (total absences due to illness in days/target working time in days * 100)	... our employees are absent due to illness	3.7%	4.7%	4.0%	3.8%	3.0%
<b>10. Equal opportunity and diversity</b>						
Percentage of female employees	... we provide equal opportunities regardless of gender	51%	52%	52%	52%	53%
Percentage of women in leadership positions (levels 1 to 4)	... we provide equal opportunities regardless of gender	21.2%	19.6%	19.3%	18.7%	17.2%
Percentage of workforce of non-German nationality	... opportunities regardless of national origin	6.7%	6.4%	6.1%	5.7%	5.6%
Percentage of disabled employees/employees with equivalent status in the workforce	... we employ people with disabilities in our company in accordance with the German Disabilities Act	5.1%	5.1%	5.1%	5.0%	5.0%

## Personnel development



We pursue a sustainable personnel development policy as the ability to recruit and retain skilled and committed employees is a decisive factor in business competitiveness. We actively support our employees in their efforts to develop their skills and abilities throughout their entire careers. We offer a separate development program for top talents.

The requirements placed on senior managers and employees are increasing. The rapid pace of change, which had already required increasing agility and flexibility in previous years, continued to pick up on account of the COVID-19 pandemic. Given this, it is important that there are structures in place to develop skills in order to cope with uncertainties and ensure successful virtual and hybrid collaboration.

The “LBBW Competence Model” provides clear guidance as to the expectations LBBW has of its employees. The competences, which are broken down to behavioral level and translated into key issues, serve as points of reference for everyday working life. We systematically apply the “LBBW Competence Model” in our selection processes e.g. when appointing graduate trainees or analyzing the potential of managers, and thus provide a base for targeted ongoing development.

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**»We place particular emphasis on developing talented younger employees in order to remain competitive in the future.«**

We place particular emphasis on developing talented younger employees in order to remain competitive in the future. Our aim is to equip high-potential employees at an early stage to help them compete for management and key positions and hence keep them at the company. For example, we have developed our own seminar weeks to begin preparing our graduate trainees for future challenges today. Selected talented young employees with high potential will then be able to take part in a challenging talent program. At department head level, potential candidates for senior management positions will be supported in a talent group together with the Board of Managing Directors. We also provide targeted support for talented young employees in different business areas of the Group whose specific career paths require special skills.

Methodological, structural and cultural changes are supported on a project-by-project basis as required in order to shape change processes as part of LBBW's strategic focus on its objectives of sustainability, business focus, digitalization and agility. LBBW experts from HR management, HR development, and talent management as well as agile coaches consult on and implement change processes together with the divisions.

Even in another year shaped by the COVID-19 pandemic, we were determined to offer our employees a wide range of learning opportunities and to expand this range further, as training and continuing education are crucial for career advancement. The training measures were used around 16,600 times in 2021 (previous year: 4,400). Senior managers and employees completed 90% of the programs online and so they caught up on training from the previous year that had been postponed due to the pandemic as well as current learning. Digitalizing learning opportunities resulted in fewer business trips compared to in-person events, reducing CO<sub>2</sub> emissions. The ability to tailor the pace of learning to the individual participant also improved long-term learning outcomes.



**16,600 X** the  
training measures offered were used.

Digital training on banking and division-specific training programs are firmly integrated in HR.lern-campus. We also offer digital formats for methodological and social skills, such as the e-learning programs on successful conflict resolution and optimizing personal organization. These self-study programs allow users to determine the content and pace of their learning in a way that suits them. They help them learn efficiently and develop their skills for the long term.

This is complemented by training sessions to improve foreign language skills and seminars on specific subjects organized by external providers.

The need for training and continuing education at LBBW is determined in the course of annual personnel planning together with the specialized divisions. The individual training needs of employees are identified in discussions with their supervisors. Training that is mandatory due to statutory regulations is organized and held by the responsible specialized divisions (e.g. on topics such as money laundering, fraud prevention, data protection, etc.). These are generally self-directed training programs. As well as other measures, the mandatory training on sustainability, which our employees are required to repeat every two years, was revised in 2021 and a new digital program was launched. Directed at specific target groups, the program provides information about all action areas of LBBW's sustainability strategy.

The internal and external training opportunities offered by LBBW can also be used by employees in the offices outside Germany. We also support our employees in their personal development by promoting part-time study programs.

Employees who want to get to know the work processes and structures in another organizational unit in order to understand different perspectives and gain fresh momentum for their own job have the option of temporary work shadowing. This gives employees and managers the opportunity to experience everyday working life in another department for up to a week and to connect with the local team.

## Skill and executive development



The requirements placed on senior managers and employees are increasing. The rapid pace of change, which had already required increasing agility and flexibility in previous years, continued to pick up on account of the COVID-19 pandemic. Given this, it is important that there are structures in place to develop skills in order to cope with uncertainties and ensure successful virtual and hybrid collaboration.

The “LBBW Competence Model” provides clear guidance as to the expectations LBBW has of its employees. The competences, which are broken down to behavioral level and translated into key issues, serve as points of reference for everyday working life. We systematically apply the “LBBW Competence Model” in our selection processes e.g. when appointing graduate trainees or analyzing the potential of managers, and thus provide a base for targeted ongoing development.

We place particular emphasis on developing talented younger employees in order to remain competitive in the future. Our aim is to equip high-potential employees at an early stage to help them compete for management and key positions and hence keep them at the company. For example, we have developed our own seminar weeks to begin preparing our graduate trainees for future challenges today. Selected talented young employees with high potential will then be able to take part in a challenging talent program. At department head level, potential candidates for senior management positions will be supported in a talent group together with the Board of Managing Directors. We also provide targeted support for talented young employees in different business areas of the Group whose specific career paths require special skills.

Methodological, structural and cultural changes are supported on a project-by-project basis as required in order to shape change processes as part of LBBW's strategic focus on its objectives of business focus, digitalization, agility and sustainability. LBBW experts from HR management, HR development, and talent management as well as agile coaches consult on and implement change processes together with the divisions.

## Training



LBBW takes its responsibility for training young people seriously: At the end of 2021, 275 young people were being trained in the LBBW Group (previous year: 329). The training rate was 2.8% (previous year: 3.3%). Each year, LBBW provides approximately 100 training positions and 35 places for students in the bank management and business information systems programs at Baden-Württemberg Cooperative State University (“Duale Hochschule”). The apprentice hiring ratio in 2021 was about 85% and 95% for students. The high value LBBW places on education and training and its top quality are also reflected in the results of audits by the Chamber of Industry and Commerce. In the last four years, for example, the best apprentice banker came from LBBW on three occasions.

Training the younger generation is an important success factor for LBBW's future. For this reason, we offer first-rate graduate trainee programs to optimally foster talented young people and develop their professional and personal skills. The number of graduate trainees at the LBBW Group at the end of 2021 was 95.

Sustainability is an integral part of any training at LBBW. Our apprentices, Cooperative State University students and graduate trainees are already informed about sustainability topics at LBBW as part of training events during their induction weeks. The topic of sustainability is firmly enshrined in all banking-specific training for future banking specialists, financial assistants, and Cooperative State University students. Fundamentally sustainable and holistic advisory concepts are practiced and bank products are scrutinized with regard to sustainability aspects. For example, LBBW's sustainable investment products form part of the investment training. The training on "house and home" includes aspects of sustainability with regard to valuing a property (energy values, wellbeing, environmental protection) and the accompanying financing concept (residential development loan programs for energy-efficient construction from KfW and L-Bank).

Social and ecological criteria are also taken into account when assessing investment strategies in the Savings Banks Association's stock market simulation game ("Planspiel Börse"), in which all LBBW (Bank) apprentices take part in their second year of training.

In cooperation with the social service agency mehrwert, our apprentices can work in a social service facility for a week and thereby learn firsthand about the daily life of people who are elderly, disabled, or ill. Alternatively, they can work on an environmental project. Along with organized introductory and follow-up sessions, this time is a valuable, personally enriching experience for many of our trainees. This was not offered in 2020 or 2021 on account of the COVID-19 pandemic.

## Older employees



Life-long learning is part of our corporate culture. This applies to all our employees regardless of their age. Our range of training courses is based on job requirements, with the same internal and external conditions applying to all age groups. Our seminars are characterized by a mixed age structure. In this way, younger participants have an opportunity to learn from the wealth of experience of their older colleagues, while older employees benefit from the fresh input and skills of their younger coworkers. Consequently, we are able to overcome preconceptions, strengthen teams, and maintain productivity through life-long learning.

Our experience with this type of active integration has been good. Thanks to our continuing education program, company health management, and the consultations and support provided by our occupational physicians and the social services department, we offer older employees a comprehensive range of services to maintain their work performance, and actively and joyfully participate in working life. Subject to prior consultation with their managers, employees who care for a family member can apply for an additional six months' leave over and above the statutory entitlement of six months.

Employees who plan to reduce their working hours shortly before retirement or who enter early or full retirement receive support from the Bank in their transition to this new phase of life. We encourage these employees to participate in a four-day seminar entitled "Ausstieg aus dem Beruf - Aufbruch wohin?" (Retirement - What Now?), which explores the process of retiring and highlights future opportunities for relationships, leisure activities, and social involvement.



## Health



Company health management (CHM) at LBBW is tasked with promoting the health and wellness of employees in the workplace, thereby maintaining and improving motivation and performance.

The Health Management Steering Committee is the organizational unit that manages all health-related activities, while the Health Round Table, comprising representatives from various units and employee representatives, functions as an advisory and information committee.

Modern insights from traditional ergonomics, including occupational psychology, are the foundation for health management at LBBW. However, the services we offer our employees go much further: from the immediate physical design of their working environment and soft factors like leadership behavior, communication, teamwork, dealing with conflict situations and resilience training, through to the communication of important lifestyle factors for vitality and wellbeing and, in particular, psychosocial support in their private as well as professional life. The CHM therefore pursues a multi-disciplinary approach and is led by LBBW's head occupational physician, who is also head of the Health Management department.

The "Fokus Gesundheit" (Focus on Health) program helps raise awareness among our employees of the importance of consciously watching out for their health at work and taking care of this every day. Over a period of a year, modules on health-related topics such as ergonomics, dealing with stress, promoting exercise, and healthy eating are customized and presented to each of the organizational units. Given the increasing restrictions on meeting other people imposed within the bank as a result of the pandemic, it was agreed with those involved to cancel all in-person modules. Three other organizational units were in the process of being implemented, and these were also suspended due to COVID-19 precautions.

LBBW also offered its employees the latest quadrivalent influenza vaccination for the 2021/2022 season. Approximately 1,600 doses were given.

All larger LBBW offices regularly ran a number of different health-promoting courses as well as workplace exercise and relaxation sessions such as "Bewegte und entspannte Mittagspause" (Exercise and relaxation during lunch). Employees who work more than 30 kilometers from Stuttgart, Mannheim, Karlsruhe, Leipzig, or Mainz are informed on the intranet about preventive courses offered by statutory health insurance plans. Financial assistance is provided to support these individual preventive health care activities if the costs are not completely covered by health insurance plans. Many classes gradually went digital on account of the pandemic and so our employees could take part via online platforms live or at a later time from the office or at home.

The plan for the focus on health program for 2020 and 2021 was to organize regional in-person events, but this was not possible due to contact and travel restrictions. Instead, we provided more online events exploring "psychological and mental balance", "movement", "nutrition", "ergonomics" and "addiction prevention, which were very well received.

Nevertheless, it was clear that initially high acceptance of online formats waned considerably in the second year of the pandemic.

## Occupational health service



As the primary point of contact, the occupational health service supports and advises all our employees in fundamentally all health-related matters while maintaining strict physician-patient privilege. In addition to typical workplace and social medicine issues such as returning to work after a physical or mental illness, the occupational health service is also available for behavioral and environmental interventions, first aid, emergency medical care/services, and travel medicine, as well as general medical care and vaccinations. These services are closely integrated with those offered by the social services department and LBBW's health promotion activities to create a model that our employees can access to develop their own personal health strategy.

We also support our employees with preventive health measures. Under the framework collective agreement, employees are also entitled to time off work to attend all the medical screenings and preventive check-ups recommended by the Federal Joint Committee ("G-BA") of the German statutory health insurance funds.

The services of physicians at LBBW's locations in Stuttgart, Karlsruhe, Mannheim, and Mainz as well as of occupational nurses in Stuttgart are available to every employee. In 2021, employees used the occupational health service for health advice and medical treatment around 9,000 times, with 1,600 members of staff receiving personal care by doctors and 2,300 by medical assistants.

As the COVID-19 pandemic spread, new variants emerged and vaccinations were introduced in Germany, focus shifted to questions and individual consultations relating to the SARS-CoV-2 virus. Individual risks and protective measures, policies on return travel, monitoring of cases and infection rates, and adequate safety measures for the Group and its subsidiaries were considered at length, both by individuals and by committees. From outset, our employees have been able to obtain information and advice by phoning our coronavirus hotline or watching regular update videos. Potential contacts of suspected cases within the company were traced on a daily basis. Anyone who tested positive was, with their consent, contacted by an occupational physician each week to answer unresolved questions relating to medical or administrative issues on an individual basis while maintaining confidentiality.

LBBW's SARS-CoV-2 vaccination campaign was a major focus, as part of which all LBBW employees across Germany were offered initial doses of mRNA vaccinations at an early stage.

LBBW set up its own vaccination center at its headquarters in Stuttgart.

When boosters began in November 2021, LBBW again offered all employees a vaccination and the campaign was also continued into 2021/2022.



## Social services department



The social services department advises employees and executives at all sites and branches employees on topics such as stress, conflicts, and difficult situations at work, mental health issues like burnout and depression, addiction, and personal issues (such as the death of a loved one). Preventive advice on resilience and healthcare is also offered. After acute crises such as serious accidents, sudden death, or bank robbery, the social services department offers direct emergency psychological help that can prevent or mitigate possible subsequent illnesses and missed work. In individual cases, employees can also be referred to external counseling centers, clinics, or psychotherapists. Of the total consultations provided in 2021, the majority related to mental health issues such as exhaustion and depression as well as psychosocial help following major physical illness. Integration management in the workplace is used by employees to manage their return to work after a period of illness and to reconcile health and working requirements following longer periods of incapacity. Consultations concerned personal issues such as caring for loved ones or workplace issues such as conflicts, restructuring and performance pressure. Support following acute crises accounted for a smaller number of talks.

Discussions in connection with the pandemic focused on balancing work and family life, worries about falling ill or a family member catching the virus, loneliness and social isolation, adapting to a new daily routine and work life, family conflicts and a lack of time to relax and recuperate. In many cases, the pandemic made existing mental health issues such as anxiety or depression worse.

In addition to one-on-one consultations, the social services department offers all employees and managers workshops, training courses, and presentations covering psychosocial issues such as burnout prevention, resilience and stress management, or dealing with difficult situations with customers. Most took place virtually in 2021.

## Occupational safety



Occupational safety at LBBW is governed by a number of statutory regulations. However, we do much more than the minimum required by law in order to offer our employees a safe, pleasant, and productive work environment.

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**»We do much more than provide  
our employees with an optimal work  
environment.«**

For instance, occupational safety experts and occupational physicians are involved in the early stages in workplace-related decisions such as the purchasing of furniture and IT equipment, new construction and renovations, and the development of building standards.

The conditions of workplaces are examined during on-site inspections, and possibilities for improvement are examined as necessary. Numerous safety-related on-site inspections and individual consulting sessions on workplace ergonomics were carried out in 2021 on a scheduled or ad-hoc basis. In addition, regular training was provided for employees involved in occupational safety at LBBW (e.g. executives and safety officers). In order to further improve ergonomics in the work-place, safety officers were trained to be “Ergo Scouts”.

In its function as an advisory and coordination body, our occupational safety committee, which meets quarterly and represents LBBW's entire workforce, deals with all key occupational health and safety issues.

## Fire protection

A requirements plan was developed in the area in 2021 that identifies the necessary requirements and issues. Implementation has already begun. Despite the special circumstances presented by the ongoing COVID-19 pandemic, the location-specific fire safety regulations for bank premises were developed and rolled out as planned. Evacuation arrangements in the event of a fire were tailored to additional locations and the roll-out began. All planned training sessions for fire safety assistants also went ahead successfully.

The number of reportable workplace accidents in 2021 was two (previous year: four). The rate of workplace accidents per 1,000 employees was therefore 0.3 (previous year: 0.5), which is well below the industry average. A total of 10 reportable accidents sustained by employees on the way to or from work were registered (previous year: 21). No work-related illness was reported to us in 2021.

## Employee survey

The eighth Bank-wide employee survey was conducted in 2021. The questionnaire again covered the following issues: cooperation, leadership, information, atmosphere, satisfaction, agility, competitiveness, and digitalization. One new addition was a series of questions on working from home in response to the ongoing exceptional circumstances presented by COVID-19. The survey response rate reached a new record high of 78.5 percentage points (previous year: 75.6%, previous record (2017): 76.2%). In total, 6,555 out of 8,348 employees filled out the online survey. The higher participation rate serves to underline the still active interest and involvement in the survey process on the part of employees.

The results of the 2021 employee survey were stable, maintaining the high level of the previous year. In absolute terms, “leadership”, “working from home”, “information” and “satisfaction” were the top-rated issues with 8 or more points (scale from 1 to 10), while “atmosphere”, “competitiveness” and “digitalization” still show room for improvement. Feedback on the new “working from home” category was good. Survey respondents appreciate being able to work productively from home and wish to retain remote working even after the pandemic. Around 27% of all participants took the opportunity to include comments or suggestions for improvement in a blank field provided for this purpose – far more than in the previous survey.

The results for the Bank as a whole were published on the intranet. In addition, well over 700 individual analyses were prepared for members of the Board of Managing Directors, divisions, departments, groups and in some cases for teams.

The high level of satisfaction with LBBW as an employer is also reflected in the ranking by the business and career magazine Focus Business, which is prepared in cooperation with the employer review platform kununu and the online social network Xing. LBBW has been ranked as “one of the top employers in Germany” since 2016, and this continued in 2021. The rating is based on an independent online survey, a survey of Xing members, and current reviews on kununu.





## Equal opportunity and diversity



Companies that want to benefit from the knowledge and skills of their employees must create a working environment free of prejudices. All employees should be valued regardless of their gender, nationality, ethnic origin, religion or worldview, disability, age, sexual orientation, or identity.

In 2018, LBBW signed up to the “Chefsache” initiative ([www.initiative-chefsache.de](http://www.initiative-chefsache.de)), a network aimed at achieving gender balance in management positions. LBBW (Bank) has also been a member of the “Diversity Charter” initiative ([www.charta-der-vielfalt.de](http://www.charta-der-vielfalt.de)) since 2008. This involves a commitment to ensure a workplace free of prejudice for all employees.

A diversity officer is assigned to supervise and support diversity and equal opportunity efforts at LBBW. Completing an e-learning tool for implementing the German General Anti-Discrimination Act (Allgemeines Gleichbehandlungsgesetz (AGG)) is mandatory for all employees. In addition, new executives are provided with information on this topic in basic management training. A seminar on “Unconscious bias” was also integrated in basic management training to complement this.

A new LGBTTIQ\* network called BRAVE (bankers respect and value each other) was also created that champions diversity in the areas of sexual orientation and gender identity (LGBTTIQ\* = lesbian, gay, bisexual, transgender, intersexual, queer; \* = gender marker in German). As for the women's network, the Chairman of the Board of Managing Directors of LBBW is the honorary patron.

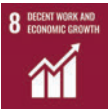
The network received LBBW's “Bereit für Neues” (“Breaking new ground”) award.

LBBW does not tolerate any form of discrimination within the Bank or with respect to its employees, customers, business partners, suppliers, or other persons. LBBW pursues a zero-tolerance policy when it comes to all forms of gender discrimination, including verbal, physical, and sexual harassment. Among other things, we ensure this through the “Works Agreement on Protection from Discrimination and a Cooperative Environment in the Workplace”, as well as our Code of Conduct. We offer the seminar “Wenn Kundschaft plötzlich persönlich wird” (When supporting customers suddenly gets personal) to empower employees on how to act when personal boundaries are crossed.

According to the “Works Agreement on Protection from Discrimination and a Cooperative Environment in the Workplace”, employees who feel discriminated against may turn to the staff council, representatives for employees with disabilities, the responsible manager, the social services department, or the complaints board. For purposes of resolving these issues, meetings can be requested up to division head level in which the staff council may also participate if desired. If no agreement can be reached, the complaints board can be requested to resolve the issue. No complaints were brought to the complaints board in 2021.



## Cultural diversity



As a financial institution working across industries and cultures, LBBW benefits from the diverse interests, biographies, skills, and cultural orientation of its workforce. Currently, people from 71 countries across the globe work in the LBBW Group. Employees of non-German nationality make up 6.9% of the total workforce; the figure at LBBW (Bank) is 6.7%. This diversity is extremely valuable for the company and helps us to establish and maintain contacts throughout the world.

## Women and men



LBBW provides the same training and promotion opportunities to all employees with equivalent qualifications, whether male or female. We want to continually improve career opportunities for women and increase their numbers in specialist and executive staff positions.

At the end of 2021 women accounted for 51% of the total staff at the LBBW Group (LBBW (Bank): 51%). The proportion of women in the management levels of LBBW (Bank) came to 21.2% (previous year: 19.6%). We are aiming for a proportion of women in management positions of at least 25%.

## Managers at LBBW (Bank) (as of 31 Dec. of each year)

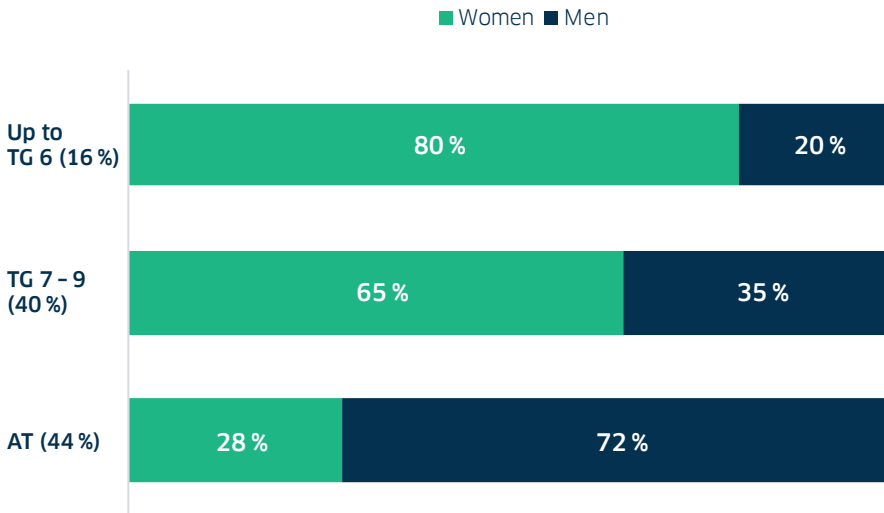
Executive staff by gender	2021		2020		2019		2018	
	Women	Men	Women	Men	Women	Men	Women	Men
Level 1: Members of the Board of Managing Directors	1 (14%)	6 (86%)	0 (0%)	6 (100%)	0 (0%)	6 (100%)	0 (0%)	6 (100%)
Level 2: Brand board members + division heads	7 (13%)	45 (87%)	8 (15%)	45 (85%)	9 (17%)	45 (83%)	7 (13%)	45 (87%)
Level 3: Department heads	35 (20%)	138 (80%)	22 (13%)	145 (87%)	22 (13%)	152 (87%)	22 (12%)	156 (88%)
Level 4: Group heads	100 (23%)	342 (77%)	106 (23%)	361 (77%)	105 (22%)	365 (78%)	105 (22%)	374 (78%)
<b>Total levels 1 - 4</b>	<b>143 (21.2%)</b>	<b>531 (78.8%)</b>	136 (19.6%)	557 (80.4%)	136 (19.3%)	568 (80.7%)	134 (18.7%)	581 (81.3%)
<b>Managers at levels 1 - 3</b>								
Proportion of women at levels 1 - 3	43 (19%)		30 (13%)		31 (13%)		29 (12%)	

## New recruitment<sup>1</sup>

Managers by gender	2021		2020		2019		2018	
	Women	Men	Women	Men	Women	Men	Women	Men
Level 2: Brand board members, divisional board members, division heads	0	4	1	5	3	2	2	7
Level 3: Department heads	12	16	5	8	6	10	7	26

<sup>1</sup> Employees taking up a new level 2 or level 3 position in the period under review.

## Remuneration structure by gender, LBBW (Bank), as at 31 December 2021



<sup>1</sup> Employees in the TVöD civil service collective bargaining agreement category were assigned to the relevant bank-specific wage group.  
 AT ("außertariflich") = Not subject to collective bargaining agreements.  
 TG ("Tarifgruppe") = Wage group.

A larger percentage of male rather than female employees hold jobs whose remuneration is not subject to collective bargaining agreements (AT). The reverse is true for jobs subject to collective bargaining agreements.

LBBW aims to provide all employees fair, non-discriminatory remuneration and therefore supports the objectives of the German Pay Structure Transparency Act (EntgTranspG) of 6 July 2017. The law improves the transparency of pay structures with a view to ensuring equal pay for women and men performing the same or equivalent work in practice. Thanks to our clear functional structure, which includes descriptions of key responsibilities and the required education, knowledge, skills, and experience, we are well prepared for all requests for information. Along with the annual review to determine whether the remuneration we provide is appropriate compared to market conditions, we are in the position to offer our executives transparent and objective parameters for remuneration decisions.

To ensure gender equality at LBBW, we focus on the active promotion of women and ensuring a healthy work-life balance. A key performance indicator (KPI) of 25% as a target for the "Percentage of women in leadership positions" was introduced for the first time in 2019 - a clear sign from senior leadership that laying the groundwork to achieve this goal is the responsibility of management. The new initiative "Women@LBBW", an alliance of female LBBW managers at executive and division head level, also plays an active role: They share contacts, create a network of multipliers and are also available as sparring partners for ambitious women.

We continued our long-established range of seminars and mentoring programs for women in 2021. A special mentoring program is aimed at female employees who are exceptionally suited to leadership roles but have been unable to actively engage in management positions due to their personal lives. By specifically engaging with female members of staff at times when they have family obligations, we want to encourage women to take on leadership roles on a part time basis.

Equal opportunities for all genders and an improved work-life balance are the core objectives of LBBW's women's network. The Chairman of the Board of Managing Directors of LBBW is the honorary patron of the initiative. The network continued to grow in 2021. The women's network now includes around 400 women with a wide range of different positions. New virtual formats such as the web talk breakfast and the women's power break were well received. The network has provided valuable impetus and implemented ideas since its formation in 2007.

## People with disabilities



As of 31 December 2021, LBBW (Bank) had 402 employees with severe disabilities or who held the equivalent status. This corresponds to 5.1% of the workforce (previous year: 5.1%).

In order to increase the quota of people with disabilities employed at LBBW, we report our current external job openings to the Federal Employment Agency ("Bundesagentur für Arbeit"). When selecting hires, job applicants with a disability are given preference, provided their qualifications are equivalent. The LBBW Representative Body for Employees with Disabilities is integrated into all processes.

LBBW employees who hold severely disabled status are advised and represented by the General Representative Body for Employees with Disabilities (GSBV) and six regional representative bodies. The representatives have the following responsibilities, among others: personal advice and assistance, support during internal and external job interviews and hiring, assistance with workplace design (e.g. setting up an appropriate work station), and consultations with the employer LBBW, the staff council, and the general staff council.





## Company retirement planning

What business could better support its employees in arranging financial planning for their golden years than a bank? In view of the longstanding low interest rate environment, our pension system uses a fund-based model that benefits from the performance of the capital markets. LBBW provides employees with annual contributions in a “Basiskonto” (employer-financed retirement account). LBBW employees can make additional contributions to an “Aufbaukonto” (employee-financed retirement account) by voluntarily converting a portion of their gross compensation. These contributions are invested in two multi-asset funds according to a lifecycle model. Employees receive the full benefit of any positive performance. If performance is negative at the settlement date, LBBW guarantees that employees will receive at least the amount contributed.

In 2021, LBBW's company retirement plan investments and expenses amounted to EUR 95 million (previous year: EUR 114 million).

For most of LBBW's existing pension obligations, plan assets within the meaning of International Accounting Standard 19 (IAS 19: Employee Benefits) re created after benefit entitlements are transferred to a non-insurance-based pension fund under German law as a legally independent entity.

In September of the financial year, LBBW (Bank) allocated an initial EUR 66 million to a special fund as part of a new contractual trust arrangement (CTA), creating plan assets pursuant to IAS 19 that are offset with existing pension obligations. Assets will not be transferred back to the sponsoring undertaking.

Both plan assets are invested in accordance with the LBBW Group's ESG criteria.

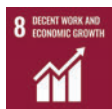
An investment committee regularly reviews the investment strategy used for the plan assets.



## Career and personal life

Work takes up half of our lives, as they say, and we see it as our responsibility to bring the one half into balance as much as possible with the other half. For employees in the life phase of caring for children, this has gone without saying at LBBW for a long time now. Support for employees who are caring for older relatives or family members with disabilities is becoming increasingly important.

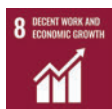
### Care of family members



In the wake of demographic change, the relevance of achieving a balance between work and caring for family members will grow even more over the coming years. The “Pflegefall, was nun?” (Care Required – What Now?) seminar provides our employees with an overview of issues including longterm care insurance and financing of costs, dealing with home nursing services, legal precautions, and counseling centers. In addition, it provides a forum for reaching out to other colleagues. This event took place online in 2021 on account of the pandemic.

Subject to prior consultation with their managers, employees who care for a family member can apply for an additional six months' leave over and above the statutory entitlement of six months. Shorter periods of leave are also possible. The works agreement on mobile working provides further options for increased flexibility.

### Childcare and other services



Reliable and skilled childcare is crucial for working parents to ensure that professional and family life is balanced to everyone's satisfaction.

Childcare services were expanded further in 2021. A total of 113 spots are offered in what are mostly LBBW's own childcare facilities at the offices in Stuttgart, Mannheim, Karlsruhe, Mainz, and Leipzig. Since fall 2021, these have included two new places at the Bülowkids nursery in Stuttgart. Special vacation programs and emergency care options round out this service. In Stuttgart, for example, we signed a partnership agreement for emergency childcare services with the parent-child center at the generation house “Generationenhaus West”.

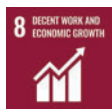
We offer all employees an advisory and support program provided by a third-party service provider, “pme Familienservice”. LBBW pays the cost of the consulting and placement services, while the actual childcare costs are paid by the parents.

To make it easier for our staff to return to work after a leave of absence, we offer a variety of measures for maintaining contact and pursuing continuing education during the parental leave or care period. For example, Human Resources regularly keeps employees informed via an online portal informing them about current job vacancies and the procedure for returning to work, as well as through the “LBBW Einblicke” e-mail newsletter. In addition to the parental leave time guaranteed by law, mothers and fathers who were employed by LBBW for at least three years previously can take a leave of absence called a family year. We also organize two events a year for pregnant women. These aim to help colleagues with similar questions connect with each other across the bank and encourage them to actively plan their professional development.

LBBW has been recognized as a “family-oriented company” by the “berufundfamilie” audit since 2010. Following successful re-audits in 2013 and 2016, another re-audit took place in 2019. This focused on how to make management positions more attractive to women.

Many of the measures from the audit have already been put into place. The next audit is planned for 2022.

## Flexible working arrangements



Family-oriented human resources policies require work time to be managed flexibly. Because we see work-life balance as a priority, we offer our employees a range of working time models that provide substantial flexibility for caring for children or other dependents or simply making some time for themselves. We provide various means for our employees to design an individual, mobile work structure that suits them:

**Mobile working:** In 2018, we took decisive organizational and technical action to ensure that as many employees as possible can work from home or while traveling. A works agreement establishing the framework for mobile working at LBBW was drawn up. New electronic access technology means that many employees can now also access the Bank's platforms from their private computers and laptops. We extended this works agreement until 30 June 2022 in December 2020.

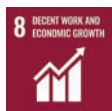
**Part-time models:** These include individual, family-friendly solutions, job sharing options, and independent team solutions. Flexible working arrangements are also possible within the scope of the statutory possibilities for full- and part-time employees. For part-time management positions, an employment level of at least 70% or a job-sharing model is required.

**LBBW FlexiWertkonto – early retirement:** The LBBW FlexiWertkonto provides our employees with a model with which they can finance early retirement prior to the commencement of statutory pension benefits. During this period, they receive their salary from the capital which they have saved in their LBBW FlexiWertkonto account. Employees utilizing this option continue to be employed by LBBW and continue to be covered by statutory pension and health insurance as well as the company's pension plan.

**LBBW FlexiWertkonto – sabbatical:** Whether to take time out to care for a family member or for continuing education purposes, employees can also use the capital they have saved in their LBBW FlexiWertkonto account to finance a temporary leave of absence.

**Temporary leave of absence:** In principle, our staff have the option of taking a longer temporary leave of absence.

## Codetermination



The Baden-Württemberg State Employee Representation Act (“Landespersonalvertretungsgesetz”) in the version dated 12 March 2015 forms the basis for co-determination at LBBW. In contrast, LBBW’s subsidiaries are subject to the German Labor Management Relations Act (“Betriebsverfassungsgesetz”).

As a member of the Federal Association of Public Banks in Germany (“Verband Öffentlicher Banken” (VÖB)), LBBW applies the collective bargaining agreements for private and public-sector banks. For historical reasons, we are a guest member of the Baden-Württemberg Municipal Employers’ Association (“Kommunaler Arbeitgeberverband Baden-Württemberg” (KAV)).

92.9% of Group employees were represented by staff councils or works councils at various locations in Germany in 2021. Executive staff (2021: 2.9%), local employees working at the branches and offices outside Germany (2021: 3.3%), and employees at some subsidiaries (2021: 1.0%) are not represented by staff councils or work councils. Staff meetings are held regularly at LBBW’s larger locations.

Staff councils and the ver.di labor union employee group use LBBW’s intranet to disseminate current information and articles. When changes occur at LBBW that affect the workforce, the employee representatives are included in the process at an early stage to develop socially acceptable solutions.

## Remuneration system

Each year, LBBW (Bank) prepares a remuneration report in accordance with Section 16 of the German Remuneration Regulation for Institutions (“Institutsvergütungsverordnung” (InstitutsVergV)) in conjunction with Article 450 of Regulation (EU) no. 575/2013 (CRR) and publishes this report at [www.LBBW.de/finanzberichte](http://www.LBBW.de/finanzberichte). The appropriateness of the remuneration systems is also reviewed annually.

In the LBBW Group, the Group remuneration strategy provides the framework for the structure and implementation of remuneration systems. It is derived from the higher-level business and risk strategy. This ensures that strategic objectives are implemented in the remuneration systems and processes at LBBW. The remuneration parameters for variable compensation therefore support the attainment of the goals derived from the business and risk strategy. Performance at the LBBW Group is measured on the basis of the four key strategic objectives (sustainability, business focus, digitalization and agility) for members of the Board of Managing Directors and employees eligible for bonuses. The amount of the budget to be disbursed for bonus payments is determined based on target achievement in these four key objectives. This means that sustainability plays a significant role when it comes to performance-based variable remuneration.

As a rule, when LBBW hires new employees, they are assigned to a wage group based on the collective bargaining agreements for the private-sector banking industry and public-sector banks (bank-specific collective bargaining agreement). This guarantees payment exceeding statutory minimum wage. LBBW’s foreign branches and subsidiaries follow LBBW’s domestic remuneration policy, complying with local laws and regulations in all cases.

Remuneration for LBBW employees comprises a fixed salary and, where applicable, an additional performance-based variable component and benefits. The major remuneration-related benefits are the company pension plan, the LBBW FlexiWertkonto (working time account), and the use of company cars. Performance-based variable remuneration is based on quantitative and qualitative target attainment with a view to the employee's position, the agreed targets, target attainment and the duties performed. The Group remuneration strategy ensures that performance-based variable remuneration does not provide an incentive to take unnecessary risks. There is no correlation between risk-taking and the performance-based variable remuneration that can be earned. This means the remuneration system is geared toward risk-adjusted performance as a whole. The amount of performance-based variable remuneration at LBBW is determined according to the Group's target attainment.

## LBBW ideas management

Dedicated and creative employees are a key factor in ensuring the company is innovative, competitive and thus successful. As part of LBBW ideas management, our employees are actively encouraged to contribute their ideas for how our products, processes and services can be improved. This benefits our customers and the bank by contributing to process and capital efficiency. In exchange for their dedication and creativity, our employees enjoy a share in our success by way of attractive cash bonuses.

2,772 ideas were submitted in 2021, 12% fewer than in the previous year. Uncertainty, as we experience during a global crisis such as the COVID-19 pandemic, always dampens creativity. Nonetheless, thanks to the high quality of the ideas, they generated a benefit of EUR 9.2 million (similar to the previous year's level of EUR 9.1 million) and created innovative, sustainable and digital solutions.

## Innovation management

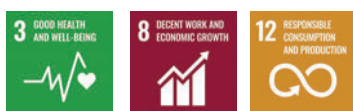
Sustainable ideas, pioneering products and innovative concepts are instrumental to the future viability of our bank. To specifically drive the digital transformation, develop further strong business models and reinforce a culture of innovation at LBBW, we established central innovation management at the end of 2020. Together with the specialized divisions, the eight employees collect and generate ideas. Prototypes and business concepts are tested and refined until they are ready for the market. LBBW employees and customers are involved in the testing and evaluation from the outset. This means that potential solutions can be quickly tested in real conditions and further adjusted and optimized on the basis of feedback. In addition, innovation management encourages a culture of innovation through communication and event formats and ensures transparency regarding relevant fintech and technology trends to share knowledge and provide inspiration within LBBW.

Alongside the Internet of Things/Industry 4.0, data & regulatory AND relationship management, sustainability is one of the four current focus areas in idea creation. The wide range of employee proposals from ideas management are included in the innovation process.





## Company restaurants



The six company restaurants operated by our subsidiary LBBW Gastro Event offer our employees varied and healthy nutritional choices. LBBW Gastro Event GmbH's sustainability approach also involves active supplier selection and the careful use of resources in its business operations:

- Since October 2016, all LBBW Gastro Event GmbH company restaurants have been certified to carry the “Job & Fit” logo of the German “Nutrition Society (“Deutsche Gesellschaft für Ernährung” (DGE)). The audit looked at the quality of food provided, meal planning and preparation, as well as the general conditions in the restaurants, communication with diners, and opportunities for feedback. The requirements of the DGE quality standard for in-company catering were met.
- The two company restaurants at the “Am Hauptbahnhof” and “Am Pariser Platz” locations in Stuttgart have been certified as organic (according to the EU regulation on organic food production) since 2008 and are audited annually by third parties. This means around 70% of diners have access to certified organic meals.
- All company restaurants offer at least one vegetarian dish and one pork-free dish every day. In addition, the menu of the Stuttgart company restaurants includes two vegetarian dishes several times a week, as well as at least two different types of vegetable side dishes every day. Vegan appetizers, main dishes, and desserts are occasionally also offered.
- Since Q3 2019, the three biggest company restaurants have organized a monthly “Veggie Day Plus” at which only one non-vegetarian dish is served. This is intended to encourage people to regularly engage with healthy nutrition that is good for the environment and the climate and get them interested in plant-based food.

- In selecting suppliers, LBBW Gastro Event gives preference to regional providers. Wherever possible, LBBW Gastro Event purchases the bulk of the fresh produce served via regional business partners and from regional producers. This supports local suppliers and also means short transportation routes, thus easing the strain on the environment. We also tailor our menus to incorporate seasonal fruit and vegetables. The food purchased or produced in the region is designated on the menu as “From the Region”.
- LBBW Gastro Event's cafeterias, kiosks and conference areas have provided exclusively regional mineral water since mid-2021.
- Most of the meat used in the company restaurants is obtained from selected butchers in the surrounding area, with whom we maintain personal contact. We take care not to purchase fish from overfished stocks. Where available on the market, we purchase certified products with MSC, ASC or “Naturland” certification. Our fish suppliers are aware of this topic and indicate the origin of the fish on the packing slips in every shipment.
- All the restaurants and cafeterias run by LBBW Gastro Event and the kitchenettes it operates at the central buildings have been serving solely fair trade and organically grown coffee and espresso since 2009.
- The meals served are permanently monitored and specifically labeled as “organic”, “regional” and “vegetarian” in order to address diners' preferences and culinary trends. A total of about 265,000 meals were served in 2021 at the two largest company restaurants at the “Am Hauptbahnhof” and “Am Pariser Platz” locations in Stuttgart. 8% of these were organic, 35% regional and 25% vegetarian. All in all, this means that about 68% of all guests went for a sustainable option.
- Food is prepared in batches, served continuously, and regularly replenished to ensure that it is as fresh as possible. Some dishes are prepared to order at the live cooking stations available at four out of our six restaurants to ensure maximum quality and freshness.
- Organic waste from all the sites is sent to biogas facilities and recycled to produce energy.
- By switching the to-go cups for cut fruit and vegetables from the biodegradable bioplastic PLA (polylactic acid) to returnable, refillable glass containers, we are reducing our plastic waste by around 12,000 plastic cups a year.
- Around 55,000 containers used for food retention samples have been converted from PET plastic to reusable cups.
- LBBW Gastro Event has worked with the Paulinenpflege vocational training center in Winnenden since 2015. The center provides vocational training for around 300 young people with hearing and speech impairments, people with autism, and people with learning difficulties. Every year, up to four trainees from Winnenden complete an internship at one of the Bank's restaurants and are subsequently invited to apply for an apprenticeship as a chef with LBBW Gastro Event.





# Society

## Maintaining works of art

“Now or never” - 50 years of the LBBW collection” is the title of the anniversary exhibition at the Stuttgart Art Museum, which opened its doors free of charge for its first weekend. Visitors could admire 150 works, from Otto Dix to Nevin Aladağ to Gerhard Richter. The LBBW collection is one of the largest corporate collections of modern and contemporary art, featuring 3,000 timeless works of art from 100 years of art history.

50  
years



of the LBBW collection

## Promoting musical theater

“Das Rheingold”, “Hansel and Gretel” or “Werther”: our digital partnership with the Stuttgart Opera House offers opera as a respite from the frustrations of the pandemic. Music lovers from across the world can enjoy livestreams of new productions free of charge from their homes. LBBW has been one of the main sponsors of the famous opera house for 20 years, live and online.



State  
opera

livestreamed

## Sharing information

We want to help provide practical training for young people. To achieve this, BW-Bank experts regularly teach in the Stuttgart area to give pupils an exciting insight into the business world through workshops and talks. We work closely with 95 schools and have partnerships with 22 of them.

95



Stuttgart schools

# Society

## Regional, value-enhancing, inspiring

**As a bank with roots in our region, we have an obligation to the people in our core markets. We therefore participate in civic projects and many different educational initiatives. Through donations, sponsorships, and philanthropy, we are a driving force. Our commitment to society shapes our corporate culture.**

As a public-sector bank (“Landesbank”), our calling is not just about business: we also have an important social mission. And we have been living up to this mission for a good 200 years. In 1818, Queen Catherine of Württemberg founded our earliest predecessor, “Württembergische SparCasse”, in Stuttgart with the aim of helping her people following catastrophic crop failures caused by a volcanic eruption and severe famine. To this day, we remain deeply connected to the people and companies in our region.

Our owners are the State of Baden-Württemberg, the City of Stuttgart, and the municipally owned “Sparkassenverband Baden-Württemberg” (Savings Banks Association of Baden-Württemberg). We continue to fulfill our social responsibility as a public-law institution: as the central bank for the savings banks, we ensure that the population, business and the public sector are provided with appropriate and adequate monetary and credit services. The LBBW Group does business primarily in its regional core markets of Baden-Württemberg, Rhineland-Palatinate, and Saxony, and selectively leverages growth opportunities in attractive economic regions such as North Rhine-Westphalia, Bavaria, and Hamburg. In particular, we support small- and medium-sized enterprises, the engine of the regional economy, to reinforce their competitiveness and protect local jobs.

BW-Bank functions as a savings bank in the territory of the state capital Stuttgart. An “account for everyone” on a credit basis can be opened by anyone, regardless of income or negative entries on record with the general credit protection agency (“Schutzgemeinschaft für allgemeine Kreditsicherung” (SCHUF)). In this way, we continue to provide people in financial crises with access to banking services.

Customers who wish to make a contribution to society with their investments or assets receive support from us in the form of sustainable investment products, our crowd investing platform for social projects, and our many years of foundation experience.

We also support education in schools with a variety of initiatives and lend a hand to projects in the fields of art, culture, sports, ecology, and social concerns with our donations, sponsorships, and foundations. Due to the COVID-19 pandemic, we again had to cancel some of the events that we have been supporting for years in 2021. For example, the “Kinderspielstadt Stutengarten”, a pedagogically supervised large-scale game project for the participation of children for which BW-Bank has been a partner since the very beginning, did not take place in the summer break for the second year in a row. Fortunately, however, many other activities were able to go ahead in 2021 or could be replaced with online alternatives such as the Stuttgart Opera House's livestreams. One highlight was the “‘Now or never’ – 50 years of the LBBW collection” exhibition at the Stuttgart Art Museum, which got the general public involved in the development of art in our country while also providing food for thought about social issues. Because, especially in challenging times, we have always believed it is our duty to be there for each other and to uphold the values of a community bound by respect and responsibility.

## Education



Investing in education is investing in the future – and the rewards are greatest when as much practical training as possible is provided. As a public-sector bank with regional roots, we take our social mandate seriously and actively help to increase young people’s familiarity with the business world while giving school pupils early guidance in choosing their career and coaching young company founders. In doing so, we aim to convey not only knowledge and digital competence but also reinforce social skills and a sense of responsibility for the sustainable development of society.

## Thinking entrepreneurially

### **Wissensfabrik – Unternehmen für Deutschland e.V.**

LBBW has been a member of “Wissensfabrik”, a nationwide initiative by companies and foundations to promote education and entrepreneurship in Germany, since 2013. Wissensfabrik’s aim is to form partnerships with educational institutions and entrepreneurs to improve career prospects for the younger generation, and thereby contribute to the future viability of Germany as a location for business.

Via BW-Bank, LBBW is involved in education through core projects such as the start-up initiative “School2Start-up – Schüler entdecken Wirtschaft” (School2Start-up – pupils discover the world of business) and “IT2School – Gemeinsam IT entdecken”) (IT2School – discovering IT together), that introduce information technology (IT) to children and young people in their everyday lives through various teaching modules and teach them not only how to use digital media but also how to design it. The projects are supported by volunteer advisors from BW-Bank.



In addition, LBBW has been promoting entrepreneurship for years as a partner to the WECONOMY competition for young company founders. The winners receive regular coaching services for one year. They gain the opportunity to learn from the knowledge and experience of prominent executives as well as access to a nationwide network of more than 130 established companies. Another highlight is an invitation to spend the weekend with top management from the companies that sponsor WECONOMY. LBBW was involved in mentoring with a member of the Board of Managing Directors, heads of division, and other employees. Together with experts, we also participate in the “Student2Start-up” and “Speedmentoring” projects.



## Training purposefully

### BW-Bank's school service/partnerships with educational institutions

BW-Bank supports educational institutions in the Stuttgart area with a wide variety of services. We work closely with 95 schools and have partnerships with 22 of them, with another 45 schools aiming for this. BW-Bank employees teach at these schools on a regular basis, lending their expertise to teachers and pupils alike.

BW-Bank's school service is based on specialist insight, age-appropriate and relevant to pupils' lives. School contact persons at BW-Bank maintain close contact with schools and teachers to provide methodological guidance on delivering the talks and workshops. BW-Bank focuses on schools' educational objectives and responsibilities at all times.

## LBBW Group donations

Donations are an important part of LBBW's commitment to society. Donations are primarily focused on social, cultural, and scientific projects. In keeping with our strong regional roots, grants are typically extended to recipients in our regional core markets. As a rule, LBBW does not make any contributions to political parties, politicians, or governments.

In 2021, the LBBW Group assisted  
**240 charitable institutions**  
 with donations of around **EUR 753,000.**



The LBBW Group assisted a total of 240 charitable institutions with donations of around EUR 753,000 in 2021. As has become traditional, LBBW helped people in need via the relief campaigns organized by Stuttgart's two daily newspapers and the "Weihnachtsmann & Co." corporate Christmas charity.

In addition, LBBW also made a EUR 20,000 Christmas donation to the Stuttgart youth center. Part of this donation was used to set up a mobile fitness facility for young people, part went towards inclusion training for young inclusion volunteers and the third portion was used for Christmas creative packs for small children, families and elderly people. In addition, the donations distributed from BW-Bank premium savings accounts funded grants to 136 community projects in Baden-Württemberg. Premium savers take part in a monthly prize draw as well as special annual draws where they can win up to EUR 25,000. 25% of the funds are not distributed as prizes but instead are used for social purposes. In this way, BW-Bank premium savings accounts raised around EUR 241,000 for charitable projects in the past year.

## “Rest-Cent” campaign: employee donations by rounding-off salaries

Since 2015 all active employees of the LBBW Group have had the opportunity to contribute the “cents”, i.e. the amounts after the decimal point, of their monthly salaries for social projects. In recognition of employees' willingness to participate, an additional contribution is made to the program from LBBW's central budget. We also use our internal media to encourage people to participate in this charitable initiative.

The LBBW Group's “Rest-Cent” campaign turned seven in January 2022. Some 2,560 employees are now taking part, with around EUR 76,000 having been raised since the initiative began (as of December 2021). The contributions for 2021 (around EUR 15,000) were rounded up to EUR 20,000 from the Bank's central budget and used to support the non-profit organization “Ein Herz für Rentner” (A heart for pensioners), which supports pensioners who worked in Germany and paid into their statutory pension yet still do not have enough money for life's essentials. The eighth edition of the “Rest-Cent” campaign took place in 2022 and supported the Bärenherz foundation for terminally ill children.

## Blood drives

Local staff councils regularly ask employees at LBBW locations in Karlsruhe and Mainz to give blood.

Since 2005, blood drives have been held four times a year at LBBW's premises. The blood transfusion center at the Mainz university hospital takes the blood. Blood drives will continue after LBBW moves to the Zollhafen area of Mainz in January 2021. Despite the pandemic and staff working from home, there were around 120 blood donations in 2021.

In Karlsruhe, the company blood drive unfortunately had to be postponed on multiple occasions in 2021 due to the pandemic.

## Christmas campaign

In 2021, LBBW's local staff councils again decorated the Christmas trees at the company restaurants in Mannheim, Mainz and Stuttgart with little cards containing gift wishes from children of disadvantaged families. Each child was invited to wish for a gift worth up to roughly EUR 25. LBBW and BW-Bank employees were invited to pick out card and buy the respective gift. The gifts were collected by the staff councils and handed over to the St. Josef children's home in Mannheim, the child protection association in Mainz and two shared accommodation facilities in Stuttgart run by Future 4 Kids. As well as the campaigns by local staff councils, some branches also arranged their own campaigns in conjunction with both employees and customers.



## Sponsorship

As a sponsor, we support selected projects and institutions in our region. In addition to musical institutions such as Stuttgart Opera House and Mannheim National Theater, we also sponsor sporting events including the renowned STUTTGART GERMAN MASTERS equestrian competition. We are also involved in various educational projects, one successful example of which is Wissensfabrik – Unternehmen für Deutschland e.V. COVID-19 meant that not all projects were able to go ahead as planned. To make up for this, for example, our involvement with the Stuttgart Opera House was expanded to include an online partnership.

## Foundation

Since it was established in 1984, the Landesbank Baden-Württemberg Foundation has donated around EUR 27 million to about 11,500 projects. The activities of the foundation are aimed at having as broad an effect as possible, supporting young people, and providing assistance for a continuous stream of new initiatives throughout Baden-Württemberg. Additional information, including on the purpose of the foundation and the funding guidelines, can be found at [www.LBBW.de/stiftung](http://www.LBBW.de/stiftung).

In the area of art and culture, the foundation primarily supports music and literature as well as the performing and visual arts. In 2021, for example, projects it supported included the 25th International Solo Dance Theater Festival organized by the vhs – Volkshochschule Stuttgart at TREFFPUNKT Rotebühlplatz, the interactive children's concert "A musical journey around the world" as part of the 9th summer of music in Altensteig and the photo exhibition "SHUTDOWN-SHOT /// images of a distance life" by the Deutscher Werkbund Baden-Württemberg at the Karlsruhe regional council.

In the field of education, training and continuing education, we help fund young people's schooling and vocational training and assists with selected projects. In 2021, examples of this included helping the SkillUp association in Bopfingen produce digital educational games ("Actionbounds") for schools, the youth education project "Comedygital – Online Comedy backpack" by KiVin – Klub der Witzigen und Schlagfertigen in Baden-Baden and the "Dillmann 4.0" project that works with robotic arms to share information about science and technology at the Dillmann-Gymnasium school in Stuttgart. As in previous years, we also provided grants for several outstanding dissertations.

In terms of nature and the environment, the foundation participates in projects aimed at protecting nature and preserving domestic flora and fauna. In addition, it funds small-scale research projects relating to protection of the environment and nature, biology and medicine, including alternative medicines. In 2021, the foundation helped the Weingarten group from Naturschutzbund Deutschland (NABU) purchase a thermal imaging camera to monitor bats and fawns as well as the environmental education project "Entdecker\*innentage" (explorer days) run by the association Im Grünen und Ganzen at the LBZ St. Anton Elementary School in Riegel am Kaiserstuhl. It also supported the development of a questionnaire on the perioperative quality of treatment for children and adolescents as part of a research project of the Clinic for Anesthesiology, Surgical Intensive Care Medicine, Emergency Medicine and Pain Management at the Olgahospital/Klinikum Stuttgart hospital. Thanks to the publications in the "Naturschutz im Kleinen" series, the foundation is raising public awareness of the issue of nature conservation. The most popular publications are also gradually being made available on the foundation's website ([www.LBBW.de/stiftung](http://www.LBBW.de/stiftung)). The first leaflet, "Der Igel. Ein faszinierender Stachelritter" (The Hedgehog. A fascinating prickly hero), has already been published there in a revised, mobile version to read and download (available in Germany only).





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Jetzt  
oder  
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## Marking the anniversary: “Now or never” – 50 years of the LBBW collection

### 2021 – a rich year of art for LBBW

Originally planned for November 2020, the exhibition marking the anniversary of the collection at the Art Museum finally opened on 13 November 2021, opening its doors to the public free of charge for the first weekend. The more than 150 works of art selected for the exhibition capture 100 years of art history as reflected in the collection itself and also form a contemporary panorama of German history in the 20th century and beyond. A three-volume anniversary publication on the LBBW collection was also released in the summer. Over more than 500 richly illustrated pages, featuring substantial essays on items in the collection and their history, it documents the many years in which the collection was curated and developed right up to the present day. This was rounded off by a number of interviews with artists included in the publication, as well as considerable information aimed at the general public as part of the exhibition. At almost the same time, other outstanding works were presented at Art Cologne as part of a curated, distinguished special presentation called “what if could be”, accompanied by LBBW Art Talks. This could be viewed in person or as a live stream.

### LBBW's **collection**



comprises over **3,000 works**  
of various genres and media.

### The LBBW collection – collecting art: a social responsibility

From Otto Dix to Gerhard Richter, Rosemarie Trockel, Wolfgang Tillmans and Tobias Rehberger to Nevin Aladağ and Hito Steyerl, LBBW can look back at 50 years of a successful, consistent and complex collection of modern and contemporary art. Today, LBBW's collection comprises more than 3,000 works of various genres and media. This makes the LBBW collection one of the largest German corporate collections of modern and contemporary art, both within the financial sector and overall. The many highlights from the bank's collection are displayed at the head office in Stuttgart and at other selected locations and areas of the bank, as well as in prestigious national and international museums and at art fairs.

### 100 years of art history – reflected in 50 years of collecting

While the collections of individual banks, which later merged into LBBW, in some cases grew organically, the bank has now (and following a turning point after the international financial crisis) adopted a consistent collection strategy. In 2018, a new board of collection curators was set up to discuss and consider expansions to the collection and new purchases. Decisions regarding purchases are made on the basis of a clearly defined list of criteria. In this way, the approach once again lives up to the high standards of the collection: to reflect artistic development in Germany at the highest level with a high-quality selection – the focus is on artists who primarily live and work in Germany – and to build up and maintain a timeless collection that goes beyond short-sighted, speculative interests.





Accordingly, collecting art once again means taking on considerable social responsibility for LBBW. With its unique collection, it looks after, preserves and maintains a cultural treasure, the intellectual capital of which belongs to the company which thus has an obligation towards it. It meets this obligation at a wide range of levels and so is dedicated to the parameters of a sustainably collection policy:

- **Strict quality awareness:** The collection is developed in accordance with strict criteria and drawing on as much professional expertise as possible. The focus here is thus on timelessness, not on subjective matters of taste or fleeting aesthetic or contemporary trends.
- **Professional care:** Professional curation of the collection ensures that it is properly preserved and maintained for the future. Of course, there is also an obligation to research the collection further, including under provenance criteria. All necessary environmental issues must also be taken into account. The current collection catalog is the basis for handling the collection at present as well as for further scholarly work.
- **Public participation:** The collection is not available only to employees to create an inspiring work environment, the general public can also take part. They can get to know the works and consider fundamental questions at distinguished exhibitions at fairs such as Art Cologne or in museums, such as the excellent “Now or never” anniversary exhibition in 2021. Active, professionally managed lending also allows the art to be displayed at other locations, where there is explicit interest in the items.
- **Substantive topics:** Current acquisition policy focuses on the obligation towards issues that, while not urgent, are of socio-political relevance, such as the relationship between human beings and the environment in the Anthropocene age, questions about economization and related transformation process or migration and cultural identity. Here, the collection plays an active role in the process of raising awareness.
- **Audience-friendly communication:** This is bolstered by an ambitious communications program and programs for the public that reduce barriers to entry. In this context, the current “Now or never” exhibition arranged two weekends where entry was free of charge, ran art education programs for various age groups and provided free exhibition guides. The program also included a major school project and special offers for employees and their families. At the same time as this, a new website on the LBBW collection was developed in the anniversary year. The site aims to make key information on the collection and its works easily accessible and communicate it to a wider audience.





# Environment

## Promoting e-mobility

We are continuing to systematically expand our smart charging infrastructure for electric vehicles. Our employees and guests can use more than electric vehicle 100 charging points at various LBBW locations. In addition, almost half of the cars in our fleet use green electricity to fuel up. Cyclists have access to 32 charging stations at LBBW's bicycle parking at Stuttgart central station. In the years ahead, we will install additional charging stations to encourage our employees to switch to zero-carbon e-mobility transport options, improve air quality in cities and help make LBBW carbon neutral.

## Building environmentally-friendly neighborhoods

Our real estate projects support environmentally-friendly, green construction and sustainable urban development in municipalities. For example, in collaboration with environmental authorities we managed the dismantling and clean-up of a contaminated industrial area in Großbettingen that had been derelict for many years so that affordable housing for up to 250 residents can be built at this inner city location. We revitalized a modern building complex in Stuttgart on the central Königstraße between the main train station and the Schlossgarten park, as well as an office building in the Bogenhausen district of Munich. In doing so, we retain existing supporting structures in order to conserve resources and make the buildings environmentally friendly from the ground up, from green photovoltaic systems and roof greenery that encourage biodiversity to smart building technology concepts.



> 100  
charging points

Green driving



Creating  
housing

Pioneering  
construction  
projects



# Environment

## Economical, efficient, consistent

**We aim to do business in a way that is carbon neutral and environmentally aware while also conserving resources. Thanks to the digital transformation, technical innovations and systematic savings in our business operations, we are gradually reducing our ecological footprint.**

Over the last few years, we have been able to systematically reduce our energy consumption and improve efficiency. We are continuing to work on reducing our emissions. For example, we have built extensive charging infrastructure for electric vehicles and will expand this further in the years ahead. We have launched a wide range of campaigns to foster a cycling culture and encourage people to switch to bikes by providing leasing offers, secure areas to lock up bikes and free charging stations. With our sustainability app, employees can look up their individual carbon footprint and get tips on how they can help the environment. We are also continuing to optimize building technologies and IT.

Exceptionally low business travel again affected our carbon footprint in the second year of the pandemic. Working from home became the rule, not the exception, for many of our employees at times. In-person customer meetings, meetings with colleagues at other locations and training sessions had to be canceled. We reinforced our infrastructure for telephone, audio and video conferences, which we had already been using in previous years to move potential out-of-office meetings online to save resources and benefit the environment. Working from home also reduced many other areas of consumption in LBBW's carbon footprint in 2021.

Digital transformation processes were again central to improving our carbon footprint. For example, we successfully introduced digital document management in many areas. Instead of pre-printed logo letterheads, we now use blank paper that can be easily and individually configured.

We record and analyze consumption figures for our business operations on a quarterly basis so that we can respond to changes more quickly. This is because our goal is to steadily reduce our ecological footprint further in the years ahead too.



## Environmental performance and consumption of resources

The following tables provide an overview of LBBW's environmental performance and the resources used in our business operations in recent years. The calculation and presentation of our key figures are based on the current VfU Indicators, the standards promulgated by the Association for Environmental Management and Sustainability in Financial Institutions ("Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V." (VfU)).

### CO<sub>2</sub> conversion factors according to VfU indicators (2018 update, version 1.4)

	Factor
Electricity (hydroelectric)	0.0093 kg/kWh
District heating <sup>1</sup>	0.2139 kg/kWh
Rail travel (green electricity)	0.0094 kg/km
Road travel	
direct (Scope 1)	0.3300 kg/km
indirect (Scope 3)	0.3186 kg/km
Short-haul flights <sup>2</sup> (business)	0.2115 kg/km
Long-haul flights <sup>2</sup> (business)	0.1899 kg/km
Chlorine-bleached virgin paper	1.0950 kg/kg
Elemental chlorine free (ECF) and totally chlorine free (TCF) paper	1.0950 kg/kg
Recycled paper (post-consumer)	1.0820 kg/kg
Drinking water	0.6631 kg/m <sup>3</sup>
Waste (incinerated)	0.5200 kg/kg
Waste (landfill)	0.6180 kg/kg
Waste (recycled)	0 kg/kg

<sup>1</sup> The conversion factor for the regional utility was used for the Stuttgart central buildings (0.1741 kg/kWh).

<sup>2</sup> The Radiative Forcing Index (RFI) is not included in the VfU conversion factors for air travel. RFI measures the amplified greenhouse effect of aircraft emissions at high flight altitudes. As air travel is no longer split into short distances and long distances starting in 2020, the average figure of the two VfU factors is used (0.2007 kg/km).

## Environmental performance and consumption of resources

LBBW (Bank) incl. BW-Bank, Gastro Event GmbH, LBBW Immobilien Management GmbH, LBBW Corporate Real Estate Management GmbH (formerly BW-Immobilien GmbH), and LBBW Asset Management Investmentgesellschaft mbH.

Positions	2021	2020	2019	2018	2017
<b>Input</b>					
Energy (in kWh)	<b>93,187,843</b>	96,873,952	113,723,834	106,431,710	113,637,191
thereof: electricity	<b>47,860,000</b>	49,384,361	62,977,496	66,006,055	70,831,819
thereof: from renewable energy sources (in %)	<b>100</b>	100	100	100	100
thereof: electricity consumption – building operation	<b>37,048,673</b>	40,644,009	50,345,079	51,884,377	55,146,727
thereof: electricity consumption – data centers, including cooling	<b>10,811,327</b>	8,740,622	12,632,417	14,121,678	15,685,092
thereof: heating energy (district heating), not adjusted for weather	<b>40,384,048</b>	36,481,603	41,145,788	32,013,839	36,961,615
thereof: heating energy (district heating), adjusted for weather	<b>45,327,843</b>	47,489,321	50,746,338	40,425,655	42,805,372
Water (m <sup>3</sup> ) <sup>1</sup>	<b>174,732</b>	191,971	238,338	247,116	279,100
Office paper (sheets) <sup>2</sup>	<b>21,480,700</b>	31,127,100	104,675,953	165,963,688	156,242,425
thereof: copy paper (in kg)	<b>108,096</b>	156,604	246,206	318,065	353,823
Printed advertising matter (in kg)	<b>156,360</b>	162,509	233,604	205,329	263,561
Transportation (in km)	<b>6,942,800</b>	8,261,840	25,475,023	26,184,164	27,435,384
thereof: by train	<b>1,484,327</b>	2,362,523	9,299,755	9,364,511	9,419,041
thereof: by car	<b>4,823,131</b>	4,781,396	9,682,264	10,185,188	10,630,953
thereof: by plane	<b>635,342</b>	1,117,921	6,493,004	6,634,465	7,385,390
<b>Output</b>					
Waste (in kg)	<b>1,844,041</b>	1,653,432	1,941,123	1,780,769	1,946,324
thereof: paper	<b>645,006</b>	642,302	810,255	760,157	927,003
thereof: waste recycled	<b>1,014,566</b>	1,052,946	1,301,659	1,219,646	1,455,263
thereof: hazardous waste <sup>3</sup>	<b>526</b>	9,303	12,735	10,301	15,913
Emissions					
CO <sub>2</sub> equivalents	<b>10,964,307</b>	9,909,698	15,372,000	13,646,941	13,774,216
SO <sub>2</sub>	<b>5,854</b>	5,981	15,678	14,579	16,245
NO <sub>x</sub>	<b>19,840</b>	18,959	41,575	37,219	41,568
PM	<b>1,203</b>	1,150	2,200	2,191	2,390

1 The figures shown represent drinking water from the public supply. Wastewater is disposed of in the local sewer system; there is no direct release into natural waters. The substances contained in the water discharged by LBBW have no impact on biodiversity.

2 Since 2020, only copy paper has been shown in sheets.

3 Some electronic waste has been classified as hazardous waste since 2016 because it could contain lithium batteries.

Input	2021	2020	2019	2018	2017
Employees (FTEs) <sup>1</sup>	<b>8,437</b>	8,616	8,493	8,514	8,796
Area (m <sup>2</sup> )	<b>451,443</b>	477,856	375,901	382,117	393,742
Area per employee (m <sup>2</sup> )	<b>54</b>	55	44	45	45

1 FTEs = Number of full-time employees and part-time employees expressed as full-time employees.



## Sealed surfaces at the validated locations in 2021

Location	Sealed surface (m <sup>2</sup> )	Share of total floor area of location (%) <sup>1</sup>	of which intensive greening (m <sup>2</sup> )	of which extensive greening (m <sup>2</sup> )
Stuttgart				
Am Hauptbahnhof	35,011	87.4	5,050	9,550
Pariser Platz	11,137	100	-	5,509
Königstraße	4,761	100	-	317
Bollwerk	7,195	100	-	1,158
Kleiner Schlossplatz	3,000	100	-	403
Mannheim	8,845	90.2	963	580

<sup>1</sup> There were no changes for sealed surfaces compared to the previous year. However, areas within the buildings were re-reported in accordance with DIN 277. This resulted in a change to the share of total floor area attributable to sealed surfaces.



## Key figures

LBBW (Bank) incl. BW-Bank, Gastro Event GmbH, LBBW Immobilien Management GmbH, LBBW Corporate Real Estate Management GmbH, and LBBW Asset Management Investmentgesellschaft mbH.

	2021	2020	2019	2018	2017
<b>Energy efficiency</b>					
Electricity consumption incl. data centers (kWh/m <sup>2</sup> )	106	103	168	173	180
Electricity consumption excl. data centers (kWh/m <sup>2</sup> )	82	86	134	136	140
Electricity consumption (in kWh/employee)	5,672	5,732	7,416	7,753	8,052
Heating energy usage not adjusted for weather (kWh/m <sup>2</sup> )	89	76	109	84	94
Heating energy usage adjusted for weather (kWh/m <sup>2</sup> )	100	99	135	106	109
Heating energy usage not adjusted for weather (in kWh/employee)	4,786	4,234	4,845	3,760	4,202
Heating energy usage in adjusted for weather (in kWh/employee)	5,372	5,512	5,975	4,748	4,866
<b>Water</b>					
Water usage (in liters/employee/day)	83	89	112	116	127
Ratio of input (drinking water)/output (wastewater)	2	1	1	1	1
<b>Materials efficiency</b>					
Paper usage (sheets/employee) <sup>1</sup>	2,546	3,613	12,326	19,494	17,762
Copy paper (in kg/employee)	13	18	29	37	40
Printed advertising matter (in kg/employee)	19	19	28	24	30
Ratio of input (copy paper, printed advertising matter)/output paper	0.4	0.5	0.6	0.7	0.7
<b>Share recycled</b>					
Copy paper (%)	72	76	77	78	76
Printed advertising matter (%)	0	28	6	6	24
<b>Business travel</b>					
Business travel (in km/employee)	823	959	3,000	3,076	3,119
<b>Waste</b>					
Waste volume (in kg/employee)	219	192	229	209	221
<b>Emissions</b>					
CO <sub>2</sub> emissions from electricity, heating (in kg/employee)	963	811	1,105	876	893
CO <sub>2</sub> emissions from travel (in kg/employee)	203	209	577	598	539

<sup>1</sup> Starting in 2020, copy paper is shown only in sheets.

## CO<sub>2</sub> emissions



Carbon dioxide (CO<sub>2</sub>) is the only greenhouse gas produced at LBBW in relevant quantities. All of LBBW and BW-Bank's office buildings have been supplied with hydroelectricity since 2009. This resulted in savings of over 50% in absolute CO<sub>2</sub> emissions in 2009 compared with the previous year.

Although we have already leveraged a great deal of potential for optimization in many areas, we are continuing to work on systematically reducing our carbon footprint and also on raising awareness among our employees, for example through our sustainability app.

LBBW's goal for 2021 was for the bank's own emissions not to exceed 11,000 metric tons. Thanks to organizational and technological optimization, for example in building technology, this target was achieved. The increase in working from home due to the COVID-19 pandemic, which resulted in far less business travel, reduced carbon dioxide emissions further.

We calculated the emissions generated by working from home in 2021 at 266.1 metric tons of CO<sub>2</sub>. If these were included, our CO<sub>2</sub> emissions in 2021 would be around 11,230,407 kg.

For the first time, an attempt was made to report a figure for CO<sub>2</sub> emissions for the regional hub Americas, Asia/Pacific and EMEA (Europe, Middle East, Africa). Given the lack of data and/or conversion factors in some cases, only an additional approximate value could be calculated for 2021. This is about 475 metric tons of CO<sub>2</sub>. Accordingly, LBBW has offset all remaining CO<sub>2</sub> emissions that cannot be avoided since 2021 – not by buying emissions certificates, but by investing in forestation. Specifically, LBBW invests USD 3.5 million in the global forestation fund Arbaro Fund.

## CO<sub>2</sub> equivalents

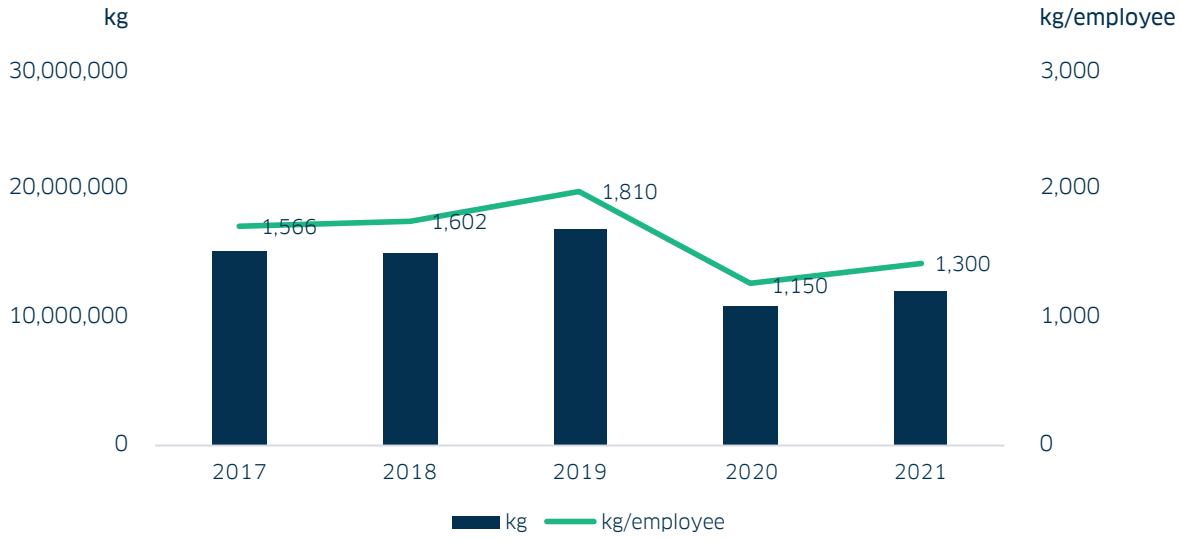
LBBW (Bank) incl. BW-Bank, Gastro Event GmbH, LBBW Immobilien Management GmbH, LBBW Corporate Real Estate Management GmbH, and LBBW Asset Management Investmentgesellschaft mbH.

	Absolute figures (in kg)	Change compared with base year 2009	Relative figures (per employee)
2009	18,347,711	-	1,798
...	-	-	-
2017	13,774,216	- 24.9%	1,566
2018	13,646,941	- 25.6%	1,602
2019	15,372,000 <sup>1</sup>	- 16.2%	1,806
2020	9,909,698	- 46.0%	1,150
2021	10,964,307 <sup>2</sup>	- 40.2%	1,300

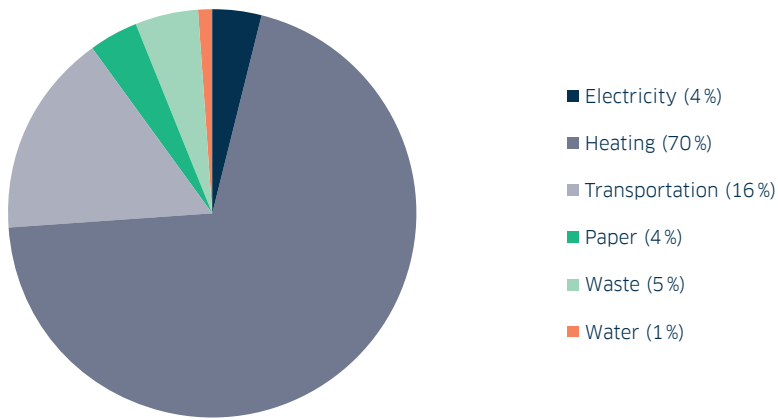
<sup>1</sup> 2019 saw a sharp rise in CO<sub>2</sub> emissions because the heat pump at the LBBW headquarters "Am Hauptbahnhof" was decommissioned between March and December 2019 and so more district heating was temporarily required.

<sup>2</sup> Excluding working from home.

### CO<sub>2</sub> emissions in absolute figures and relative figures per employee



### CO<sub>2</sub> emissions in 2021 - breakdown by source of emissions<sup>1</sup>



<sup>1</sup> All of LBBW and BW-Bank's office buildings have been supplied with hydroelectricity since 2009. The share of CO<sub>2</sub> emissions accounted for by electricity at LBBW is therefore relatively low.

## Categorization of sources of emissions in accordance with the greenhouse gas (GHG) protocol (2021 data)

Scope	Source of emissions <sup>1</sup>	Total <sup>1</sup>
<b>Scope 1</b>		<b>1,067,514 kg CO<sub>2</sub></b>
All emissions that are directly caused or can be controlled by the company, e.g. through the combustion of fossil fuels or the operation of its own fleet.	Diesel for emergency generator at data center: 11,907 kg CO <sub>2</sub>	
	Own vehicles (fleet, department, company, and Service vehicles): 1,055,607 kg CO <sub>2</sub>	
<b>Scope 2</b>		<b>8,122,618 kg CO<sub>2</sub></b>
All emissions arising from the provision of energy for a company, e.g. the delivery of electricity or district heating. The emissions are generated by the external utility.	Electricity: 445,098 kg CO <sub>2</sub>	
	Heating/district heating: 7,677,520 kg CO <sub>2</sub>	
<b>Scope 3</b>		<b>1,774,175 kg CO<sub>2</sub></b>
All emissions induced by the activities of the company but arising elsewhere. This includes emissions arising along the supply chain or through the use of products, for example. Other examples: employees' travel to work: business trips by rail, taxi, airplane, or rental vehicle: paper consumption: water consumption.	Car (rental cars, taxis, and LBBW employees' private cars): 517,509 kg CO <sub>2</sub>	
	Rail: 13,953 kg CO <sub>2</sub>	
	Air: 127,513 kg CO <sub>2</sub>	
	Water: 115,865 kg CO <sub>2</sub>	
	Copy paper: 117,353 kg CO <sub>2</sub>	
	Other office paper and forms: 69,137 kg CO <sub>2</sub>	
	Printing center FI: 129,015 kg CO <sub>2</sub>	
	Printed advertising matter: 171,214 kg CO <sub>2</sub>	
	Waste: 512,616 kg CO <sub>2</sub>	
<b>"Emissions from investments" are also relevant for the financial segment.</b>	See "Customers"/Financed Emissions (page 132 et seq.)	

<sup>1</sup> Conversion factors according to VfU indicators (2018 update, version 1.4).



## Air pollutants<sup>1</sup>

2020	km	SO <sub>2</sub> (kg)	NO <sub>x</sub> (kg)	Dust (in kg)
Business travel by car (gasoline)	1,298,218	217	751	25
Business travel by car (diesel)	3,483,178	787	1,593	254
Business travel by train	2,362,523	276	316	24
Business travel by plane (short-distances) <sup>2</sup>	558,960.50	573	872	11
Business travel by plane (long-distances) <sup>2</sup>	558,960.50	381	490	7
	kWh	SO <sub>2</sub> (kg)	NO <sub>x</sub> (kg)	Dust (in kg)
Electricity	49,384,631	99	346	99
Heating energy	36,481,603	3,648	14,593	730
<b>Total air pollutants (kg)</b>		<b>5,981</b>	<b>18,959</b>	<b>1,150</b>
Air pollutants (kg/employee)		0.69	2.20	0.13
2021	km	SO <sub>2</sub> (kg)	NO <sub>x</sub> (kg)	Dust (in kg)
Business travel by car (gasoline)	1,441,956	241	833	27
Business travel by car (diesel)	3,381,175	764	1,546	246
Business travel by train	1,484,327	174	198	15
Business travel by plane (short-distances) <sup>3</sup>	317,671	325	495	7
Business travel by plane (long-distances) <sup>3</sup>	317,671	217	278	4
	kWh	SO <sub>2</sub> (kg)	NO <sub>x</sub> (kg)	Dust (in kg)
Electricity	47,860,000	96	335	96
Heating energy	40,384,048	4,038	16,154	808
<b>Total air pollutants (kg)</b>		<b>5,854</b>	<b>19,840</b>	<b>1,203</b>
Air pollutants (kg/employee)		0.69	2.35	0.14

1 Conversion factors according to GEMIS 2004 and 2017.

2 As air travel is no longer split into short distances and long distances, a 50:50 split is assumed when calculating air pollutants.

3 Employee.

LBBW's cooling systems are checked regularly for leaks and so no significant greenhouse gas emissions were reported here in 2021. Among the EMAS-certified locations, in 2021 the Am Hauptbahnhof buildings experienced coolant losses of 5 kg at a heat pump due to a loose screw, which was fixed. The Pariser Platz building experienced coolant losses of 6.38 kg with two cooling units. The leaks were also resolved. The building in Mannheim experienced coolant losses of 7.5 kg. This was the result of loose soldering joints, which were subsequently tightened. 11.88 kg of the coolant was R 134a and 7 kg was released from the coolant R 407c.

## Energy used in facility management



LBBW's energy bill totals approximately EUR 8.7 million for electricity and EUR 3.6 million for heating in 2021. Cutting back on these expenses holds not only enormous environmental potential but also financial potential.

Our central buildings are responsible for the majority of LBBW's total energy usage. In terms of identifying savings potential and introducing energy efficiency measures, we therefore concentrate primarily on these buildings.

When refurbishing or replacing systems, we take care to use efficient processes and equipment or components.

In general terms, electricity and water consumption was lower than in the previous year. By contrast, absolute heating energy requirements increased due to the relatively cold weather during the year. Looking back, 2021 was about 1.5 degrees Celsius colder than the previous year in Stuttgart. Heating energy usage adjusted for weather was lower than in the previous year, indicating a positive trend for building operation.

The COVID-19 pandemic continued to affect usage levels in 2021. In particular, lower electricity needs are likely due in part to the reduction in electricity needed to power computers, monitors and lighting given that many employees were still working from home and therefore not in the office.

Lower electricity needs in 2021 can also be explained by the cold weather during the year, which did not see extreme heatwaves or long periods of warm weather. This directly affects demand for cooling and thus for electricity. The reduction in electricity requirements is also due to the new, more efficient cooling systems set up at the “am Hauptbahnhof” building and the targeted reduction in office air conditioning in the summer.

Heating energy requirements also reflect the 1°K reduction in room temperature at central buildings (excluding the Am Hauptbahnhof 2 buildings) in winter, which saves approx. 1.5 GWh. By utilizing waste heat, the heat pumps at Am Hauptbahnhof provided 2.5 GWh of heating energy, avoiding the need for district heating.

Water consumption at headquarters is still low, chiefly a result of fewer people using the restaurants, the new and more efficient recooling plant at the Am Hauptbahnhof 2 building and generally low water requirements for recooling.

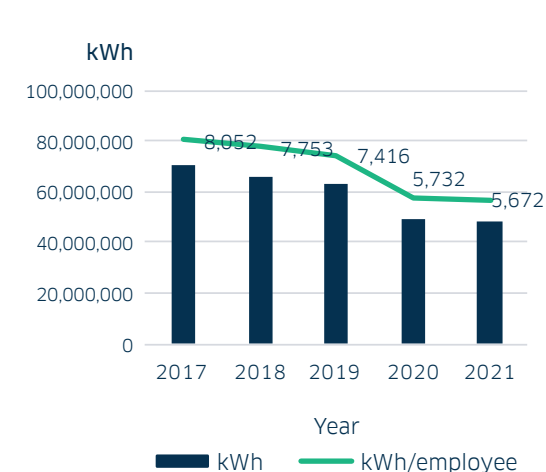
<b>Electricity usage in absolute figures (kWh per building)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Karlsruhe	728,295	776,430	948,486	1,025,015	989,608
Leipzig <sup>1</sup>	297,192	331,911	453,982	431,086	620,294
Mainz	716,366	2,601,509	2,613,417	2,762,304	2,734,142
Mannheim	1,455,887	1,523,450	1,543,285	1,459,320	1,461,222
<b>Stuttgart</b>					
Am Hauptbahnhof	18,848,355	17,167,935	22,469,281	26,042,487	29,787,577
thereof: building operations	11,546,590	11,776,307	16,281,669	18,819,499	21,779,776
thereof: data center	7,301,765	5,391,628	6,187,612	7,222,988	8,007,801
Pariser Platz	5,734,411	6,216,019	6,792,779	7,208,558	6,732,630
Königstraße	2,841,597	2,953,076	4,016,980	4,197,068	3,957,425
Kronprinzstraße 8 <sup>2</sup>	-	-	-	-	-
Bollwerk	7,236,055	6,753,870	11,555,950	11,474,829	11,688,896
thereof: building operations	3,726,493	3,404,876	5,111,145	4,576,139	4,011,605
thereof: data center (in Fellbach since Q4 2019)	3,509,562	3,348,994	6,444,805	6,898,690	7,677,291
Kleiner Schlossplatz	2,951,823	3,073,007	3,381,586	3,409,606	3,588,904
Branches and other administrative buildings	7,050,019	7,987,424	9,201,750	7,995,782	9,271,121
<b>Total</b>	<b>47,860,000</b>	<b>49,384,631</b>	<b>62,977,496</b>	<b>66,006,055</b>	<b>70,831,819</b>

<sup>1</sup> In Leipzig, operations moved to a different building in 2016, meaning that space is no longer used. The building was partially converted in 2018, leading to reduced usage.  
<sup>2</sup> As only a small part of the building in Kronprinzstraße 8 is in use, the consumption figures have been allocated to branches and other administrative buildings since 2014.

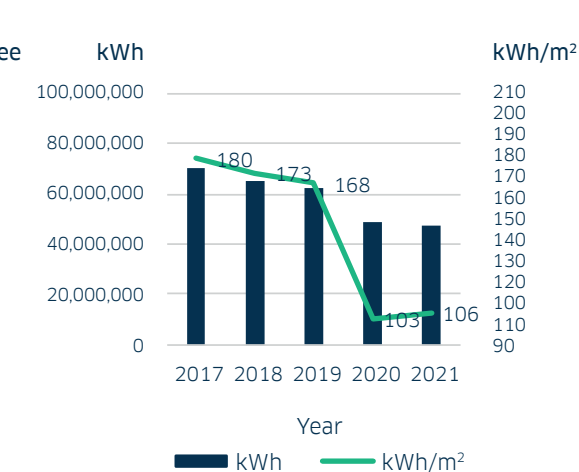
Electricity usage in relative figures (kWh/m <sup>2</sup> per building)	2021		2020		2019		2018		2017	
	Incl. data centers	Excl. data centers	Incl. data centers	Excl. data centers	Incl. data centers	Excl. data centers	Incl. data centers	Excl. data centers	Incl. data centers	Excl. data centers
Karlsruhe	-	39	-	42	-	55	-	60	-	58
Leipzig	-	28	-	32	-	92	-	87	-	125
Mainz	-	77	-	83	-	84	-	89	-	88
Mannheim	-	40	-	42	-	91	-	86	-	86
<b>Stuttgart</b>										
Am Hauptbahnhof	142	87	130	90	262	192	302	223	337	252
Pariser Platz	-	68	-	74	-	129	-	136	-	127
Königstraße	-	243	-	252	-	333	-	348	-	328
Kronprinzstraße 8 <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Bollwerk <sup>2</sup>	302	155	282	155	482	233	478	208	487	175
Kleiner Schlossplatz	-	151	-	157	-	214	-	216	-	227
Branches and other administrative buildings	-	67	-	72	-	80	-	-	-	71
<b>Weighted average</b>	<b>106</b>	<b>82</b>	<b>103</b>	<b>86</b>	<b>168</b>	<b>134</b>	<b>173</b>	<b>136</b>	<b>180</b>	<b>140</b>

1 As only a small part of the building in Kronprinzstraße 8 is in use, the consumption figures have been allocated to branches and other administrative buildings since 2014.  
2 The former data center in Bollwerk has been located in Fellbach since Q4 2019.

Electricity usage in absolute and relative figures (per employee)



Electricity usage in absolute and relative figures (per m<sup>2</sup>)



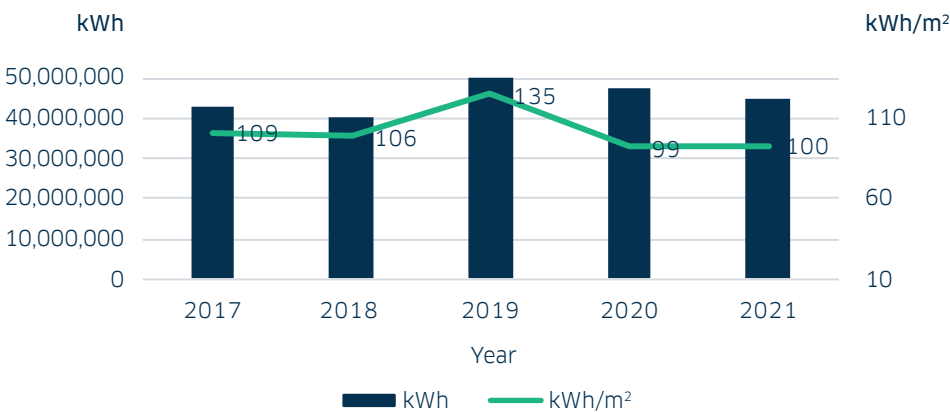
Heating energy usage in absolute figures (kWh per building) <sup>1</sup>	2021		2020		2019		2018		2017	
	Usage	Adjusted for weather	Usage	Adjusted for weather	Usage	Adjusted for weather	Usage	Adjusted for weather	Usage	Adjusted for weather
Karlsruhe	630,907	750,778	501,206	696,675	583,190	758,147	639,720	863,622	624,050	767,582
Leipzig	551,761	590,383	422,925	511,739	446,857	527,291	566,679	668,680	540,875	600,371
Mainz	2,953,556	3,514,732	3,550,493	4,864,175	3,918,960	5,094,648	3,898,250	5,145,689	3,468,427	4,266,165
Mannheim	2,161,199	2,593,439	1,786,920	2,483,818	1,288,188	1,687,526	1,663,870	2,246,224	1,663,869	2,063,198
<b>Stuttgart</b>										
Am Hauptbahnhof <sup>2</sup>	10,035,557	11,239,824	8,139,622	10,744,302	11,493,476	14,251,910	5,816,403	7,386,831	6,200,840	7,254,983
Pariser Platz <sup>2</sup>	6,109,911	6,843,100	4,508,830	5,951,656	5,113,380	6,340,591	3,581,130	4,548,035	4,873,630	5,702,147
Königstraße	1,547,683	1,733,405	1,549,908	2,045,877	2,108,737	2,614,833	1,551,721	1,970,685	1,924,930	2,252,168
Kronprinzstraße 8 <sup>3</sup>	-	-	-	-	3	3	3	3	3	3
Bollwerk	3,440,211	3,853,035	2,645,497	3,465,601	2,648,436	3,257,575	2,150,370	2,709,466	2,905,314	3,370,164
Kleiner Schlossplatz	3,003,010	3,363,371	2,475,985	3,268,300	2,395,267	2,970,131	1,898,769	2,411,436	1,969,777	2,304,639
Branches and other administrative buildings	9,950,253	10,845,776	10,900,217	13,457,178	11,149,297	13,243,686	10,246,926	12,474,987	12,789,903	14,223,955
<b>Total</b>	<b>40,384,048</b>	<b>45,327,843</b>	<b>36,481,603</b>	<b>47,489,321</b>	<b>41,145,791</b>	<b>50,746,341</b>	<b>32,013,838</b>	<b>40,425,655</b>	<b>36,961,615</b>	<b>42,805,372</b>

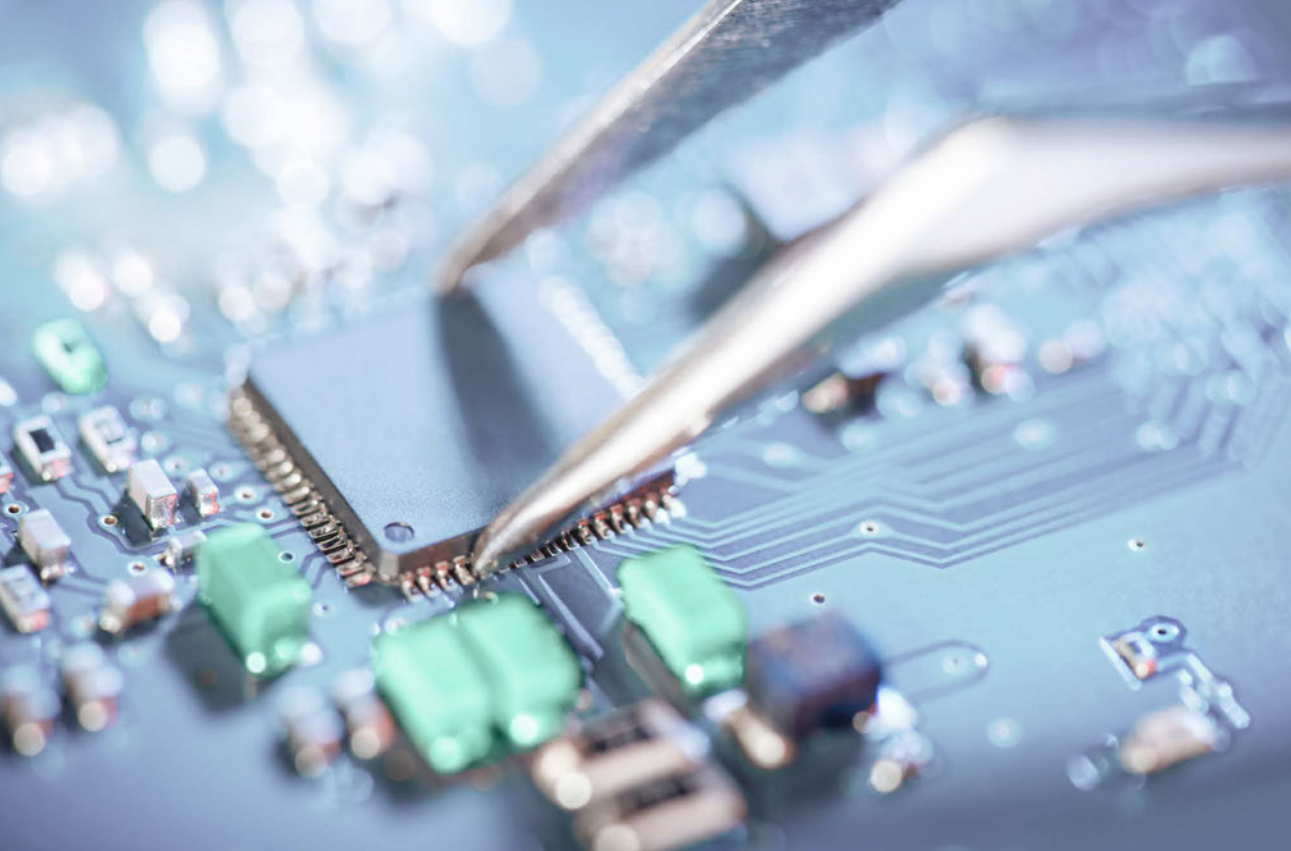
1 LBBW's central buildings are supplied with district heating. Renewable energies currently make up 17.5% of the district heating used.  
2 The increase in heating energy in 2019 was due in part to the heat pump being shut down.  
3 As only a small part of the building in Kronprinzstraße 8 is in use, the consumption figures have been allocated to branches and other administrative buildings since 2014.

Heating energy usage in relative figures (kWh/m <sup>2</sup> per building)	2021		2020		2019		2018		2017	
	Usage	Usage adjusted for weather	Usage	Usage adjusted for weather	Usage	Usage adjusted for weather	Usage	Usage adjusted for weather	Usage	Usage adjusted for weather
	Karlsruhe	34	41	27	38	34	44	37	51	36
Leipzig	53	56	40	49	90	106	114	135	109	121
Mainz <sup>1</sup>	317	377	114	156	126	163	126	166	112	137
Mannheim	60	72	50	69	76	99	98	132	98	122
<b>Stuttgart</b>										
Am Hauptbahnhof	76	85	62	81	134	166	68	86	70	82
Pariser Platz	73	82	54	71	97	120	68	86	92	108
Königstraße	132	148	132	175	175	217	129	163	160	187
Kronprinzstraße 8 <sup>2</sup>	-	-	-	-	-	-	-	-	-	-
Bollwerk	143	161	110	144	110	136	90	113	121	141
Kleiner Schlossplatz	154	172	127	167	151	188	120	152	125	146
Branches and other administrative buildings	94	102	99	122	97	115	85	103	98	109
<b>Weighted average</b>	<b>89</b>	<b>100</b>	<b>76</b>	<b>99</b>	<b>109</b>	<b>135</b>	<b>84</b>	<b>106</b>	<b>94</b>	<b>109</b>

1 The Große Bleiche building in Mainz was occupied until the end of Q1 2021 before the move to the Zollhafen building. Accordingly, the Große Bleiche area is no longer taken into consideration from 2021 onwards, although usage is still included in 2021. This results in one-off, artificially high usage per m<sup>2</sup> for 2021.  
 2 As only a small part of the building in Kronprinzstraße 8 is in use, the consumption figures have been allocated to branches and other administrative buildings since 2014.

### Heating energy usage in absolute figures and relative figures per m<sup>2</sup>





## IT energy usage



The following projects to reduce energy usage were among those continued or started in 2021:

- System deactivation: Identifying systems that can no longer be used or whose functions are no longer required and determining whether systems can be migrated to another system. Deactivation of unused, unneeded, and successfully migrated systems.
- Data center consolidation: Consolidation from three to two data centers accompanied by a significant increase in server virtualization.
- Modernization: Some of the IT infrastructure is being moved to a new data center in Nuremberg, which is equipped with the latest technology.
- Quicker provisioning concepts for systems: Provisioning currently takes several months, meaning that test systems often continue to run without interruption, for example. Quicker provisioning reduces the duration of the test phase, and hence energy consumption.
- Printer consolidation: Systematic printer consolidation and removal of printers that are no longer required.



## Energy audit in accordance with the German Act on Energy Services

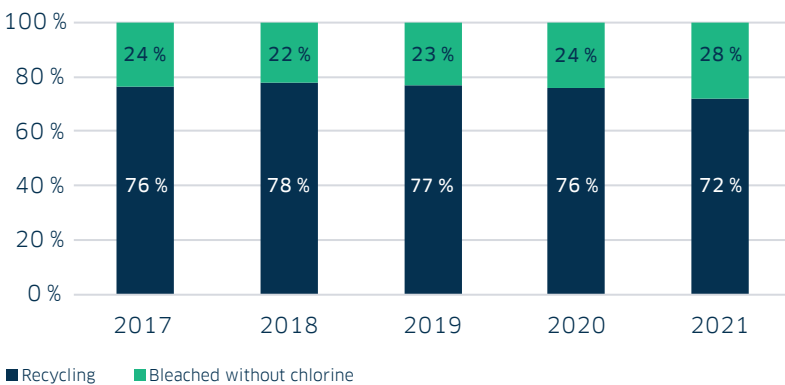
Every four years, all companies not classified as SMEs are required to conduct an energy audit as per DIN EN 16247-1. The initial audit in accordance with the German Act On Energy Services and Other Energy Efficiency Measures (EDL-G) was conducted at LBBW in 2015/16. The follow-up audit took place in 2019 and is reported on accordingly in the 2020 Sustainability Report. The next energy audit is planned for 2023.

## Paper usage

We take care to economize and be efficient when using paper and ensure that the paper we use is sustainable. As a rule, we do not use any paper containing pulp from tropical wood. All paper and printed matter must contain the greatest possible percentage of recycled material. If recycled paper cannot be used, we prefer FSC-certified paper from sustainable forests.

Since 2017, LBBW has taken part in the “CEOs bekennen Farbe” (CEOs Show Their Colors) resource protection campaign run by Initiative Pro Recyclingpapier. The public statement by the Chairman of LBBW’s Board of Managing Directors is also intended to encourage other companies to switch to Blue Angel-certified recycled paper. The cooperation partners of the initiative are the German Federal Ministry for the Environment, the German Association for the Club of Rome, and the conservation association Naturschutzbund Deutschland. In 2021, the share of recycled copy paper used was around 72% (previous year: approx. 76%).

### Percentage of copy paper recycled

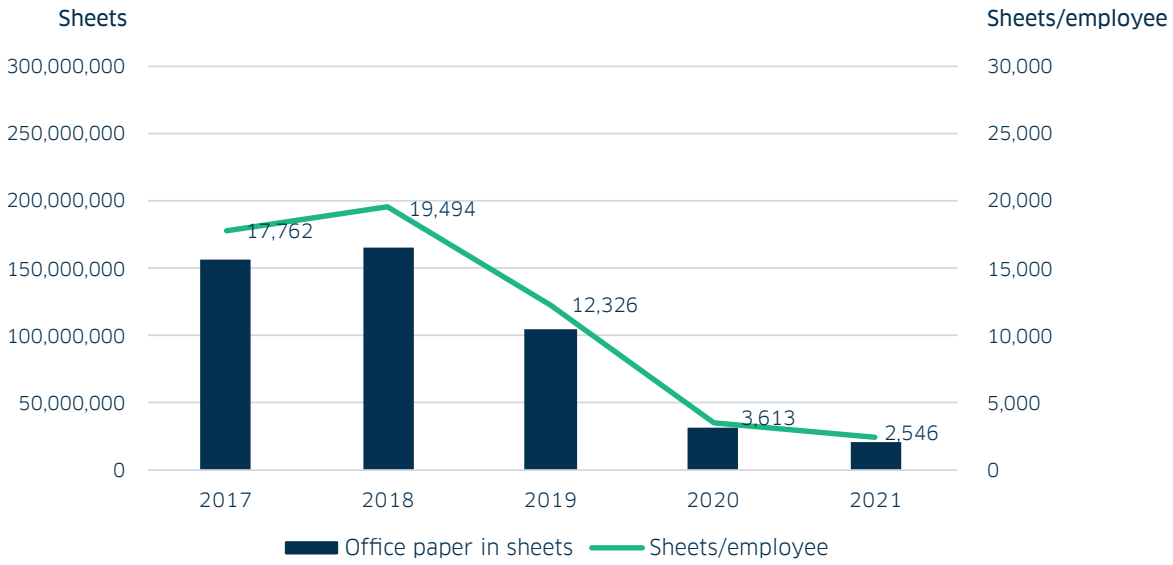


We are also working continuously to reduce our paper consumption. The document management system Doxis4, which is already used in multiple areas of the bank, is central to this. Electronic workflows and archiving options mean that customer orders can be handled on a paperless basis from any location with a high degree of process security, while also reducing the processing time and increasing customer satisfaction. The system is in the process of being introduced in many areas. In connection with this, we consult with our customers and partners to give them every opportunity to switch from written correspondence and contracts to electronic communication.

In addition, we intend to lower our use of paper even further by continuing to reduce printer use at the main offices and switch to double-sided printing as standard.

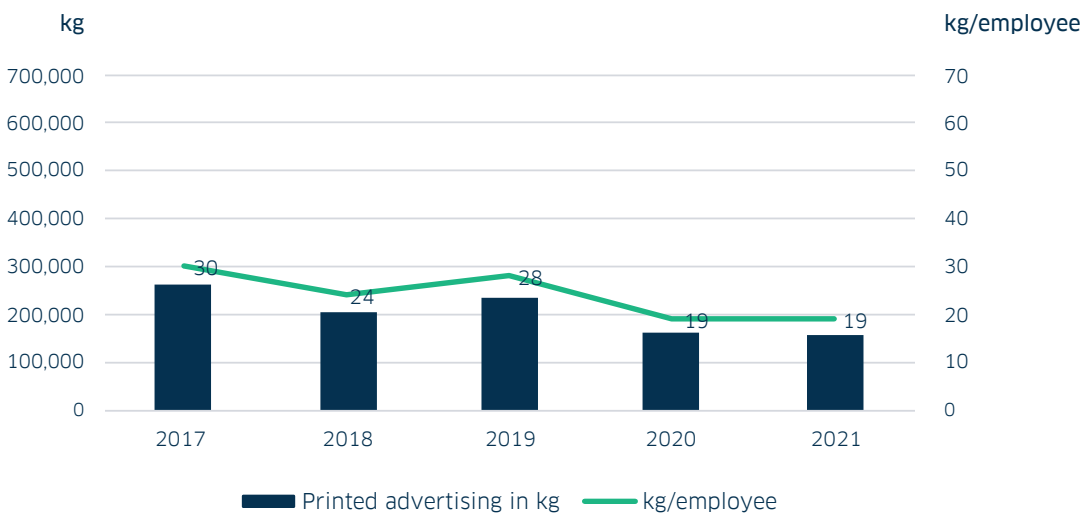
To achieve another milestone in our goal of reducing paper usage, we plan to standardize our logo letterheads. In stages, we will gradually move to blank paper and individual letterheads using configurators. This means it will no longer be necessary to stock pre-printed goods and also allows for a quicker response to any (logo) changes with no paper waste.

### Office paper in absolute figures and relative figures (per employee)<sup>1</sup>



<sup>1</sup> Since 2020, only copy paper has still been shown in sheets.

### Printed advertising matter in absolute figures and relative figures (per employee)



# Transportation

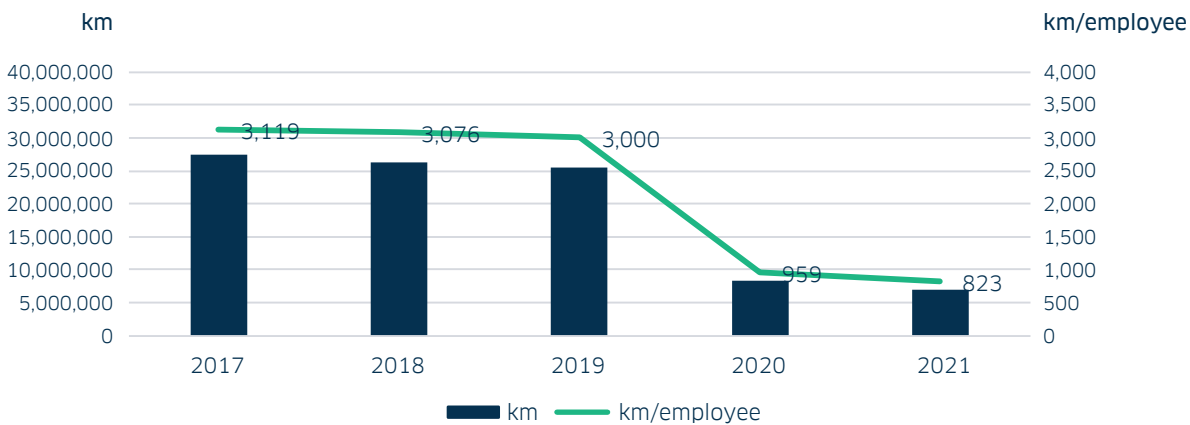


Our employees travel mainly to talk to customers on site and develop optimal and sustainable products and banking solutions together, as well as to collaborate with colleagues from other locations or to take part in training. Trips to client meetings, seminars and conferences as well as between LBBW's various buildings are therefore considered business travel.

Safety, sustainability and cost-efficiency play a key role in planning and taking trips. Mobile infrastructure and virtual collaboration (e.g. telephone, audio and video conferences) are the preferred means of communication and business travel is to be kept to a minimum by making use of increased technical alternatives wherever feasible. In addition, environmental issues must be considered when selecting a mode of transport. LBBW's travel rules state that public transportation (Deutsche Bahn, local public transportation) should be given precedence over travel by air, car, or taxi. LBBW also aims to limit long-haul flights, i.e. not to fly when the travel time by rail is less than four and a half hours from train station to train station.

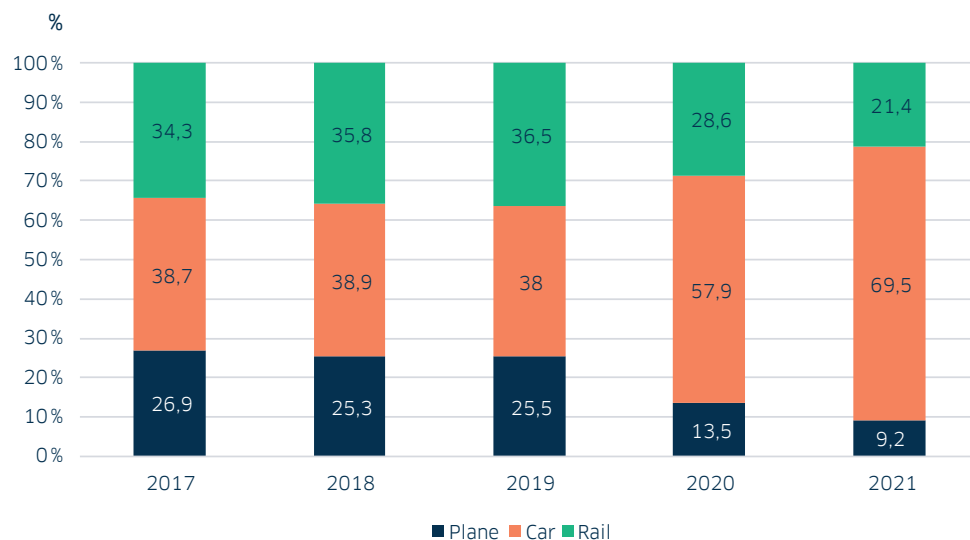
LBBW uses a sustainability app providing information on carbon consumption and general tips on resource efficiency to increase employees' awareness of climate and environmental aspects and to encourage them to choose the most environmentally friendly form of transport. This allows all employees to view their own carbon footprint, that of their division, their business unit and LBBW's. The sustainability app shows the CO<sub>2</sub> emissions generated by travel (in some cases broken down by mode of transport), heating, paper, electricity and water.

## Business travel in absolute figures and relative figures (per employee)



Business travel experienced a sharp downturn in 2021 due to the COVID-19 pandemic and the contact and travel restrictions imposed at times as a result. Increased use was made of telephone, audio and video conferences instead. Total kilometers traveled for business purpose (absolute figure for 2021: 6,942,800 km) decreased by around 16% (previous year: 8,261,840 km). In relative terms, each employee traveled an average of 823 km (previous year: 959 km).

## Kilometers traveled by mode of transportation



The breakdown by form of transportation was relatively stable for years. The global spread of the coronavirus has massively altered this breakdown since 2020 to the detriment of air travel. With in-person events in Germany reduced or canceled and international restrictions imposed on entering countries, the share of air travel fell to 9.2%. 21.4% of kilometers traveled for business purposes in 2021 were made by rail and 69.5% by car.

The total number of service (including sales vehicles), company, departmental, and pool vehicles was 472 at the end of 2021 (previous year: 457). Since the second quarter of 2019, priority has been given to plug-in hybrid or electric vehicles wherever possible for replacement pool and departmental vehicles (including branch pools). The share of environmentally friendly service and company vehicles also rose, with almost half of all cars (213 total vehicles in our fleet) a plug-in-hybrid or electric model in 2021 (previous year: 102).

We introduced an incentive system (bonuses/penalties) in 2015 to encourage the switch to lower-emission company cars. Since the thresholds were introduced, the average emissions of company cars and pool vehicles have fallen to 83 g/km CO<sub>2</sub> (as at December 2021; previous year: 104 g/km). The average CO<sub>2</sub> emissions for the fleet of sales vehicles alone (74 vehicles) were 46 g/km. Average CO<sub>2</sub> emissions in LBBW's vehicle pool (34 vehicles) were reduced by an additional 7% year on year to 76 g/km (as at December 2021).

The annual transportation data collected also includes trips taken with privately owned cars and rental cars.

We are also able to report the amount of fuel actually used for the kilometers driven in the company and service vehicle categories:

Usage (liters) <sup>1</sup>	Diesel		Gasoline	
	2021	2020	2021	2020
Company vehicles	129,672.91	155,352	80,366.78	79,532
Service vehicles	221,579.04	275,718	208,699.63	107,739
<b>Total</b>	<b>351,251.95</b>	<b>431,070</b>	<b>289,066.41</b>	<b>187,271</b>

<sup>1</sup> The figures in liters include usage from business travel and personal trips.

All bahn.business customers travel on trains running entirely on green electricity when making long-distance trips with Deutsche Bahn and Deutsche Bahn local transportation within Germany.

### Commuter tickets and passes

Since personal and business travel habits are usually very similar, we also inform employees about options for making their commutes more environmentally friendly. These mainly include the variety of commuter tickets and passes offered by the public transportation systems in cities such as Stuttgart, Mannheim, and Mainz, as well as the bwJOB subscription or annual DB Job-Ticket pass from Deutsche Bahn. For business travel on Deutsche Bahn trains, we also use weekly and monthly passes when necessary. The BahnBonus points collected from business travel and the frequent-flier miles accumulated on flights can be used for free business travel or donated to sustainable causes.

### Sharing concepts

As well as numerous offers for its employees for local and long-distance travel with public transport, LBBW also has programs in place to help them use car and scooter sharing models as part of its travel rules.

LBBW also offers its employees and all BW-Bank customers a reduced rate for Stadtwerke Stuttgart's "stella" scooter sharing. These electric scooters are powered entirely by green electricity and so represent a sustainable alternative for moving around the city.

The aim is to get employees, customers and other road users interested in making a conscious effort to avoid CO<sub>2</sub> by opting for sustainable transport options and thus to promote transportation.

### Charging infrastructure



Since July 2018, employees who come to work on an e-bike have been able to charge their bicycles at one of the 12 charging sockets at LBBW's bicycle parking bay at Stuttgart central station, which can be accessed only with an employee ID card. Another 20 charging stations have been installed since February 2020. There are plans to expand this network further.

In addition, LBBW has been installing internal LBBW charging infrastructure for electric vehicles at various LBBW sites since 2019, and continued to expand this in 2021. This charging infrastructure is available to both customers and employees free of charge. There are more than 100 charging points across all locations and the plan is to increase this further for 2022 and onwards. Here, we primarily use the infrastructure solution provided by the company chargeBIG, which like LBBW is a partner of the Stuttgart Clean Air Alliance.

With the establishment of a charging infrastructure, we are making it easier for our employees to switch to e-bikes and electric vehicles and helping make LBBW carbon neutral.





## Initiatives to promote cycling

We run a wide range of campaigns and offers to encourage our employees to switch to cycling as a more environmentally friendly means of transport.

**RadKULTUR:** In 2020, LBBW was a cooperation partner of the RadKULTUR initiative organized by the Baden-Württemberg Ministry of Transport. In summer 2021, we again took part in the “Stadtradeln” (city cycling) campaign that called on participants to get on their bikes for as many day-to-day journeys as possible over a three-week period. 170 LBBW employees, i.e. 34 more than in 2020, took part in the competition, cycling 47,829 kilometers. This is almost 10,000 kilometers more than in the previous year. Not only did this avoid 7,000 kg of CO<sub>2</sub> emissions, our team also placed third out of the 250 companies that took part. As part of this collaboration, in February 2021 we also set up a bike station for small repairs in the inner courtyard of the main building in Stuttgart.

**JobRad:** All LBBW employees have been able to lease a bike or e-bike at attractive conditions since July 2020. By the end of 2021, we had ordered more than 500 bikes from the provider JobRad.

**Rad Community cycle network:** LBBW’s social intranet has featured a cycling group since the start of 2021. Its aim is to network cyclists at the bank, swap tips and tricks, share information and inform them about events. Monthly LBBW group rides are organized in the summer months and anyone who is interested can take part.

## Waste

As a financial institution, we have a particular obligation to handle with care and protect customer data. The same applies to disposing of paper. Our waste disposal plan therefore guarantees strict compliance with the German Data Protection Act (“Datenschutzgesetz”). Employees are responsible for throwing away paper subject to data protection in centrally located data security containers. The documents collected will be destroyed in accordance with the German Data Protection Act.

We also ensure that valuable resources are recycled. All employees are required to consistently separate their garbage. A box for scrap paper is set out at each workplace. Step trash cans are located centrally for organic waste, packaging, and unrecyclable waste.

Waste volume	2021 (kg)	2020 (kg)	2019 (kg)
<b>Non-hazardous</b>			
Regular paper (15 01 01N)	221,572	116,009	198,674
Security paper (15 01 01S)	423,434	526,293	611,581
<b>Paper, total</b>	<b>645,006</b>	<b>642,302</b>	<b>810,255</b>
Glass (20 01 02)	7,715	1,786	2,596
Metal (15 01 04)	45,382	69,837	31,105
Plastic (15 01 02)	15,840	86	115
Wood (17 02 01)	165,728	124,860	70,820
Compostable waste (20 02 01)	48,060	126,539	203,848
Organic kitchen waste (20 01 08)	85,755	87,336	181,620
Edible oils/fats (20 01 25)	1,080	200	1,300
Electronic scrap (16 02 14)	8,051	740	-
Mixed materials (15 01 06) <sup>1</sup>	476,754	23,077	7,586
Non-recyclable waste (20 03 01) <sup>2</sup>	81,044	295,301	325,301
Security plastics (15 01 02S)	-	8,771	3,042
Sludges/grease separators (02 02 04)	263,100	263,294	290,800
<b>Sub-total non-hazardous materials</b>	<b>1,843,515</b>	<b>1,644,129</b>	<b>1,928,388</b>
<b>Hazardous waste<sup>2</sup></b>			
Other hazardous waste	299	170	1,924
Lead batteries (16 06 01)	-	-	-
Insulation materials (17 06 03)	-	1,470	35
Fluorescent tubes (20 01 21)	-	-	-
From oil/water separators (13 05 01)	-	-	-
Monitors, battery-operated devices (16 02 13)	-	1,014	110
Electronic scrap (20 01 35) <sup>3</sup>	168	6,649	10,666
Gear and lubricating oils	59	-	-
<b>Sub-total hazardous waste</b>	<b>526</b>	<b>9,303</b>	<b>12,735</b>
<b>Total</b>	<b>1,844,041</b>	<b>1,653,432</b>	<b>1,941,123</b>
<b>Waste recycled</b>	<b>1,014,566</b>	<b>1,052,946</b>	<b>1,301,659</b>

1 Mixed materials mainly comprise packaging material.

2 Hazardous and unrecyclable waste is processed or disposed of at German facilities. This waste is not transported outside Germany.

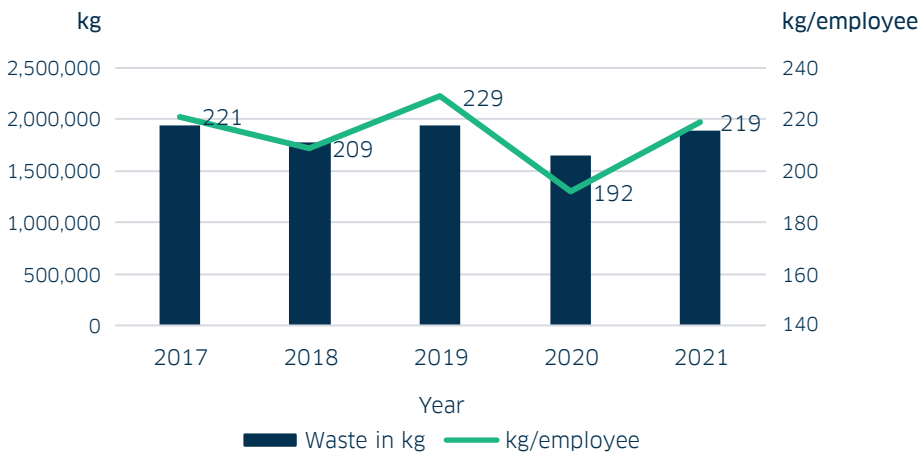
3 Some electronic waste is classified as hazardous waste because it could contain lithium batteries.

Organic waste from the restaurants is transported to biogas facilities and recycled to produce energy.

### Waste volume (including recyclables) of the validated locations

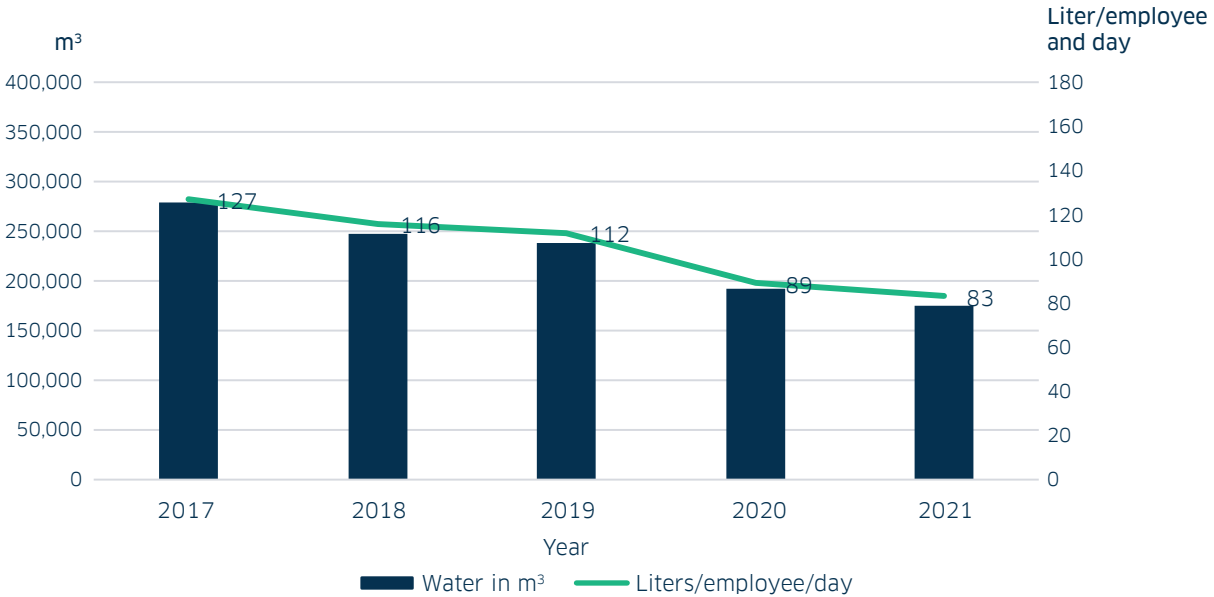
Waste volume by location (in kg)	2021	2020	2019	2018	2017
<b>Stuttgart</b>					
Am Hauptbahnhof	612,107	489,597	469,343	418,246	740,759
Pariser Platz	244,626	273,165	239,373	206,637	447,378
Bollwerk	46,690	45,288	73,693	60,157	55,343
Königstraße	11,007	37,383	32,744	36,304	22,740
Kleiner Schlossplatz incl. Kronprinzstraße	43,449	93,759	85,384	177,912	160,981
<b>Mannheim</b>	<b>70,517</b>	24,159	26,032	31,741	55,864

### Waste volume in absolute figures and relative figures (per employee)



# Water

## Water consumption in absolute figures and relative figures (per employee and day)<sup>1</sup>



<sup>1</sup> The figures shown represent drinking water from the public supply. Rainwater is additionally used to flush toilets in the Pariser Platz building.

Water consumption, both in absolute terms and per employee, declined by around 9% in 2021 compared to the previous year, with the figure per employee per day down 6.7%.

# Biodiversity



Species are going extinct more rapidly than ever before: the International Union for Conservation of Nature categorized 37,500 species of plants and animals as “endangered” in 2021 and placed them on the red list. One year previously, the “Global Biodiversity Outlook” by the Secretariat of the UN Convention on Biological Diversity had already delivered a sobering conclusion. This report provides regular assessments of the extent to which countries around the world have achieved the targets they set in 1993 for protecting biodiversity, defined as the diversity of species, ecosystems and genes. The results of the analysis show that the global community has not achieved any of its 20 targets in full. Six of the targets were partially achieved and 14 were not achieved at all. The Climate Change Conference in October 2021 called on the almost 200 contractual states to take effective action to halt the loss of biodiversity and reverse this loss by no later than 2030.

The global report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service, last published in 2019, also stressed the need for urgent action, as biological diversity and aspects of the ecosystem such as food, clear water and medicine that are essential to the survival of the human race are deteriorating rapidly worldwide.

The increasing destruction of ecosystems and irreversible loss of species and habitats have economic consequences as well as environmental effects. More than ever, therefore, companies too are called to take notice of the effects of their business activities on local and global biodiversity and to contribute to their preservation.

The preservation of biological diversity is part of our aim to contribute to sustainable and balanced economic, environmental, and social development.

We promote biodiversity with the following activities:

- We apply biodiversity criteria in our investing and lending business. Biodiversity issues are included in the analysis when we select the investment universe for our sustainable investment products. In the financing review process, the questions regarding reputation and sustainability criteria for use in dialog with customers also include biodiversity issues such as whether virgin forest will be cleared or endangered species threatened.
- The LBBW Foundation participates in projects aimed at protecting nature and preserving domestic flora and fauna. It also funds small-scale research projects relating to protection of the environment and nature, biology and medicine, including alternative medicines.
- Since fall 2016 there has been a nesting box at LBBW's "Pariser Platz" high-rise building in Stuttgart for peregrine falcons, which are rare in this region. A pair of kestrels have successfully been breeding there since July 2018. This gives rise to hopes that peregrine falcons will nest there in the future, as they have been known to be preceded by kestrels.
- We continued our dialog with the World Wide Fund for Nature (WWF) in July 2021. As part of a survey for a study about the banking sector, biodiversity at LBBW was analyzed and rated average by the WWF. In light of this, we met again in October 2021 and discussed the following key aspects of biodiversity with the WWF.

## Activities of the LBBW Immobilien Group



A large number of sustainable real estate and community development projects are carried out under the auspices of the LBBW Immobilien Group – from constructing pioneering, environmentally friendly residential communities to developing concepts to improve the energy efficiency of entire cities.

### LBBW Immobilien Development GmbH

LBBW Immobilien Management GmbH's development company specializes in designing and building sustainable residential complexes and commercial space. As a service provider, the company provides its expertise in sustainability, revitalization project management, efficiency improvements and other areas. LBBW Immobilien Development GmbH is a member of the German Sustainable Building Council (DGfB). Its projects in many locations are DGfB certified. In this connection, DGfB evaluates the overall sustainability of the property over the entire building lifecycle according to around 40 different criteria measuring environmental, economic, socio-cultural, functional, technical, and process quality.



LBBW Immobilien Development GmbH is currently involved in the following projects, among others:

**Munich: STUNTZ 16.** The LBBW Immobilien Group revitalized a multi-story, 4,224 m<sup>2</sup> office building from the late 1970s in the Bogenhausen district of Munich. After successfully removing any hazardous material, the existing building was first dismantled down to the supporting structure. Significant resources were saved by retaining the reinforced concrete skeleton and the underground car park. Bit by bit, high-quality office space in line with modern requirements was installed in the upper stories and retail space was put in on the ground floor. A photovoltaic system produces green energy. Not only does the building meet LBBW's sustainability standard for real estate, it also meets the requirements set out under the "EnEV 2016 Neubau" energy saving regulation. It was successfully let and sold in 2021, based not least on the relevant sustainability strategy and an evaluation of the ESG criteria regarding compliance with the EU Taxonomy. The premises were handed over ready for the new occupants to move in.

**Stuttgart: Königstraße 1c.** LBBW Immobilien is planning to sustainably regenerate Königstraße 1c and make it into an ensemble with three independent buildings featuring significant outdoor facilities. The upper floors are to be converted into office space. The core of key parts of the buildings will be kept, ensuring that the gray energy stored in the original construction and, in particular, in the concrete, is not lost. To keep energy consumption and CO<sub>2</sub> emissions to a minimum, an innovative building technology concept is used that works on the basis of solar energy. A large courtyard brings light and air into the upper floors of the 50 by 70 meter building. Plans for the exterior renovation include opening the facade to the Schlossgarten park and establishing hospitality businesses with outdoor areas. Adding in vegetation, especially to the roofs, will help improve the urban climate and biodiversity. The regeneration project will also boost the location quality of the bottom end of Königstraße and the adjacent Schlossgarten park. Together with the new central station, this should create a homogeneous urban appearance. The aim is to achieve certification by the German Sustainable Building Council (DGNB).

### **LBBW Immobilien Kommunalentwicklung GmbH**

As a company of LBBW Immobilien Management GmbH, the German Association of Cities, and the savings bank organization, this Stuttgart-based company is the point of contact for municipalities and the state of Baden-Württemberg for all issues concerning urban planning, urban renewal, land repurposing, and construction site and land development. This municipal center of excellence provides planning and consulting services, spearheads renovation and development projects, and invests in projects. LBBW Immobilien Kommunalentwicklung GmbH operates in 440 cities and municipalities.

For example, LBBW Immobilien Kommunalentwicklung GmbH is currently working on the following project:

**Großbettlingen:** Herion site. An inner-city brownfield site is being converted into a modern housing development in the Großbettlingen municipality of the Stuttgart region. The approximately 13,000 m<sup>2</sup> Herion site had been home to a metal-working company since the 1950s, but business operations ceased seven years ago. Following tricky negotiations that spanned many years, LBBW Immobilien Kommunalentwicklung KE successfully purchased the area from its English owners. One major hurdle was the unresolved issue of contaminated waste. Solvents had been used at the site in the past, which caused considerable underground damage. In addition, the structure of the old company buildings is contaminated with various pollutants, which have to be properly removed and disposed of when dismantling the building. LBBW Immobilien Kommunalentwicklung KE managed the survey of ground contamination and contaminated buildings and also coordinated with the environmental authorities responsible to clarify the general

conditions for the dismantling and clean-up work. The plan is to build a modern housing development on the site, with affordable housing for up to 250 people. An extensive public participation process collected the suggestions and wishes of the general public so that these can be taken into account in the development plan. With this project, KE is helping ease the housing shortage in the region while also resolving a long-standing urban development failing.



# GRI Standards (Global Reporting Initiative)

GRI Standards	Contents	Page in LBBW Sustainability Report	Additional information/comments
<b>101</b>	<b>Foundation</b>		
<b>102</b>	<b>General disclosures</b>		
	<b>Organizational profile</b>		
102-1	Name of the organization	8 et seq.	
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102-4	Location of operations	8	
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102-6	Markets served	8 et seq., 91 - 93	
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102-11	Precautionary principle or approach	84 - 87, 95 et seq., 192, 197, 200 - 203	
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102-21	Consulting stakeholders on economic, environmental, and social topics	46 - 50	
102-22	Composition of the highest governance body and its committees		2021 annual report, pages 8 - 14
102-23	Chair of the highest governance body		2021 annual report, p. 12
102-24	Nominating and selecting the highest governance body		2021 annual report, p. 18

GRI Standards	Contents	Page in LBBW Sustainability Report	Additional information/comments
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102-28	Evaluating the highest governance body's performance		2021 annual report, p. 20
102-29	Identifying and managing economic, environmental, and social impacts	26 - 31	
102-30	Effectiveness of risk management processes	84 - 87	
102-31	Review of economic, environmental, and social topics	26 - 31	
102-32	Highest governance body's role in sustainability reporting	51	
102-33	Communicating critical concerns	22	
102-34	Nature and total number of critical concerns		Not specified
102-35	Remuneration policies		2020 remuneration report
102-36	Process for determining remuneration		2020 remuneration report
102-37	Stakeholders' involvement in remuneration		2020 remuneration report
102-38	Annual total compensation ratio		Individual employee salaries are confidential information. Information on the remuneration of the members of the Board of Managing Directors and the Supervisory Board can be found in the LBBW remuneration report
102-39	Percentage increase in annual total compensation ratio		Individual employee salaries are confidential information. Information on the remuneration of the members of the Board of Managing Directors and the Supervisory Board can be found in the LBBW remuneration report
102-40	List of stakeholder groups	46	
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102-42	Identifying and selecting stakeholders	46 - 50	
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102-45	Companies included in the consolidated financial statements		2021 annual report, p. 272 et seqq.
102-46	Defining report content and topic boundaries	4	
102-47	List of material topics	27 - 31	
102-48	Restatements of information		No significant changes
102-49	Changes in reporting		No significant changes
102-50	Reporting period	4	
102-51	Date of most recent report	4	
102-52	Reporting cycle	4	
102-53	Contact point for questions regarding the report	221	
102-54	Claims of reporting in accordance with the GRI Standards	4	

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102-55	GRI content index	210 et seqq.	
102-56	External assurance	219 et seq.	
<b>Topic-specific disclosures</b>			
<b>201</b>	<b>Economic performance</b>		
103-1 to 103-3	Management approach	6 et seq.	2021 annual report, p. 32 et seqq.
201-1	Direct economic value generated and distributed	12	2021 annual report, p. 136 et seqq.
201-2	Financial implications and other risks and opportunities due to climate change	20, 95 et seqq., 124 et seqq.	
201-3	Defined benefit plan obligations and other retirement plans		2020 remuneration report, p. 11
201-4	Financial assistance received from government		In granting export credit, we work in conjunction with export credit agencies.
<b>202</b>	<b>Market presence</b>		
103-1 to 103-3	Management approach	168 et seq.	2020 remuneration report
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	168 et seq.	
202-2	Proportion of senior management hired from the local community		No corresponding regulation in place.
<b>203</b>	<b>Indirect economic impacts</b>		
103-1 to 103-3	Management approach	174 et seqq.	
203-1	Infrastructure investments and services supported	174 et seqq.	
203-2	Significant indirect economic impacts	174 et seqq.	
<b>204</b>	<b>Procurement practices</b>		
103-1 to 103-3	Management approach	69 - 71	
204-1	Proportion of spending on local suppliers	70	
<b>205</b>	<b>Anti-corruption</b>		
103-1 to 103-3	Management approach	72 et seqq.	
205-1	Operations assessed for risks related to corruption	75	
205-2	Communication and training about anti-corruption policies and procedures	72	
205-3	Confirmed incidents of corruption and actions taken	75	
<b>206</b>	<b>Anti-competitive behavior</b>		
103-1 to 103-3	Management approach	83	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	83	
<b>207</b>	<b>Taxes</b>		
103-1 to 103-3	Management approach	79 et seq.	
207-1	Tax concept	79 et seq.	
207-2	Tax governance, controls and risk management	79 et seq.	
207-3	Stakeholder engagement and managing tax issues	79 et seq.	
207-4	Country-by-country reporting		www.LBBW.de -> Investor Relations



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<b>301</b>	<b>Materials</b>		
103-1 to 103-3	Management approach	184 et seqq.	
301-1	Materials used by weight or volume	186	
301-2	Recycled input materials used	198	
301-3	Reclaimed products and their packaging materials		Not relevant
<b>302</b>	<b>Energy</b>		
103-1 to 103-3	Management approach	193, 197	
302-1	Energy consumption within the organization	186, 188	
302-2	Energy consumption outside the organization	191	
302-3	Energy intensity	188	
302-4	Reduction of energy consumption	189, 193, 197	
302-5	Reductions in energy requirements of products and services		Cannot be presented for LBBW as a financial institution.
<b>303</b>	<b>Water and effluents</b>		
103-1 to 103-3	Management approach		Not specified
303-1	Management approach: interactions with water as a shared resource		Not specified
303-2	Management approach: management of water discharge related impacts		Not specified
303-3	Water withdrawal	206	
303-4	Water discharge		Not specified
303-5	Water consumption	206	
<b>304</b>	<b>Biodiversity</b>		
103-1 to 103-3	Management approach	206 et seq.	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not relevant
304-2	Significant impacts of activities, products, and services on biodiversity	116 et seq., 206 et seq.	
304-3	Habitats protected or restored		Not relevant
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	116 et seq.	
<b>305</b>	<b>Emissions</b>		
103-1 to 103-3	Management approach	189 - 192	
305-1	Direct (Scope 1) GHG emissions	191	
305-2	Energy indirect (Scope 2) GHG emissions	191	
305-3	Other indirect (Scope 3) GHG emissions	191	
305-4	GHG emissions intensity	189 - 191	
305-5	Reduction of GHG emissions	193, 197, 200 - 203	
305-6	Emissions of ozone-depleting substances (ODS)		No emissions of ozone-depleting substances
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other significant air emissions	192	

GRI Standards	Contents	Page in LBBW Sustainability Report	Additional information/comments
<b>306</b>	<b>Effluents and waste</b>		
103-1 to 103-3	Management approach	204 et seqq.	
306-1	Water discharge by quality and destination	186 (footnote 1)	
306-2	Waste by type and disposal method	204 et seq.	
306-3	Significant spills	192	
306-4	Transport of hazardous waste	204 (footnote 2)	
306-5	Water bodies affected by water discharges and/or runoff	186 (footnote 1)	
<b>307</b>	<b>Environmental compliance</b>		
103-1 to 103-3	Management approach	66 et seqq.	
307-1	Non-compliance with environmental laws and regulations	79	
<b>308</b>	<b>Supplier Environmental Assessment</b>		
103-1 to 103-3	Management approach	69 – 71	
308-1	New suppliers that were screened using environmental criteria	69	
308-2	Negative environmental impacts in the supply chain and actions taken	69	
<b>401</b>	<b>Employment</b>		
103-1 to 103-3	Management approach	144 et seqq.	
401-1	New employee hires and employee turnover	146, 149	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		All additional benefits are naturally also provided to part-time employees. There are next to no temporary employees at LBBW.
401-3	Parental leave	146	
<b>402</b>	<b>Labor/management relations</b>		
103-1 to 103-3	Management approach	168	
402-1	Minimum notice periods regarding operational changes	168	
<b>403</b>	<b>Occupational health and safety</b>		
103-1 to 103-3	Management approach	155 – 158	
403-1	Occupational health and safety management system	155	
403-2	Hazard identification, risk assessment, and incident investigation	155	
403-3	Occupational health services	156	
403-4	Worker participation, consultation, and communication on occupational health and safety	155 – 158	
403-5	Worker training on occupational health and safety	158	
403-6	Promotion of worker health	155 – 158	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Not relevant
403-8	Workers covered by an occupational health and safety management system	158	
403-9	Work-related injuries	158	
403-10	Work-related illnesses	158	

GRI Standards	Contents	Page in LBBW Sustainability Report	Additional information/comments
<b>404</b>	<b>Training and education</b>		
103-1 to 103-3	Management approach	151 - 154	
404-1	Average hours of training per year per employee	149	
404-2	Programs for upgrading employee skills and transition assistance programs	151 - 154	
404-3	Percentage of employees receiving regular performance and career development reviews	149	
<b>405</b>	<b>Diversity and equal opportunity</b>		
103-1 to 103-3	Management approach	160 - 164	
405-1	Diversity of governance bodies and employees	160	
405-2	Ratio of basic salary and remuneration of women to men	163	
<b>406</b>	<b>Non-discrimination</b>		
103-1 to 103-3	Management approach	160 - 164	
406-1	Incidents of discrimination and corrective actions taken	160	
<b>407</b>	<b>Freedom of association and collective bargaining</b>		
103-1 to 103-3	Management approach	168	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	168	
<b>408</b>	<b>Child labor</b>		
103-1 to 103-3	Management approach	20, 59, 69, 70, 82, 84, 99	
408-1	Operations and suppliers at significant risk for incidents of child labor	69	
<b>409</b>	<b>Forced or compulsory labor</b>		
103-1 to 103-3	Management approach	59, 69, 82, 84	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	69	
<b>410</b>	<b>Security practices</b>		
103-1 to 103-3	Management approach		Not relevant
410-1	Security personnel trained in human rights policies or procedures		Not relevant
<b>411</b>	<b>Rights of indigenous peoples</b>		
103-1 to 103-3	Management approach	117	
411-1	Incidents of violations involving rights of indigenous peoples		No incidents are known for 2021.
<b>412</b>	<b>Human rights assessment</b>		
103-1 to 103-3	Management approach	20, 27, 59, 60, 82, 85, 107, 114-118, 120	
412-1	Operations that have been subject to human rights reviews or impact assessments	84	
412-2	Employee training on human rights policies or procedures	72	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	20	

GRI Standards	Contents	Page in LBBW Sustainability Report	Additional information/comments
<b>413</b>	<b>Local communities</b>		
103-1 to 103-3	Management approach	174 et seqq.	
413-1	Operations with local community engagement, impact assessments, and development programs	174 et seqq.	
413-2	Operations with significant actual and potential negative impacts on local communities		Not relevant
<b>414</b>	<b>Supplier social assessment</b>		
103-1 to 103-3	Management approach	69 – 71	
414-1	New suppliers that were screened using social criteria	69	
414-2	Negative social impacts in the supply chain and actions taken	69	
<b>415</b>	<b>Public policy</b>		
103-1 to 103-3	Management approach	176	
415-1	Political contributions	176	
<b>416</b>	<b>Customer health and safety</b>		
103-1 to 103-3	Management approach		Not relevant
416-1	Assessment of the health and safety impacts of product and service categories		Not relevant
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not relevant
<b>417</b>	<b>Marketing and labeling</b>		
103-1 to 103-3	Management approach	83, 93 et seq.	
417-1	Requirements for product and service information and labeling	83	
417-2	Incidents of non-compliance concerning product and service information and labeling	83, 93 et seq.	
417-3	Incidents of non-compliance concerning marketing communications	83	
<b>418</b>	<b>Customer privacy</b>		
103-1 to 103-3	Management approach	76 – 78	
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	77	
<b>419</b>	<b>Socioeconomic compliance</b>		
103-1 to 103-3	Management approach	72 et seqq.	
419-1	Non-compliance with laws and regulations in the social and economic area	75, 79, 83	
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<b>Product portfolio</b>			
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G4-DMA (FS2)	Description of procedures for assessing and screening environmental and social risks in business lines	84 – 87	
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GRI Standards	Contents	Page in LBBW Sustainability Report	Additional information/comments
G4-DMA (FS4)	Description of process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	52, 122	
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FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	110, 131 et seq.	
<b>Audit</b>			
G4-DMA (FS9)	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	66	
<b>Active ownership</b>			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	83	
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<b>Local communities</b>			
FS13	Access points in low-population or economically disadvantaged areas by type (branch, self-service, etc.)	8	
FS14	Initiatives to improve access to financial services for disadvantaged people	141, 174	
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G4-DMA (FS15)	Policies for the fair design and sale of financial products and services	83, 93 et seq.	
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03

Environmental  
verifier's declaration

## Environmental verifier's declaration on verification and validation activities at Landesbank Baden-Württemberg (pursuant to annex VII of EMAS III)

The signatory, Dr Ralf Utermöhlen, EMAS environmental verifier with registration number DE-V-0080, approved for banking (NACE Code WZ 2008: 64.19), declares he has verified whether the locations of Landesbank Baden-Württemberg (LBBW) in Stuttgart, comprising the buildings:

- Stuttgart location:
  - Am Hauptbahnhof 2 (Building 1), 70173 Stuttgart
  - Am Hauptbahnhof 7+9 (Building 2), 70173 Stuttgart
  - Am Hauptbahnhof 11 (Building 3), 70173 Stuttgart
  - Am Hauptbahnhof 8 (Building 4), 70173 Stuttgart
  - Pariser Platz 1 (Building 5), 70173 Stuttgart
  - Pariser Platz 1 (Building 6), 70173 Stuttgart
  - Königstraße 3, 70173 Stuttgart
  - Fritz-Elsas-Straße 31 (Bollwerk), 70174 Stuttgart
  - Kleiner Schlossplatz 11, 70173 Stuttgart
- and in Mannheim:
  - Augustaanlage 33, 68161 Mannheim,

meet all the requirements of Regulation (EC) no 1221/2009 of the European Parliament and of the Council of 25 November 2009 as amended by Regulation (EU) 2018/2026 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS), as stated in the 2021 Sustainability Report featuring an updated environmental statement.

By signing this declaration, it is confirmed that:

- the verification and validation have been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009 as amended by Regulation (EU) 2018/2026,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
- the data and information of the environmental statement of the locations provide a reliable, credible, and correct view of all the location' activities within the scope mentioned in the environmental statement.

As required by the regulations, the Sustainability Report makes a clear distinction between the validated information contained in the Environmental Statement and other non-validated information on sustainability. Accordingly, this declaration of validity relates to the content of the Environmental Statement indicated with the UE symbol. All the remaining content of the Sustainability Report has been acknowledged but not audited by us in full.

This document is not equivalent to EMAS registration.

EMAS registration can be granted only by a Competent Body under Regulation (EC) No 1221/2009.

This document shall not be used as a stand-alone piece of public communication.

Braunschweig, 23 February 2022



Dr. Ralf Utermöhlen

Environmental verifier  
DE-V-0080

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