

LBBW

Sustainable Finance Framework

Version 3.0 | As of 01.01.2026

Inhalt

01	Executive Summary	3
02	Framework for Sustainable Finance in the LBBW	5
	Sustainability policy, principles, and commitments outside the SFF	6
	Sustainable Finance Volume as defined by the SFF	6
	Core Principles of selection criterion I: LBBW exclusion criteria	7
	Core principles of selection criterion II: Dedicated purpose financing	7
	Framework for classifying use of proceeds for environmental purposes	7
	Framework for classifying use of proceeds for social purposes	7
	Core principles of selection criterion III: Sustainability-linked financing	8
03	Classifying Sustainable Finance in the LBBW	9
	Decision tree for classifying Sustainable Finance	10
	Selection criterion I: LBBW exclusion criteria	10
	Selection criterion II: Sustainable use of proceeds	11
	Environmental classification: Financing with use of proceeds for environmental purposes	11
	Social classification: Financing with use of proceeds for social purposes	18
	Selection criterion III: Sustainability-linked financing	21
04	Governance and processes for identifying and monitoring Sustainable Finance activities	22
	Internal processes for identifying eligible financing activities	23
	EU-Taxonomy-aligned financing	23
	Financing with sustainable use of proceeds	23
	Sustainability-linked financing	23
	Internal monitoring of the Sustainable Finance Volume and declassification	24
	Monitoring and declassification for dedicated purpose financing with use of proceeds	24
	Monitoring and declassification for sustainability-linked financing	24
05	Annex	25
	Public communication of LBBW's Sustainable Finance Volume	26
	WZ codes	26
	Tables, figures and glossary	27
	Eligible financing products	28
	External review and updates to the SFF	28

01

Executive Summary

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

- a) the use of proceeds from such financings for purposes which contribute substantially (the “Substantial Contribution”) to one or more of the environmental objectives¹ according to the Technical Screening Criteria (the “TSC”) of the EU Taxonomy Regulation², whereby the further criteria for sustainable economic activities e.g. do no significant harm (the “DNSH”) or minimum safeguards³ (the “MS”) can, but do not need to be fulfilled (as described in Use of proceeds according to EU Taxonomy Technical Screening Criteria) or promotional financing with a dedicated use of proceeds for environmental purposes of KfW (“Kreditanstalt für Wiederaufbau”) or L-Bank programmes listed in Promotional loan by public banks;
- b) the use of proceeds from such financings for social purposes which comply with the LMA Social Loan Principles and/or the ICMA Social Bond Principles (as described in Social classification: Financing with use of proceeds for social purposes); and
- c) Sustainability-linked financings which comply with the LMA Sustainability-Linked Loan Principles (as described in Selection criterion III: Sustainability-linked financing).

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



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

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

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

02

Framework for Sustainable Finance in the LBBW

Sustainability policy, principles, and commitments outside the SFF

LBBW wants to be a reliable social and economic partner, providing long-term support to its stakeholders in complex transformation processes. To address the rapidly changing environment and the wide range of complex customer requirements, [LBBW's business Strategy](#) includes five strategic levers. Two of these strategic levers refer to sustainability in the narrow sense, i.e. 'sustainable transformation' and 'social contribution'. LBBW's [ESG Strategy 2025+](#) complements the business strategy and specifies its ESG-relevant components. It defines three overarching strategic objectives: Transformation, Stability and Responsibility. Six focus topics were identified for the ESG-Strategy 2025+ along the dimensions of environment, social and governance, which contribute to the overarching objectives of transformation, responsibility and stability.

As a guideline for sustainability in the daily business, LBBW has set sustainability policies, guidelines and principles. These overarching objectives comprehend (i) human rights by taking frameworks such as the UN Human Rights Declaration or the UN Global Compact into consideration, (ii) compliance with work protection laws such as the Core Labour Standards according to the International Labour Organization, the (iii) [LBBW Code of Conduct](#) and (iv) the "[Sustainability regulations for credit and investment decisions in the Depot A of Landesbank Baden-Württemberg](#)".

Furthermore, LBBW has committed itself to formulating and publishing sector-specific and scenario-based climate targets for the LBBW portfolio. LBBW's portfolio includes a broad variety of industries and customers. The emissive industries are systematised into several sector specific transformation pathways. Each of these sectors requires a specific decarbonisation strategy. The application of reference paths will be successively developed further and supplemented by additional sectors, if necessary.

After analysing the various climate models, LBBW decided to use the IEA's Net Zero Emissions (NZE) scenario as the reference path for decarbonising the economy. The model is in line with the Paris Climate Agreement. We have published the detailed procedure for developing the sector paths in the publication [»Sustainable Transformation – our path to net zero«](#). For commercial real estate financing, Berlin Hyp uses the reference path of the Carbon Risk Real Estate Monitor ("CRREM") as the basis for determining the reference path.⁴

LBBW monitors its financed emissions, which comprise largely of the scope 3 emissions of LBBW resulting from our credit portfolio. The internal reporting is therefore being updated at least on an annual basis to ensure we meet our specific goals for each year. LBBW reports on its financed emissions in its annual [Group sustainability statement \(combined non-financial statement\)](#) as part of the [Annual Report 2024](#). Moreover, LBBW has set long-term climate goals. Performing a detailed analysis of the portfolio and deriving sector-specific transformation pathways and objectives are the deciding factors that will enable the Bank to achieve its net zero target for emissions at latest by 2050.

Sustainable Finance Volume as defined by the SFF

[The Sustainable Finance Volume consists of Sustainable Finance activities in terms of this Framework and will be published at least once per year on the LBBW's website.](#) Beginning from business year 2025, the Sustainable Finance Volume will be comprehensively defined solely based on this Sustainable Finance Framework. LBBW has committed itself to a public ambition of increasing the Sustainable Finance Volume to at least EUR 10 billion by the end of the business year 2026. This public ambition linked to an annual disclosure⁵ is also considered an instrument to engender transparency. Moreover, LBBW is part of several industry cooperations and initiatives and engages with clients.

To reach this goal, LBBW has incorporated specific targets into its strategic planning and controlling scheme. LBBW has taken further and concrete steps to transform and align its portfolio with the 2025 goal, for example with its focus on renewable energy and sustainable real estate financing. The acquisition of Berlin Hyp AG has helped to strengthen

⁴ More information is available in the Non-financial report in accordance with the European Sustainability Reporting Standards (ESRS) of Berlin Hyp.

⁵ The annual disclosure will initially be published per year-end 2025 in Q1/2026. This will include the current Sustainable Financing Volume and its planned increase for the year 2026.

its dominant position in this market segment. LBBW has also established in-house sustainability advisory teams that assist customers in developing and enhancing their sustainability strategies and sustainable business cases. LBBW aims to build on these and other resources to continue its successful trajectory in accompanying clients on their transformation paths.

Core Principles of selection criterion I: LBBW exclusion criteria

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

Core principles of selection criterion II: Dedicated purpose financing

Framework for classifying use of proceeds for environmental purposes

I. EU Taxonomy-aligned financing

Financing activities that are aligned with the EU Taxonomy Regulation 2020/852/EU (the "EU Taxonomy Regulation") are Sustainable Finance (see EU Taxonomy-aligned financing).

II. Use of proceeds according to EU Taxonomy Technical Screening Criteria

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

III. Promotional loan by public banks

Moreover, LBBW classifies all promotional use of proceeds financing for environmental purposes as sustainable financing according to this framework, if the financing is related to the programmes of KfW or L-Bank listed in Promotional loan by public banks.⁶

Framework for classifying use of proceeds for social purposes

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

⁶ Only LBBW's apportioned amount is counted as sustainable finance by LBBW.

Thus, the purpose of the financing must be a social project that aims to either benefit the general public, or to solve or alleviate a specific social problem thereby benefiting a socially or otherwise disadvantaged groups of the population. Target groups may vary with regard to the social project, targeted region, and/or economic sector. Relevant social objectives include the promotion of social and community projects of many kinds, such as:

- Affordable basic infrastructure in the areas of public transport, energy supply and information and telecommunications technology;
- Access to essential services, such as health, education and contributing to reducing social inequality and reducing poverty
- Affordable, social or supported housing

Affordable housing is not classified on NACE, see Table 2: Overview of sustainable economic activities & eligibility metrics for social categories. For an unambiguous classification of affordable, social or supported housing activities as “social”, LBBW uses three eligibility criteria: Customers, maximum permitted rent and minimum requirements for energy efficiency in buildings for housing in Germany and the Netherlands (for more details, see Table 2).

Core principles of selection criterion III: Sustainability-linked financing

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

The sustainability KPIs and targets must be:

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

In case of syndicated sustainability-linked loans, KPIs can be adjusted on a case-by-case basis with the agreed level of lender consent and - if applicable - the agent and/or the sustainability coordinator. For further details see Selection criterion III: Sustainability-linked financing.

03

Classifying Sustainable Finance in the LBBW

Decision tree for classifying Sustainable Finance

The following Figure 1 depicts a decision tree illustrating the selection criteria applied to define Sustainable Finance according to this Framework. The LBBW exclusion criteria laid out in “[Sustainability regulations for credit and investment decisions in the Depot A of Landesbank Baden-Württemberg](#)” are applied in a first step to check if a financing activity can be eligible according to this selection criterion I. In the next step, LBBW identifies if there is a dedicated purpose financing with use of proceeds for environmental purposes or use of proceeds for social purposes (selection criterion II), or a sustainability-linked financing (selection criterion III). If, in addition to selection criterion I either criterion II or III is met, the financing activity is sustainable according to this Framework. The current volume of new Sustainable Finance volume will be regularly reported, at least once per year.

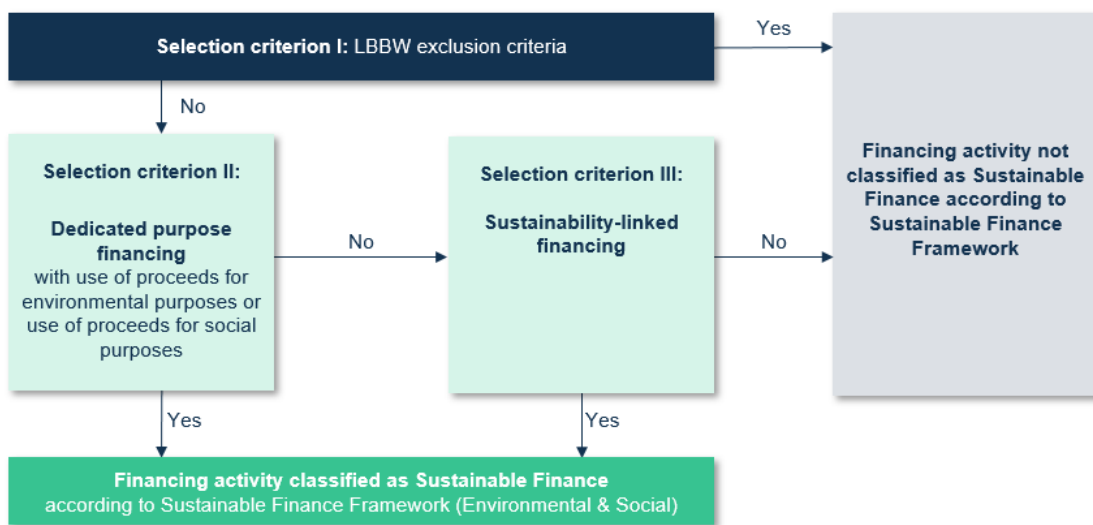


Figure 1: Decision tree depicting the approach for identifying Sustainable Finance

Selection criterion I: LBBW exclusion criteria

Relevant for the exclusion criteria are overarching guidelines in the investment and lending business, such as on the topics of human and labour rights or biodiversity principles and species protection as described in “[Sustainability regulations for credit and investment decisions in the Depot A of Landesbank Baden-Württemberg](#)”. During the assessment, relevant specialists are included in the decision-making process by means of statements.

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

In addition to this basic set of exclusion criteria applied to all financing transactions in general, the risk of individual transactions for the factors Environmental, Social and Governance (“ESG”) is evaluated in a second step via an ESG-checklist. This checklist highlights the individual ESG risk and is used in addition to further evaluate a specific transaction. The process includes the outside-in perspective as well as the inside-out perspective (double materiality). It can result in LBBW rejecting the specific transaction.

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

Selection criterion II: Sustainable use of proceeds

Environmental classification: Financing with use of proceeds for environmental purposes

I. EU Taxonomy-aligned financing

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


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

Experts in the specific business units assess if the financing activity is taxonomy-eligible, if this is the case, it is further determined whether the financing is also taxonomy-aligned or not. This screening process has been provided to and approved by LBBW’s external auditor in the process of preparing LBBW’s [Group sustainability statement \(combined non-financial statement\)](#) as part of the Annual Report 2024.





II. Use of proceeds according to EU Taxonomy Technical Screening Criteria




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

Category & UN SDG	Classification based on	Business areas (eligibility criteria)	Further metrics and/or criteria (qualitative/quantitative)
Financing with use of proceeds for environmental purposes			
Power generation from renewable energies 	EU Taxonomy Technical Screening Criteria	LBBW understands energy production from renewable energies to mean any activities that fall under electricity or heat and/or cooling production and whose carbon intensity does not exceed certain target values over the entire life cycle, in particular through	Suitability test of the activity is done using thresholds or criteria:
		<ul style="list-style-type: none"> Photovoltaics or concentrated solar power ("CSP") 	Photovoltaics: Yes/No
		<ul style="list-style-type: none"> On- and offshore wind turbines 	Wind energy projects: Yes/No
		<ul style="list-style-type: none"> Hydropower 	Run-of-river plant: Yes/No or Other hydropower: Life-cycle ⁷ GHG emissions from the generation of electricity from hydropower are lower than 100 gCO ₂ e/kWh
		<ul style="list-style-type: none"> Production of "green" hydrogen and "green" power-to-X derivatives (e.g. "green" ammonia, synthetic fuels, ie. e-fuel, e-gas, e-SAF, and e-methane) 	"Green" Hydrogen & Power-to-X: Hydrogen must be produced by electrolysis powered by renewable energy
Storage, transmission and distribution of energy	EU Taxonomy Technical Screening Criteria	LBBW understands storage, transmission and distribution of energy to mean construction and operation of transmission systems that transport or store energy/electricity, as well as infrastructure for efficient heating, cooling and gases, in particular	Suitability testing of the activity is done against criteria and/or thresholds:

⁷ Life cycle GHG emissions are the total greenhouse gases emitted throughout a product's lifecycle, from construction to disposal.

		<ul style="list-style-type: none"> Electric power transmission or distribution systems (extra-high-, high-, medium-voltage and low-voltage) 	<p>The system is the interconnected European grid and/or its subordinated systems; or</p> <p>>67% of the capacity in the grid is below 100 gCO₂e/kWh life-cycle GHG emissions</p>
<p>Energy efficiency and “green” buildings</p> 	<p>EU Taxonomy Technical Screening Criteria</p>	<p>LBBW understands energy-efficient and environmentally friendly buildings to mean activities such as the financing or refinancing of new or existing buildings with sustainability criteria, in particular</p>	<p>Suitability testing of the activity is carried out using thresholds/ criteria.</p>
		<ul style="list-style-type: none"> Buildings with verifiably high energy standards, Buildings that have a comparatively low primary energy demand (PED), 	<p>Construction of new buildings, acquisition and ownership of buildings (from 01.01.2021):</p> <p>Primary energy demand at least 10% below NZEB standard</p>
		<ul style="list-style-type: none"> Buildings whose energy performance is significantly below the threshold for the lowest energy buildings (NZEB) in the local market, 	<p>Existing buildings (until 31.12.2020):</p> <p>EPC Level A or evidence for the Top 15% of national or regional building stock (in terms of PED, FED, or CO₂)⁸</p>
		<ul style="list-style-type: none"> Buildings that can show a significant improvement through renovation compared to the performance before renovation (reductions through renewable energy sources are not taken into account), Buildings that have been refurbished and meet the criteria for major renovations in accordance with the applicable building regulations. 	<p>All building renovations:</p> <p>Improvement of PED by at least 30% (period 3 years). Significant improvements refer to renovation that comply with the applicable requirements for major renovations as defined in the Energy Performance of Buildings Directive (EPBD), based on the</p>






⁸ As LBBW does not currently have any corresponding top 15% thresholds for the asset class hotels, the Bank refers to the vdp Minimum Standards for Green Pfandbriefe when evaluating hotel buildings and accepts sustainability certificates as an alternative eligibility criterion for this asset class and referring to the acquisition and ownership of such buildings built before 31 December 2020. Such hotel buildings are therefore defined as eligible assets within LBBW's Green Bond Framework if they have one of the following sustainability certificates: LEED: Gold or above; BREEAM: Excellent or above; DGNB: Gold or above; HQE: Performant or above.

			cost optimal level as defined in EnEV 2016 ⁹
		<ul style="list-style-type: none"> Smart metering: Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 	Smart metering: Yes/No ¹⁰
<p>Agriculture and forestry</p> 	EU Taxonomy Technical Screening Criteria	<p>LBBW understands agriculture and forestry to mean the protection, utilisation and efficiency of natural resources, any activities that contribute to a reduction in CO₂ emissions or a resource-saving effect in the aforementioned areas, in particular,</p> <ul style="list-style-type: none"> Use of environmentally friendly production methods in agriculture and forestry Creation of forest areas through conversion of non-forest areas into forest or new planting/targeted seeding Reforestation: If the non-forest should be degraded ecosystem and it must not have been intentionally degraded by the same end borrower. <p>Generally, it must be assured that the reforestation and conversion should not be done by the organizations/companies that did the damage.</p>	<p>Suitability testing of the activity is based on certification labels provided (FSC, PEFC, RSPO) to ensure a credible sustainable forestry management plan. Sustainability testing for production methods in agriculture based on appropriate certifications:</p> <p>EU Organic IFOAM; or</p> <p>ProTerra; or</p> <p>Naturland</p>
<p>Clean transportation</p>  	EU Taxonomy Technical Screening Criteria	<p>LBBW understands clean transportation and infrastructure¹¹ to mean any type of activity involving the transport of goods and/or people by land (including rail and road), air and water that contributes to a CO₂-free or low-carbon mobility transition, in particular,</p>	<p>The infrastructure must not be dedicated to the transport or storage of fossil fuels (with regard to its main purpose) and fulfilment of at least one additional requirement:</p>

⁹ Compliance with all the TSC for activity 7.2 must be ensured for a positive assessment: The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.

¹⁰ Smart metering includes at least one of the following activities: Installation, maintenance, and repair of zoned thermostats, smart thermostat systems, and sensing equipment; building automation and control systems, building energy management systems, lighting control systems, and energy management systems; smart meters for gas, heat, cooling, and electricity; façade and roofing elements with a solar shading or solar control function.

¹¹ Related to creation/construction of the infrastructure

		<p>Vehicles with clean drive energy such as e-mobility (any zero direct emissions such as electric and hydrogen)</p> <p>Expansion and improvement of rail and public transport infrastructure and operation without direct CO2 emissions,</p> <p>New infrastructure required for zero and/or low-CO2e transport (electric vehicle charging stations, rail infrastructure, hydrogen fueling facilities),</p>	<p>All vehicles with zero-direct emission; or</p> <p>passenger cars and light commercial vehicles (vans) with direct emissions <50g CO2e per passenger km (until end of 2025)</p>
		<p>Measures for CO2 reduction in aviation¹² and its infrastructure¹³</p>	<p>Air traffic: Aircraft analogue EU Taxonomy Regulation. Financing activity must comply with EU Taxonomy Regulation, Activity 6.18 or 6.19 TSC</p>
<p>Data infrastructure</p>  	<p>EU Taxonomy Technical Screening Criteria</p>	<p>LBBW understands data infrastructure to mean any activities that encompass potential savings of CO₂ emissions in the sense of digital or data-driven opportunities and standards, in particular,</p>	<p>Suitability testing of the activity is done against thresholds:</p>
		<p>Energy-efficient data centres</p>	<p>Data Centres¹⁴:</p> <p>Power Usage Efficiency (PUE)</p> <p>≤1.5 for existing data centres until 2026</p> <p>≤1.4 for existing data centres from 2027 ≤1.3 for new data centres (targeted PUE)</p>
<p>Water and waste</p>   	<p>EU Taxonomy Technical Screening Criteria</p>	<p>LBBW understands water and waste to mean sustainable management and treatment of water and waste, such as waste prevention, reduction, recovery, and disposal including activities to capture, transport and store CO₂, as well as the efficient use and reuse of water resources, in particular,</p>	<p>Suitability testing of the activity is done against the criteria:</p>
		<ul style="list-style-type: none"> Collection, transport and recycling of non-hazardous waste 	<p>Collection and transport of non-hazardous waste for reuse/recycling: Yes/No</p>
		<ul style="list-style-type: none"> Construction, extension and operation of water collection, treatment and supply systems 	<p>Energy consumption for abstraction and treatment is ≤0,5 kWh per cubic meter produced water supply.</p>

¹² Reference: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/348/view> (Refers to Substantial Contribution, not DNSH or MS)

¹³ This criterion adheres to EU Taxonomy Regulation activity 6.17 "Low Carbon Airport Infrastructure".

¹⁴ According to the European Code of Conduct for Datacenter, which labels the PUE as a crucial efficiency indicator, LBBW defines the subsequent thresholds for financing data center under this SFF.



		<ul style="list-style-type: none"> • Transport of CO2 for permanent storage 	<p>≤ 0.5% Co2 leakage of the transported CO2 mass; and</p> <p>systems for monitoring/detecting leaks during CO2 transportation</p>
		<ul style="list-style-type: none"> • Permanent storage of CO2 	<p>Independent environmental assessment report for the suitability of geological storage for CO2; and</p> <p>appropriate leakage detection systems; and</p> <p>monitoring system for injection facilities and storage sites</p>
<p>District and local heating/cooling and distribution for gases</p>  	<p>EU Taxonomy Technical Screening Criteria</p>	<p>LBBW understands generation and distribution of heating/cooling and gases to mean the construction and upgrade of infrastructure for efficient heating, cooling and gases, in particular</p>	<p>Suitability testing of the activity is done against the criteria:</p>
		<ul style="list-style-type: none"> • Transmission and Distribution Networks for Renewable and Low-CO₂ gases 	<p>At least one of the following activities is met: Construction/operation of networks for hydrogen/low-carbon gases, conversion of existing gas networks to 100% hydrogen, retrofitting of gas networks to integrate hydrogen and other low-carbon gases, including activities that increase the blend of these gases in the system</p>
		<ul style="list-style-type: none"> • District heating/cooling distribution 	<p>Building or refurbishing of pipelines and associated infrastructure for distributing heating and cooling, with >50 % renewable energy or waste heat</p>

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

III. Promotional loan by public banks

As a global promotional bank representing the interests of the German Federal Government and Federal States, the KfW is committed to supporting the sustainability objectives established by the international community, the European Union, and the Federal Republic of Germany. KfW aims to be a leader in the financial sector by demonstrating how banks, particularly promotional banks, can significantly contribute to achieving the UN Sustainable Development Goals and the Paris Climate Agreement using the resources at their disposal.¹⁵

LBBW classifies all promotional use of proceeds financing for environmental purposes as sustainable financing according to this framework, if the financing is related to the following programs of KfW:

- Energy-efficient construction (KfW-program no. 153)
- Energy Efficiency Program (KfW-program no. 276, 277 or 278)
- Energy Efficiency Program - Production facilities/processes (KfW-program no. 292)
- Energy and resource efficiency in the economy (KfW-program no. 295)
- Renewable Energie - standard (KfW-program no. 270 or 274)
- Environmental program (KfW-program no. 240 or 241)
- Climate protection for corporates (KfW-program no. 293)
- Climate-friendly new construction - residential buildings (KfW-program no. 297,298)
- Climate-friendly new construction - non-residential buildings (KfW-program no. 299)
- Energy-efficient refurbishment (KfW-program no. 151 or 152)
- Energy-efficient refurbishment of non-residential (KfW-program no. 263)
- Energy-efficient refurbishment of residential buildings (KfW-program no. 261, 358 or 359)
- Investment Loan for Sustainable Mobility (KfW-program no. 268, 269)

As the promotional bank of Baden-Württemberg, L-Bank supports the economy, municipalities, and people in the region. L Bank promotes start-ups and companies in their new ventures, investment projects, and energy-saving measures. L-Bank assists municipalities in expanding their infrastructure. Builders and buyers rely on L-Bank's support on their way to owning their own property. In addition, L Bank provides funding for the construction of social rental housing. L-Bank supports families with parental allowance, finances educational measures, and is committed to environmental and climate protection.¹⁶

LBBW classifies all promotional use of proceeds financing for environmental purposes as sustainable financing according to this framework, if the financing is related to the following programs of L-Bank:

- Combined residential loan (*Kombi-Darlehen Wohnen*)
- Combined loan for SMEs renovation/SMEs (*Kombi-Darlehen Mittelstand (Sanieren/KMU)*)
- Energy Efficiency financing – construction (*Energieeffizienzfinanzierung - Bauen*)
- Energy efficiency financing - renovation individual measures (*Energieeffizienzfinanzierung - Sanieren Einzelmaßnahmen*)
- Energy efficiency financing – SMEs (*Energieeffizienzfinanzierung - Mittelstand*)
- Energy efficiency financing - refurbishment Efficiency house (*Energieeffizienzfinanzierung - Sanieren Effizienzhaus*)


Promotional loans arranged for Sparkassen are not counted as sustainable financing by LBBW, as LBBW only acts as an intermediate and not as the final leader. Only in the event that LBBW participates in this financing with its own financing contribution, is the apportioned amount attributable to LBBW counted as sustainable financing by LBBW.


¹⁵ <https://www.kfw.de/nachhaltigkeit/About-KfW/Sustainability/Strategie-Management/Sustainable-Finance/>

¹⁶ [Über die L-Bank: Staatsbank für Baden-Württemberg | L-Bank](#)

Social classification: Financing with use of proceeds for social purposes

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

Financing with use of proceeds for social purposes			
<p>Affordable Housing</p> 	<ul style="list-style-type: none"> • LMA Social Loan Principles; and/or • ICMA Social Bond Principles 	<p>LBBW understands affordable housing as loans for multi-family buildings owned by specific organisations in the following countries and meeting the following criteria:</p> <p>In Germany:</p> <ul style="list-style-type: none"> • Municipal housing companies • Housing co-operations • Private housing companies and project developers, which are publicly committed to social responsibility and the offering of affordable housing <p>and:</p> <ul style="list-style-type: none"> • To be considered an Affordable Housing Building and for each respective loan to one of the above housing providers to be eligible under this Framework, the underlying housing needs to pass the Housing Benefit Act Test established by LBBW <p>In the Netherlands:</p> <ul style="list-style-type: none"> • Authorised institution (“toegelaten instelling”) in the context of the 2015 Public Housing Decree • Private housing companies and project developers, which are publicly committed to social responsibility and the offering of affordable housing <p>and:</p> <ul style="list-style-type: none"> • Average rental price in case of a multi-family building does not exceed the annually updated social housing (or liberalisation) threshold as defined in Article 13 of the Dutch Housing Benefit Act (in 2025: EUR 900.07) <p>In view of the housing market situation in Germany and the</p>	<p>Suitability test of the activity is done using the following criteria:</p> <ol style="list-style-type: none"> 1. Customers <ul style="list-style-type: none"> - municipal housing companies - Housing construction cooperatives - Private housing companies and project developers who have publicly committed themselves to social responsibility and the provision of affordable housing <p>and</p> <ol style="list-style-type: none"> 2. Maximum permitted gross cold rent The basic idea behind this criterion is to ensure the evaluation of the property to be financed on the basis of specific parameters from the Housing Benefit Act (WoGG). LBBW calls this a Housing Benefit Act test. For this purpose, the actual monthly gross cold rent per average apartment determined for the respective mortgage property must not exceed the maximum permissible monthly gross cold rent per apartment under the WoGG <p>and</p> <ol style="list-style-type: none"> 3. Minimum requirements for

		<p>Netherlands, the expected benefits via eligible assets are to support access to affordable housing for the aforementioned target populations via loans to institutions. These expected benefits are measured approximately via indicators presented in the annual reporting.</p> <p>Environmental Minimum Safeguards: For LBBW, climate protection and social compatibility go hand in hand, which is why energetically poor apartments are not eligible assets within this Framework. Only buildings within the energetically best 70% of the national residential building stock are eligible, which, as of 2021, translates to a final energy demand or consumption of max. 151.1 kWh/m²/a.¹⁷</p>	<p>the energy efficiency in buildings The building to be financed must be among the top 70 per cent in the national residential building stock in terms of energy efficiency.¹⁸</p>
<p>Affordable basic infrastructure</p> 	<ul style="list-style-type: none"> • LMA Social Loan Principles; and/or • ICMA Social Bond Principles 	<p>LBBW understands affordable basic infrastructure to mean any activities that address the basic infrastructural needs of people, in particular the need for basic infrastructure¹⁹:</p> <ul style="list-style-type: none"> • Clean water (target population is the general public, analogous to ICMA Social Bond Principles where the general provision of "clean water" is classified as social contribution) • Sewerage (operation of sewer systems and sewage treatment plants), operation of wastewater treatment plants, water 	<p>Suitability testing of the activity is carried out using impact indicators:</p> <p>Unique classification via Wirtschaftszweig (WZ) with underlying positive list (a full list will be provided in SFF appendix WZ codes).</p>

¹⁷ This threshold was defined in an assessment on the energy-efficiency of the German residential building stock by Drees & Sommer by order of LBBW in October 2021. Drees & Sommer based their assessment on publicly available Data such as DENA Gebäudereport or the co2online database. For the reason of simplicity, this value is used for German and Dutch properties alike.

¹⁸ Final Energy demand/- consumption: max. 151.1 kWh/m² /a , This threshold was defined in an assessment of the energy efficiency of the German residential building stock by Drees & Sommer on behalf of Berlin Hyp in October 2021. The threshold value is used for buildings in Germany and the Netherlands. Drees & Sommer based its assessment on publicly available data such as the DENA Building Report or the co2online database.

¹⁹ With specific regard to the impact categories affordable basic infrastructure and access to essential services (i.e. analogous to ICMA Social Bond Principles categories), financing activities are identified based on a classification of economic sectors (economic sector code, WZ code provided by the German Federal Office of Statistics). These WZ code take into account the specifications of the statistical classification of economic activities in the European Community (Nomenclature statistique des activités économiques dans la Communauté Européenne, NACE) and were established with the approval of the European Commission. A company can only ever be assigned to one code, even if different activities or services are provided. The main activity of the company is decisive. In addition to the WZ code, the type of credit is also recorded. Only the following loan types are permitted for LBBW's permissible portfolio of social financing: investment loans, forfaiting, promissory bills. Building loans and consumer loans are not permitted in order to avoid possible blurring.


		<p>production with external procurement for distribution</p> <ul style="list-style-type: none"> Public transport: Financing of service & infrastructure (analogous to ICMA Social Bond Principles where "transport" is classified as "social" category) Basic telecommunication as inclusive connectivity: accelerating deployment of telecommunication systems such as affordable "Fiber to the Home"²⁰ Healthcare and education: construction and refurbishment of healthcare (e.g. hospitals), social welfare (e.g. nursing homes) and education (e.g. schools and universities) 	
<p>Access to essential services</p> 	<ul style="list-style-type: none"> LMA Social Loan Principles; and/or ICMA Social Bond Principles 	<p>LBBW understands access to essential services to mean any activities that contribute to the provision of basic social services:</p> <ul style="list-style-type: none"> Health Care: Hospital activities (operation of public and private hospitals), medical and dental practice activities (operation of medical practices) Social care: Residential nursing care facilities, residential care activities for the elderly Education and vocational training: Vocational adult education, vocational secondary education, general and political adult education, General secondary education, kindergartens, elementary schools <p>The objective/benefit is to facilitate improvements in the listed basic social services and contribute to reducing social inequality and reduce poverty.</p>	<p>Suitability testing of the activity is carried out using impact indicators:</p> <p>Unique classification via Wirtschaftszweig (WZ) according to the underlying positive list (a full list will be provided in SFF annex WZ codes).</p>

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

²⁰ Funding must only be provided in countries that have published the political objective for the expansion of fiber optic networks as part of a national strategy by the government or the regulator.

Selection criterion III: Sustainability-linked financing

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

Financing of customers without a specific use of proceeds is considered to be sustainability-linked within the meaning of the Sustainable Finance Framework, if the economic characteristics of the financing depends on the customer achieving predetermined, ambitious, material and quantifiable sustainability KPIs and targets.

The sustainability-link must be material and ambitious, the indicators and targets must be related to the core economic activity of the customer and also be relevant to the respective industry or sector. The indicators create incentives for the respective customer and thus support the customers efforts in improving its sustainability profile over the term of the loan. The respective sustainability KPIs must be consistent with the principles mentioned in chapter 04 and are negotiated and agreed on during the process of the respective financing.

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

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

04

Governance and processes for
identifying and monitoring Sustainable
Finance activities

Internal processes for identifying eligible financing activities

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

EU-Taxonomy-aligned financing

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

Financing with sustainable use of proceeds

All use of proceeds financing is classified in compliance with either EU Taxonomy screening criteria for green financing according to this framework or the LMA Social Loan Principles and/or the ICMA Social Bond Principles for social financing. For green loans the criteria in this framework are the benchmark, for social loans all necessary requirements of the LMA Social Loan Principles and/or the ICMA Social Bond Principles are considered in the classification process. For financing activities classified by criterion II, the sequence is as follows:

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

Step 2: ESG-experts and representatives in their area of responsibility conduct an independent assessment and verify the classification as Sustainable Finance under the Sustainable Finance Framework.

Step 3: In case of an inconsistency between the two independent validation assessments or if a financing activity cannot be clearly classified as sustainable according to this Framework, Group Sustainability can be consulted. Additionally, an expert committee, which can be convened by the sustainability unit, can serve as an escalation body to make the final decision regarding the classification.

Sustainability-linked financing

Correspondingly, with regard to selection criterion III (sustainability-linked financing), the process to check for compliance with the involves a comprehensive 4-(or more, depending on the responsibilities LBBW holds in the banking consortium)-eyes-principle. For sustainability linked financing concluded since 01.01.2025 LBBW considers all necessary requirements of the LMA Sustainability-Linked Loan Principles in the classification process. The risk department bears responsibility for an escalation process involving an expert group, which is triggered by a non-congruent assessment between the first two pairs of eyes in the process. LBBW applies a process assigning concrete responsibilities to the specific screening within a two-stage process model:

During the first stage of the process, ambition and materiality of the submitted KPIs are reviewed on an individual level for every KPI with the help of an established KPI assessment tool and distributed responsibility, applying a 4-eyes-principle. The second stage of the process determines eligibility (i.e. materiality and ambition) at the level of the complete KPI set that has been submitted, based on the outcomes of the first stage. The expert group, which can be convened by the sustainability unit, can serve as an escalation body to make the final decision regarding the classification.

Internal monitoring of the Sustainable Finance Volume and declassification

ESG Strategy sets LBBW's sustainable financing standards via the Sustainable Finance Framework, which it authors, maintains, and monitors, and it coordinates material escalations on classification changes. Market segment committees make final classification decisions, while the Board sets the annual ambition and oversees progress.

Monitoring and declassification for dedicated purpose financing with use of proceeds

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

Monitoring and declassification for sustainability-linked financing

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



05

Annex

Public communication of LBBW's Sustainable Finance Volume

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

WZ codes²¹

36001 Collection and purification of water incl. purchases from other suppliers for distribution
 36002 Collection and purification of water excl. purchases from other suppliers for distribution
 36003 Distribution of water without collection and purification
 37001 Operation of sewer systems
 37002 Operation of sewage treatment facilities
 49100 Passenger rail transport, interurban
 49310 Urban and suburban passenger land transport
 49391 Scheduled long-distance passenger transport by motor bus
 49392 Non-scheduled passenger transport by motor bus
 49399 Land passenger transport
 61101 Wired telecommunications
 85101 Kindergarten education
 85102 Pre-school classes, school-kindergartens
 85200 Primary education
 85311 Schools offering general education, secondary level stage I
 85312 Schools offering general education, secondary level stage II
 85320 Technical and vocational secondary education
 85410 Post-secondary non-tertiary education
 85421 Universities
 85422 Universities of applied sciences
 85423 Colleges of public administration
 85424 Vocational academies, specialised academies, schools for nurses, midwives etc.
 85520 Cultural education
 85591 General and political adult education
 85592 Vocational training for adults
 85599 Education
 85600 Educational support activities
 86101 Hospital activities (excluding university hospitals, preventive care and rehabilitation centres)
 86102 Activities of university hospitals
 86103 Activities of preventive care and rehabilitation centres
 86210 General medical practice activities
 86220 Specialist medical practice activities
 86230 Dental practice activities
 86901 Activities of psychological psychotherapists
 86902 Activities of midwives and man midwives, physiotherapists and other paramedical practitioners in the field of massage, hydrotherapy, etc.
 86903 Activities of non-medical practitioners
 86909 Other own-account activities pertaining to human health
 87100 Residential nursing care activities
 87300 Residential care activities for the elderly and disabled
 88101 Domestic social service activities
 88102 Other social work activities without accommodation for the elderly and disabled
 88910 Child day-care activities
 88990 Other social work activities without accommodation

²¹ Building loans are not included in "Medical professions" (86210-86909).

Tables, figures and glossary

Tables

Table 1: Overview of sustainable economic activities & eligibility metrics for environmental categories.....	16
Table 2: Overview of sustainable economic activities & eligibility metrics for social categories	20
Table 3: Glossary	27
Table 4: Overview of eligible financing products	28

Glossary

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

Table 3: Glossary

Eligible financing products

LBBW Financing Products	Sustainable Finance Eligible
Loans with dedicated use of proceeds according to this framework	Yes
<ul style="list-style-type: none"> “Green Loan” by Berlin Hyp (including “Taxonomie Loans”, “Energy Efficiency Loan”)²² “Social Loan” by Berlin Hyp Promotional loans (KfW, L-Bank) 	Yes Yes Yes, but only LBBW's apportioned amount
Sustainability-linked bilateral loans or guaranty facilities	Yes
Sustainability-linked promissory notes, syndicated loans or guaranty facilities	Yes, but only LBBW's apportioned amount
Derivatives	No
Sustainable liability products like Green and/or Social Bonds	No
Sustainable funds, certificates, investments	No

Table 4: Overview of eligible financing products

External review and updates to the SFF

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

²² For commercial real estate financing, Berlin Hyp offers customers a product within the category “Green Loan”. If these financings fulfil the criteria of Section EU Taxonomy-aligned financing, they are labeled as “Taxonomie Loans”. If Berlin Hyp's commercial real estate financing fulfils the criteria of section Use of proceeds according to EU Taxonomy Technical Screening Criteria, it is labeled as an "Energy Efficiency Loan".

Disclaimer

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

Published by

Landesbank Baden-Württemberg
Am Hauptbahnhof 2, 70173 Stuttgart

01.01.2026

Landesbank Baden-Württemberg

www.LBBW.de
kontakt@LBBW.de

Principal offices

Stuttgart

Am Hauptbahnhof 2
70173 Stuttgart
Telefon 0711 127-0

Karlsruhe

Ludwig-Erhard-Allee 4
76131 Karlsruhe
Telefon 0721 142-0

Mannheim

Am Victoria-Turm 2
68163 Mannheim
Telefon 0621 428-0

Mainz

Rheinallee 86
55120 Mainz
Telefon 06131 64-0