

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Social Bond Framework

Landesbank Baden-Württemberg

1 August 2025

### VERIFICATION PARAMETERS

Type of instruments contemplated	<ul style="list-style-type: none"><li>▪ Social debt instruments<sup>1</sup></li></ul>
Relevant standards	<ul style="list-style-type: none"><li>▪ Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>▪ Landesbank Baden-Württemberg’s Social Bond Framework (as of Aug. 1, 2025)</li><li>▪ Landesbank Baden-Württemberg’s eligibility criteria (as of Aug. 1, 2025)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>▪ Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>▪ Valid as long as the cited Framework remains unchanged</li></ul>

<sup>1</sup> Social covered bonds, in particular Social Pfandbriefe, Social Senior unsecured debt, in particular Social Senior Preferred and Social Senior Non-Preferred, and Social subordinated debt, limited to Social Tier 2 instruments

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## SCOPE OF WORK

Landesbank Baden-Württemberg (“the Issuer,” “the Bank” or “LBBW”) commissioned ISS-Corporate to assist with its social debt instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. LBBW’s Social Bond Framework (as of Aug. 1, 2025), benchmarked against ICMA’s SBP.
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of social debt instruments with LBBW’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

## LBBW OVERVIEW

Landesbank Baden-Württemberg is a public bank providing all kinds of financial services to retail and corporate clients, savings banks, institutional clients and high net worth clients. The Bank was founded on January 1, 1999, and is headquartered in Stuttgart, Germany.

### *ESG risks associated with the Issuer's industry*


LBBW is classified in the Public and Regional Banks industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>2</sup> in this industry are: business ethics, labor standards and working conditions, sustainable investment criteria, customer and product responsibility, and sustainability impacts of lending and other financial services/products.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

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<sup>2</sup> Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>3</sup>
<p><b>Part I:</b></p> <p><b>Alignment with SBP</b></p>	<p>The Issuer has defined a formal concept for its social debt instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the SBP.</p>	<p><b>Aligned</b></p>
<p><b>Part II:</b></p> <p><b>Sustainability quality of the Eligibility criteria</b></p>	<p>The social debt instruments will (re)finance the following eligible asset categories:</p> <p>Social categories: Affordable Housing, Affordable Basic Infrastructure, Access to Essential Services</p> <p>Product and/or service-related use of proceeds categories<sup>4</sup> individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.</p>	<p><b>Positive</b></p>
<p><b>Part III:</b></p> <p><b>Consistency of social debt instruments with LBBW's sustainability strategy</b></p>	<p>The key sustainability objectives and the rationale for issuing social debt instruments are clearly described by the Issuer. All the project categories considered are in line with the Issuer's sustainability objectives.</p>	<p><b>Consistent with Issuer's sustainability strategy</b></p>

<sup>3</sup> The evaluation is based on LBBW's Social Bond Framework (Aug. 1, 2025, version), on the analyzed selection criteria as received on Aug. 1, 2025.

<sup>4</sup> Affordable Housing, Affordable Basic Infrastructure, Access to Essential Services

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH THE SBP

This section evaluates the alignment of the LBBW's Social Bond Framework (as of Aug. 1, 2025) with the SBP.

SBP	ALIGNMENT	OPINION
<p><b>1. Use of proceeds</b></p>	<p>✓</p>	<p>The use of proceeds description provided by LBBW's Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>The Issuer's social categories align with the project categories as proposed by the SBP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and social benefits are described and quantified.</p> <p>The Issuer clearly specified that the secured GSS standard bonds will take the form of Social covered bonds, in particular Social Pfandbriefe, Social Senior unsecured debt, in particular Social Senior Preferred and Social Senior Non-Preferred, and Social subordinated debt, limited to Social Tier 2 instruments. The Issuer discloses its criteria to select underlying collaterals.</p>
<p><b>2. Process for project evaluation and selection</b></p>	<p>✓</p>	<p>The process for project evaluation and selection description provided by LBBW's Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer's sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful projects categories.</p>

SBP	ALIGNMENT	OPINION
		<p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, which is in line with best market practice. LBBW involves various stakeholders in this process, in line with best market practice.</p>
<p><b>3. Management of proceeds</b></p>	<p>✓</p>	<p>The management of proceeds provided by LBBW's Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately. The net proceeds are managed on an aggregated basis for multiple green bonds (portfolio approach).</p> <p>The risk of double counting is addressed by LBBW and the Issuer is transparent on the nature of the instruments and its impacts.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by LBBW's Social Bond Framework is <b>aligned</b> with the SBP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website. LBBW has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually until the bond matures.</p> <p>The Issuer is transparent on the information reported for the impact reporting and discloses the location of the reports, in line with best market practice. The Issuer commits to get the allocation report verified by an external party, in line with best market practices.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE SOCIAL DEBT INSTRUMENTS TO THE U.N. SDGs<sup>5</sup>


The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:





Each of the social debt instruments’s use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Affordable Housing<sup>6</sup></b></p> <p><i>Eligible Social Assets are loans for multi-family buildings owned by specific organisations in the following countries and meeting the following criteria:</i></p> <p><i>In Germany (for more information see Appendix I of the Framework):</i></p> <ul style="list-style-type: none"> <li>▪ <i>Municipal housing companies</i></li> </ul>	<p><b>Contribution</b></p>	

<sup>5</sup> The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.



<sup>6</sup> Only buildings within the energetically best 70 percent 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/m<sup>2</sup>/a.6.



USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> <li>▪ <i>Housing co-operations</i></li> <li>▪ <i>Private housing companies and project developers, which are publicly committed to social responsibility and the offering of affordable housing</i></li> </ul> <p><i>and:</i></p> <ul style="list-style-type: none"> <li>▪ <i>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</i></li> </ul> <p><i>Target population: Lower-income groups and households whose income is above the basic social security level but who, without state support, may spend more than 30 percent of their disposable income on housing costs</i></p> <p><i>In The Netherlands (for more information see Appendix II of the Framework):</i></p> <ul style="list-style-type: none"> <li>▪ <i>Authorised institution ("toegelaten instelling") in the context of the 2015 Public Housing Decree</i></li> <li>▪ <i>Private housing companies and project developers, which are publicly committed to social responsibility and the offering of affordable housing</i></li> </ul> <p><i>and:</i></p> <ul style="list-style-type: none"> <li>▪ <i>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)</i></li> </ul> <p><i>Target population: Households that are decoupled from the wage development,</i></p>		

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>such as low-income households, the unemployed or pensioners</i></p> <p><b>Affordable basic infrastructure (Clean drinking water)</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of municipal water/sewage supply i.a. clean drinking water, operation of the collective sewer system, and/or operation of wastewater treatment. A list of eligible WZ keys<sup>7</sup>:</i></p> <ul style="list-style-type: none"> <li>▪ 36001 Collection and purification of water incl. purchases from other suppliers for distribution</li> <li>▪ 36002 Collection and purification of water excl. purchases from other suppliers for distribution</li> <li>▪ 36003 Distribution of water without collection and purification</li> <li>▪ 37001 Operation of sewer systems</li> <li>▪ 37002 Operation of sewage treatment facilities</li> </ul> <p><i>Target population: All individuals</i></p>	<p><b>Contribution</b></p>	
<p><b>Affordable basic infrastructure (Public transportation (infrastructure))</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of i.a. a public transport infrastructure. A list of eligible WZ keys:</i></p> <ul style="list-style-type: none"> <li>▪ 49100 Passenger rail transport, interurban</li> <li>▪ 49310 Urban and suburban passenger land transport<sup>8</sup></li> </ul>	<p><b>Contribution</b></p>	


<sup>7</sup> WZ Keys, also known as economic activity codes, are standardized identifiers used to classify companies according to their economic activity.

<sup>8</sup> The Issuer confirmed the exclusion of road infrastructure and includes only rail infrastructure and means of transportation.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Target population: All individuals</i></p> <p><b>Affordable basic infrastructure (Public transportation (means of transportation))</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of i.a. a public transport infrastructure. A list of eligible WZ keys:</i></p> <ul style="list-style-type: none"> <li>▪ 49100 Passenger rail transport, interurban</li> <li>▪ 49310 Urban and suburban passenger land transport</li> <li>▪ 49392 Non-scheduled passenger transport by motor bus</li> <li>▪ 49399 Land passenger transport n.e.c.</li> </ul>	<p><b>Contribution</b></p>	
<p><i>Target population: All individuals</i></p> <p><b>Affordable basic infrastructure (Healthcare)</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of healthcare infrastructure i.a. hospitals and medical practices. A list of eligible WZ keys:</i></p> <ul style="list-style-type: none"> <li>▪ 86101 Hospital activities (excluding university hospitals, preventive care and rehabilitation centers)</li> <li>▪ 86102 Activities of university hospitals</li> <li>▪ 86103 Activities of rehabilitation centers</li> <li>▪ 86210 General medical practice activities</li> </ul>	<p><b>Contribution</b></p>	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<ul style="list-style-type: none"> <li>▪ 86220 Specialist medical practice activities</li> <li>▪ 86230 Dental practice activities</li> <li>▪ 86901 Activities of psychological psychotherapists</li> <li>▪ 86902 Activities of midwives and man midwives, physiotherapists and other paramedical practitioners in the field of massage, hydrotherapy, etc.</li> <li>▪ 86903 Activities of non-medical practitioners</li> <li>▪ 86909 Other own-account activities pertaining to human health</li> </ul> <p>Target population: All individuals</p>	<p><b>Contribution</b></p>		
<p><b>Affordable basic infrastructure (Healthcare)</b></p> <p>Eligible Social Assets are loans for the financing/refinancing of healthcare infrastructure i.a. hospitals and medical practices. A list of eligible WZ keys:</p> <ul style="list-style-type: none"> <li>▪ 86103 Activities of preventive care</li> </ul> <p>Target population: All individuals</p>		<p><b>Contribution</b></p>	
<p><b>Affordable basic infrastructure (Social care)</b></p> <p>Eligible Social Assets are loans for the financing/refinancing of i.a. residential care activities and other social work</p> <ul style="list-style-type: none"> <li>▪ 87100 Residential nursing care activities</li> <li>▪ 87300 Residential care activities for the elderly</li> </ul>			

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Target population: All individuals, especially women, aging populations, vulnerable youth/children and people with disabilities</i></p> <p><b>Affordable basic infrastructure (Social care)</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of i.a. residential care activities and other social work.</i></p> <ul style="list-style-type: none"> <li>87300 Residential care activities for disabled</li> </ul> <p><i>Target population: All individuals, especially women, aging populations, vulnerable youth/children and people with disabilities</i></p>	<p><b>Contribution</b></p>	
<p><b>Affordable basic infrastructure (Education and vocational training (construction))</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of i.a. residential care activities and other social work. A list of eligible WZ keys for this category can be found in Appendix [III] of the Framework.</i></p> <p><i>Target population: All individuals, especially people with a low level of education and unemployed or underemployed persons</i></p>	<p><b>Contribution</b></p>	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Affordable basic infrastructure (Education and vocational training)</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of i.a. residential care activities and other social work. A list of eligible WZ keys:</i></p> <ul style="list-style-type: none"> <li>▪ 85101 Kindergarten education</li> </ul> <p><i>Target population: All individuals, especially people with a low level of education and unemployed or underemployed persons</i></p>	<p><b>Contribution</b></p>	
<p><b>Affordable basic infrastructure (Education and vocational training)</b></p> <p><i>Eligible Social Assets are loans for the financing/refinancing of i.a. residential care activities and other social work. A list of eligible WZ keys:</i></p> <ul style="list-style-type: none"> <li>▪ 85200 Primary education</li> <li>▪ 85311 Schools offering general education, secondary level stage I</li> <li>▪ 85320 Technical and vocational secondary education</li> <li>▪ 85520 Cultural education</li> <li>▪ 85591 General and political adult education</li> <li>▪ 85592 Vocational training for adults</li> <li>▪ 85599 Education n.e.c.</li> <li>▪ 85600 Educational support activities</li> </ul> <p><i>Target population: All individuals, especially people with a low level of education and unemployed or underemployed persons</i></p>	<p><b>Contribution</b></p>	

## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The assets are and will be located in Austria, France, Germany, and the Netherlands.

### ASSESSMENT AGAINST KPIs

#### ESG guidelines into financing process

The Bank has defined a Sustainability Practices Policy<sup>9</sup> to identify risks and/or opportunities applicable to the projects underlying eligible transactions. The Bank utilizes an ESG Due Diligence Checklist assessment model which is tailor-made for individual sectors and industries with specific requirements that are relevant to the respective sector, before granting loans to customers to see if borrowers meet the Bank's Sustainability Practices Policy and Retail and Corporate Customer Guidelines<sup>10</sup> requirements. The Checklist<sup>11</sup> is designed in line with the European Banking Authority (EBA) guidelines for lending and monitoring and the detailed questions cover elements of (i) climate physics, (ii) climate transitory, (iii) social, and (iv) governance. Within these areas, the potential ESG risk is assessed on a scale of 1 (very low risk) to 5 (very high risk), as part of the lending process for each transaction and is regularly monitored. In addition to the ESG Checklist, the Bank has a Traffic Light assessment process for corporate customers and businesses as a uniform procedure for the market-side sustainability assessment of credit customers. The assessment criteria<sup>12</sup> are based on the ten principles of the UN Global Compact as a framework for socially and ecologically responsible corporate governance where the borrower's answers are rated green, yellow, or red according to a traffic light model. When the total score is yellow, the respective business units perform a follow-up analysis for the negative points assessed, and the ESG Transformation Team gives a final evaluation for the particular company. If the total score is red (negative) due to violations, LBBW rejects the transaction and terminates any business relations with the client in question.

The above-mentioned assessment models are used to generate sub-scores and an overall ESG score. If the thresholds set in the Bank's credit risk strategy are exceeded, the decision is made by the next level of authority in accordance with the decision-making hierarchy for loans. Specific material risks for LBBW's customers and loan applications are also examined in terms of their compliance and sustainability risks based on the Bank's lending rules and policies. In the case of uncertainty or topics for which there are not yet any binding rules or review criteria established by the Bank. The ESG Group Transformation department and Group

<sup>9</sup> LBBW, [https://www.lbbw.de/konzern/nachhaltigkeit/2025/lbbw-sustainability-practice-2025\\_ajxr9423zq\\_m.pdf](https://www.lbbw.de/konzern/nachhaltigkeit/2025/lbbw-sustainability-practice-2025_ajxr9423zq_m.pdf)

<sup>10</sup> LBBW, [https://www.bwbank.de/content/dam/myif/bwbank/work/dokumente/pdf/persoennliche-beratung/230717\\_BW-Bank\\_Guidelines.pdf?n=true](https://www.bwbank.de/content/dam/myif/bwbank/work/dokumente/pdf/persoennliche-beratung/230717_BW-Bank_Guidelines.pdf?n=true)

<sup>11</sup> As of July 1, 2022, LBBW also started to apply the ESG checklist to existing transactions.

<sup>12</sup> For investment projects outside the DACH region (Germany, Austria, Switzerland), the screening process also includes using the Protected Planet database to check whether the project is located in a conservation area (i.e., World Heritage Site, Ramsar Site, UNESCO program "Man and the Biosphere", Union for Conservation of Nature (IUCN) Protected Area

Compliance are involved in the lending process if there are specific reputation or sustainability risks. The Compliance and/or the specialized Sustainability and ESG unit provides the assessment.

In case a risk is identified or concluded as “uncertain” during the initial assessment, LBBW has a separate scenario analysis prepared for medium-term and long-term time periods to identify areas where action is required in the long term and as a basis for strategic discussions. The Board of Managing Directors is informed about transition risks once a quarter and physical risks at least once a year in risk reports. LBBW has a mandatory and regular internal review process to ensure that ESG risks are identified, monitored, and mitigated at an early stage in the process of deciding on extending credit, such as export financing, corporate loans or project finance. Depending on the results, LBBW holds the right to reject such transactions and terminate them.

The Issuer recently established the Real Estate Sustainability Board for BerlinHyp AiDA (RESB), which will oversee LBBW's Sustainable Finance Framework (SFF) in relation to real estate projects to ensure eligibility criteria are in line with best market practice and relevant regulation.

### **Labor, health and safety**



LBBW has policies and a due diligence process in place to ensure that the projects underlying the eligible transaction ensure high labor, health, and safety Standards. The Bank has a Sustainability Practice Policy<sup>13</sup> in place, which puts relevant lending and investment guidelines and requirements for LBBW for high labour, health and safety standards. In that regard, the Bank's borrowers are obligated to be in compliance with the eight core conventions of the International Labour Organization (ILO), the United Nations (UN) Declaration of Human Rights and Worker's Rights, the UN Global Compact, the International Finance Cooperation (IFC) Performance Standards, the General Equal Treatment Act (AGG) and the UK Modern Slavery Act. Furthermore, LBBW has an ESG Due Diligence Checklist process where labour, health, and safety along with other social and governance indicators are incorporated into the questionnaire. The requirements also cover suppliers, their subcontractors, and other partners with whom the Bank cooperates. Projects with low or negative assessments will be excluded from eligible transactions. In case a violation is detected during regular reviews, LBBW considers a violation as grounds for termination of the Agreement without notice.

Therefore, high labour, health, and safety standards are ensured by LBBW's Sustainability Practice Guidelines and ESG Due Diligence Checklist that are embedded in national and international laws and standards.

<sup>13</sup> LBBW, [https://www.lbbw.de/konzern/nachhaltigkeit/2025/lbbw-sustainability-practice-2025\\_axr9423zg\\_m.pdf](https://www.lbbw.de/konzern/nachhaltigkeit/2025/lbbw-sustainability-practice-2025_axr9423zg_m.pdf)

## Biodiversity

The eligible transactions feature the respect of biodiversity as an integral part of the planning process. In line with the Management of Environmental and Social risks and of Governance aspects Guidelines laid out in the Sustainability Practice Policy,<sup>14</sup> LBBW's borrowers are obligated to comply with the requirements set out in the IFC Standards and obtain necessary licenses (i.e., Environmental Impact Assessments) when required in order to mitigate the negative environmental impacts on biodiversity, surrounding areas, and cultural heritages.



The Bank confirms not to finance projects that have destructive impacts on biodiversity and no environmental improvement. Regarding the protection of critically endangered and vulnerable species, LBBW checks if the projects will be in areas with internationally protected status (i.e., High Conservation Value Areas (HCVA), IUCN areas, UNESCO World Heritage Sites, wetlands according to the Ramsar Convention) and with endangered species in accordance with the Washington Convention (CITES). Furthermore, with regard to wildlife and species protection, the Bank requires its borrowers and suppliers to comply with the requirements listed in the IUCN Red List of endangered species, the Cartagena Protocol, the UN Convention on Biological Diversity and associated Bonn Guidelines and Nagoya Protocol.

LBBW implements the ESG Due Diligence Checklist assessment in line with the EBA Guidelines and specific lending guidelines for agriculture and forestry sectors to ensure eligible transactions comply with the requirements listed above. Furthermore, the Bank carries out regular monitoring of the eligible transactions to ensure all transactions fulfill the required checklist. The checklist is applied to every new transaction and existing customers of the Bank when there is a change that is made in an ongoing transaction. Non-compliant transactions are excluded from being financed.

## Community dialogue



LBBW has Sustainability Practice Policy<sup>15</sup> and ESG Due Diligence Checklist process in place to ensure that the projects underlying the eligible transaction ensure community dialogue is an integral part of the planning process. The Bank requires borrowers to comply with the IFC Performance Standards requirements and evaluates impacts on the affected communities during the project lifecycle, mitigation measures to minimize these impacts and prevent

<sup>14</sup> Ibid

<sup>15</sup> Ibid.

involuntary land resettlement for affected communities as a result of project-related land acquisitions and land use restrictions, through the Bank’s ESG Due Diligence Checklist. In cases where resettlement cannot be avoided, borrowers are required to obtain free, prior, and informed consent (FPIC) from the affected groups. Furthermore, an active involvement of affected groups in borrower’s decision-making and implementation process and compensation mechanisms needs to be ensured prior to a transaction. If a transaction is assessed as having a negative impact on indigenous people and community dialogue is not featured, LBBW does not consider such financing as eligible.

Additionally, the Bank has complaints management<sup>16</sup> in place where suppliers, customers and the public can report any complaints regarding an activity. LBBW’s community center, the LBBW Immobilien Kommunalentwicklung GmbH initiates community surveys and improvement projects regarding the planned projects<sup>17</sup>.

**Inclusion**



For its investments in Access to Essential Services, LBBW does not exclusively target public infrastructure and does not have measures in place to ensure universal access to the service for vulnerable or disadvantaged populations. However, the assets are located in Austria, France, Germany and the Netherlands, where the majority of services in healthcare, social care and education are free or subsidized and therefore accessible for vulnerable or disadvantaged populations.

**Responsible treatment of customers with debt repayment problems**



LBBW has procedures in place to ensure that eligible transactions under this Framework provide responsible treatment toward customers with debt problems. The Bank confirms it complies with the EBA Guidelines<sup>18</sup> requirements regarding governing credit risk management, internal controls, and oversight which includes requirements for dealing with customers with debt problems and uses internal measurement methods quantifying credit risk to ensure that the incentives are in place for the customers with debt problems.

Under its Retail and Corporate Customer Guidelines<sup>19</sup>, LBBW implements assessments covering the risks of the loan granting process, and verification of

<sup>16</sup> Ibid.

<sup>17</sup> LBBW, [https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig\\_m.pdf](https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig_m.pdf)

<sup>18</sup> Ibid.

<sup>19</sup> LBBW, <https://www.bw-bank.de/content/dam/myif/bwbank/work/dokumente/pdf/persoенliche-beratung/230717-BW-Bank-Guidelines.pdf?n=true>

the customer's capacity to repay the debt. LBBW reviews the economic viability of giro-based loans, private loans, construction financing and investment financing and bases the maximum lending amounts on the customer's individual income and cash flow situation. Additionally, the Issuer's credit risk strategy sets specific minimum requirements for Loan-to-Value (LTV) and Debt-Service-Coverage Ratio (DSCR). The Bank provides its employees with regular training sessions on how to approach customers with vulnerable financial backgrounds and performs internal debt counselling. LBBW offers debt restructuring under non-detrimental conditions including debt settlement plans, discharge of residual debt, partial payment agreements and deferrals.

### Exclusion criteria

LBBW's document titled "Sustainable Transformation: Our path to net zero"<sup>20</sup> and Sustainability Practice<sup>21</sup> excludes companies that (i) produce cluster munitions and/or anti-personnel mines, which are prohibited by international conventions, (ii) involved in the delivery of weapons of war to other countries, and (iii) sell any investment products associated with agricultural commodities. Under its Sustainability Practice Policy, the Bank has sector-specific principles for exclusion criteria and restrictions, covering the sectors wood/paper, mining, crude oil/ natural gas and bioenergy.

The Bank's Code of Conduct<sup>22</sup> serves as a basis for responsible action in compliance with the applicable legal requirements as well as ethical and societal standards for the exclusion of entities and individuals found to have engaged in prohibited conduct (i.e., fraud prevention, money laundering, financial sanctions and embargoes).

<sup>20</sup> LBBW, [https://www.lbbw.de/konzern/nachhaltigkeit/2022/lbbw-sustainable-transformation-our-path-to-net-zero\\_afevaknnhg\\_m.pdf](https://www.lbbw.de/konzern/nachhaltigkeit/2022/lbbw-sustainable-transformation-our-path-to-net-zero_afevaknnhg_m.pdf)

<sup>21</sup> LBBW, [https://www.lbbw.de/konzern/nachhaltigkeit/2025/lbbw-sustainability-practice-2025\\_ajxr9423zg\\_m.pdf](https://www.lbbw.de/konzern/nachhaltigkeit/2025/lbbw-sustainability-practice-2025_ajxr9423zg_m.pdf)

<sup>22</sup> LBBW, [https://www.lbbw.de/rechts-und-kundeninformationen/lbbw-code-of-conduct-en\\_7v4a6ctuj\\_m.pdf](https://www.lbbw.de/rechts-und-kundeninformationen/lbbw-code-of-conduct-en_7v4a6ctuj_m.pdf)

## PART III: CONSISTENCY OF SOCIAL DEBT INSTRUMENTS WITH LBBW'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG topics</b></p>	<p>LBBW has operationalized its business strategy by defining five strategic levers<sup>23</sup>:</p> <ul style="list-style-type: none"> <li>▪ Sustainable Transformation</li> <li>▪ Innovative Solutions</li> <li>▪ Enhanced Resilience</li> <li>▪ Inspire Employees</li> <li>▪ Social Contribution</li> </ul> <p>Two of these strategic levers refer to sustainability more narrowly.</p> <p>Additionally, LBBW adopted a new ESG-Strategy 2025+ defining targets for the upcoming years along the dimensions of environment, social and governance. In its strategy, the Issuer sets out three overarching strategic objectives:</p> <ul style="list-style-type: none"> <li>▪ Transformation</li> <li>▪ Responsibility</li> <li>▪ Stability</li> </ul> <p>Six focus topics were identified for the ESG-Strategy 2025+, which contribute to these overarching objectives: climate/decarbonization, nature/resources, customers, employees, society and corporate governance.</p> <p>The ESG-Strategy integrates the results of the materiality analysis performed by LBBW.</p>
<p><b>ESG goals/targets</b></p>	<p>A selection of targets that has been defined by LBBW are:</p> <ul style="list-style-type: none"> <li>▪ Climate/decarbonization: climate-neutral business portfolio by 2050 at the latest</li> <li>▪ Nature/resources: holistic assessment of the topics biodiversity, circular economy, environmental</li> </ul>

<sup>23</sup> LBBW, [https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig\\_m.pdf](https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig_m.pdf)

TOPIC	ISSUER APPROACH
	<p>pollution and water to identify further opportunities</p> <ul style="list-style-type: none"> <li>▪ Customers: supporting customers in their transformation</li> <li>▪ Employees: high employee satisfaction and equal opportunities</li> <li>▪ Society: active partner for the social transformation</li> <li>▪ Corporate governance: stability through effective ESG risk management</li> </ul> <p>The Issuer has quantitative targets for climate/decarbonization and nature/resources and publicly discloses its targets and tracks its progress annually<sup>24</sup>.</p> <p>LBBW doesn't have any verified science-based targets.</p>
<p><b>Action plan</b></p>	<p>LBBW has defined actions to reach its targets. The Issuer elaborates on its action plan in the annual report.<sup>25</sup></p> <p>For its focus topic "climate/decarbonization" the actions can be found in the climate transition strategy section below.</p> <p>For nature/resources, LBBW defined the following actions:</p> <ul style="list-style-type: none"> <li>▪ Implement an in-depth analysis and review of the impact of the business portfolio</li> <li>▪ Operationalize its lending rules</li> <li>▪ Apply ESG checklists</li> <li>▪ Continue its internal biodiversity working group</li> <li>▪ Integrate the topic to the mandatory training on "sustainability"</li> </ul> <p>The Issuer intends to define further actions for the other focus topics in the future.</p> <p>LBBW doesn't disclose its relevant financial budget to achieve the specific ESG targets/goals.</p>

<sup>24</sup> LBBW, [https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig\\_m.pdf](https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig_m.pdf)

<sup>25</sup> LBBW, [https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig\\_m.pdf](https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2024/lbbw-annual-report-2024-ajwyb4kvig_m.pdf)

TOPIC	ISSUER APPROACH
<p><b>Climate transition strategy</b></p>	<p>LBBW intends to develop a transition plan by 2026 with a clear trajectory as well as specific actions and interim targets in order to achieve climate neutrality by 2050 at the latest.<sup>26</sup></p> <p>In the meantime, the Issuer has defined the following actions for its focus topic “climate/decarbonization”:</p> <p>To increase its sustainable finance and transition finance volume, the Bank is considering the following action items: ESG criteria in proprietary investments, developing financing in the area of renewable energies and criteria for the classification of transition finance transactions and offering products with sustainability dimensions. LBBW monitors current developments in the area of ESG risks and further develops its ESG management approach.</p> <p>LBBW uses IEA's Net Zero Emissions Scenario (NZE) and the Carbon Risk Real Estate Monitor (CRREM) for commercial real estate (CRE) financing as benchmark. Following the integration of Berlin Hyp, LBBW will use Berlin Hyp's decarbonisation pathway for its own CRE business considering in detail the differences between different countries and different building asset classes. The majority of assets in its Green Finance Portfolio and Social Finance Portfolio consists of CRE loans.</p> <p>LBBW does not report Scope 1 and 2 GHG emissions. To calculate and disclose its financed GHG emissions (Scope 3) the Issuer follows the Partnership for Carbon Accounting Financials (PCAF) initiative. Other GHG emissions in the business portfolio like assets under management are also disclosed. The emissions data are taken from the statement on the principal adverse impacts (PAI) in the context of the Sustainable Finance Disclosure Regulation (SFDR), based on the Technical Guidance for Calculating Scope 3 Emissions or the approximated data from EUROSTAT.</p>

<sup>26</sup> Ibid.

TOPIC	ISSUER APPROACH
<b>Sustainability reporting</b>	LBBW uses the first set of European Sustainability Reporting Standards (ESRS) adopted through the EU Delegated Act 2023/2772 as of July 2023.
<b>Industry associations, collective commitments</b>	The Issuer is a signatory to UN PRI, the UN Global Compact and a member of the Forum Nachhaltige Geldanlagen.
<b>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</b>	LBBW has several previous issuances and transactions. More information can be found on the Issuer’s website. LBBW has EUR 8.585 billion <sup>27</sup> and Berlin Hyp EUR 12.596 million <sup>28</sup> outstanding GSS bonds as of Jul. 1, 2025.

*Rationale for issuance*

LBBW has defined three strategic objectives (transformation, responsibility and stability) and six focus topics. Through its ESG strategy it also aims to contribute to social cohesion and reduce inequality. The Issuer provides different financing solutions focusing on sustainability and aims to increase its volume continually. By offering social debt instruments, LBBW aims to either benefit, solve or alleviate a specific social problem thereby benefitting a socially or otherwise disadvantaged group of the population. Under its Social Bond Framework, the Issuer finances Affordable Housing to support low-income households, who tend to be decoupled from wage developments and who are at risk of having to spend more than 30 percent of their disposable income for housing, Affordable Basic Infrastructure in the areas of [public] transport, and water/sewage projects and Access to Essential Services such as health and education to contribute reducing social inequality and poverty. The issuance of social debt instruments creates a link between LBBW’s refinancing activities and its sustainability goals.

**Opinion:** The key sustainability objectives and the rationale for issuing social debt instruments are clearly described by the Issuer. All of the project categories financed are in line with the Issuer’s sustainability objectives.

<sup>27</sup> LBBW, [https://www.lbbw.de/konzern/news-and-service/investor-relations/investor-relations/investor-relations\\_7vjyv8hsd\\_d.html](https://www.lbbw.de/konzern/news-and-service/investor-relations/investor-relations/investor-relations_7vjyv8hsd_d.html)

<sup>28</sup> Berlin Hyp, a wholly owned subsidiary of LBBW, <https://www.berlinhyp.de/de/investoren/investorenpr%C3%A4sentation>

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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

Landesbank Baden-Württemberg commissioned ISS-Corporate to compile a social debt instruments SPO. The second-party opinion process includes verifying whether the Social Bond Framework aligns with the SBP and assessing the sustainability credentials of its social debt instruments, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant standards for this second-party opinion:

- Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)

### ISSUER'S RESPONSIBILITY

LBBW's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social debt instruments market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Social debt instruments to be issued by LBBW has been conducted based on proprietary methodology and in line with the ICMA/LMA SBP.

The engagement with LBBW took place from June to August 2025.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

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