spurred on

The Helaba magazine

Helaba

Values with impact.

Helaba

Helaba acts as a reliable partner for businesses and private customers, institutions and public-sector entities. We are a commercial bank that works with customers to help them realise their aspirations responsibly in Germany and internationally. We are a Sparkasse central bank that assists a large proportion of the German Sparkassen to perform their functions in support of local communities and our wider society. And we are a development bank for the State of Hesse that supports regional infrastructural and economic progress. We measure every decision we make against our single, overriding objective: to be and remain simply a good bank.

6,200
employees

19 sites in Germany and elsewhere

14.7 %
CET1 capital ratio 2020

€ 219 billion
Consolidated total assets

88 %-owned by the Sparkassen sector

12 %-owned by the States of Hesse and Thuringia

Would you like to read more?

You can also find additional stories, news and topics concerning Helaba online at www.helaba.com and on our social media channels:

Instagram LinkedIn XING YouTube

Dear Reader,

The COVID-19 pandemic still holds the world in its grasp. Much has been delayed, many a development eclipsed, but the wheels have continued to turn at Helaba throughout. We have used the time to plot a course for our future growth – growth we intend to achieve in pursuit of one of the most multifaceted objectives of our age: sustainability.

A financial institution with a public law mandate, we have a pressing responsibility to analyse and understand the social and environmental aspects of our organisation's processes. We work with just the same urgency to help our customers as they transition to the circular economy, drawing on the broad-based expertise we have built up over many years and continuously developing new financing solutions.

We are the people working for or with Helaba to help create a more sustainable future. How? That is the subject of this Magazine.

I hope you will find our stories a most interesting and stimulating read.

Yours sincerely,

Thomas Groß
CEO

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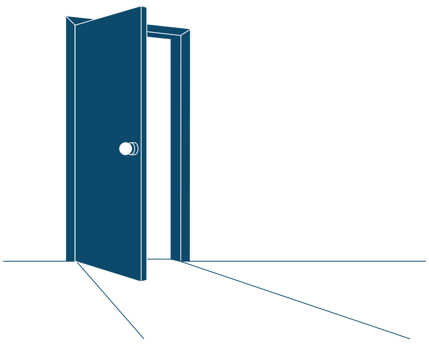

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#environment #social #governance

Gaining an edge through diversity

How does Helaba continue to stand by customers reliably even in times of crisis? What does the diversity of the workforce have to do with the growth of the Bank? And what resources does the Bank intend to draw on to cope with rising demand for sustainable financing solutions? Thomas Groß has been at the helm of the Helaba Group for around a year – a year that defied all expectations. We spoke with the CEO about the issues that have become most prominent at Helaba during his tenure.

Text: Silke Steffes
Photos: Angelika Stehle, Steffen Matthes

Mr. Groß, the past year has been full of social and economic uncertainty. How has COVID-19 affected Helaba?

The first challenge was to accustom ourselves to living and working during a pandemic. We managed to avoid any real disruption to operations by quickly switching over to working from home. The economic imponderables, however, mean that we too have had to increase our loss allowance on a provident basis. Thanks to the great commitment of our employees and the high quality of our portfolio, we have not yet had to post any significant defaults. Helaba remains as robust as ever overall and is also well placed to tackle the challenges to come. I feel very proud about the way we have continued to stand by our customers and partners reliably even in a time of crisis.

What has the Bank learned internally from the coronavirus crisis?

I think we are more flexible and better able to master difficulties than we might previously have supposed. We have been working

“Thanks to the commitment of our employees and the high quality of our portfolio, we have not yet had to post any significant defaults.”

according to our new, far leaner organisational structure – an important milestone for our strategic agenda – since March 2020. No sooner had we moved to the new structure than we suddenly had to switch over almost entirely to working from home to protect our staff and keep our business processes as stable as possible. The timing was extraordinary. We were aided in the transition by actions from our strategic focus areas that we had already initiated, but that ended up being implemented faster – to our benefit – as a result of the pandemic. Examples include the modernisation of our IT, the digitalisation of bank processes and our pursuit of more mobile, flexible, open and direct modes of working together. We have also learned that we can achieve good results without necessarily having to be physically present in the office.

The importance of sustainability and sustainable financing solutions has increased markedly over the last few years. Has the pandemic pushed these topics back into the shadows somewhat?

Not at all. Sustainability remains the next big challenge for credit institutions after the wave of new regulations, the current period of ultra-low interest rates and digitalisation. Sustainability, after all, affects all of the main areas of a bank, from operating business to internal processes and structures. We undoubtedly have an advantage here because sustainability has always been hardwired into the Bank’s DNA. Helaba has successfully positioned itself as a specialist for sustainable financial products, most notably in respect of green promissory notes in the real estate and energy sectors. Social and political pressure continues to grow, however, with the EU, for example, aiming to achieve climate neutrality and a circular economy by 2050, and I consequently expect demand for sustainable financing solutions to exceed supply by a significant margin for the foreseeable future.

How does Helaba intend to meet this challenge?

We have created the new post of Chief Sustainability Officer, a role we filled internally with the appointment of Petra Sandner, to pool opportunities across the whole of the Helaba Group. Ms. Sandner’s remit also includes HelabaSustained, a programme that is going to help us substantially improve our ability to support customers with sustainable financial products. Proceeding jointly with all our subsidiaries, we are defining the strategic objectives for Helaba’s sustainability management activities across the whole of the Group and working out what steps we need to take as a result. Sustainable finance and the alignment of our product portfolio are of course a particular priority. Just as important as the ideas we decide to pursue on the operational side is our capacity to adapt our corporate culture to match. I am thinking here of sustainable HR management and the related issue of the diversity of our workforce. The more we do to incorporate and actively build up diversity, the more successful we will be, both as an employer and as a reliable partner in a more sustainable economy. I’m absolutely certain of this.

The Helaba Group aims to have women in at least 30 % of management positions in future.

3 focus areas are addressed by the HelabaSustained program: strategy and organisation, market and competition, and risk and regulation.

The financial sector remains a strongly male-dominated environment, especially at the uppermost levels. The public clamour for diversity and equality of opportunity grows stronger all the time …

These calls for change are entirely justified in my opinion. Let me say, first of all, that we have a holistic approach to sustainability and prioritise all the ESG criteria including fair corporate governance and social responsibility as well as climate protection. And promoting diversity – or, looking at it the other way around, preventing discrimination – clearly falls under the heading of social responsibility. One company on its own cannot hope to solve what is really a task for the whole of society, but we can certainly play our part and set a good example. We have accordingly signed the Diversity Charter and adopted a mandatory code of conduct that prohibits all forms of discrimination. The use of gender-neutral language has already been standard procedure at Helaba for quite some time. My personal view, though, is that we still need specific actions and objectives to speed up the process and ensure our organisation is truly diverse in practice as well as on paper.

What specific actions do you have in mind?

The area in which we undoubtedly have most scope to make a difference is our HR work. We have set ourselves the target of having women in 30 percent of our management positions and are implementing corresponding requirements in our applications processes and in succession planning to help us make it happen. Life-stage models are another key element. We have also developed an empowerment programme of seminars and mentoring opportunities specifically for women to help our female staff chart their next steps and actively plan their career. We have this focus on promoting women because they represent the biggest group, but ultimately what I am interested in is a sustainable corporate culture in which everyone genuinely feels they can achieve what they want to achieve provided they are sufficiently motivated and put in the necessary effort. And I do mean everyone, regardless of gender or age, disability, nationality or ethnic origin, parental responsibilities, religion, ideology or sexual orientation.

The social element is self-explanatory but is there also an economic justification for seeking a more diverse workforce?

Absolutely, and this relates directly to the focus areas that sit alongside sustainability at the top of Helaba's strategic agenda, namely the further diversification of our business model and the digital transformation. Diversification and the diversity of our staff are for me two sides of the same coin. We need a wide range

“We need specific actions and objectives to speed up the process to ensure our organisation is truly diverse.”

of perspectives and technical skills if we are to identify new potential for growth and carry on living up to the different expectations of investors, customers and partners. It has been scientifically proven that diverse teams produce better results. Why? Because they are more innovative, creative, empathetic and flexible and their concepts are better thought out overall.

Those sound like attributes we need more than ever in a digitalised and ever faster moving business world.

Precisely. Greater diversity and rapid digitalisation go hand in hand. A modern IT infrastructure is a significant prerequisite for diverse teams. Mobile working capabilities can enable parents and people with disabilities, for example, to contribute more effectively, while smart tools can help facilitate direct and agile cooperation unhindered by physical distance or possible language barriers. And it is this intuitive use of digital solutions and working methods, of course, that pushes through the strategic digital transformation for the company as a whole, drives the associated cultural change and generates energy for innovations and new business ideas.

Thank you for speaking with us, Mr. Groß.

Thomas Groß

Thomas Groß became Chairman of Helaba’s Executive Board in June 2020. He is responsible for the Group Steering, Human Resources and Legal Services, Accounting and Taxes and Group Audit units and for Frankfurter Sparkasse and Frankfurter Bankgesellschaft. He was a consultant at the Boston Consulting Group in the 1990s, specialising in financial services companies with a particular focus on banks and Sparkassen in the German-speaking countries, before joining the board of WestLB as Chief Risk Officer and Chief Financial Officer. Thomas Groß has been a member of Helaba’s Executive Board since 2012 and held the role of Vice-Chairman between 2015 and 2020.

Sustainable Finance

Text: André Boße, Cornelia Theisen

Political leaders and the public at large are increasingly demanding an economy that protects the climate and promotes social justice. The financial sector has its hands on one of the key levers for this transition to sustainability. Its task: use the instruments of sustainable finance to steer capital flows in a direction that creates a sustainable impact.

Consumers shopping for new domestic appliances have become thoroughly accustomed to looking at efficiency ratings as well as price and performance information when perusing the market. How much water and power can I save by choosing this washing machine over that one? How much of a difference can I make for the environment? Sustainability is becoming a significant factor in our decision-making when we shop for groceries, clothes, cars and even travel services too. Not always and not for everyone, but the trend shines through unmistakably across the real economy and shows no sign of abating.

The concept of growth at any price no longer holds water, with companies able to combine commercial success and a sustainable business model now the example for others to emulate. This is not just about public relations either: smart businesses understand that in the current era, profitability and sustainability are two sides of the same coin. Organisations that have still not managed to integrate sustainability into their strategy properly in 2021 are gambling with their very future: like a washing machine with a miserable efficiency rating, their prospects grow dimmer by the moment.

The challenge of managing risk

Why has (old style) business as usual become such a risky policy? Because the pressure to tackle the great problems of the age – climate change, declining biodiversity, social inequality and discrimination against certain groups – is building from all sides. Concern about these issues has increased exponentially of late. There are also political and economic factors in play over which companies have virtually no control, such as trade wars and countries suddenly turning their back on multilateralism in favour of a decidedly nationalistic outlook. The pandemic is another such event: nobody can predict when they will arrive or exactly what form they will take, but arrive they will and the consequences cannot be ignored. Managing these many and varied risks is becoming part and parcel of business management in the real economy and for the financial sector. Sustainability risks stand out in this context because we know that they have come to stay: we cannot vote them away and we cannot inoculate ourselves against them.

Policymakers are responding with new regulations – like the European Green Deal, which aims to make the EU climate neutral by 2050, and the EU taxonomy, which defines the criteria that characterise sustainable investment – that make sustainable operation effectively unavoidable. Sustainability is not a flash in the pan, some momentary bubble of hype or passing fancy; sustainability is the core economic strategy for the future. This applies to companies of all sectors too even if their business model has no obvious connection with sustainability. Companies in certain sectors, such as the mechanical engineering, mobility, chemical and metal industries, do though undoubtedly have more scope to make an impact with sustainable strategies.

How the EU regulates sustainability

Sustainable finance – all hot air and empty promises? Hardly: the EU has managed to create a solid foundation in just a few months with a full set of objectives, benchmarks and rules.

The power of the financial sector

Thanks to its ability to guide capital flows with its instruments and products, the financial sector has considerable power to ensure that investment ends up where it will help to advance the cause of sustainability. Banks have a particular responsibility to exercise the leverage at their disposal: policymakers and the public at large rightly expect institutions to use their financial instruments to steer the real economy in the direction of sustainability. And the tone is very much "We expect…" rather than "Would you mind…" The combination of this clear message and the regulations formally adopted at the political level makes sustainability a key issue for the financial sector. Banks that already have a sustainable approach hard-wired into their ethos possess a distinct advantage here. Helaba, which is organised under public law and thus committed to act in the public interest, is just such an institution: all our customer relationships have sustainability at their heart, so we are ideally positioned for the era of sustainable finance.

Objective: Green Deal

The European Green Deal provides a roadmap setting out how the EU intends to achieve its objective of being climate-neutral by 2050. The plan revolves around the idea of decoupling economic growth from resource consumption, the de facto consequence of which is that in future, growth will by definition have to be sustainable.

Measures: EU Action Plan

The EU's action plan aims to use regulation to create a situation in which the financial system promotes sustainable economic development. What this means in practice is directing capital flows towards sustainable investments, increasing transparency and highlighting the financial risks that arise if ESG issues are neglected.

Central instrument: EU taxonomy

The EU taxonomy, which is one of the elements of the action plan, makes it possible to measure the sustainability of specific economic activities. While the taxonomy's six objectives are at the moment still limited to environmental factors, additions to cover social dimensions of sustainability are already being considered. All the criteria are solely about compliance – and compliance must be achieved without causing adverse consequences elsewhere.

Sustainability objectives*

1. **Climate change mitigation**
2. **Climate change adaptation**
3. **The sustainable use and protection of water and marine resources**
4. **The transition to a circular economy**
5. **Pollution prevention and control**
6. **The protection and restoration of biodiversity and ecosystems**

* According to the EU taxonomy.

Helaba's experts

Ina Liermann
Executive Director Corporate Loans

Ina Liermann has been structuring solutions for listed and family-owned companies seeking external finance with syndicated loans for years. Having first joined Helaba in 2001 to take up a position in the acquisition finance field, the business administration graduate has a sharp eye for specific customer needs and develops borrowing options to match – options in which sustainability plays an ever more central role.

Klaus Distler
Head of Corporate Debt Capital Markets

An expert in international structured and plain vanilla financing arrangements in the form of bonds and promissory notes, Klaus Distler has over 30 years of banking experience. He moved to Helaba, where he is now responsible for Corporate DCM, in 2012 having previously been in charge of Financial Institutions Origination at WestLB and held leading positions at JP Morgan in London and BayernLB in Munich.

The three principal instruments

1) Sustainable bonds

Bonds provide one way for companies to procure loan capital. The bearers of bonds become creditors of the corporation. The volume share of the global market accounted for by sustainable bonds has increased markedly since 2013, doubling or even tripling every two years to reach a sum of US$ 530 billion by 2020. Klaus Distler, Head of Corporate Debt Capital Markets at Helaba, offers a simple explanation for the growing popularity of sustainable bonds: "This type of instrument lends itself very well to financing projects with a significant sustainability element. It enables the issuer to send a clear signal about its commitment to sustainability and it gives creditors a way to invest strategically in sustainable projects."

The major agencies rate the bonds according to strict criteria to ensure credibility is maintained. Sustainable bonds can be a particularly attractive option for companies with big plans requiring substantial liquidity, such as utilities wishing to make large-scale investments in renewable energy.

Not only is the sustainable bonds market growing fast, but it is also becoming noticeably more diverse. Green bonds – bonds whose main feature is an environmental element – dominated up until 2016. The share of the market accounted for by social bonds then began to expand significantly in 2017 before jumping from US$ 18 billion to US$ 148 billion in 2020. The volume of sustainability bonds, which take in all aspects of sustainability, rose in this one year from US$ 38 billion to US$ 69 billion. Klaus Distler expects to see continued growth in social bonds in particular, "Not least because the pandemic is going to be a driver for new bonds."

Sustainability-linked bonds, a relatively recent addition to the market that are concerned with the realisation of positive overall effects (such as reduced CO_2 emissions, for example) rather than the financing of specific sustainable projects, have the potential to fuel further growth in this area. This type of bond fits in very well with a comprehensive sustainability strategy, leading experts to predict it will soon become established as a fourth main pillar in the bond market. Combinations of green bonds and sustainability-linked bonds have now begun to appear as well.

"Customers want to integrate their sustainability strategy into all their financing arrangements."

Ina Liermann

2) Sustainable promissory notes

Many SMEs find that bonds are too large an instrument for their needs. The benchmark is usually €500 million, which tends to be far more than a smaller company wishes to raise. One option to fill this gap is an instrument whose star remains firmly in the ascendant in the financial world despite its apparently antiquated name: the promissory note. The promissory note is a flexible instrument with a low entry threshold. Promissory notes starting from €50 million can be ideal for SMEs and, as Klaus Distler points out, "There is no upper limit".

Carmaker Porsche, for example, financed its all-electric Taycan model with a one billion euro promissory note. Its proven flexibility renders this particular instrument attractive to companies from a wide range of sectors. Green and sustainable promissory notes are of course also subject to ratings, but these can be provided by smaller agencies as well. Green promissory notes dominated in the early years, but comprehensive sustainable promissory notes (sustainability-linked promissory notes) now account for the largest share of the market.

Helaba is the clear market leader in this segment, having arranged almost half of the total volume of sustainable promissory notes issued. Interestingly, a survey of promissory note investors conducted by Helaba found that sustainable investment was already a priority issue for nine in ten. Two thirds of respondents believe that issuing sustainable promissory notes is a sign of a fundamentally more successful business.

"I expect continued growth in social bonds. The pandemic is one of the driving factors here."

Klaus Distler

3) Loans

Sustainability is playing an increasingly significant role in the context of loans too, as banks tighten their lending criteria and customers look for new approaches. "More and more companies are aiming, as far as possible, to integrate their sustainability strategy into all the financing instruments they use," observes Ina Liermann, Executive Director Corporate Loans at Helaba.

The volume of sustainability-linked loans is growing particularly rapidly: the term only appeared four years ago and they already account for a larger share (€120 billion) of the global market than green loans (€80 billion). The advantage of sustainability-linked loans for the borrower is that they are not tied to any specific project or projects. This does also mean, however, that borrower and bank have to agree strict terms to ensure the loan really does impact positively on sustainability performance. Standards and certification are part of the equation here, as are clearly formulated targets and measurable indicators that map the business model as a whole. Companies availing themselves of sustainability-linked loans have to be prepared to report on these indicators regularly and transparently.

"The challenge for us as a bank is to strike the right balance between responding to existing customer requirements and encouraging customers to think differently," says Ina Liermann. Customers that are already on the sustainable business pathway need to be supported in a way that helps to keep them moving forwards without overtaxing them. "But it is also important to be very clear about the risks of moving too slowly, and to impress on customers that the die is cast and they cannot afford to let events leave them behind."

"All roads lead to sustainability"

B.A.U.M., the German Environmental Management Association, has been leading the way in environmental management and sustainable business for almost 40 years. Initially of interest primarily to environmental pioneers, these two subjects have recently begun to move up the agenda rapidly at all kinds of companies and organisations. B.A.U.M. chairwoman Yvonne Zwick explains why sustainable finance represents the best lever with which to effect a sustainable transformation of the economy, and why no company can afford to ignore it.

Ms. Zwick, the growing momentum of sustainability issues in business and finance is impossible to overlook. What are the driving forces?

There are economic drivers – rising commodity prices, for example – but there is also great pressure being applied by society as a whole, with movements like Fridays for Future raising awareness around the dinner table. An inter-generational dialogue has begun and young people are leaving their elders in no doubt about what needs to be done and why the need for action is so urgent.

So it is the younger generation setting the pace?

This is most interesting: society is operating like a seismograph, tracing the issues companies cannot avoid addressing in the near future – and would thus be well-advised to tackle straight away.

Because there are risks involved if they fail to respond?

Precisely. We talk about there being a social licence to operate: the more willing a company is to accept reputation risks, the more volatile its business model becomes. That said, I believe we need to change the way we think about the concept of risk in the context of sustainability.

Why?

There are auditing firms that insist every statement a company makes about things that lie in the future represents a risk per se. Nobody can foretell whether or not a particular quantifiable target will be achieved of course. Companies consequently prefer to report on what they have already done in the sustainability arena. Today, though, that just is not enough. We need to see companies formulating ambitious targets – and as part of that process all of us, the financial market and its investors included, ought to contemplate how tolerant we are prepared to be when targets are missed. My view is that we need a system in which I am allowed to explain why I did not manage to reach this or that sustainability target. Ideally, a more tolerant approach of this nature would motivate the considerable number of companies still holding out on sustainability to set the wheels in motion at last.

And what if these companies decline to be motivated?

So long as the financial market cares about sustainability, any company that tries to ignore the subject will find itself in real difficulty sooner or later. It will be impossible for business customers to say "Not our problem" if banks have clear decarbonisation strategies to follow for their portfolios and lending activities and are conducting climate scenario analyses and stress tests. The lights are green and all roads lead to sustainability – for the financial sector and hence, in its wake, for the real economy as well.

So the financial sector is at the controls?

Yes, because the financial sector wants good profits. Robust profits. Looking at daily profit indicators creates an illusion of objectivity that fails to recognise risk. I am therefore pleading for the costs of the overexploitation and wasteful use of natural resources, of social injustice and of CO_2 emissions to be identified more transparently. Why not include these negative effects in the economic record in the interests of controlling and accounting for sustainability matters? That would enable us to assess a company's environmental and social impact as well as its commercial success and to determine the value of its business model now and in the future. And the future value of a company's business model is exactly what the financial sector would like to know too.

Yvonne Zwick

Yvonne Zwick became chairwoman of the B.A.U.M. network at the beginning of 2021 after 16 years in various roles at the German Council for Sustainable Development. She is a member of the German Futurewoman initiative, which aims to empower women in sustainability and help them advance in their career.

B.A.U.M.

The German Environmental Management Association (Bundesdeutsche Arbeitskreis für Umweltbewusstes Management, "B.A.U.M.") has been working at the interface between economic, environmental and social issues since 1984. Today it has around 550 members and is a powerful corporate network for sustainable business.

Terms and definitions

Green finance

Green finance is the collective term for financial sector instruments and products that aim to use finance to help **protect the environment and combat climate change**. Their main focus is environmental. Projects designed to offset or compensate for activities that harm the climate or environment also fall under the umbrella of green finance.

Sustainable finance

Sustainable finance encompasses instruments and products that support the pursuit of all **environment, social and governance** (ESG) objectives together. Rather than attempting to address one or the other aspect in isolation, sustainable finance recognises that the three aspects are inextricably interlinked and consequently centres on a properly holistic approach.

ESG

E for #environment

Climate change, air quality, biodiversity, water protection, waste reduction, recycling methods

S for #social

Diversity, gender justice, working conditions, health protection and healthcare, training and skills development, social outreach

G for #governance

Transparency, open communication, compliance, sustainable risk management, performance monitoring

The abbreviation for environment, social and governance encompasses **all the principal areas of sustainable operation for companies**. The "E" covers the green aspect, the "S" internal aspects such as diversity, health protection and fair progression plus external commitments for a more just world and the "G" the way in which a company is managed (who checks to see that targets are achieved, what compliance measures are enforced, how are international standards such as the United Nations Guiding Principles observed – including in relation to suppliers).

Sustainable finance and COVID-19

Brake or boost?

Data on the volume of sustainable loans arranged shows that there was a clear initial shock at the global level as the COVID-19 pandemic took hold. “This did not last very long, however, with growth quickly resuming,” recounts Helaba lending expert Ina Liermann. Are we now perhaps going to witness an even stronger boost from the pandemic? Or will the penetration of sustainability issues into the financial sector be slowed as efforts to counter the economic effects of the pandemic divert attention to other concerns?

There are strong signs of the former. Many investors turned to sustainable investments in the initial turbulent phase of the pandemic as a type of “safe harbour”: investment in sustainable funds grew in the first quarter of 2020 while conventional funds saw significant outflows. It seems that in especially volatile circumstances, investors have faith in sustainable products.

The annual risk report published by the World Economic Forum suggests this faith is well-placed: all five of the leading risks to the world economy currently relate to the natural environment. The leading managers surveyed are acutely aware that environmental factors are the big source of uncertainty. Policymakers show no indication of watering down regulations in response to the crisis either – indeed the EU seems more resolute than ever – and it must therefore be assumed that the move to sustainability in the financial sector is only going to accelerate. Ultimately, the sustainability criteria also have a considerable role to play in the response to the consequences of the pandemic.

“The shock to sustainable loans business caused by the outbreak of COVID-19 was short-lived and growth quickly resumed.”

Ina Liermann

The best weapon against false claims and promises not honoured is transparency. Performance in sustainability matters can be assessed definitively thanks to the definitive criteria set out in the EU taxonomy. Ensure that these assessments are performed by credible independent entities and the problem of greenwashing can be avoided altogether. The financial sector takes this issue most seriously, one consequence of which is that smaller companies in particular find themselves with very high standards to meet.

Multinationals often have a dedicated sustainability department to help them make the grade, but SMEs have it tougher: all the diligence and good intentions in the world cannot make up for a shortfall in personnel and expertise. “We have an important part to play here as advisor and guide,” says Ina Liermann. “We want to make sure small and midsize companies are not left behind.” Some questions come up time and again: what do the elements of the EU taxonomy mean for the way I conduct my business? What are the critical KPIs? How and by whom can I have our performance evaluated and certified? “We have the expertise to be able to help business customers find their feet and realise the importance of the subject,” says Helaba debt capital markets expert Klaus Distler. One point the discussions soon make clear is that greenwashing is no longer an option. “The rules are too sharply defined for that,” says Distler, “and the politicians, the public and the lenders are much too streetwise to be taken in.”

Avoiding greenwashing

Substance not soundbites

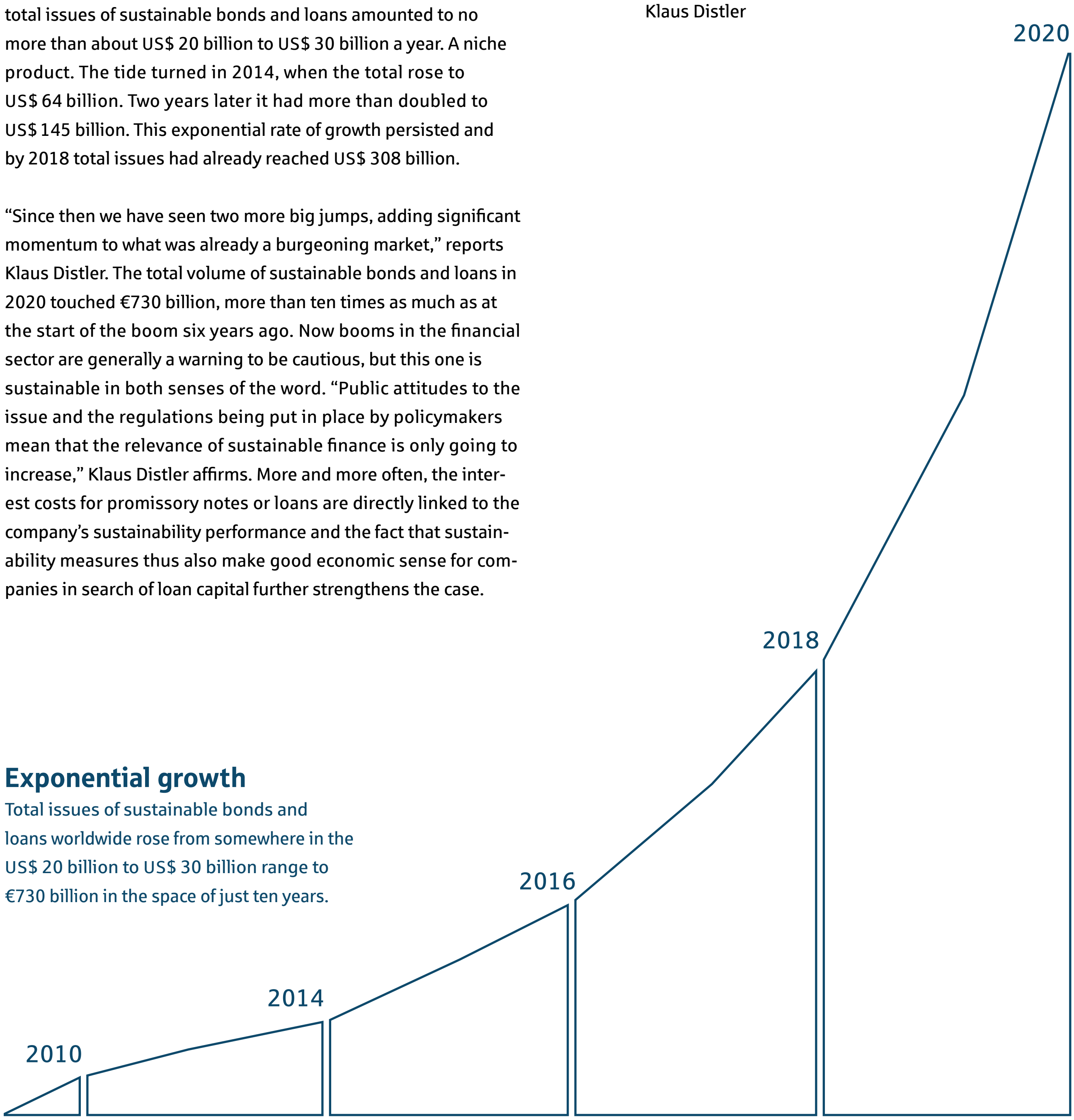
Business is booming – and paying its way

Sustainable finance products have plotted a remarkable growth curve over the last few years. As recently as a decade or so ago, total issues of sustainable bonds and loans amounted to no more than about US$ 20 billion to US$ 30 billion a year. A niche product. The tide turned in 2014, when the total rose to US$ 64 billion. Two years later it had more than doubled to US$ 145 billion. This exponential rate of growth persisted and by 2018 total issues had already reached US$ 308 billion.

"Since then we have seen two more big jumps, adding significant momentum to what was already a burgeoning market," reports Klaus Distler. The total volume of sustainable bonds and loans in 2020 touched €730 billion, more than ten times as much as at the start of the boom six years ago. Now booms in the financial sector are generally a warning to be cautious, but this one is sustainable in both senses of the word. "Public attitudes to the issue and the regulations being put in place by policymakers mean that the relevance of sustainable finance is only going to increase," Klaus Distler affirms. More and more often, the interest costs for promissory notes or loans are directly linked to the company's sustainability performance and the fact that sustainability measures thus also make good economic sense for companies in search of loan capital further strengthens the case.

"Public attitudes to the issue and the regulations being put in place by policymakers mean that the relevance of sustainable finance is only going to increase."

Klaus Distler



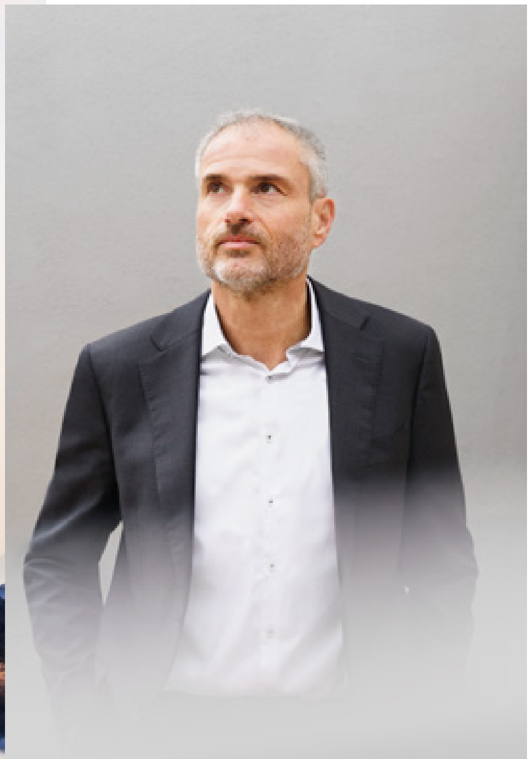
Exponential growth

Total issues of sustainable bonds and loans worldwide rose from somewhere in the US$ 20 billion to US$ 30 billion range to €730 billion in the space of just ten years.

#environment

Catching the wind

Text: Marc-Stefan Andres
Photos: Linda Deutsch, CSOLAR IV South, NOP Agrowind, BELECTRIC GmbH, Triton Knoll, Getty Images



Investment in offshore wind energy in €

15 m
2010

1 bn
2020

Stefan Seibel has been financing projects with a strong sustainability element for Helaba since the late 1990s. Offshore wind power accounts for an ever-greater share of business for the industrial engineer's team, which he has led since 2006. In this interview the Helaba Senior Vice-President discusses the importance of renewable energy both for business and for the battle against climate change.

Stefan Seibel and colleague Frank Hartelt, Vice-President, have been looking after the financing of sustainable energy projects at Helaba for more than 15 years, over which time they have built the sector up into one of the central pillars of Helaba's business. The field still seems to be growing – and by every measure too: demand, volume of issues, project complexity and, not least, the size of the Renewables team itself.

Helaba currently has **16** offshore wind power projects in its portfolio. (as of March 2021)

Mr. Seibel, you are an industrial engineer. What are you doing at a bank, of all places?

Our team helps energy suppliers, special funds and project developers to finance infrastructure and energy projects all over the world. The transactions involved are highly complex and require extensive knowledge of international law as well as the relevant technical and financial expertise. We therefore have business administrators, lawyers, tax experts and engineers like me working together on our transactions.

Your most recent financing deal was the Fécamp offshore wind farm in Normandy. How do you choose a project like this?

We helped to finance the first offshore wind farms in 2012, and since then we have accumulated a wealth of expertise. The project in France involves finance amounting to €2 billion, of which we are providing €70 million. All kinds of variables play into our decision-making but the companies behind the project are obviously a key factor. The partners for the Fécamp project are EDF Renewables, which is one of the biggest energy utilities in France, Enbridge Inc., one of the leading North American energy infrastructure companies, and offshore wind power pioneer wpd offshore. The project offers considerable security too because the electricity price is guaranteed for 20 years by the French government. We look very closely at the technologies to be used too. The turbines in this case are being supplied by Siemens Gamesa – the involvement of such a reliable and technologically outstanding company is always a very good sign.

How big is the wind farm?

The facility encompasses 71 turbines, which will stand between 13 and 22 kilometres off the coast of north west France, and is expected to generate around 500 megawatts of electricity from 2023. This will be sufficient to meet the electricity requirements of over 60 percent of the population of the Seine-Maritime region – that's 770,000 people.

Those are big numbers. Has the technology reached its limits yet?

The amount of power produced depends to a large extent on the length of the rotor blades. Blades of over 100 metres in length are already in use and extending them by an additional ten metres, for example, could push up the yield by around 20 to 25 percent. This will be no mean feat in engineering terms but the general feeling is that a figure of up to 20 megawatts per turbine should be possible – and concrete plans are already being drawn up for units rated up to 15 megawatts.

Wind speeds are higher and more constant at sea, enabling offshore wind farms to generate roughly twice as much electricity as equivalent facilities on land.

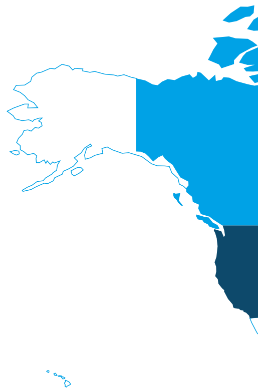
What challenges do you foresee for the renewable energy sector?

Generally there has not been enough progress made on expanding the grid or on the possibilities for storing electricity from renewable sources. It is becoming increasingly difficult to install new onshore wind turbines too because people do not want to see them where they live and because of concerns about possible harm to habitats and wildlife. This makes offshore a very good alternative.

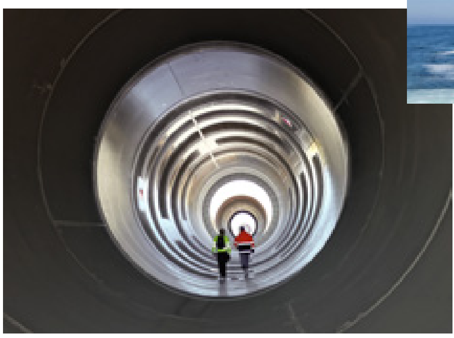
What motivates Helaba to invest in renewable energy?

Three main reasons underpin everything we do in the sustainability arena. Firstly, failing to support green projects would put us at a competitive disadvantage. Secondly, these projects earn us a healthy profit and thirdly, we as an organisation see it as part of our role in the world to promote environmental, social and corporate governance activities and in the process to make our operations more sustainable. This combination of motivations makes for a strong – and ultimately compelling – case in favour.

CSOLAR IV South is a 130-megawatt solar photovoltaic power plant in California operated by energy supplier Tenaska Inc. It has been operational since 2013.

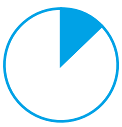


The Triton Knoll wind farm has been under construction off the North Sea coast of England since 2020. Scheduled for completion in 2022, it has already begun to supply electricity. The facility includes two transformer platforms (right) as well as 90 wind turbines mounted on the sea floor using monopiles (below).



The 26 wind turbines of the NOP Agrowind wind farm on the Dutch IJsselmeer coast power almost 190,000 homes.

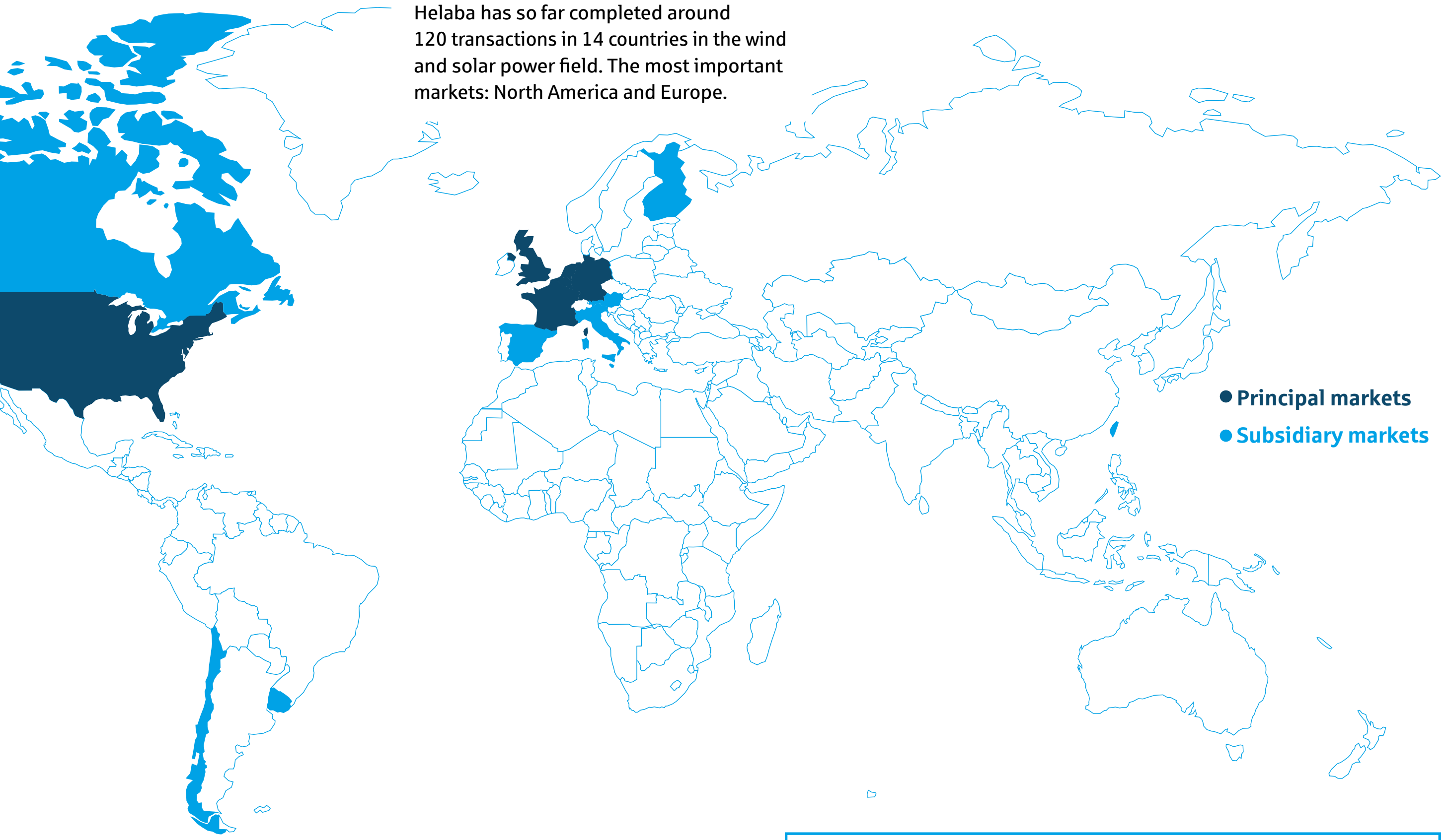
Renewable energy as a proportion of Helaba's total project finance portfolio



2005
13 %
of approx. € 5 bn

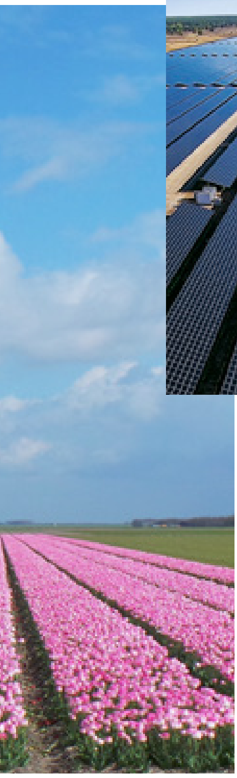
2020
30 %
of approx. € 8 bn

Helaba has so far completed around 120 transactions in 14 countries in the wind and solar power field. The most important markets: North America and Europe.



Renewables

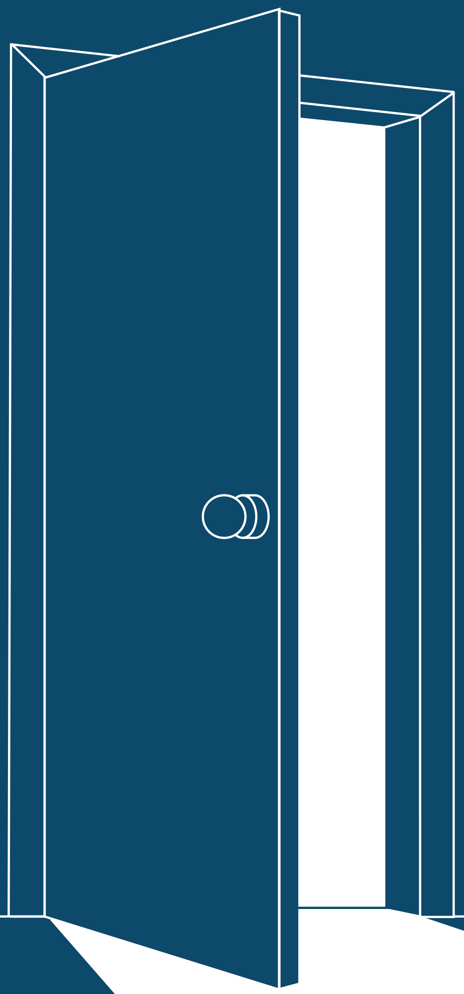
Helaba has sealed more than 100 transactions in the renewables field since the late 1990s, 70 percent of them wind power projects, and renewable energy currently accounts for € 2.3 billion of Helaba's portfolio. Initially, the Bank had just two individuals working on renewable energy project finance. Now, though, the team comprises four colleagues in Frankfurt, four in London and four in New York. The sustainable investments field as a whole has also grown rapidly during this period, especially over the last few years, and has been a significant source of income for Helaba since 2007. The Bank invests up to € 100 million in this area in the "Final Hold" category, in which it retains its stake long term. The amount invested in the underwriting category, in which Helaba subscribes for shares in a larger financing arrangement that it then sells on over the course of the first three years, can reach as much as € 300 million. Helaba's profit from these activities comes from the processing fees for the investors who acquire a stake in the projects and from interest margins, which depend on risk and the term of the loan.



The largest solar power plant in Europe can be found in Brandenburg, Germany: BELECTRIC's solar photovoltaic farm has 128 MWp of installed rated capacity for an annual output of 120 million kWh of electricity under the predicted radiation conditions.

#environment
#social

Opening doors



Ralf Schuster's job at Helaba is to feed ideas, information and contact details to companies striving to gain a footing in regions remote from the major markets. Armed with a natural feel for people and markets, he cultivates a global network and finds open doors where others meet dead ends.

Text: André Boße
Photo: private

> **“My neutrality enables me to open doors for international deals that may well not happen otherwise. That breathes life into the market and opens up investment opportunities for companies.”**

Ralf Schuster, Vice-President Correspondent Banking

Speaking with Ralf Schuster by video-call it is impossible not to notice the large map of the world behind him. And the longer the conversation about his work goes on, the more obvious it becomes that the 56-year-old really does have the world at his fingertips.

Helaba may have given him the official title of Vice-President Correspondent Banking, but Schuster could equally well be described as the Bank’s geopolitical guru, for geopolitics lies at the heart of what he does. “The critical question,” he explains, “is what influence do geographical factors have on politics, society and, most importantly, the markets.” Ralf Schuster shares his expertise, experience and contacts in the series of geopolitics lectures he presents for corporate customers of the Sparkassen-Finanzgruppe and advises companies that come to him for help. Irrespective of whether they are customers of Helaba or the German Sparkassen. Free of charge. That makes for a rather unusual job description, does it not? “It does,” Schuster concedes, “but it is highly relevant all the same. My neutrality enables me to open doors for international deals that may well not happen otherwise. That breathes life into the market and opens up investment opportunities for companies. And when those companies find they need to borrow, they come calling at the Sparkassen and then the Sparkassen are happy with the arrangement too.”

A satnav for global markets

That map in the background catches the eye again: Africa, Latin America, Asia – gigantic markets with huge potential even relative to the hotly contested Europe and the USA. How can companies open up these markets far from the limelight, though? The secret, according to Ralf Schuster, is to “shine a light on them with the help of a network.” It is, he suggests, just like using a satnav in the car: “When you are driving, you rely on the device to give you the information you need. When I’m seeking direction in my work, I rely on people I know and the people they know.”

Schuster has been working with markets far from the hotspots since the very start of his career. Having qualified as a bank officer at Berliner Bank in 1982, he quickly turned his focus to international business. He became a Regional Manager in 1987 and then a Senior Regional Manager before eventually assuming responsibility first for whole regions (the Middle East was one) and then for all developing and newly industrialised countries. One of the countries he covered early on left a particularly deep impression: Yemen. There is probably no more complex state to be found anywhere on earth. “I have always found the challenging territories especially interesting,” he explains. Why? Ralf Schuster pauses for a moment to reflect and then replies, “Because in countries like these there is no obvious way to access the market, so the first job is always to work out how it can be done.”

“Finding technical solutions is what we are best at. What we really needed help with was the question of how to put our Water Kiosks into operation in countries that need them.”

Gero Böhmer, Group Director Government & Public Affairs, Wilo Group

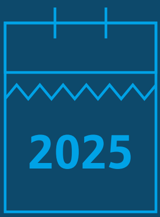
Thinking in networks

Let’s say a start-up or SME wants to become active in Asia, Africa or Central and Latin America. Where do they begin? “There are conventional starting points of course – trade associations and the local authorities, for example,” Schuster explains. Often, however, newcomers putting themselves forwards like this for the first time find progress is not so easily made. “What companies really need,” he says, “are key contacts.” Schuster’s job is to work with the companies to track down these key contacts – which could be local banks for finance, for example, or regional real estate, recycling or construction companies – and set the dialogue running. “These contacts we’re talking about are not names in a database that I can simply retrieve and share at the touch of a button,” Schuster points out. The world, he adds, is much too big for that. “It is more a case of listening carefully to the question and then building up a picture in my mind’s eye of the first few nodes that might be worth connecting to start weaving the network.”

That is just what happened in 2019 when Schuster presented a geopolitics lecture at the invitation of S-International Westfalen, one of Germany’s largest Sparkassen alliances for international business with corporate customers. The audience included Kirsten Kaup, Director Group Treasury at pump technology specialist Wilo. This fast-growing company from Dortmund, which has annual sales of approximately €1.5 billion, is highly committed to its sustainability strategy, which earned it the German Sustainability Award and inclusion in the UN’s “50 Sustainability & Climate Leaders” initiative in 2020. Developing innovative pumps to keep water moving requires smart thinking and action that minimises consumption of natural resources. Sustainability is accordingly one of the cornerstones of Wilo’s corporate culture. One of the company’s objectives is to help 100 million people gain better access to clean water by 2025. How does it intend to do this? One part of the solution are its fully automated Wilo Water Kiosks: small local water treatment solutions that enable people in arid areas to obtain affordable drinking water quickly and safely. “The Water Kiosk is a complex piece of technology,” says Gero Böhmer, whose remit as Group Director Government & Public Affairs at Wilo includes international public sector projects. The raw water, he explains, has to be filtered through membranes to make it clean and safe – and then kept that way. “But finding technical solutions is what we are best at. That’s our core business,” Böhmer continues. Working out how to put its Water Kiosks into operation in countries that need them was a challenge of a different order entirely.

Water Kiosks in Ethiopia

This is where Ralf Schuster and his networks came in: the product was ready and it was time to work together to track down local partners – including banks. “Not just for finance,” Schuster stresses, “but also as a partner for operation.” Ethiopia was identified as a suitable market on the basis of its huge demand, which has only been exacerbated by ever tougher dry seasons due to climate change. The idea was to attach a few Water Kiosks to bank branches, an arrangement that would have several big advantages. “First of all, banks have security protection so the kiosks would be safe,” Ralf Schuster explains. “Also, water purchases can be paid for by bank card, which helps the partner bank to gain new customers. And these new customers might then make use of the bank for microloans to support entrepreneurial ventures that in turn help to build up the local economy.” Ralf Schuster is always thinking one step ahead. Follow his train of thought for a while and one thing in particular stands out: for him, the world is all about possibilities – possibilities, as that big map behind him emphasises, on a vast scale just waiting to be unlocked.

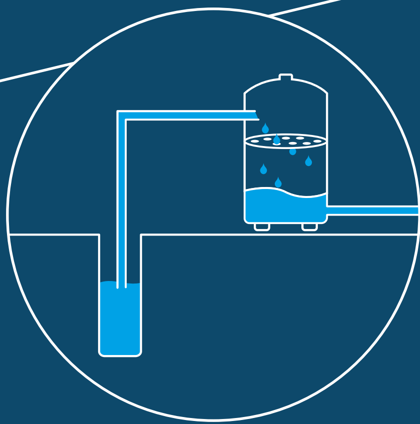


Wilo aims to help 100 million people gain better access to clean water by 2025.

Clean water for thousands

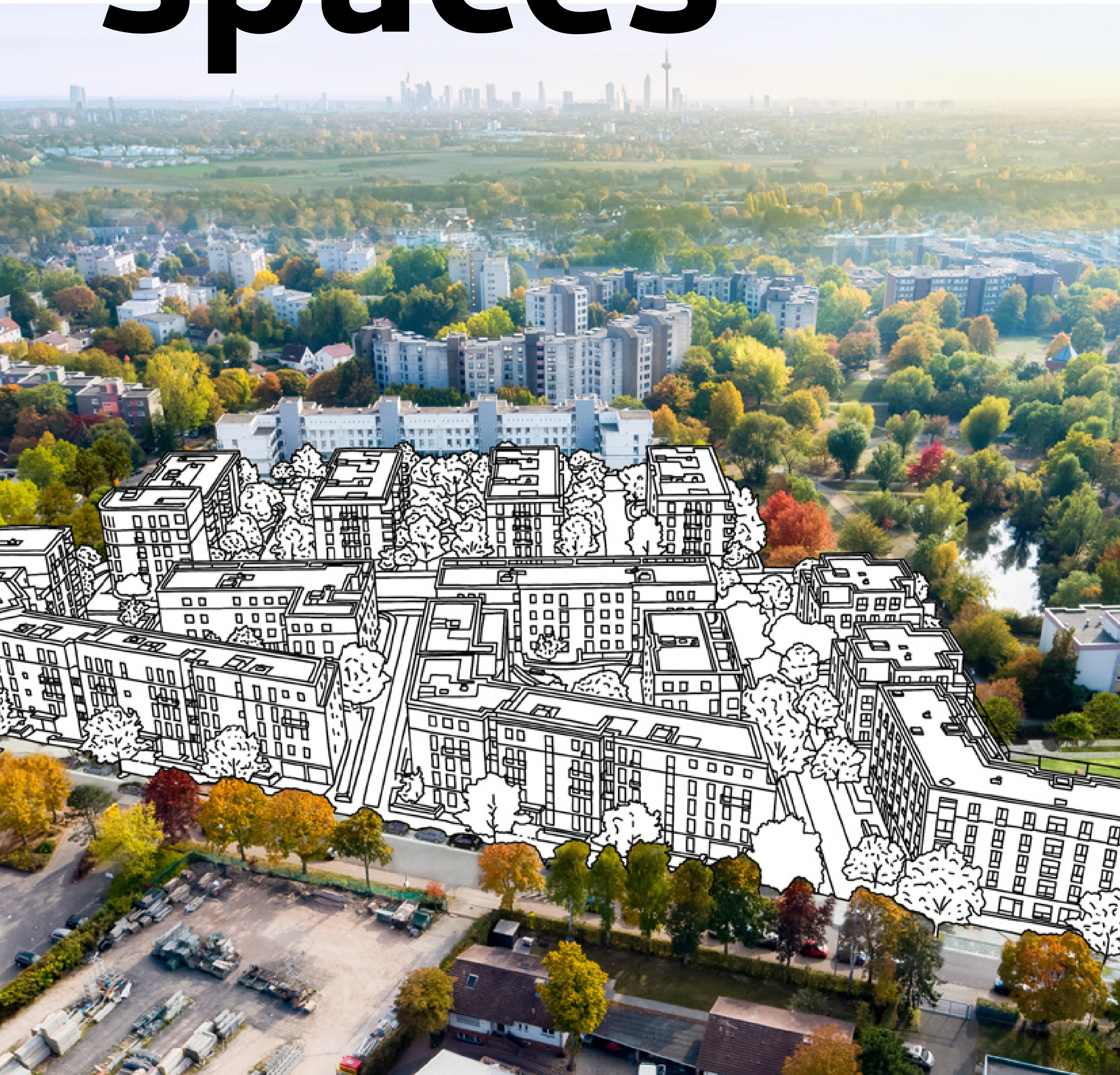
Provide access to clean water for as many people as possible – an objective that in rural regions of Ethiopia has a societal impact as well as a health impact. Women and children in many villages have to travel long distances to fetch water for the family. The men hold down jobs, but women's ability to be economically active is limited and children miss out on school and their chance to gain an education, so the arrival of a Water Kiosk or the smaller "Water ATM" in an area can not only help to protect people from serious diseases but also improve their broader life opportunities.

The "Safe Water Hut" developed by Wilo is essentially a container packed with filters that turn raw water into clean drinking water. A window in one side dispenses the treated water to customers, who can pay using an RFID-based card (the cashless process enhances security). The price per litre is below the figure recommended by the UN. No charge is made for the resource itself; the price just reflects the technology necessary to filter the water and keep it clean. The income generated by the facilities enables their local operators to complete maintenance and repair work independently, which helps to extend the life of the systems. Once the initial cost has been recovered, further income can be invested in additional Water Kiosks. This means that the project helps to fuel the development of a permanent local water economy. Wilo Water Kiosks come in different sizes designed to supply clean drinking water for from 100 to 1,000 families. An initial pilot project with a Water Kiosk has already been set up in Ghana and the first tranche of units for Ethiopia should be up and running before the end of 2021.



The Water Kiosk stores raw water and filters it to produce clean drinking water. The treated water is dispensed through a window.

Living spaces



The large housing development on the Ben-Gurion-Ring road on the northern side of Frankfurt is being regenerated and expanded: Helaba subsidiary GWH Wohnungsgesellschaft (GWH) will be creating 330 homes to accommodate around 850 people here by 2023. Complementing the physical building work is a programme intended to boost quality of life and social cohesion in the area by enhancing public and community facilities.

Text: **Michael Hasenpusch**
Photos: **Linda Deutsch, GWH**

"People's ideas about this place are often way off the mark. The reality is often much better than outsiders expect" insists Wibke Hübener, estate manager for the development on Frankfurt's Ben-Gurion-Ring road, as she tracks down a free parking space. The drive to the Ring passes windowless rear walls of giant car parks behind which ten-storey residential buildings stretch up into the sky. The view also takes in a large building site. The car soon parked just a short walk from her office, graduate engineer Hübener begins to recount what has been happening here over the last few years.

The estate does not enjoy the best of reputations by any means, a verdict she considers totally unjust. "The people who actually live here are happy here and have a good community. It's a great neighbourhood and we are working together to make that clear to the outside world," she explains as she opens the office. The estate office is located on the ground floor of a building on the northern edge of the "Bügel", as the estate is colloquially referred to in Frankfurt (the name is derived from the old field names for the hill on which the estate sits). A bakery, a hair salon, a pharmacy and a household goods shop stand side-by-side nearby and several doctors have practices on the upper floor. The space behind Hübener's office window is filled by a large model railway assembled by a group of older men from the estate before Christmas. "The children were there, noses pressed to the glass, for weeks!"

A sea of colour

Named after David Ben Gurion, the founder of the state of Israel, the Ben-Gurion-Ring lies between Frankfurt's Nieder-Eschbach and Bonames quarters. More than 1,600 homes, the great majority of them publicly subsidised, were built here in the 1970s and around 1,000 of them are now owned by Helaba subsidiary GWH

"And I cannot imagine any better experts to advise on the regeneration than the people who actually live here."

Wibke Hübener, estate manager at the Ben-Gurion-Ring estate office

Wohnungsgesellschaft. Some 4,400 people from 46 nations live here. "We must have one of the most colourful neighbourhoods in Germany," Hübener proclaims. The area is one of those typical sprawling residential complexes erected in response to the challenges of the post-war years, challenges which in Germany included the huge numbers of homes lost during the war, millions of refugees from former German territories to the East, the process of emigration to the cities that persisted throughout the period of the economic miracle and the high birth rates of the 1960s.

All over Germany, people urgently needed somewhere to live. Planners and architects in many of the big cities responded to this demand with projects intended to make it possible to "Build homes that could be let with subsidised rents quickly, flexibly and cheaply," as the authors of a City of Frankfurt publication about the urban development concept for the Bügel put it. This book, a tome as substantial as it is colourful that occupies pride of place on the table in Hübener's office, documents the restart that the district has devised since 2017 together with the city authorities. Two years previously, the city put the Ben-Gurion-Ring forward for the "Soziale Stadt" ("Social City") urban development funding scheme, a programme for urban districts in particular need of development supported by the German federal government, the State of Hesse and the City of Frankfurt and now know under the name "Sozialer Zusammenhalt" ("Social Cohesion").

"The question is how to regenerate the estate on the Ben-Gurion-Ring. And I cannot imagine any better experts to advise on that than the people who actually live here," Hübener says. A series of workshops, meetings and initiatives were organised to bring residents and experts together. The result? A total of 16 measures ranging from a campaign to improve the district's public image to green space improvements to a neighbourhood meeting place in the form of a community cafe. District management, for which Hübener is responsible on site, is also included in this "integrated urban development concept".

Additional homes designed with the community in mind

The office door opens and in steps Christian Wedler, Managing Director of GWH Bauprojekte. The largest property owner at the site, GWH has been working to add a new residential section to the estate since 2015. "We aim not just to create urgently needed new residential space for Frankfurt but also to give the whole area a lift, so we are designing new public spaces and new

More than 1,600 homes, the great majority of them publicly subsidised, were built on the Ben-Gurion-Ring in the 1970s. Around 1,000 of them are now owned by GWH.

The new development emerging at the northern end of the Ring, called "Grünhoch2", comprises new homes plus student apartments and a childcare facility.

Plans and a model at the estate office show how old and new buildings, open spaces and pathways at the Ben-Gurion-Ring site will seamlessly come together.

infrastructure for current residents as well as for the people who will come and live here in the future," explains Wedler, who specialises in projects to add new homes in existing neighbourhoods.

"What we are doing in fact is rather more than just expanding the existing estate," Wedler continues. "With 330 homes for 850 new tenants, we are creating a whole new little residential quarter – and completing the Ring at the same time." The site in question, which lies at the northern end of the Ben-Gurion-Ring, was previously dominated by a brickworks and had been vacant, leaving a noticeable gap in the street scene, until the clutch of new five- and six-storey buildings began reaching skywards. The new build project, called "Grünhoch2", includes student apartments and a childcare facility as well as conventional homes for rent. All of the homes will be offered to let, 30 percent of them with a public subsidy. The first of the three construction phases is due for completion at the end of 2021, Wedler reports.

The project closes a circle for Wedler at a personal level too. "When I first joined GWH 25 years ago, I stood here – a young man from the countryside – and gazed in wonder at the towering buildings," he recalls. "Today I know how far GWH has brought the estate over those 25 years." There has been very significant investment but this is often not evident from the outside, which is one of the reasons Wedler is keen to see improvements to paths and open spaces as well as internal upgrades to existing buildings and homes. "The new development, in contrast, will be a highly visible addition," he says, pointing to a model of the Ben-Gurion-Ring to show how all the pieces will come together.

"With 330 homes, we are creating a whole new little residential quarter – and completing the Ring at the same time."

Christian Wedler, Managing Director, GWH Bauprojekte

Enhancing infrastructure

Will increasing the number of residents as planned place too much of a burden on the estate's services? Wedler shakes his head: "The infrastructure at the Ben-Gurion-Ring site is excellent. Residents can meet all their day-to-day needs on foot and here, in contrast to a greenfield location, public transport, shops and medical care are all already in place. The new development will integrate very well with the existing setting too – and without taking up a huge amount of space." GWH, he adds, has also invested heavily in improving the social infrastructure with a childcare facility and student apartments. One of the highlights for Wedler are the private and public parks and grounds, for which he cannot thank the 1970s planners enough: "They had a wonderful eye and feel for green spaces."

All of the homes in the five- and six-storey buildings will be offered to let, 30 percent of them with a public subsidy.

“Why don’t we pop out quickly and have a look,” estate manager Hübener suggests. The short path leads to a small lake, which forms a focal point in the northern half of the estate. Visible across the water is the construction site and the emerging new buildings; on this side, well spaced out, are a large playground, a centre providing out-of-school learning opportunities for children and the red brick form of the Catholic Church of St. Lioba. Tucked away behind high trees that have yet to reveal even a hint of green are the 1970s residential buildings. Some show signs of extensive renovation: new windows, new insulation, fresh paint. A couple of children have come out to play and the sound of work on the construction site can be heard from time to time but for such a large city estate, the place is really very quiet – verging on the idyllic even.

Hübener’s views on the new development are clear: “Obviously it will be a big change and the infrastructure here is undoubtedly going to see greater use in the future. At the same time, there is much to be gained from the new homes and the urban development programme. New people bring new energy, we will gain a meeting place for the neighbourhood and much more besides.” Looking out across the still wintry grey-green lawn she adds with a laugh, “I want to see lots of picnic blankets here in the summer.”

Even on a grey winter’s day in March, it does not require much imagination to see that the many open spaces and the lawns around the Bügel’s very own lake will soon be full of life once more.

Out of conviction

Text: Florian Lehmann
Photos: privat

Sustainability is integral to Helaba's very identity as a public law institution with a mission to act in the public interest. What might at first appear a rather abstract concept turns out in practice to be a leading motivation for countless employees day-in, day-out and at home as well as at work. Five employees share what sustainability means for them.

“The pursuit of sustainability is enabling us progressively to reduce resource consumption in our work, and stimulating the ongoing development of processes into the bargain. The electronic file, which fits in very well with company-wide sustainability management, is just the first step here for WIBank.”

Anja Pacem
Head of Project and Change Management, WIBank

WIBank’s two mobile shelving systems hold over 400,000 files. Thanks to Anja Pacem, that number will be shrinking rather than growing in future. The Head of Project and Change Management and her team put in place one of the key prerequisites for paperless working last year when they introduced an electronic file system at the development bank. The roll-out finished just in time because once COVID-19 arrived and a large part of WIBank’s staff transferred to working from home, the ready access to customer data from anywhere provided by the electronic file and electronic mailbox systems became essential. WIBank intends to adopt more and more digital processes based on the electronic file system in future, with customer documents delivered exclusively electronically and development programme applications submitted through an online portal. It should go without saying that in principle the creation of new paper documents will cease as part of this process.

#environment
#governance

"Us putting sustainability on the agenda at company finance departments can make a tremendous difference. Once the finance people start talking about these issues, there is real potential for meaningful change."

#environment
#governance

Rainer Neidnig
Sustainable Finance Advisory

Rainer Neidnig sets great store by sustainable growth. The father of two, a Sustainable Finance Advisor at Helaba, has no doubt that the fate of future generations depends on our ability to create an economy governed by responsible attitudes and caution in our use of natural resources. Neidnig, who worked for one of the big rating agencies before coming to Helaba, helps to develop financing solutions compatible with this belief in his role as intermediary between corporate customers and colleagues at the Bank. More and more customers are actively looking for just this type of solution – and from green issues to promissory notes with interest rates linked to ESG indicators to special-purpose sustainable finance arrangements like investments in projects to transform the energy system, there are certainly now plenty of options from which to choose.

#social

Ulrike Münz
Helaba Vital

Ulrike Münz has been speaking out for sustainability and social awareness since the 1980s, when she was involved in the "Jute not Plastic" movement. Her commitment to protecting the natural environment is matched by her concern for her own wellbeing and the wellbeing of the people around her, a mindset that carries over into her work at Helaba. Münz's role as head of the "Helaba Vital" programme involves endeavouring to ensure colleagues remain fit and well in all respects and take care to allow themselves little breaks from the sometimes-stressful world of work – to enjoy a few minutes of "Business Yoga" perhaps or find out more about healthy eating, exercise and mental equilibrium via the Helaba-Vital site on Helanet. Münz believes it is very important that these resources and opportunities should expressly be accessible for all colleagues.

"Maintaining the right balance is very important for me – and that goes for my work as well. I want the opportunities that we provide to be genuinely helpful for colleagues and not to end up being just one more stress factor, and I consequently make a priority within Helaba Vital of self-management and self-efficacy."

“It is important never to lose sight of the fact that everything I do has consequences. I need to know what happens as a result of my actions and I need to be able to live with that knowledge.”

#environment

Anja Peter
Head of Real Estate Finance
International Clients Germany

Anja Peter and her team finance commercial real estate in the office, logistics and retail segments for international and institutional investors. Peter has also been working in the HelabaSustained programme since autumn 2020 making preparations so that customers can be offered financing solutions factoring in the ESG criteria in the future. She believes it is important to cover the full scope of these sustainability criteria and to consider social aspects such as the quality of corporate governance as well as the possibly more obvious environmental aspects. Sustainability plays an important role for Peter away from the Bank too: her life partner runs an organic vineyard in Groß-Umstadt to the south west of Frankfurt and Peter is always heavily involved there from winter pruning through to harvest the following autumn. Working among the vines provides a welcome and grounding contrast to the financial centre of Frankfurt and gives her a different perspective on managing natural resources and the value of agricultural produce.

Martina Middendorf
HR Services & Business Partnering

#social

Martina Middendorf attaches great importance to empathy, humanity and a thoughtful approach to interactions with others – and this applies equally in her working life in HR at Helaba and in the voluntary role she performs away from the office. Middendorf has been a volunteer with the Bärenherz charitable foundation, which operates two children's hospices and a home for children with severe disabilities in the Taunus hills near Frankfurt, since 2013. A mother herself, she particularly appreciates the broader perspective afforded her by the voluntary work she does with the children's charity. Inevitably the insights she gains in this way flow through into her day job at Helaba, which is something the Bank very much encourages: never has it been more valuable for employees to bring new ways of looking at the world into their teams.

“The subject of diversity is becoming more important all the time at Helaba. One of the most noticeable signs of this is the ever-greater enthusiasm shown for different approaches and outlooks – for example when selecting new colleagues and when people change job within the Bank.”

What next?

Text: Cornelia Theisen
Photo: Steffen Matthes

Dr. Gertrud R. Traud has been Helaba's Chief Economist for more than 15 years. She is one of the very few women to hold such a post in Germany. Dr. Traud and her research team produce numerous publications every year including the Markets and Trends report, which presents the annual outlook for the economy and the capital markets based on a variety of global economic scenarios developed for the purpose. Published every autumn, Markets and Trends always has a pithy subtitle appropriate to the report's predictions. The forecasts thus far have proven to be extremely accurate. We asked Dr. Traud for her assessment of current issues.

What would happen if companies responded to their experiences during the pandemic by switching to much more local supply chains?

There would be a price to pay for such a decision in the form of lost prosperity: globalisation and the utilisation of relative cost advantages and technological specialisation in different regions and countries raises incomes worldwide. The pandemic has certainly caused us to revisit some of our prior assumptions. Many companies now have a much better idea of the risks inherent in the just-in-time model after seeing borders suddenly closed, for example. That does not mean it makes sense to design production operations solely on the basis of exceptional situations like a pandemic. Companies should avoid cluster risks in the procurement of input materials as far as possible though simply for economic reasons. Supply chains can be optimised. Free trade should not be obstructed by economic policy measures such as customs duties and other non-tariff trade barriers even in a pandemic, but that does not preclude building up larger stocks of emergency equipment like protective face masks.

What will it mean for the banks if regulators start to pay more attention to climate risks in the future?

Europe's banks will probably have to up their game: the regulators will be taking steps this year to compel institutions to pay greater heed to climate risks, and demanding greater transparency. The ECB plans to begin examining the management of climate and environmental risks more thoroughly from next year and intends to make climate risks a focal point of its next stress test in 2022. The regulatory requirements are growing more stringent at the same time as a result of the EU taxonomy for sustainable activities, disclosure obligations associated with it and the consideration of ESG aspects in financial advisory activities. These developments involve enormous costs and bureaucratic outlay for financial institutions. The sector is well prepared nevertheless. The banks have been factoring environmental aspects into the credit check process for a long time and a sustainable focus has already come to be regarded as an important success factor, so voluntary publications are now common practice. It is generally accepted that climate risks are financial risks, hence tracking them systematically not only benefits the environment but also helps strengthen the creditworthiness and performance of the banks.

Why does sustainability remain so important for financial centres?

The challenges of the pandemic have pushed the subject of sustainability out of the limelight to a certain extent. The response to COVID-19, though, demonstrates that established patterns of behaviour can be modified given political incentives and broad public support. Sustainable finance has an essential role to play in the transition to the global economic system of the future and is thus also becoming a significant competitive factor for international financial centres. The transformation of the energy sector and the associated corporate transformation process cannot succeed without a financial sector committed to the same goals. Financial centres can make a difference here, individually and through their interactions at a global level, because of the concentration of key players within their bounds. Germany as a financial centre has already made strong moves in a number of areas in this connection and ranks among the leaders for sustainable finance according to a recent study by a UN initiative. This is of course good news for Frankfurt, the heart of the German financial system, which finds itself well placed for continued strong progress on its path to sustainability.

What should we expect if the COVID-19 pandemic ends up lasting longer than currently anticipated?

We are hoping at the moment for a further easing of restrictions before the summer is out. If this turns out to be too optimistic due to the infection rate trend or delays in the vaccination programme, re-opening and economic recovery will still happen, just at a later date. The longer we have to wait for the upturn, the lower economic growth will be in 2021 and, in consequence, the higher it will be in 2022. That is not to trivialise the effects of any delay, I must point out: even an extra couple of months of social distancing would significantly increase the economic damage caused by the pandemic, and on top of that we also have to consider the disruption to education and training for young people, rising unemployment and company insolvencies and an ever-greater drain on the public purse. That is why it is so very important that we reduce the number of new infections now and throw everything into the vaccination effort.

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