




Sustainability Strategy 2025

Excerpt from the Group business strategy 2025





Publisher:

Helaba

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In the following text, Landesbank Hessen-Thüringen is referred to as “the Bank” for the sake of better readability. The text is referred to as “the Bank” for short.

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Content

1.	Mission and vision	4
2.	Targets in the dimensions E, S and G	5
3.	Climate strategy	6
3.1	Decarbonisation stratgy	6
3.2	Climate-neutral bank operations	7
4.	Sustainable product and service portfolio	7
4.1	Sustainable product portfolio	7
4.2	Green Bonds	8
4.3	Group-wide product portfolio	8
4.4	Sustainable Finance Advisory	8
5.	ESG in risk management	9
5.1	Including ESG factors in the overall risk strategy	9
5.2	Sustainability review as part of the lending process	9
6.	Corporate Citizenship	9
7.	Governance	11
8.	German Act on Corporate Due Diligence in Supply Chains	11
9.	Sustainability reporting	12
10.	Rating	12

1. Mission and vision

Helaba sees it as its corporate duty to take responsibility for the environment, society, and the lives of current and future generations. Acting sustainably is a core element of the Bank's strategic agenda. The focus is on the sustainable alignment of business operations, especially in terms of supporting customers in the necessary transition towards a climate-neutral circular economy. Helaba is committed to the objectives of the Paris Agreement and the climate objectives of the German federal government and the European Union.

As a signatory to the Sparkassen-Finanzgruppe's climate protection initiative, Helaba has undertaken to make its own business operations climate neutral by 2035 at the latest and to include climate protection aspects in its customer portfolio and in its internal operations. At the start of 2022, to underscore the seriousness of its sustainability efforts in its business operations, Helaba also committed to the Principles of Responsible Banking (PRB) and joined the United Nations Environment Programme Finance Initiative (UNEP FI).

Based on an analysis of the portfolio, Helaba has identified climate stability, biodiversity, and the circular economy as the relevant areas of impact. Starting with climate stability, targets will be developed to mitigate the negative effects of the portfolio on this area of impact. Each year, Helaba publishes progress reports on the implementation of the PRB and sent a clear signal to the market by signing a voluntary commitment to this effect.

The social aspects of the sustainability criteria are addressed through Helaba's membership of the UN Global Compact. Helaba also upholds the principles of the United Nations Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO) within its sphere of influence. When it comes to implementing these in its business processes, Helaba follows the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. If Helaba is aware that a particular company or institution does not respect fundamental human rights or causes environmental damage, it will not work with that company or institution. To monitor compliance with human rights and observance of the requirements contained in the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG), Helaba created the position of a Human Rights Officer.

2. Targets in the dimensions E, S and G

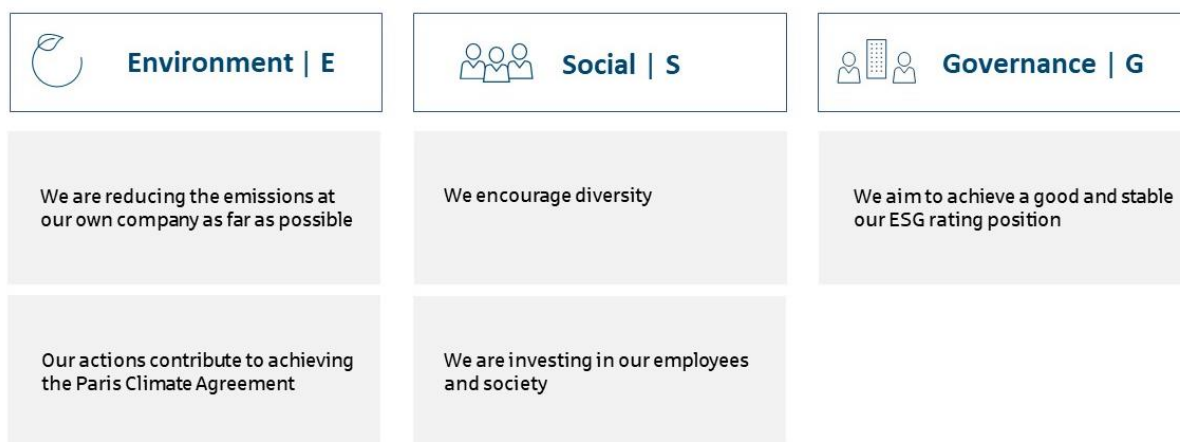


Figure 1: Illustration of the Helaba Group's ESG objectives.



Figure 2: The Helaba Group's ESG key performance indicators (KPIs)

In order to achieve its ambition of supporting economic transformation, the Helaba Regulatory Group has set itself strategic sustainability (ESG) objectives underpinned by key performance indicators (KPIs). These are formulated in detail and implemented as Group-wide control parameters. The content of the KPIs will be updated in 2025 and aligned with the next target year (2030).

Helaba is committed to the goals of the Paris Climate Agreement and is making an effective contribution to achieving these through its core lending business. Helaba's business divisions have jointly set ambitious targets and aim to increase the share of sustainable business in their existing portfolios to 50 % by 2025. The Sustainable Lending Framework provides a transparent definition of which businesses are considered ecologically and socially sustainable and which positive effects they can have.

3. Climate strategy

3.1 Decarbonisation strategy

In light of ongoing global warming and increasing environmental destruction, it is undisputed scientifically that a fundamental transformation of the economic system towards net zero emissions is necessary. Helaba recognizes the particular urgency of the climate crisis and its responsibility to contribute to limiting climate change. For this reason, the greenhouse gas emissions of the lending portfolio – the financed emissions – were determined for the first time as of 31 December 2023 as the basis for developing a reduction strategy in line with the Paris Agreement. Greenhouse gas emissions are determined on the basis of economic sectors. For this reason, the financed emissions in one sector may originate from the activities of several different Helaba business divisions.

Asset-Class	Loan amount [€ bn]	Financed Emissions, Scope 1 and 2 [kt CO ₂ e]	Financed Emissions, Scope 3 [kt CO ₂ e]	Average PCAF- Datenqualitätsscore, weighted by loan amount
Real estate finance	29,5	733	169	4,0
Movables and transport finance	1,9	3.240	375	4,0
Project finance	5,2	2.320	90	3,1
Corporate loans	29,4	7.818	40.546	3,3
Total	66,0	14.111	41.181	3,6

On the basis of Helaba's financed emissions and regulatory publications, we determined the sectors that are relevant for decarbonisation from the company's perspective and evaluated them in terms of the Helaba portfolio. In the case of sectors that fall within Helaba's strategic focus and for which a science-based method with 1.5 degree scenario is available, targets were defined on the basis of physical emission intensity values. In developing these targets, it was always ensured that the data were of the necessary high quality so that the decarbonisation of Helaba's portfolio is aligned with the decarbonisation of the real economy and can thus achieve a real impact. This is currently the case for the power production, commercial real estate, residential real estate, cement and steel production and automotive (OEM) sectors. Therefore, at the end of 2023, a coverage of 55 % of total financed Scope 1 and Scope 2 emissions was achieved in accordance with the GHG Protocol. Other sectors will be subject to control tools such as exclusion criteria in the risk strategy (e.g. coal financing) and limiting/monitoring transition risks, especially in the case of customers with a high economic emission intensity.

Sector/portfolio	Intensity Actual figure 2023	Intensity Target figure 2030	Percentage reduction by 2030	Comment
Power production	259,5 gCO ₂ */kWh	83,3 gCO ₂ /kWh	68 %	
Commercial real estate (commercial use)	67,3 kgCO ₂ /m ²	26,3 kgCO ₂ /m ²	61 %	
Commercial real estate (residential use)	41,9 kgCO ₂ /m ²	21,0 kgCO ₂ /m ²	50 %	
Steel	1,64 tCO ₂ /t Stahl	1,25 tCO ₂ /t Stahl	24 %	
Cement	623 kgCO ₂ /t zementartiges Produkt	507 kgCO ₂ /t zementartiges Produkt	19 %	
Automotive	185,5 gCO ₂ /vkm	107,9 gCO ₂ /vkm	42 %	vkm = vehicle kilometre
Aviation	-	-	70 %	Target relates to absolute lending volume/financed emissions

The Real Estate Finance, Asset Finance, Corporate Banking and Public Sector business segments mainly participate in one or more sectors. The intensity-based analysis gives the business segments the scope to expand their portfolios and support the transformation, provided they will be able to comply with the

pathway in the future. The integration of the pathways shown in a systematic customer dialogue will be accompanied by a client engagement concept. Transforming the real economy is and remains a basic requirement for achieving the 1.5 degree target in the portfolio. In principle, the SBTi methodology also requires regular review of these pathways.

3.2 Climate-neutral bank operations

In order to protect nature and the environment, Helaba organises its operations in such a way as to preserve resources to the greatest possible extent. One focus is on reducing CO₂ emissions: first, avoiding them with the aim of minimising the use of resources in the long term; second, substituting the unavoidable use of resources by using low-emission energy sources, by revising the business travel policy to focus more strongly on rail travel and by gradually switching the company vehicle fleet to alternative drives such as electromobility; third, compensating for the avoidance and substitution of any remaining unavoidable emissions which has been achieved using suitable certificates since the 2021 financial year.

4. Sustainable product and service portfolio

Helaba supports its customers in their transformation with a portfolio of services tailored to their needs and to the future, thus making an important contribution to the transformation of the economy as a whole. To this end, the Bank is working on the continuous expansion of its service portfolio.

4.1 Sustainable product portfolio

In addition to structuring projects in the renewable energy, sustainable mobility and digital infrastructure segments, Helaba is also involved in the syndication of green, social and ESG-linked financing arrangements and promissory notes. It intends to continue expanding this commitment.

- The Sustainable Lending Framework serves as the Helaba Regulatory Group's compass for classifying the sustainable lending business, addressing both ecological and social dimensions. The following financing arrangements are classified as sustainable: ESG-linked financing arrangements, the conditions of which are linked to the attainment of sustainability targets
- Development loans to support ecological and social development goals, in collaboration with development institutions
- Green and social loans used to finance externally certified projects and undertakings with a high ecological or social value
- Taxonomy-compliant financing arrangements

Financing arrangements which contribute positively to the 17 United Nations Sustainable Development Goals (UN SDGs). Helaba has set itself the goal of contributing with its conduct to achieving the objectives of the Paris Agreement and is therefore seeking to increase the share of sustainable financing arrangements to 50 % by 2025.

From 2024, the Sustainable Investment Framework (SIF) is expanding the classification of sustainable business activities to the investment business. As well as more general exclusion criteria for own-account investing activities and asset management, the SIF defines minimum standards for sustainable investments in accordance with Article 8 of the EU Sustainable Finance Disclosure Regulation for asset management. They include compliance with good ethical and responsible corporate governance practices,

consideration of environmental or social aspects and a positive sustainability contribution for some of the investments.

4.2 Green Bonds

In the context of its Green Bond Framework for funding, Helaba issues green bonds that comply with criteria such as those of the EU Taxonomy. The Bank has undertaken to present an annual impact report for these green bonds. It is continuously expanding the financing portfolio for green bonds to include additional asset classes such as rail financing and is reviewing the development of further sustainable funding instruments.

4.3 Group-wide product portfolio

- **Frankfurter Sparkasse:** In the private customer business, Frankfurter Sparkasse recognises financial inclusion as a key component of its mandate to operate in the public interest. To ensure that access to banking services is available to all sectors of the population, particularly economically and socially disadvantaged customers, Frankfurter Sparkasse offers various types of basic account.
- **Helaba Invest and Frankfurter Bankgesellschaft:** In asset management, Helaba Invest offers a number of fund products that encompass various aspects of sustainability in the form of ethical standards, risk management and climate-related issues. Frankfurter Bankgesellschaft has integrated sustainability to a large extent in its asset management activities. With their ESG Investment Policies published in 2021 and by signing the PRI, Helaba Invest and Frankfurter Bankgesellschaft underscored their strategic ESG focus.
- **GWH und OFB:** GWH rents modern and affordable homes to broad segments of the population and complies with high environmental standards in its own housing stock. In developing its real estate projects, OFB considers the objectives of the EU Taxonomy, focusing in particular on the procurement of sustainable materials, protecting biodiversity and ecosystems, minimising harmful environmental impacts caused by emissions, and the circular economy.
- **LBS:** LBS supports home owners through its finance options and is thus contributing to improving the energy efficiency of buildings and to climate protection. It uses the LBS Modernisation Cost Calculator and LBS Energy Savings Check as tools to provide energy advice.
- **WIBank:** At WIBank, sustainability issues such as energy efficiency, environmental protection, the preservation of resources and the sustainable social and economic development of the State of Hesse are key aspects of the funding programme.

4.4 Sustainable Finance Advisory

Sustainable finance has become an important competitive factor for banks. A growing number of customers are recognising the importance of sustainability to their financing and view their core banks as important partners in this regard. At the same time, financing products with an explicit reference to sustainability strategy – whether through the specific use of funds or an interest rate linked to sustainability indicators – are now firm features of the market. Against this backdrop, Helaba has established a Sustainable Finance Advisory. The team operates flexibly and serves all customer groups although its main focus is on corporate customers as well as on syndicated loan financing and promissory notes. Especially in the case of SMEs and unlisted companies, this focus makes it possible to intensify customer relationships by providing appropriate advisory services and to leverage additional earnings potential.

5. ESG in risk management

5.1 Including ESG factors in the overall risk strategy

Helaba is firmly committed to operating its business with a focus on sustainability and fairness. It is fulfilling this commitment with its sustainability strategy, an integral component of the Bank's business strategy. In the context of risk management, Helaba defines ESG factors¹ as events or conditions in the environment, social or corporate governance areas, the occurrence of which may have a negative impact on the Bank's net assets (including capital), financial position, results of operations or liquidity position in addition to the sustainability objectives ESG factors can therefore act as potential risk drivers for all existing risk types and are not considered a separate risk type. For this reason, they must be taken into account within the risk management processes for the identified risk types. The extent of the necessary risk management and monitoring measures is aligned with the relevance of the ESG factors to the individual risk types.

5.2 Sustainability review as part of the lending process

Helaba can influence the environment and society via the loans it grants. The Bank takes this responsibility very seriously and seeks to minimise the sustainability risks associated with its funding activities, including the transition and physical risks caused by climate change (inside-out perspective). As part of its customer assessment, Helaba also systematically reviews the ESG factors in the risks emanating from its customers and their business models (outside-in perspective). In particular, the focus is on the potential effects of environmental factors and climate change on the borrower's repayment capacity, taking account of any risk-mitigating measures taken by the borrower.

In addition, Helaba has developed sustainability criteria and exclusion conditions for granting loans. These apply across the Group and are updated annually. The exclusion criteria integrated into the risk strategy provide Helaba with an effective tool for preventing risks relating to ESG factors in new business. The filter for these risks is therefore already tightly meshed on a qualitative basis and implemented as a mandatory part of the standard risk management process. In addition, a dedicated ESG analysis will be conducted for new transactions which, alongside conformity with the Sustainable Lending Framework, covers aspects such as RSU ESG scoring and the transition readiness assessment of the affected customers.

When financing the construction and renovation of power plants, the Bank strongly promotes the use of particularly environmentally friendly technologies and products to support the switch to renewable energy sources. In addition, Helaba excludes certain controversial business areas from its operations altogether. These include investment products based on agricultural commodities, transactions that involve speculating on agricultural commodities and financing the manufacture and trading of controversial types of weapon.

6. Corporate Citizenship

As a corporate citizen, Helaba is committed to exerting a positive influence on society that goes beyond its traditional business operations. The Bank's corporate citizenship concept fosters social outreach at the institutional level and on the basis of individual employee activities.

All corporate citizenship activities contribute to improving the quality of life in the regions where Helaba operates. In addition, social outreach is reflected in the Bank's ESG targets 3) We promote diversity and

¹ Helaba uses the terms "ESG risks" or "sustainability risks" in various regulatory publications to refer to ESG factors which can act as risk drivers to impact Helaba's existing material risk types.

4) We invest in our employees and society.

Helaba has committed to the Ten Principles of the UN Global Compact in 2017, using them as the framework for its Code of Conduct and lending policy. Helaba sets out its basic principles for respectful and trusting interaction between employees in its Code of Conduct, which applies to all of its people. Helaba's corporate citizenship activities are reflected in these topics:

Diversity Management: Diversity management is aimed at fostering diversity in the workforce and leveraging the available potential to make the Bank more inclusive and innovative. Offerings include the Helaba Connect mentoring programme and the Nauta programme for high-potential employees, the Stay-in-Touch programme for employees during parental leave, child care, part-time working in management roles and change counselling.

Health: Occupational health management is built on a holistic approach by Helaba that aims to foster good awareness of physical and mental health and well-being. The Helaba VITAL health programme is another element alongside occupational safety, providing regular presentations and workshops for all employees on topics such as mental balance, nutrition and exercise, which are relevant to health and well-being. At any time, employees can access information about health-related topics on the Helaba VITAL platform.

Inclusion: Helaba considers it an obligation to offer disabled people better working and career opportunities. The inclusion agreement is simultaneously a target agreement and is intended to foster the participation of disabled people in working life at Helaba.

Corporate Giving: Helaba considers support for education, culture, social outreach activities, sport and science to be crucial tasks. In its home states of Hesse and Thuringia and also in the states of North Rhine-Westphalia and Brandenburg, where Helaba serves as the central bank for the Sparkassen, the Bank supports many social activities through donations and sponsorships.

Social Volunteering: The Bank supports its employees' commitment to ecological and social projects by allowing them two days of paid leave per year for this purpose. Helaba aims to work with its employees to expand the Group's social volunteering activities to at least 1,000 days per year by 2025. This is anchored as KPI4b in Helaba's ESG targets.

Training and professional development: The Bank's employees are its largest success factor and crucial to the future of Helaba. To help employees remain efficient and motivated, the Bank facilitates two days of training and professional development each year. A large number of training courses are offered on various topics and in a range of formats. Releasing employees for training and professional development is anchored as KPI4a in the ESG targets.

Employee benefits: The Bank has implemented measures to encourage employees, increase their motivation and appropriately reward outstanding performance. In the area of sustainability, employees in Germany have received a monthly sustainability allowance for flexible use..

Art collection: As a public law organisation, Helaba considers it important to support young artists. Today the art collection encompasses 1,500 works by some 350 artists.

Memberships and initiatives: Support for the Paris Agreement is anchored in Helaba's ESG targets. The Sustainable Development Goals (SDGs) inform the Bank's Sustainable Lending Framework. Helaba is committed to the climate objectives of the German federal government and the European Union. The social aspects of the sustainability criteria are addressed through Helaba's membership of the UN Global Compact. More information on our memberships and initiatives is available on our [website](#).

7. Governance

The Executive Board has overall responsibility for sustainability at Helaba. It is supported in this and other matters by Sustainability Management, which is part of Group Steering. To underscore the importance of sustainability in the development of the Helaba Group, the position of Chief Sustainability Officer (CSO) was created in 2020. The Board of Directors is consulted and informed at least once per quarter. In the future, its knowledge of sustainability will be strengthened via a range of formats.

In addition, the Helaba Regulatory Group established an extensive sustainability governance model in 2023. This model includes committees at various levels and plays a key role for the Helaba Regulatory Group. It fosters close and structured collaboration in the Group-wide implementation of the ESG strategy and sustainability topics. In addition to ESG risk issues, which are addressed primarily by the Risk Committee, the Sustainability Board is a committee of the Board of Directors that concerns itself with the Bank-wide management of target attainment on the basis of ESG KPIs, the continuous development of the Helaba Regulatory Group's ESG profile and the monitoring of the implementation of strategic sustainability issues such as decarbonisation. The distribution of the ESG topics among Helaba's committees will be reviewed in 2025.

At the divisional management level, the Sustainability Steering Committee serves as the body for discussing overarching ESG topics within Helaba Bank, including WIBank and LBS. The goal of the Steering Committee is to ensure Bank-wide coherence on sustainability issues. At Group management level, the Group Sustainability Roundtable (GSRT) fosters Group-wide uniformity.

The Group Sustainability Committee consolidates the operational and project level in respect of Group ESG activities. It is flanked by regular stakeholder meetings with Helaba's divisional sustainability managers.

A Green Bond Committee is also in place to ensure compliance with the green bond process, including the evaluation and selection of permissible loans, and to coordinate the proper execution and development of the Green Bond Framework in accordance with the ICMA Green Bond Principles.

8. German Act on Corporate Due Diligence in Supply Chains

The German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) came into force on 1 January 2023. For the first time, the law regulates corporate responsibility for respecting human rights in global supply chains by implementing defined due diligence obligations relating to a company's own business operations and the conduct of both contractual partners and indirect suppliers. The LkSG contains an exhaustive catalogue of internationally recognised human rights conventions. The legal interests these protect are the basis for regulations for conduct or prohibitions on corporate activity in order to prevent any violations of protected legal positions. These include, in particular, the prohibition of child labour, slavery and forced labour, breaches of occupational health and safety regulations, the withholding of a fair and decent wage, the unlawful deprivation of land and livelihood and

violations of environmental law.

As an organisation covered by the LkSG, Helaba is implementing the law's requirements throughout the Group. One of the core elements of the due diligence obligations is the establishment of a risk management system to identify, assess and prioritise the risks of human rights violations and environmental damage. Based on the findings, a policy statement will be published, and action taken to avoid or minimise any violations. Constant monitoring has been put in place to determine which preventive and remedial action is necessary. A complaints procedure has been established. The first report on the supply chain management system will be submitted to the German Federal Office for Economic Affairs and Export Control (BAFA) in 2024, as required by the law.

People in the supply chains are benefiting from Helaba's comprehensive implementation of the LkSG because it contributes to greater legal certainty and creates a reliable basis for sustainable supply chain management. In this way, Helaba is demonstrating that its focus is on fair and sustainable conduct.

9. Sustainability reporting

In its Code of Conduct, Helaba has committed itself to an open and transparent communications policy. The central medium for communicating information of relevance to sustainability is the sustainability section of Helaba's website, which has included specific ESG information for analysts since 2022. All data and information of relevance to HR issues as well as to consumption and emissions are recorded, evaluated and published centrally. Helaba makes key elements of its environmental profile transparent by calculating and publishing environmental indicators.

As part of its annual reporting, Helaba publishes a sustainability report that complies with the requirements of the Global Reporting Initiative (GRI) and a non-financial statement as part of the Group management report. From the 2024 financial year, this report will be in accordance with the European Reporting Standards (ESRS) that are part of the EU Corporate Sustainability Reporting Directive (CSRD). Moreover, as a signatory to the UN Global Compact and the Principles for Responsible Banking, Helaba also publishes an annual progress report.

10. Rating

The Helaba Group is regularly assessed by sustainability rating agencies. MSCI, Sustainalytics and ISS ESG, the sustainability rating agencies considered to be of relevance to Helaba, have given the Helaba Group a stable rating in the upper average range for the global industry and the upper midrange for the relevant peer group. The findings of the sustainability rating agencies are published on Helaba's website. Helaba aims for a stable good ESG rating compared with its German peer group.

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