
Sustainability of IBB Treasury – Annual Report 2024

Sustainable Capital Markets Business— Integrated Approach (1/2)



- IBB supports **ecological and sustainable** thinking by integrating it into its **refinancing and investment activities**.
- In order to make **IBB's capital market business sustainable**, the Treasury Sustainability Guideline provides a framework for the treasury portfolios and trading activities.



Scope

- **Uniform rules for all our counterparties** with a credit line and for all investments in our treasury portfolios as well **as derivative counterparties and DCM partners**.



Our Approach to Sustainability

- IBB-Treasury uses the following strategies as an **integrated approach** for all portfolios.



Checking
exclusion criteria
(Norms Based Screening)



Reviewing
ESG Ratings
(Best in Class)



Conducting
Engagement Calls
(Active Ownership)



Build up of **dedicated ESG**
portfolio
(Thematic Investment)

1.1 bn. EUR
31.12.2024

Sustainable Capital Markets Business – Integrated Approach (2/2)



Checking exclusion criteria (Norms Based Screening)

- Review of **exclusion criteria** in accordance with IBB sustainability guidelines for new investments in corporates
- **Turnover threshold** > 10%
- For **public sector issuers**, the respective country of domicile applies:
 - Must have ratified the **Paris Climate Agreement**
 - Must have ratified the **Convention on Biological Diversity**
 - Has a **Freedom House Index score** >= 80
 - Is not on the **"EU list of non-cooperative tax jurisdictions"**



Reviewing ESG Ratings (Best in Class)

- **Portfolio level application** (including bonds, deposits and CPs)
- **Minimum portfolio average** for ISS performance score: **50**
- **Identification of counterparties** with ISS ESG performance score **below 37.5**
- The maximum value for **unrated investments** is set at 15% of the portfolio volume



Conducting Engagement Calls (Active Ownership)

- Conducting engagement calls with counterparties with a **performance score below 37.5**
- Explanation of **IBB ESG investment approach**
- Encouragement for **sustainable transformation**
- Identification of issuers with **persistently weak ESG performance** → Reduction/suspension of credit line if necessary



Build up **dedicated ESG portfolio** (Thematic Investment)

- IBB-Treasury invests in an **ESG sub-portfolio** of its strategic liquidity reserves with a target volume of **EUR 1.25 billion by the end of 2027**
- **Conditions** for inclusion in the ESG portfolio
 - **Internationally applicable guidelines** (e.g. ICMA Green Bond Principles, EU Green Bond, ...)
 - **Second party opinion**

Checking exclusion criteria (Norms Based Screening) as of 12/2024



- The IBB Group's general exclusion criteria will also be applied in IBB Treasury for future new investments in corporate bonds, in the form that the same exclusion criteria of the IBB Group's sustainability guidelines will apply if significant portions of revenue (>10% in total) are generated in these areas.
- **No violations of the exclusion criteria were identified (revenue share of critical activities in total < 10%).**
- **Based on the norms-based screening data from ISS ESG, no red flags were detected by ISS (therefore also not in activities covered by the IBB exclusion criteria).**

Reviewing ESG Ratings (Best in Class) as of 12/2024

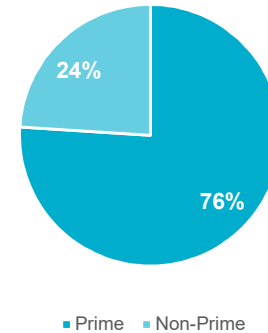


Portfolio volume
(bonds and money
market) **EUR 6.4 bn.**

Share non-rated **7.5%** **≤ 15%**

Ø ISS ESG
Performance
Score **52.5** **≥ 50**

ISS ESG Categories



All requirements are met at the overall portfolio level (bonds, CPs, deposits).

Overview ESG Engagement Calls (Active Ownership)



Outlook 2025

Performance Score < 37,5	9
Already engaged and on resubmission in 2026	6
Already engaged; in the wind-down portfolio	1
Engagement Calls to be carried out in 2025	2

Review 2024

Performance Score < 37,5	11
Already engaged and on resubmission in 2025	1
Already engaged; in the wind-down portfolio	1
Engagement Calls carried out in 2024 ¹⁾	7
No Engagement possible; Limit Lock	2

1) of which improvement likely for all; put on resubmission

The engagement calls are planned for Q2 2025.

Dedicated ESG Portfolio (Thematic Investment) as of 12/2024



ESG Portfolio

Target: EUR 1.25 bn. per end of 2027

EUR 1,121
Mio.

ESG bond category	Notional (mn. EUR)
Green bonds	877
Social bonds	209
Sustainable bonds	35
Total	1,121

A possible increase in the investment target is reviewed if it is exceeded.