

Second-Party Opinion DekaBank Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the DekaBank Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, Renewable Energy and Green Buildings, are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



PROJECT EVALUATION AND SELECTION DekaBank's Green Bond Committee is responsible for evaluating, selecting and monitoring assets against the eligibility criteria in the Framework. DekaBank has in place a project-level environmental and social risk due diligence assessment process. Sustainalytics considers the risk management system to be adequate and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS DekaBank's Treasury Department will be responsible for the management and allocation of proceeds and will track the proceeds through an internal tracking system using a portfolio approach. DekaBank intends to allocate all proceeds to eligible assets immediately upon allocation. Pending full or immediate allocation or in the event of any early redemptions, proceeds will be temporarily invested according to DekaBank's liquidity guidelines. This is in line with market practice.



REPORTING DekaBank intends to publish allocation and impact reporting on DekaBank's website on an annual basis until full allocation. Allocation reporting will include the total amount of the proceeds allocated to eligible loans, the number of eligible loans, the balance of unallocated proceeds and the amounts or percentages of new financing and refinancing. Sustainalytics views DekaBank's allocation and impact reporting as aligned with market practice.



Evaluation Date	April 4, 2023
Issuer Location	Frankfurt, Germany

Report Sections

Introduction.....	2
Sustainalytics' Opinion.....	3
Appendix	10

For inquiries, contact the Sustainable Finance Solutions project team:

Lea Muething (London)
Project Manager
lea.muething@sustainalytics.com
(+44) 20 3107 0137

Anchal Verma (Toronto)
Project Support

Zoe Wittmann (Amsterdam)
Project Support

Siina Matihaldi (Amsterdam)
Project Support

Kibii Sisulu (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

DekaBank Deutsche Girozentrale (“DekaBank” or the “Bank”) is a provider of asset management and securities services under the German Savings Bank Finance Group.¹ DekaBank and its subsidiaries² form the Deka-Group (the “Group”), which provides retail and institutional clients with investment products and services. The Group holds nearly EUR 367 billion in assets under management as at June 2022,³ and is headquartered in Frankfurt, Germany. The Group has a workforce of approximately 4,600 employees.

DekaBank has developed the DekaBank Green Bond Framework dated March 2023 (the “Framework”), under which it is considering issuing green bonds and using the proceeds to finance or refinance in whole or in part, existing and future projects related to the development and implementation of renewable energy projects and green buildings. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
2. Green Buildings

DekaBank engaged Sustainalytics to review the DekaBank Green Bond Framework and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).⁴ The Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.13, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of DekaBank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. DekaBank representatives have confirmed (1) they understand it is the sole responsibility of DekaBank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and DekaBank.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ Deka Gruppe, “Die Deka auf einen Blick”, at: <https://www.deka.de/deka-gruppe/wer-wir-sind/auf-einen-blick>

² DekaBank has confirmed to Sustainalytics that subsidiaries will not be involved in the issuance of green bonds under the Framework.

³ Deka Gruppe, “Die Deka auf einen Blick”, at: <https://www.deka.de/deka-gruppe/wer-wir-sind/auf-einen-blick>

⁴ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁵ The DekaBank Green Bond Framework is available on DekaBank’s website at: <https://www.deka.de/deka-gruppe/investor-relations/eigene-emissionen/green-bonds>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, DekaBank is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that DekaBank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the DekaBank Green Bond Framework

Sustainalytics is of the opinion that the DekaBank Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories, Renewable Energy and Green Buildings, are aligned with those recognized by the GBP. Sustainalytics notes that the net proceeds from the bonds issued under the Framework will be used to finance or refinance project-specific loans to eligible renewable energy and green building projects. DekaBank has confirmed that this will not include general corporate purposes loans. Sustainalytics notes that the majority of financing will take place in France, Germany and the UK, however, some projects may be located in Australia, Finland, the US and Scandinavia.
 - DekaBank has established a 36-month look-back period for its refinancing activities. Sustainalytics considers this to be in line with market practice.
 - Under the Renewable Energy category, DekaBank intends to finance the development, construction, operation and maintenance of electricity generation from renewable energy, in particular: i) solar photovoltaic; and ii) onshore and offshore wind energy. Financing may also include equipment related to these energy sources such as ground mountings, cabling, inverters and transformers, as well as the connection of the renewable energy production units to the electricity grid through transmission and distribution infrastructure, including grid connection lines. Sustainalytics considers such financing to be in line with market practice.
 - Under the Green Buildings category, DekaBank intends to finance or refinance the acquisition of new and existing commercial buildings⁷ mainly in Germany, France and the UK.⁸ DekaBank has confirmed to Sustainalytics that buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels will be excluded from financing. Commercial buildings are expected to meet one of the following criteria:
 - Achieve green building certifications at the following minimum levels: LEED Gold;⁹ BREEAM Excellent;¹⁰ DGNB Gold;¹¹ or HQE Excellent.¹² Sustainalytics views these certification schemes as robust and credible.
 - In Germany, belong to the top 15% of energy-efficient buildings in the local context based on primary energy demand. To identify buildings in Germany within this range, DekaBank will rely on a methodological approach based on energy performance reference values in compliance with the requirements of the Energy Conservation

⁷ Commercial buildings may include logistics buildings; retail buildings, such as shopping malls and department stores; hotels; production and warehouse buildings; and office buildings.

⁸ The Framework's financing in the UK will specifically target England and Scotland.

⁹ LEED: <https://www.usgbc.org/leed>

¹⁰ BREEAM: <https://bregroup.com/products/breeam/>

¹¹ DGNB: <https://www.dgnb-system.de/en/system/>

¹² HQE: <https://www.greenbuilding.saint-gobain.com/hqe-international>

Ordinance (Energieeinsparverordnung or EnEV)¹³ introduced by the German government. The Framework specifies that for office and retail buildings, the primary energy demand will meet the requirements of the German Energy Conservation Ordinance of 2009 (EnEV 2009)¹⁴ or better. Other commercial real estate will comply with the requirements of German Energy Conservation Ordinance of 2014 (EnEV 2014)¹⁵ or better.¹⁶

- In the UK, belong to the top 15% of energy-efficient buildings in the local context based on emissions intensity performance. To identify buildings in the UK within this range, DekaBank will rely on buildings that have received an energy performance certificate with energy class B or above.
 - In France, belong to the top 15% of energy-efficient buildings in the local context based on carbon intensity thresholds, using annual kgCO₂/m², as defined by the Climate Bonds Initiative's location-specific criteria for commercial buildings.¹⁷
 - Sustainalytics considers such financing to be in line with market practice.
- Project Evaluation and Selection:
 - DekaBank's Green Bond Committee ("Committee") is responsible for evaluating, selecting and monitoring the eligible assets against the eligibility criteria in the Framework. The Committee consists of representatives from the Bank's Treasury, Sustainability Management and Financing units and other banking units.
 - DekaBank communicated to Sustainalytics that it conducts an environmental and social risk due diligence assessment on a project basis using external advisors. In case the project belongs to a higher-risk category, DekaBank conducts an environmental impact assessment and assesses the project's alignment with the Equator Principles. DekaBank reports and audits the due diligence process internally. For additional details, see Section 2.
 - Based on the establishment of the Green Bond Committee and the presence of adequate environmental and social risk management systems, Sustainalytics considers this process to be in line with market expectations.
 - Management of Proceeds:
 - DekaBank's Treasury Department will be responsible for the management and allocation of proceeds and will track the proceeds through an internal tracking system using a portfolio approach. The department will allocate the proceeds according to a funding plan that includes the loan volume for the planning periods and possible refinancing volumes and subsequently earmarks the eligible projects according to the Bank's internal system.
 - DekaBank intends to allocate all proceeds immediately upon issuance and has confirmed that proceeds will be allocated to eligible green loans at the latest 36 months after funding. Pending full allocation or in the event of any early redemptions, proceeds will be temporarily invested according to the Bank's liquidity guidelines. The Bank has confirmed an exclusion of investments in carbon-intensive assets or activities.
 - Based on the use of an internal tracking system and disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - DekaBank intends to publish allocation and impact reporting on the Bank's website on an annual basis until full allocation.
 - Allocation reporting will include the total amount of the proceeds allocated to eligible loans, the number of eligible loans, the balance of unallocated proceeds and the amounts or percentages of new financing and refinancing.

¹³ Government of Germany, "Rules for energy consumption values and comparative values in the non-residential building stock", (2015), at: <https://www.bundesanzeiger.de/pub/publication/aw0alBTBco6yYzcam0E?0>

¹⁴ Government of Germany, "EnEV 2009 - Energy Saving Ordinance for Buildings", at: https://enev-online.org/enev_2009_volltext/index.htm

¹⁵ Government of Germany, "Energy Saving Ordinance - EnEV 2014 / EnEV from 2016", at: https://www.enev-online.com/enev_2014_volltext/

¹⁶ In November 2020, the German Energy Conservation Ordinances EnEV 2009 and EnEV 2014 were merged under the German Buildings Energy Act (Gebäudeenergiegesetz, GEG).

Government of Germany, "Gebäudeenergiegesetz", (2020), at:

https://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl120s1728.pdf#_bgbl_%2F%2F%5B%40attr_id%3D%27bgbl120s1728.pdf%27%5D_1678718707878

¹⁷ CBI, "Location specific criteria for commercial buildings and calculator", at:

<https://www.climatebonds.net/standard/buildings/commercial/calculator#calculator>

- Impact reporting will include metrics such as avoided GHG emissions annually (in tCO₂e) and the ex-ante estimated annual energy consumption (in kWh/m² or MWh).
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the DekaBank Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of DekaBank

Contribution to Deka-Group's sustainability strategy

Sustainalytics is of the opinion that DekaBank demonstrates a commitment to sustainability through adhering to Deka-Group's sustainability strategy, which focuses on the integration of ESG considerations into the Group's lending and its asset management business.¹⁸

As part of its sustainability strategy and 2025 strategic action programme, Deka-Group focuses on embedding sustainability in its lending business by: i) positive screening for financing activities that focus on generating positive environmental impacts, such as the expansion of renewable energy and the modernization of commercial real estate aimed at reducing buildings' carbon emissions; ii) negative screening to exclude financing activities that pose significant risks to the environment; and iii) using an ESG scorecard to evaluate borrowers' exposure to ESG-related risks, including physical and transition climate risks.¹⁹ Deka-Group also incorporates sustainability considerations in its investment products for both retail and institutional clients, including: i) increasing the product range for pensions and other investment products integrating sustainability factors into the respective funds;²⁰ ii) offering green products to private customers, such as sustainable ETFs and other funds that invest in green bonds; and iii) expanding sustainable commercial real estate funds that manage the properties' carbon footprint by reducing energy consumption, increasing the use of renewable energy and obtaining green building certifications.²¹

Since 2021, Deka-Group is developing a systematic approach to recording climate-related emissions from its business areas and portfolios.²² Deka-Group reports that loans used to finance solar and onshore wind projects added 523 MW of renewable energy capacity and avoided 55,876 tCO₂e in 2022.^{23,24} As of year-end 2021, 74% of DekaBank's real estate investment portfolio had obtained a green building certification.²⁵

The Group also complies with the German Sustainability Code, which provides guidance on creating a sustainable development strategy and requires disclosure on business' value chains, usage of natural resources, climate-relevant emissions, employees and human rights.²⁶ Deka-Group also reports on its sustainability following: i) the guidelines of the Global Reporting Initiative standards;²⁷ ii) PRI;²⁸ and iii) the German CSR Guidelines Implementation Act.²⁹

¹⁸ Deka-Group, "Sustainability Report 2021", at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E634541490/10965382/Deka_Sustainability%20report_2021_EN_2022-04-05.pdf

¹⁹ Ibid.

²⁰ Deka-Group, "Investment with sustainability features", at: <https://www.deka.de/privatkunden/geldanlage-mit-nachhaltigkeitsmerkmalen>

²¹ Deka-Group, "Sustainability Report 2021", at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E634541490/10965382/Deka_Sustainability%20report_2021_EN_2022-04-05.pdf

²² Ibid.

²³ Sustainalytics notes that the financing share of such projects varied and that not all projects were fully financed by DekaBank.

²⁴ Deka-Group, "Impact and Allocation Reporting", (2022), at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E546955528/15899666/DekaBank%20Impact%20und%20Allocation%20Report_final_EN_20221025.pdf

²⁵ Deka-Group, "Sustainability Report 2021", at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E634541490/10965382/Deka_Sustainability%20report_2021_EN_2022-04-05.pdf

²⁶ Deka-Group, "Impact and Allocation Reporting", (2022), at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E546955528/15899666/DekaBank%20Impact%20und%20Allocation%20Report_final_EN_20221025.pdf

²⁷ GRI, "GRI standards", at: <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>

²⁸ UN PRI, "What are the Principles for Responsible Investment", at: <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

²⁹ The German CSR Guidelines Implementation Act is a regulation based on the EU policy 2014/95/EU and which went into effect in 2017. It requires capital market-oriented companies, as well as financial institutions and insurance companies with more than 500 employees, to publish non-financial information regarding environmental, labour and social matters.

The Sustainability Code, "Using the Sustainability Code to comply with the CSR Reporting Obligation", at: <https://www.deutscher-nachhaltigkeitskodex.de/en-GB/Home/DNK/CSR-RUG>

Sustainalytics is of the opinion that the DekaBank Green Bond Framework is aligned with Deka-Group's overall sustainability strategy and initiatives and will further the Bank's action on the noted key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the financing issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that the Bank plays a limited role in the construction and implementation of specific projects but notes that it is exposed to risks associated with companies or projects to which it provides lending and financial services. Sustainalytics considers business ethics and risks related to corruption and money laundering as material issues for financial institutions and highlights the need for strong policies and procedures to ensure that these risks are sufficiently mitigated. Further key environmental and social risks possibly associated with the eligible projects include issues related to occupational health and safety; and land use, biodiversity, emissions and waste associated with large-scale infrastructure development.

Sustainalytics is of the opinion that DekaBank is able to manage and mitigate potential risks through the implementation of the following:

- DekaBank's Code of Ethics is applicable to all members of its board of management, employees and managers. The code covers the Bank's requirements on worker health and safety, integrity, conflicts of interest, standards of behaviour, personal conduct and ethics of doing business. It also provides guidance on DekaBank's activities related to business ethics, compliance with laws and regulations, bribery and corruption, money laundering, violations of consumer protection law and tax evasion.³⁰
- DekaBank has in place a due diligence assessment for all projects. The assessment considers potential negative environmental and social impacts linked to its financing activities, such as risks related to large infrastructure projects. DekaBank has confirmed that this process follows standard industry procedures using external advisors and that identified social and environmental risks will be addressed accordingly. The process includes potential audits by the Bank's Sustainability Management team, including the assessment of biodiversity, labour, human rights concerns and governance principles.³¹ In addition, DekaBank uses a "Negative List", which guides the exclusion of financing of certain activities that have potential environmental, credit or reputational risks.
- Projects financed in the EU are subject to the OSH Framework Directive, which sets out general principles for member states regarding the safety and health of workers and highlights that employers must run risk assessments periodically.³² In the UK, workplaces are subject to the Health and Safety at Work Act, which provides guidance on the general duties of employers to minimize occupational health and safety risks.³³
- Regarding risks related to large-scale infrastructure, projects in the EU must comply with the Environmental Impact Assessment Directive 2011/92/EU.³⁴ The legislation provides a framework to ensure that land-intensive projects are adequately assessed before approval to take appropriate measures to prevent, reduce and offset significant adverse effects on the environment, particularly on soil, species and habitats.³⁵ For financing in the UK, the Town and Country Planning Regulations 2017 require an environmental impact assessment for projects that are likely to have a significant impact on the environment to ensure that associated risks are adequately assessed before approval.³⁶ Projects are further subject to regulatory standards based on the EU directive for industrial emissions, which have been incorporated into local legislation by the UK government.³⁷

³⁰ DekaBank, "Code of Ethics", (2022), at: https://www.deka.de/site/dekade_deka-gruppe_site/get/documents_E-1097813259/dekade/medienpool_dekade/deka_gruppe/de/Dokumente/Nachhaltigkeit/Deka_Ethikkodex_englisch_interaktiv_Final.pdf

³¹ Deka-Group, "Sustainability Report 2021", (2021), at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E1205546506/10965382/Sustainability_Report_2019_Deka_Group.pdf

³² European Agency for Safety and Health at Work, "The OSH Framework Directive", (1989), at: <https://osha.europa.eu/en/legislation/directives/theoshframework-directive/the-osh-framework-directive-introduction>

³³ UK Public General Acts, "Health and Safety at Work etc. Act 1974", at: <https://www.legislation.gov.uk/ukpga/1974/37/contents>

³⁴ European Union, "Assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

³⁵ Ibid.

³⁶ UK Government, "The Town and Country Planning (Environmental Impact Assessment) Regulations 2017", (2017), at: <https://www.legislation.gov.uk/uksi/2017/571/regulation/2/made>

³⁷ UK Government, "Industrial emissions standards and best available techniques", (2020), at: <https://www.gov.uk/guidance/industrial-emissionsstandards-and-best-available-techniques>

The requirements promote the use of standards and techniques that reduce pollutants and increase energy and resource efficiency.

- The Bank has also adopted the UN Global Compact principles, complies with the ILO's labour standards and is a member of the Equator Principles, indicating its commitment to environmental and social responsibility and to upholding principles on human rights, labour standards and anti-corruption.³⁸ Furthermore, DekaBank joined PRI in 2020³⁹ and discloses information on governance, strategy, risk management, metrics and targets in line with the recommendations of the TCFD guidelines.⁴⁰
- The majority of the projects will be financed in Germany, France and the UK, which are each recognized as a Designated Country under the Equator Principles, indicating the presence of strong environmental and social governance systems, legislation and institutional capacity to mitigate environmental and social risks associated with projects intended to be financed and refinanced under the Framework.⁴¹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that DekaBank has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics focuses on the impact in the local context.

Importance of financing green buildings in the EU and the UK

In 2020, the buildings sector accounted for 36% of total GHG emissions and approximately 40% of energy consumption in the EU, making it the largest energy consuming sector in the bloc.⁴² Approximately 85% of buildings in the EU were built before 2001 and 75% of the building stock was energy inefficient as at 2022.⁴³ The EU has committed to reducing emissions by 55% by 2030 compared to 1990 levels and achieving climate neutrality by 2050 under the 2030 Climate Target Plan.⁴⁴ To achieve its goals, the EU needs to reduce GHG emissions from buildings by 60%, final energy consumption by 14%, and energy consumption from heating and cooling by 18% by 2030 compared to 2015 levels.^{45,46} In March 2023, the European Parliament adopted a revised Energy Performance of Buildings Directive that aims to strengthen the targets on buildings' energy performance.⁴⁷ In this context, existing non-residential and public buildings should obtain energy performance certificates labelled E by 2027 and D by 2030, and new buildings from 2028 should be zero emissions.⁴⁸ The directive aims to save nearly 50 billion m³ of gas annually, which is equivalent to the gas consumption of 35 million households.⁴⁹

³⁸ DekaBank, "Modern Slavery and Human Trafficking Statement", at:

https://morningstaronline.sharepoint.com/sites/sa/Resources/sfs/Shared%20Documents/001SFS%20Projects/01%20Projects/_UoP/DekaBank/2023/Docs/Statement_Deka_on_modern_slavery_and_human_trafficking_June_2022.pdf?CT=1679077954948&OR=ItemsView

³⁹ Ibid.

⁴⁰ DekaBank, "Übersicht Mitgliedschaften im Nachhaltigkeitskontext", at: https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E1692392411/10691702/Mitgliedschaften_und_Initiativen_Deka-Gruppe_2022-02.pdf

⁴¹ Equator Principles, "Designated Countries", (2022), at: <https://equator-principles.com/designated-countries/>

⁴² European Council for an Energy Efficient Economy, "EU to start measuring 'embodied' carbon emissions from buildings", (2021), at:

<https://www.eceee.org/all-news/news/eu-to-start-measuring-embodied-carbon-emissions-from-buildings/>

⁴³ European Climate Pact, "Every building can be green – here is how", (2022), at: https://climate-pact.europa.eu/news/every-building-can-be-green-heres-how-2022-03-11_en

⁴⁴ European Commission, "2030 Climate Target Plan", at: https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en

⁴⁵ European Environment Agency, "Greenhouse gas emissions from energy use in buildings in Europe", at: <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emissions-from-energy/assessment>

⁴⁶ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at:

https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴⁷ Dao, B., (2023), "EU Parliament votes for warmer homes and climate protection", European Environmental Bureau, at: <https://eeb.org/eu-parliament-votes-for-warmer-homes-and-climate-protection/>

⁴⁸ European Parliament, "Energy performance of buildings: climate neutrality by 2050", (2023), at: <https://www.europarl.europa.eu/news/en/press-room/20230206IPR72112/energy-performance-of-buildings-climate-neutrality-by-2050>

⁴⁹ Taylor, K. (2023), "EU Parliament agrees position on buildings law despite pushback", Euractiv, at: <https://www.euractiv.com/section/energy-environment/news/european-parliament-agrees-position-on-buildings-law-despite-pushback/>

In the UK, the built environment accounted for approximately 25% of the country's carbon footprint in 2022, 23% of which was from the non-domestic building stock.⁵⁰ Nearly 70% of the British non-residential building stock was built before 2000, indicating that most of these buildings are highly energy inefficient.⁵¹ The UK's Integrated National Energy and Climate Plan set a target to achieve countrywide net zero emissions by 2050, and emissions reduction goals of 68% by 2030 and 78% by 2035 relative to 1990 levels.^{52,53} To meet these targets, the UK needs to reduce GHG emissions from existing non-residential buildings by an estimated 57% by 2035 and the energy consumption in office buildings by 59% by 2050.^{54,55}

In this context, Sustainalytics is of the opinion that DekaBank's financing of green building projects is expected to contribute to improving energy efficiency in buildings and contribute to the transition to a low-carbon economy in the EU and the UK.

Importance of financing renewable energy in the EU and the UK

As part of its goal to achieve climate neutrality by 2050, the European Commission committed to reducing GHG emissions by 55% by 2030 relative to 1990 levels.⁵⁶ In May 2022, the European Commission released its REPowerEU Plan,⁵⁷ which proposes to increase the share of renewable energy in the EU's final energy consumption from 40% to 45% by 2030 and aims to install new solar PV systems with a total capacity of more than 320 GW by 2025 and almost 600 GW by 2030.⁵⁸ The plan also includes targets for the EU to have an installed capacity of more than 60 GW of offshore wind by 2030 and 300 GW by 2050,⁵⁹ which would lead to a 58-60% emissions reduction below 1990 levels.⁶⁰

In the UK, energy supply accounted for 23.6% of total CO₂ emissions in 2021.⁶¹ The UK government has set a net zero emissions target for 2050 with intermediate emissions reduction goals of 68% by 2030 and 78% by 2035 below 1990 levels,⁶² in addition to a target to eliminate fossil fuels from electricity generation by 2035.⁶³ The UK government also plans to increase onshore solar capacity from the current 14 GW to 70 GW by 2035 and offshore wind capacity to 30 GW by 2030.⁶⁴

In this context, Sustainalytics is of the opinion that DekaBank's financing of renewable energy projects is expected to contribute to the energy transition and contribute to climate goals in the EU and the UK.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The financing issued under the DekaBank Green Bond Framework is expected to advance the following SDGs and targets:

⁵⁰ UK Green Building Council, "Net Zero Whole Life Carbon Roadmap: A Pathway to Net Zero for the UK Built Environment", (2021), at: <https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2021/11/28194152/UKGBC-Whole-Life-Carbon-Roadmap-A-Pathway-to-Net-Zero.pdf>

⁵¹ Ibid.

⁵² UK Department for Business, Energy & Industrial Strategy, "The UK's Integrated National Energy and Climate Plan", (2020), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991649/uk-integrated-national-energy-climate-plan-necp-31-january-2020.pdf

⁵³ UK Government, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

⁵⁴ UK Green building council, "Net Zero Whole Life Carbon Roadmap: A Pathway to Net Zero for the UK Built Environment", (2021), at: <https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2021/11/28194152/UKGBC-Whole-Life-Carbon-Roadmap-A-Pathway-to-Net-Zero.pdf>

⁵⁵ UK Green Building Council, "Delivering Net Zero: Key Considerations for Commercial Retrofits", (2022), at: <https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2022/05/05110851/Commercial-Retrofit-Report.pdf>

⁵⁶ European Commission, "2030 climate & energy framework", at: https://ec.europa.eu/clima/policies/strategies/2030_en

⁵⁷ European Commission, "REPowerEU: affordable, secure and sustainable energy for Europe", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_en

⁵⁸ Ibid.

⁵⁹ European Commission, "Offshore renewable energy", at: https://energy.ec.europa.eu/topics/renewable-energy/offshore-renewable-energy_en

⁶⁰ Climate Action Tracker, "EU", (2022), at: <https://climateactiontracker.org/countries/eu/>

⁶¹ Department of Business, Energy and Industrial Strategy, "2021 UK greenhouse gas emissions, provisional figures", (2022), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064923/2021-provisional-emissions-statistics-report.pdf

⁶² UK Government, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

⁶³ UK Government, "Plans unveiled to decarbonise UK power system by 2035", at: <https://www.gov.uk/government/news/plans-unveiled-to-decarbonise-uk-power-system-by-2035>

⁶⁴ UK Government, "Major acceleration of homegrown power in Britain's plan for greater energy independence", (2022), at: <https://www.gov.uk/government/news/major-acceleration-of-homegrown-power-in-britains-plan-for-greater-energy-independence>

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

DekaBank has developed the DekaBank Green Bond Framework, under which it may issue green bonds and use the proceeds to finance green and energy efficient buildings, as well as solar and wind power projects. Sustainalytics considers that the projects financed by the green bond proceeds are expected to have positive environmental impact.

The DekaBank Green Bond Framework outlines processes for tracking, allocation and management of proceeds and makes commitments for DekaBank to report on allocation and impact. Sustainalytics believes that the DekaBank Green Bond Framework is aligned with Deka-Group's overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics considers that DekaBank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that DekaBank is well positioned to issue green bonds and that the DekaBank Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	DekaBank Deutsche Girozentrale
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	DekaBank Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 4, 2023
Publication date of review publication:	
Original publication date:	September 2020

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds, Renewable Energy and Green Buildings, are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

DekaBank's Green Bond Committee is responsible for evaluating, selecting and monitoring assets against the eligibility criteria in the Framework. DekaBank has in place a project-level environmental and social risk due diligence assessment process. Sustainalytics considers the risk management system to be adequate and the project evaluation and selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

DekaBank's Treasury Department will be responsible for the management and allocation of proceeds and will track the proceeds through an internal tracking system using a portfolio approach. DekaBank intends to allocate all proceeds to eligible assets immediately upon allocation. Pending full or immediate allocation or in the event of any early redemptions, proceeds will be temporarily invested according to DekaBank's liquidity guidelines. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

DekaBank intends to publish allocation and impact reporting on DekaBank's website on an annual basis until full allocation. Allocation reporting will include the total amount of the proceeds allocated to eligible loans, the number of eligible loans, the balance of unallocated proceeds and the amounts or percentages of new financing and refinancing. Sustainalytics views DekaBank's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): | - Number of eligible loans
- Net green bond issue proceeds not allocated
- Amounts or percentages of new financing and refinancing |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify):
- financed capacities for renewable energies in MW
- ex-ante estimated annual energy consumption in kWh/m ² or energy saving in MWh |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |

- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

