

# Second-Party Opinion DekaBank Green Bond



## 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 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that renewable energy development and green building renovation, refurbishment and certification will lead to positive environmental impacts and advance UN Sustainable Development Goals (7) Affordable and clean energy and (9) Industry, Innovation and Infrastructure.



**PROJECT EVALUATION / SELECTION** DekaBank's internal process in evaluating and selecting projects is in line with market practice. DekaBank has established an internal Green Bond Committee (the "Committee") that develops the criteria for project eligibility, evaluates potential projects and selects them based on eligibility. On a semi-annual basis the Committee will review the project portfolio to ensure compliance with the eligibility criteria. Projects that are no longer eligible will be removed from the portfolio. The Committee is composed of members from Treasury, the Sustainability department, Investor Relations and relevant business units.



**MANAGEMENT OF PROCEEDS** DekaBank's processes for management of proceeds is in line with market practice. DekaBank's Treasury department will manage proceeds on a portfolio basis. Flow of funds will be tracked with an internal loan number. The bank intends to allocate all proceeds within one year of issuance. Any unallocated funds will be held until allocation in line with DekaBank's general policies and procedures.



**REPORTING** DekaBank intends to annually report allocation of proceeds on a portfolio basis, on their website, including the amounts allocated and the remaining balance of unallocated proceeds. In addition, the bank is committed to reporting on relevant sustainability metrics for Impact Reporting. Sustainalytics views DekaBank's allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	September 2020
<b>Issuer Location</b>	Frankfurt, Germany

## Report Sections

Introduction.....	2
Sustainalytics' Opinion .....	3
Appendices.....	8

## For inquiries, contact the Sustainable Finance Solutions project team:

**Evan Bruner (Amsterdam)**  
Project Manager  
evan.bruner@sustainalytics.com  
(+31) 20 205 00 27

**Jean-Claude Berthelot (Amsterdam)**  
Client Relations  
susfinance@sustainalytics.com  
(+44) 20 3880 0193

## Introduction

DekaBank (or “the Bank”) is a securities firm within the German Savings Bank Finance Group. Together with its subsidiaries it forms the Deka Group, which has total customer assets of ~€310 billion, making it one of the largest securities service providers in Germany. The Deka Group provides retail and institutional investors access to a wide range of investment products and services.

DekaBank has developed the DekaBank Green Bond Framework (the “Framework”) under which it is considering issuing a green bond and using the proceeds to finance and/or refinance in whole or in part, existing and/or 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 dated September 2020 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible 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 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- 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 1.5.1, 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 projects expected to be financed with bond proceeds but does not measure the actual impact. The

<sup>1</sup> 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/>

<sup>2</sup> The DekaBank Green Bond Framework is available on Deka’s website at: <https://www.deka.de/deka-group/investor-relations-en/own-issues/green-bond>

<sup>3</sup> 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.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised 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

#### 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 2018. Sustainalytics highlights the following elements of DekaBank's Green Bond framework:

- Use of Proceeds:
  - Proceeds are recognized as impactful by GBP and will be used to finance renewable energy projects and green buildings in the commercial real estate sector. These projects are aimed at increasing renewable energy capacity and improving buildings' environmental performance, which will contribute to renewable energy generation capacity and the greening of Germany, France and the UK's building stock. Specifically, DekaBank will use the proceeds of this Green Bond to finance the development, operation and distribution of renewable energy projects, including on and offshore wind and solar projects. Sustainalytics views these projects as credible and impactful.
  - Proceeds will also be used to finance commercial properties with green building certifications in Germany, the UK and France, including design stage certification, post-construction certification and in-use certification. The eligible certifications include LEED (Gold and above), BREEAM (Very Good and above), HQE (Excellent or above) or DGNB (Gold or above) certification.<sup>4</sup> Sustainalytics has assessed these certification schemes (see Appendix 1) and views them to be credible and impactful.
  - The Bank will also finance new or recently built commercial real estate properties belonging to the top 15% of the commercial real estate stock in terms of local energy performance. To identify buildings in Germany within this range, DekaBank will rely on a methodological approach which is based on energy performance reference values determined (EnEV 2009) published by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety in 2015.<sup>5</sup> To identify the top 15% of eligible buildings in the UK, DekaBank will rely on EPC rating scores for the energy consumption of buildings, the values for Scotland and England have been provided separately, in both cases buildings with an EPC rating of "B" or above will fall into the top 15%. Finally, for France, DekaBank will rely on the commercial property criteria developed by the Climate Bonds Initiative to determine the top 15%. Sustainalytics has assessed each of these methodologies and views them as credible and robust.
  - In addition to direct financing of the eligible building assets described above, DekaBank will provide specific loans to investment funds to finance or refinance the acquisition of new or existing energy efficient buildings. Sustainalytics notes that as these are specific loans tied to specific eligibility criteria and as such are a credible and impactful use of proceeds.
  - DekaBank has established a lookback period of 36 months for refinancing.

<sup>4</sup> The bank has specified that only LEED Gold and above, BREEAM Very Good and above, HQE Excellent and above and DGNB Gold and above will qualify as eligible criteria.

<sup>5</sup> Bundesanzeiger, "Bundesministerium für Wirtschaft und Energie", (2015), at:

[https://www.bundesanzeiger.de/ebanzwww/wexsservlet?page.navid=to\\_bookmark\\_official&bookmark\\_id=aw0alBTBco6yYzcam0E](https://www.bundesanzeiger.de/ebanzwww/wexsservlet?page.navid=to_bookmark_official&bookmark_id=aw0alBTBco6yYzcam0E)

- **Project Evaluation and Selection:**
  - DekaBank’s Project evaluation and selection process will be facilitated by an internal Green Bond Committee comprised of representatives from the treasury, the sustainability department, investor relations and representatives from business units, where needed. The Green Bond Committee will be responsible for defining loan eligibility criteria, screening and recommending eligible loans for inclusions. The Green Bond Committee will continuously monitor the project loan portfolio to ensuring compliance with the DekaBank Green Bond Framework and approve the allocation of proceeds. By including broad representation in the Committee, Sustainalytics views this process as well-aligned with market practice.
- **Management of Proceeds:**
  - Proceeds from the DekaBank Green Bond Framework will be managed on a portfolio basis by the treasury department. Proceeds will be allocated to a portfolio of loans that has been determined to meet eligibility criteria as outlined by the Green Bond Committee. Eligible projects will be “flagged” and earmarked with an internal loan number. Green bonds will have a specific International Securities Identification Number (ISIN) and/or a Wertpapier-Kennnummer (WKN). Sustainalytics acknowledges that this is a robust approach to tracking funds. DekaBank intends to allocate green bond proceeds within one year of issuance, however if funds cannot be fully allocated upon receipt, proceeds will be held in short term instruments in line with DekaBank’s general liquidity guidelines until full allocation.
- **Reporting:**
  - DekaBank will annually report on allocation of net proceeds and impact reporting metrics, which will be available on their website. Regarding the allocation of proceeds, the bank will report for each eligible category the total amount of proceeds allocated, the number of eligible loans, the balance of unallocated proceeds and the amount or the percentage of new financing. Where feasible, Sustainalytics encourages DekaBank to report on the proportion of new vs. refinancing. Regarding impact reporting, DekaBank will report on renewable energy metrics including capacity financed, energy output of the financed projects and GHG emissions reduced/avoided. Green building metrics will cover the energy savings, and annual GHG emissions avoided/reduced in tons of CO<sub>2</sub>-e.

### **Alignment with Green Bond Principles 2018**

Sustainalytics has determined that DekaBank’s green bond aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of DekaBank**

### **Contribution of framework to DekaBank’s sustainability strategy**

DekaBank has incorporated sustainability as an integral part of its business strategy. The company adopted a sustainability strategy in 2014 and began work on the implementation of sustainability projects as part of the strategic transformation programme at the end of 2015.<sup>6</sup> The Bank’s sustainability objectives are aimed at 5 areas of activity: sustainable corporate governance, sustainable banking, sustainable human resources management, sustainable products and corporate social responsibility.<sup>7</sup> Particularly relevant to this green bond are the integration of sustainability aspects into the investment process of securities as well as the constant increase in the total share of real estate distinguished by sustainability certificates. Deka has developed a sustainability filter for new investments across its proprietary investments that is based on UN Global Compact Principles and prevents investments into any assets that violate one or more of the exclusion criteria that have been developed by DekaBank. Sustainalytics positively highlights the extent of Deka’s exclusionary criteria, which covers a broad range of activities, the full list can be found in the Bank’s 2018 Sustainability report. As of the end of 2018, 100% of the proprietary investments in securities (total volume €15.6 billion) were managed using the criteria of the filter.<sup>6</sup>

<sup>6</sup> DekaBank, “Sustainability Report 2019”, (2020), at: [https://www.deka.de/site/dekade\\_deka-gruppe\\_site/get/params\\_E1205546506/10589623/Sustainability\\_Report\\_2019\\_Deka\\_Group.pdf](https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E1205546506/10589623/Sustainability_Report_2019_Deka_Group.pdf)

<sup>7</sup> DekaBank, “Environmental Guidelines” (2018), at: [https://deka.de/site/dekade\\_deka-gruppe\\_site/get/documents\\_E-89721182/dekade/medienpool\\_dekade/deka\\_gruppe/en/Documents/Sustainability/DekaBank\\_Environmental\\_Guidelines.pdf](https://deka.de/site/dekade_deka-gruppe_site/get/documents_E-89721182/dekade/medienpool_dekade/deka_gruppe/en/Documents/Sustainability/DekaBank_Environmental_Guidelines.pdf)

Through the issuance of a Green Bond that will be used to finance sustainability projects renewable energy and green building projects in the commercial real estate sector, DekaBank will further contribute to its goals of increasing sustainable investments and increasing the share of certified green buildings. Specifically, DekaBank has established the following qualitative benchmarks for its 2017 – 2019 strategy:<sup>6</sup>

1. Increase in the tenant loyalty with energy management, mainly by saving ancillary costs in case of suitable properties;
2. Sustainability as an instrument for optimizing the return, e.g. by reducing tenant fit-out costs;
3. Positive image as a provider of sustainable real estate, mainly by ensuring and – wherever possible – improving the rating results;
4. Anchoring of social and societal responsibility in the daily operations, mainly by integrating strategic and operative sustainability aspects into the investment process;
5. Fulfilling regulatory, sustainability-related provisions

As part of its business strategy, Deka has established the objective of evaluating CO<sub>2</sub> emissions across the value chain of all its business activities.<sup>6</sup> The Bank began recording and evaluating CO<sub>2</sub> data in 2017 and has found that, due to the incomplete and inconsistent level of reporting (which is voluntary), it has not been possible to accurately estimate the CO<sub>2</sub> impact of its business activities. Deka has established partnerships with the World Wildlife Fund (WWF) Germany and the University of Hamburg to support the Bank's efforts to overcome data gaps and provide recommendations for enhanced reporting. Sustainalytics positively views these efforts and highlights the Bank's commitment to a high level of transparency and reporting. However, Sustainalytics notes that the Bank's sustainability strategy is lacking quantitative, time-bound targets, for example for sustainable financing, which Sustainalytics encourages.

Based on DekaBank's sustainability strategy, including the expansion of sustainable financial service products and ambitions for the commercial real estate sector and renewable energy, Sustainalytics is of the opinion that DekaBank is well-positioned to issue Green Bonds and that the eligible categories will make a meaningful contribution to the Bank's sustainability goals.

#### **Well positioned to address common environmental and social risks associated with the projects**

Sustainalytics recognizes the overall positive impact that is created by the development of renewable energy and green building projects, but also acknowledges that these activities have risks associated with them. For example, in the development and construction of renewable energy or commercial real estate, land-use change occurs, worker health and safety risks must be mitigated, waste must be controlled, and stakeholders need to be engaged to avoid community opposition to projects.

DekaBank does carry out the financing of projects that will be funded by this green bond, however, the Group has established procedures for lending practices that are intended to avoid high-risk transactions and potential reputational risks.<sup>7</sup> For example, projects should be aligned with the requirements of the Equator Principles, heavy extractive industries are excluded, speculative lending, financing of arms, tobacco, gaming or adult entertainment, etc. for a full list of the exclusionary principles see the DekaBank Green Bond Framework.<sup>2</sup> DekaBank's financed projects and activities will happen in countries that are all included in the Equator Principles list of Designated Countries. If it is assessed that the possible investments could be associated with increased environmental and/or reputational risks, such as a violation of one or more of the exclusionary criteria or potentially sensitive activities, the Sustainability Management team is mandated to conduct an audit. The focus of this separate audit of the Bank's sustainability experts is then on ESG criteria including the effects on biodiversity.

Based on the risk mitigation measures described above, Sustainalytics is of the opinion that DekaBank has established adequate policies and procedures to mitigate the environmental and social risks associated with its projects.

### **Section 3: Impact of Use of Proceeds**

The two use of proceeds categories are recognized as impactful by GBP. Sustainalytics discusses below where the impact is specifically relevant in local context.

#### **Impact of renewable energy and green building certification in the European Union**

The Paris Agreement has put in place an international commitment to limit global average temperature

increases to well below 2°C, and additionally to aim to limit the increase to 1.5°C. To date, most countries have failed to meet their commitments, in fact a report conducted by Climate Action Network Europe found that all 28 EU Member Countries are currently failing to meet their commitments.<sup>8</sup> Businesses and investors can play a significant role in facilitating the global economy to meet goals by investing into the expansion of renewable energy and other climate mitigation and adaption technologies. For example, although it can be difficult to estimate precisely how much investment is needed to meet EU's 2030 climate and energy goals, it has been estimated that about €1 trillion is needed from 2021 onwards.<sup>9</sup> Additionally, it was estimated by the International Renewable Energy Agency that in order to limit the rise in global mean temperature to 2 degrees, an additional \$25 trillion of renewable energy investment would be necessary by 2050, which amounts to more than \$700 billion dollars per year.<sup>10</sup> This is clearly far beyond the capacity of the public sector, by using the proceeds of this bond to investment into renewable energy projects, DekaBank will support the global transition towards clean energy.

According to the United Nations Environmental Programme, the building sector represents the most potential for significant and cost-effective GHG emissions reductions.<sup>11</sup> Green buildings have been found to have positive environmental, social and economic impacts. For example, improved energy efficiency and passive building designs can help to reduce buildings' emissions profiles while simultaneously reducing tenants' utility bills.<sup>12</sup> An assessment of green building performance conducted in the United States found that LEED-certified buildings can lower CO<sub>2</sub> emissions by up to 34%, consume 25% less energy and 11% less water.<sup>13</sup> DekaBank also has a separate criteria that focuses on buildings with an initial baseline emissions performance within the top 15% of the buildings in a city, which is a robust approach that is well aligned with the Climate Bond Initiative (CBI) standard for low carbon buildings.<sup>14</sup>

In relation to national goals, Germany aims to cut GHG emissions by 40% by 2020 and increase the share of renewable energy consumption to 60% by 2050.<sup>15</sup> France aims to cut its GHG emissions and has set a goal to reduce consumption of fossil fuels by 40% by 2030 compared to 1990 levels – given that the housing sector accounts for around 45% of energy consumption and a quarter of carbon emissions,<sup>16</sup> investments into green buildings have the potential to contribute significantly to these targets. Finally, the UK has set the world's most ambitious climate target to cut GHG emissions to net zero by 2050, compared to its previous target of an 80% reduction compared to 1990 levels.<sup>17</sup> It is estimated that the building sector in the UK accounts for 45% of carbon emissions.<sup>18</sup>

Based on the above-mentioned context, Sustainalytics is of the opinion that investments into renewable energy and green building certification in Germany, France and the UK will contribute to both national and broader EU targets. As such, Sustainalytics views DekaBank is well-positioned to issue green bonds and views these activities as credible and impactful investments.

#### **Alignment with/contribution to SDGs**

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

<sup>8</sup> Climate Action Network Europe, "Off target: Ranking of EU countries' ambition and progress in fighting climate change", (2018) at: <http://www.caneurope.org/docman/climate-energy-targets/3357-off-target-ranking-of-eu-countries-ambition-and-progress-in-fighting-climate-change/file>

<sup>9</sup> European Environment Agency, "Investing for sustainability", (2018) at: <https://www.eea.europa.eu/articles/investing-for-sustainability>

<sup>10</sup> International Renewable Energy Agency, "Investment Needs", (2018) at: <https://www.irena.org/financeinvestment/Investment-Needs>

<sup>11</sup> UNEP, "Buildings and Climate Change", (2017) at: <https://www.uncclearn.org/sites/default/files/inventory/unep207.pdf>

<sup>12</sup> World Green Building Council, "Benefits of green buildings" (2018) at: <https://www.worldgbc.org/benefits-green-buildings>

<sup>13</sup> Pacific Northwest National Laboratory, "Re-assessing Green Building Performance: A post-occupancy evaluation of 22 GSA buildings", (2010) at: [https://www.pnnl.gov/main/publications/external/technical\\_reports/PNNL-19369.pdf](https://www.pnnl.gov/main/publications/external/technical_reports/PNNL-19369.pdf)

<sup>14</sup> Climate Bonds Initiative, "Low Carbon Building Criteria", (2018) at:

<https://www.climatebonds.net/files/files/low%20carbon%20building%20criteria.pdf>

<sup>15</sup> Clean Energy Wire, "Germany's greenhouse gas emissions and climate targets", (2019), at: <https://www.cleanenergywire.org/factsheets/germanys-greenhouse-gas-emissions-and-climate-targets>

<sup>16</sup> Reuters, "France sets 2050 carbon-neutral target with new law", (2019), at: <https://www.reuters.com/article/us-france-energy/france-sets-2050-carbon-neutral-target-with-new-law-idUSKCN1TS30B>

<sup>17</sup> UK Government, "UK becomes first major economy to pass net zero emissions law", (2019), at: <https://www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law>

<sup>18</sup> Papachristos, G., "The low carbon transition in the UK building sector must make financial sense: a hybrid system dynamics bottom up modelling framework", (2018), at: [http://discovery.ucl.ac.uk/10055019/1/Papachristos\\_ISDC%202018%20EEPC%20diffusion%20V1.pdf](http://discovery.ucl.ac.uk/10055019/1/Papachristos_ISDC%202018%20EEPC%20diffusion%20V1.pdf)



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	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	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





The DekaBank Green Bond Framework will advance the national German, French, UK climate targets and contribute to the broader European sustainability agenda by financing the construction and operation of renewable energy projects and the financing of green buildings construction, acquisition, renovation and refurbishment for buildings within the top 15% of energy efficient building stock. DekaBank has outlined a process for project evaluation and selection, management of proceeds and reporting commitments that are aligned with market practice. Based on the above, Sustainalytics is of the opinion that DekaBank is well-positioned to issue green bonds and that the DekaBank Green Bond Framework is credible, impactful and aligned with the Green Bond Principles 2018.

## Appendices

### Appendix 1: Sustainalytics' assessment of green building certifications

	HQE	BREEAM	LEED	DGNB
<b>Background</b>	The Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France, based on the principles of sustainable development first set out at the 1992 Earth Summit. The standard was launched in 2005 and is controlled by HQE and certificate is issued by Cerway/ Certivea/ Cerqual.	Building Research Establishment Environmental Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	The DGNB assesses buildings and urban districts which demonstrate an outstanding commitment to meeting sustainability objectives. The sustainability concept of the DGNB System is broadly based and goes beyond the well-known three-pillar model. The DGNB System covers all of the key aspects of sustainable building: environmental, economic, sociocultural and functional aspects, technology, processes and site.
<b>Certification levels</b>	Pass Good Very good Excellent Exceptional	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	Platinum Gold Silver Bronze
<b>Areas of Assessment: Environmental Project Management</b>	Global management system	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	Planning Construction Project completion
<b>Areas of Assessment: Environmental Performance of the Building</b>	Energy Environment (Site, Components, Worksite, Water, Waste, Maintenance) Comfort (Hydrothermal, Acoustic, Visual, Olfactory) Health (Spaces quality, Air Quality, Water Quality) Principles of Equivalence	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	Ecological Quality Economical Quality Sociocultural & Functional Quality Technical Quality Process Quality
<b>Requirements</b>	Prerequisites (independent of level of certification) + Points-based performance level: Performing and High Performing	Prerequisites depending on the levels of certification + Credits with associated points	Prerequisites (independent of level of certification) + Credits with associated points  These points are then added together to	The DGNB focusses on buildings' or districts' overall performance rather than individual measures.  Buildings' overall performance in terms of sustainability is assessed on the basis of around 40 different criteria, e.g. thermal



	<p>The Prerequisite level is obtained when all the minimum requirements for a target are met, while the Performing and High Performing levels are obtained based on a percentage of points given per target, allowing for flexibility.</p> <p>Based on the total number of stars obtained per area, an overall HQE level is then given.</p> <p>Environmental certificates are assigned at all stages of the building life cycle, and on-site audits are required.</p>	<p>This number of points is then weighted by item<sup>19</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREAAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>comfort, design for all and sound insulation. The DGNB schemes for districts include a separate criterion set which addresses issues such as changing urban microclimate, biodiversity and interlinking habitats, and the social and functional mix.</p> <p>The DGNB system comprises a variety of certification schemes for different building uses. All international applications of the DGNB system for buildings are based on the core criteria catalogue, referred to as CORE14. These core criteria are used in combination with scheme sheets which provide detailed information for the relevant scheme in question.</p>
<b>Performance display</b>				
<b>Accreditation</b>	<p>HQE Construction Certification Referent HQE Operations Certification Advisor</p>	<p>BREEAM International Assessor BREEAM AP BREEAM In Use Assessor</p>	<p>LEED AP BD+C LEED AP O+M</p>	<p>Third-party, Education and Accreditation through DGNB</p>

<sup>19</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the over all score as one point scored in the Pollution item

## Appendix 2: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	DekaBank
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i></b>	DekaBank Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	September 9, 2020
<b>Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i></b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

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

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

- |  |  |
|--|--|
| <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 <sup>nd</sup> 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 are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that renewable energy development and green building renovation, refurbishment and certification will lead to positive environmental impacts and advance UN Sustainable Development Goals (7) Affordable and clean energy and (9) Industry, Innovation and Infrastructure.

#### 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 GBPs | <input type="checkbox"/> Other (please specify):   |

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

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

DekaBank's internal process in evaluating and selecting projects is in line with market practice. Deka Bank has established an internal Green Bond Committee (the "Committee") that develops the criteria for project eligibility, evaluates potential projects and selects them based on eligibility. On a semi-annual basis the Committee will review the project portfolio to ensure compliance with the eligibility criteria. Projects that are no longer eligible will be removed from the portfolio. The Committee is composed of members from Treasury, the Sustainability department, Investor Relations and relevant business units.

#### 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 |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

DekaBank's processes for management of proceeds is in line with market practice. Deka Bank's Treasury department will manage proceeds on a portfolio basis. Flow of funds will be tracked with an internal loan number. The bank intends to allocate all proceeds within one year of issuance. Any unallocated funds will be held until allocation in line with DekaBank's general policies and procedures.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Additional disclosure:

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                               |

### 4. REPORTING

Overall comment on section (*if applicable*):

DekaBank intends to annually report allocation of proceeds on a portfolio basis, on their website. This will include a portfolio of eligible projects, the amounts allocated and the remaining balance of unallocated

proceeds. In addition, the bank is committed to reporting on relevant sustainability metrics for Impact Reporting. 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 type="checkbox"/> Other (please specify):      |  |

**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):                 |

**Frequency:**

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

**Information reported (expected or ex-post):**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> GHG Emissions/ Savings | <input checked="" type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use             | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Renewable energy capacity financed and total renewable energy output |

**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 checked="" type="checkbox"/> Other (please specify): Issuers web-page: <a href="https://www.deka-gruppe.de/deka-group/investor-relations-en/own-issues/green-bond-en">https://www.deka-gruppe.de/deka-group/investor-relations-en/own-issues/green-bond-en</a> |
| <input type="checkbox"/> 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.)

[https://www.deka.de/site/dekade\\_deka-gruppe\\_site/get/params\\_E1205546506/10589623/Sustainability\\_Report\\_2019\\_Deka\\_Group.pdf](https://www.deka.de/site/dekade_deka-gruppe_site/get/params_E1205546506/10589623/Sustainability_Report_2019_Deka_Group.pdf)  
<https://www.deka.de/deka-group/investor-relations-en/own-issues>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> 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 recognized 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 specialized 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.



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## Disclaimer

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## 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. The firm 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. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



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**Named**

**2015: Best SRI or Green Bond Research or Rating Firm**  
**2017, 2018, 2019: Most Impressive Second Opinion Provider**

