

**Deka Group**

Sustainability Report 2022

The Deka logo is displayed in white on a red background that features a subtle, wavy texture. The logo consists of three small vertical bars of increasing height followed by the word "Deka" in a sans-serif font.

**..Deka**

22

# Deka Group – Key Figures 2022<sup>1</sup> (TABLE 1)

## BUSINESS DEVELOPMENT INDICATORS

|                                 |          | 31 Dec 2021        | 31 Dec 2022        |
|---------------------------------|----------|--------------------|--------------------|
| Total assets                    | m €      | 88,866             | 97,396             |
| Total customer assets           | m €      | 395,148            | 371,753            |
| thereof retail customers        | m €      | 196,485            | 188,490            |
| thereof institutional customers | m €      | 198,662            | 183,263            |
| Number of securities accounts   | thousand | 5,215 <sup>2</sup> | 5,309 <sup>2</sup> |
|                                 |          | <b>2021</b>        | <b>2022</b>        |
| Net sales                       | m €      | 35,735             | 27,381             |
| thereof retail customers        | m €      | 25,032             | 20,754             |
| thereof institutional customers | m €      | 10,703             | 6,627              |

## SUSTAINABILITY RATING<sup>3</sup>

|                             |  |               |               |
|-----------------------------|--|---------------|---------------|
| Sustainalytics              |  | 17.4 Low Risk | 16.5 Low Risk |
| MSCI ESG                    |  | AA            | A             |
| ISS ESG                     |  | C+ Prime      | C+ Prime      |
| V.E (Moody's ESG Solutions) |  | 55/100 Robust | 55/100 Robust |

## SUSTAINABLE PRODUCTS

|  |      |      |      |
|--|------|------|------|
| Volume of sustainable retail funds                               | bn € | 19.6 | 19.7 |
| Managed capital in sustainable products (securities)             | bn € | 47.5 | 54.9 |
| Share of certified buildings in property funds <sup>4</sup>      | %    | 74   | 79   |
| Sustainable investment volume of Depot A proprietary investments | bn € | 8.7  | 9.7  |

## SUSTAINABLE HUMAN RESOURCES MANAGEMENT

|  |              |                    |                    |
|--|--------------|--------------------|--------------------|
| Number of employees                                    | group-wide   | 4,622 <sup>5</sup> | 4,838 <sup>5</sup> |
|  | Germany      | 4,279              | 4,478              |
| Proportion of women in Germany                         | %            | 38.7               | 38.1               |
| Proportion of women in leadership positions in Germany | %            | 19.6               | 21.0               |
| Part-time ratio in Germany                             | %            | 21.5               | 21.4               |
| Turnover rate in Germany                               | %            | 3.1                | 3.8                |
| Financial cost for further training in Germany         | € / employee | 865                | 998                |

## SUSTAINABLE BANKING

|  |                |            |            |
|--|----------------|------------|------------|
| Power consumption <sup>6</sup>                                 | MWh            | 8,904      | 8,314      |
| Energy consumption <sup>6</sup>                                | MWh            | 19,900     | 17,444     |
| Paper consumption <sup>7</sup>                                 | t              | 777        | 574        |
| Drinking water consumption <sup>6</sup>                        | m <sup>3</sup> | 24,693     | 25,047     |
| Volume of waste generated <sup>6</sup>                         | t              | 408.4      | 491.3      |
| Business trips (group-wide, without S Broker)                  | km             | 10,089,716 | 14,436,350 |
| Direct greenhouse gas emissions (Scope 1) <sup>8</sup>         | t              | 1,077      | 1,289      |
| Indirect greenhouse gas emissions (Scope 2) <sup>8</sup>       | t              | 3,113      | 2,052      |
| Other indirect greenhouse gas emissions (Scope 3) <sup>8</sup> | t              | 2,009      | 2,892      |
| Greenhouse gas emissions (total) <sup>9</sup>                  | t              | 6,199      | 6,234      |

## SOCIAL COMMITMENT

|   |     |      |      |
|---|-----|------|------|
| Expenditure for foundations, donations and sponsoring | m € | 2.08 | 1.98 |
|---|-----|------|------|

<sup>1</sup> From 1.1. to 31.12.

<sup>2</sup> Including S Broker AG & Co. KG

<sup>3</sup> Last updated: Sustainalytics: 10.08.2021 (Update: 21.12.2022); MSCI ESG: 10.06.2022; ISS ESG: 22.06.2020; V.E (Moody's ESG Solutions): 05-2021

<sup>4</sup> In this regard, see chapter 4.1.1.3. "Real estate-based investment products".

<sup>5</sup> The 188 employees of S Broker and the 56 employees of IQAM are not included and are listed separately in chapter 4.2. "Employees – Sustainable human resources management".

<sup>6</sup> Figures refer to the three buildings in Frankfurt am Main (excluding business trips and paper consumption).

<sup>7</sup> Figures are available group-wide and consist of: Letter paper, pre-printed paper, envelopes, forms, copy paper (general office paper), promotional printed materials/publications.

<sup>8</sup> Refer to the locations Frankfurt, Berlin, Leipzig and Luxembourg including group-wide paper consumption and business trip volume.

<sup>9</sup> The GHG Protocol covers five other climate-relevant gases in addition to CO<sub>2</sub>: methane, nitrous oxide, sulphur hexafluoride and two groups of hydrofluorocarbons (CO<sub>2</sub>e).

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Since 2020, this Sustainability Report has followed the established ESG structure **ENVIRONMENT**, **SOCIAL** and **GOVERNANCE**.



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# 1. Foreword

**Dear Ladies and Gentlemen,**

at this time, we are faced with enormous challenges as well as opportunities in Germany and in Europe. Firstly, Russia's war of aggression on Ukraine worries and unsettles us all. The escalation of violence and threat to a peaceful country pose a serious challenge to European security. It is now more important than ever that the global community works closely together to achieve a peaceful solution and protect the European continent. In retrospect, however, it is already clear that the strength of the attacked Ukraine, which was hardly thought possible at the end of February last year, and the solidarity of the NATO states and the EU with Ukraine, which was also barely conceivable at first, will have their place in the history books. In addition, inflation is leading to rising prices in these months and is affecting many people in Germany. Special measures continue to be required here to help consumers and businesses to cope with these challenges.

The past year has made it clear to us in Germany that, in addition to the outlined challenges, climate change is also advancing. Climate change continues to be one of the most pressing problems of our time and requires a swift and decisive response. It is clear to all of us that we must act urgently to preserve the planet for future generations. In Germany, the multiplicity and interconnectedness of the crises is also evident in view of the significant increase in gas prices: it is important that we find sustainable solutions to reduce dependence on fossil fuels and accelerate the transition to renewable energies.

Against this background, banks and financial institutions have an important role to play in the transformation to a sustainable economy, and this also applies to the Deka Group. Banks and financial institutions can accelerate the transition to a green economy by investing in renewable energies and sustainable projects. In addition, they can make a positive contribution to reducing CO<sub>2</sub> emissions and promoting a green economy through their financing decisions.

For the Deka Group, sustainability is an important part of its business policy and its responsibility as a financial service provider. In addition, its roots in the region and its understanding of its customers' needs enable it to offer innovative solutions and contribute to the stability of the financial system. The Deka Group contributes to achieving sustainable change by also aligning its investment decisions with sustainable criteria and supporting its customers in their sustainable investment decisions. It is also an active participant in the discussion on sustainable regulation and is involved in the development of sustainability standards and initiatives. Overall, the Deka Group's activities demonstrate that sustainability is more than just a buzzword. It actively contributes to building a green and sustainable future by applying its resources and expertise to this issue as well.

In this context, regulation naturally plays an important role. This is also evident in this year's Deka Group Sustainability Report. Through an example, I would like to point out three important initiatives that are of particular concern to the Deka Group: TCFD (Task Force on Climate-related Financial Disclosures), CRR (Capital Requirements Regulation) and the EU taxonomy. The implementation of these important initiatives is no longer just a small part of the Deka Group's day-to-day business. These initiatives can help meet the challenges of climate change while protecting or even contributing to economic growth. But this also shows that the transformation to a sustainable world can only be achieved by everyone together – and not through the financial industry alone.

In summary, I would like to say that despite all the challenges we face, we also see great opportunities.

Let us take on the challenges and seize the opportunity to build a better future.

Yours sincerely,

Dr. Georg Stöcker  
Chairman of the Board of Management

# Sustainability strategy







## 2. Sustainability strategy

With its guidance on climate and environmental risks, the European Central Bank (ECB) formulated clear expectations in 2020 for the banks it supervises to deal systematically with the causes and consequences of climate change and other environmental factors. In November of the year under review, it specified these expectations to the effect that banks must reflect climate and environmental risks in their strategy, governance structures and risk management by the end of 2023 at the latest. Against this backdrop, the Deka Group also continued to develop its corresponding structures and processes during the year under review. At the same time, the Deka Group does not view sustainability issues unilaterally as a risk, but also as an opportunity for its further development and the exploitation of growth potential. This conviction is reflected in the strategic action programme 2025, which focuses on "Growth through sustainability".

### 2.1. Business model

#### 2.1.1. Shareholder structure and business segments

DekaBank Deutsche Girozentrale (hereinafter referred to as "DekaBank") is a federal institution under public law. Together with its domestic and foreign subsidiaries, it forms the Deka Group. DekaBank is wholly owned by the German savings banks. 50 percent of the shares are held via Deka Erwerbsgesellschaft mbH & Co KG. The savings banks have pooled their shares in this company via the regional savings banks and clearing associations held by them. The other half of the shares is held by the German Savings Banks Association (Deutscher Sparkassen- und Giroverband, DSGV ö. K.).

Together with its subsidiaries, DekaBank is the Wertpapierhaus for the savings banks and supports the savings banks and their customers as well as institutional investors throughout the entire securities-related investment and advisory process. Through its activities in asset management and banking business, it is a service provider for the investment, administration and management of assets.

The Deka Group's business model is characterised by the interaction of asset management and banking business. As asset management products, the Deka Group provides securities, property and credit funds as well as certificates, including the asset management services based on these products for private and institutional investors. In this context, the investment funds in asset management and institutional customers are supported in their asset management as well as capital, liquidity and risk management. In this context, the Deka Group acts as financier, issuer, structurer, trustee, asset servicing provider and custodian bank.

The Deka Group has classified its activities into five business areas, each of which combines similar areas of expertise: The Securities Asset Management and Real Estate Asset Management business areas cover asset management activities. The Capital Markets and Financing business areas cover the Deka Group's banking business. The fifth business area, Asset Management

Services, provides banking services for asset management. The Savings Banks Sales, Private Banking and Wealth Management as well as Institutional Customer Sales units form the interface with sales partners and customers. The corporate centres support the business areas and sales units along the entire value chain. (CF. **FIGURE 1**)

#### 2.1.2. Board of Management and Board of Directors

DekaBank is managed with overall responsibility by the Board of Management. It steers and manages the entire Deka Group holistically, taking into account the strategic direction and risks. The management model is based on the principle of divisional responsibility. The Board of Management currently consists of six members with the following responsibilities:

- Chairman (CEO): Dr. Georg Stocker
- Vice Chairman & Asset Management: Dr. Matthias Danne
- Risk (CRO): Birgit Dietl-Benzin
- Finance (CFO) & Operations (COO): Daniel Kapffer
- Sales: Torsten Knapmeyer
- Banking Business: Martin K. Müller

The Board of Directors supervises and controls the Board of Management. Its members are appointed by the Annual General Meeting. It is composed of representatives of the shareholders, employees and representatives of the Bundesvereinigung der kommunalen Spitzenverbände (Federal Association of Central Municipal Organisations, with an advisory vote). The Board of Directors works both in plenary sessions and in various committees:

- Presidential and Nominating Committee
- Audit Committee
- Risk and Credit Committee
- Remuneration Control Committee

INTEGRATED BUSINESS MODEL OF THE DEKA GROUP (FIGURE 1)

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DekaBank has several sets of rules governing the composition of the Board of Management and Board of Directors (Suitability Guideline for the Board of Directors, Succession Guideline for the Board of Directors and the Board of Management, Diversity Guideline for the Board of Directors and the Board of Management).

The appointment procedure for the Board of Management begins with a referral to the Presidential and Nominating Committee (PNA), which discusses the requirements and job profile tailored to the respective position. It advises on the further procedure, e.g. the possible commissioning of a personnel consultancy, and discusses whether suitable internal candidates are available. The discussion in the PNA results in a recommendation to the Board of Directors, which takes the appropriate decisions to start the search for a candidate.

A short list of possible candidates is drawn up, which is used for initial interviews. Based on the interviews, two to three candidates with the best suitability are identified, who then present themselves personally in a PNA meeting. The PNA makes a recommendation for a candidate (nomination) and gives the Chairperson of the Board of Directors the negotiating mandate for contract talks. The nominated person introduces himself/herself to the Board of Directors. Subsequently, the Board of Directors decides on the appointment as a member of the Board of Directors.

Prior to a new term of office for the Board of Directors, the PNA conducts a review of the composition of the Board of Directors, including the coverage of areas of knowledge relevant to DekaBank in the future and the balance and diversity of knowledge, individual and collective suitability, skills and experience. The PNA also takes into account the criteria and objectives set out in the Suitability Guideline and the Diversity

Guideline. On this basis, the PNA makes recommendations for the composition of the Board of Directors.

With reference to these recommendations, the shareholders are asked to propose suitable candidates for election by the Annual General Meeting. The same applies to the appointment procedures for the employee representatives and the three (advisory) representatives of the Bundesvereinigung der kommunalen Spitzenverbände.

In a further step, the PNA then provides an assessment of all candidates proposed to the Annual General Meeting for election to the Board of Directors for the next term of office. The same applies in the case of necessary by-elections. The PNA also assesses whether the collective competence profile of the Board of Directors will continue to be appropriate in the future in view of the Deka Group's business activities and the market and regulatory environment. On this basis, it makes a recommendation to the Board of Directors. The Board of Directors then makes a recommendation to the Annual General Meeting.

At least once a year, the Board of Directors reviews the composition of the Board of Directors and the Board of Management. The focus is on an assessment of the collective knowledge, skills and experience as well as the cooperation between and among the two boards.

The review is usually carried out on the basis of a survey with the members of the Board of Directors in accordance with the guidelines of the European Banking Authority (EBA) on the assessment of the suitability of members of the management body and key function holders.

The questionnaire used is approved by the PNA. The PNA discusses the results of the survey, advises on possible actions on any identified learning areas and makes recommendations to the Board of Management.

## 2.2. Cornerstones of the sustainability strategy

### 2.2.1. Growth through sustainability – strategic action programme 2025

The roots of the Deka Group's sustainability management lie in the area of environmental management. Building on relevant preparatory work, the Deka Group introduced an environmental management system certified according to DIN EN ISO 14001 back in 2009. In the same year, it published its first sustainability report, which already met the comprehensive requirements of the Global Reporting Initiative (GRI). Since the 2014 year under review, and thus already four years before the CSR Guidelines Implementation Act came into force, the sustainability report has been audited by an external expert and its audit opinion has been published therein. Since the 2015 fiscal year, sustainability aspects have been an integral part of the business strategy and thus a core component of the business policy orientation, which is thus also transparent to the Board of Management and the Supervisory Board.

With the strategic action programme 2025, which the Board of Management has developed and carried forward since 2020 together with the managers and employees along the five fields of action

1. target-customer-oriented sales,
2. high-performance product & service range,
3. growth through sustainability,
4. digitalisation & sustainable IT architecture and
5. modern organisation, process orientation & innovation,

the strategic course was set to further develop the Deka Group as a customer-oriented, innovative and sustainable Wertpapierhaus.

Based on the initial measures in field of action 3, sustainability as a basic principle of action continues to be actively promoted in accordance with regulatory requirements – for example through the EU taxonomy, the Disclosure Regulation, the adaptation of the Delegated Regulation on the Markets in Financial Instruments Directive II (MiFID II) with regard to sustainability and the Act on Corporate Due Diligence in Supply Chains. The numerous activities from the field of action "Growth through sustainability" have meanwhile been transferred to projects, initiatives and line responsibilities, where they are continuously developed further. For example, ESG governance

within the Deka Group was restructured in 2022 to take account of social, legal and business change processes. (CF.

**CHAPTER 2.2.3.)**

### Sustainability principles of the Deka Group

The Deka Group

1. ... offers its customers a broad, competitive and innovative range of investment solutions with sustainability features in both asset management and capital market business.
2. ... supports its customers – the savings banks and their customers, institutional investors and borrowers – in achieving their individual goals and needs for climate-friendly and sustainable action.
3. ... supports the savings banks with comprehensive analysis, consulting and services in the climate-friendly and sustainable orientation of customer business and own business management.
4. ... supports financing that enables sustainable and climate-friendly growth through targeted lending.
5. ... is consistently pursuing its chosen path to reduce its own CO<sub>2</sub> footprint. This also includes consistently demanding compliance with ESG criteria from partners and service providers.
6. ... takes sustainability into account in internal structures and processes and supports its own employees in acting in a climate-conscious and sustainable manner. In doing so, it ensures, for example, that its remuneration policies and practices promote behaviours that are consistent with its approach to climate and environmental (risks) and with commitments it has voluntarily made.
7. ... values the diversity of its teams and involves as many employees as possible in actively shaping the Deka Group as an employer in order to develop the organisation sustainably.
8. ... sets high standards in terms of good corporate governance and promotes transparent, fact-based communication and open dialogue with its stakeholders. As an active investor, it pays attention to the balance and relevance of sustainability factors when making investment decisions. In doing so, it exercises its voting rights and enters into continuous dialogue with investors and issuers in order to achieve these goals in the long term.
9. ... supports environmental and social projects in the areas of culture, social affairs, sports and science as part of its social commitment.

FIELDS OF ACTION OF SUSTAINABILITY MANAGEMENT (FIGURE 2)

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The main thrust for all activities is the Deka Group's stance on sustainability. It provides the framework for all sustainability activities and is the basis for integrating environmental, social and governance aspects ("ESG perspective") holistically within the company. It culminates in the following nine sustainability principles, which were integrated into the Code of Ethics in the year under review. (CF. **CHAPTER 5.1.1.**)

These nine sustainability principles underline that the Deka Group sees sustainability as a permanent process for the holistic integration of ESG criteria into its business model; this applies equally to its customers, the demands it places on its own organisation and its public activities.

In this context, the Deka Group is addressing the political and regulatory as well as social and customer-related challenges associated with climate change and sustainable development and has operationalised its sustainability principles into specific measures for the coming years in order to implement them. As a first step, the Deka Group has formulated qualitative and quantitative sustainability targets. These will be further developed over time and supplemented with additional targets.

## 2.2.2. Fields of action of ESG management

Based on its holistic understanding of ESG, the Deka Group has defined five areas of action for the management of sustainability-related issues and assigned them to the three ESG dimensions (CF. **FIGURE 2**), according to which this Sustainability Report is structured. The field of action "Sustainable Banking Operations" includes in particular the management of the Bank's energy and resource consumption and thus also the direct climate-related effects of business operations. The "Sustainable Products" field of action focuses on the Deka Group's

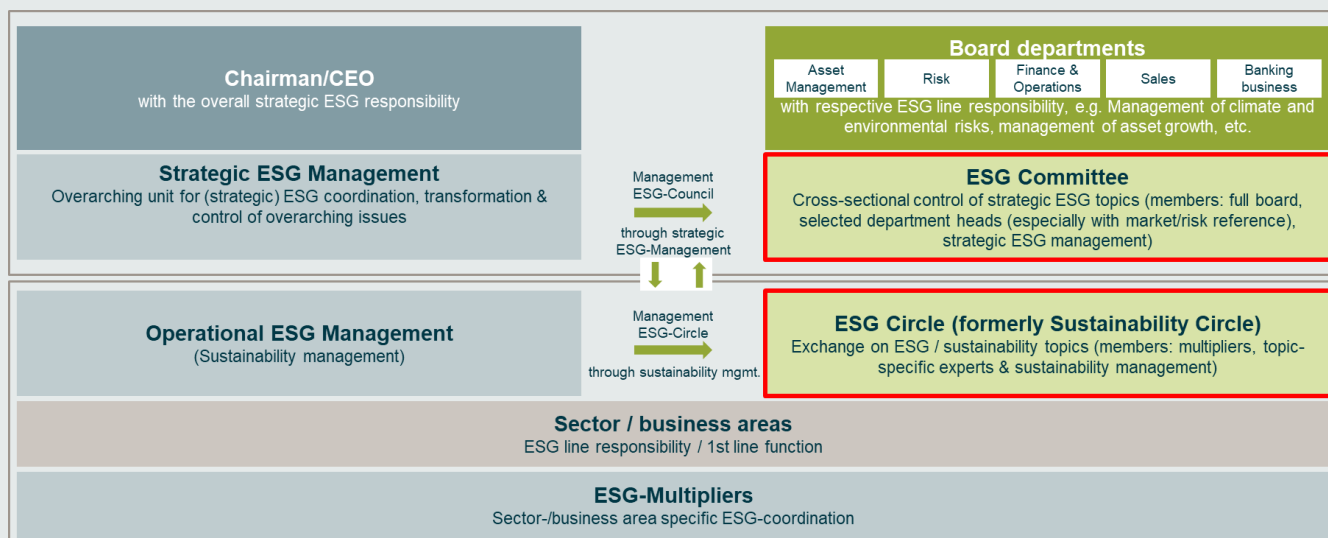
range of products and services in the areas of capital investment and loans. The Deka Group's human resources strategy and comprehensive human resources policy measures are bundled in the "Sustainable Human Resources management" field of action. The "Social Commitment" field of action comprises the measures, with which the Deka Group fulfils its public duty to promote social development. Finally, the "Sustainable Corporate Governance" field of action brings together the measures aimed at complying with external regulatory requirements and internal standards such as the Code of Ethics.

### Climate strategy of the Deka Group

In view of the advancing climate crisis, with its economic, political and social effects already visible in many ways, the Deka Group has also significantly intensified its efforts to combat the causes and consequences of climate change in recent years. In accordance with the regulatory framework conditions for dealing with climate risks, the corresponding measures cover not only the Deka Group's own business operations but also, in particular, economic activities in the areas of capital investment and financing.

From 2023, these diverse measures will be brought together in a group-wide, cross-divisional climate strategy, in which the Deka Group will document the risks and opportunities of climate change and its position on net zero, as well as define targets and measures that take into account the specific characteristics of the Deka Group's diverse business divisions. This also includes projects that the Deka Group and its individual business divisions have committed to implementing as part of voluntary commitments, such as the Net Zero Asset Managers Initiative (NZAM).

STRUCTURE OF ESG GOVERNANCE (FIGURE 3)

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### 2.2.3. Organisational anchoring

As an organisation, the Deka Group is positioning itself for the future in order to be able to act in a risk- and opportunity-oriented manner. This includes the consistent integration of sustainability aspects into the organisational structure and processes. Potential sustainability risks in relevant business processes are systematically identified and managed. Regulatory requirements are implemented reliably and with a long-term orientation.

To support this, the Deka Group has aligned itself holistically with the expanded sustainability requirements and adapted the Deka Group's governance system to the expanded ESG requirements. The focus here is on the organisational location of ESG-related responsibilities and the establishment of cross-departmental coordination and control processes.

#### ESG governance

Since 2022, the "ESG governance" target for the entire Deka Group has been successively established at organisational and instrumental level. (CF. **FIGURE 3**) In this context, new cross-divisional ESG decision areas with a significant strategic or economic impact were established for consideration by the Board of Management as a whole. In addition, the new "ESG Circle" format successfully established a group-wide platform for systematic, cross-sectional and decision-preparing discussion of relevant ESG topics below the management body.

Responsibility for managing the Deka Group's impact on the environment, economy and people is exercised within the framework of defined and decentralised line responsibilities and division of duties. In particular, responsibility for climate and environmental risks, or sustainability risks in the broader

sense, has been assigned to the departmental responsibilities. Decentralised, operational responsibilities also promote the approach of systematically anchoring ESG requirements in the corporate culture.

Strategic and group-related coordinative (cross-sectional) topics are managed centrally by the unit "Strategic ESG Management" within the Strategy & HR department. The translation or implementation of the strategic goals is decentralised at the level of the individual divisions and units. The tasks of operational ESG management (sustainability management) include the coordination and implementation of sustainability-related reporting, including the present Sustainability Report, the drafting of statements on reputational risks, the support of ESG rating agencies and the management of relationships with other external stakeholders, such as climate and environmental protection associations.

Topics and concerns from outside are systematically recorded and dealt with in a structured manner via the complaints management in the unit "Operational ESG Management" via a content-related ESG allocation. Within the organisation, ESG controversies can be escalated to the highest governance body via the responsible line units, fixed project reporting processes, management committees or the ESG Committee, if necessary. This body, which will meet for the first time in 2022, consists of the members of DekaBank's Board of Management, the heads of Strategy & HR, Risk Control and Board Staff & Communications and acts as a decision-making and escalation body for cross-sectional ESG issues.



With this further developed location of new and overarching ESG issues, the Deka Group thus has additional information and decision-making formats at its disposal that support the holistic and efficient management of ESG issues in the Deka Group.

### ESG dashboard as an internal reporting tool

Relevant information is made available to the Board of Management via the aggregated internal reporting called "ESG Dashboard". This enables comprehensive information and reporting on ESG-relevant key figures and targets and creates transparency. The key figures in the ESG Dashboard are summarised in three dimensions:

1. Sustainable business volume, e.g. in sales of products with sustainability features
2. CO<sub>2</sub> reduction, for example the development of greenhouse gas emissions in business operations
3. Sustainability perception, which is reflected e.g. in ESG ratings, but also in the satisfaction of employees or savings banks as the most important stakeholder group

The content of the dashboard is actively developed in line with regulatory requirements and strategic ambitions and goals.

## 2.3. Stakeholder dialogue and materiality analysis

The Deka Group's stakeholders include customers, employees, shareholders and supervisory authorities, suppliers and cooperation partners, as well as representatives from politics, the media and civil society, for example from non-governmental organisations. The Deka Group uses a wide variety of channels to engage in dialogue with the various stakeholders. These range from bilateral discussions and participation in conferences to active involvement in initiatives and associations.

The dialogue with the various stakeholders and the survey of selected stakeholder groups enable the Deka Group to understand the impact of its business activities on the environment, economy and people, as well as to understand the issues and concerns of the various stakeholders. At the same time, dialogue in particular offers the opportunity to explain its own position and thereby also build trust and acceptance for the Deka Group's activities. Surveys provide the Deka Group with a representative picture of expectations of its services and assessments of its service offering. (CF. **CHAPTER 2.3.1.**)

The exchange of experience and the joint development and implementation of climate and other sustainability-related activities are at the heart of the various memberships of the Deka Group and its subsidiaries. This also includes various voluntary commitments to take account of sustainability-related aspects in different areas of activity of the Deka Group, e.g. in capital

investment through the PRI and the Net Zero Asset Managers Initiative (NZAM) or in ship financing through the Poseidon Principles. (CF. **CHAPTER 2.3.2.**)

Sustainability rating agencies, which assess the quality of the Deka Group's sustainability management on behalf of institutional investors, are also an important stakeholder in this regard. The criteria they use and the assessments of the Deka Group's corresponding measures provide valuable pointers for determining where the Deka Group stands and for further improvements to the Deka Group's sustainability performance. (CF. **CHAPTER 5.7.** and **ABOUT THE REPORT**)

The results of the dialogues and surveys are incorporated into the Deka Group's materiality analysis. The aim of this analysis, as defined by the Global Reporting Initiative (GRI), is to identify the actual, existing and potential impacts of the Deka Group's business activities and relationships on the environment, economy and people, including impacts on their human rights. Negative and positive, short-term and long-term, intended and unintended, and reversible and irreversible impacts must be taken into account. (CF. **CHAPTER 2.3.3.**)

### 2.3.1. Stakeholder dialogues and surveys

Regular surveys of various customer groups form an important basis for the Deka Group's strategic development, particularly of its products and services and its sales focus. The Deka Group commissioned its own analyses and supported surveys conducted by the DSGV (German Savings Banks Association). In addition, DekaBank regularly conducts surveys among its employees.

#### Surveys of customers

##### Wealth Barometer 2022

Together with the DSGV, the Wealth Barometer 2022 was conducted in the year under review, based on a survey of more than 4,800 citizens aged 14 and over in the summer of 2022.

The results of the survey show that the multi-crisis is of intense concern to German citizens. Thus, 75 percent of the respondents agree with the statement that the shortage of raw materials and the rising energy costs worry them. The proportion of respondents, who say this about the rising costs in many areas of life is just as high. 69 percent of citizens are unsettled by the effects of Russia's war against Ukraine and climate change also continues to be one of the biggest concerns – here 57 percent of respondents say that the effects of climate change worry them.

As in previous years, the topic of sustainability was also a thematic focus in the current survey. 39 percent of respondents

stated that they had already looked into sustainable investments in detail or had even already invested sustainably. The proportion has risen by six percentage points compared to 2021. 56 percent of those, who have already looked into this form of investment consider climate protection to be important or even very important. At 69 percent, the share of those over 60 is significantly higher than in the younger age groups: only 51 percent of 14 to 29-year-olds consider climate protection in sustainable investments to be (very) important. More than half of the respondents (55 percent) state that a government subsidy would increase their interest in sustainable investments.

At the same time, according to the study, there is still room for improvement in knowledge about sustainable investment. Only 20 percent of the respondents rate their knowledge as good or very good. This means that sustainable investments lag significantly behind general financial knowledge, where 35 percent rate themselves as good or very good. In the case of securities, 23 percent of respondents consider themselves to have good or very good knowledge, and 26 percent in the case of old-age provision.

#### **Deka Investor Monitor 2022**

Sustainability was also one of the topics covered by the Deka Investor Monitor, a representative survey of 4,500 German citizens aged between 18 and 75 conducted on behalf of Deka-Bank in July 2022. The results show a distribution between expressed interest and actual activities that is quite typical for surveys on environmental and sustainability topics. Thus, 55 percent of the respondents expressed a fundamental interest in sustainable capital investment, while 11 percent have actually invested sustainably. Almost one third of the respondents said they had never heard of sustainable investments, 36 percent of the respondents feel sufficiently informed about sustainable investments. Around one in three (32 percent) said they would like to be actively approached by their bank or savings bank advisor about sustainable investments.

#### **Survey of the savings banks as partners of the Deka Group**

As part of the DekaBank Expert Pool, DekaBank surveys over 600 managers and advisers from savings banks three times a year on various aspects of sales. In the year under review, questions on the topic of sustainability were regularly asked. The Deka Group's sales support services on this topic – from the training offered to final customer communication and products – received a high level of approval from the savings bank employees surveyed. In the November/December 2022 survey, for example, 86 percent of respondents said that the Deka Group provides the savings banks with sufficient support on the topic of sustainability in the form of qualification measures and sales support tools. 82 percent say that the Deka Group as a company is credibly positioned in terms of sustainability.

#### **Survey of savings banks as institutional customers of the Deka Group**

As part of the triennial survey of savings banks as institutional customers, an assessment of the Deka Group's sustainability performance was obtained in March 2022. A total of 176 contact persons from 144 savings banks were surveyed. 88 percent of the respondents rated the topic of sustainability as (very) highly relevant for the capital market in general, while 72 percent considered the topic to be (very) important for their savings bank. Compared to the previous survey in 2019, the relevance of the topic has increased significantly: In 2019, the relevance for the capital market was 54 percent and the relevance for the savings bank was 38 percent.

The savings banks are very satisfied with the Deka Group's sustainability offerings – Deka Easy Access, Deka Treasury Kompass, Deka Research Hub, Deka-Nachhaltigkeitscheck and Deka funds and certificates with sustainability features – with more than 90 percent of the respondents awarding the ratings "excellent", "very good" or "good". 35 percent – compared with 23 percent in 2019 – were aware of Deka Investment GmbH's appearances at the annual general meetings of DAX companies, of which 98 percent gave them a positive rating.

#### **Employee surveys**

In addition to analysing the attitudes and activities of investors, surveys are also an important tool for systematically recording the assessments and requirements of the Deka Group's employees. To this end, more compact employee surveys, known as Pulse-Checks, were carried out as a strategic tool and also for the continuous, participatory and sustainable development of the Deka Group. The involvement of employees through Pulse-Check surveys is seen as a crucial factor in the achievement of corporate objectives and the sustainable development of the Deka Group.

Pulse-Checks give employees the opportunity to give their feedback on specific issues and identify areas where action is needed. In addition, the satisfaction and commitment of the employees are surveyed within the framework of Pulse-Checks. A structured follow-up process ensures that effective measures are developed for the identified potential for improvement.

As part of the Pulse-Checks carried out in the year under review, employees were asked about their perceptions and experiences in connection with the following topics:

- Ongoing organisational change
- Sustainability
- Diversity
- Health
- Risk culture

Since individual questions were asked repeatedly over the course of time, the first effects of derived measures can be recognised. For example, significantly more people agreed that they receive sufficient support in their daily work on a sustainable lifestyle than was the case a year ago. In addition, the high level of employee commitment is particularly pleasing: in all surveys, more than 85 percent of employees said they liked working for the Deka Group. Likewise, a large proportion of employees agree with the statement that all employees have equally good opportunities to make a career in the Deka Group.

## 2.3.2. Memberships and voluntary commitments

### 2.3.2.1. Memberships

With its active membership in sustainability-related initiatives and associations, as well as its recognition of numerous voluntary commitments, the Deka Group underscores its commitment to climate protection and sustainable development. In doing so, it is convinced that the goals of the Paris Climate Agreement and the Sustainable Development Goals (SDGs) can be better achieved through constructive cooperation between various market players, including competitors, by means of an open exchange of experience, as this is faster and requires fewer resources overall. The following list represents only an excerpt of the corresponding activities. A comprehensive list of the Deka Group's activities is published on its website ([www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainable-corporate-management-at-dekabank/business--human-rights](http://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainable-corporate-management-at-dekabank/business--human-rights)).

#### International initiatives

In 2020, DekaBank joined the Principles for Responsible Investment (PRI), the world's largest initiative by institutional investors and asset managers to promote sustainable capital investment, as an asset owner, thereby creating the conditions for the asset management companies Deka Vermögensmanagement GmbH, Deka International S.A., Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH to join. Now that Deka Investment GmbH has supported the PRI since 2012 and the fund subsidiary IQAM Invest is also a PRI signatory, all the main companies in the Deka Group have committed to implementing the six principles for sustainable investment. In the year under review, the PRI office assessed the Transparency Reports to be submitted by the signatories and then published them on the PRI website. DekaBank's Transparency Report is excluded from the publication, as it was prepared for the first time.

As part of its PRI membership, Deka Investment GmbH also participates in joint engagement initiatives with other global investors. (CF. **CHAPTER 4.1.1.2.5.**) In this context, it already joined a PRI initiative on cobalt in 2019 and signed the declara-

tion "Investor Expectations on the Responsible Sourcing of Cobalt". The signatories call for the respect of human rights and environmental standards in the extraction of cobalt. In 2021, the Cobalt Initiative was handed over by the PRI office and placed under the management of the signatories. Deka Investment GmbH continues the commitments from this initiative and continues to address the risks at all companies, where the issue is relevant.

Since October 2021, Deka Investment GmbH and Deka Vermögensmanagement GmbH have been members of the Net Zero Asset Managers Initiative (NZAM), which was founded in December 2020. As part of this international alliance, the participating asset managers commit to supporting the achievement of "net zero greenhouse gas emissions" by 2050 at the latest in the context of their activities, in order to limit the increase in average global temperature to 1.5° Celsius compared to the pre-industrial era, in line with the Paris climate goals. In order to achieve this goal, the signatories commit to align their portfolios accordingly within the framework of strategic and tactical asset allocation and to define interim targets for the reduction of greenhouse gas emissions associated with the portfolios already for the year 2030. (CF. **CHAPTER 6.1.**) By joining NZAM, Deka Investment GmbH and Deka Vermögensmanagement GmbH have also committed to prioritising the achievement of emissions reductions in the real economy, to taking into account significant Scope 3 emissions of the portfolios, to creating investment products that are geared towards greenhouse gas neutrality and to enabling increased investments in climate solutions. At the end of the year under review, around 300 asset managers with more than 60 trillion US dollars in assets under management had joined the initiative. Further information on the NZAM: [www.netzeroassetmanagers.org](http://www.netzeroassetmanagers.org).

Deka Investment GmbH joined the UK Farm Animal Investment Risk & Return (FAIRR) initiative in 2018. The aim of the initiative is to raise awareness of the key ESG risks and opportunities of the livestock industry through a collaborative investor network. The main focus of the initiative is on ecological factors such as the environmental impact of excessive meat consumption. However, social aspects such as socially acceptable sustainable development in agriculture ("just transition") also receive attention. FAIRR also addresses the issue of sustainable food and its governance by companies, regulators and investors.

In 2022, Deka Investment GmbH participated in an initiative sponsored by FAIRR on the use of antibiotics in animal husbandry. Here, together with other members of around 20 global food companies, Deka Investment GmbH called for greater transparency with regard to the use of antibiotics and possible resistance. At the end of the year under review, Deka Investment GmbH also joined another FAIRR engagement initiative on the impact of chicken and pork production and their waste on the environment and biodiversity.



Since November 2016, DekaBank has been a member of IC-MA's Green & Social Bond Principles, which serve as the authoritative international framework for the issuing process of green and social securities. At the same time, the annual Green & Social Bond Principles conference is one of the most important international platforms in the area of sustainable bonds. In the context of the conference held in 2022, the version of the "Principles" for the issuance of green and social bonds was expanded to include definitions of secured bonds (e.g. covered bonds and green securitisation). New key performance indicators (KPIs) were introduced for the rapidly growing market of sustainability-linked bonds. In addition, various guidelines for the issuance of sustainable bonds were published and updated.

DekaBank has also been a partner of the Climate Bonds Initiative (CBI) since the end of 2018. The initiative has set itself the goal of integrating the international bond market more closely into the financing of climate protection and, in particular, supporting the further development of the market for green and climate bonds. In cooperation with the CBI, DekaBank has already held various customer events on green bonds and developments in the sustainable finance market and supported a study on the German sustainable finance market. In 2021, DekaBank sponsored the CBI study "Sustainable Debt – Global State of the Market 2020", which was presented to around 340 investors and market participants as part of a webinar in April of the year under review and subsequently attracted a great deal of interest with around 3,000 downloads.

### National initiatives

The Green and Sustainable Finance Cluster Germany e. V. (GSFCG), which emerged from the merger of the Green Finance Cluster of the Hessian Ministry of Economics and the Accelerating Sustainable Finance Initiative, has been active since 2018. The aim of the cluster is to position itself as a competence and dialogue platform of the financial sector for achieving the German climate and sustainability goals. The Deka Group is a sponsor and represented on the cluster's Standing Committee.

The Association for Environmental Management and Sustainability in Financial Institutions (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V., VfU), in which DekaBank has been involved since 2007, is one of the pioneers in anchoring sustainability aspects in the financial market. DekaBank is also a member of the Forum for Sustainable Investments (Forum Nachhaltige Geldanlagen e. V., FNG) and the Corporate Responsibility Interface Center e. V. (CRIC). With more than 100 members, CRIC promotes constructive dialogue between companies, politicians and financial market players to raise general awareness of ethical and sustainable investments.

Deka Investment GmbH and Deka Immobilien Investment GmbH have been involved in the German Investment Funds Association (Bundesverband Investment und Asset Management, BVI) for many years. Among other things, both companies are active in the BVI's highest sustainability body, the "Sustainability" committee, and provide two representatives for sustainability working groups. The AMI business division is also involved in the working group "Sustainability in Real Estate Funds". The aim of these committees is to further anchor ESG aspects in the asset management industry.

The BVI Code of Conduct with its voluntary principles and codes constitutes a recognised minimum standard for the good and responsible handling of capital and the rights of investors. They set out how the capital management companies fulfil their obligations towards investors and how they represent their interests towards third parties. As members of the BVI, Deka Investment GmbH, Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH take into account the BVI's rules of conduct on their own responsibility and in an appropriate manner, and develop them further through the BVI.

In the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management, DVFA), too, specific committees are concerned with the further development of the consideration of ESG criteria in capital investment. Deka Investment GmbH is actively involved in the Governance & Sustainability Committee.

The AMI business division uses its membership in the German Property Federation (Zentraler Immobilienausschuss e. V., ZIA) to inform itself about and exchange information on current political and legal developments in the "Corporate Social Responsibility" committee. In the ZIA committee "Energy and Building Technology", approaches to solutions are discussed and developed to enable a more ecological orientation of the property portfolio under management.

In addition, Deka Immobilien Investment GmbH is a member of the Institute for Corporate Governance (ICG), which focuses on the further development of sustainable governance structures in real estate companies. In 2022, Deka Immobilien Investment GmbH's compliance management was recertified by the ICG.

### 2.3.2.2. Voluntary commitments

At the end of the year under review, the Deka Group had signed a total of 16 voluntary commitments on the sustainable development of the Deka Group and its projects, underlining its commitment to climate-friendly and sustainable development that goes far beyond compliance with regulatory require-

ments. The voluntary commitments also regularly refer to international standards and regulations, which thus also become relevant for the Deka Group. (CF. **TABLE 2**) In order to ensure that the voluntary commitments are suitable and feasible for the Deka Group and that it fully complies with the commitments, a group-wide process has been developed for joining and leaving the relevant voluntary commitments.

The review, decision-making and monitoring process of the ESG commitments is based on five principles. A differentiated process is designed to ensure that, on the one hand, the goals and contents of the voluntary commitments are comprehensively fulfilled at all times. On the other hand, progress in implementing the voluntary commitments is to be documented and evaluated. Finally, possible non-financial risks that may arise from the signing of new voluntary commitments or within the framework of existing commitments should be identified at an early stage.

Against this background, the principles also stipulate that, in each case, the organisational unit that initiated or completed the commitment is responsible for its implementation. It is also in contact with the sponsoring organisations of the voluntary

commitments to ensure that the commitments made are adhered to at all times. In the run-up to each new commitment as well as annually during the membership, a review and assessment is carried out with regard to reputational risks. In addition, a review is carried out to determine whether the objectives and content of the voluntary commitment are in line with DekaBank's stance on sustainability and therefore with the bank's holistic sustainability concept.

Before a voluntary commitment is signed, the Board of Management of DekaBank or the management of the relevant subsidiary must decide on and approve such a commitment. In addition, responsibilities must be clearly defined and documented. These responsibilities ensure that the specific requirements of the voluntary commitments are implemented within the units affected by the commitments. The relevant units and employees are provided with comprehensive information on the specific content and the resulting requirements for DekaBank or the individual subsidiaries, for example as part of further training. The Deka Group regularly reports on the nature and content of the voluntary commitments it has entered into and the progress made in each case in its Sustainability Report and on its website ([www.deka.de/deka-group](http://www.deka.de/deka-group)) and Intranet.

VOLUNTARY COMMITMENTS OF THE DEKA GROUP (TABLE 2)

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| Fields of action                 | Voluntary commitment   | Description  | Rules and regulations   | Sustainability  |
|----------------------------------|--|--|---|---|
| Sustainable corporate governance | German Sustainability Code   | Voluntary declaration of commitment by business enterprises to sustainable corporate governance, consisting of 20 criteria. Signatories undertake to submit a "declaration of compliance" with the criteria once a year.   | CSR reporting obligation, Business and Human Rights Action Plan, Paris Climate Agreement, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, ILO standards                                      | Responsible business management.  |
| Sustainable corporate governance | Frankfurt Declaration  | The Frankfurt Declaration is intended to be the "starting point of an open dialogue" within the framework of a joint sustainability initiative in the Frankfurt financial centre with Deutsche Börse and, according to Deutsche Börse, many other players in the financial centre. | Universal Declaration of Human Rights   | Sustainable development of the economy and society as well as environmental protection.                               |
| Sustainable corporate governance | Global Reporting Initiative  | Global reporting standards for the preparation of sustainability reports, divided into optional and mandatory reporting indicators.  | UN Guiding Principles on Business and Human Rights  | Transparency about and promotion of economic, ecological and social sustainability of companies.                      |
| Sustainable corporate governance | Self-commitment to climate-friendly and sustainable business practices | By signing up to climate-friendly and sustainable business practices; first signatories: 172/376 savings banks; eight alliance companies from the Sparkassengruppe; DekaBank first of the alliance companies.  |   | CO <sub>2</sub> -neutral business operations by 2035.   |
| Sustainable corporate governance | UN Global Compact  | Compliance with minimum social and environmental standards, which are set out in 10 principles. The condition of participation is an annual progress report (COP). By joining, the bank's subsidiaries are also participants.  | Universal Declaration of Human Rights, International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development; United Nations Convention Against Corruption | Protection of human and labour rights, environmental protection, promotion of social goals, prevention of corruption. |
| Sustainable banking operations   | DIN EN ISO 14001   | Globally accepted, applied and audited standards for environmental management systems.   |   | Improvement of corporate environmental performance and environmental protection.                                      |

| Fields of action  | Voluntary commitment  | Description  | Rules and regulations   | Sustainability   |
|---|---|--|---|--|
| Sustainable products                                      | Equator Principles  | Voluntary set of rules by banks for compliance with environmental and social standards in the area of project financing; verification through annual reporting.  | IFC Performance Standards on Environmental and Social Sustainability; World Bank Group Environmental, Health and Safety Guidelines        | Transition to an environmentally and socially friendly finance industry.                                       |
| Sustainable products                                      | European Transparency Guidelines for Sustainability Funds                 | The European Transparency Code applies to sustainability funds authorised for distribution in Europe and covers numerous asset classes, such as equities and bonds. The Code requires annual reporting on member transparency.   | International ESG standards; Universal Declaration of Human Rights  | Promotion of sustainability funds.   |
| Sustainable products                                      | Green Bond Principles   | Green and Social Bond Principles: authoritative guidance for the issuing process of "green and social securities" to be reported. DekaBank is an underwriter, i.e. it accompanies issues.  |   | Contribute to a social, green and transparent financial sector and a net zero emissions economy.               |
| Sustainable products                                      | Initiative to Measure and Promote Aviation's Carbon-free Transition e. V. | It is an initiative of leading banks, leasing companies and consultancies active in the aircraft financing segment, with the aim of promoting climate protection in the field of civil aviation and the annual reporting on the decarbonisation of the aviation industry.  |   | Contribution to strategy development, decarbonisation and net zero emissions by 2050 in the aviation industry. |
| Sustainable products                                      | Sustainability Code of the German Derivatives Association                 | The Sustainability Code of the German Derivatives Association (Deutscher Derivate Verband, DDV) introduces the product group of structured securities with sustainability features and positively distinguishes them from other structured securities according to the DDV product classification. In addition, it contains essential transparency regulations for this product group. | MiFID II  | More transparency and reliability for sustainable investments in structured securities.                        |
| Sustainable products                                      | Net Zero Asset Managers Initiative  | By signing up to the target of zero net greenhouse gas emissions by 2050 and presenting implemented climate strategies and TCFD disclosures annually.  |   | Transformation to an environmentally sound asset management industry.  |
| Sustainable products                                      | Poseidon Principles   | An international framework by and for financial institutions to finance sustainable assets in the shipping segment in order to contribute to a reduction of CO <sub>2</sub> emissions in shipping by at least 50 percent by 2050. Membership includes a commitment to publish an annual Climate Alignment Score.   |   | Greening and decarbonising the shipping industry.  |
| Sustainable products/<br>sustainable corporate governance | UN Principles for Responsible Investment                                  | Initiative of an international investor network that has created six principles for responsible investment with the aim of incorporating ESG issues into investment decision-making processes, which must be reported on annually.   | Universal Declaration of Human Rights   | Transition to an environmentally and socially supportive investment industry.                                  |
| Sustainable human resources management                    | Diversity Charter   | Germany-wide initiative to support minorities and promote diversity and inclusion in companies.  |   | Promote and support the welfare of minorities in the world of work.  |
| Sustainable human resources management                    | Women's Empowerment Principles  | Principles written by the joint initiative of UN Women and UN Global Compact for the promotion and empowerment of women in businesses, the implementation of which must be reported on annually.   | International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work; Universal Declaration of Human Rights | Long-term equality of all genders inside and outside the company.  |

### Compliance with Minimum Social Safeguards

The following frameworks are part of the Minimum Social Safeguards (MSS) according to Art. 18 EU Taxonomy Regulation (EU 2020/852):

- OECD Guidelines for Multinational Enterprises (MNE)
- United Nations Guiding Principles on Business and Human Rights (UNGPR)
- The eight core conventions on fundamental principles and rights at work of the International Labour Organisation (ILO core labour standards).
- International Bill of Human Rights

The MSS assessment ensures that the taxonomy-compliant classification of economic activities not only examines environmental sustainability (compliance with the significant contribution to at least one of the six environmental objectives without significantly compromising the other environmental objectives), but also that the minimum social safeguards pursuant to Art. 18 of the EU Taxonomy Regulation are complied with by the company carrying out the economic activity. According to the Final Report on Minimum Safeguards of the Platform on Sustainable Finance (October 2022), which developed and published a legally non-binding interpretation of Art. 18 on behalf of the EU Commission, the following criteria are relevant: In order to comply with the MSS, it must be demonstrated, according to the interpretation of the report, that there is no breach of the four identified core issues of human and labour rights, bribery and corruption, taxation and fair competition, and that processes and/or measures are implemented to ensure compliance with the core issues.

The Deka Group is compliant in all four core topics. In its processes and measures, it ensures that compliance will continue into the future. To this end, the Deka Group takes the core labour standards of the International Labour Organization (ILO) into account when selecting suppliers. (CF. **CHAPTER 3.1.2.**) Furthermore, the internationally recognised principles in the area of human and labour rights are applied in business relationships. Violation of these principles leads to exclusion of the companies. (CF. **CHAPTER 4.1.1.1.**) In addition, the Deka Group is aware of the importance of tax governance and tax compliance as an important element of supervision. As part of the Tax Compliance Management System, the Deka Group has implemented a tax compliance culture. The tax compliance culture prevents aggressive tax planning or artificial, abusive tax structuring without reference to actual economic performance. (CF. **CHAPTER 5.2.2.**) In addition, the Compliance corporate centre raises the employees' awareness of compliance with legal and regulatory requirements. For example, the Compliance unit regularly conducts mandatory training sessions for employees. In addition, ad hoc training sessions are held on specific topics. (CF. **CHAPTER 5.2.1.**) Furthermore, the Compliance corporate centre is responsible for combating corruption. For example, the Deka Group has defined principles with associated processes and measures in the "Deka Group Fraud Prevention System". The Fraud Prevention Forum regularly identifies and assesses the risk of corruption.

### 2.3.3. Materiality analysis

#### Fundamentals of the materiality analysis

As part of its reporting in accordance with the CSR Directive Implementation Act and the internationally recognised Global Reporting Initiative (GRI) standard, DekaBank regularly prepares a materiality analysis. The aim of this analysis is to identify the issues that are material to the Deka Group from a sustainability perspective and to ensure that the Sustainability Report provides comprehensive and meaningful information on these issues.

In the context of this report, the Deka Group takes into account new GRI requirements for conducting the materiality analysis and thus determining the material topics. As part of a review of sustainability reports prepared on the basis of its guidelines, the GRI found that companies primarily adopt an "outside-in perspective" and primarily present how sustainability factors, such as climate change, affect their business activi-

ties. Within the framework of the current GRI Universal Standards 2021, which are the authoritative basis for this Sustainability Report, the GRI has specified that in the materiality analysis, the effects of the companies on the environment, economy and people, including the effects on their human rights, are primarily to be analysed and evaluated ("inside-out perspective"). According to this, "material issues" are those issues that have the greatest impact on the three aspects mentioned. In contrast, the influence on the assessments and decisions of stakeholders, which previously also had to be taken into account when determining materiality, is no longer an independent factor for determining material issues.

#### Carrying out the materiality analysis

Despite the GRI's restriction on the importance of stakeholders in determining material topics, the perceptions of the Deka Group and its business activities by the various internal and external stakeholders form a central basis for the materiality analysis. The Deka Group therefore makes particular use of

surveys of the relevant stakeholder groups to identify their impact on the environment, economy and people. Individual stakeholders can have several roles. For example, customers are an essential part of the Deka Group's economic environment, but can also be taken into account as part of the GRI dimension "people".

The analysis of their expectations was last surveyed in 2021 as part of a study commissioned by the DSGV and DekaBank. As in 2016 and 2019, the survey was also conducted in 2021 by imug Beratungsgesellschaft für sozial-ökologische Innovationen. As part of a representative online survey, imug Beratungsgesellschaft interviewed a total of 3,011 people, who are at least partially responsible for banking decisions in their household. Of this population, 2,020 were customers of savings banks, 500 of whom owned securities at the time of the survey. In addition, 991 non-customers were surveyed as a comparison group. The online survey was supplemented by so-called live chats, in which two focus groups of 12 and 14 people respectively discussed aspects of sustainable investment. All members of the focus groups belonged to the population of the representative online survey. The focus of this survey with reference to the Deka Group was not only the importance of individual services, but also the perceived sustainability performance as well as the attractiveness and credibility of sustainable securities. A direct comparison of the results of the current survey with those of the previous surveys from 2016 and 2019 is not possible due to conceptual changes. Beyond this specific survey, conclusions about the perceived impact of the Deka Group can also be drawn from the other surveys of customers and partners. (CF. **CHAPTER 2.3.1.**)

Against the backdrop of the new GRI requirements for determining material impacts on the environment, economy and people, the analysis and evaluation of the external surveys was supplemented by an internal analysis that looked at which specific activities of the Deka Group have corresponding impacts in the sense of the aforementioned "inside-out perspective". To this end, the issues and activities that are material from the Deka Group's perspective were summarised in a matrix, assigned to the areas of action and assessed in terms of their

positive and negative impact. In addition to the results of the employee survey, the identification of the material issues and activities was based on ongoing projects to meet regulatory requirements as well as requirements arising from the Deka Group's memberships and voluntary commitments.

### Results of the materiality analysis

Based on the results of the various surveys and internal analyses of the negative and positive impacts on the environment, economy and people, the Deka Group has identified a total of eleven focus topics that have a significant or very significant impact. According to the Deka Group's analysis, five of these topics have an impact on human rights.

In order to increase transparency regarding the results of the analyses and the identified effects, the Deka Group has also changed the presentation of the material topics. Instead of presenting the five material topics in a matrix, the topics are presented in detail in tabular form in this report. (CF. **TABLE 3**) For each of the twelve focus topics, the impact is specified and the extent of the impact quantified. Where relevant, the impact on human rights is also documented and metrics and measures for managing the impacts are identified. The table also shows in which chapter of the Sustainability Report further information is available on the topics identified as material.

In addition, the content of the Sustainability Report takes into account the comprehensive information interests of the sustainability rating agencies and other stakeholders, in particular the supervisory authorities and non-governmental organisations, for whom the report is a key source for assessing the Deka Group's sustainability-related performance. (CF. **CHAPTER 5.7.**) In addition, the various conceptual and content-related requirements resulting from regulatory requirements, in particular the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG), as well as voluntary commitments, above all the orientation towards the GRI standards as well as the requirements of the German Sustainability Code (Deutscher Nachhaltigkeitskodex, DNK), must be met. (CF. **CHAPTER ABOUT THE REPORT**)

RESULTS OF THE MATERIALITY ANALYSIS (TABLE 3)

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| Topics   | Data focus areas  | Detail focus topics  | Impact on the environment, economy and people  | Significance of the impact compared to the other impact (internal assessment) or significance for the Data Group | Influence on human rights   | Selected metrics/measures and signed commitments  | Stakeholder identification and involvement  | Sustainability Report 2022                    | GRF indicators  |
|--|---|--|--|--|---|---|---|---|---|
| Corporate alignment and management of ESG topics | Further development of data as a customer-orientable, Werbausteinhaus of the savings banks  | Strategic action programme 2025, structure of ESG governance   | Targeted and measurable requirements for customers, sustainability for customers, sustainability dialogue and innovation, modern and change-capable organisation   | very essential   | Compliance with national standards and principles; Appointment of human rights officer as of January 2023                     | German Sustainability Code; Frankfurt Declaration; Global Compact; commitment to climate-friendly and sustainable business practices; development of a climate main rights officer in 2023; Innovation Bond   | Customers, employees, shareholders and supervisory representatives, suppliers as well as representatives from public, the media and civil society, non-governmental organisations, external stakeholders, board "Sustainability perception" | 2.2<br>2.2.2<br>3.1.2<br>5.2.6                | 2.9<br>2.13<br>2.27<br>205-3-207-1<br>1.6a-207.4<br>4.1b-1    |
|  |   |  |  | essential  | Legal protection  | Tax compliance officer; Tax Compliance Management System (Tax CMS); tax compliance reporting according to GRI site 2021; consulting and training, whistleblowing system, data protection, Social Security Management department; data protection management tool (DSMS); employee training audits and internal Business Continuity Management | Supervisory authorities, shareholders, customers  | 5.2<br>5.4                                    | 2-15<br>2-15<br>2-27<br>205-3-207-1<br>1.6a-207.4<br>4.1b-1   |
| Compliance                                       | Taxes<br><br>Combating fraud, corruption and bribery, prevention of money laundering and terrorist financing and compliance with sanctions and embargoes, conflicts of interest<br><br>Data protection and information security | Compliance with applicable tax laws and regulations<br><br>Compliance with regulatory and supervisory regulations (e.g. Money Laundering Act (Geldwäschegesetz, GWG) and the German Banking Act (Kreditwesengesetz, KWG))<br><br>Compliance with the GDPR and the BDSG | Compliance with laws, fair competition   | essential  |   | Tax compliance officer; Tax Compliance Management System (Tax CMS); tax compliance reporting according to GRI site 2021; consulting and training, whistleblowing system, data protection, Social Security Management department; data protection management tool (DSMS); employee training audits and internal Business Continuity Management | Supervisory authorities, shareholders, customers  | 5.3<br>6                                      | 2-12<br>2-13<br>2-16  |
| Customers  | Product and service range   | Range of sustainable products  | Transparency about investment decisions, customer information, example: post accumulation, initiation of initiation; conservation of resources; preservation of biodiversity; long-term value creation; ensuring capital flow into sustainable investments | very essential   |   | Net sales performance; volume of products with sustainability features; FN  | Customers' sustainability rating agencies; DWS; internal analysis 2021; Complaint Management; shareholder meeting   | 4.1.1<br>4.1.1.2.5                            | 2-6<br>305-5<br>4.1-2<br>FS8                                  |
|  |   | Lending with a sustainable focus   | Adoption of climate change impacts; conservation of resources and respect for human rights; commitment to innovation of financing for sustainable projects; transparency on investment decisions   | essential  | IFC Performance Standards; on Environmental and Social Sustainability; World Bank Environmental, Health and Safety Guidelines | Negative list and positive list; Equator Principles; ESG scorecards; Paetion Principles; M-CT; v. amount of financed CO <sub>2</sub> transport; gross financing volume for renewable energies; share of properties with sustainable certifications  | Customers' NGO; media; materiality analysis 2021  | 4.1.1<br>4.1.1.2.5                            | 2-6<br>2-23<br>2-24<br>2-24<br>205-2<br>4.13-2<br>FS9<br>FS11 |
|  |   | Engagement process   | Direct corporate contacts; voting at annual general meetings; addressing corporate governance issues and social and environmental aspects of business activities   | essential  |   | Voting and appearances at annual general meetings; stewardship  |   |   |   |
| Employees  | Sustainable human resource management   | Social and caring responsibility as an employer  | Flexible working time models, home office, part-time offices, subtitel, workspaces, individual counselling offers  | very essential   | Co-determination rights; protection of whistleblowers; collectively agreed pay; pay transparency                              | For example: turnover rate, sick leave, counselling and health services   | Employees; DWS public checks  | 4.2.2.3<br>4.2.5<br>4.2.6                     | 2-7<br>2-20<br>4.01-1<br>4.03-1<br>4.03-8<br>4.03-9           |
|  |   | Human resources management   | Training and further education; fair remuneration; pay transparency; equal pay   | very essential   |   | Number of further education courses; wage increases; women at management positions  | Employees; DWS public checks  | 4.2.1<br>4.2.1.1<br>4.2.2<br>4.2.3<br>4.2.6.3 | 2-7<br>2-20<br>4.01-1<br>4.03-1<br>4.03-4<br>4.05-1<br>4.06-1 |
|  |   | Diversity  | Appreciation of all employees; contribution of individuals; non-discrimination   | essential  | Equal opportunities; protection against discrimination  | Diversity Charter; Women's Empowerment Principles; Diversity Statement; equality forum for the Data Group   | Employees; sustainability rating agencies; NGOs; Data Group's Diversity Statement; DWS public checks  | 2.3.2.2<br>4.2.4                              | 2-23<br>2-24<br>4.03-1  |
| Business operations                              | Reduction of resource consumption and unavoidable CO <sub>2</sub> emissions   | Environmental management   | Relocation to more energy-efficient buildings at the Frankfurt site; conservation of scarce resources; avoidance of business trips; increase in energy efficiency; prevention of employee  | essential  | Combating climate change and resource scarcity  | Certification of environmental management system according to DIN ISO 14001; CO <sub>2</sub> footprint (annual reduction by 5%); 2028 climate-neutral goal; internal and external audits; internal environmental report   | Employees; NGO; climate change and resource scarcity; DWS public checks   | 3.2.2.2<br>3.1.1<br>3.1.3<br>3.2              | 2-23<br>2-24<br>305-1<br>305-3<br>305-1<br>305-3<br>305-5     |
|  | Sustainable procurement   | Compliance with sustainable criteria   | Audit of suppliers; compliance with data protection and whistleblowing in supply chains  | essential  | Respecting human rights in the supply chain and reducing environmental impacts  | Supplier audits; signed sustainability declarations   | Suppliers and cooperation partners  | 3.1.2   | 2-5<br>2-23<br>2-23<br>4.1a-1                                 |
| Social commitment                                | Promotion of the common good  | Social affairs and sports, music and architecture  | Supporting the socially significant work of universities, museums as institutions with the central aim of working to ensure that the diverse offerings are open to society   | essential  |   | Amount of donations and grants  | Shareholders; sustainability rating agencies; key figures of social commitment  | 4.3   |   |



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## 2.4. Sustainability communication

Sustainability issues are an integral part of the Deka Group's communications strategy and are regularly communicated with all relevant stakeholder groups. The Deka Group informs stakeholders, whether shareholders, customers, employees or the general public, about sustainability-related events and developments. The Deka Group uses the entire spectrum of available communication channels. These range from the employee magazine, press events and social media to sales and customer events. The Deka Group's website ([www.deka.de/deka-group](http://www.deka.de/deka-group)), which provides up-to-date information on the Deka Group's sustainability-related activities, also offers a comprehensive range of services. An overview of relevant subpages can be found in the imprint of the report. Employees of the Deka Group have access to an additional area on the Intranet, where information on the Deka Group's sustainability activities is bundled. The Board Staff & Communications division is in constant contact with the specialist units in order to identify issues relevant to sustainability and to disseminate them through the appropriate communication channels.

A central component of sustainability communication is the Sustainability Report. Since the 2017 financial year, the Deka Group, like numerous capital market-oriented companies, insurance companies and credit institutions, has been obliged by the "Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Management Reports (CSR Directive Implementation Act, CSR-RUG)", which was passed in spring 2017, to prepare a so-called non-financial report. Further details on this can be found in the CHAPTER "ABOUT THE REPORT".

The Deka Group applies the recognised guidelines of the Global Reporting Initiative (GRI) when preparing its Sustainability Report. Since 2013, the Deka Group has also prepared a declaration of compliance under the German Sustainability Code (DNK), which is published on the website of the German Council for Sustainable Development (RNE) ([www.deutscher-nachhaltigkeitskodex.de/en-DE/Home/Database](http://www.deutscher-nachhaltigkeitskodex.de/en-DE/Home/Database)).

### Note

The overview of climate-relevant report content, which was integrated at this point in the Sustainability Report 2021, was not carried over into this Sustainability Report 2022. All essential climate-related information is provided in the new **CHAPTER 6.**, which was prepared taking into account the recommendations of the TCFD.

# E – Environmental







## E – Environmental

### 3. Sustainable banking operations

A significant proportion of the direct climate and environmental impacts from DekaBank's business operations is associated with the use of its properties. The relocation of large parts of the workforce to the new site in Frankfurt-Niederrad (LS 13) will significantly reduce these impacts, as the new building meets much higher energy and environmental standards than the old sites in Frankfurt city centre, which did not allow extensive technical upgrades. In the year under review, this effect is only partially reflected in the environmental indicators, as the move was only completed in the course of the year and both the old and the new location had to be managed during a transition period.

#### 3.1. Environmental management

##### 3.1.1. Environmental management system

To implement the environmental guidelines adopted by the Board of Management, in which the Deka Group commits to a sustainable business approach in economic, ecological and social terms, the Deka Group introduced an environmental management system certified to DIN EN ISO 14001 back in 2009.

The environmental balance sheet, which is prepared annually as part of this system, covers all DekaBank buildings currently in use at the Frankfurt site (Trianon and the new LS 13 building). The key figures on paper consumption relate to all locations in Germany. The data on business trips is available for the entire Deka Group.

The overriding goal of the environmental management measures is to reduce greenhouse gas emissions by five percent annually and to successively extend the coverage to all Deka Group sites. The functionality of the environmental management system and the proper implementation of the associated requirements are reviewed annually as part of an audit by the auditing company AGIMUS. The most recent monitoring audit of the environmental management system was carried out in 2021, during which the environmental auditor certified that the Deka Group's environmental management system continues to be of a very high standard.

##### 3.1.2. Procurement

In the year under review, DekaBank's Strategic Purchasing procured goods and services with a total gross value of 343 million euros (2021: 300 million euros)<sup>10</sup>. Around 85 percent of strategic purchasing's contractual partners were commissioned in Germany, with the remainder from European suppliers.

When selecting suppliers, DekaBank has defined sustainability-related requirements for both the quality of the products and services purchased as well as the corporate governance of the suppliers and service providers. Key points of the corporate requirements are set out in the sustainability declaration, which the largest suppliers sign before entering into a business relationship. In this declaration, they undertake, among other things, to comply with the core labour standards of the International Labour Organization (ILO). As part of a comprehensive review of the sustainability declaration in 2021, it was determined that DekaBank's contractual partners are obliged to submit a statement and documentation if there are indications of violations in order to enable an assessment of the situation.

By the end of 2022, 360 suppliers had signed the declaration. They represent about 85 percent of the procurement volume in strategic purchasing. The remaining 15 percent relate to smaller consulting and software companies, for which the signing is waived after weighing the potential impact on the relevant sustainability aspects and the effort required to obtain and track the declaration.<sup>11</sup>

All new suppliers are required to provide information on their environmental management standards and performance in DekaBank's purchasing portal. This gives procurement staff the opportunity to take relevant aspects into account when negotiating with suppliers. In the year under review, new sustainability declarations were concluded with a total of 30 suppliers in the areas of consulting, personnel and IT.

If DekaBank identifies breaches of the requirements set out in the sustainability declaration as part of the regular supplier audits or learns of them through other means, the supplier is given the opportunity to rectify the identified deficiencies. If this does not happen, or if DekaBank considers it to be inadequate, a multi-stage process is set in motion, at the end of

<sup>10</sup> Strategic purchasing includes the product groups consulting/office/business equipment, business IT infrastructure, services and personnel.

<sup>11</sup> In 2022, DekaBank ordered products and services from around 1,300 suppliers. This included numerous small and one-off orders. The number of suppliers with significant sales (>1 million euros) is around 70.

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which the contractual relationship may be terminated. In the year under review, there was no termination of a supplier relationship due to breaches of the sustainability obligation.

### Dealing with the requirements of the Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG)

The Act on Corporate Due Diligence in Supply Chains (LkSG) will come into full force on 1 January 2023. The aim of the law is to protect fundamental human rights in companies' supply chains and, in particular, to enforce the prohibition of child and forced labour. Environmental concerns are also relevant here if they lead to human rights violations or serve to protect human health. In the first phase, the LkSG applies to companies that generally employ at least 3,000 workers in Germany. This means that DekaBank also falls within the scope of the LkSG. The implementation of the associated requirements will be carried out for DekaBank and its suppliers as well as for the subsidiaries, over which DekaBank exercises a determining influence.

To prepare for the implementation of the law, the initial situation and scope of application for the LkSG were analysed and the specific need for action was defined for DekaBank and the other relevant companies in the Deka Group. Responsibilities for the initial implementation of the legal requirements and for ensuring compliance with these requirements on a permanent basis were also defined.

In the course of implementing the legal requirements, a human rights officer was appointed by the end of the 2022 financial year and a complaints procedure was set up in accordance with the requirements of the LkSG. In 2023, further steps will follow to implement the LkSG, including risk analyses for the bank's own business division and direct suppliers. As required by the LkSG, DekaBank will also report transparently on the results of the analyses and the measures derived and publish the policy statement required by the LkSG once the risk analysis has been carried out. In addition, DekaBank will publish a declaration on its responsibility for human rights and the environment in its supply chains as early as the beginning of 2023, which goes beyond the legal requirement. (CF. <https://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainable-corporate-management-at-dekabank/business--human-rights>)

Sustainability criteria are also very important in the selection of products and services. For example, new energy-saving computers were ordered for the Deka Group in 2022, and the replacement of the devices will take place at the beginning of 2023. The total of around 5,000 desktop PCs and notebooks meet the requirements of the "Energy Star" eco-label in the current version 8.0 and the EPEAT Gold Standard. The new

notebooks were procured including the CO<sub>2</sub> offset service offered by the supplier to compensate for the CO<sub>2</sub> emissions generated during production and delivery. The decommissioned computers are comprehensively refurbished by an external specialist and resold as used equipment. The procured monitors also meet high energy efficiency requirements.

Like the properties used by the Deka Group itself, the two data centres operated by external service providers, where DekaBank's servers work, are powered 100 percent by green electricity. Here, DekaBank uses its influence on the service providers to promote climate and environmentally friendly behaviour.

The majority of the advertising materials are sourced from a supplier, whose sustainability management has been audited by Ecovadis. The supplier has also undertaken to take into account the principles of the UN Global Compact and to report annually on its compliance. When selecting hotels to host events, DekaBank ensures that they are awarded at least one recognised environmental or sustainability seal, such as the Biosphere Responsible Tourism certificate, or have a certified environmental management system, e.g. in accordance with EMAS or ISO 14001.

The core range of office supplies was switched to exclusively ecological items at the beginning of 2021. These products are characterised by the fact that they are either certified with a recognised seal (Blue Angel, EU Ecolabel, FSC/PEFC certificate) or consist of 100 percent recycled paper or were manufactured without solvents. In addition, the range includes items made of recycled plastic or with housings made of natural, renewable and compostable cellulose.

### 3.1.3. Resource consumption and waste

As in the previous year, a special effect must be taken into account with regard to the waste volume in the year under review. As part of the abandonment of the old business premises in Frankfurt city centre and the move to the new location in Frankfurt-Niederrad, a total of 332 tonnes of electrical and metal scrap, discarded office furniture and waste paper were generated. To reduce the amount of waste, reuse was organised wherever possible. For example, a large part of the furniture was sold to a subcontractor, who recycled some of the furniture.

All companies entrusted with the disposal of waste hold a certificate as a specialist disposal company in accordance with the German Act on Closed Cycle Management and Waste. DekaBank conducts regular audits at the companies to ensure that waste is disposed of in a safe and environmentally friendly manner. Paper consumption in the year under review was 574 tonnes, 203 tonnes lower than in the previous year (2021: 777 tonnes). The reason for the significant decrease in paper consumption is that there were no regulatory mailings to customers in the year under review.

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The so-called Packaging Act came into force on 1 January 2019. It stipulates that first distributors of goods with filled sales packaging that reach private end consumers must be reported in advance to the Central Agency Packaging Register (Zentrale Stelle Verpackungsregister). Since the data can be viewed publicly, this creates more transparency as to which manufacturers, traders and/or distributors of packaging are fulfilling their product responsibility. To implement the law, DekaBank records the relevant data in the "SoFi" environmental database it uses and transmits it to the central register.

### 3.2. Climate protection in business operations

#### 3.2.1. Energy consumption of owner-occupied properties

Reducing energy consumption at the Deka Group's sites contributes directly to reducing greenhouse gas emissions, particularly CO<sub>2</sub>. Based on the results of the energy audits carried out in 2015 and 2019 in accordance with DIN 16247 and as part of the environmental management system, the Deka Group's Real Estate Management was able to implement numerous measures to reduce energy consumption at the previous locations. For example, the room temperature in the IT technical rooms was increased by two to four degrees, thereby saving energy in room cooling. Sensors monitor compliance with the target temperature of 23° to 25° Celsius. With this measure, DekaBank is also implementing a requirement of the banking supervisory authority, which stipulates that banks must continuously measure electricity consumption in the relevant IT rooms. Around 80,000 kWh of electricity can thus be saved per year.

A significant improvement in energy consumption as well as other consumption and emission values has occurred due to the commissioning of the new office building in Frankfurt-Niederrad, which is also referred to as LS 13 due to its address at Lyoner Straße 13. By moving out of the Skyper and Prisma buildings previously used and also partially out of the Trianon to the new location, which meets much higher energy and environmental standards, energy consumption was reduced by around 12.3 percent in the year under review compared to the previous year.

The new building offers space for up to 3,700 employees on an area of around 47,000 m<sup>2</sup>. It features smart building technology and efficient control of lighting and indoor climate. Both contribute to saving energy and thus to reducing CO<sub>2</sub> – for example through the use of heated-cool ceilings, humidification and dehumidification systems, façades that let in a lot of daylight and combined heat/cold protection for the windows, motion detectors for lights or instantaneous water heaters in toilets and showers. The heat is mainly obtained from

combined heat and power. A photovoltaic system was installed on the roof, and 100 percent of the electricity generated there is used directly in the building. The other electricity for the building also comes entirely from renewable sources. The LS 13 building is equipped with 125 charging points for e-bikes. In addition, the installation of 24 charging points for e-vehicles is planned for the first quarter of 2023. An expansion to 60 charging points for e-vehicles is already technically prepared.

#### Green roofs have a positive effect on the micro- and macroclimate

The roof area of the new building in Lyoner Straße, which covers around 3,900 m<sup>2</sup>, will be greened. A variety of plant species will be used, so that sedums, perennials and small as well as large shrubs up to multi-stemmed woody plants support biodiversity and fine dust mitigation. All rainwater is temporarily stored in the green roof structures and made available for the vegetation on the roof. Excess precipitation water is passed on to an underground buffer tank to be subsequently returned to the natural water cycle for groundwater recharge. In addition, the green roof promotes the natural evaporation process; this form of active cooling has a positive effect on the urban climate. In total, up to 2.9 kilograms of CO<sub>2</sub> are bound per m<sup>2</sup> per year and noise is reduced by 20 to 46 decibels.

The flexible workplace concept with its combination of modern workplaces with opportunities for retreat, lounges and activity rooms not only enables individual and needs-based use of the rooms, but also reduces the space required by around 25 percent compared to the properties previously used. In addition to a significant reduction in energy consumption, this also results in significant cost savings. The office building was awarded DGNB Platinum certification for its comprehensive climate, environmental and social properties.

Against the backdrop of the Russian war of aggression on Ukraine and the subsequent changes in gas supplies and possible energy shortages, the Deka Group stepped up its energy-saving measures in the year under review. In the buildings used by the Deka Group, rooms are cooled to 25° Celsius during the warm season and heated to 20° Celsius during the heating season.

#### 3.2.2. Traffic

Besides energy consumption, business travel represents the most significant direct environmental impact of non-manufacturing companies such as banks and is an important starting point for further reducing climate-relevant emissions. Sustainability aspects are therefore systematically taken into account in

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all decisions on the design of mobility in the context of commuter traffic and business travel.

### Business trips

After business travel was affected by the restrictions associated with the Corona pandemic in the first months of the year under review, travel activity intensified again in the course of the year after numerous protective measures were lifted. As a result, long-haul flights increased by 183.9 percent and short-haul flights by 160.4 percent compared to the previous year. Despite the significant increases, the volume of flights was below the figure for 2019. DekaBank employees also travelled more on business by train (+50.3 percent) and car (+127.4 percent) in the year under review.

In order to further raise travellers' awareness of the preferred use of rail, a note has been integrated into the travel booking system that explicitly draws their attention to the climate-friendly travel option with Deutsche Bahn when booking air travel. The new "Green Traveling" website, which the Deka Group's travel management team integrated into its Intranet site at the beginning of 2023, also provides information on climate-friendly and sustainable travel.

### Vehicle fleet

The average CO<sub>2</sub> emissions of the Deka Group's entire fleet currently stand at 99g/km (2021: 106g/km). In order to further reduce these emissions, the DekaBank's Board of Management issued a mandate in 2021 to develop and implement a comprehensive concept to gradually reduce the fleet's CO<sub>2</sub> footprint: The aim is to reduce these CO<sub>2</sub> emissions by at least 40 percent by 2025 compared with the 2019 level; from 2028, the vehicles should then be driven without any corresponding emissions.

An essential building block for achieving this goal is the expansion of e-mobility. In cooperation with Real Estate Management and Human Resources, Fleet Management has implemented a series of measures to increase the use of hybrid and especially e-vehicles. For example, on 1 March 2022, a model matrix for full electric vehicles was rolled out for the different groups of company car users, as well as an explicit order recommendation for full electric vehicles. The model matrix lists vehicles that meet DekaBank's requirements and can be ordered. The attainability of the target set for 2028 also depends on the extent to which the suppliers of full electric vehicles succeed in eliminating the supply bottlenecks and delivering such vehicles in sufficient quantities.

In addition, further manufacturers of petrol and diesel hybrid models have been added to the pool of eligible vehicles. Users of e-vehicles, who charge their vehicles at their place of residence continue to receive either a flat rate of 15 euros per month for plug-in hybrids or 30 euros per month for full electric vehicles or can have the charging costs reimbursed in full,

provided they can prove the real costs by means of a meter that complies with calibration law. In addition, DekaBank pays a subsidy of 1,000 euros for the installation of wallboxes at the residential locations of those entitled to a company car. At the new location in Frankfurt-Niederrad, 24 charging stations are available, and a further 40 charging stations are technically pre-equipped and can be connected to the grid at any time.

With effect from 1 February 2023, the leasing reference rates for full electric vehicles will be significantly increased in order to keep the ordering of these vehicles attractive for those entitled to company cars.

In addition to the E-Smarts at Deka Immobilien Investment GmbH's regional locations, the Deka Group has a fleet of 98 plug-in hybrids and six pure e-vehicles as on 31 December 2022. At the same time, there were around 160 open orders, of which around 25 percent were for full electric vehicles. Therefore, depending on the delivery times of the manufacturers, the share of full electric vehicles in the total fleet will increase significantly in 2023/2024.

### Bicycle leasing

The bicycle leasing offer introduced in 2019 has been very well received by employees. Under this model, all permanent employees of the Deka Group have the option, similar to a company car lease, of leasing up to two bicycles worth up to 5,000 euros gross each over 36 months as part of a gross salary conversion. Particularly during the Corona pandemic, there was a high level of interest in the offer and by the end of the year under review, 974 bicycles had been leased by employees (2021: 942). It is particularly pleasing that the number of contracts has continued to rise, although the first leasing contracts expired after a term of three years. At the new location in Niederrad, 500 covered and lockable bicycle parking spaces and 125 charging stations for e-bikes are available for employees.

### Job ticket and car pooling

Since 1 April 2019, DekaBank's Premium-JobTicket has been valid throughout the year in the entire region of the Rhine/Main Regional Transport Association (RMV) for bus, S-Bahn, regional trains, trams and underground trains and for any number of journeys in 2nd class. For business trips from Frankfurt to the Luxembourg office, a "carpooling calendar" tool was already made available in 2018 to support the formation of carpools.

### 3.2.3. Greenhouse gas emissions in business operations

DekaBank's central goal in the area of environmental management is to reduce its own emissions by at least five percent annually. This figure is higher than the linear reduction in absolute greenhouse gas emissions of at least 4.2 percent per year on average, which is considered necessary by the Science

## E – ENVIRONMENTAL

Based Targets Initiative (SBTi) to limit the rise in global warming to below 1.5° Celsius.

This target was not achieved in the year under review. The absolute CO<sub>2</sub> emissions increased minimally compared to the previous year to 6,234 tonnes (2021: 6,199 tonnes)<sup>12</sup>. Although electricity consumption and district heating consumption were reduced with the move to the new building in Niederrad, this was offset by an increase in business travel and a partial adjustment of the conversion factors.

As in the previous year under review, the electricity consumption of employees in home offices was also taken into account when calculating emissions. Compared to 2021, fewer employees worked in a home office.

### Scope 1, 2 and 3 greenhouse gas emissions

The GHG Protocol Corporate Standard classifies a company's greenhouse gas emissions into three scopes. Scope 1 emissions are direct emissions from own sources or those under direct control. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions that occur in the reporting company's value chain and are not included in Scope 2 emissions. This includes upstream and downstream emissions.

### 3.2.4. Compensation of unavoidable emissions

In order to compensate for the unavoidable CO<sub>2</sub> emissions caused by its business operations, DekaBank has been offsetting these since 2020 by purchasing reduction certificates from selected international projects.

DekaBank is aware that offsetting greenhouse gas emissions through the retirement of emission rights is not without controversy. For one thing, it therefore consistently ensures that offsetting is only regularly used when the currently possible measures to avoid and reduce emissions have been exhausted. DekaBank works here according to the principle of "avoid before reduce before compensate".

On the other hand, high standards are applied to the climate protection projects, from which the emission reduction certificates for offsetting originate. They must not only meet strict quality standards, but also make an active contribution to achieving at least one of the United Nation's 17 Sustainable Development Goals. This is also ensured by the fact that the projects are primarily implemented in countries of the global South. The quality of the projects is verified by an independent assessor, who, among other things, ensures the additivity of the projects, carries out a plausibility check for the calculation of the offset greenhouse gas emissions and checks the vesting and unambiguousness of the allocation.

For the year under review, the Deka Group offset its unavoidable emissions from business operations with a biogas project in India and a rainforest protection and biodiversity conservation project in Borneo/Indonesia, among others.

### DekaBank supports savings banks on the path to greater sustainability

Based on its own experience, DekaBank has developed an offer to support the savings banks in determining and offsetting their emissions from business operations. Around 260 savings banks and associated institutions have already committed to making their business operations CO<sub>2</sub> neutral by 2035 at the latest as part of the "Commitment by German Savings Banks to climate-friendly and sustainable business practices" published in 2020.

DekaBank offers the savings banks the opportunity to set aside emission reduction certificates from climate protection projects previously verified by DekaBank via the Deka Easy Access (DEA) information and trading platform. More than 130 savings banks already use the DEA-CO<sub>2</sub> module.

For the savings banks, the extensive support from DekaBank has several advantages: On the one hand, the CO<sub>2</sub> compensation platform in DEA provides them with a functioning infrastructure and a reliable process; on the other hand, they save themselves extensive research into suitable compensation projects, as DekaBank takes care of this for them. The legal and administrative burden is also reduced, as DekaBank has already negotiated a framework agreement with all project providers.

<sup>12</sup> According to the GHG Protocol, five other climate-relevant gases are grouped together in addition to CO<sub>2</sub>: Methane, nitrous oxide, sulphur hexafluoride and two groups of hydrofluorocarbons (CO<sub>2</sub>e).



## E – ENVIRONMENTAL

## Environmental Indicators 2022\* (TABLE 4)

## GREENHOUSE GAS EMISSIONS

|      | Direct emissions<br>(Scope 1) kg CO <sub>2</sub> e | Indirect emissions<br>(Scope 2) kg CO <sub>2</sub> e | Other indirect emissions<br>(Scope 3) kg CO <sub>2</sub> e | Total     |
|------|--|--|--|-----------|
| 2019 | 1,760,145  | 4,412,596  | 3,228,399  | 9,401,140 |
| 2020 | 1,263,411  | 3,118,779 <sup>13</sup>                              | 1,817,312  | 6,199,502 |
| 2021 | 1,077,192  | 3,113,053  | 2,009,122  | 6,199,367 |
| 2022 | 1,289,200  | 2,052,460  | 2,891,850  | 6,233,510 |

## ENERGY CONSUMPTION BY ENERGY SOURCE

|                                  | Trianon ML16 in kWh | LS 13 in kWh | Skyper TA 1 in kWh | HA 14 in kWh |
|----------------------------------|---------------------|--------------|--------------------|--------------|
| Power                            | 4,347,965           | 3,075,787    | 825,386            | 64,825       |
| Gas                              | –                   | –            | –                  | 94,644       |
| Diesel for emergency electricity | 13,852              | 15,664       | 589                | –            |
| District heating                 | 4,712,895           | 1,942,853    | 2,349,429          | –            |
| Total                            | 9,074,712           | 5,034,304    | 3,175,404          | 159,469      |

## DEVELOPMENT OF TOTAL ENERGY CONSUMPTION

|              | 2019<br>in kWh | Tolerance<br>to 2018 | 2020<br>in kWh | Tolerance<br>to 2019 | 2021<br>in kWh | Tolerance<br>to 2020 | 2022<br>in kWh | Tolerance<br>to 2021 |
|--------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|
| Trianon ML16 | 11,680,122     | 8.5 %                | 10,026,407     | -14.2 %              | 10,064,507     | 0.4 %                | 9,074,712      | -9.8 %               |
| LS 13        | –              | –                    | –              | –                    | –              | –                    | 5,034,304      | –                    |
| Prism HS 55  | 6,269,473      | -10.2 %              | 6,279,231      | 0.2 %                | 6,571,285      | 4.7 %                | –              | –                    |
| Skyper TA 1  | 2,799,364      | 0.7 %                | 2,827,489      | 1.7 %                | 3,109,073      | 10.0 %               | 3,175,404      | 2.1 %                |
| HA 14        | 67,431         | –                    | 153,177        | 127.2 %              | 154,916        | 1.1 %                | 159,469        | 3.0 %                |
| Total        | 20,816,390     | 1.3 %                | 19,286,304     | -7.4 %               | 19,899,781     | 3.2 %                | 17,443,889     | -12.3 %              |

## DEVELOPMENT OF ABSOLUTE BUSINESS TRAVEL BY MEANS OF TRANSPORT

|                | 2019<br>in km | Tolerance<br>to 2018 | 2020<br>in km | Tolerance<br>to 2019 | 2021<br>in km | Tolerance<br>to 2020 | 2022<br>in km | Tolerance<br>to 2021 |
|----------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| Rail transport | 4,968,532     | 39.3 %               | 2,223,589     | -55.2 %              | 1,815,773     | -18.3 %              | 2,728,434     | 50.3 %               |
| Road traffic   | 9,535,611     | -0.6 %               | 8,908,530     | -6.6 %               | 6,829,094     | -23.3 %              | 7,620,596     | 11.6 %               |
| Air traffic    | 9,461,517     | -5.0 %               | 1,957,931     | -79.3 %              | 1,444,849     | -26.2 %              | 4,087,320     | 182.9 %              |
| Total          | 23,965,660    | 3.7 %                | 13,090,050    | -45.4 %              | 10,089,716    | -22.9 %              | 14,436,350    | 43.1 %               |

## DEVELOPMENT OF ABSOLUTE DRINKING WATER CONSUMPTION

|              | 2019<br>in m³ | Tolerance<br>to 2018 | 2020<br>in m³ | Tolerance<br>to 2019 | 2021<br>in m³ | Tolerance<br>to 2020 | 2022<br>in m³ | Tolerance<br>to 2021 |
|--------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| Trianon ML16 | 20,552        | -16.8 %              | 13,202        | -35.8 %              | 14,755        | 11.8 %               | 13,865        | -6.3 %               |
| LS 13        | –             | –                    | –             | –                    | –             | –                    | 10,366        | –                    |
| Prism HS 55  | 19,383        | -6.6 %               | 12,603        | -35.0 %              | 8,876         | -29.6 %              | –             | –                    |
| Skyper TA 1  | 2,477         | -3.4 %               | 1,321         | -46.7 %              | 1,002         | -24.1 %              | 729           | -27.3 %              |
| HA 14        | 343           | –                    | 163           | -52.5 %              | 60            | -63.2 %              | 87            | 45.0 %               |
| Total        | 42,755        | -11.0 %              | 27,289        | -36.2 %              | 24,693        | -9.5 %               | 25,047        | 1.4 %                |

## DEVELOPMENT OF THE ABSOLUTE WASTE VOLUME

|              | 2019<br>in t | Tolerance<br>to 2018 | 2020<br>in t | Tolerance<br>to 2019 | 2021<br>in t | Tolerance<br>to 2020 | 2022<br>in t | Tolerance<br>to 2021 |
|--------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|
| Trianon ML16 | 105.5        | 5.0 %                | 53.7         | -49.1 %              | 30.3         | -43.7 %              | 171.9        | 467.3 %              |
| LS 13        | –            | –                    | –            | –                    | –            | –                    | 88.3         | –                    |
| Prism HS 55  | 107.1        | 16.0 %               | 39.5         | -63.1 %              | 362.3        | 818.5 %              | –            | –                    |
| Skyper TA 1  | 46.5         | 10.1 %               | 18.8         | -59.6 %              | 15.7         | -16.4 %              | 230.8        | 1.375.2 %            |
| HA 14        | 1.9          | –                    | 0.4          | -78.9 %              | 0.1          | -81.8 %              | 0.3          | 200.0 %              |
| Total        | 261.0        | 11.1 %               | 112.4        | -56.9 %              | 408.4        | 363.3 %              | 491.3        | 20.3 %               |

\*Data basis on energy/resource consumption and emissions: The figures relate to the four buildings used by the Deka Group in Frankfurt am Main (Trianon, LS13, Skyper and Hamburger Allee (HA 14)), plus the Luxembourg and, since 2019, Berlin and Leipzig sites for emissions. All other locations have not yet been included in the recording of consumption values for energy, water and waste. The electricity consumption of employees in home offices was additionally recorded under Scope 3, taking into account the average home office quota. The calculation is based on the factor determined by the VFU. In addition, the following exceptions apply with regard to the data basis: Information on business trips is available company-wide for the Deka Group excluding S Broker. In addition to the locations in Germany, the location in Luxembourg is also included here. Since 2019, green electricity has been purchased at all Deka Group locations. This green electricity was used in the calculation according to the origin of the factors: In Frankfurt with the factor for hydropower and in Luxembourg with the factors for wind and hydropower (50 percent each). For electricity consumption, the emission factor was obtained from the supplier.

<sup>13</sup> Recalculation of emissions due to purchase of green electricity via utility billing in Luxembourg from 2020.

# S – Social





## S – Social

### 4. Customers, employees and society

#### 4.1. Sustainable products

Within the framework of the Sustainable Finance Disclosure Regulation, the legislator has given the providers of investment products with sustainability features both comprehensive and detailed requirements for the information on the corresponding features as well as individual requirements for the design of such products. The aim is to provide investors with more and, above all, comparable information about the products. The Deka Group has comprehensively implemented these requirements for all existing products and for the new products launched in the year under review. At the same time, it is convinced that a successful redirection of capital into sustainable investments can only succeed if the regulatory requirements are supplemented by information tailored to the target group. Under the heading "Sinnvestieren" (investing meaningfully), it therefore provides, among other things, comprehensive information about the numerous possibilities of a capital investment under sustainability aspects.

##### 4.1.1. Sustainability in capital investment

In the area of investments, a distinction is made between proprietary investments and the investment solutions offered to DekaBank customers. While DekaBank takes its own requirements into account when making its own investments, the specific requirements of individual customer groups and customers must be taken into account when designing investment products. These increasingly include sustainability-related requirements.

###### 4.1.1.1. Capital investments for own account

The Deka Group's credit risk strategy forms the key basis for the requirements for proprietary investments. Based on the objectives and guidelines set out in the Deka Group's business strategy, including those relating to sustainable corporate governance, this strategy sets the framework for all lending activities. Since July 2014, DekaBank has also been using a sustainability filter for new proprietary investments, which has been further developed over time.

Based on the UN Global Compact, this includes a catalogue of exclusion criteria for the areas of the environment, human and labour rights and corruption. For each new investment, in addition to the sustainability check already carried out centrally in the context of limit installations, increases and extensions, an examination of the issuers is carried out on the basis of comprehensive criteria of the sustainability filter for proprietary investments. In particular, proprietary investments in companies are excluded that

- generate a revenue share of more than 30 percent from coal production and/or more than 40 percent from coal-fired power generation,

- generate a revenue share of more than 10 percent from tar sands, oil shale or unconventional production methods, in particular Arctic Drilling and Ultra Deep Offshore,<sup>14</sup>
- violate internationally recognised principles in the field of human and labour rights and corporate governance and behaviour (e.g. ILO Declaration on Fundamental Principles and Rights at Work, requirements of the UN Global Compact, OECD Guidelines for Multinational Enterprises).

For details CF. **CHAPTER 4.1.2.** where the full negative list is given.

Issuers of securities that violate one or more of these exclusion criteria are excluded from new investments. As of 31 December 2022, 100 percent of proprietary investments in securities with a nominal volume of approximately 9.7 billion euros (2021: 8.7 billion euros)<sup>15</sup> and 0.7 billion euros in special funds (CF. **CHAPTER 4.1.1.2.3.**) were managed using the criteria of the proprietary investment filter.

##### Deka Treasury Compass

With the Deka Treasury Compass, DekaBank also offers the savings banks the opportunity to carry out a detailed sustainability check for their own investments, which is also based on the criteria of the UN Global Compact. In the year under review, 201 savings banks had a sustainability analysis carried out for their direct portfolios based on the Deka Treasury Compass. As a result, 90 percent of the assessable investment volume of the savings banks met the sustainability criteria.

<sup>14</sup> new inclusion of exclusion criteria in the sustainability filter in the course of 2022

<sup>15</sup> without S Broker AG & Co. KG



## S – SOCIAL

### Deka Easy Access

With the Deka Easy Access treasury platform, DekaBank already supports more than 300 institutions in taking sustainability criteria into account in their capital investments. In cooperation with the rating agency Moody's ESG Solutions (formerly V.E or Vigeo Eiris), information is provided for around 1,000 issuers on, among other things, possible breaches by issuers of the principles of the UN Global Compact and the overall quality of sustainability management. In addition, an ESG Score was introduced to enable institutions to manage their portfolios on a granular basis and to improve the comparability of issuers. This offering is supplemented by the Deka Research Hub, which provides comprehensive analyses of issuers of mortgage bonds and other securities.

#### 4.1.1.2. Capital market-based investment products

Deka Investment GmbH added sustainability aspects to the classic triangle of investment – return, risk and liquidity – several years ago and defined sustainability standards for funds it manages, irrespective of a sustainability-related orientation. For example, the funds managed by Deka Investment GmbH do not invest in companies that produce controversial weapons such as anti-personnel mines or cluster munitions ("cluster bombs"). The mutual funds managed by Deka Investment GmbH also exclude manufacturers of small arms and companies significantly involved in the coal sector from investment. In addition, the Deka Group does not issue any products that directly track the price development of basic foodstuffs.

##### 4.1.1.2.1. Funds, ETFs and certificates

#### Deka funds with sustainability features

The Deka Group offers investors a broad range of funds with sustainability features, which was expanded again in the year under review. For example, the DekaLux-PharmaTech fund was converted to a sustainable fund concept and renamed Deka-Nachhaltigkeit Gesundheit (Deka-Sustainability Health). The product range was thus expanded to include a sustainable thematic fund that invests predominantly in equities or equity-like securities of companies in the healthcare sector that work, for example, on the discovery, research and development, production, distribution and marketing of healthcare products. Since 2021, the sustainable product range has already included three funds in the Deka-Nachhaltigkeit Aktien family, each with a regional focus. With the North America, Europe and Germany regions, Deka Investment GmbH is offering actively managed sustainability funds for the first time that invest specifically in regional target markets.

Finally, the "Deka-Sustainability" fund family also includes the Deka-Sustainability Shares, Deka-Sustainability Pension, Deka-Sustainability Balance and the Deka-Sustainability ManagerSelect fund, which were launched several years ago. The fund family thus offers investors a broad selection of equity, bond

or mixed fund portfolios, with which they can invest in investment solutions that meet the special criteria of a sustainable investment. The two funds Deka-Foundations Balance and Deka-Churches Balance are also aimed at institutional investors. The planned demand-driven expansion of the product range with sustainability features was made more difficult due to interpretations by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). Product measures and new launches of active funds at the German location were therefore postponed.

In total, the Deka Group managed 108 retail funds with sustainability features with a volume of 31.4 billion euros as of 31 December 2022. The net inflows amounted to 2.7 billion euros in the year under review.

An up-to-date overview of the continuously growing range of investment solutions with sustainability features can be found on the following websites:

- [www.deka.de/privatkunden/produkte/fonds/nachhaltigkeitsfonds](http://www.deka.de/privatkunden/produkte/fonds/nachhaltigkeitsfonds)
- [www.iqam.com/de/nachhaltigkeit](http://www.iqam.com/de/nachhaltigkeit)
- [www.deka.de/privatkunden/immobilienfonds](http://www.deka.de/privatkunden/immobilienfonds)
- [www.deka.de/privatkunden/fonds-und-zertifikate/deka-etfs](http://www.deka.de/privatkunden/fonds-und-zertifikate/deka-etfs)
- [www.deka.de/privatkunden/fonds-und-zertifikate/vermoegensverwaltende-fonds](http://www.deka.de/privatkunden/fonds-und-zertifikate/vermoegensverwaltende-fonds)

Sustainable securities investments are possible in the DekaBank custody account from as little as 25 euros per month. In addition to the funds in the Deka-Nachhaltigkeit Aktien family, seven other funds are now suitable for investing capital-forming benefits, including Deka-Nachhaltigkeit Impact Aktien and the Deka-BasisAnlage offensiv fund of funds.

#### "Investing Meaningfully is the New Investing" Campaign

With its "Sinnvestieren" (investing meaningfully) campaign, DekaBank aims to raise awareness among investors that investing wisely means more than generating returns by linking financial goals with sustainability-related ones. The campaign aims to make transparent how investors' financial goals can be achieved even in times of low interest rates, while at the same time supporting sustainable development and addressing important future issues and technologies.

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### ETFs with sustainability features

Back at the end of 2015, Deka Investment GmbH launched the Deka Oekom Euro Nachhaltigkeit UCITS ETF index fund for institutional investors in cooperation with the sustainability rating agency ISS ESG (formerly: oekom research). In 2020, Deka Investment GmbH expanded its range of ETFs with the launch of the Deka Climate Change ETF product family. With the regions Germany, Eurozone, Europe, USA and World, the most important global equity markets were covered. In 2021, Japan was added as part of the conversion of the Deka MSCI Japan MC UCITS ETF.

MSCI's index concept aims to consider the opportunities and risks of companies in relation to climate change. In doing so, the requirements of the EU Climate Transition Benchmarks (EU CTBs) are adhered to. This pursues the goal of significantly reducing the CO<sub>2</sub> emission intensity of the portfolio in contrast to a market-wide index. In addition, a bond fund was launched in 2021, which expands the Climate Change ETF series in the corporate bond segment. The Deka MSCI EUR Corporates Climate Change ESG UCITS ETF completes the product family by aiming for a broadly diversified portfolio with a significant reduction in CO<sub>2</sub> emissions intensity.

In the year under review, one of the blue-chip ETFs, the Deka EURO STOXX 50® ESG UCITS ETF, changed benchmarks as part of an expansion of the sustainability criteria. From now on, the product is called Deka EURO STOXX 50® ESG Filtered UCITS ETF. In July 2022, the Deka Future Energy ESG UCITS ETF was launched, the first thematic ETF with sustainability features. The index tracked consists of companies active in the field of renewable energies and energy efficiency technologies.

### Certificates with sustainability features

Since 2019, DekaBank has offered structured products and certificates with sustainability features for private customers. With regard to the sustainability of certificates, two levels must be considered in principle: Firstly, the issuer, DekaBank, and secondly – if available – the underlying asset, e.g. an index or an individual company.

The consideration of the issuer is necessary because certificates are bearer bonds of the issuer that serve it for refinancing. As a rule, the liquidity obtained through the issue of a certificate is used for the issuer's lending activities. In its lending activities, DekaBank takes into account the main adverse effects on sustainability factors and attempts to reduce them. With regard to DekaBank's sustainability as an issuer, the sustainability rating agencies attest to the bank's very high level, even by sector standards. (CF. **CHAPTER 5.7.**)

Sustainability criteria are also very important at the second level, i.e. the selection of underlying assets. For example, the companies selected for the issue of certificates must not be affected by the exclusion criteria defined by DekaBank in its

"ESG product strategy certificates". This document is published on the website [www.deka.de/zertifikate/produkte/nachhaltigkeit](http://www.deka.de/zertifikate/produkte/nachhaltigkeit).

With regard to indices that can serve as the basis for certificates, DekaBank's focus in the year under review was on promoting transparency about the construction and implementation of the ESG indices that the bank has launched in recent years together with index provider MSCI. In this context, among other things, an explanatory film was produced for these ESG indices, web-based online training was offered to the savings banks and additional product training was carried out.

DekaBank's range of sustainable certificates includes green bonds for private customers in addition to traditional fixed-interest and stepped-interest bonds as well as certificates and creditworthiness-dependent bonds with sustainable companies or sustainable share indices as the underlying asset. The green credits deposited with these "fixed-interest/stepped-interest bonds Green Bond" were reviewed for the first time in 2022 with regard to their taxonomy conformity.

In the year under review, DekaBank published an "Impact & Allocation Reporting". Among other things, this report provides information on the use of funds from certificates issued under the Green Bond Framework and the resulting CO<sub>2</sub> savings. With the Impact and Allocation Report, which must be updated annually, DekaBank meets the requirement for corresponding reporting. This was confirmed by the sustainability rating agency Sustainalytics. The framework and the second party opinion are published on the Deka website, as are the Impact and Allocation Report and the Annual Review.

As of 31 December 2022, 58.9 percent of the outstanding certificates for private customers have sustainability features (6,020 of 10,229 certificates). Of these, 37 certificates (fixed-interest/stepped-interest Green Bond) achieve an impact reference. In 2022, a volume of 5.9 billion euros was sold in certificates with sustainability features.

### 4.1.1.2.2. Other capital market-based investment solutions

#### Asset management and asset management funds with sustainability features

The offering in the asset management segment includes various mandate solutions with sustainability features that differ in terms of their risk profile. In the area of asset management funds, Deka Vermögensmanagement GmbH offers investors Deka-BasisAnlage, for example, a sustainability-oriented investment strategy that is available in five different risk profiles ranging from conservative to offensive. The product range is supplemented by the Deka-Nachhaltigkeit ManagerSelect

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fund, which implements a balanced portfolio of 50 percent equity funds and 50 percent bond funds and currently selects the best-quality sustainable fund managers in eight sub-asset classes in the view of Deka Vermögensmanagement GmbH. In addition, the Deka-Nachhaltigkeit ManagerSelect offensiv fund was launched at the beginning of 2021. This is very similar to the Deka Nachhaltigkeit ManagerSelect fund, but has a more offensive positioning with a higher equity fund quota. Both the Deka-BasisAnlage and the Deka-Nachhaltigkeit ManagerSelect family have signed the European Transparency Code for sustainability funds and have been awarded the transparency logo of the European industry association Eurosif.

Deka Vermögensmanagement GmbH also offers product solutions with sustainability features in asset management. With bevestor Select Nachhaltigkeit, a digital asset management product, customers can choose a sustainability-oriented product variant with different risk profiles. In addition to the digital asset management bevestor, a new, hybrid asset management product, SmartVermögen Nachhaltigkeit, was launched in the 2022 year under review, which, unlike bevestor, is concluded hybrid via the savings banks.

The product range with sustainability features in the area of asset management is rounded off by the individual asset management Deka-Vermögensverwaltung Premium. Here, demand for sustainably managed variants remained high in the year under review. In around every second newly concluded mandate, customers attached importance to a sustainability-oriented investment approach.

Deka Vermögensmanagement GmbH's product range also includes various sustainability-oriented fund concepts offered in individual savings banks, such as the Hamburger Nachhaltigkeitsfonds – Best in Progress of Hamburger Sparkasse or the Rheinische Kirchenfonds of Sparkasse KölnBonn.

### **IQAM Invest – the quant boutique from Austria**

The Austrian fund manufacturer IQAM Invest, which has been operating since 1988 and focuses on quantitative asset management, became part of the Deka Group in 2021. IQAM Invest stands out in particular for its customised investment funds for institutional investors. The consistent consideration of sustainability criteria takes place in the individual and innovative IQAM solutions depending on the customer's wishes. IQAM Invest obtains the sustainability research for its implementation from two renowned sustainability rating agencies. IQAM Invest has applied the company-wide principles on controversial weapons, coal and basic foodstuffs since joining the Deka Group.

The in-house range of retail funds currently comprises 15 products with varying degrees of sustainability methodology,

including funds that have been awarded the Austrian Eco-label for sustainable financial products. Through these funds, investors invest in the companies of the investment universe that act responsibly under ESG aspects and at the same time comply with the quantitative IQAM approach. Among other things, the strict exclusion of fossil fuels, systematic labour and human rights violations or the lack of targets and measures by states for the reduction of greenhouse gases and the protection of species are taken into account. An overview of the criteria is published on the website [www.iqam.com](http://www.iqam.com) in the download area under "Sustainability".

Since 2005, IQAM Invest has been using the possibility of integrating sustainability aspects into its proxy voting and into the dialogue with issuers within the framework of an overlay together with a specialised expert.

### **bevestor – the Deka Group's robo-advisor solution**

bevestor, the Deka Group's robo-advisor solution, provides private customers with a digital investment solution in addition to qualified and holistic securities advice at the branch. As part of the "Select" investment concept, customers can invest with the "Select Sustainability" variant, taking into account environmental, social and ethical aspects. Five globally diversified fund portfolios with different risk/return characteristics are available for this purpose. In addition, it is possible to add up to three investment themes such as climate change, new energy or water to the selected portfolio.

The invested money is invested automatically according to a scientifically sound investment concept and managed by Deka Vermögensmanagement GmbH as part of the professional asset management. Investors can already invest directly with an investment amount of 25 euros per month or a one-time investment of 1,000 euros.

### **S Broker – the online broker of the Sparkassen-Finanzgruppe**

S Broker AG & Co. KG is the central online broker of the Sparkassen-Finanzgruppe and offers its customers – private investors and savings banks – the opportunity to maintain an online securities account and trade in securities. In order to make it easier for customers to search for sustainable investment products, S Broker has set up its own landing page with a selection of numerous available sustainability products from the fund and ETF sector as well as selected sustainable subscription products. In 2022, the portfolio of these products at S Broker decreased by seven percent compared to 2021 in a challenging stock market year. The sustainable investment products offered on the landing page, as well as many others, can be purchased from S Broker in on-exchange or off-exchange trading. For various products, it is also possible to set up a savings plan.

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### Top marks for the digital asset management

The high quality of the work of the Deka Group's robo-advisor bevestor is regularly confirmed in external analyses and assessments. For example, in the year under review, experts from the Institute for Asset Accumulation (Institut für Vermögensaufbau, IVA) tested how good the digital asset managers are for the sixth time in a row on behalf of the business magazine Capital. bevestor was awarded the highest rating of 5 stars as one of the "Best Robo-Advisors" for the third year in a row and is the best robo-advisor in the overall ranking, coming in first place. In addition, bevestor was again named "Top Robo-Advisor for Sustainable Investment" in the 12/2022 issue of the business magazine Capital.

For the seventh time, Brokervergleich.de awarded the best-known industry prize for robo-advisors in Germany among 34 online asset management companies. bevestor was able to improve its ranking once again in the year under review and achieved third place. In the assessment by investors, bevestor even received the best rating. Among other things, the respondents praised the high level of service and security of the digital asset management.

### Individual solutions for institutional customers

Deka Investment GmbH offers institutional investors individual investment solutions that take comprehensive account of the relevant sustainability-related requirements, such as specific exclusion criteria. In implementing these individual strategies, Deka Investment GmbH uses data from renowned sustainability rating agencies, currently primarily MSCI ESG and Moody's ESG Solutions (formerly V.E and Vigeo Eiris respectively), which provide information on the sustainability performance of individual issuers as well as on possible breaches of the respective defined exclusion criteria by these issuers.

Approaches to measuring the sustainability-related impact of capital investments are attracting significantly growing interest, particularly among institutional investors. For this purpose, Deka Investment GmbH offers analyses of the ESG assessment of a portfolio, its carbon footprint and the influence of the invested companies on the achievement of the United Nations Sustainable Development Goals (SDGs), among other things, based on data from specialised data providers.

### Accompanying the placement of sustainable bonds as syndicate leader

In the year under review, DekaBank once again acted as lead manager in the placement of numerous sustainable bonds, thus building on its commitment in previous years. Highlights included supporting a senior preferred green bond issue from Norway by SpareBank Østlandet for the first time. Having acted as lead manager for NRW.Bank's first social bond in 2020 and been mandated for Förderbank's second social bond in 2021, DekaBank was involved in the successful placement of a green bond by NRW.Bank as lead manager for the first time in the year under review. In addition to other mandates for green bonds from banks (Deutsche Pfandbriefbank, Hypo NOE, SBAB) and public issuers (EIB, State of Baden-Württemberg, Rentenbank), DekaBank actively supported the first green and social issues of several issuers, including, for example, the first and second green senior bond of Aareal Bank and the first social bond issue of Investitionsbank Berlin IBB. In the placement of these sustainable bonds, the majority of the issue volume also went to sustainable investors.

### Deka Forum Sustainable Bonds

Private investors are not the only ones who need information. For this reason, DekaBank organised two events for professional investors on the topic of sustainable bonds in the year under review: the Deka Forum Nachhaltige Anleihen (Deka Sustainable Bonds Forum). At both events, trends and developments in green, social and sustainability bonds were highlighted and important regulatory updates were given with regard to the EU taxonomy and the planned EU Green Bond Standard. Numerous national and international issuers from France, Luxembourg, Norway and Austria presented their concepts of Green, Social, Sustainability or Sustainability-Linked Bonds and discussed opportunities, challenges and potentials. The main topics were, among others, the refinancing of green buildings via green bonds or green covered bonds as well as social projects that are to be financed via social bonds of public issuers with their impact contribution. Sustainable bonds from public issuers were also the focus of the second Deka Forum Nachhaltige Anleihen with representatives from the German Finance Agency and the German States of Baden-Württemberg, Hesse and North Rhine-Westphalia. Further information at [www.deka-institutionell.de/events/deka-forum-nachhaltige-anleihen](http://www.deka-institutionell.de/events/deka-forum-nachhaltige-anleihen).

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### 4.1.1.2.3. Volume of investments with sustainability features

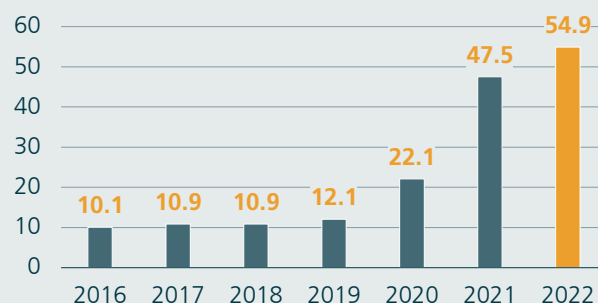
In the private customer segment, Deka Investment GmbH managed a total of around 19.7 billion euros in sustainable products as of the end of 2022 (2021: 19.6 billion euros). Around 19.1 billion euros of this is attributable to products classified under Article 8 of the Disclosure Regulation (SFDR)<sup>16</sup>, with the remainder of a good 0.6 billion euros attributable to Article 9 products<sup>17</sup>. In addition, 10.8 billion euros managed sustainably as part of the Deka Vermögensmanagement GmbH and a further 0.9 billion euros managed by IQAM Invest must be taken into account here. For institutional customers, the volume of sustainable investments amounted to 22.8 billion euros as of 31 December 2022 (2021: 14.9 billion euros).

At the end of the 2022 calendar year, Deka Investment GmbH has 92 mutual funds with sustainability features. Including the funds managed by IQAM Invest, the range currently comprises a total of 108 mutual funds, 29 more products than in the previous year. The increase in institutional mandates was even more pronounced: Here, Deka Investment GmbH managed 142 special funds at the end of the year, including two products from IQAM Invest. Compared with the figure at the end of 2021 (92 special funds), the number of mandates has thus increased by a good 50 percent.

The total volume of investment products with sustainability features at the Deka Group thus amounts to 54.1 billion euros (2021: 46.7 billion euros). The share of sustainable securities funds in total assets in the Securities business division was around 17.6 percent at the end of 2022 (2021: 14.6 percent).<sup>18</sup> If one adds around 0.7 billion euros of proprietary investments in special funds (including S Broker AG & Co. KG), which are managed using the criteria of the proprietary investment filter, the total volume of sustainably managed investments is around 54.9 billion euros (2021: 47.5 billion euros). (CF. **FIGURE 4**)

If the 9.7 billion euros (2021: 8.7 billion euros) of capital investments for own account and the investment of fund liquidity of the mutual and special funds of Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH amounting to 5.6 billion euros (2021: 5.8 billion euros), which are managed using sustainability criteria, are also taken into account, the total volume of sustainably managed investments in the Deka Group amounts to around 70.2 billion euros (2021: 62.0 billion euros).

DEVELOPMENT OF THE VOLUME OF INVESTMENT PRODUCTS WITH SUSTAINABILITY FEATURES (FIGURE 4)



### 4.1.1.2.4. ESG integration into the investment process

The Deka Group is convinced that taking ESG criteria into account improves investment decisions in the long term, as the assessment of opportunities and risks of capital investments is meaningfully supplemented by their inclusion. In addition to its specific range of sustainable investment and strategy solutions, Deka Investment GmbH is therefore continuously working to integrate sustainability criteria into its entire investment process. In this way, Deka Investment GmbH not only sharpens the risk/return profile of the portfolios it manages, but also meets the increasing regulatory requirements and customer needs for the consideration of ESG criteria – also for the protection of their investments.

In this context, further information and data on sustainability aspects for all asset classes were also integrated into the in-house research platform in the current year under review and thus made available to all decision-makers. The platform combines external data with internal analyses and is supplemented by relevant findings from discussions with company representatives. (CF. **CHAPTER 4.1.1.2.5.**) At the same time, the responsible specialist department increasingly uses company and sector-related sustainability analyses by external sustainability experts.

In addition to the data provided by external providers, the ESG experts at Deka Investment GmbH have set up a proprietary data model to further promote ESG integration. The "risk level model" enables companies to be classified on the basis of a scale from A to F with regard to (potential) sustainability risks and controversies. In the process, information provided by ESG data providers as well as sustainability risks and controversies that have become known in the course of analyses of individual companies and engagements, for example direct company contacts, are taken up and evaluated and classified by the sustainability experts.

<sup>16</sup> Sustainable Finance Disclosure Regulation

<sup>17</sup> The definitions and content of the products declared here as "green" or "sustainable" may differ from those in Articles 8 and 9 SFDR (Sustainable Finance Disclosure Regulation 2019/2088, which came into force on 10 March 2021) and those in the EU Taxonomy

Regulation 2020/852 as of 22 June 2020. However, as far as possible, the Deka Group as a whole is guided by the aforementioned regulatory definition criteria applicable to the reporting period.

<sup>18</sup> without S Broker AG & Co. KG



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The classification determines whether a company remains investable or is excluded from investment. Companies classified in level F, for example, are not investable for all products of Deka Investment GmbH, Deka International S. A. and Deka Vermögensmanagement GmbH – regardless of whether a product is classified as sustainable or not. Because of these far-reaching consequences of classification in levels E and F, a selected team of experts, the Sustainability Risk Committee, regularly advises – and in particularly urgent cases also on an ad hoc basis – in order to verify the corresponding classification of issuers and approve them on a case-by-case basis.

In addition to any ESG risks and controversies, the sustainability analysis also takes into account, for example, whether issuers generate revenue shares via business areas that are assessed as critical, do not comply with international standards or whether states disregard democratic principles. The majority of the sustainable mutual funds of Deka Investment GmbH and Deka International S. A. use a standard set of exclusion criteria, which are presented in the annually published transparency declarations in accordance with Eurosif. (CF. **CHAPTER 4.1.1.2.6.**)

The universe adjusted for the excluded issuers and those classified as controversial within the risk level model is made available to the portfolio managers as an investable universe. Together with the research analysts specialised in ESG criteria, they are responsible for effective ESG integration in the investment process. In addition to the technical requirements, such as access to ESG databases, all portfolio managers and analysts at Deka Investment GmbH and Deka Vermögensmanagement GmbH have been receiving training on sustainability since 2019 as part of the internal “ESG Academy”. The modular seminars cover topics such as new regulatory requirements and current trends in the sustainable capital market.

Deka Investment GmbH and Deka Vermögensmanagement GmbH have additionally integrated specific sustainability criteria for investing in target funds into their investment process and are continuously working to further advance ESG integration. To this end, external sustainability analyses, ESG questionnaires and publicly available ESG information are used and evaluated by analysts, among other things.

### 4.1.1.2.5. Corporate dialogue and exercise of voting rights

Direct dialogue with the companies, whose shares and bonds an investor holds, and exercising the voting and speaking rights associated with shares at annual general meetings (AGMs) are increasingly important tools for sustainable capital investment. Deka Investment GmbH uses voting and engagement to protect the value of its investments and support sustainable development in companies.

### Direct company contacts

In the reporting period, analysts and fund managers at Deka Investment GmbH had more than 1,600 contacts with companies. Depending on the industry and business model of the respective company, social and environmental aspects of business activity were regularly addressed in addition to corporate governance issues. This concerned around 16 percent of the companies represented in investment funds.

As a trustee for investors, Deka Investment GmbH is interested in the long-term success of the companies, in which it invests. The engagement approach, which it sees as a long-term investment approach, can make a contribution to increasing the value of the investments. In doing so, Deka Investment GmbH also deliberately remains invested in companies with critical business activities and tries to use its influence as an active shareholder to encourage these companies to operate more sustainably and responsibly.

Since the introduction of a management of adverse sustainability impacts in the year under review, a number of ESG factors have been systematically reviewed at the issuer level. The focus is primarily on the reduction of CO<sub>2</sub> emissions and the climate strategies of the companies as well as compliance with the standards on human and labour rights defined within the framework of the UN Global Compact. In addition, compliance with basic standards regarding the management of biodiversity and the health impacts of production and products is taken into account.

In cases where the analysts come across deficits in dealing with the principles of sustainable development or the aforementioned principles and goals as part of the company analyses, these are addressed in direct contact with the companies. Where appropriate, Deka Investment GmbH joins forces with other investors, for example within the framework of the Principles for Responsible Investment (PRI). If the company does not eliminate the deficits, it can be excluded from the investment universe as a last resort. This exclusion may apply not only to specific sustainability products, but in principle to all relevant investment products of Deka Investment GmbH.

### Exercise of voting rights

The year under review was also marked in the area of AGMs by the restrictions imposed by the Corona pandemic. Throughout 2022, AGMs were only held virtually. As a result, representatives of Deka Investment GmbH were only able to speak in person in isolated video messages during the year under review. At 28 virtual AGMs, Deka Investment GmbH conveyed its position and questions about the companies in advance of the AGMs.

Deka Investment GmbH actively voted on a total of 10,336 agenda items (+98 percent) at 807 AGMs in 2022 (+93 percent compared with 2021). In around 18 percent of cases, it

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voted against the proposed resolutions. Deka Investment GmbH does not limit the exercise of voting rights to Germany, but exercises shareholder rights at AGMs worldwide.

Deka Investment GmbH has set out key points for its voting behaviour in its "Principles of Voting Policy at Annual General Meetings", which are also published on the website, as is an overview of AGMs, at which Deka Investment GmbH voted in 2022. The principles are based on Deka Investment GmbH's extensive experience as one of the major fund providers and therefore shareholder representative. They take into account the applicable laws, the respective current analysis guidelines for AGMs of the German Investment and Asset Management Association (Bundesverband Investment und Asset Management, BVI), the German Corporate Governance Code, the DVFA Scorecard for Corporate Governance, international codes, relevant environmental and social standards and the requirements of the PRI.

The principles set out in the voting guidelines stipulate, among other things, that Deka Investment GmbH reserves the right to vote against the discharge of the Board of Management or the Supervisory Board if there are violations of environmental, social and corporate governance (ESG) issues. Following on from this, Deka Investment GmbH implemented a management system for adverse sustainability impacts in the year under review with a number of central factors that are systematically taken into account during the voting processes and in corporate discussions. If adverse sustainability impacts are deemed to be too high at individual companies, Deka Investment GmbH works towards increasing the company's efforts to avoid these impacts as part of any company discussions. If this does not happen, discharge may be refused at the company's AGM. Based on the defined criteria, the discharge of the administration and management as well as the re-election of members of the relevant bodies were refused at more than 60 companies in 2022.

As in previous years, Deka Investment GmbH published its current engagement policy in 2022, which explains the approach and procedure for active dialogue with companies and the exercise of voting rights. In the year under review, the results of the engagement were also published in an engagement report, which, like the engagement policy, is published on the website ([www.deka.de/privatkunden/ueber-uns/deka-investment-im-profil/corporate-governance](http://www.deka.de/privatkunden/ueber-uns/deka-investment-im-profil/corporate-governance)).

### Implementation of the transparency obligations under the Second Shareholders' Rights Directive

Within the framework of the Second Shareholder Rights Directive (ARUG II), far-reaching transparency obligations are defined for institutional investors, asset managers and proxy advisors. For example, institutional investors and asset managers must publish a so-called participation policy, in which they describe their participation in the portfolio companies (§ 134b

AktG) or explain why they do not do so. Further disclosure requirements are intended to ensure that the interests of the final beneficiaries, such as investors, are taken into account when implementing the investment strategy (§ 134c AktG). To this end, Deka Investment GmbH makes disclosures on the alignment between investment strategy and long-term investment interests.

In this context, Deka Investment GmbH has developed various publications and published them on its website. In addition to the participation policy, these include stewardship guidelines, which set out how Deka Investment GmbH understands and implements stewardship. Stewardship is basically the fiduciary duty of care on the part of asset managers, who are given the responsibility to act in the interests of the assets they hold in trust or the ultimate beneficiaries behind them. Deka Investment GmbH bases its stewardship guidelines on the stewardship concept of the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management, DVFA), which are based on the statutory requirements of equity and investment law and recognised industry standards.

To assist institutional investors and asset managers in fulfilling their disclosure obligations pursuant to Section 134c (1) and (2) of the German Stock Corporation Act (Aktiengesetz, AktG), Deka Investment GmbH, as the capital management company, provides a document containing information on the funds it manages. This document is intended to assist investors in fulfilling their disclosure obligations pursuant to Section 134c (1) to (3) AktG. Deka Investment GmbH has published a corresponding document on its website to fulfil the asset manager's disclosure obligations pursuant to Section 134c (4) AktG.

### 4.1.1.2.6. Investor information and promotion of the dissemination of financial education

As the Wertpapierhaus for the savings banks, the Deka Group supports its partners not only with a comprehensive and continuously expanding product range, but also with information for savings bank customers. It has therefore formulated strict principles for all documents made available to private customers. The "Guidelines for the Preparation of Advertising and Investor Information" prohibit, among other things, aggressive marketing and the exploitation of particularly vulnerable customer groups, such as older people. Private customers are also counted as customers from the municipal sector in this context.

The transparency declarations for funds with sustainability features, which the Deka companies use for their sustainability funds, serve to inform investors. For example, numerous sustainability funds bear the transparency logo of the European industry association Eurosif. In this context, Deka Investment GmbH has voluntarily committed itself to publishing accurate,

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appropriate and up-to-date information over and above the regulatory requirements, such as the Disclosure Regulation, in order to enable investors in particular to assess a fund's ESG strategy and its implementation.

Employees of S Broker AG & Co. KG conduct more than 60 webinars per year, in which customers and other interested parties can acquire basic and expert knowledge about capital investment live and free of charge. On average, 80 participants follow the broadcasts. In the year under review, 65 new videos with information about securities investment were uploaded to S Broker's YouTube account. In addition to its YouTube activities, S Broker also offers the podcast "Einfach handeln – Der Trading-Podcast mit Maik Thielen" (Easy Trading – The Trading Podcast with Maik Thielen) on current topics. Finally, the range of information includes the podcast "Mikro trifft Makro" (Micro meets Macro), in which Deka Chief Economist Dr. Ulrich Kater and host Dirk Huesmann talk every fortnight about current events on the financial markets as well as illuminate the background of market events and basic market mechanisms and correlations.

### 4.1.1.3. Real estate-based investment products

The sustainability strategy of the Asset Management Real Estate (Asset Management Immobilien, AMI) business division was last fundamentally revised in 2020. It formulates the goal of achieving climate neutrality by 2050. In order to live up to this claim, six concrete product-related goals were formulated in addition to overarching business goals:

- Establishment and expansion of a sustainable product range
- Reduction of the CO<sub>2</sub> footprint of the properties of the investment funds
- At the same time, the orientation towards corresponding decarbonisation paths of the EU
- Expansion of green leases in the products
- Increase in the certification rate of the fund properties
- Exclusion of issuers in the fund that produce more than 10 percent coal or convert 30 percent coal into electricity

The focus of the reporting in this chapter is on the product objectives, as the defined business field objectives, such as the management of sustainability risks, knowledge building and transparency activities, sustainable human resources policy and social and societal commitment largely coincide with the topics of the Deka Group and are dealt with elsewhere in this report from a group perspective. Product objectives are guidelines that concern the fund properties of third-party private or institutional owners and not bank assets.

### Sustainable real estate funds – development and expansion of the sustainable product range

As part of the expansion of the sustainable product range, three more open-ended mutual funds were supplemented with their own ESG strategy in 2022, meaning that all open-ended mutual funds in the AMI business division and one special fund are now classified as Article 8 products in accordance with the Disclosure Regulation. The ESG strategy focuses on successively reducing the CO<sub>2</sub> footprint of the properties managed in the funds. The targeted reduction is oriented towards a decarbonisation path that is compatible with the EU climate goals. An important component for reducing CO<sub>2</sub> emissions is increasing the energy efficiency of the properties.

As part of the further development of the ESG strategies, consideration of the Principal Adverse Impacts (PAI) in accordance with Article 7 of the Disclosure Regulation was ensured for all relevant products in the year under review by integrating corresponding criteria into the investment processes.

In total, Deka Immobilien Investment GmbH managed around 36.6 billion euros (2021: 7.5 billion euros) as of 31 December 2022, explicitly taking sustainability criteria into account. This corresponds to a share of 68 percent (2021: 15 percent) of total assets in the AMI business division. Further information on the individual products can be found in the sales prospectuses and in other publications on the respective product pages at [www.deka.de](http://www.deka.de).

### Sustainability filter for fund liquidity and coal exclusion

For the fund liquidity of all mutual funds and parts of the special funds of Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH, the AMI business division uses a sustainability filter from Moody's ESG Solutions. Like the sustainability filter for DekaBank's own investments, it is based on the principles of the UN Global Compact and also excludes arms companies from capital investment. Issuers that generate more than 10 percent of their sales from coal mining or more than 30 percent of their sales from coal-fired power generation are also excluded. As of 31 December 2022, around 5.6 billion euros (2021: 5.8 billion euros) were managed using this filter.

### Reduction of the CO<sub>2</sub> footprint of the properties in the investment funds

As part of the further development of the data basis for a reliable determination of property-related CO<sub>2</sub> emissions, the AMI business division continued the systematic analysis of the CO<sub>2</sub> footprint for all properties in the managed investment funds in the year under review. Due to the delayed provision of consumption data, the following information on CO<sub>2</sub> emissions does not refer to the current year under review, but rather to the previous year (2021). (CF. **CHAPTER 6.4.**)



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ABSOLUTE AND RELATIVE CO<sub>2</sub> EMISSIONS OF SELECTED REAL ESTATE FUNDS (TABLE 5)[back to text](#)

| Fund                       | Total emissions in t CO <sub>2</sub> p.a. | Annual CO <sub>2</sub> emissions in kg per m <sup>2</sup> |
|----------------------------|---|---|
| Deka-ImmobilienEuropa      | 157,594                                   | 43.6  |
| Deka-ImmobilienGlobal      | 64,725                                    | 54.4  |
| Deka-ImmobilienNordamerika | 8,337                                     | 66.6  |
| Deka-ImmobilienMetropolen  | 10,385                                    | 53.5  |
| WestInvest InterSelect     | 89,955                                    | 42.2  |
| <b>Total mutual funds</b>  | <b>330,996</b>                            | <b>45.6</b>   |
| <b>Total special funds</b> | <b>144,260</b>                            | <b>37.0</b>   |

Overall, the first successes of the various decarbonisation measures were recorded in 2021. For example, the CO<sub>2</sub> emissions associated with the properties fell from 525,628 tonnes in 2020 to around 475,000 tonnes in 2021. (CF. **TABLE 5**) Of these, approx. 331,000 tonnes were attributable to the mutual funds and approx. 144,000 tonnes to special funds. In relation to a square metre of space, 45.6 kg/m<sup>2</sup> of CO<sub>2</sub> was generated in the mutual funds (2020: 52.5 kg/m<sup>2</sup>) and 37.0 kg/m<sup>2</sup> in the special funds (2020: 44.7 kg/m<sup>2</sup>).

All consumption data is requested from the asset managers of the properties via an online query and processed in a database. Together with experts from an energy consulting company, the supplies are subjected to comprehensive quality assurance and plausibility checks. Implausible data and data gaps are replaced by suitable benchmark values. Since the consumption of the tenants is usually not known, it has to be extrapolated on the basis of the general electricity consumption.

CO<sub>2</sub> emissions are calculated on the basis of energy consumption values and using appropriate conversion factors. Heating, cooling and general electricity consumption are taken into account. Energies generated on site, e.g. from photovoltaic systems, are not included in the calculation. The conversion of consumption into emissions is based on the customary CO<sub>2</sub> factors for the respective energy mix.

The need for continuous improvement of data quality remains. To this end, work is being done in particular on a special data management system, which is expected to be ready for testing from Q1/2023.

### Decarbonisation path

The business division's sustainability strategy stipulates that the reduction of CO<sub>2</sub> emissions in the property portfolio should be in line with the EU's climate targets, which in turn are derived from the Paris climate goals. Deka Immobilien Investment GmbH uses the Carbon Risk Real Estate Monitor (CRREM), which was developed by several universities as part of a research project, as a benchmark for the ongoing assessment of the funds' compliance with the EU's climate targets. Taking

into account various variables, e.g. the type of use of a property and its location, the science-based tool provides information on the maximum energy consumption and CO<sub>2</sub> emissions that should be achieved at certain points in time in order to meet the EU climate targets. The CRREM target paths are continuously adapted by the research project to current developments and improved data bases. At the end of the year under review, a total of 81.1 percent of the market values of the entire portfolio were below their respective object-specific CRREM path and thus in line with the EU's climate targets.

### Real estate management to improve energy efficiency and reduce CO<sub>2</sub> emissions

The cooperation with the PropTech provider MeteoViva Climate to optimise energy consumption and thus also reduce CO<sub>2</sub> emissions without any loss of comfort for the users was successfully continued in the reporting period. At the end of the year under review, a total of 66 properties from various funds were equipped with this technology, of which 30 facilities were commissioned in 2022. In the year under review, about 30,000 MWh/a of electricity and thermal energy were saved in the properties equipped with this technology, which corresponds to a CO<sub>2</sub> saving of about 5,920 tonnes. In 2022, the technology was installed for the first time in a property in the USA and put into operation in two properties in the Czech Republic.

In selected pilot projects in Germany, Austria, the UK and France, "energy assessments" were carried out by MeteoViva Climate to significantly reduce energy demand for autumn and winter 2022 through targeted measures and in consultation with tenants. The results are promising overall, although they depend heavily on the specific external conditions at the individual locations.

In order to be able to assess how high the heat saving potential can be by lowering the room temperatures during times of use in non-residential buildings, simulation calculations were also carried out in a pilot property as part of a study. The results of the study show that an energy saving of six to eleven percent can be achieved by lowering the room temperatures by one degree Celsius and thus a small sacrifice of comfort for

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the tenants. This savings potential is regularly pointed out in discussions with the tenants.

### Use of renewable energies

Energy consumption for the management of properties, including for lighting and ventilation, has a significant impact on their CO<sub>2</sub> balance sheet. As early as 2013, Deka Immobilien Investment GmbH therefore switched to renewable energy sources for its electricity supply and gradually increased the proportion of properties supplied with renewable energy. Currently, the purchase of 100 percent green electricity for the common areas and technology of the majority of German properties in the Deka Immobilien Investment GmbH's portfolio saves more than 30,000 tonnes of CO<sub>2</sub> per year. Since 1 January 2020, the switch to green gas will save an additional 9,500 tonnes of CO<sub>2</sub> per year.

### Green Leases

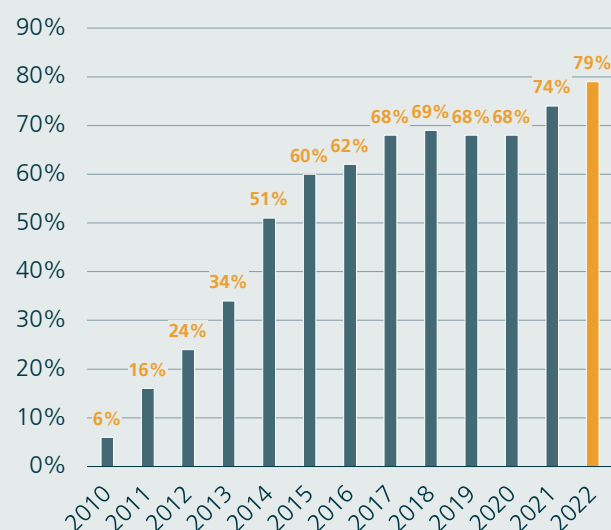
To ensure the climate and environmental quality of the property portfolio in the long term, Deka Immobilien Investment GmbH sees the broad application of green leases as an integral part of its asset management activities. To this end, green model clauses have been formulated for the German leases, which are generally addressed in new leases and other lease negotiations. Currently, around ten percent of all relevant tenancy agreements contain such clauses. Further information on the contents of green leases can be found at [www.deka.de/immobilien\\_en/sustainability/insight-into-practice/green-lease-en](http://www.deka.de/immobilien_en/sustainability/insight-into-practice/green-lease-en).

### External certifications and ratings

The sustainability-related certification of fund properties has been an important element of the sustainability strategy in the AMI business division since 2010. In the case of external certification by a qualified service provider, the properties are inspected and evaluated from social, ecological and economic points of view over the entire life cycle.

At the end of the year under review, a total of 364 properties (2021: 313) worth around 39.1 billion euros (2021: 34.7 billion euros) were certified. In relation to the total property assets of the Deka funds, a certification rate of around 79 percent (2021: 74 percent) was achieved at the end of 2022. (CF. **FIGURE 5**)

DEVELOPMENT OF THE CERTIFICATION RATE (FIGURE 5)



### 4.1.2. Sustainability in lending

For the Deka Group, ESG aspects rank alongside economic aspects when granting loans in the sense of holistic and risk-optimised portfolio management and are examined before the lending decision is made. The Deka Group's lending business comprises trading and capital market transactions, property finance and special finance. To take account of ESG criteria as defined in the Guidelines on Loan Origination and Monitoring of the European Banking Authority (EBA), ESG scorecards have been developed for all segments of lending business and have been an inherent part of the lending process since July 2021. They are used to assess the risks associated with ESG factors of both the borrower and the specific financing for each limit establishment, increase and prolongation. The ESG scorecards consider physical and transitory climate risks, labour and human rights criteria and governance aspects on a segment-specific basis. The assessment is based on an ESG traffic light logic with a classification of the financing or the borrower with low to high ESG risks. A high risk classification generally leads to rejection of the transaction. In the year under review, the ESG scorecards were also applied to the loan portfolio in addition to the lending process.

#### 4.1.2.1. Financing principles

The Deka Group's credit risk strategy forms the basis for its lending business. Based on the objectives and guidelines laid down in the Deka Group's business strategy, including those relating to sustainable corporate governance, it sets the framework for all lending activities. With regard to the consideration of ESG criteria in lending business, the Deka Group has defined sustainable investment areas, in which it intends to be in-

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creasingly active (positive list). In the area of renewable energies, the Deka Group aims to increase its financing volume by 20 percent per year by 2025. The share of certified properties in new commercial property finance business is to be increased to at least 75 percent by 2024.

### Positive list<sup>19</sup>

The Deka Group aims to increase the focus of its financing portfolio on transactions that make a positive environmental or sustainability contribution. The positive list adopted by the Board of Management comprises investment areas, in which the Deka Group aims to acquire more sustainable financing or support the expansion of these investment areas. The guiding principle in defining these investment areas is the potential contribution of the financing to the fulfilment of the UN SDGs.

- The Deka Group supports financing aimed at producing electricity from renewable energies and transporting or storing it.
- The Deka Group also acquires financing aimed at modernising production facilities and whose implementation is accompanied by a significant CO<sub>2</sub> reduction in production (the target is 30 percent or more).
- The Deka Group supports the financing of banks that contribute to the establishment/expansion of savings bank-like structures outside the OECD and that have been certified by the International Savings Banks Foundation.
- The Deka Group is increasingly acquiring financing for cargo and passenger ships that minimise their pollutant emissions in accordance with the latest technical standards and are/will be in a position to comply with the IMO 2020 regulations on the reduction of sulphur emissions.
- The Deka Group only acquires financing for cargo and passenger ships if they are equipped in accordance with the International Maritime Organisation's Ballast Water Convention concluded in 2004 to prevent the spread of invasive species into foreign ecosystems.
- The Deka Group is increasingly acquiring financing for ships, whose technology contributes to reducing waste in the world's oceans.
- The Deka Group acquires financing for aircraft, whose production and management meet the highest possible environmental standards.
- The Deka Group supports financing for modernisation and expansion in freight and passenger rail transport.
- The Deka Group supports financing for basic utilities, municipal utilities and network operators (supply with and disposal of energy, heat, water, waste, among others) as well as their projects to maintain or expand infrastructure.

- The Deka Group supports financing to promote the energy, digitalisation and transport turnarounds, as well as the infrastructure associated with each.
- The Deka Group supports real estate financing for green buildings that have a balanced energy balance in building operation (zero-energy buildings) or that comply with the cradle-to-cradle approach.
- The Deka Group is continuously developing its sustainability efforts and, if special sustainability filters or requirements for the financing objects are agreed by third party lenders as part of syndicated financing, or if they go beyond those of DekaBank, will consider introducing them at DekaBank.
- The Deka Group also provides financing to support customers, who are transforming their business model so that it effectively addresses climate-related risks and contributes to the implementation of the goals of the Paris Climate Agreement ("transformation finance"). This also includes initiatives that support the strategy of the parties involved (especially the operators of the financed assets) on the path to increasing environmental, social or corporate governance sustainability.

### Negative list<sup>20</sup>

In addition to the positive list, the Deka Group excludes various credit transactions in principle in its negative list of the credit risk strategy. For example, the Deka Group has qualified the following transactions as undesirable and/or high risk, partly in order to avoid reputational risks<sup>21</sup>:

- Transactions, where public reports (including those based on socio-cultural, ethical or sustainability aspects) about the financing itself, a business partner, the business practice or the country (country of domicile or risk) may have a lasting negative impact on public confidence in or the reputation of the Deka Group, in particular if<sup>22</sup>
  - they are borrowers with a "brown" or "red" overall score according to the ESG scorecard
  - internally, the reputational risk (incl. environmental risks) is assessed as "orange" or "red"
- Transactions with a country as well as borrowers in a country that is on the "Negative List for Risk Countries"; unless 100 percent ECA-covered business is permissible according to this negative list
- Business with companies that generate more than 30 percent of their turnover from coal production and/or more than 40 percent from coal-fired power generation
- Business with companies from the pornography industry or comparable industries (red light milieu)
- Business with companies that operate controversial forms of gambling (betting shops, gambling halls, etc.)

<sup>19</sup> in accordance with the Deka Group's business strategy valid from 1 January 2023

<sup>20</sup> in accordance with the Deka Group's credit risk strategy valid from 1 January 2023

<sup>21</sup> Lending transactions that deviate from the Deka Group's credit risk strategy may only be entered into with the exceptional approval of the full Board of Management.

<sup>22</sup> For borrowers/financing in the Financing business segment excluding savings bank financing, public sector financing and for corporate addresses in the Capital Markets and Treasury business segments excluding banks, insurance companies, securities funds, states and legal entities under public law.

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- Business with companies that violate internationally recognised principles in the area of human and labour rights as well as corporate governance and behaviour (e.g. ILO Declaration on Fundamental Principles and Rights at Work, requirements of the UN Global Compact, OECD Guidelines for Multinational Enterprises).
- Business with no proven experience and/or in new markets that are not comparable to home markets. Excludes transformational finance that supports the development of a company/industry to implement environmental, social or governance sustainability
- Lending transactions of a speculative nature or with a very unusual level of risk (especially loans as defined in the ECB Guideline on Leveraged Transactions)
- Speculative real estate financing within the meaning of Art. 4 (1) No. 79 CRR or positions with particularly high risk pursuant to Art. 128 CRR<sup>23</sup>
- Financing in connection with arms transactions, in particular controversial weapons<sup>24</sup> (financing of deliveries, production and trade)
- Financing that poses significant risks to the environment per se, e.g.
  - Uranium mining
  - Development, construction and operation of nuclear/coal-fired power plants
  - Hydropower plants in recognised protected areas (nature conservation and Natura 2000 areas) in Germany; international dam projects can only be financed if the borrower can present a positive audit report on the project from an expert accredited by the United Nations Framework Convention on Climate Change (UNFCCC), demonstrating compliance with the recommendations of the World Commission on Dams.
  - Exploration and mining of minerals from conflict and high-risk areas
  - Exploration, mining and transport of rough diamonds
  - Conventional and unconventional fracking
  - Tar/oil sands exploitation
  - Drilling for the purpose of oil and gas production in the Arctic (Arctic Drilling)
  - Palm oil extraction and production
- Financing related to mountaintop removal mining (guidance is provided by the OECD Environmental Guidelines)
- Financing directly related to the production/distribution of tobacco
- Project finance that does not meet the requirements of the Equator Principles (EP); the EP include social and environmental standards and reference the guidelines developed by

the International Finance Corporation (IFC) and the industry-specific Environmental Health and Safety Guidelines (EHS)

- Financing of speculative transactions with foodstuffs
- Venture capital financing
- New business in securitisations (especially ABS, MBS, CLO, CDO) for proprietary investment

Within the framework of the lending process, all exposures awaiting a decision are checked for possible sustainability-related reputational risks – i.e. the possible exclusion of financing on the basis of the negative list. A supplementary vote on the reputational risk must be obtained if the responsible unit identifies a critically increased reputational risk, i.e. classifies it as "orange" or "red". If the reputational risk is finally rated "orange" or "red", the transaction is excluded according to the negative list.

In the case of individual-address-related limit facilities and prolongations in the areas of trading and capital markets, a sustainability check is carried out using the ESG scorecards, taking into account labour and human rights criteria (ILO) as well as governance and environmental aspects within the meaning of this negative list. In the year under review, the Sustainability Management unit, together with the Risk Controlling unit, carried out 8 (2021: 7) separate checks. This corresponds to a share of 21.1 percent of the total of 38 credit submissions processed in connection with new business in 2022 (2021: 30) in the Financing business segment.

### 4.1.2.2. Real estate financing

In commercial real estate financing, DekaBank focuses on financing in transparent markets with available market liquidity and a secure legal environment, which are of central importance to the Asset Management Real Estate business division due to their size, transparency and liquidity. In countries where this is possible, the aim is to ensure that the loans are eligible as cover funds. Suitable financings will also be used in the future as cover funds for green bonds issued by the bank. In addition to traditional investors and project developers at the individual property level, the focus is also on real estate investment trusts (REITs), real estate companies, pension funds and German open-ended real estate funds. At the end of the year under review, real estate loan financing was in place in Germany, France, Great Britain, Ireland, Italy, Canada and the USA. The gross loan volume including financing for open-ended real estate funds and municipal construction projects was 11.5 billion euros at the end of the year under review (2021: 11.3 billion euros).

<sup>23</sup> CRR: Capital Requirements Regulation; European capital adequacy regulation for banks and financial service providers within the framework of Basel II

<sup>24</sup> Controversial weapons are weapons systems that have indiscriminate effects, cause excessive suffering and have devastating effects on the civilian population and are therefore considered unacceptable by the international community, including anti-personnel mines, cluster munitions, chemical and biological weapons.

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Economic efficiency as well as environmental and social criteria are analysed for real estate loan financing for each new transaction and included in the due diligence. Sustainability certificates are also taken into account as a positive element, and thus properties with environmentally compatible characteristics are preferred when initiating business. In addition to energy-efficient management, sustainable properties generally have better rentability and higher value stability. This is reflected in the lender's collateral position.

In the year under review, DekaBank arranged and structured the financing of the "La Marseillaise" office building in Marseille, among other things, and involved a banking partner. In terms of environmentally friendly building technology, the highly modern property, which was completed in 2018, is very well equipped. The resulting excellent energy efficiency is expressed in various certifications: There is a French HQE "Excellent" certification and a LEED "Gold" award. The office tower is also the first of its kind to use "Thassalia" air-conditioning technology and thus the thermal energy of the sea for its own heating and cooling technology. In addition, the building has been awarded both WiredScore "Gold" and Serenity certifications.

DekaBank also financed a logistics property near London. This property has a BREEAM "Excellent" certification and an EPC rating of A. Furthermore, the property has received the "Building Project of 2019" award from Business Green Awards. Another office building financed by DekaBank in Dublin is also worth the mention: the property has a BREEAM "Excellent" certification and will receive a BER rating of A3, which corresponds to a "Near Zero Energy Building", after completion of outstanding work.

### 4.1.2.3. Special financings

The gross loan volume in DekaBank's Special Finance segment amounted to 15.7 billion euros as of the reporting date (2021: 14.4 billion euros). With a volume of around 3.8 billion euros (2021: 3.7 billion euros), 24.1 percent (2021: 25.7 percent) of this was attributable to transport finance, around 5.2 billion euros (2021: 5.4 billion euros) or 33.5 percent (2021: 37.6 percent) to infrastructure and export finance and a further 6.6 billion euros (2021: 5.2 billion euros) or 42.5 percent (2021: 36.4 percent) to savings bank and public sector finance.

#### Transport finance

DekaBank's transport finance portfolio primarily comprises loans secured by mortgages on aircraft and ships. As of the reporting date, the volume of aircraft financing amounted to around 2.3 billion euros (2021: 2.4 billion euros), with a further 1.3 billion euros (2021: 1.3 billion euros) in ship financing.

In principle, DekaBank sees the replacement of outdated technologies with new, climate and environmentally friendly technologies as the decisive lever for reducing the negative impact of transport. DekaBank therefore only finances means of transport that meet current technical requirements in terms of fuel consumption and environmental protection guidelines and are generally no more than 15 years old at the end of the loan term. Compliance with environmental and safety regulations as well as any necessary retrofits are always ensured, e.g. through defined savings mechanisms.

Financed ships must also fly a flag listed by the Paris Memorandum of Understanding on Port State Control. This ensures uniform control of ships in the ports, among other things with regard to compliance with safety and social standards. Furthermore, as stipulated in the positive list, only ships that are equipped in accordance with the International Maritime Organization (IMO) Ballast Water Convention concluded in 2004 and that meet the IMO 2020 requirements are financed.

In the year under review, DekaBank participated, among other things, in the financing of two new bulk carrier ships (bulk carriers) for a shipping company that have an efficient eco-design. The vessels are built with state-of-the-art technology to meet the latest environmental standards, for example an electronically controllable main engine and a ballast water treatment system. They are designed to be fuelled with low-sulphur fuel to reduce emissions as much as possible.

By financing new ships that are particularly climate and environmentally friendly, but also by retrofitting older ships accordingly, DekaBank supports the IMO's goals of reducing greenhouse gas emissions in the shipping sector by at least 40 percent by 2030 and 50 percent by 2050 compared with 2008.

#### DekaBank joins the Poseidon Principles initiative

In 2022, DekaBank joined the Poseidon Principles initiative, an international voluntary commitment by and for financial institutions to climate-friendly ship financing in line with the Paris climate goals. The signatories commit to implementing a total of four principles of climate-friendly ship financing. These include the requirement to measure the carbon intensity of their financing portfolios annually and to assess their compliance with the Paris climate goals on the basis of established decarbonisation pathways. In its first year of membership, DekaBank achieved a Climate Alignment Score of 5.2 percent, placing it in the top group of signatories. The signatories are to report annually on the results of the analyses and the progress made in decarbonising their financing portfolios. More at: [www.poseidonprinciples.org/finance/#home](http://www.poseidonprinciples.org/finance/#home).



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In addition, DekaBank joined the Initiative to Measure and Promote Aviation's Carbon-free Transition e. V. ("IMPACT") in the year under review. IMPACT is an association of leading aircraft finance banks, leasing companies and consultancy firms with the statutory purpose of promoting climate protection in the field of civil aviation.

### Infrastructure finance

In DekaBank's infrastructure and export credit portfolio (5.2 billion euros), around 1.4 billion euros (2021: 1.4 billion euros) is attributable to financing renewable energy generation and its infrastructure, including wind farms, solar parks and hydro-power plants. Of the remaining 3.8 billion euros (2021: 4.0 billion euros), 2.6 billion euros (2021: 2.6 billion euros) is attributable to (project) financing in the infrastructure sector, including financing to municipal utilities and suppliers implementing modern and sustainable infrastructure investments, particularly as part of the energy transition, and 1.2 billion euros (2021: 1.4 billion euros) to export financing.

In 2022, DekaBank participated in the refinancing of two operational wind farms, among others. The operational 241 MW onshore wind farm in Sweden produces green electricity for around 86,200 households and achieves a CO<sub>2</sub> reduction of around 9,900 tonnes per year. The operational 600 MW offshore wind farm in the Netherlands produces green electricity for about 800,000 households (equivalent to about 1.5 million people or ten percent of the Dutch population) and reduces CO<sub>2</sub> emissions by about 1.25 million tonnes per year.

DekaBank is also making an important contribution to the transformation of energy generation in Germany. For example, it finances Stadtwerke München, which is pursuing the goal of covering Munich's electricity consumption through the production of green electricity in its own plants by 2025; Munich's demand for district heating is to be covered in a CO<sub>2</sub>-neutral manner by 2040 at the latest.

DekaBank also financed ÜSTRA Hannoversche Verkehrsbetriebe AG (ÜSTRA) and enercity AG (enercity) in the year under review. ÜSTRA pursues a sustainable business strategy with ecological goals as part of the transport turnaround. Since 2015, the light rail system has been operated CO<sub>2</sub>-neutrally with green electricity, and the buses are to run emission-free within the city by 2023. With its financing, DekaBank directly supports these sustainable efforts by financing electric buses and the associated charging infrastructure, among other things. enercity, based in Hanover, is a nationwide provider of sustainable and intelligent energy solutions. As the fifth-largest municipal energy service provider in Germany, enercity supplies around one million people with electricity, heat and drinking water and offers energy-related services in the areas of electromobility, decentralised energy generation, energy efficiency, telecommunications and smart infrastructure.

In addition, DekaBank participated in the refinancing of Thysengas in November 2022. The company operates a 4,400 km gas infrastructure with a regional focus in North Rhine-Westphalia and will play a key role in the German energy transition in the future when natural gas is gradually replaced by hydrogen.

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### 4.2. Employees – Sustainable human resources management

In the year under review, various trends related to human resources (HR) became entrenched and created an even greater impact. In particular, the increasing digitalisation of work processes and significantly more flexible working locations and hours should be mentioned here, which have fundamentally changed cooperative work in the Deka Group. At the same time, various social and regulatory developments mean that not only are the demands on employees' skills increasing, but also their expectations of their employer. As a result, the attractiveness of a company today depends not least on whether it is perceived as a responsible employer. Among numerous other factors, this includes work-life balance and how diversity within the workforce and an inclusive corporate culture are promoted. The central task of sustainable human resource management is to address and implement the diverse requirements of current and future employees in such a way that the equally increasing demands of the market can be comprehensively met.

#### 4.2.1. Human resources strategy

As part of the business strategy, the HR strategy determines the medium to long-term HR strategy direction of the Deka Group. In doing so, it takes into account the Deka Group's corporate objectives as well as social, political and regulatory developments and technological trends.

It is the responsibility of the Strategy & HR department to accompany the business units and divisions through the many changes in the world of work and to create a framework for sustainable HR management. Trends and requirements for action are to be proactively identified on the basis of HR key figures, and undesirable developments are to be counteracted at an early stage through the joint further development of suitable HR policy instruments and measures.

The areas of responsibility of sustainable HR management include the successful recruitment, long-term retention and appropriate placement as well as continuous development of employees, the design of a sustainable and healthy working environment as well as the promotion of diversity and equal opportunities. In this context, it is necessary to involve the staff representatives as well as the equal opportunities and severely disabled representatives in the HR strategy at an early stage in the sense of a cooperative partnership.

The Strategy & HR department ensures the needs-based and future-oriented orientation of human resources management measures through regular exchange at various levels: for example, specific further training needs for individual employees are determined on the basis of direct feedback within the framework of employee support as well as feedback from managers to the management advisory service. (CF. **CHAPTER 4.2.3.**) Specific measures for individual employee groups result from the continuous dialogue with the equal opportunities officers, the employee and severely disabled representatives as well as the youth and trainee representatives. Finally, fundamental impulses for the orientation and further development

of the human resources strategy are derived from the discussions in and with the Board of Management and the management.

#### The Deka-Way – Re-designing work

The Deka Way describes the Deka Group's development into a modern organisation capable of change. It focuses on enabling employees and managers to respond flexibly and quickly to changing customer and market requirements by dovetailing traditional and agile forms of work. The Deka-Way is characterised by the values of openness, courage and focus as well as four defined guard rails:

- Focus on the customers
- Iterative work
- Cross-sectoral cooperation
- Results-oriented leadership and empowerment of employees and teams

The Deka Group's #TeamLead leadership concept continues to pursue these values and guidelines. Deka-Way and #TeamLead are accompanied by the central training programme in Deka-Learning, which offers a wide range of e-learning and live online training courses on the principles and methods of agile working and modern leadership and collaboration.



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### #TeamLead – the Deka Group's understanding of leadership

With #TeamLead, the Deka Group further developed its understanding of leadership last year and adapted it to current challenges. The aim here is to provide managers with a guiding framework on how to shape a new form of cooperation. Leadership and cooperation must be empathetic and in the best interests of the Bank and its customers. In the individual units, the new understanding of leadership is developed individually on the basis of the five principles of focus, courage, openness, cooperation and change against the background of the specific framework conditions and requirements in each case. Managers and teams are supported by a cross-divisional and cross-hierarchical project team in finding the best way to live and shape #TeamLead in concrete terms.

### Open dialogue with staff representatives and equal opportunities officers

Employees are represented by staff and works councils in Germany and by employee representatives in Luxembourg. The representatives of the severely disabled and the equal opportunities officers are also available to employees as internal contact persons for problems at the workplace. In addition, the youth and trainee representation represents the interests of trainees and interns in the Deka Group. TABLE 6 provides an overview of the current structure and committees.

### The Deka Pulse-Check

In the year under review, a total of three additional Pulse-Checks were carried out as a tool for actively involving the Deka Group's employees<sup>25</sup>. As part of the short surveys, all employees had the opportunity to comment on current topics and initiatives. This year, the focus was on the organisational change underway as part of the 2025 strategic action programme and on issues relating to risk culture, workforce diversity and health.

(CF. **CHAPTER 2.3.1.**, SECTION ON EMPLOYEE SURVEYS)

## 4.2.2. Management of human resources

### 4.2.2.1. Human resources key figures

As of 31 December 2022, the Deka Group had a total of 4,838 employees (2021: 4,622) and 44 external employees on a temporary basis. As there has been no complete integration in terms of human resources, the information for S Broker AG & Co. KG is shown separately. Here, 188 employees were employed at the end of 2022 (2021: 176). The same applies to IQAM Invest, which had 58 employees at the end of 2022 (2021: 56). (CF. **TABLES 7 + 13**)

COMMITTEES OF STAFF REPRESENTATION (TABLE 6)

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| Company                               | Location(s)                    | Employee Representation | Members | Exemptions |
|---------------------------------------|--------------------------------|-------------------------|---------|------------|
| DekaBank                              | Frankfurt/Leipzig              | Staff Council           | 15      | 4          |
| Deka Immobilien Investment            | Frankfurt and regional offices | Works Council           | 11      | 2          |
| Deka Investment                       | Frankfurt/Leipzig              | Works Council           | 11      | 1          |
| Deka Vermögensmanagement              | Frankfurt                      | Works Council           | 4       | 0          |
| Deka Immobilien Investment/WestInvest | Düsseldorf                     | Joint Works Council     | 5       | 0          |
| Deka Immobilien Investment            |                                | General Works Council   | 4       | 0          |

<sup>25</sup> Without S-Broker and without IQAM and for all employees, who had been working in the company for at least six weeks at the start of the survey.

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NUMBER OF EMPLOYEES (TABLE 7)

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| Total employees (headcount)        | 31 Dec 2018  | 31 Dec 2019  | 31 Dec 2020  | 31 Dec 2021  | 31 Dec 2022  | female       | male         |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Domestic companies</b>          | <b>4,160</b> | <b>4,168</b> | <b>4,177</b> | <b>4,279</b> | <b>4,478</b> | <b>1,701</b> | <b>2,774</b> |
| DekaBank                           | 2,985        | 2,988        | 3,021        | 3,098        | 3,240        | 1,249        | 1,991        |
| Deka Investment GmbH               | 444          | 449          | 454          | 462          | 487          | 137          | 350          |
| Deka Immobilien Investm. GmbH      | 69           | 545          | 562          | 581          | 589          | 271          | 318          |
| WestInvest GmbH                    | 8            | 8            | 9            | 7            | 7            | 3            | 4            |
| Deka Vermögensmanagement GmbH      | 153          | 145          | 95           | 94           | 97           | 27           | 70           |
| Deka Beteiligungs GmbH             | 4            | 0            | 0            | 0            | 0            | 0            | 0            |
| bevestor GmbH                      | 19           | 25           | 28           | 29           | 33           | 8            | 25           |
| Deka Real Estate Intern. GmbH      | 8            | 8            | 8            | 8            | 9            | 5            | 4            |
| SWIAT GmbH                         | 0            | 0            | 0            | 0            | 16           | 4            | 12           |
| Deka Immobilien GmbH               | 470          | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Foreign companies</b>           | <b>404</b>   | <b>398</b>   | <b>364</b>   | <b>343</b>   | <b>360</b>   | <b>168</b>   | <b>192</b>   |
| Int. Fund Management               | 1            | 0            | 0            | 0            | 0            | 0            | 0            |
| Deka International S.A.            | 21           | 24           | 21           | 22           | 25           | 10           | 15           |
| DekaBank Luxembourg S.A.           | 378          | 322          | 0            | 0            | 0            | 0            | 0            |
| Deka RES USA Inc.                  | 3            | 3            | 3            | 3            | 3            | 1            | 2            |
| Deka Far East Pte. Ltd.            | 1            | 1            | 1            | 1            | 1            | 0            | 1            |
| DekaBank NL Luxembourg             | 0            | 26           | 312          | 287          | 296          | 147          | 149          |
| DVM Luxembourg                     | 0            | 22           | 27           | 30           | 35           | 10           | 25           |
| <b>Deka Group</b>                  | <b>4,564</b> | <b>4,566</b> | <b>4,541</b> | <b>4,622</b> | <b>4,838</b> | <b>1,872</b> | <b>2,966</b> |
| S Broker AG & Co. KG/Management AG | 152          | 157          | 167          | 176          | 188          | 72           | 116          |
| IQAM Invest GmbH                   | 0            | 0            | 0            | 56           | 58           | 19           | 39           |

#### 4.2.2.2. Resource management and employer brand management

The labour market is in a constant state of change and is influenced, among other things, by the wishes and values of the coming generations. When evaluating a potential employer, topics such as health, individuality, friendship, family, sustainability, diversity and multiculturalism are particularly important to them compared to previous generations.

Generally, people choose the company, whose ideas and values are reflected in the employer brand. The employer brand must therefore actively address the requirements and expectations of the labour market in order to ensure the successful recruitment and retention of employees.

With the further expansion of participation in career fairs, contacts are established with interesting and interested junior staff. Among other things, a future trainee programme was set up to promote young talent. As part of this programme, the trainees are deployed across divisions and work in a network on overarching future topics – blockchain, distributed ledger technology (DLT), ESG, innovation and digitalisation. The Deka Group's goal is to reflect the diversity of society within the Bank. The Bank is therefore working, among other things, to increase the proportion of women in the Deka Group and to establish a sustainable age and generation mix.

The option of mobile working creates flexibility for employees and also increases the bank's attractiveness as an employer.

In addition to recruitment on the external labour market through a modern recruitment process, the internal job market is an essential pillar within the framework of human resources management. With a view to the strategic orientation, other important fields of action of the Central Division are the selection of executives, succession planning in line with regulatory requirements as well as attractive incentive and remuneration systems to attract new and retain existing employees. With the aforementioned measures, the bank strengthens loyalty and offers employees interesting development prospects within the Deka Group.

The Deka Group is committed to first advertising vacant positions internally before publishing them externally. This goes hand in hand with the stringent development of employees and a clear focus on the HR strategy – "the right employee at the right place". The turnover rate within the Deka Group in Germany was 63.9 percent in the year under review (2021: 65.3 percent). Vacant management positions have already been filled since 2014, both for internal and external hires, as part of the "Deka Management Forum". This includes support from an external management diagnostician as well as the option of conducting the process partially remotely.

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The internal advertisement and appointment process is coordinated with the staff representatives within the framework of the service/works agreement. Members of the staff representatives and the equal opportunities officers participate in specific selection procedures.

### 4.2.2.3. Fluctuation, length of service and new employees

An important quantitative indicator for the success of resource management and the cultivation of the employer brand is the fluctuation rate. In 2022, it was 3.8 percent in Germany and thus above the level of the previous year (2021: 3.1 percent). At the same time, the fluctuation rate remains below the 5-year average (2018-2022: 4.1 percent).

After achieving an average length of service of over ten years for the first time in 2015, this remained at the high level of 12.0 years at the end of 2022 (2021: 12.0). In addition, the Deka Group was able to increase its entry rate in the year under review compared with the previous year. Both figures underline the Deka Group's high attractiveness as an employer. (CF. TABLES 8, 9 + 10)

FLUCTUATION RATE\* (TABLE 8)

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| Deka Group in Germany         | 2018        | 2019        | 2020        | 2021        | 2022        | Number     |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|------------|
| <b>Women</b>                  | <b>4.1%</b> | <b>4.5%</b> | <b>6.0%</b> | <b>2.8%</b> | <b>4.5%</b> | <b>76</b>  |
| Age range 20 – 29             | 11.5%       | 5.1%        | 8.1%        | 2.0%        | 8.8%        | 11         |
| 30 – 39                       | 4.5%        | 6.0%        | 7.4%        | 3.3%        | 7.7%        | 30         |
| 40 – 49                       | 3.2%        | 3.7%        | 4.6%        | 2.9%        | 2.7%        | 15         |
| 50 – 59                       | 1.5%        | 2.3%        | 2.5%        | 1.4%        | 2.6%        | 14         |
| > = 60                        | 10.0%       | 12.8%       | 30.0%       | 9.9%        | 6.5%        | 6          |
| <b>Men</b>                    | <b>4.3%</b> | <b>4.4%</b> | <b>4.1%</b> | <b>3.4%</b> | <b>3.4%</b> | <b>92</b>  |
| Age range 20 – 29             | 6.3%        | 11.8%       | 6.5%        | 7.2%        | 7.3%        | 11         |
| 30 – 39                       | 9.1%        | 6.7%        | 6.7%        | 5.8%        | 4.8%        | 27         |
| 40 – 49                       | 2.6%        | 4.2%        | 3.7%        | 2.3%        | 3.5%        | 29         |
| 50 – 59                       | 1.2%        | 1.2%        | 2.0%        | 1.7%        | 1.2%        | 12         |
| > = 60                        | 11.5%       | 8.9%        | 8.1%        | 7.5%        | 6.4%        | 13         |
| <b>Total fluctuation rate</b> | <b>4.2%</b> | <b>4.4%</b> | <b>4.9%</b> | <b>3.1%</b> | <b>3.8%</b> | <b>168</b> |

\* without the Board of Management, temporary staff, trainees, students, apprentices, interns/graduating students, pensioners (start supply reference)

AVERAGE LENGTH OF SERVICE (TABLE 9)

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| Deka Group in Germany (headcount)  | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 | female | male  |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--------|-------|
| <= 5 years                         | 1,309       | 1,308       | 1,283       | 1,288       | 1,391       | 521    | 870   |
| 6 – 10 years                       | 924         | 745         | 741         | 781         | 748         | 270    | 478   |
| 11 – 15 years                      | 508         | 691         | 739         | 744         | 807         | 271    | 536   |
| >= 16 years                        | 1,419       | 1,424       | 1,414       | 1,466       | 1,516       | 638    | 878   |
| Ø Length of service, in years      | 11          | 11          | 12          | 12          | 12          | 12.6   | 11.6  |
| Total employees                    | 4,160       | 4,168       | 4,177       | 4,279       | 4,462       | 1,700  | 2,762 |
| S Broker AG & Co. KG/Management AG | 9.0         | 8.2         | 8.0         | 8.6         | 8.9         | –      | –     |
| IQAM Invest GmbH                   | –           | –           | –           | 9.0         | 9.2         | –      | –     |

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ENTRY RATE\* (TABLE 10)

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| Deka Group in Germany              | 2018        | 2019        | 2020        | 2021        | 2022        | Number     | Switching rate** |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------------|
| <b>Women</b>                       | <b>5.9%</b> | <b>3.6%</b> | <b>3.5%</b> | <b>3.7%</b> | <b>5.3%</b> | <b>89</b>  | <b>66.5%</b>     |
| Age range 20 – 29                  | 23.6%       | 17.0%       | 12.6%       | 13.2%       | 20.4%       | 23         | 59.6%            |
| 30 – 39                            | 8.6%        | 4.8%        | 5.0%        | 6.5%        | 8.3%        | 32         | 64.4%            |
| 40 – 49                            | 3.2%        | 3.0%        | 2.4%        | 2.9%        | 4.2%        | 23         | 68.5%            |
| 50 – 59                            | 1.9%        | 0.9%        | 2.3%        | 1.2%        | 1.9%        | 10         | 77.3%            |
| > = 60                             | 3.5%        | 0.0%        | 0.0%        | 1.1%        | 0.0%        | 0          | 100.0%           |
| <b>Men</b>                         | <b>5.0%</b> | <b>3.8%</b> | <b>3.7%</b> | <b>4.8%</b> | <b>6.0%</b> | <b>160</b> | <b>62.3%</b>     |
| Age range 20 – 29                  | 27.5%       | 12.8%       | 14.0%       | 26.4%       | 24.8%       | 32         | 60.0%            |
| 30 – 39                            | 8.7%        | 7.7%        | 8.1%        | 10.1%       | 13.5%       | 71         | 56.2%            |
| 40 – 49                            | 3.5%        | 3.0%        | 3.4%        | 3.3%        | 3.5%        | 29         | 67.8%            |
| 50 – 59                            | 0.8%        | 1.4%        | 0.8%        | 1.7%        | 2.4%        | 24         | 71.4%            |
| > = 60                             | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 1.9%        | 4          | 50.0%            |
| <b>Total entry rate</b>            | <b>5.3%</b> | <b>3.7%</b> | <b>3.6%</b> | <b>4.4%</b> | <b>5.7%</b> | <b>249</b> | <b>63.9%</b>     |
| S Broker AG & Co. KG/Management AG | –           | –           | 13.7%       | 15.5%       | 19.9%       | 44         | –                |
| IQAM Invest GmbH                   | –           | –           | –           | 11.6%       | 11.5%       | 7          | –                |

\* without the Board of Management, temporary staff, trainees, students, apprentices, interns/graduating students \*\* Promotion and expansion of the internal job market; internal before external; includes all personnel measures (job, function and organizational switches) in relation to "external" entries

The increasingly dynamic changes in the banking sector regularly require a review and, if necessary, adjustment of the number and structure of employees. If this involves job cuts, Deka-Bank focuses on personnel measures that are as socially acceptable as possible and are carried out by mutual agreement. In this context, discussions and negotiations are initiated with employee representatives at an early stage, taking into account all legal requirements, such as those set out in the German Federal Staff Representation Act (Bundespersonalvertretungsgesetz), so that uniform arrangements are made and the greatest possible transparency is ensured with regard to the agreed benefits.

#### 4.2.3. Training and further education

##### 4.2.3.1. Training

As of 31 December 2022, the Deka Group employed a total of 124 apprentices and trainees in Germany (2021: 82). In order to be able to offer all apprentices and trainees continued employment after successfully completing their training, the number of apprentices and trainees is determined in line with re-

quirements. Against this background, the Deka Group significantly expanded the future programme for trainees in the year under review and created additional training places in the IT area. (CF. **TABLE 11**)

In August 2022, in addition to two students studying Information Technology as part of a dual course of study, six apprentices started in the IT department as IT specialists for application development and two apprentices as IT specialists for system integration.

The Deka Group attaches great importance to the fair treatment and appropriate support of interns. For this reason, Deka-Bank participates in the "Fair Company" initiative of the Handelsblatt publishing group. In doing so, it undertakes to offer students interesting activities and fair working conditions as part of an internship with the Deka Group.

JUNIOR STAFF (TABLE 11)

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| Deka Group in Germany (headcount) | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 | female    | male      |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|
| Trainees                          | 33          | 32          | 40          | 56          | 94          | 30        | 64        |
| Funded students (HfB, HdS)        | 4           | 6           | 4           | 0           | 0           | 0         | 0         |
| Apprentices                       | 15          | 16          | 25          | 26          | 30          | 7         | 23        |
| <b>Junior staff</b>               | <b>52</b>   | <b>54</b>   | <b>69</b>   | <b>82</b>   | <b>124</b>  | <b>37</b> | <b>87</b> |

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### 4.2.3.2. Further education

#### Further training measures

At least once a year, employees and managers define individual development paths based on the identified development needs. They have access to a wide range of measures that are continuously developed in line with strategy and needs. It includes offers for the development of personal, methodological, social and professional skills. DekaBank supports its employees with internal or external training measures, both financially and in terms of time. The form and scope of employee involvement in jointly determining their professional development is based on the internal "skills development" agreement.

The agreed training takes place either as part of professional activities, for example by taking on project tasks, or through measures that are carried out "off the job", such as seminars or longer-term training courses that are completed with a certificate. DekaBank is also increasingly relying on short and digital formats as part of its training offering in order to enable good integration and application in everyday working life as well as mobile access. In particular, opportunities for virtual participation in online courses and self-learning formats have been expanded. In addition to location-independent access to learning opportunities, the aim is also to promote and support competences in the use of digital tools and media, for example in the context of the MS Teams rollout. Examples of this are virtual presence training, e-learning or corresponding blended learning offers, i.e. the combination of different methods and media. For example, online face-to-face training and e-learning are enriched with transfer-supporting tasks between smaller learning units. This is intended to promote competence development with appropriate practical relevance.

The DekaLearning learning system maps the internal central further education offering. It provides employees with a comprehensive overview of the further training on offer and thus enables them to put together personal learning plans. Here, users can opt for self-learning or guided learning formats according to their individual learning preferences.

#### Further training expenditure

In the year under review, the financial expenditure for further training measures amounted to an average of 998 euros per employee capacity in Germany (2021: 865 euros). In order to do justice to the changed framework conditions surrounding mobile working, the further training offering continues to rely increasingly on shorter and digital formats, as described above. The provision of short and digital trainings not only leads to a higher use of the offers, but also has an impact on the average investment in further trainings per employee. The above figure does not include expenses for further training within the scope of various projects, e.g. for the implementation of MIFID II and the General Data Protection Regulation (GDPR; DS-GVO), measures "on the job" and the use of educational leave.

A total of 20,999 seminar hours (2021: 36,859) were completed as part of the DekaLearning offerings in the year under review. On average, 5.6 hours (2021: 9.9) per employee capacity were invested in DekaLearning events. The decline in seminar hours per employee capacity is due to the fact that numerous IT training courses were held in 2021, for example on the use of web-based video conferencing, the importance of which has increased significantly in the wake of the Corona pandemic. In 2020, the corresponding value was 4.4 hours per employee capacity. External training is not included in the mentioned figures. (CF. **TABLE 12**)

#### Evaluation of measures

The training offers are continuously evaluated on the basis of the dimensions of satisfaction, learning and transfer success as well as benefit. Already in 2020, the surveys were adapted to the requirements of the increased implementation of virtual learning formats in order to ensure the recording of support needs, perception of benefits and transfer possibilities and to take them into account in the learning offers of the year under review. In addition, the desire for learning opportunities in the context of a virtual or hybrid work environment was taken into account for the planning of the DekaLearning offer and the offer was adapted accordingly.

### EXPENDITURE AND SCOPE OF FURTHER TRAINING MEASURES (TABLE 12)

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#### Expenditure of further education and training measures

| Deka Group in Germany                     | 2018 | 2019  | 2020 | 2021 | 2022 |
|---|------|-------|------|------|------|
| Further education and training costs (€m) | 3.5  | 3.8   | 2.5  | 3.2  | 3.8  |
| Average per active employee (€)           | 949  | 1.042 | 676  | 865  | 998  |

#### Seminar hours

| Deka Group in Germany           | 2018     | 2019     | 2020     | 2021     | 2022     | female  | male     |
|---------------------------------|----------|----------|----------|----------|----------|---------|----------|
| DekaLearning offers (h)         | 25,835.0 | 22,369.4 | 16,246.4 | 36,858.9 | 20,998.8 | 7,973.7 | 13,025.1 |
| Average per active employee (h) | 7.1      | 6.1      | 4.4      | 9.9      | 5.6      |         |          |

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### 4.2.4. Diversity in the Deka Group

#### 4.2.4.1. Strategy and governance

The diversity of the workforce is an enrichment for the Deka Group, as each and every individual brings individual strengths and perspectives to the company. Diversity of perspective is a key success factor for the company's competitiveness and future viability. The basis for this is the active promotion of an open, appreciative and inclusive corporate culture. This applies to the dimensions of gender, age structure and generation mix, cultural background, religion, disability, social origin and sexual orientation. (CF. **FIGURE 6**) As part of the business strategy, this understanding is a long-term commitment by the Deka Group to diversity and equal opportunities in the company. The current objectives of the Equality Plan are an integral part of the diversity strategy.

The focus here is initially on increasing the representation of women in management, specialist career and project management positions, as well as on establishing a balanced age structure and a sustainable generation mix. To pursue these goals, the instruments of human resources management are being further developed. These included anchoring openness to diversity in the HR competency model as the basis for all human resources measures and promoting diversity aspects through executive counselling as well as in application, talent and succession management.

The most important body for promoting diversity in the Deka Group is the Diversity Council. Its members are the chairperson of the Board of Management and two other members of the Board of Management, the head of Strategy & HR, the equal

opportunities officer and the diversity management team. This body met regularly in 2022 to review the areas of action in the Deka Group to promote diversity.

Another important part of the responsibilities for implementing the diversity strategy is the Disabled Persons' Representative Committee. It is available to all employees of DekaBank and all subsidiaries with professionally qualified contact persons and persons of trust. The aim is to increase the value of and improve the inclusion of people with severe disabilities.

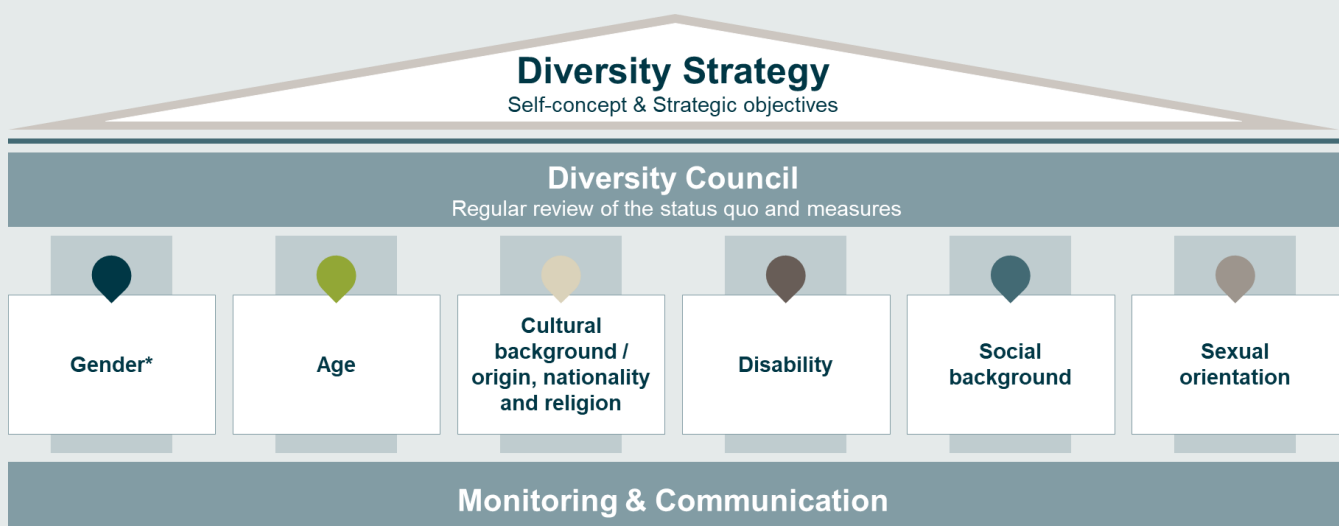
#### 4.2.4.2. Transparency and responsibility

In its responsibility for diversity and equal opportunities, the Deka Group attaches importance to comprehensive transparency regarding measures and progress. To this end, the presentation of the status quo and the ambition levels of diversity in the workforce was further optimised in 2022 and the Diversity Dashboard was introduced as an internal reporting and management tool. For the first time, information on the diversity of the workforce of the entire Deka Group was provided on a six-monthly basis, with a focus on the following key figures:

1. Gender distribution in the workforce, the share of women in management levels and in positions with non-tariff pay as well as the share of part-time managers
2. Age and generation mix, for example through age structure and the number of junior employees
3. Diversity of nationalities
4. Proportion of people with a declared severe disability

EXPANDING AND PROMOTING DIVERSITY (FIGURE 6)

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\* female/male/non-binary

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### NUMBER OF WOMEN AND MEN (TABLE 13)

#### Number of women and men: Total\* employees

| Deka Group in Germany (headcount)   | 31 Dec 2018  | 31 Dec 2019  | 31 Dec 2020  | 31 Dec 2021  | 31 Dec 2022  |
|---|--------------|--------------|--------------|--------------|--------------|
| Women   | 1,636        | 1,641        | 1,626        | 1,656        | 1,704        |
| Men   | 2,524        | 2,527        | 2,551        | 2,623        | 2,774        |
| <b>Total</b>  | <b>4,160</b> | <b>4,168</b> | <b>4,177</b> | <b>4,279</b> | <b>4,478</b> |
| Total* share of female employees  | 39.3%        | 39.4%        | 38.9%        | 38.7%        | 38.1%        |
| * $\Sigma$ Active employees + apprentices + inactive employees + trainees |              |              |              |              |              |
| S-Broker AG & Co.KG/Management AG   | 152          | 157          | 167          | 176          | 188          |
| Total* share of female employees  | 36.2%        | 35.7%        | 35.3%        | 39.2%        | 38.3%        |
| IQAM Invest GmbH  | –            | –            | –            | 56           | 58           |
| Total* share of female employees  | –            | –            | –            | 32.1%        | 32.8%        |

#### Number of women and men: Active\*\* employees

| Deka Group in Germany (headcount)        | 31 Dec 2018  | 31 Dec 2019  | 31 Dec 2020  | 31 Dec 2021  | 31 Dec 2022  |
|--|--------------|--------------|--------------|--------------|--------------|
| Women                                    | 1,491        | 1,466        | 1,471        | 1,514        | 1,537        |
| Men                                      | 2,427        | 2,418        | 2,459        | 2,488        | 2,572        |
| <b>Total</b>                             | <b>3,918</b> | <b>3,884</b> | <b>3,930</b> | <b>4,002</b> | <b>4,109</b> |
| Total share of active** female employees | 38.1%        | 37.7%        | 37.4%        | 37.8%        | 37.4%        |

\*\* Sum of the Board of Management + senior executives + permanent employees + temporary employees + stand-ins.

### AGE STRUCTURE OF ACTIVE EMPLOYEES (TABLE 14)

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| Deka Group in Germany                         | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 | female      | male        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| % of under 20 year-olds                       | 0.1%        | 0.0%        | 0.1%        | 0.0%        | 0.0%        | 0.0%        | 100.0%      |
| % of 20-24 year-olds                          | 1.4%        | 1.5%        | 1.6%        | 1.8%        | 2.1%        | 50.0%       | 50.0%       |
| % of 25-29 year-olds                          | 4.9%        | 4.9%        | 4.7%        | 5.0%        | 5.7%        | 39.3%       | 60.7%       |
| % of 30-34 year-olds                          | 10.4%       | 9.8%        | 8.8%        | 8.7%        | 8.9%        | 39.1%       | 60.9%       |
| % of 35-39 year-olds                          | 14.2%       | 12.6%       | 12.3%       | 11.7%       | 10.8%       | 38.4%       | 61.6%       |
| % of 40-44 year-olds                          | 17.6%       | 17.8%       | 17.4%       | 16.2%       | 15.1%       | 44.2%       | 55.8%       |
| % of 45-49 year-olds                          | 19.4%       | 18.4%       | 17.8%       | 17.5%       | 17.1%       | 35.4%       | 64.6%       |
| % of 50-54 year-olds                          | 19.9%       | 20.0%       | 19.5%       | 19.8%       | 18.6%       | 34.1%       | 65.9%       |
| % of 55-59 year-olds                          | 8.9%        | 10.9%       | 13.6%       | 14.6%       | 16.4%       | 35.2%       | 64.8%       |
| % of 60 year-olds and older                   | 3.3%        | 4.0%        | 4.3%        | 4.6%        | 5.2%        | 31.8%       | 68.2%       |
| <b>Average age in years</b>                   | <b>44.2</b> | <b>44.7</b> | <b>45.2</b> | <b>45.4</b> | <b>45.5</b> | <b>44.8</b> | <b>46.0</b> |
| Active employees (headcount)                  | 3,918       | 3,884       | 3,930       | 4,002       | 4,109       | 1,537       | 2,572       |
| S Broker AG & Co. KG/Management AG (in years) | <b>43.2</b> | <b>43.2</b> | <b>41.1</b> | <b>43.0</b> | <b>44.3</b> | –           | –           |
| IQAM Invest GmbH (in years)                   | –           | –           | –           | <b>43.4</b> | <b>43.6</b> | –           | –           |

The average age of all Deka Group employees working in Germany was 45.5 years at the end of 2022 (2021: 45.4 years). The age group between 50 and 54 was the most strongly represented. (CF. **TABLE 14**)

intercultural background or dual nationality, who cannot be included in the statistics.

Employees from 58 nations have found their professional home in the Deka Group. At the end of 2022, 303 employees (157 women and 146 men) had a nationality other than German. (CF. **TABLE 15**) At 8.0 percent, their share in the year under review (2021: 7.1 percent) was at the same level as the previous year. The most strongly represented nations besides Germany are Italy, Croatia, Turkey, France and Greece. Of course, the Deka Group also has numerous employees with an



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NATIONALITIES (TABLE 15)

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| Deka Group in Germany (headcount) | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 | female     | male       |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Italian                           | 32          | 30          | 29          | 29          | 28          | 14         | 14         |
| Croatian                          | 15          | 19          | 20          | 19          | 20          | 9          | 11         |
| French                            | 18          | 18          | 19          | 18          | 20          | 5          | 15         |
| Russian                           | 14          | 15          | 17          | 17          | 16          | 12         | 4          |
| Turkish                           | 11          | 17          | 16          | 17          | 20          | 11         | 9          |
| Greek                             | 17          | 17          | 16          | 19          | 18          | 15         | 3          |
| Polish                            | 16          | 16          | 16          | 14          | 12          | 8          | 4          |
| Austrian                          | 17          | 13          | 13          | 13          | 14          | 3          | 11         |
| Bulgarian                         | 6           | 10          | 10          | 10          | 10          | 8          | 2          |
| Dutch                             | 9           | 9           | 10          | 11          | 12          | 3          | 9          |
| British                           | 13          | 10          | 9           | 8           | 6           | 2          | 4          |
| Ukrainian                         | 7           | 9           | 8           | 10          | 10          | 9          | 1          |
| Chinese                           | 7           | 8           | 8           | 10          | 12          | 7          | 5          |
| American                          | 8           | 10          | 7           | 6           | 6           | 1          | 5          |
| Other nationalities               | 78          | 72          | 80          | 85          | 99          | 50         | 49         |
| <b>Nationalities</b>              | <b>268</b>  | <b>273</b>  | <b>278</b>  | <b>286</b>  | <b>303</b>  | <b>157</b> | <b>146</b> |

NUMBER OF SEVERELY DISABLED EMPLOYEES (TABLE 16)

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| Deka Group in Germany          | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Women                          | 67          | 72          | 72          | 73          | 71          |
| Men                            | 64          | 69          | 68          | 68          | 73          |
| Total employees                | 131         | 141         | 140         | 141         | 144         |
| <b>Compulsory jobs (shall)</b> | <b>198</b>  | <b>202</b>  | <b>199</b>  | <b>204</b>  | <b>211</b>  |
| occupied                       | 125         | 135         | 134         | 138         | 139         |

An important element of diversity management is the 5th Equality Plan. It addresses regulatory requirements for gender equality and at the same time reflects the Deka Group's responsibility for the diversity dimension of gender. The plan is thus also an essential part of the HR policy to anchor equal career opportunities for all employees in the corporate culture in the long term. The plan came into force on 1 January 2021 and comprises the following four objectives:

1. Equal opportunities – Significantly increase the proportion of women in management and specialist career positions, in project management, in the non-tariff pay area and in junior staff programmes.
  - a) At least one woman as a member of the Board of Management
  - b) At least 20 percent women in divisional management
  - c) At least 25 percent of department heads are women
  - d) At least 30 percent of group leadership are women
  - e) At least 26 percent of subject group heads are women
  - f) At least 30 percent women in the non-tariff pay area
2. Sustainably ensure good framework conditions for reconciling work and family life for women and men.
3. Motivation of male employees to make greater use of measures to reconcile work, family and care than in the past.
4. Anchoring gender equality goals in the diversity strategy.

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PROPORTION OF WOMEN IN MANAGEMENT POSITIONS (TABLE 17)

| Deka Group in Germany                                    | 31 Dec 2018  | 31 Dec 2019  | 31 Dec 2020  | 31 Dec 2021  | 31 Dec 2022  | female    | male       |
|--|--------------|--------------|--------------|--------------|--------------|-----------|------------|
| Board of Management                                      | 20.0%        | 16.7%        | 20.0%        | <b>16.7%</b> | 16.7%        | 1         | 5          |
| 1. Management level (Head of Division)                   | 8.6%         | 8.1%         | 8.1%         | <b>8.6%</b>  | 11.1%        | 4         | 32         |
| 2. Management level (Head of Department)                 | 16.2%        | 15.7%        | 15.6%        | <b>15.3%</b> | 15.0%        | 18        | 102        |
| 3. Management level (Group Manager)                      | 24.5%        | 22.3%        | 22.3%        | <b>21.9%</b> | 24.7%        | 74        | 226        |
| <b>Management levels (including Board of Management)</b> | <b>20.8%</b> | <b>19.1%</b> | <b>19.2%</b> | <b>19.0%</b> | <b>21.0%</b> | <b>97</b> | <b>365</b> |
| for information: Subject Area Management                 | 22.0%        | 21.1%        | 21.0%        | 21.0%        | 20.6%        | 36        | 139        |
| S-Broker AG & Co.KG/Management AG                        | 15.8%        | 20.0%        | 22.2%        | 29.4%        | 33.3%        | 8         | 16         |
| IQAM Invest GmbH   | –            | –            | –            | 0.0%         | 0.0%         | 0         | 8          |

### 4.2.4.3. Feedback and support

The Deka Group attaches great importance to a continuous exchange with employees in order to be able to take their assessments into account when designing and implementing measures. In 2022, for example, feedback was collected on the topic of diversity, among other things, as part of the Puls-Check employee survey. In the survey, 68 percent of participants stated that they felt that the Deka Group offers equal opportunities. (CF. **CHAPTER 2.3.1.**) A survey was also conducted on work-life balance.

Numerous measures were initiated in the year under review to support the Deka Group's approach to cultural diversity in the future. As a basis for the development and implementation of the measures, existing strengths and weaknesses in dealing with the issue of diversity were identified using the focus group tool.

To provide targeted information, the equal opportunities officers offer events aimed specifically at women. These include the annual women's meeting, which is regularly attended by a member of the Deka Group's Board of Management, and the DekaFrauenFokus series of events focusing on topics such as "Strengthening cooperation and increasing impact". In addition, two women's networks founded by female employees and female managers in the Deka Group again promoted internal networking within the company during this year under review.

The external networking of women in the German-speaking investment fund industry is the mission of the career network Fondsfrauen, which DekaBank joined in 2018. Since 2020, DekaBank has also been a member of IWIL (Initiative Women Into Leadership), a cross-company mentoring programme for women in senior management positions.

To support people with limited physical or mental abilities, the Deka Group actively promotes a culture that builds trust, as invisible disabilities may often be concealed for fear of prejudice or discrimination. To this end, for example, an information

campaign was initiated in the year under review to counter prejudice against people with a disability.

In order to provide employees with physical disabilities with a good working and development atmosphere, the Deka Group has designed the offices accordingly: All buildings are accessible without barriers and, where necessary, have sliding doors or doors with electronic door openers. The work equipment provided by the Deka Group is generally of a higher standard than required by law. In addition to the representatives for the severely disabled in the Deka Group, the Employee Assistance Programme (EAP) is another point of contact from which disabled employees also receive effective support.

### 4.2.4.4. Capacity building and awareness raising

In order to raise awareness of the various diversity aspects, e-learning as well as online and face-to-face training courses, e.g. "Leading and Promoting Diversity", are available through the central DekaLearning training programme. (CF. **CHAPTER 4.2.3.**) Trainings are also offered specifically for women, e.g. "Communication kick for women". In order to increase the attractiveness of these training offers, a demand-based alignment of the diversity seminars for the following year was carried out in the year under review 2022. Awareness of the diversity strategy was raised in the year under review at various management events as well as at an event for junior staff.

### 4.2.5. Reconciliation of work and private life

With the help of lifecycle-oriented HR management, DekaBank creates framework conditions that combine professional advancement with the demands and needs of private life in the best possible way. This applies in particular to employees with children or relatives in need of care. All employees have access to counselling and mediation services on the topics of child-care and nursing care, regardless of location. In addition to the counselling services, the equal opportunities officer offers events on the topic of care as well as meetings for parents for all employees.

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The Deka Group has regularly taken part in the external "audit beruf und familie" (audit work and family) certification process since 2005 in order to continuously develop its offering. In 2021, the Deka Group was recognised for its family-conscious HR policy for the sixth time.

In the year under review, there was also a focus on supporting managers in their task of developing good and coordinated work-life balance solutions for their teams and all team members. The central Strategy & HR department also conducted a survey on the concrete need for childcare close to the workplace at the German locations in order to derive measures from this if necessary and possible in the coming year. These measures also enable diverse life models in the workforce.

### 4.2.5.1. Support for employees with children

Permanent employees with younger children can take advantage of the Deka Group's childcare support. The offer includes 30 crèche places and 22 nursery places, which are provided at the Frankfurt site. Due to the high demand for nursery places, the number of nursery places was increased from 17 to 22 places in the year under review. Since 2018, it has also been possible for employees, who work for the Deka Group outside the head office in Frankfurt to apply for a childcare place at a pme Familienservice location throughout Germany, depending on availability.

In addition, the Deka Group offers emergency childcare, which parents can use free of charge for up to five days per year per child if regular childcare is cancelled. Parents of school-age children are also supported in bridging the time off school by funding up to ten days of holiday programme per year and child.

On average, Deka Group employees have returned to work 12.8 months (2021: 13.3 months) after the birth of a child over the past five years. Employees took parental leave at the

same level as in the previous year. During 2022, 106 male employees (2021: 106) of the Deka Group took parental leave. Although their number was higher than that of women (64) (2021: 84), the average duration of parental leave taken was shorter (men: 1.6 months / women: 11.7 months). The return rate after parental leave was 98.8 percent (2021: 95.1 percent), while the retention rate was 95.1 percent in the year under review (2021: 96.8 percent). (CF. **TABLE 18**) The Strategy & HR department and the team around the equal opportunities officers offer employees comprehensive advice and mediation on organising childcare and on the topics of maternity and parental leave.

Since 2015, the Deka Group has also been cooperating with Viva Familienservice, which offers advice and mediation on all aspects of childcare and nursing care. In the year under review, 64 cases were processed in the Work & Children category (2021: 66). Since employees can place their requests by phone or email, the service is available across all locations in Germany. This means that employees in Luxembourg can also participate if their question relates to Germany.

### 4.2.5.2. Support for employees with dependants in need of care

To underline the importance of this issue, the Deka Group signed the Charter for Reconciling Work and Care in Hesse in 2014. With its measures, the Deka Group wants to help create a working environment in which caring for family members is not a taboo subject and those affected are shown respect and recognition for this task.

In cooperation with professional partners such as Viva Familienservice, employees who care for relatives in need of care, are supported. The so-called eldercare counselling and mediation relieves employees in the organisation, financing and implementation of care tasks. In the year under review, 256 cases (2021: 152) were handled by Viva Familienservice in this area.

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EMPLOYEES ON PARENTAL LEAVE (TABLE 18)

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| Parental leave – as per reporting date (headcount) | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 |
|--|-------------|-------------|-------------|-------------|-------------|
| Women  | 67          | 79          | 80          | 66          | 65          |
| Men  | 7           | 5           | 6           | 9           | 10          |
| <b>Total</b>                                       | <b>74</b>   | <b>84</b>   | <b>86</b>   | <b>75</b>   | <b>75</b>   |

| Parental leave – during the year (headcount) | 2018       | 2019       | 2020       | 2021       | 2022       |
|--|------------|------------|------------|------------|------------|
| Women  | 82         | 78         | 83         | 84         | 64         |
| Men  | 126        | 139        | 106        | 106        | 106        |
| <b>Total</b>                                 | <b>208</b> | <b>217</b> | <b>189</b> | <b>190</b> | <b>170</b> |

| Average duration of parental leave (months) | 2018 | 2019 | 2020 | 2021 | 2022 | 5-year Ø |
|---|------|------|------|------|------|----------|
| Women                                       | 13.0 | 14.7 | 12.6 | 11.9 | 11.7 | 12.8     |
| Men   | 1.2  | 1.6  | 1.3  | 1.9  | 1.6  |          |

\* Without maternity leave and secondary activities in parental leave

| Return after parental leave (headcount)** | 2019       | 2020       | 2021       | 2022       |
|---|------------|------------|------------|------------|
| Women                                     | 73         | 75         | 71         | 61         |
| Men                                       | 138        | 105        | 105        | 105        |
| <b>Total</b>                              | <b>211</b> | <b>180</b> | <b>176</b> | <b>166</b> |

| Return rate  | 2019         | 2020         | 2021         | 2022         |
|--------------|--------------|--------------|--------------|--------------|
| Women        | 98.6%        | 96.2%        | 89.9%        | 96.8%        |
| Men          | 99.3%        | 99.1%        | 99.1%        | 100%         |
| <b>Total</b> | <b>99.1%</b> | <b>97.8%</b> | <b>95.1%</b> | <b>98.8%</b> |

| Remaining after parental leave (12 months) (headcount)** | 2019       | 2020       | 2021       | 2022       |
|--|------------|------------|------------|------------|
| Women  | 75         | 73         | 77         | 74         |
| Men  | 115        | 128        | 102        | 100        |
| <b>Total</b>   | <b>190</b> | <b>201</b> | <b>179</b> | <b>174</b> |

| Retention rate (12 months) | 2019         | 2020         | 2021         | 2022         |
|----------------------------|--------------|--------------|--------------|--------------|
| Women                      | 96.2%        | 96.1%        | 96.3%        | 94.9%        |
| Men                        | 90.6%        | 92.8%        | 97.1%        | 95.2%        |
| <b>Total</b>               | <b>92.7%</b> | <b>93.9%</b> | <b>96.8%</b> | <b>95.1%</b> |

\*\* The key figures on return and remaining have been systematically recorded since 2019.

### 4.2.5.3. Working time models

Flexible working hours are an important element in ensuring the compatibility of work and private life or care. Employees currently have the option of choosing from around 70 different part-time models. The part-time ratio in the Deka Group in Germany was 21.4 percent at the end of 2022, almost unchanged from the previous year (2021: 21.5 percent). (CF. TABLES 19 + 20)

In order to strengthen the work-life balance in line with the times, employees have the option of using mobile working. In an agreement concluded with the staff council and the works councils, it was determined that mobile working is increasingly

possible for all employees within the framework of operational, legal and regulatory requirements. Within the framework of the corresponding service or works agreements, employees are generally given the right to work 40 percent of their working hours on a mobile basis. An increase of the share up to 100 percent is possible, where this is in the interest of all parties involved. There are defined exceptions for individual areas and functions; in the event of disagreement between the parties involved, a regulated arbitration procedure takes effect. In addition, there are accompanying regulations on technical equipment, insurance and data protection. During the Corona pandemic, mobile working was increasingly used, so that since March 2020 an average of more than 70 percent of the Deka Group's employees have regularly worked in a mobile manner.

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PART-TIME RATE OF ACTIVE EMPLOYEES (TABLE 19)

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| Deka Group in Germany (%)    | 31 Dec 2018  | 31 Dec 2019  | 31 Dec 2020  | 31 Dec 2021  | 31 Dec 2022  | Full-time    | Part-time  |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| Women                        | 38.6%        | 41.0%        | 42.3%        | 42.6%        | 42.0%        | 892          | 645        |
| Men                          | 6.1%         | 7.2%         | 8.1%         | 8.6%         | 9.1%         | 2,338        | 234        |
| <b>Part-time ratio total</b> | <b>18.5%</b> | <b>19.9%</b> | <b>20.9%</b> | <b>21.5%</b> | <b>21.4%</b> | <b>3,230</b> | <b>879</b> |

| Foreign companies (%)        | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022  | Full-time  | Part-time  |
|------------------------------|-------------|-------------|-------------|-------------|--------------|------------|------------|
| Women                        |             |             |             |             | 67.5%        | 53         | 110        |
| Men                          |             |             |             |             | 15.0%        | 159        | 28         |
| <b>Part-time ratio total</b> |             |             |             |             | <b>39.4%</b> | <b>212</b> | <b>138</b> |

|  |              |              |              |              |              |            |           |
|--|--------------|--------------|--------------|--------------|--------------|------------|-----------|
| Women  | 34.5%        | 35.7%        | 35.6%        | 28.4%        | 31.9%        | 49         | 23        |
| Men  | 14.4%        | 14.9%        | 11.1%        | 11.2%        | 13.9%        | 99         | 16        |
| <b>S-Broker AG &amp; Co.KG/Management AG</b> | <b>21.7%</b> | <b>22.3%</b> | <b>19.8%</b> | <b>17.8%</b> | <b>20.9%</b> | <b>148</b> | <b>39</b> |
| Women  | –            | –            | –            | 77.8%        | 78.9%        | 4          | 15        |
| Men  | –            | –            | –            | 18.4%        | 17.9%        | 32         | 7         |
| <b>IQAM Invest GmbH</b>                      | <b>–</b>     | <b>–</b>     | <b>–</b>     | <b>37.5%</b> | <b>37.9%</b> | <b>36</b>  | <b>22</b> |

PART-TIME RATE OF MANAGERS (TABLE 20)

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| Deka Group in Germany (%)    | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 | Full-time  | Part-time |
|------------------------------|-------------|-------------|-------------|-------------|-------------|------------|-----------|
| Women                        | 18.6%       | 18.3%       | 19.0%       | 16.7%       | 17.5%       | 80         | 17        |
| Men                          | 2.4%        | 2.9%        | 3.4%        | 2.8%        | 3.0%        | 354        | 11        |
| <b>Part-time ratio total</b> | <b>5.8%</b> | <b>5.8%</b> | <b>6.4%</b> | <b>5.4%</b> | <b>6.1%</b> | <b>434</b> | <b>28</b> |

NUMBER OF TEMPORARY AND PERMANENT EMPLOYEES (TABLE 21)

| Total employees* (headcount) | 31 Dec 2018  | 31 Dec 2019  | 31 Dec 2020  | 31 Dec 2021 | 31 Dec 2022  | female       | male         |
|------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| <b>Domestic companies</b>    | <b>4,160</b> | <b>4,168</b> | <b>4,177</b> | 4,279       | <b>4,478</b> | <b>1,704</b> | <b>2,774</b> |
| Temporary                    | 192          | 189          | 218          | 256         | 230          | 86           | 144          |
| Permanent                    | 3,968        | 3,979        | 3,959        | 4,023       | 4,248        | 1,618        | 2,630        |
| <b>Foreign companies</b>     | <b>404</b>   | <b>398</b>   | <b>364</b>   | <b>343</b>  | <b>360</b>   | <b>168</b>   | <b>192</b>   |
| Temporary                    | 11           | 21           | 14           | 14          | 8            | 5            | 3            |
| Permanent                    | 393          | 377          | 350          | 329         | 352          | 163          | 189          |

\* ∑ Active employees + apprentices + inactive employees + trainees

Permanent employees also have the option of taking unpaid leave or financing paid time off from work via a saved credit balance in their working time account, the Deka-ZeitDepot. The collective agreement also provides that, under certain conditions, they can extend the duration of parental leave by a maximum of six months as part of the family phase.

The proportion of Deka Group employees in Germany, who do not participate in time recording – generally non-tariff employees – was 69 percent in 2022 (2021: 68 percent). The proportion of employees, who are not assigned to a working time model due to temporary work with a fixed-term employment contract or for other reasons was 2.8 percent (2021: 2.6 percent). The average number of temporary staff and working students for the year was 116 (2021: 106).

### 4.2.6. Occupational safety and health management

Health management was developed in the context of lifecycle-oriented human resources work as a response to the challenges of demographic change and the associated shortage of skilled workers. Its central pillars are the topics of exercise & sport, nutrition, medicine & prevention and mental health. Furthermore, the work ability and health of the workforce are promoted through far-reaching measures within the framework of occupational medical and safety care in cooperation with experts such as the company doctor and the safety specialist.

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### SICKNESS RATE OF ACTIVE EMPLOYEES (TABLE 22)

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| Deka Group in Germany         | 2018        | 2019        | 2020        | 2021        | 2022        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Women                         | 5.7%        | 5.5%        | 4.3%        | 4.0%        | 5.6%        |
| Men                           | 3.3%        | 3.3%        | 2.5%        | 2.3%        | 3.8%        |
| <b>Sickness rate in total</b> | <b>4.1%</b> | <b>4.1%</b> | <b>3.2%</b> | <b>2.9%</b> | <b>4.4%</b> |

### REPORTED INJURIES (TABLE 23)

| Deka Group in Germany (in the year)  | 2018      | 2019      | 2020     | 2021      | 2022     |
|--|-----------|-----------|----------|-----------|----------|
| <b>Commuting accidents</b>   | <b>18</b> | <b>24</b> | <b>9</b> | <b>11</b> | <b>1</b> |
| Principle causes are cycling accidents and injuries relating to black ice during the winter. |           |           |          |           |          |
| Location Frankfurt   | 14        | 24        | 9        | 8         | 1        |
| Leipzig  | 3         | –         | –        | 2         | –        |
| Hamburg  | 1         | –         | –        | –         | –        |
| Sales force (east)   | –         | –         | –        | –         | –        |
| Berlin   | –         | –         | –        | –         | –        |
| Düsseldorf   | –         | –         | –        | 1         | –        |
| <b>Work-related injuries</b>   | <b>7</b>  | <b>8</b>  | <b>9</b> | <b>3</b>  | <b>8</b> |
| Location Frankfurt   | 6         | 7         | 6        | 3         | 7        |
| Leipzig  | –         | 1         | 1        | –         | –        |
| Sales force (east)   | 1         | –         | 2        | –         | 1        |
| Hamburg  | –         | –         | –        | –         | –        |
| Düsseldorf   | –         | –         | –        | –         | –        |
| München  | –         | –         | –        | –         | –        |

### RATE OF DOCUMENTABLE WORK-RELATED INJURIES

| Deka Group in Germany<br>(Number per 1 million planned working hours) | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|
| Rate of injury  | 1.1  | 1.1  | 1.2  | 0.4  | 1.0  |

#### 4.2.6.1. Sickness rate

The sickness rate in 2022 was 4.4 percent and thus above the previous year's value (2021: 2.9 percent). The monthly progression shows that increased sickness rates mainly occurred in the 4th quarter of 2022. This is associated with the increased risk of influenza during the cold season. (CF. **TABLE 22**)

#### 4.2.6.2. Exercise and nutrition

The Deka Group's digital health platform "Deka machtfitt" offers employees a wide range of sports and exercise activities as well as various healthy eating options. It enables employees to take advantage of individual and flexible offers provided by DekaBank itself or by external partners. DekaBank provides all employees with a health budget of 200 euros per calendar year for booking external offers. The platform offers a large partner network with a wide range of subsidised and certified health and prevention courses that can be used near the workplace, at the place of residence or at home, as well as via app. The offer on the platform is constantly being expanded to include new providers and offers. In 2022, the personal contribution to be paid per booking was reduced to a maximum of

20 percent across all categories (2021: between 25 and 50 percent).

At the end of the year under review, 3,845 employees had registered on the platform. Full participation in Deka machtfitt is open to all employees with a German employment contract. There are only a few restrictions for employees in Luxembourg.

The Deka Group also supports participation in running events such as the annual J.P. Morgan Corporate Challenge through Frankfurt city centre. In 2022, the Deka Group participated for the first time since the start of the Corona pandemic with a running team of over 150 employees. In addition, a walking and activity challenge was organised at the beginning of 2022 under the motto "28 days active through Germany – A journey to all Deka locations". The aim was to be active for 28 days and collect exercise points by walking or other activities such as yoga, skiing or cycling. 486 employees participated in this challenge. To support employees' sporting activities, the Deka Group also provides financial support for its company sports club (DekaBank Sport e. V.). It offers its 500 members a range of 15 sports.



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A balanced diet is an important part of preventive healthcare. For this reason, the Deka Group attaches great importance to a varied and healthy range of foods from the region when it comes to canteen catering. In addition, several free online lectures on the topic of healthy nutrition were organised in cooperation with Medical Airport Service GmbH for the predominantly mobile workforce. In addition, the Deka machtfit offer makes it possible to participate in various nutrition programmes, order food boxes or take part in virtual cooking courses in order to eat healthily and consciously.

### 4.2.6.3. Occupational safety and medical care

In the area of occupational safety, the Deka Group complies with all relevant laws, ordinances, regulations and the collective agreement of the public and private banking industry. These include, in particular, the Occupational Safety Act (Arbeitssicherheitsgesetz, ASiG), the Occupational Health and Safety Act (Arbeitsschutzgesetz, ArbSchG), the Workplace Ordinance (Arbeitsstättenverordnung) and Regulations 1 ("Principles of Prevention") and 2 ("Occupational physicians and OSH professional") by the German Social Accident Insurance (Deutsche Gesetzliche Unfallversicherung, DGUV), the latter being more specific provisions of the ASiG. Important measures of the applicable laws include occupational health screening, systematic risk assessments to identify and analyse risks, and the regularly meeting occupational safety committee (Arbeitsschutzausschuss, ASA). The employer must form this committee according to the Occupational Safety Act Section 11 if more than 20 people are employed in a company. In the spirit of employee participation, all employee representatives of the Deka Group are represented on the ASA as members and thus contribute the issue-specific interests of the workforce. The ASA meets at least once a quarter and is tasked with discussing occupational health and safety and accident prevention issues.

All employees have the opportunity to take advantage of the medical examination by the company doctor, which focuses on prevention and health promotion. In addition, the company doctor carries out occupational health check-ups for all employees, which include determining the need for VDU glasses and refreshing travel medicine vaccinations. Deka Group managers at department head level and above have the opportunity to take advantage of a comprehensive preventive medical check-up every two years. In the year under review, demand for the annual flu vaccination was again at a high level. At 529, the number of vaccine doses used in 2022 was similar to the previous year (552).

All employees are obliged to complete an online course on central aspects of occupational safety and health every two years; managers also receive in-depth training. Work-related hazards and dangerous situations can be reported at any time

to the direct manager, the staff representatives, the occupational safety team or the occupational safety specialist. In addition, the safety specialist carries out random inspections to identify hazards in the Deka Group's workplaces. Any deficiencies identified are then rectified – where necessary with the support of specialist units with joint responsibility, such as Building Management.

The regular technical risk assessment of the Deka buildings, the necessity of which arises from Section 5 of the Occupational Health and Safety Act, is used for systematic risk assessment. In 2022, the focus was particularly on the new Deka building at Lyoner Strasse 13, which was opened in December 2021 and, once all the moves were completed, has been the new workplace for around 3,500 employees since mid-August 2022.

### Measures of protection during the Corona pandemic

The Corona pandemic, which continues into 2022, has presented occupational health and safety with a number of challenges. In order to protect the workforce from the virus and minimise the risk of infection, numerous countermeasures were taken, in particular the expansion of the possibility for mobile working and the implementation of the SARS-CoV-2 occupational health and safety standards required by the Federal Ministry of Labour and Social Affairs (Bundesministerium für Arbeit und Soziales, BMAS) at all sites. These were continuously adapted to the updated requirements in cooperation with several organisational units for the German sites. The updates were also reviewed by the company doctor on duty and the occupational safety specialist as part of a renewed "Corona risk assessment". Part of the concept was and is the comprehensive information of the workforce, e.g. via "Corona FAQs" published on the Intranet, as well as the provision of employees with hygiene tools such as rapid tests and FFP2 masks.

In addition, the Deka Group offered booster vaccinations with the company doctors of the CCB Cardioangiologisches Centrum Bethanien in December 2021 and January 2022. Around 1,000 employees and their relatives and external employees took advantage of this opportunity. As there is no general recommendation for a 2nd booster vaccination for persons under 60 years of age so far, no further vaccination offer could be made at the end of 2022. However, as soon as the recommendation by the Standing Vaccination Committee at the Robert Koch Institute (Ständige Impfkommision, STIKO) is adjusted, employees can be offered a vaccination. A corresponding agreement has already been made with the long-standing occupational health service provider Medical Airport Service GmbH.

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### 4.2.6.4. Mental health

In 2022, the Deka Group continued to conduct surveys in various areas of the company in order to systematically evaluate mental stress in the workplace and develop needs-based offerings. As part of its training programme, the Deka Group offers employees and managers numerous seminars on how to deal with stressful situations, such as the online training course "Self-leadership and resilience in hybrid forms of work". The training programme for all employees includes the seminars "Life balance/resilience" and "Managing personal resources, coping with stress, maintaining performance".

To take account of the specific demands of the group management function, the Deka Group piloted a new health service for this target group in the year under review. The digital health coaching service covers the main topics of bowel cancer screening, blood tests, medical history and medical coaching sessions. Questionnaires on the main topics of medicine, exercise, nutrition and mental health can be used to identify and discuss specific needs for action. Changes in health-related stresses can be reflected on in a time-delayed re-coaching session.

All employees and their relatives, who find themselves in a psychological crisis situation can receive concrete support from external experts from the professional counselling service INSITE Interventions. As part of the Employee Assistance Programme (EAP), Deka Group employees have the option of receiving counselling anonymously if they wish. The EAP also offers an expert service for managers, management advisers and members of the staff council or works council, as well as the equal opportunities representative and the representative for the severely disabled. Especially in the case of serious illnesses, psychological support can be provided through the counselling service and a second or third opinion can be obtained through medical experts. In addition, INSITE tries to arrange appointments with specialists without long waiting times.

In the year under review, the INSITE experts again held numerous counselling sessions with employees. Overall, around 9.5 percent of employees made use of this service in 2022 (2021: 7.1 percent). The utilisation rate is thus slightly above the previous year's level. This value is evidence of a high level of awareness and shows that the counselling service is well established in the company. In the year under review, a number of digital events were organised to support employees in line with the current situation.

As part of occupational integration management (betriebliches Eingliederungsmanagement, BEM), DekaBank provides support to employees returning to work after a prolonged or recurring

illness. In a personal discussion, which is voluntary for those affected, measures are identified that can help to overcome the illness and prevent renewed incapacity to work. A service and company agreement was successfully negotiated and concluded with the employee representatives.

#### Excellent health management

In order to review and further develop its varied and high-quality health management offerings, the Deka Group once again underwent a comprehensive audit in the year under review as part of the Corporate Health Awards, which was carried out by EUPD Research and Handelsblatt. The underlying quality standard enables a well-founded analysis and assessment of the management system, including across all sectors. By winning the "Special Digital Award", the Deka Group's health management offerings were judged to be particularly innovative and up-to-date. The initiators also certified that the Deka Group has an outstanding occupational health management system and awarded it the Seal of Excellence. The rating was even higher than in the previous year.

### 4.2.7. Remuneration

The Deka Group's remuneration system is based on the long-term corporate strategy and takes into account the relevant regulatory requirements. It is reviewed annually to ensure that it complies with regulations and, if necessary, adjusted to reflect the current regulatory requirements.

The remuneration of employees is based exclusively on function and performance and generally includes fixed and variable remuneration elements. Regular market comparisons ensure that remuneration is attractive and in line with the market. When granting benefits, the Deka Group generally does not differentiate between part-time and full-time employees.

The remuneration of permanent employees is based on their qualifications and tasks and is granted on a gender-neutral basis. In the pay scale area, remuneration is currently at least according to pay scale group 4 of the collective agreement for the private banking industry and public banks and ends accordingly with pay scale group 9. The remuneration of employees paid outside the pay scale is above pay scale group 9. The annual starting salary outside the pay scale is 10.4 percent above the salary of pay scale group 9 with eleven years of professional experience converted to twelve monthly salaries. The proportion of employees receiving non-tariff pay has increased to 69 percent in 2022 (2021: 68 percent).

(CF. **TABLE 24a + 24b**)

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SALARY STRUCTURE OF ACTIVE EMPLOYEES (TABLE 24a)

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| Deka Group in Germany   | 31 Dec 2018 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 | female | male  |
|-------------------------|-------------|-------------|-------------|-------------|-------------|--------|-------|
| Non-tariff (NT)         | 64.7%       | 66.6%       | 67.4%       | 68.0%       | 69.4%       | 51.4%  | 80.2% |
| Tariff group (TG) total | 35.3%       | 33.4%       | 32.6%       | 32.0%       | 30.6%       | 48.6%  | 19.8% |
| TG 9                    | 27.9%       | 31.2%       | 29.7%       | 29.4%       | 29.7%       | 24.8%  | 36.8% |
| TG 8                    | 22.5%       | 20.0%       | 21.4%       | 21.7%       | 23.5%       | 25.6%  | 20.5% |
| TG 2 – 7                | 49.7%       | 48.8%       | 48.9%       | 48.9%       | 46.8%       | 49.5%  | 42.7% |

SALARY STRUCTURE OF ACTIVE EMPLOYEES (TABLE 24b)

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| Deka Group in Germany (headcount)  | 31 Dec 2021 | female | male  | 31 Dec 2022 | female | male  |
|------------------------------------|-------------|--------|-------|-------------|--------|-------|
| Non-tariff (NT)                    | 2,723       | 748    | 1,975 | 2,841       | 788    | 2,053 |
| Tariff group (TG) total            | 1,279       | 766    | 513   | 1,253       | 745    | 508   |
| TG 9                               | 376         | 185    | 191   | 372         | 185    | 187   |
| TG 8                               | 278         | 173    | 105   | 295         | 191    | 104   |
| TG 2 – 7                           | 625         | 408    | 217   | 586         | 369    | 217   |
| S-Broker AG & Co.KG/Management AG* | 176         | 67     | 107   | 187         | 72     | 115   |
| IQAM Invest GmbH*                  | 56          | 18     | 38    | 58          | 19     | 39    |

\* All employees are not subject to the collective agreement.

DekaBank's overriding objective is to grant all employees fair and non-discriminatory remuneration. DekaBank therefore supports the objectives of the Act to Promote the Transparency of Remuneration Structures (Entgelttransparenzgesetz). The Act improves the transparency of remuneration structures and thus aims to ensure the requirement of equal pay for women and men for the same work or work of equal value in practice. Based on this law, DekaBank informs its employees about what they earn compared to the peer group remuneration of the opposite sex.

The principle and objective of gender-neutral remuneration at DekaBank has also been reflected in the principles for determining salaries for many years. Salary determination and decisions on salary measures are based on several criteria: orientation towards internal remuneration levels, comparison with external market data and compliance with regulatory requirements. All of these criteria are gender-neutral.

The variable remuneration is granted on the basis of performance. Both the performance of the individual employee and the success of the Deka Group are taken into account. An integral part of the performance assessment of employees is the evaluation of compliance with the rules of conduct defined in the Deka Group's Code of Ethics.

For employees, whose activities have a significant influence on the Deka Group's overall risk profile – so-called "risk-relevant employees" – part of the variable remuneration is subject to a multi-year assessment basis and a risk- or performance-based

payment system, i.e. deferrals, in accordance with regulatory requirements.

In accordance with the regulatory requirements for institutions and other subsidiaries of the Deka Group, variable remuneration may be granted up to a maximum of 100 percent of the fixed remuneration. In accordance with Section 25a (5) of the German Banking Act (Kreditwesengesetz, KWG), this upper limit for variable remuneration may be increased to 200 percent of the fixed remuneration by resolution of the shareholders. In the year under review, DekaBank did not make use of an increased upper limit for variable remuneration for members of the Board of Management or any other employees of the DekaBank.

The Deka Group's remuneration system encourages adequate risk-taking behaviour and sanctions misconduct. Particularly relevant to the Deka Group's risk culture are those parts of remuneration that create incentives to take or avoid financial risks, such as bonus payments. With regard to the risk culture, the Deka Group aligns its remuneration policy so that it is in line with the risk profile of the institution or the Deka Group. The Board of Management and the management of the subsidiaries are responsible for, approve and monitor the remuneration policy. The Board of Management, the management of the subsidiaries and senior management ensure that the Deka Group's remuneration system promotes ethical conduct and compliance with the law, regulation and internal guidelines. In addition, the variable remuneration is dependent on risk-adjusted key figures.

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The remuneration policy is also designed to support the achievement of strategic business objectives, taking into account sustainability aspects, and to promote incentives for responsible and risk-conscious business conduct among employees. The effectiveness and appropriateness of the remuneration systems in the Deka Group are managed or monitored by appropriate bodies and functions, such as the Administrative Board's Remuneration Control Committee, the Deka Group remuneration officer and the Deka Group Remuneration Committee. Fixed and variable remuneration are in an appropriate relationship to each other. This is the case when, on the one hand, there is no significant dependence on the variable remuneration or negative incentives to take on disproportionately high risk positions are avoided and, on the other hand, the variable remuneration can provide an effective incentive for behaviour.

The Deka Group's current risk situation is taken into account at various points in the remuneration process, such as the bonus pool calculation, compliance with the rules of conduct, the identification of risk-relevant employees and the remuneration parameters of the control units. In addition to the employer benefits regulated in the collective wage agreement, the Deka Group offers, among other things, capital-forming benefits and group and business travel accident insurance. Permanent employees receive a largely employer-funded company pension scheme (BVV). Details of pension obligations can be found in the consolidated financial statements.

The remuneration system for members of the Board of Management of DekaBank generally complies with the remuneration principles for employees of the Deka Group and also takes into account the special regulatory requirements applicable to risk-relevant employees. The aim of the Board of Management remuneration system is to comply with regulatory requirements, including ESG criteria, as well as the principles of management remuneration of the Wittenberg Centre for Global Ethics. Detailed information and remuneration data can be found in the Deka Group's remuneration report. (CF. [www.deka.de/deka-group/investor-relations-en/reports-and-presentations](http://www.deka.de/deka-group/investor-relations-en/reports-and-presentations))

### Sustainability criteria in the Deka Group's remuneration system

Sustainability aspects are anchored in various parts of the Deka Group's remuneration system. For example, sustainability is a component of the Deka Group's Code of Ethics, which was expanded and sharpened during the reporting period to include ESG criteria. (CF. CHAPTER 2.2.1.) This is the basis for the assessment of good conduct, which is taken into account in the annual performance evaluation and consequently in the variable remuneration. The same applies to the efficient and sparing use of resources. Aspects relevant to sustainability are anchored in the sales area on a selective basis, for example in the form of sales targets for sustainable investment products.

In 2021, there was a need for further action to integrate sustainability aspects into remuneration on the basis of the Disclosure Regulation and the requirements of the European Central Bank's (ECB) guidelines on dealing with climate and environmental risks. Section 5 of the Disclosure Regulation explicitly requires transparency of the remuneration policy in connection with the consideration of sustainability risks. DekaBank is implementing the corresponding requirements as part of a two-stage process. In a first step, the existing sustainability elements within the remuneration system were strengthened and managers were specifically made aware of the need to take these elements into account. In a second step, climate and environmental risks were given greater consideration when determining the bonus pool. In addition, key figures for climate and environmental risks are to be concretised and remuneration practices to promote the achievement of targets are to be derived from them.

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### 4.3. Social engagement

By promoting the common good, the Sparkassen-Finanzgruppe fulfils its public mandate to support and promote not only economic but also social development in Germany. As an institution of the Sparkassen-Finanzgruppe, DekaBank is also part of this long tradition of social responsibility. Out of conviction, it enters into long-term support partnerships and is involved in the areas of social welfare and sports, education and science, art, music and architecture. On the one hand, DekaBank supports renowned institutions at its corporate headquarters in Frankfurt on the Main. On the other hand, it promotes projects in association with other institutions of the Sparkassen-Finanzgruppe, the implementation of which is only made possible by the merger. This commitment is complemented by the Deka Art Collection and the Historical Archive with "Dekarium". In the year under review, the Deka Group promoted numerous initiatives and projects to support people in Ukraine as well as people in Germany, who had fled the Russian war of aggression, both financially and by creating internships and organising accommodation.

#### 4.3.1. Goals and fields of action of social engagement

DekaBank's social commitment focuses on supporting the socially important work of universities, museums, social institutions and other institutions. The central aim is to ensure that their diverse offerings are open to society. The partnerships are designed to be long-term and are characterised by intensive cooperation and an exchange based on trust. DekaBank focuses on the following areas:

1. In the area of education and science, the Deka Group aims to link science and practice by supporting academic institutions and endowed chairs, thereby facilitating a productive exchange of knowledge. One example of this is IQAM Research, the private institute for quantitative capital market research. The collaborations enable DekaBank to set practical research priorities and thus provide impetus for the further anchoring of relevant topics in the financial market, particularly those related to sustainability. In addition, DekaBank can present itself as an attractive employer through contact with academics and students and attract qualified junior staff.
2. In the area of art, music and architecture, DekaBank promotes a diverse range of offerings and thus enables visitors to exhibitions and concerts at various levels to actively engage with very different cultural developments that shape society. The programme is also explicitly aimed at employees, who are often given special opportunities to take part in cultural activities. With the International Highrise Award (Internationaler Hochhauspreis, IHP), DekaBank provides impetus for sustainable building in the future.
3. In the social sector, DekaBank's support enables cooperation partners to offer their services to economically and socially disadvantaged groups of the population, particularly children and young people, on a permanent basis, thereby

improving their living and educational opportunities and enabling them to participate in society. DekaBank is currently focusing its commitment in this area on supporting the Freundeskreis der Arche Frankfurt am Main.

Social projects are also a focus of the two campaigns "Deka – Engagiert vor Ort!" [Deka – Making a local commitment] and "Restcent". They involve the Deka Group's employees extensively or are even largely supported by their commitment. As a result, in addition to the social purpose, the loyalty and motivation of the workforce are also of great importance. Because "Deka – Engagiert vor Ort!" often supports organisations, in which employees themselves are involved, the campaign also reflects DekaBank's appreciation of the voluntary work of its employees.

4. More than almost any other area of society, sport stands for social integration. In the area of sport, the Sparkassen-Finanzgruppe, with the involvement of DekaBank, therefore not only promotes top-level sport in the German Olympic Sports Association and the German Disabled Sports Association, but also supports grassroots and junior sport as the national sponsor of the German Sports Badge and as the main sponsor of the elite schools of sport.

DekaBank identifies with sporting values and the Olympic and Paralympic spirit. DekaBank's support for a charity golf tournament series to benefit the German Cancer Aid Foundation (Deutsche Krebshilfe, DKH) shows how sport can be combined with social commitment.

5. Social commitment is complemented by the Deka Art Collection and the Historical Archive, which makes the history of DekaBank and its predecessor institutions accessible and places it in the overall historical and social context. The "Dekarium", an interactive exhibition in the Trianon, brings this knowledge to life for members of the Sparkassen-Finanzgruppe and employees of the Deka Group.



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### 4.3.2. Focal points of the year under review

#### Social

The ongoing Corona pandemic and the manifold effects of the Russian war of aggression on Ukraine had a direct impact on Die Arche – Kinderstiftung Christliches Kinder- und Jugendwerk e. V. in the year under review. Significant price increases, especially for food, put many families under considerable pressure. The need for food aid as well as free meals for needy children and their families has increased enormously. In addition to its support for the Freundeskreis der Arche Frankfurt am Main e. V., which has been in place since 2008, DekaBank therefore decided to donate 250,000 euros to the Arche in the year under review to cover the additional food requirements for the 29 Arche Kinderstiftung facilities in Germany for the winter half-year and to offset food price increases.

#### Support for Ukraine

In the year under review, the Deka Group carried out numerous measures to support the people in Ukraine and those in Germany, who had fled the Russian war of aggression. For example, it donated 300,000 euros to the Aktionsbündnis Katastrophenhilfe (Action Alliance for Disaster Relief), which includes the German Caritas Association, the German Red Cross and the Protestant Association for Diakonie and Development. 100,000 euros went to the SOS Children's Villages for their work in Ukraine. Another 100,000 euros were donated as part of a special campaign "Deka – Engagiert vor Ort: Ukraine" (Deka – Making a local commitment: Ukraine). Here, employees were able to suggest associations from their personal environment that had organised aid campaigns for people in and from Ukraine. The selected projects were supported with an amount of 1,000 euros each.

To give refugees from Ukraine a professional future, the Deka Group has created 20 additional internships. During the six-month internship, the Ukrainian interns go through various areas of the bank and are thus prepared for the German labour market.

#### Architecture

In 2022, the International Highrise Award (Internationaler Hochhauspreis, IHP) for the world's most innovative building was awarded for the tenth time. A total of 34 projects were nominated for the IHP 2022/23. A jury of experts chose the Quay Quarter Tower office building in Sydney by the architectural firm 3XN from Copenhagen as the winner. The tower convinced the jury as an innovative solution for sustainable building in a time of increased ecological challenges: A large part of the shell of the existing high-rise from the 1970s was

not demolished but integrated into the new building. According to the jury, the high-rise is characterised by an unusual combination of upcycling and redensification.

The IHP is awarded to buildings that distinguish themselves through excellence in aesthetics, forward-looking design, urban integration as well as innovative technology, economic efficiency, marketability and a sustainable construction method. An international jury of experts decides on the award. The IHP is awarded every two years in a ceremony in Frankfurt's Paulskirche. The award is endowed with 50,000 euros and a statuette by the internationally renowned artist Thomas Demand. On the occasion of the tenth anniversary of the award, Thomas Demand has designed a new version of the tower. The prize money is donated by the winners to promote young talent in the field of architecture and urban planning.

The IHP is the world's most important architecture prize for high-rise buildings. It was initiated in 2003 by the City of Frankfurt, the German Museum of Architecture (Deutsches Architekturmuseum, DAM) and DekaBank. In recent years, it has succeeded in bringing the importance of high-rise architecture to the public's attention.

#### Art

The new corporate location of the Deka Group in Frankfurt Niederrad was furnished with artworks from the Deka Art Collection according to conceptual criteria: Three installations by Daniel Canogar, Zilla Leutenegger and Stefan Wieland geared to the location were realised for the public areas of Lyoner Strasse 13. In addition, around 240 works from the Deka Art Collection are presented on the conference floor. The art is communicated through guided tours, digital formats and new print formats.

The Deka Art Collection has been built up since 2003 and comprises around 1,600 works by more than 450 artists from all over the world. It shows contemporary art in its media diversity: painting, drawing, photography, video, sculpture, installation and digital art. The art collection is currently on display for employees and guests in the Trianon high-rise and in Deka Group's new building in Frankfurt Niederrad.

#### Music

The Federal Youth Orchestra (Bundesjugendorchester), which DekaBank has been sponsoring since 2018, was the inspiration behind the establishment of a national youth symphony orchestra in Ukraine in 2016. On the occasion of the war in Ukraine, the Federal Youth Orchestra initiated a relief and fundraising campaign for the Youth Symphony Orchestra of Ukraine, in which DekaBank also participated with a donation. In addition, benefit concerts were held in the year under review, including one at Schloss Neuhausen, which is run by the Stiftung Schloss Neuhausen, a subsidiary of the German Savings Banks Association (DSGV).



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FIELDS OF ACTION AND PARTNERS IN SOCIAL COMMITMENT (TABLE 25)

| Fields of action  | Partnership of DekaBank or Partnership together with institutions of the Sparkassen-Finanzgruppe (SFG) | Start of Support  |
|---|--|-------------------|
| <b>Education and science</b>  |  |                   |
| School of Finance and Management  | DekaBank   | 2020              |
| IQAM Research: Private institute for quantitative capital market research                                       | DekaBank   | 2013 (foundation) |
| Business game stock exchange  | SFG  | 2014              |
| <b>Art</b>  |  |                   |
| MUSEUM MMK FOR MODERN ART Frankfurt am Main   | DekaBank   | 2002              |
| Dresden State Art Collections   | SFG  | 2006              |
| documenta   | SFG  | 2002              |
| <b>Music</b>  |  |                   |
| Federal Youth Orchestra   | DekaBank   | 2018              |
| Schleswig-Holstein Music Festival   | SFG  | 2020              |
| <b>Architecture</b>   |  |                   |
| International Highrise Award (IHP)  | DekaBank   | 2004 (foundation) |
| <b>Social affairs and sport</b>   |  |                   |
| Freundeskreis der Arche Frankfurt am Main e. V.   | DekaBank   | 2008              |
| Deka – Engagiert vor Ort!   | DekaBank   | 2007 (foundation) |
| German Cancer Aid and German Children's Cancer Aid e. V.  | DekaBank   | 2001              |
| German Olympic Sports Confederation and German Disabled Sports Association                                      | SFG  | 2008 / 2013       |
| <b>Restcent, employee action (foundation 2016)</b>  |  |                   |
| <b>Deka Art Collection (development since 2003)</b>   |  |                   |
| <b>Historical Archive and Dekarium (development of the archive since 2003; opening of the Dekarium in 2018)</b> |  |                   |

### 4.3.3. Donations

#### 4.3.3.1. Donations by the Deka Group

In the year under review, the Deka Group donated a total of 1,148,210.00 euros (2021: 1,538,532.88 euros). (CF. **TABLE 26**) The highest individual donation was made to the Arche – Kinderstiftung Christliches Kinder- und Jugendwerk. In March 2022, DekaBank donated a total of 400,000 euros to Aktionsbündnis Katastrophenhilfe (Action Alliance for Disaster Relief) and SOS Children's Villages Germany for emergency aid in Ukraine.

As a matter of principle, the Deka Group makes donations to charitable institutions that are entitled to issue tax-deductible donation receipts. Many of the above-mentioned long-term partners receive the funding amount as a donation. Donations to political parties, political foundations, employers' associations or trade unions are generally excluded. Requests for donations to the Deka Group are processed by the Sustainability Management department and recorded in DekaBank's central donations register. The Finance, Compliance and Tax business

departments can inspect the donations register at any time. The allocation of donations by the Deka Group is governed by the "Donation Management" instruction. The aim of the directive, which was last revised in 2021, is to ensure transparent and secure rules for the allocation of donations.

#### 4.3.3.2. Deka employees get involved

In the course of the "Deka - Engagiert vor Ort! 2022" campaign, further donations were made in the year under review. 25 institutions that are particularly close to the hearts of the employees or in which they themselves are involved received a donation of 1,000 euros each. Another 5 x 1,000 euros were made available specifically for projects and initiatives on the topic of "Environment & Nature Conservation".

The Russian war of aggression on Ukraine triggered a wave of civic engagement in the year under review - including among Deka Group employees: DekaBank therefore expanded the "Deka – Engagiert vor Ort!" campaign and provided an additional 100 x 1,000 euros for aid projects from employees for Ukraine in the year under review.

## S – SOCIAL

### KEY FIGURES OF SOCIAL COMMITMENT 2022 (TABLE 26)

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**153,364 Euro**

 Deka funds for **education and science** in 2022

**560,380 Euro**

 Deka funds for **culture** in 2022

**882,500 Euro**

 Deka funds for **social engagement** in 2022

**231,202 Euro**

 Deka funds for **sports** in 2022

| Total commitment (Euro)            | 2018                | 2019                | 2020                | 2021                | 2022                |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Social engagement and sports       | 536,175.09          | 408,600.00          | 373,097.95          | 1,470,580.15        | 1,113,702.00        |
| of which social                    |                     |                     |                     | 1,231,146.88        | 882,500.00          |
| Education and science              | 497,284.00          | 441,285.85          | 366,684.00          | 154,633.25          | 153,364.00          |
| Culture                            | 617,155.60          | 478,850.00          | 473,072.00          | 423,783.59          | 560,380.00          |
| Environment                        |                     |                     |                     | 32,464.00           | 154,535.00          |
| Miscellaneous                      | 78,678.84           | 10,802.00           | 70,350.00           | 2,750.00            |                     |
| <b>Total</b>                       | <b>1,729,293.53</b> | <b>1,339,537.85</b> | <b>1,283,203.95</b> | <b>2,084,210.99</b> | <b>1,981,981.00</b> |
| <b>Structure of funding (Euro)</b> |                     |                     |                     |                     |                     |
| Donations                          | 905,126.04          | 815,005.84          | 719,310.00          | 1,538,532.88        | 1,148,210.00        |
| Sponsoring                         | 824,167.49          | 524,532.01          | 563,893.95          | 545,678.11          | 833,771.00          |

In addition, the "Restcent" campaign was continued in the year under review. Here, employees of the Deka Group can donate the cent amounts of their monthly remuneration. DekaBank ensures the organisational implementation of the donation. At the end of the year, the total amount is donated to a charitable organisation chosen by the employees each year. In the year under review, Hospiz- und Palliativ-Verein Gütersloh e. V. was chosen. 1,359 employees took part in the year under review and raised a donation of 8,292.92 euros.

In the year under review, the campaign was expanded: employees can now donate additional amounts of up to 25 euros per month to the chosen recipient organisation in addition to the remaining cent. Because this campaign is a private commitment by employees, this amount is not included in the Deka Group's total donations.

# G – Governance





## G – Governance

### 5. Sustainable corporate governance

The requirements for sustainable corporate governance result both from mandatory regulatory requirements and from voluntary commitments entered into by the Deka Group or individual subsidiaries. In particular, there have been a large number of new regulatory requirements at European and national level over the past few years, which are intended to promote the embedding of sustainability aspects in banks and increase and standardise transparency regarding the relevant measures. Through targeted structures and comprehensive processes, the Deka Group ensures that all regulatory requirements are met comprehensively and on time. As the implementation of the requirements also depends in particular on the individual employees, their ongoing information and training is an important component of the corresponding measures.

#### 5.1. Regulations and standards

##### 5.1.1. Code of Ethics

The Deka Group's Code of Ethics serves as a binding orientation framework for the ethically and morally correct conduct and actions of employees, managers, members of the Board of Management and third parties acting on behalf of the Deka Group. The current version of the Code of Ethics is available on the Deka Group's website.

The preamble of the Code of Ethics stipulates that a joint review between the manager and the employees is carried out within the framework of the appraisal interview to determine whether conduct is in line with the Code of Ethics. For this purpose, the module "Assessment of good conduct according to the Code of Ethics" was integrated into the annual performance evaluation, which in turn flows into the calculation of the variable remuneration. Particularly serious violations of the Code of Ethics can lead to measures under labour law, civil and criminal proceedings, and even termination of the contractual relationship.

As part of the regular review and further development of the Code of Ethics, the section on sustainability was expanded in the year under review to include the Deka Group's nine sustainability principles. (CF. **CHAPTER 2.2.1.**) In these principles, the Deka Group specifies the services it provides to support its customers and partners in taking sustainability criteria into account in their investments and in the transformation towards a climate-friendly economy. Secondly, the sustainability principles define key areas of action for the ongoing development of the Deka Group's climate and sustainability management. Through their integration into the Code of Ethics, the nine principles are also subject of annual employee appraisals.

##### 5.1.2. External regulations and standards

In addition to internal conduct guidelines, recognition of national and international standards also underlines the Deka Group's commitment to sustainable development. This includes signing the UN Global Compact and the associated commitment to implement ten principles of responsible corporate governance. They relate to the topic areas of human and labour rights, environmental protection and anti-corruption, and thus to the aspects that are also defined as relevant in the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG).

DekaBank has also committed to complying with the Equator Principles (EP), which focus on taking social and environmental standards into account in international project financing. In 2022, DekaBank supported a total of four (2021: 4) financings under the EP requirements. All four projects were assigned to category B (limited social and environmental impact) (2021: 2 category B, 2 category C). DekaBank reports annually on the implementation of the principles in the relevant financings in accordance with the EP provisions. This report is published on the EP website. Further information on the consideration of sustainability criteria in lending business is provided in **CHAPTER 4.1.2.**

The signatories of the PRI undertake to comply with a total of six principles for responsible investment. These include the inclusion of ESG issues in the analysis and decision-making processes in the investment area, the consideration of ESG criteria within the framework of active ownership, and regular reporting on the measures taken to implement the principles within the framework of the Transparency Report, which is available on the PRI website.



Starting with the reporting for 2020, signatories of the PRI, such as Deka Investment GmbH, will for the first time be required to report on climate change-related indicators as part of their Transparency Report. The recommendations of the TCFD form the basis for this reporting. (CF. **CHAPTER 6.**) Exceptions apply to institutions that – like DekaBank – joined the PRI in 2020. In principle, they would have been obliged to publish a corresponding Transparency Report for the first time in 2022 – for the 2021 year under review. Now that the PRI has comprehensively updated the reporting framework and there are therefore delays in processing the reports submitted by signatories, the PRI has postponed the start of the next reporting period to 2023.

## 5.2. Compliance and taxes

### 5.2.1. Compliance

Compliance plays a key role in ensuring that the Deka Group acts in accordance with the applicable statutory and regulatory provisions. The Compliance corporate centre combines the areas of capital market and property compliance, the financial crime unit and corporate compliance. The Central Financial Crime Unit is responsible for combating money laundering, countering terrorist financing, fraud prevention measures, combating criminal offences and corruption, as well as implementing financial sanctions and embargoes.

The Compliance corporate centre develops group-wide standards and guidelines for the Deka Group in the areas, for which it is responsible on the basis of applicable statutory and regulatory requirements. It also supports DekaBank's organisational units and the subsidiaries concerned with appropriate training and advice on the implementation, enforcement and further development of regulatory provisions. In addition, the division is involved in projects and processes – in particular new product/market processes, product approval processes, significant changes to the operational and organisational structure and outsourcing – and, as part of its duties, works to ensure that the Deka Group complies with regulatory requirements and identifies any conflicts of interest at an early stage, avoids or manages them where possible or discloses them as a last resort.

To comply with the applicable legal and regulatory requirements, procedures and controls are implemented in the specialised units, but also in the Compliance unit itself. They serve to identify and manage compliance risks and to prevent and detect irregularities. In order to identify potential compliance risks and work towards their reduction with suitable measures, the unit carries out monitoring and control tasks as a second line of defence in the so-called "3 Lines of Defence" model (3LoD). These are an integral part of the Deka Group's compliance management system.

When identifying and assessing compliance risks, the Compliance corporate centre also takes into account risks resulting from sustainability aspects. The Deka Group defines sustainability risks as part of its risk universe, which, due to their respective impact, are always viewed in the context of the other risk types and do not constitute separate risk types. Insofar as sustainability risks must be taken into account in the Deka Group's products and services due to legal or regulatory requirements, they are also taken into account and reviewed in compliance monitoring activities, controls, advice, assessments and training. In this way, the Compliance corporate centre also implements the regulatory tasks specified for a compliance function with regard to sustainability requirements.

Based on the requirements of the ECB Guide on Climate and Environmental Risks with regard to the expectations of the compliance function, a package of measures has been defined and is being implemented to take into account potential compliance risks from climate and environmental risks in all relevant compliance processes. (CF. **CHAPTER 5.3.** and **CHAPTER 6.3.**)

In the year under review, the flexible use of different work locations continued under the heading "New Work". More and more employees are dividing their working time between the office and their home office. The functionality and thus the work results of the Compliance Central Division is not affected by the hybrid working model. On-site audits were partly carried out on-site again, partly replaced by the existing technical alternatives.

In 2022, the Compliance corporate centre supported the Deka Group's further development of digital assets by advising the bank on its entry into the crypto securities register and on the first-time issue of a crypto security, as well as reviewing the related transactions. In addition, the experts in the Compliance division provided advice on the process and the application for permission to introduce the planned crypto securities custody business, particularly with regard to combating money laundering and terrorist financing, criminal offences and compliance with financial sanctions and embargoes.

There were no significant violations of environmental compliance or socioeconomic compliance laws and regulations during the reporting period. There were no cases, for which fines or non-monetary sanctions were imposed. Likewise, as in previous years, there were no fines for non-compliance with legal and administrative regulations in the year under review.

### Consulting and training

The application and implementation of the regulations and processes for compliance with legal and regulatory requirements often starts with the individual employees. In order to inform them about the aspects that are relevant to them, the experts in the Compliance unit conduct regular mandatory



training sessions throughout the Deka Group on the topics, for which they are responsible. The training concept is generally based on a combination of classroom training with web-based training, online training, special training and training letters. Ad-hoc training courses on selected topics are also offered as needed. In the year under review, face-to-face training was mainly replaced by virtual formats, and individual training sessions were held in person.

In 2022, the online trainings were transferred to a new administration platform, on which the trainings and their rotation can be managed on the one hand, and on the other hand, the participation of the employees in the trainings can be coordinated and ensured.

As in previous years, all new employees took part in an initial training course on compliance in the year under review. In addition, all employees are required to complete web-based training on the topics of money laundering prevention, fraud prevention, financial sanctions/embargoes, capital market compliance and risk culture at the start of their employment and at regular intervals. A total of 50 trainings – including web-based trainings (WBT) – on compliance topics were conducted in the year under review.

### **Combating fraud, corruption and bribery**

DekaBank has set out key elements and principles, including associated processes and measures, for an effective fraud prevention system to prevent criminal acts that could endanger the assets of the bank or the individual companies in a uniform manner in the Deka Group's fraud prevention system.

In addition, in connection with the fight against corruption, the framework conditions, under which gifts and invitations, as well as the granting of any other benefits from and to third parties, may be accepted or extended have been defined for the Deka Group. The approval process is binding for all employees, including the Board of Management.

In principle, employees may not request or accept gifts or invitations in connection with their work, either for themselves or for third parties, or grant such gifts or invitations to the extent that the interests of the Deka Group or its customers could be adversely affected as a result. Provided it complies with the applicable laws and standards, the granting of gifts and invitations is, to a certain extent, compatible with standard market practice. However, as the professional independence of all parties involved may be called into question here, employees are required to avoid even the mere appearance of conflicts of interest.

The experts in the Compliance department are available to all employees as contact persons for questions on integrity issues. Their contact details are communicated to employees when

they join the company as part of the induction training for new employees and are accessible on the Intranet at all times.

For the Deka Group, the risk of corruption is regularly surveyed and assessed as part of the Fraud Prevention Forum. The overall assessment as of 31 December 2022 showed a medium risk overall, i.e. after applying the safeguards, a comparatively low residual risk remains. As in previous years, there was no information in 2022 that employees were under investigation by the criminal prosecution authorities for corruption offences.

### **Prevention of money laundering and terrorist financing and compliance with sanctions and embargoes**

Through the "Group-wide minimum standards for the prevention of money laundering and terrorist financing", DekaBank, as the parent company, defines the obligations to be complied with within the meaning of the German Money Laundering Act (Geldwäschegesetz, GwG) and the German Banking Act (Kreditwesengesetz, KWG) on the basis of the annual risk analysis. This ensures transparency regarding customers and the underlying shareholder structure in Germany as well as in the subsidiaries. The Deka Group's overall risk with regard to money laundering and terrorist financing has been classified as low based on the annual risk analysis.

Furthermore, DekaBank, as the parent company, defines requirements for compliance with applicable sanctions and embargoes and for the implementation of sanctions-related measures through the "Group-wide minimum standards on financial sanctions". Particularly against the backdrop of the dynamic, complex and uncertain development of the sanctions environment due to the Russian war of aggression on Ukraine in 2022, identifying risks, complying with sanctions and maintaining sanctions compliance is essential for the Deka Group. In order to identify and control risks related to sanctions and embargoes, transactions and customer/business partner portfolios are checked against applicable sanctions lists, among other things. In addition, a technical solution has been implemented for sanctions checks on trading in financial instruments.

### **Whistleblower system**

The Deka Group's compliance system includes a whistleblower system. This ensures that information from employees and also from external persons about potential and actual breaches of legal regulations and requirements, in particular the Money Laundering Act, as well as illegal or dishonest actions, can be reported in confidence to DekaBank's external ombudsman. The ombudsman examines the facts of the case and forwards the relevant information to DekaBank while maintaining confidentiality. As a lawyer, he is subject to the lawyer's duty of confidentiality. The whistleblower system thus ensures the anonymity and protection of whistleblowers. In the year under review, the whistleblower system was supplemented with legal requirements concerning section 8 of the Act on Corporate





Due Diligence in Supply Chains (Lieferkettensorgfaltspflichten-gesetz, LkSG). (CF. **CHAPTER 3.1.2.**) In 2022, two tips were received via the ombudsman.

### Conflicts of interest

The Board of Management is responsible for establishing, approving and monitoring the implementation and maintenance of effective policies to identify, assess, manage and mitigate actual and potential conflicts of interest and has tasked the Compliance corporate centre with managing conflicts of interest.

The Deka Group has implemented principles for dealing with conflicts of interest that apply to all employees and all relevant group companies. According to the principles, all appropriate precautions must be taken to identify and avoid or manage conflicts of interest. If conflicts of interest cannot be avoided or sufficiently managed, they must be disclosed as a last resort.

The Deka Group's principles for dealing with conflicts of interest state,

- under which circumstances a conflict of interest that could significantly harm the interests of one or more customers exists or could arise;
- what procedures to initiate and what measures to take to prevent or manage these conflicts.

If employees of the Deka Group have indications that conflicts of interest actually or potentially exist, these must be reported immediately to the Compliance corporate centre in order to have it examined as to whether a conflict of interest exists. In addition, the Compliance unit, with the involvement of the relevant specialist unit, assesses whether the measures already taken or planned for prevention, resolution or monitoring are sufficient, whether the management or other internal units should be informed and whether disclosure of the conflict of interest is required.

Conflict of interest management is the subject of regular compliance reports. The reports contain information on the activities, in which a conflict of interest has arisen or may arise in the course of ongoing activities, as well as on the measures taken to manage, avoid or mitigate the conflict of interest. If necessary, an ad hoc report may be made. The described conflict of interest management also includes the conflicts of interest in relation to

- membership of another body,
- cross-shareholdings with suppliers and other stakeholders, and
- related parties, their relationships, transactions and outstanding balances.

### 5.2.2. Taxes

Taxes are a state's most important source of revenue for the fulfilment of its sovereign tasks, especially the comprehensive provision of services of general interest for its citizens. Taxes therefore also serve to fulfil the tasks associated with the sustainable development of states, as defined, for example, in the Sustainable Development Goals (SDGs) of the United Nations. For the Deka Group, these form an important reference for the orientation of its sustainability-related goals and measures.

Against this backdrop, as part of the Sparkassen-Finanzgruppe with its public-law sponsorship, the Deka Group takes full account of the applicable tax law requirements in all relevant business activities and in all its companies. Wherever it operates, the Deka Group complies with the applicable tax laws and regulations in relation to its own tax liabilities and all banking services and products offered.

The Deka Group communicates actively, transparently and constructively with the relevant tax authorities as required. Tax evasion is illegal and contrary to the Deka Group's corporate culture, values and beliefs. DekaBank and the operating subsidiaries have appointed a tax compliance officer, who also performs this function for the non-operating companies; the basis for this is the agency agreement between DekaBank and the respective company. The independence of the tax compliance officer is ensured by the direct reporting line to the Board of Management or the management of the respective company within the Deka Group. The latter is informed of the relevant issues in regular exchanges with the tax compliance officer and in quarterly reporting as part of the compliance report. The compliance report is also presented to the Audit Committee of the Administrative Board of DekaBank.

In 2021, a tax compliance management system (Tax CMS) was implemented for the Deka Group, which was certified by an external auditor in accordance with the principles of proper auditing of compliance management systems of the Institute of Public Auditors in Germany (IDW PS 980). The initial audit of the effectiveness of the Tax CMS started in October 2022. A key component of the Tax CMS is the tax guideline, which is binding for the Deka Group and is structured according to the seven basic elements of the Tax CMS in accordance with IDW PS 980.

One of these basic elements is the tax compliance culture, under which the Deka Group undertakes not to engage in aggressive tax planning or artificial, abusive tax structuring without reference to actual economic performance. This applies both to tax positions within the Deka Group itself and to its products and services. To this end, the Tax Policy contains binding rules that apply to all employees of the Deka Group. The main objective of the Tax CMS is to implement and maintain tax processes that fully comply with legal requirements in



order to avert any tax liability risks. This also includes the implementation of appropriate practices for the prevention, identification and investigation of tax risks (Tax CMS as part of the "3 Lines of Defence" approach).

The views and concerns of stakeholders are of particular importance to the Deka Group and are firmly anchored in the Code of Ethics, among other things, which thus also indirectly affects tax issues. In addition, DekaBank is in close direct professional contact with the tax authorities, the Hessian Ministry of Finance (HMdF) and the Federal Ministry of Finance (BMF) on tax issues. DekaBank can indirectly express its position on certain tax issues via the associations, e.g. DSGV, BVI, Bundesverband Öffentlicher Banken Deutschlands (VÖB) and Deutscher Derivate Verband (DDV). Further professional exchanges on DekaBank's tax issues may take place through the Bank's own statements, contributions and participation in working groups of the associations, particularly if DekaBank and/or its stakeholders could be affected by the tax law changes or their interpretation.

The Deka Group is committed to complete, accurate and timely tax reporting to meet external reporting obligations. This includes, among other things, the publication of tax information in the IFRS consolidated financial statements, which contain the information on income taxes, as well as country-by-country reporting. The documents are published regularly on DekaBank's website. The tax rate published in the IFRS consolidated financial statements is regularly higher than the standard tax rate. The increased tax rate is due in particular to the non-deductibility of the German bank levy. This effect is partially offset by the application of the lower tax rate at the Luxembourg companies. In this respect, the IFRS consolidated financial statements also show no evidence of tax savings.

Services within the DekaBank Group are generally charged according to their cause using the cost-plus method, whereby the specific profit mark-up is determined by the Tax department. In justified exceptional cases, the cost-plus method is deviated from in favour of the profit-split method. All decisions made by the tax department are based on internationally valid transfer pricing rules, and the tax department strives to ensure that transfer prices are derived methodically and correctly, and that they are accepted by all parties involved. In Germany, transfer prices are reviewed annually as part of the timely tax audit, regularly represented by the Federal Central Tax Office.

## 5.3. Risk management

### 5.3.1. Definition and delimitation of sustainability risks

The Deka Group defines sustainability risk as the risk that business activities with links to the areas of climate and the environment, social affairs or corporate governance may lead to

sustainability-driven developments or events that result in a deterioration in capital resources or liquidity, either directly through the Deka Group's own business operations or indirectly through customers and business partners.

The regulatory focus in this context is on climate and environmental risks. For example, the EU taxonomy of sustainable economic activities currently refers to six climate and environmental objectives and the ECB has formulated expectations in its guidance on risk management and disclosure with regard to climate and environmental risks.

Against this background too, climate and environmental risks are currently of particular importance to the Deka Group in the context of risk management. Information on dealing with these risks is summarised in chapter 6.3.

### 5.3.2. Key points of climate and environmental risk management

To ensure a uniform understanding of climate and environmental risks throughout the Deka Group, these risks are clearly defined and classified as part of a risk taxonomy. A basic distinction is made between risks that directly affect the Deka Group and its business operations and those that indirectly affect it through its business activities, for example in lending business. The specific impact of the risks on the Deka Group depends, among other things, on the current portfolio, the macroeconomic environment and the specific climate and environmental risk.

To examine these risks in detail, a catalogue of drivers of specific climate and environmental risks was developed, describing the fundamental impact chains and transmission channels on market participants as well as the Deka Group's business operations and activities. The aim of the risk driver analysis is to identify significant risk drivers for the Deka Group and thus create transparency regarding business model-specific vulnerabilities. A structured business environment analysis is used to create transparency regarding changes in the Deka Group's business environment driven by climate and environmental risks and their impact on its business model.

The internal stress testing programme is continuously being developed. The scenarios used currently cover both physical and transitory risks. The scenarios used in the stress testing were also developed taking into account the scenarios published by the Network for Greening the Financial System (NGFS) and the ECB stress test on climate and environmental risks.

Furthermore, climate and environmental risks within the Deka Group are limited by procedures and qualitative guard rails (including negative lists, minimum standards for financing, sustainability filters for own investments). ESG scorecards were



developed for all segments of lending business and integrated into the existing lending process. These serve, among other things, the initial development of a data basis in order to derive target-oriented measures for the management of climate and environmental risks in the financing portfolio. (CF. **CHAPTER 4.1.2.**)

Currently, the climate and environmental risk drivers for the established material risk types are predominantly classified as not significant on the basis of the analyses carried out. With regard to business risk, transitory climate and environmental risks can represent significant drivers under stressed assumptions, regardless of the probability of occurrence of such events and developments. In addition, it should be noted for operational risks that the significance of transitory climate and environmental risks will increase in the future in view of growing portfolios in products with sustainability features in connection with the increase in regulatory requirements.

Against this backdrop too, the Deka Group is planning further measures to integrate climate and environmental risks into risk management. These include, in particular, the continuous refinement of the business environment and risk driver analysis, the development of a climate strategy and the further development of internal and external reporting. For the purpose of monitoring and limiting, suitable performance and risk indicators will be selected in the future (key performance and key risk indicators), which will enable a regular assessment of the potential impact of climate and environmental risks, taking into account strategic business objectives.

Detailed information on the processes and instruments used in the analysis, assessment and management of climate and environmental risks can be found in chapter 6.

### 5.3.3. Dealing with sustainability-related reputational risks

The interdependencies of sustainability risks in the context of reputational risks are taken into account through proactive reputation management. In order to effectively and consistently address reputational risks, the Deka Group has established a uniform group-wide methodology and governance for managing reputational risks in connection with its business activities. In this context, sustainability-driven aspects are taken into account as part of the risk inventory and business processes. Within the framework of the "3 Lines of Defence" model, the 1LoD – in the case of counterparty risks with the involvement of the 2LoD in the back office function – identifies the reputational risk inherent in the activities, for which it is responsible and makes an initial assessment. Above a defined risk level, a business activity may no longer be approved on its own authority. If the 1LoD continues to adhere to its plan, the 2LoD, in this case the reputation management function, must

conduct an independent second assessment of the business activity; if this confirms a significantly increased criticality from the group's point of view, the final approval authority lies with the Board of Management.

The reputation management mandate for the independent second assessment is carried out under the joint responsibility of the Risk Control and Board Staff & Communications units in the Reputational Risk Task Force. Its mandate is to independently assess, as objectively as possible, the short to medium-term consequences of all relevant business activities for the Deka Group's reputation vis-à-vis its stakeholders, with a Board of Management reservation for activities assessed as critical; the assessment framework for the vote is the company's business and risk strategy.

## 5.4. Data protection and information security

### 5.4.1. Data protection

#### Basics and organisation

DekaBank's Data Protection unit works to ensure that the data protection regulations of the General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (Bundesdatenschutzgesetz, BDSG) as well as other data protection-related regulations are complied with in the Deka Group. The data protection officer and his deputy have been appointed for DekaBank and its domestic subsidiaries, with the exception of the subsidiary S Broker AG & Co. KG, which has its own data protection officer.

Data protection requirements are implemented within the framework of the processes and specifications of the data protection management system (Datenschutz-Management-System, DSMS). These processes include, in particular, the protection of data subjects' rights, the fulfilment of information obligations towards customers and employees and the documentation of processing activities. In order to be able to react quickly to changes in the regulatory framework, we systematically monitor legal developments, case law and publications by data protection supervisory authorities. Necessary measures are implemented within the framework of the processes and specifications of the DSMS.

#### Raising awareness and informing employees

Pursuant to Section 39 (1a and b) of the GDPR, data protection officers must familiarise all employees involved in the processing of personal data with the aim and content of the data protection regulations. In this context, the employees of the Deka Group are obligated in writing to maintain confidentiality in accordance with the GDPR.

They are also informed about their rights and obligations as persons acting in data protection and about the risks for the



company and for themselves associated with a breach of the applicable provisions. This also includes information about possible sanctions as a result of violations of the data protection and data security compliance measures.

In order to raise awareness of data protection and inform about new regulatory developments, all employees are regularly trained on how to deal with these risks and on the requirements of data protection. Data protection coordinators also support as an interface in the specialist departments in communicating and implementing the requirements of data protection law.

### **Audits and reporting**

The data protection officer also monitors compliance with the requirements of data protection law. In doing so, the corresponding monitoring activities are carried out on the basis of a multi-year risk-oriented control plan. The results of the audits are made transparent to the departments; if necessary, remedial measures are agreed upon and implementation is tracked. In the year under review 2022, the monitoring plan was properly implemented.

The Board of Management of DekaBank and the management teams of the subsidiaries are regularly informed about the results of data protection audits and potential data protection risks. In addition, a regular meeting is held with the chief risk officer to discuss current data protection issues.

## **5.4.2. Information security**

### **Information security management in accordance with ISO 27001**

DekaBank's Information Security Management System (ISMS) comprises guidelines, structures and processes as well as technical functions designed to ensure appropriate handling of information risks. DekaBank's aim is to protect the bank and its customers and partners from information risks while ensuring the protection objectives of confidentiality, integrity and availability for business and customer information.

Central management of information security is the responsibility of DekaBank's information security officer, who has a direct reporting line to the Board of Management. Based on DekaBank's information security strategy, he sets appropriate security requirements to achieve the defined security level for the entire Deka Group, which also apply to DekaBank's relevant service providers. In designing the measures, the ISMS is guided by the requirements of ISO 27001, an internationally recognised standard for information security.

When defining information security methods and procedures, DekaBank maintains contacts with security organisations, government authorities and industry associations and coordinates with other banks from the Sparkassen-Finanzgruppe in order

to identify and respond to risk-prone developments in the area of information security at an early stage. The exchange also helps to keep approaches and methods for ensuring information security up to date.

### **Internal and external monitoring actions**

In order to be able to identify and avoid cyber threats, DekaBank has established information security requirements at the data, application, system and infrastructure levels and therefore for all areas of activity required under ISO 27001. Compliance with the requirements, both in the Deka Group companies and at the service providers, is regularly monitored in order to identify information risks at an early stage and deal with them appropriately. In addition, an external audit based on the ISO 27001 standard is carried out every two years to check the functionality and effectiveness of the ISMS.

In order to ensure adequate transparency on information risks, the Board of Management and the respective management of the subordinate companies are informed on a quarterly basis within the framework of an established reporting on existing information risks as well as their status in terms of risk treatment.

### **Training and awareness measures**

All Deka Group employees are responsible for complying with information security policies and procedures. In order to raise awareness of information risks and keep them informed of new developments, all employees receive regular training on how to deal with these risks and ensure information security.

### **Business Continuity Management**

DekaBank operates an efficient Business Continuity Management (BCM) system that ensures the continuation of time-critical business processes in the event of an emergency. In addition to taking precautions against emergencies, the management of crisis situations is also taken into account. The focus is on four possible failure scenarios:

- Infrastructure failure (e.g. buildings)
- IT system failure (e.g. applications and office communication)
- Staff shortage
- Service provider failure

These scenarios also include possible climate change-related events, for example an infrastructure failure due to extreme weather events. For the systematic identification of risks, all business processes are regularly reviewed within the framework of a Business Impact Analysis (BIA) with regard to the possible effects of the scenarios. If necessary, measures are taken and resources are made available to reduce failure risks and their possible consequences. For example, time-critical applications are hosted redundantly in the data centres. For all time-critical processes and resources, contingency or business



continuity plans are prepared by the departments and updated at least annually. These contain both fallback procedures for the failure of a resource and the return of the affected process to normal operation.

All measures are regularly checked for their effectiveness and appropriateness and tested in practice. The tests cover all four failure scenarios so that, for example, the alternative locations and IT solutions provided for the building failure can be examined for their functionality. In addition to the internal tests, DekaBank's service providers are also checked to ensure that IT service providers, for example, can guarantee the contractually agreed availability times for the respective applications in emergency situations. In addition, annual risk-oriented BCM audits of the service providers are carried out to check whether they are able to provide their services on a permanent basis.

## 5.5. Complaint management

The Deka Group has implemented a management system for customer complaints that ensures an effective and transparent procedure for dealing with complaints. Among other things, it ensures that incoming customer complaints are forwarded immediately to the relevant specialist unit and processed there. This is also where tips and suggestions for improvement from the complaints can be recorded.

The European Commission has set up a European online dispute resolution platform that consumers can use to settle disputes arising from sales or service contracts concluded online out of court. Customers also have the option of submitting their complaints to the DSGVO's consumer arbitration board and the ombudsman's office of the German Investment and Asset Management Association (Bundesverband Investment und Asset Management, BVI), as well as to the German Federal Financial Supervisory Authority (BaFin) or the Luxembourg supervisory authority Commission de Surveillance du Secteur Financier (CSSF) and the Joint Conciliation Board of the Austrian banking industry. In the year under review, the Deka Group received 115 complaints (2021: 69) via these channels. In this respect, customers show an increasing willingness to clarify concerns – however, there were no main thematic priorities.

During the reporting period, there were no complaints relating to environmental issues submitted via formal procedures. No complaints were also submitted on the subject of corruption or the human rights impact of the Deka Group's activities.

DEVELOPMENT OF THE NUMBER OF COMPLAINTS  
(TABLE 27)

|                      | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 |
|----------------------|-------------|-------------|-------------|
| Number of complaints | 4,077       | 5,487       | 4,448       |

## 5.6. Idea and innovation management

### 5.6.1. Idea management

DekaBank's idea management for the Deka Group runs via a web-based platform that employees of the Deka Group can use to submit their ideas for improving processes or for new products and services. The crowd-sourcing approach of this platform enables employees to actively participate in the further development and evaluation of the published ideas. Indications of potential problems and risks are also helpful for the department concerned, which decides whether an idea should be implemented. In addition to the Deka Group, 40 other savings banks or affiliated institutions are currently using the "S-Innovation" platform developed by DSGVO, DekaBank and Sparkassen-Finanzportal for their idea management.

In the year under review, employees submitted a total of 100 (2021: 148) ideas, of which 68 (2021: 91) were published on the platform. The decrease in submissions is mainly explained by the fact that in 2022 – unlike in the two previous years – no ideas competition was held. Ideas on ESG topics again played a major role (24 percent of ideas). The very high rate of 51 percent from the previous year could not be achieved because there was no special sustainability competition in 2022. The category was not able to maintain its top position in terms of ideas submitted and reached second place in the year under review in terms of the number of proposals submitted. Proposals for the design of processes ranked first with 28 percent, while concrete ideas for real estate management ranked third with a share of 18 percent. These mainly concern the new building in Niederrad (LS 13) and include, for example, suggestions for further reducing electricity and water consumption.

17 ideas were awarded cash prizes totalling 32,050 euros, and 13 other employees received non-cash prizes. The savings or additional income from the suggestions increased significantly to 145,200 euros (2021: 31,000 euros). Responsible for this were mainly an idea on fees in the context of securities lending and an idea on switching providers for terminals for financial information and market data.

The winning ideas from the #GemeinsamNachhaltig (#SustainableTogether) competition, which was held in autumn 2021, could be implemented for the most part in 2022. The tree planting campaign recommended by the jury took place on 8 October 2022 at Treisberg in Taunus. The employees of the Deka Group and their families were invited to take part in the campaign. Around 60 people planted 500 trees under the guidance of the forest ranger. In addition, Schutzgemeinschaft Deutscher Wald e. V. (German Forest Protection Association) received a donation of 5,000 euros from DekaBank.

The idea of "old smartphones in exchange for money/donation and for the environment" was also implemented. Green collection boxes from the company Tecycle were set up at the





two Frankfurt locations LS 13 and Trianon. The boxes with the collected smartphones are returned to Teqcycle. Teqcycle inspects the smartphones and determines the respective value. The refunded purchase price goes back to DekaBank and is donated in full to sustainable projects.

S Broker AG & Co. KG also has an idea management system. Employees can submit ideas via the Intranet, which are released for all employees to vote on after being reviewed. The ideas with the best ratings are awarded a cash bonus of 400 euros.

### 5.6.2. Innovation management

In addition to ideas management, strategic innovation management has been further developed as part of the strategic action programme 2025. This relies on the participation of as many employees as possible in the development of innovative solutions in order to consolidate the culture of innovation, promote the digital transformation throughout the Deka Group and strengthen the Deka Group's competitiveness. In an end-to-end innovation process, relevant trends are identified and recommendations for action are derived. Together with the specialist units, concrete approaches to solutions are generated from these and validated as part of innovation management.

The financing of the process is ensured by the innovation board, which decides on the basis of pitches whether the implementation of the ideas will be financially supported. In the year under review, three innovation boards took place, at which six ideas were positively evaluated. Thematically, these were ideas and solutions that contribute to the focus technologies of artificial intelligence (AI) and Blockchain & Distributed Ledger Technology (DLT), among others.

Responsible for the implementation of new digital solutions are the Digital Multichannel Management department for the digitalisation of the technical interfaces to the customers, the IT department as well as the relevant specialist departments together with the respective department head for the digitalisation of processes.

## 5.7. Sustainability rating

### 5.7.1. Significance of sustainability ratings for the Deka Group

In the course of the upswing in sustainable capital investments, which is also due to regulatory reasons, the sustainability ratings prepared by specialised rating agencies have gained further importance. For the vast majority of institutional investors as well as for providers of sustainable investment solutions, they provide the information on the sustainability quality

of issuers – companies and states – that they need to implement their individual sustainability concepts. In the case of companies, the sustainability ratings regularly include information on activities in business areas perceived as controversial or possible violations of recognised standards, such as those defined in the principles of the UN Global Compact. In addition, the agencies comprehensively assess the quality of the issuers' sustainability management, whereby future-oriented aspects, such as the suitability of the issuers' climate strategy for achieving the Paris climate goals, play an increasingly important role in addition to the status quo.

Parallel to the increasing influence of sustainability ratings on capital investment, the discussion about the quality and informative value of sustainability ratings intensified in the year under review. The starting point was the fact that the different agencies arrive at different assessments of the quality of sustainability management and possible violations of sustainability standards for the same issuers. It should be noted that there is currently no standard for assessing the sustainability performance of companies and that agencies take different approaches to assessing companies.

The EU Commission has announced that it will pay increased attention to the question of how to improve the informative value and comparability of sustainability ratings. In a first step, a central database is to be created with the European Single Access Point (ESAP), in which companies are to provide standardised financial and sustainability data.

As an issuer of public bonds, mortgage bonds, bearer bonds and certificates under the Green Bond Framework, it is also important for DekaBank to meet the requirements of the sustainability rating agencies so that it can successfully place its bonds with the growing number of sustainability-oriented investors. The sustainability ratings are therefore an important reference for the design of sustainability management and the specialised agencies are a central target group for sustainability reporting. At the same time, the criteria used by the agencies reflect the requirements of important stakeholders of the Deka Group, such as environmental associations, human rights organisations and trade unions. Finally, the Deka Group uses the sustainability ratings as a basis for analyses of the strengths and weaknesses of its sustainability management, also in comparison with other banks. ESG issues relating to the ongoing development and implementation of the sustainability strategy are regularly reported in the ESG Circle and, where necessary, submitted to the ESG Committee for a decision.

### 5.7.2. Current sustainability ratings of the Deka Group

As sustainability ratings are not generally updated annually, there were only two changes in the Deka Group's ratings by the four leading sustainability rating agencies compared with the previous year. (CF. **FIGURE 7**) For example, in the current





rating, the sustainability rating agency MSCI ESG gave the Deka Group's sustainability-related performance the third-highest grade of A on a scale ranging from AAA to CCC, one notch below the previous rating from 2020. The Deka Group has comprehensively analysed the reasons for the slight downgrade and has already implemented measures to address the deficits identified by MSCI ESG, for example in data security. The Deka Group was able to confirm its good rating with the Sustainalytics rating agency, which is part of Morningstar, and achieved a score of 16.5 on the scale ranging from 40+ to 0 (best score) in the year under review, slightly better than in the previous rating (17.4).

The ESG rating agency ISS ESG last comprehensively assessed the Deka Group in 2020 and awarded it Prime status. With a rating of C+ (scale A+ to D-), the Deka Group was ranked as an "Industry Leader" among the three best-rated banks in the

"Public and Regional Banks" peer group. The Deka Group expects a comprehensive update of its rating profile from ISS ESG in 2023.

In the 2021 rating by the agency V.E (formerly Vigeo Eiris), which has been part of Moody's since 2019 and has operated under the name Moody's ESG Solutions since 2022, the Deka Group achieved an overall score of 55 points on the scale ranging from 0 to 100, giving it "Robust" status. With this result, the Deka Group ranked 13th out of 97 in the "Retail and Specialised Banks" peer group as of the assessment date and is only five percentage points away from the highest "Advanced" rating category.

Overall, the Deka Group's sustainability ratings confirm the high level of its sustainability-related measures and underline its leading position in the national and international banking sector.

## ESG RATING AGENCIES (FIGURE 7)

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**Status of sustainability ratings according to the annual rating reports:** MSCI: 10.06.2022; ISS-ESG: 22.06.2020; Sustainalytics: 10.08.2021, Update 21.12.2022; MOODY'S ESG (rebranding in the process of the acquisition of V.E): 05.2021

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# Combating the energy crisis and sustainability – opposites or complements?

Dr. Ulrich Kater, Chief Economist of DekaBank

A bitter realisation of 2022 is that the global economy has seamlessly moved from the Corona crisis to the next crisis, the energy price crisis. The price of natural gas, which after a ten-fold increase in 2022 briefly fell back to pre-crisis levels due to an uncharacteristically warm autumn, will continue to fluctuate very sharply for some time. In the long term, however, it will probably be higher than before the Russian war of aggression on Ukraine. The return of inflation and the subsequent sharp rise in interest rates are again confronting the economy and the financial markets with completely new framework conditions in a very short time. In addition, there are the issues of recession, the energy crisis and the war in Eastern Europe. This change of perspective raises fears that the new urgencies will push the long-term challenges for the economy and society, such as climate change or demography, into the background. This applies especially to the debate on the climate and sustainability-related transformation of the economy.

The energy crisis is the dominant issue in Europe. Germany has been hit particularly hard because of its high dependence on Russian gas. This is because Russia stopped supplying gas to Germany over the summer of the year under review. In addition, there is a strong global economic downturn, which is not only having a noticeable impact on the German export economy. The European economy is in a prolonged recession. So how does the energy crisis affect the achievement of the transformation goals? The answer is not clear:

- There are changes in the use of energy sources in Germany: these include a postponement of the phase-out of nuclear power. The remaining three nuclear power plants in Germany are now to be allowed to continue running until mid-April 2023. Since uncertainty about the energy situation is also high for the winter of 2023/24, there could be a further extension of operating times. The plan changes in the German coal industry are somewhat more complex. Here, the phase-out of lignite-fired power plants is planned by the end of 2038. In order to support security of supply in the current energy crisis, two coal-fired power plants will not be shut down at the end of 2022 as initially planned, but will continue to run until 2024 with an option for 2025. In order not to miss the targeted climate goals, it was decided to bring forward the closure of three coal-fired power plants from 2038 to 2030.

- These developments are counteracted by the emission effects of the massively increased prices: Firstly, the cyclical slowdown of the economy, e.g. through a decline in production and transport, also reduces CO<sub>2</sub> emissions – in this respect, the current situation resembles the lockdown effects of the Corona crisis. Secondly, energy consumers are adjusting their demand to the changed prices. In industry, natural gas consumption fell by 20 percent in the third quarter of the year under review alone compared to the average of previous years. How much private households will be able to cut their demand can only be assessed in the course of 2023, when the winter weather conditions will also be assessable. But here, too, the savings and thus lower environmental consumption will be substantial.

The purely quantitative self-restraint of companies and consumers in the face of high energy prices is only the first – and usually not ideal – reaction. In industry, for example, reduced natural gas consumption goes hand in hand with significant production cutbacks or relocations, i.e. lower economic output in this country. For private households, too, the savings mean a direct sacrifice of prosperity. This cannot be a permanent solution. The strength of the market-based adjustment reactions, however, lies in the subsequent adjustment steps. These go in the direction of avoiding expensive input factors with higher production and prosperity again.

A wide range of energy-saving activities have begun, especially among companies. From energy-efficient building management systems to adjustments in machinery, the measures ranged that almost every company in Germany started or pushed this year. Such a reaction has been seen before in economic history. After the likewise extreme rise in the price of energy raw materials in the 1970s, the German economy increased its energy efficiency considerably: while the gross domestic product more than doubled in the following decades, primary energy consumption remained more or less constant. High prices are thus a very effective mechanism for saving, which will come into play again now.

No slowdown in the topic of sustainability can be seen in financial market regulation or environmental policy:

- For example, the ECB is in the process of significantly sharpening and advancing its regulatory framework for a green monetary policy, as planned. In July 2022, it decided to contribute to climate protection with regard to its corporate bond portfolio. The possibilities for shifting in the ECB's holdings of corporate bonds came into effect on 1 October 2022. It concerns purchases to be unwound in the Corporate Sector Purchase Programme (CSPP) and the Pandemic Emergency Purchase Programme (PEPP). The decarbonisation of the corporate bond portfolio is to be based on an issuer-specific climate score. In addition, the ECB is now trying to integrate biodiversity and other environmental protection aspects more strongly alongside climate protection.
- In the EU, the path to decarbonisation without deindustrialisation continues. The European Commission's Fit-for-55 programme is currently being discussed in parliament. In particular, this involves the expansion of CO<sub>2</sub> emissions trading and a CO<sub>2</sub> border adjustment mechanism to ensure that producers in Europe do not suffer cost and price disadvantages due to higher environmental standards compared to non-European producers with lower standards.
- The topic of hydrogen deserves a special mention. It is becoming increasingly clear that a rapid development of a hydrogen economy as a storage facility for energy is becoming an important, if not necessary, component of the energy transition towards renewable energy sources. This is also part of the EU environmental policy. Within the framework of the REPowerEU project, the goal of producing 10 million tonnes of hydrogen from renewable energy sources is anchored.

The fact that the financial leeway in public budgets worldwide is becoming smaller could prove problematic for the achievement of climate and sustainability goals. Until now, the high crisis expenditures of states in the past and the associated rising national debts did not represent major hurdles for future projects, as an extremely low interest rate level provided for an almost unlimited debt potential. Those days are gone with the sharp rise in interest rates. The episode of short-term financial market turmoil in the UK due to high debt plans of the new

UK government also indicates that financial markets consider sovereign debt capacities to be largely exhausted. Higher spending on climate and sustainability projects must now come back at the expense of spending for other purposes. Together with the loss of prosperity for private households due to high inflation rates, acceptance problems could arise here.

All in all, the current energy crisis has a variety of effects on tackling climate problems. Short-term braking effects due to emergency measures following the abrupt gas supply stop from Russia are countered by medium-term savings effects from expensive natural gas. The unbroken willingness of politicians to tackle the climate and sustainability turnaround is now coming up against slimmer public budgets.

In particular, the pass-through of savings effects is important. This results in particular from the effects that high prices have in a market economy. These reduce the demand for the goods that have become scarce and increase the supply. The understandable desire to cap prices would prevent precisely this reduction in demand – as well as an expansion of supply – and thus prolong the imbalances. In the worst case, a scenario of extremely expensive permanent subsidies looms. The strength of market economies lies in their ability to adapt quickly and effectively to changing conditions. However, this is only possible if price signals can work. Price signals have the advantage that each member of an economy can provide the response best suited to his or her situation, while laws and regulations cannot remotely exhaust these individual response options.

The fact that the environmental goals of many countries are nevertheless in danger of not being achieved was also at the forefront of the 27th UN Climate Conference (Conference of the Parties, COP 27) in Egypt in November 2022. Here it became apparent that even in the ambitious industrialised countries, the willingness of the populations to accept restrictions and costs is not in line with the necessary measures to achieve the transformation goals. This willingness will be further damaged by the recent strains on the world economy caused by the energy crisis and deglobalisation. Therefore, the transformation of the global economy towards a sustainable form of economy remains a major challenge.

# Reporting on climate and environmental risks





## 6. Reporting on climate and environmental risks based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

By signing the "Self-commitment by German Savings Banks to climate-friendly and sustainable business practices", DekaBank, as part of the Deka Group, has committed itself to supporting companies, private individuals and local authorities on their path towards greater sustainability and for effective climate protection through appropriate financial services. As the Wertpapierhaus of the savings banks, it works together with its partners to achieve the goals of the Paris Climate Agreement for the entire economy and provides its customers with competent and effective support in the transformation to a climate-neutral economy. At the same time, the Deka Group keeps an eye on the risks that climate change may pose for its customers and for its own business development. In this chapter, the Deka Group reports for the first time in summary form and in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on its wide range of activities to actively deal with the causes and consequences of climate change and resulting risks.

These recommendations for comprehensive and comparable climate reporting, developed by the TCFD on behalf of the Financial Stability Board (FSB), define the four topic areas of Governance, Strategy, Risk Management and Metrics & Targets, which are to be reported on as part of a TCFD report and which structure this chapter on climate and environmental risks reporting. Against the backdrop of regulatory requirements, the Deka Group also takes into account the "Guide on climate-related and environmental risks" issued by the European Central Bank (ECB) in this chapter. For this reason, this chapter regularly refers to "climate-related and environmental risks" or "climate and environmental risks". In addition, the Deka Group takes into account other sustainability-related risks as part of its risk management, which are discussed in CHAPTER 5.3. The numerous measures described below within the Deka Group, i.e. the individual business divisions, corporate centres and sales organisations, and in particular in the management of securities and property portfolios, are embedded in an overarching, strategic climate perspective, the further development of which the Deka Group worked intensively on during the year under review and which will be further specified in 2023.

### 6.1. Governance – Climate aspects in corporate management

#### 6.1.1. Supervision of the management of climate-related and environmental risks and opportunities

DekaBank's Board of Management has overall strategic responsibility for climate and environmental issues as well as other sustainability aspects. Operational responsibility for these aspects is decentralised to the individual departments. The business activities of the subsidiaries are recorded at the level

of the business divisions. In order to provide the Board of Management and other decision-makers with the relevant information to fulfil this responsibility, various committees and working groups have been established in the Deka Group in recent years to deal with climate-related and environmental issues.

This includes the ESG Committee, which was established at DekaBank at the beginning of 2022 and acts as a decision-making and escalation body for cross-sectional ESG issues and thus also climate-related and environmental issues. The committee consists of members of the DekaBank's Board of Management and the heads of Strategy & HR (Human Resources), Board Staff & Communications and Risk Control. Depending on the topic and operational responsibility, other divisional managers are also involved. As part of the meetings of the ESG Committee, which are held on a quarterly basis, the Board of Management is also informed about climate-related and environmental issues. On this basis, the entire Board of Management deals with current topics and developments in strategic ESG coordination, the transformation and management of overarching topics including climate-related and environmental risks as well as their cross-sectional management within the framework of the committee.

A separate ESG Circle was set up upstream of the ESG Committee. It is a platform for professional exchange and coordination on group-wide sustainability issues at a management level reporting to the Board of Management. The goals of the ESG Circle include the cross-departmental identification, coordination and preparation of decisions on ESG topics. Against the background of the allocation of various operational ESG tasks to the specialised units within the business allocation plan and the distribution of line and departmental responsibility, the ESG Circle ensures cross-departmental feedback between the specialised units. (CF. CHAPTER 2.2.3.)

## Reporting

### The Task Force on Climate-related Financial Disclosures (TCFD) and the consideration of its recommendations in chapter 6.

In order to be able to provide banks and investors in particular with comprehensive and comparable information and data on how companies deal with the risks resulting from climate change, the TCFD, which was set up by the Financial Stability Board (FSB) of the G20 countries, published recommendations for uniform climate reporting in mid-2017.

The aim of the recommendations is to quantify the financial impacts of climate change on companies. In this way, both companies and their investors should be given a sound basis for developing and implementing a climate strategy. In addition, the recommendations are intended to help in the decision-making process regarding lending and capital investment. The recommendations relate to the following four fields of action:

- Governance: Information on the coverage of climate-related risks and opportunities in corporate governance
- Strategy: Information on the manifest and potential impacts of climate-related risks and opportunities on the company's business activities, strategy and financial planning
- Risk management: Information on the identification, assessment and management of climate-related risks
- Targets and metrics: Description of the objectives and metrics that will be collected or implemented to assess and manage climate-related risks and opportunities

Deka Investment GmbH has supported the TCFD goals as a supporter since 2018. Further information on the TCFD: [www.fsb-tcfd.org](http://www.fsb-tcfd.org)

The information in chapter 6. regularly relates to different organisational units or business divisions of the Deka Group. A distinction is made between the following areas:

- As the parent company, DekaBank forms the Deka Group together with its domestic and foreign subsidiaries. With regard to risk management standards, the bank's procedures, e.g. in the context of identifying and managing climate-related and environmental risks, are generally valid throughout the Deka Group. There are content links here with chapters 2. and 5. of the Sustainability Report. The bank is also responsible for activities in connection with real estate and special financing; here, there are content links with chapter 4.1.2. of the Sustainability Report.
- The business division Asset Management Securities (Asset Management Wertpapiere, AMW), which includes Deka Investment GmbH, Deka Vermögensmanagement GmbH, Deka International S. A. and IQAM Invest GmbH, combines the activities for managing securities, in particular mutual and special funds, and offers high-quality asset management solutions for every market environment. There are content links here with chapter 4.1.1.2. of the Sustainability Report.
- The business division Asset Management Real Estate (Asset Management Immobilien, AMI), which includes Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Immobilienfonds GmbH, provides fund products and advisory services related to property or property financing in the customer and proprietary business of the savings banks and other institutional investors. There are content links here with chapter 4.1.1.3. of the Sustainability Report.

As in previous years, information on the importance of climate protection in the Deka Group's own business operations, e.g. the management of owner-occupied property and commuter traffic, is summarised in chapter 3.2. of the Sustainability Report.

The climate-related and environment-related activities are regularly embedded in the structures and processes for managing other ESG aspects. In order to avoid repetition in the Sustainability Report, the TCFD Report therefore refers to statements in other chapters of the Sustainability Report where this is relevant for the presentation of climate-related and environment-related measures.



## Reporting

Overarching support for climate-related and environmental issues as well as other ESG aspects is provided in the Deka Group by the Strategic and Operational ESG Management, which submit overarching and cross-cutting ESG issues to the ESG Committee and the ESG Circle for consultation and the derivation of measures.

DekaBank has developed an ESG Dashboard as a tool for systematically informing the Board of Management. This internal reporting system summarises key ESG indicators and also includes climate-related indicators, such as CO<sub>2</sub> emissions. These specific key figures and developments are reported to the ESG Committee on a quarterly basis. (CF. **CHAPTER 2.2.3.**)

In addition, information, reporting and decision-making formats firmly anchored in the process instructions, such as management committees like the Management Committee Risk (MK Risk), as well as established line processes, serve to keep the Board of Management informed.

The following formats in particular are used for targeted reporting on the results of the analyses and the assessment and management of climate-related and environmental risks in risk management to the responsible bodies:

- The group-wide assessment of the significance of climate-related and environmental risks as drivers of existing risk types is determined in the course of the risk driver analysis. (CF. **CHAPTER 6.3.1.**)
- The results are incorporated into the annual risk inventory process, the overall results of which are approved by the Board of Management and discussed with the Risk and Credit Committee. (CF. **CHAPTER 6.2.1.**)
- Prospective effects of climate-related and environmental risks on the Deka Group are determined as part of specific climate stress scenarios and regularly reported to the Stress Testing Committee. (CF. **CHAPTER 6.2.1.**)
- The results of the annual risk inventory are discussed in detail in the MK Risk as the central risk committee and presented and decided upon in a Board meeting. This committee also deals with current risk issues on a quarterly basis.

The review of the need to expand the reporting channels or develop additional reporting content is carried out continuously with new findings from the integration of climate-related and environmental risks into bank and risk management. Comparable committees and information formats for coordinating climate-related and environmental activities and for informing the relevant committees have also been established in the two business divisions AMW and AMI. Both business divisions regularly inform DekaBank's Board of Management about climate-related and environmental issues, such as the implementation status of climate-related and environmental projects, via the reporting lines.

### Compliance with regulatory requirements

Insofar as sustainability risks and therefore climate and environmental risks must be taken into account in the Deka Group's products and services due to legal or regulatory requirements, they are also included and reviewed in compliance monitoring activities, controls, advice and compliance training. Processes are also in place to ensure continuous monitoring of new legal regulations and requirements. This also includes new legal regulations and requirements on climate-related and environmental risks. Responsibility for regulatory monitoring and implementation monitoring is decentralised to the respective divisions/companies. The Compliance division has the central coordination function and maintains the inventory of all relevant initiatives (regulatory initiatives list). The process is designed to ensure that the new relevant legal regulations and requirements for the Deka Group are identified, key regulations and requirements are derived from them and corresponding processes and procedures are implemented to ensure compliance.

### AMW business field

In the AMW business division, the "ESG Research & Strategy" unit was established in the "Sustainability & Corporate Governance" department in the year under review. This new unit is also responsible for climate-related and environmental issues and regularly informs the management about strategic climate-related and environmental measures and progress, particularly in the context of the Net Zero Asset Managers Initiative (NZAM), which Deka Investment GmbH and Deka Vermögensmanagement GmbH joined in 2021. (**FOR NZAM**, CF. **CHAPTER 2.3.2.1.**)

In the course of implementing the associated requirements, a monitoring and reporting structure is being set up within the AMW business division with regard to the NZAM objectives and the progress achieved. Climate-related key figures (Net Zero KPIs) will be defined and reported to the management every six months. A regular analysis of the corresponding activities of other asset managers (Net Zero Peer Benchmarking) is also planned, the results of which are also communicated to the management and from which impulses for the further development of the Net Zero strategy of the business division can be derived.

### AMI business field

The management of the AMI business division is informed on a quarterly basis about the progress made in implementing key climate-related and environmental measures in a progress report. In addition, the AMI Cockpit, the central management reporting system for the business division, reports on key climate and other sustainability-related indicators on a monthly basis. It contains all relevant key performance indicators at the

## Reporting

company level and the details of the special assets relevant for the respective month. This also includes climate and environmental key figures for individual product groups as well as at the level of special funds. In addition, the AMI Cockpit contains summary information on current climate and sustainability topics.

### 6.1.2. Assessment and management of climate and environmental risks and opportunities

Climate and environmental risks are taken into account in the annual business division planning. The annual planning processes take climate-related and environmental issues into account in the lines and projects. The result is incorporated into the Deka Group's medium-term planning, which underpins each of the next three financial years with the relevant key performance indicators. In project portfolio management, all ESG projects and therefore also climate-related and environmental projects are marked separately and are therefore easily identifiable. In this context, climate- and environment-related topics are taken into account, for example, in resource and project planning, in sales planning and indirectly through effects on the special assets. With the appropriate materiality, climate- and environment-related topics can also be taken into account in other relevant areas if required.

The findings from the annual analysis of the business environment (CF. **CHAPTER 6.2.1.**) and risk driver analysis (CF. **CHAPTER 6.3.1.**) can be used as a basis for making adjustments to the Deka Group's strategic and operational objectives. The successive integration of ESG issues into line processes (CF. **CHAPTER 6.3.3.**) ensures that relevant information can be continuously incorporated into the business model. With a focus on specific targets for climate and environmental risks, a group-wide project was launched in the year under review to systematically record the Deka Group's climate-related emissions for all relevant business divisions and portfolios. (CF. **CHAPTER 6.4.**) This inventory serves in particular as a basis for drawing up sector-based decarbonisation paths for the medium and long-term time horizon, taking into account the Paris climate goals and the Deka Group's own voluntary commitments, in order to be able to derive well-founded ambitions. For the management of specific overarching or separate aspects of climate and environmental risks, further key performance indicators (KPIs) and key risk indicators (KRIs) are to be derived in the future in accordance with the strategic, operational and risk strategy objectives.

In addition, the Deka Group excludes various types of financing in its negative list of credit risk strategies, including companies that generate more than 30 percent of their sales from coal production and/or more than 40 percent from coal-fired power generation and therefore face particularly high transitional climate risks and have a particularly high negative impact on the climate. (CF. **CHAPTER 4.1.2.**)

### AMW business field

In the AMW business division, the integration of climate-related aspects into business and budget plans was further advanced in the year under review. An important element of the strategic orientation in the topic area climate is the membership of Deka Investment GmbH and Deka Vermögensmanagement GmbH, which belong to the business division, in NZAM. This also includes the first-time preparation of an Investor Climate Action Plan (ICAP) in 2023, in which the targets and measures for achieving the net zero target are described in more detail. Climate-related and environmental risks within the AMW business division are currently managed in the respective business divisions as part of the management of the relevant risk types.

Direct dialogue with the companies, in which investments are made, as well as the use of the voting and speaking rights associated with shares at annual general meetings, have gained in importance as an instrument of sustainable capital investment in recent years and are also used intensively by the AMW business division. (CF. **CHAPTER 4.1.1.2.5.**) When implementing corresponding measures in the context of NZAM, the business division therefore builds on established processes. For example, in accordance with its Voting Policy Principles for Annual General Meetings 2022, Deka Investment GmbH reserves the right to refuse to discharge the Board of Management at AGMs if the expectations defined in the guidelines, for example for a climate strategy, are not met.

### AMI business field

In the AMI business division, climate-related and environmental aspects are assessed as part of the annual business environment analysis. The results of this analysis are taken into account in the business planning, which is also updated annually, within the framework of the relevant planning parameters and, if necessary, the measures required to deal with the identified risks are initiated. These include, in particular, the adjustment and further development of the sustainability strategy and the resulting budget planning, the analysis of potential effects on transactions or the geographical allocation of property portfolios as well as possible adjustments in the sales planning of investment funds. (CF. **CHAPTER 6.2.**)

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### 6.2. Strategy – Climate aspects in business model and strategy

#### 6.2.1. Identification of climate and environmental risks and opportunities

The Deka Group uses various qualitative and quantitative approaches to systematically identify and assess climate and environmental impacts on the business model and risk landscape over a short, medium and long-term horizon.

To create transparency regarding changes in the business environment driven by climate and environmental risks and their short, medium and long-term impact on the Deka Group's business model and business activities, a structured business environment analysis has been carried out annually since 2021. As part of this analysis, climate and environmental risks and opportunities and their impact on the business model in terms of business activities, products and markets are specifically considered.

The systematic identification of climate and environmental risks is subject of the regular risk inventory. For this purpose, a separate risk driver analysis was integrated into the overall context of the risk inventory, which is specifically geared towards the identification and analysis of climate and environmental risks. These approaches are supplemented by scenario analyses on separate aspects of climate and environmental risks within the framework of macroeconomic stress testing. The methods used currently use different time horizons, depending on the individual objective of the analyses, in order to view the Deka Group's diversified business model as comprehensively as possible.

#### Fundamentals and methodology of the business environment analysis

Climate-related and environmental issues have also been extensively integrated into the Deka Group's process organisation. For example, the structured business environment analysis creates comprehensive transparency on changes in the business environment driven by climate-related and environmental risks and their impact on the business model in various time horizons.

The observation horizon of the business environment analysis is currently five years and thus covers the short- to medium-term time horizon. For the long-term horizon of more than five years, a qualitative observation is made for three defined climate scenarios – "scheduled transition", "delayed transition" and "Hot House World".

#### Characteristics of the climate scenarios used

##### "Scheduled transition"

To combat climate change, the CO<sub>2</sub> price will be continuously increased in accordance with the planning communicated by the EU and obsolete and emission-intensive technologies will be banned. Renewable energies are being expanded and the requirements for the circular economy are increasing. Extreme weather events occur sporadically.

##### "Delayed transition"

Due to advancing climate change and increased extreme weather events, the CO<sub>2</sub> price will increase drastically from 2030 onward. Innovative and low-emission technologies displace emission-intensive competitors in a short time. Raw material and water prices are rising sharply, while the expansion of renewable energies is being driven forward. Consumer behaviour is strongly influenced by sustainability.

##### "Hot House World"

The insufficient efforts of the political community of states have led to global warming well above the 1.5° Celsius target. The absence of bans on emission-intensive technologies and a low CO<sub>2</sub> price as well as associated low transport costs lead to moderate producer prices. However, strong global warming leads to a frequent occurrence of extreme weather events, an increase in water and air temperature as well as the absence of snowfall and a strong increase in water prices. Tropical diseases are also increasingly spreading in the northern hemisphere.

#### Procedure for conducting the business environment analysis

The business environment analysis is based on individual drivers of climate and environmental risks. For this purpose, Deka-Bank has developed a comprehensive catalogue of drivers of climate and environmental risks and described the fundamental impact chains and transmission channels on market participants as well as the Deka Group's business operations and activities. Climate and environmental risks were divided into the categories of physical (acute, chronic and non-climatic), transitory and other climate and environmental risks. For an aggregated view, climate and environmental risks with similar mechanisms of action were also grouped into specific driver groups. Five key dimensions were derived for the Deka Group for consideration:

1. Customers / Distributors / Society
2. Competitors
3. Regulatory / Legal
4. Technology
5. Macroeconomics / Capital Market

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As part of the business environment analysis, a structured review and description of the impact of climate-related and environmental risks on the environmental factors and the business model is carried out in internal workshops with experts from relevant areas of the Deka Group, taking into account both risks and opportunities. All business divisions are considered separately, including sales, in the short and medium term up to five years. If heterogeneous effects are expected within a business division, the business activities are detailed, e.g. in individual customer groups, product segments or geographical regions.

The results of the business environment analysis are incorporated into further, downstream instruments within the framework of the strategy process, with a further assessment of relevant identified effects on strategic planning as well as financial planning carried out in a next step, taking into account the time horizon.

The business environment analysis is updated annually. In this context, climate-related and environmental risk drivers will be reviewed in the future and the analysis of long-term impacts will be detailed.

### Results of the business environment analysis

The business environment analysis carried out in the year under review showed that physical climate and environmental developments and events do not have any considerable impact on the Deka Group's business model in the short to medium term. In contrast, transitory climate-related and environmental aspects can lead to potential effects on the business model, whereby the two environmental factors under consideration, "Customers / Distributors / Society" and "Regulatory / Legal", are particularly relevant. In particular, a further intensification of regulatory measures can have a noticeable impact on the business activities of the business divisions, e.g. in the form of rising personnel and consulting costs for the implementation of additionally required measures.

At the same time, climate change and the fight against its causes and consequences also present opportunities for business development in the Deka Group's business divisions in the short to medium term. For example, the already noticeable effects of climate change and the associated political and social discussions may lead to greater demand for investment products that take into account climate-related and environmental risks or make a contribution to climate protection.

### Implementation and results of risk driver analysis/risk inventory and stress testing

The group-wide assessment of the significance of climate and environmental risks as part of the sustainability risks is carried

out as part of the annual risk inventory. The influence of climate and environmental risk drivers on the main risk types is analysed. (CF. **CHAPTER 6.3.1.**)

With regard to the perspective of up to five years considered in the risk inventory, it can be stated that the climate and environmental risk drivers for the established material risk types are predominantly classified as not significant. With regard to business risk, transitory climate and environmental risks can represent significant drivers under stressed assumptions, regardless of the probability of occurrence of such events and developments. In addition, it should be noted for operational risks that the significance of transitory climate and environmental risks will increase in the future in view of growing portfolios in products with sustainability features in connection with the increase in regulatory requirements.

Within the scope of the risk inventory, climate stress scenarios specific to risk types were developed in order to be able to shed light on risk-type-specific vulnerabilities in detail. Thus, with regard to credit risk, probabilities of default and loss rates of business partners from potentially affected country-industry combinations were specifically stressed. The result supports the statement made above that climate-related and environmental risks currently have no significant impact on DekaBank's risk profile, even under stressed conditions.

Based on the climate stress scenarios specified by the ECB, climate-related risks (transitory and physical) were quantified for DekaBank's portfolio in the year under review. The result shows only a slight change in the risk profile, which confirms the resilience of the Deka Group's business model to climate-related and environmental risks.

Within the framework of macroeconomic stress testing, effects are determined for an observation period of three years, but developments that only become relevant in the medium to long term are already brought forward via scenario parameterisation. This indirect approach, in which the impact of future effects on the current portfolio are taken into account, enables an initial examination of the impact of long-term effects on the current portfolio.

### AMW business division

Specific securities-related climate and environmental risks for the business segment are analysed as part of the annual risk inventory. Climate-related scenarios are not yet applied. As part of the Net Zero implementation, a Investor Climate Action Plan is being prepared, which considers the management of climate-related and environmental risks in investor portfolios in its sub-section "Investment". The results from this and from overarching strategic portfolio analyses will provide the AMW business division with further starting points for climate-related and environmental opportunities and risks.

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### AMI business division

In order to take into account the special features of the real estate asset class, in particular the lower fungibility, further time horizons are taken into account in the AMI business division. Thus, three to five years are considered as the short-term time horizon for concrete action planning, while the medium-term time horizon, which is relevant for investment planning, covers a period of ten years. Long-term time horizons of more than ten years are particularly relevant for the analysis of the effects of climate change on the properties and the strategies derived from this for dealing with physical and transitory risks. The results of the analyses can lead, for example, to updated countries of investment, changed types of real estate use or an adjusted business field strategy.

The focus of the business division's climate-related measures is currently on the medium-term time horizon. The specific business environment analysis, which follows the annual risk management process, comes to the conclusion that there are no significant climate and environmental risks for the real estate sector for the time horizon of three years. It must be taken into account that there are opportunities both in the short term, e.g. through concrete measures to improve energy efficiency of properties, and in the medium term, within the framework of investment planning, to reduce the effects of climate change on the properties or the effects of the properties on climate change.

### 6.2.2. Dealing with the impact of climate and environmental risks and opportunities on the Deka Group

Both at DekaBank level and in the AMW and AMI business divisions, numerous approaches are already being taken to systematically deal with the impacts of climate and environmental risks and opportunities. The range of measures implemented by DekaBank extends from the integration of climate-related and environmental aspects into the ESG scorecards (CF. **CHAPTER 4.1.2.**), which are taken into account as part of the lending process, to the consideration of corresponding aspects in the due diligence processes for the acquisition or sale of equity investments, to the definition of climate and environmental requirements in the sustainability declaration that the largest suppliers must sign before entering into a business relationship.

### AMW business division

In the AMW business division, climate and environmental risks are comprehensively considered in the investment process. For

example, in the course of implementing the Disclosure Regulation, limits are set for the Principal Adverse Impact (PAI) indicator on greenhouse gas (GHG) intensity. In order to identify and assess climate-related and environmental risks that are not reflected in the available ESG ratings from external providers, the AMW business division uses a specific risk level model for the investment process, which incorporates analyses of climate and environmental risks from its own ESG research as well as other external sources. The model is used to classify the climate and environmental risk exposure of individual issuers.

In the course of pursuing the goals from the aforementioned signing of the NZAM as well as taking into account the limits for the PAI indicator on GHG intensity, the AMW business division aims to successively decarbonise the portfolios, e.g. through specific Net Zero products, which can reduce climate and environmental risks for the value and performance of the funds.

The interim targets up to 2030 defined within the framework of the NZAM relate to the self-managed mutual funds that are managed in accordance with Net Zero. The strategy for achieving the NZAM targets is based on four pillars:

1. As part of intensifying dialogues (engagement) with the issuers with the highest GHG emissions in the portfolios, the business division will work towards them setting science-based targets to comply with the 1.5° Celsius limit under the Paris Climate Agreement by 2030 at the latest. The response and progress of the companies will be monitored by ESG analysts and followed up in dialogue with the companies.
2. The AMW business division aims to work more with investors to design new fund products with a 1.5° Celsius strategy from the outset.
3. Portfolio managers are provided with additional climate-related and environmental information, on the basis of which the issuers' climate strategy, GHG intensity of production and other climate-relevant data can be comprehensively assessed and taken into account in portfolio management.
4. External asset managers, with whom the AMW business division works to implement their investment products, are encouraged to observe the Net Zero target when managing Deka funds and to commit themselves to achieving Net Zero targets as part of the initiatives brought together under the umbrella of the Glasgow Financial Alliance for Net Zero (GFANZ).



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### Background: The Glasgow Financial Alliance for Net Zero (GFANZ)

The Glasgow Financial Alliance for Net Zero (GFANZ) is the world's largest coalition of financial institutions committed to decarbonising the economy and achieving Net Zero GHG emissions by 2050 at the latest. Members currently include around 550 banks, insurance companies, asset managers and other financial service providers that are members of at least one sector-specific Net Zero alliance, such as NZAM.

The GFANZ was launched in April 2021 by the UN Special Representative for Climate Policy and Finance and the COP26 Presidency in partnership with the UNFCCC Race to Zero campaign to coordinate efforts across all sectors of the financial system to accelerate the transition to a Net Zero economy. All members of the Alliance commit to achieving Net Zero GHG emissions by 2050 at the latest, have also set interim targets for 2030 and report regularly on their progress. Further information on the GFANZ: [www.gfanzero.com](http://www.gfanzero.com)

### AMI business division

The long-term framework for the activities in the AMI business division is the aspiration to achieve climate neutrality in the real estate portfolio by 2050 at the latest. By aligning with the Paris climate goals, the main aim is to reduce the potential impact of transitory risks. In order to achieve this goal, numerous measures are being implemented in the property portfolio to improve energy efficiency. These include the development of a photovoltaic strategy, the goal of which is to be able to increasingly use energy from photovoltaic systems in commercial properties in the future. On the other hand, the current and forecast CO<sub>2</sub> emissions of properties are taken into account in investment decisions.

An important basis for the analysis and evaluation of the specific emissions of individual properties is the Carbon Risk Real Estate Monitor (CRREM). This science-based tool provides information on the maximum energy consumption and CO<sub>2</sub> emissions at certain points in time in order to achieve the Paris climate goals, taking into account various variables such as the type of use of a property and its location. These CRREM target paths are continuously adapted by the research project to current developments and improved data bases.

### 6.2.3. Resilience of the strategy to climate and environmental risks

Based on selected scenarios specified by the European Central Bank (ECB), DekaBank quantified the impact of climate and environmental risks on its loan portfolio during the year under review. The result shows only a moderate impact on both the utilisation of risk-bearing capacity and the core tier 1 capital

ratio, which confirms the resilience of the Deka Group's business model to climate and environmental risks.

In this context, stress testing also serves the resilience of the strategy to climate and environmental risks. (CF. **CHAPTER 6.2.1.**) The internal stress testing programme is continuously being developed. The scenarios used currently cover both physical and transitory risks. The scenarios used in stress testing were also developed taking into account the scenarios published by the Network for Greening the Financial System (NGFS) and the ECB stress test on climate and environmental risks.

In order to provide an initial examination of the long-term effects of climate and environmental risks, the indirect approach described above was used in the macroeconomic stress testing. No significant effects were identified for the current portfolio and the analysed climate-related and environmental risk aspects. In addition, risk-type-specific climate stress scenarios were carried out in order to shed more light on risk-type-specific vulnerabilities. Thus, with regard to credit risk, probabilities of default and loss rates of business partners from the potentially affected portfolio segment (countries and industries) were specifically stressed. The result supports the statement made above that climate and environmental risks currently have no significant impact on the Deka Group's risk profile, even under stressed conditions.

### Climate strategy of the Deka Group

As part of a group-wide project, the Deka Group's existing comprehensive strategic climate activities in the business divisions and corporate centres are to be systematically brought together to form a holistic climate strategy for the Deka Group. The group-wide climate strategy to be formulated on this basis aims to further develop the Deka Group's positioning in the topic area of climate in a holistic, efficient and competitive manner.

With this integrative orientation of the project, the expanded, climate-related demands, needs and expectations of the shareholders, customers and stakeholders are to be met in the best possible way. This includes – in addition to a climate- and environment-friendly design of the product and service offering – comprehensive transparency about the handling of climate- and environment-related ambitions, goals, opportunities and risks in the Deka Group. Such transparency provides stakeholders and rating agencies with a sound basis for analysing and evaluating the Deka Group's climate and environmental commitment. In addition, the extended political and regulatory requirements, for example from European and German climate legislation, from the regulatory expectations of the ECB and BaFin on dealing with climate-related and environmental risks, and the consideration of new reporting standards, such as those formulated in the Corporate Sustainability Reporting Directive (CSRD), are integrated.



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### 6.3. Risk management – Climate aspects in the risk management system

#### 6.3.1. Processes for identifying and assessing climate and environmental risks

The Deka Group pursues various interrelated approaches to identifying and assessing climate and environmental risks. In addition to the business environment analysis already described (CF. **CHAPTER 6.2.1.**), this includes in particular the risk driver analysis, which is carried out annually as part of the risk inventory.

#### Risk management process in the AMW and AMI business divisions

At the level of the capital management company (Kapitalverwaltungsgesellschaft, KVG), the AMW and AMI business divisions follow DekaBank's risk management process. As part of the annual risk inventory described above, the specific climate and environmental risks at KVG level are analysed for the respective business division. Climate and environmental risks at investment fund level are also considered drivers of the main risk types, in particular market price risk, liquidity risk and counterparty risk. The appropriate handling of these investment-related (AMW) and real estate-related (AMI) climate and environmental risks is ensured by various KVG-specific measures in the investment process as well as in the KVG's own risk controlling.

#### Definition and delimitation of climate and environmental risks

In order to ensure a uniform understanding of sustainability risks throughout the Deka Group, these risks are clearly defined and classified within the framework of the risk taxonomy. Due to their macroeconomic significance and regulatory focus, the analysis focuses on climate and environmental risks as a particular aspect of sustainability risks. For DekaBank, climate and environmental risks are part of sustainability risks and describe the risk that business activities with points of contact with the areas of climate and the environment could lead to developments or events that result in a deterioration in capital resources or liquidity, either directly through the bank's own business operations or indirectly through customers and business partners. In accordance with the ECB Guide on Climate and Environmental Risks, DekaBank considers climate and environmental risks together in this context and distinguishes between physical, transitory and other climate and environmental risks. (CF. **CHAPTER 6.2.1.** and **TABLE 28**) For the

Deka Group, climate and environmental risks are drivers of the established risk types that require special attention due to their significance. They are generally viewed in the context of the relevant risk types and not as a separate risk type.

#### OVERVIEW OF THE CLIMATE AND ENVIRONMENTAL RISKS CONSIDERED (TABLE 28)

| Category                                   | Examples  |  |
|--|---|--|
| Physical climate and environmental risks   | Acute   | Flooding, wind disasters, drought            |
|  | Chronic   | Sea level rise, changes in water temperature |
|  | Climate-independent   | Earthquake, volcanic eruption, tsunami       |
| Transitory climate and environmental risks | CO <sub>2</sub> price increase, resource price increase, climate and environmental legal and compliance risks |  |
| Other climate and environmental risks      | Loss of biodiversity, biological hazards, environmental accidents   |  |

#### Direct and indirect impact of climate and environmental risks

Climate-related and environmental risks can affect DekaBank's business operations and business model via different transmission channels. In principle, a distinction can be made between direct effects on DekaBank and its business operations (direct effects) and effects via business activities, such as lending business or outsourced services (indirect effects). Depending on the severity of climate and environmental risks, systemic effects may also occur, for example effects on the stability of the financial market, which may affect all market participants. As a result, DekaBank may be affected by such risks and their impact without itself being affected directly or indirectly via its customers. In the case of climate and environmental risks, it is therefore useful to distinguish between local and supranational events and market-wide or sector-specific effects.

DekaBank's specific exposure therefore depends, among other things, on the current portfolio, the macroeconomic environment and the specific climate and environmental event. In addition, the respective period under consideration must be taken into account. For example, as climate change progresses, an increase in the number of weather events and their intensity can be expected. While an intensification of political initiatives can also be expected with an increase in negative impacts of climate events, it can be assumed that premiums will rise or that these events will not be insurable with regard to insurance cover. As a result, impacts can change via the transmission channels and also intensify in terms of their impact.

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### Risk driver analysis

For a detailed examination of climate and environmental risks, a catalogue of climate and environmental risk drivers was developed, describing the fundamental impact chains and transmission channels on market participants as well as the Deka Group's business operations and activities. The aim of the risk driver analysis is to identify significant risk drivers for the Deka Group and thus to create transparency regarding business model-specific vulnerabilities. To achieve this goal, the risk driver analysis involves a detailed and risk-type-specific analysis of climate-related and environmental risk drivers with regard to the portfolio, the established material risk types and all of the bank's business activities. In this way, the question can be answered for each material risk type as to whether and which risk drivers have a significant influence on this risk type.

In order to take into account risk type-specific characteristics, different impact mechanisms and differentiated data availability, a risk type-specific approach is pursued within the framework of the risk driver analysis. For each risk type, it is first analysed which risk drivers can occur in the observation horizon due to business activities and risk landscape. For these risk

drivers, a detailed analysis is carried out regarding the significance, i.e. the intensity of the effect on the respective risk type when it occurs. Thresholds specific to the type of risk are generally used for this purpose. The analysis is largely carried out within the framework of a top-down analysis or portfolio analysis and is supplemented by bottom-up analyses in the sense of individual case observations. Both internal and external data are used for the analyses and supplemented by expert estimates. (CF. **TABLE 29**) The observation horizon for the analysis is currently at least five years.

In the time horizon under consideration, the climate and environmental risk drivers for the established material risk types are predominantly classified as not significant. With regard to business risk, transitory climate and environmental risks can represent significant drivers under stressed assumptions, regardless of the probability of occurrence of such events and developments. In addition, it should be noted for operational risks that the significance of transitory climate and environmental risks will increase in the future in view of growing portfolios in products with sustainability features in connection with the increase in regulatory requirements.

DATA SOURCES FOR THE RISK DRIVER ANALYSIS (TABLE 29)

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| Climate and environmental risks | Data  | Counter-party risk | Market price risk | Operational risk | Business risk | Liquidity risk         |
|---------------------------------|---|--------------------|-------------------|------------------|---------------|------------------------|
| Transitory                      | Potential loss of market value of securities for transitory climate and environmental risks           |                    | X                 |                  |               | qualitative assessment |
|                                 | Country and sector affectedness   | X                  |                   |                  |               |                        |
| Physical                        | Location information on business partners   | X                  |                   | X                |               | X                      |
|                                 | Regional sales distribution of the distribution partners  |                    |                   |                  |               | X                      |
|                                 | Country and sector affectedness   | X                  |                   |                  |               | X                      |
|                                 | Location-based risk forecasts   |                    |                   | X                |               | X                      |
|                                 | Potential loss of market value of securities in the event of physical climate and environmental risks |                    | X                 |                  |               | X                      |
|                                 | Further geo-data (e.g. population density, river courses)   |                    |                   |                  |               | X                      |
| Overarching                     | Structural features / risk information  | X                  | X                 |                  |               | X                      |
|                                 | Parameterisation ECB Climate Stress Test  |                    |                   |                  | X             |                        |

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### Application example of the risk driver analysis: liquidity risk

The following application example explains the procedure for risk driver analysis based on liquidity risk. In principle, climate-related and environmental risks can influence the liquidity situation through reduced liquidity inflows, increased liquidity outflows and/or reduced liquidity potential. Due to the increased impact of physical climate and environmental risks on short-term liquidity, these are initially the focus of the analysis.

Data from an external provider is used to assess the refinancing's exposure to physical risk drivers. This data contains risk indicators for physical climate-related and environmental risk drivers. A threshold is then defined for each driver. Based on this threshold, it is derived whether the refinancing source is affected by the respective event. On the asset side, securities in particular can be affected. If their market value or the repayment amount falls due to climate and environmental events, this leads to reduced liquidity potential. In addition to securities, on the assets side overnight and term deposits as well as loans can potentially contribute to a significant deterioration of the liquidity situation if there are reduced repayments or a default on repayment due to climate and environmental risks.

In order to quantify the effects of climate and environmental risks on securities, the relevant counterparties for bonds and shares are evaluated analogously to the market price risk with a climate-related risk indicator from an external data provider, the Climate Value at Risk (VaR). For each risk driver, the specific liquidity outflows are determined on the basis of the data for both the assets and the liabilities side. To determine the significance of physical risk drivers, these liquidity outflows for the respective drivers are compared to the materiality threshold for liquidity risks and any significance is derived.

### 6.3.2. Processes for managing climate and environmental risks

Based on the findings from the risk driver analysis, climate and environmental risks are successively integrated into the risk control instruments for their management. Due to the mechanisms of action specific to the types of risk, risk-type-specific approaches to the management of climate and environmental risks are used in addition to cross-risk-type guidelines and guard rails.

For example, climate and environmental risks as drivers of counterparty risk within the Deka Group are limited by numerous procedures and qualitative guard rails, such as negative lists and minimum standards for financing. ESG scorecards are used in the credit approval process to assess the risks associated with ESG factors. (CF. **CHAPTER 4.1.2.**) In addition, with a view to climate-related and environmental risks as drivers of market price risks, a sustainability filter for proprietary invest-

ments and exclusion criteria within the framework of the collateral policy, i.e. specifications on securities collateral accepted, are used.

### ESG scorecards

ESG scorecards are used to identify credit activities that react sensitively to climate and environmental risks. In these, physical and transitory climate risks, labour and human rights criteria as well as governance aspects are considered on a segment-specific basis. The assessment is based on an ESG traffic light logic with a classification of the financing or the borrower with low to high ESG risks. A high risk classification generally leads to rejection. (CF. **CHAPTER 4.1.2.**)

### 6.3.3. Processes for integrating climate and environmental risks into general risk management

The management of climate-related and environmental risks as drivers of operational risks takes various forms: Physical risks for the Deka Group's own locations and the locations of major service providers are mitigated through regular and systematic analyses of precautionary measures for the respective service locations and, if necessary, coordination and testing of countermeasures. Transitory risks are countered in particular with systematic control processes in order to be able to react to the dynamics of intensifying regulatory developments and to ensure compliance with voluntary commitments, such as the voluntary commitment by German savings banks to climate-friendly and sustainable business practices or the Poseidon Principles (CF. **CHAPTER 4.1.2.3.**). In order to ensure appropriate resources, continuous training and recruitment of suitable employees is carried out.

Climate and environmental risks as drivers of liquidity risks are effectively managed for relevant asset and liability positions through various instruments. Thus, the potential effects of climate and environmental risks, such as the unexpected withdrawal of refinancing funds, market value discounts on (highly) liquid securities or the increase in collateral requirements, are systematically taken into account in various stressed liquidity maturity statements. In addition, the liquidity position is monitored on an ongoing basis and forward planning is carried out with the help of various instruments, such as intraday liquidity management and balance monitoring.

The analyses of the risk inventory in the year under review have shown, as described, that the effects of climate and environmental risks are predominantly classified as not significant in the time horizon considered for the main risk types. Against this background, there is no separate limitation of climate and environmental risks as part of the sustainability risks within the framework of the risk-bearing capacity calculation. In the future, suitable performance and risk indicators will be selected

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for monitoring (key performance and key risk indicators), which will enable a regular assessment of the potential impact of climate and environmental risks, taking into account strategic business objectives.

### AMW and AMI business divisions

Responsibility for managing risks and identifying opportunities in the management of portfolios lies with the respective portfolio managers in the AMW and AMI business divisions. This also includes responsibility for climate and environmental risks and opportunities. By providing comprehensive information on climate and environmental risks and opportunities of portfolios and issuers, the portfolio managers are supported in the best possible way in fulfilling this responsibility.

In principle, the transformation to a low-carbon economy can have both a negative and a positive impact on the financial performance of the product range of the AMW and AMI business divisions. This depends on various factors, for example, in the case of equity portfolios, in which sectors and countries the companies operate, in whose shares the fund invests, and how the individual companies deal with the challenges of the transition. The same applies to the transition of real estate in AMI's special assets. The comprehensive consideration of the relevant factors on an economic and business level requires a profound understanding of the effects of the transition as well as extensive and resilient data. On this basis, investment strategies can be adjusted as necessary. The AMW and AMI business divisions are continuously working to improve the scope and quality of the required information.

In the investment process in the AMW business division, climate-related and environmental criteria are taken into account in particular through fund-specific, fund group-specific and general exclusions, the integration of corresponding criteria in the target fund selection process, the definition of specific investment universes for funds and other products with sustainability features, and the use of specific research, e.g. on the climate risk management of individual issuers. For real estate, the property-specific transition and the respective physical risks are particularly relevant. The portfolio managers receive comprehensive training in order to be able to include climate and environmental risks in portfolio management on the basis of their respective sector expertise. In addition, uniform standards for the consideration of climate risks in portfolio management are to be developed as part of the development of the climate strategy.

Within the framework of risk controlling, climate and environmental risks are integrated into the methods and processes as follows:

- In the launch process of the mutual and special funds, it is ensured that climate-related and environmental requirements can be monitored. This includes in particular the monitoring of exclusions, limits and other investment limits as

well as the controlling of market price, liquidity or credit risk. In addition, the assessment of other risks from climate and environmental aspects, in particular reputational risks, is carried out, especially in the case of mutual funds. As a result of the audits, changes or adjustments to the product or processes can be made if necessary.

- Within the scope of the investment limit check, the KVG-wide, fund group-specific and fund-specific climate-related or environmental restrictions such as exclusions or limits are monitored. On the one hand, this takes into account the different risk needs and sustainability preferences of investors and investor groups, and on the other hand, it addresses reputational risks at the KVG level or implements regulatory requirements.
- In the counterparty risk, assessments of climate and environmental risks are incorporated qualitatively into the overall assessment of the default risk. There is a close exchange between the relevant specialised units.
- In the market price risk of AMW's products, climate and environmental risks are taken into account within the framework of market price risk stress tests. The focus is thus placed on ad hoc events, as measurable effects on relevant market parameters have historically mainly been observed when extreme events occur. Long-term developments have no noticeable effects in the regular controlling processes or are already priced in. The amount of the discounts in the stress tests is derived from historical events. In the AMI business division, these are mapped using product-specific methods, e.g. Monte Carlo simulation for direct property funds and scoring models for credit and property funds of funds.
- In the liquidity risk of AMW's products, climate and environmental risks are taken into account analogously to the market price risk within the scope of liquidity risk stress tests, whereby both the liquidity of the investments and the liquidity requirements of the investors are taken into account.
- The climate and environmental risks of AMI's products are monitored and managed in an integrated manner in the existing risk system of the investment funds or, if this is indicated on a product-specific basis, added via suitable secondary models. Transitory and physical risks are measured and limited in the real estate risk model, for example. In terms of content, current and future issues are quantitatively measured in the model in comparison to the so-called CRREM model and physical risks based on risk events as well as property characteristics. In addition, the stress tests have also been expanded to include such scenarios.

In addition, Risk Controlling regularly describes risk interactions between the main risk types (counterparty, market price, liquidity and operational risk). The analysis is carried out via chains of effects between risk sub-types. The climate or environmental risk affects the main risk types via the risk sub-types.

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### 6.4. Metrics & Targets – Climate-related indicators and targets

The further development of the strategic climate measures with regard to the defined targets, for example the fulfilment of the obligation arising from the signing of the NZAM, requires a systematic inventory of the greenhouse gas emissions (GHG emissions) associated with the Deka Group's business activities. The GHG emissions currently recorded for the Deka Group's business divisions are presented below. The further improvement of the data situation, taking into account the specific challenges of the individual business divisions and the requirements of the Greenhouse Gas Protocol (GHG Protocol), is one of the priorities for 2023.

#### Financing business division

In the business division of financing, various approaches are currently being pursued, with which the GHG emissions for the various financings (financed emissions) and other meaningful key figures on the climate and environmental quality of the financings can be recorded and associated risks identified. The diversity of the financing sectors and individual financings poses a challenge. The following examples provide an overview of the range of indicators used in this context.

#### Climate and environmental indicators for the Deka Group's business operations

As in previous years, the environmental indicators for the Deka Group's business operations, including GHG emissions, energy and water consumption, transport and waste, can be found in CHAPTER 3.2. The GHG emissions from business operations are calculated using the VfU tool, which is a globally recognised standard for the accounting of operational environmental indicators for financial institutions.

#### Transport financing

In the area of transport finance, with a focus on the financing of ships and aircraft, reliable data on the associated Scope 1 emissions is already available, which is mainly provided by external service providers such as Marsoft and Cirium. As of 31 December 2022, the total Scope 1 CO<sub>2</sub> emissions financed on this basis were 3.11 million tonnes (CF. **TABLE 30**):

AMOUNT OF CO<sub>2</sub> EMISSIONS FINANCED IN TRANSPORT FINANCE (TABLE 30)

|  | 31 Dec 2021 | 31 Dec 2022 |
|--|-------------|-------------|
| Financed Scope 1 CO <sub>2</sub> emissions (million tonnes)  | 3.00        | 3.11        |
| Scope 1 CO <sub>2</sub> emissions per euro financed (kg/EUR) | 0.98        | 0.94        |

After DekaBank joined the Poseidon Principles Initiative in 2022, the CO<sub>2</sub> data for the ship financing portfolio will also be provided directly by customers as part of the Poseidon Principles reporting, so that the scope and quality of the data basis for calculating the financed emissions will also improve here. It should be noted that ships with a deadweight tonnage of less than 5,000 tonnes and ships under construction are not taken into account. In its first year of joining the Poseidon Principles, DekaBank achieved a Climate Alignment Score of 5.2 percent, putting it in an above-average position compared with other signatory financial institutions.

In the aircraft financing portfolio, the CO<sub>2</sub> figures are based on real data of the respective financed aircraft.

#### Infrastructure and export finance portfolio

In infrastructure and export financing, the financing of renewable energies is important with regard to climate and environmental risks and opportunities, which is why its volume is continuously recorded separately. Work is currently underway to define meaningful key figures for other sub-portfolios of infrastructure and export finance, e.g. the financing of public utilities and transport companies. As of 31 December 2022, financing for renewable energies reached a gross volume of 1.43 billion euros (CF. **TABLE 31**):

GROSS FINANCING VOLUME FOR RENEWABLE ENERGIES (TABLE 31)

|  | 31 Dec 2021 | 31 Dec 2022 |
|--|-------------|-------------|
| Gross financing volume of renewable energies (billion euros) | 1.43        | 1.43        |

#### Real estate financing portfolio

In the case of property financing, building certification with a recognised sustainability certificate allows conclusions to be drawn about climate-related and environmental quality, as energy efficiency, for example, is a key assessment criterion here. The Deka Group therefore attaches great importance to the appropriate certification of the properties it finances, with a focus on commercial properties. As of 31 December 2022, a total of 69 percent of the properties financed in new business had been awarded such a certificate. (CF. **TABLE 32**) Data on the CO<sub>2</sub> footprint of individual properties is currently only



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available to a limited extent and is of limited value, as there is no internationally recognised market standard.

### SHARE OF PROPERTIES WITH SUSTAINABILITY CERTIFICATION (TABLE 32)

|   | 31 Dec 2021 | 31 Dec 2022 |
|---|-------------|-------------|
| Share of properties in new business with building certificates (commercial real estate financing, excluding open-ended real estate funds) | 60%         | 69%         |

### Overview of GHG-intensive sectors

Based on the basic assumption that sectors with a high CO<sub>2</sub> intensity are exposed to particular transitory risks, TABLE 33 provides an overview of the sector distribution of DekaBank's lending volume as of 31 December 2022.

### SHARE OF GHG-INTENSIVE SECTORS IN DEKABANK'S LENDING VOLUME (TABLE 33)

|   | Share of lending volume<br>(as of 31 Dec 2022) |             |
|---|--|-------------|
|   | gross  | net*        |
| Financial sector                                | 46%  | 39%         |
| State-affiliated and supranational institutions | 15%  | 24%         |
| Funds (transactions / shares)                   | 11%  | 13%         |
| Real estate sector (incl. real estate funds)    | 9%   | 4%          |
| Public sector                                   | 5%   | 7%          |
| Industrial sector                               | 4%   | 3%          |
| Transport sector                                | 3%   | 1%          |
| Conventional energies & infrastructure          | 3%   | 5%          |
| Renewable energies                              | 1%   | 2%          |
| Other (services, insurance, retail)             | 2%   | 2%          |
| <b>Total</b>                                    | <b>100%</b>                                    | <b>100%</b> |

\* Net risk: residual risk of the bank after deduction of risk-adjusting items (e.g. personnel or physical collateral).

It can be seen that, for strategic reasons, the majority of the Deka Group's lending activities are outside CO<sub>2</sub>-intensive sectors, primarily in the financial sector and with public-sector counterparties. Exposures in sectors with a fundamentally higher CO<sub>2</sub> intensity essentially relate to the real estate sector, the transport sector and conventional energies & infrastructure.

Activities in the real estate sector (9 percent of the gross lending volume) are associated with low physical and transitory risks overall due to risk strategy guidelines – in particular the focus on portfolio financing, the exclusion of speculative real estate financing, systematic attention to third-party usability as

well as location factors, low residual terms and the availability of insurance.

For exposures in the transport sector (3 percent of the gross lending volume), transitory risks are also mitigated by appropriate standards, for example by meeting valid minimum environmental standards, observing marketability and third-party usability, as well as specifications on remaining useful life at the end of the loan term.

Exposures in the category of "Conventional energies & infrastructure" (3 percent of the gross lending volume) are mainly related to public basic suppliers, but also to a small extent to gas-fired power plants, whose risk is largely borne by fixed power purchase agreements with utilities with public sector shareholders. Furthermore, here too, no financing is concluded that poses significant risks to the climate and the environment.

### Targets for the years 2024 and 2025

In infrastructure financing, the financing volume in the area of renewable energies is to be increased by 20 percent per year until 2025. In addition, the share of properties with sustainability certification in new business is to be increased to at least 75 percent by 2024.

### AMW business division

In order to record climate-related and environmental risks in the managed securities portfolios, the AMW business division is working on the definition and introduction of various key figures. Important starting points here are the requirements of the Disclosure Regulation and the NZAM voluntary commitment. As part of the NZAM initiative, the Scope 1 and 2 emissions for the initially committed portfolio are collected using the key figure "Weighted Average Carbon Intensity" (WACI). It describes the weighted average carbon intensity of a portfolio by setting the GHG emissions of a company, in which a fund invests in relation to the company's turnover. The calculated GHG emission figure for the company is then multiplied by the share that the investment has in the overall portfolio. The result provides information on whether a portfolio invests in companies with a higher or lower GHG intensity compared to other portfolios or to an appropriate benchmark overall.

The WACI is thus an important indicator both for concrete investment decisions for individual companies and for the management of portfolios. The year 2019 was determined as the base year here, from which the data will be collected and documented annually in order to form a historical time series and to be able to manage the development of emissions intensity of relevant portfolios in line with NZAM targets. Data on Scope 1 and 2 emissions are also available for the portfolios not committed under the NZAM initiative, and data on Scope 3 emis-



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sions for some portfolios managed in the AMW business division. The corresponding data are provided by MSCI ESG. In calculating its carbon footprint, the business division uses the recommendations of the Partnership for Carbon Accounting Financials (PCAF), which comprehensively addresses the requirements of the GHG Protocol.

Currently, Deka Investment GmbH and Deka Vermögensmanagement GmbH, as signatories to NZAM, have committed to managing around 37 percent of the assets under management in the AMW business division in line with the objectives of the NZAM initiative. Taking into account the current method and data coverage, 27 percent of the AMW product portfolio – over 200 fund products – are thus managed compatibly with a 1.5° Celsius path. In 2022, the relevant key figures were determined for the included portfolios. Based on this, the business area will monitor these key figures every six months and use them as part of the NZAM initiative to manage decarbonisation. The goal is to reduce the WACI for the included portfolios by 50 percent by 2030. At the same time, the coverage of currently 37 percent of the volume of assets under management will be successively increased and should include all portfolios under management by 2050 at the latest.

As part of the implementation of the requirements from the Disclosure Regulation and the NZAM membership, further climate and environmental criteria, for example the CO<sub>2</sub> footprint (carbon footprint), are to be included in the relevant publications at product level in addition to the WACI. In addition, the respective key figures are expected to be published in aggregated form for all securities in the portfolio on the respective KVG website from 30 June 2023.

### AMI business division

In the AMI business division, the CO<sub>2</sub> footprint of the investment assets held in trust has already been recorded since 2019. The challenge in recording consumption data for an international portfolio lies in the lack of uniform European and international standards for recording and calculating corresponding key figures. For this reason, one focus of activities in the AMI business division is on the ongoing improvement of the quality of the consumption and emissions data collected for the properties. To this end, internal standards for recording and processing were further refined and harmonised during the reporting period. Through working groups in the German Investment and Asset Management Association (Bundesverband Investment und Asset Management, BVI) and the German Property Federation (Zentraler Immobilienausschuss e. V., ZIA), work is also being done to establish a uniform understanding across the sector so that the data collected and reported will also be binding, comparable and transparent externally in the future. As a result of these efforts, it can be seen that the annual fluctuations in CO<sub>2</sub> emission values are decreasing, which can be seen as an indicator of the increasing

informative value of the key figures. On this basis, reliable annual comparisons of the indicators are possible.

As in previous reporting, the consumption data recorded basically cover the energy consumption from the previous year, in this case from 2021. The measures to reduce CO<sub>2</sub> emissions are showing initial success. The CO<sub>2</sub> emissions associated with the properties in the real estate portfolios were reduced from a total of 525,628 tonnes in 2020 to 475,000 tonnes in 2021. Of these, around 331,000 tonnes were attributable to mutual funds and around 144,000 tonnes to special funds. (CF. **FIGURE 8**) In relative terms, 45.6 kg/m<sup>2</sup> CO<sub>2</sub> (2020: 52.5 kg/m<sup>2</sup>) were generated in the mutual funds and 37.0 kg/m<sup>2</sup> (2020: 44.7 kg/m<sup>2</sup>) in the special funds.

Reasons for this positive development are first successes of the energy efficiency strategy, the use of green electricity and, last but not least, the targeted purchase of energy-efficient buildings with the simultaneous sale of less efficient buildings. Furthermore, the effects of the Corona pandemic and the associated lower use of commercial properties are noticeable.

The collected data form the basis for the development of specific, science-based reduction paths as well as for the definition of suitable measures to achieve them. In doing so, country-specific requirements as well as particularities of the respective types of use of the properties are taken into account.

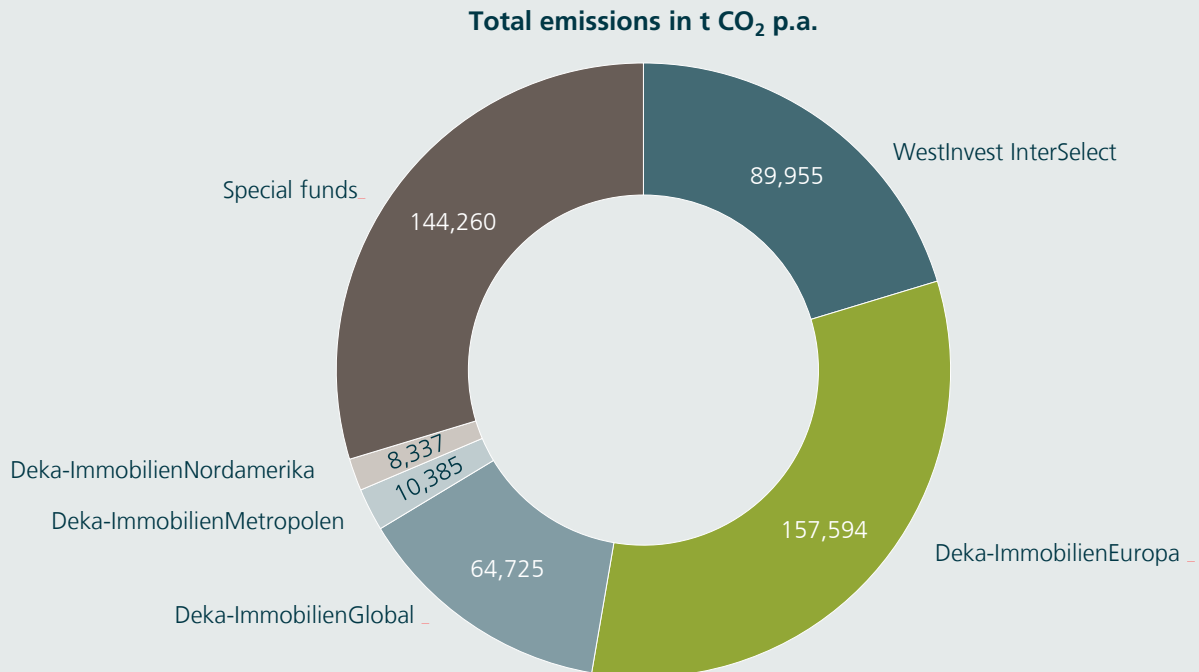
### Consideration of Principal Adverse Impacts (PAI)

An analysis of climate-related aspects also takes place within the framework of the assessment of the most significant adverse sustainability impacts (Principal Adverse Impacts, PAI) for real estate prescribed by the Disclosure Regulation, for which metrics are defined. This includes, on the one hand, the share of investments in real estate related to the extraction, storage, transport or production of fossil fuels. The investment share of the properties in the real estate portfolios that is actively involved in the extraction, storage, transport or production of fossil fuels for consumption or consumption by third parties is recorded. This share will be reported from 2023 onwards.

Secondly, the PAI calculates the proportion of investments in properties with poor energy efficiency. For this purpose, the market value-weighted share of property values with poor energy efficiency is recorded in relation to all market values of property values in the portfolio that are obligatory for compliance with the regulations for the preparation of Energy Performance Certificates (EPC) or for "Nearly Zero Energy Buildings" (NZEB). The following are considered energy inefficient

1. properties built before 31 December 2020 with energy certificate C or worse, and
2. properties built after 31 December 2020 with a primary energy demand worse than the threshold set in the requirements for ultra-low energy buildings.

## Reporting

ABSOLUTE CO<sub>2</sub> EMISSIONS OF SELECTED REAL ESTATE FUNDS (FIGURE 8)
[back to text](#)


The share of properties with poor energy efficiency in the portfolio of the AMI business division will also be reported for the first time in 2023. As a voluntary criterion, the energy consumption intensity, measured in GWh/m<sup>2</sup>, will be taken into account in the investment decisions and will also be published in the PAI report in accordance with Article 4 of the Disclosure Regulation in 2023.

# Eligibility Reporting 2022





## Reporting within the framework of Article 8 of the Taxonomy Regulation: Eligibility Reporting 2022

In order to achieve greenhouse gas neutrality by 2050, the EU Commission is counting on the support of the finance industry, among others. The finance industry is assigned the central function by politicians and regulators to steer capital flows into sustainable investments and to ensure a high level of market transparency. In order to create clarity and legal certainty as to what constitutes a sustainable investment, the EU Commission created an EU-wide classification system of sustainable economic activities with Regulation (EU) 2020/852 (hereinafter referred to as the "Taxonomy Regulation"). According to this Taxonomy Regulation, around 100 economic activities in 13 sectors are to be evaluated in terms of their impact on the climate and the environment. In particular, the EU taxonomy also includes a catalogue of concrete technical requirements that an economic activity must fulfil in order to be classified as compliant with the taxonomy.

The regulation entered into force in July 2020. On 10 December 2021, the European Commission published a Delegated Act (EU) 2021/2178 in the Official Journal of the EU, which specifies the reporting obligations of the various actors in the financial market, including those of financial institutions. Reporting obligations according to the Taxonomy Regulation apply to all (non-)financial undertakings that are obliged to submit a non-financial statement according to the Accounting Directive 2013/34/EU.

With the Delegated Regulation (EU) 2022/1214 ("delegated act on nuclear and gas") of 22 March 2022, the economic activities defined in the Taxonomy Regulation were also expanded for the first time by six new economic activities in the areas of nuclear and gas energy, in order to ensure a high level of transparency on investments in nuclear and gas energy. The legal act entered into force in August 2022 and is also taken into account in the following explanations.

Under Article 8 of the Taxonomy Regulation, the Deka Group is also required to classify relevant business using defined assessment criteria. For the 2022 year under review, the Deka Group's business was therefore analysed with regard to its taxonomy eligibility. This indicates the proportion of the business volume in relevant economic activities and sectors that is, in principle, to be subject to a future taxonomy compliance review.

The key figures in TABLE 34, which were determined within the framework of the requirements of the Regulation, are particularly important taking into account

- I. the Deka Group's integrated business model as the Wertpapierhaus for the savings banks, with its focus on asset management business and the
- II. geographical as well as systemic limits of the EU Taxonomy Regulation.

The Deka Group's business model as an end-to-end solutions provider is designed to address the needs of savings banks and their customers and to provide all the necessary asset management and banking services for the securities business of the savings banks and their customers. As a partner, the Deka Group also provides targeted sales support.

The core business consists of the provision of customer-oriented securities and real estate investments (CF. **CHAPTER 4.1.1. Sustainability in capital investment**). In this context, financing is to be classified as a complementary service along the entire value chain of asset investment and management (CF. **CHAPTER 4.1.2. Sustainability in lending**).

Through the Financing business division, which focuses on special and real estate finance, the Deka Group supports the savings banks in refinancing. Furthermore, new business activities focus on loans that can be placed and serve as an attractive investment for institutional investors. The Financing business division is equally weighted alongside Strategic Investments in Treasury as the long-term component of the Deka Group's asset side and is therefore the investment vehicle for business activities on the liabilities side. Financing is both transferred to the bank's own balance sheet in the banking book and passed on as investment products in the form of club deals, syndications or fund units. In addition, participation in loans arranged by third parties is possible.

The Special Finance sub-division focuses on financing energy, grid, utility, transport and social infrastructure projects (infrastructure financing and renewable energy financing), aircraft, ships and rail transport (transport financing), financing covered by export credit agencies (ECA) and public sector financing.

The Real Estate Financing sub-division offers financing for commercial real estate in the office, logistics, retail and hotel sectors. The focus is on marketable properties in relevant markets due to their size, transparency and liquidity.

The Taxonomy Regulation aims to define environmentally sustainable activities by providing companies, the financial sector and policy makers with the definitions as to which economic activities can be considered environmentally sustainable.

## Reporting

The delegated acts ("Climate Delegated Act" Annex I and II) of the Taxonomy Regulation describe taxonomy eligible economic activities. However, these include property financing for private individuals (private construction financing or retail business), which is not part of the Deka Group's business model.

Furthermore, according to the regulation, no special and real estate financing outside the European Economic Area (EEA) may be included, even if the economic activity (intended use) can be considered environmentally sustainable. This also applies to the same extent to so-called special purpose vehicles (SPVs) inside and outside the EEA, regardless of the location and taxonomy eligibility of the financing object. In the sub-business area of real estate financing, Europe, the United Kingdom and North America are the preferred markets. However, financings outside the EEA, i.e. the United Kingdom and North America, may not be reported in KPI No. 1, irrespective of their taxonomy eligibility within the meaning of the EU Regulation. Aircraft financing is generally not considered taxonomy eligible.

An environmentally sustainable or taxonomy-compliant economic activity is an economic activity that fulfils the requirements laid down in Article 3 of the Taxonomy Regulation by

- making a significant contribution to at least one of the six environmental objectives (Art. 3a, Taxonomy Regulation),
- not causing significant harm to the other environmental objectives (Do no significant harm (DNSH) criteria) (Art. 3b, Taxonomy Regulation) and
- meeting the minimum social safeguards (Art. 3c, Taxonomy Regulation).

The basis for the application are the delegated acts for the supplementary definition of the technical assessment criteria, which the EU Commission has adopted pursuant to Article 23 of the Taxonomy Regulation (Annex I for environmental objective 1 and Annex II for environmental objective 2) or will adopt (environmental objectives 3 to 6) (Art. 3d, Taxonomy Regulation).

The analysis of the taxonomy eligibility carried out is therefore to be understood on the one hand as an intermediate step in

the reporting, and on the other hand it corresponds to full compliance with the current regulatory requirements pursuant to Article 8 of the delegated act until the full requirements pursuant to Article 10 of the same act enter into force.

From the 2023 year under review and when the full scope of reporting comes into force, the Deka Group is required to publish the Green Asset Ratio (hereinafter also referred to as "GAR"). This key figure indicates the ratio of taxonomy-compliant transactions to a defined portion of the bank's assets (so-called "covered assets", see below for details). Only with the publication of the Green Asset Ratio can a statement be made as to whether the transactions can be described as sustainable in the sense of the EU Taxonomy Regulation.

At the time of reporting, neither the specific calculation methods nor the reporting format have been fully specified for the information and ratios that must be disclosed as of 31 December 2022 (hereinafter also referred to as "key performance indicators" or "KPIs"). In determining the key performance indicators to be published, DekaBank has therefore used the Annexes for credit institutions V, VI and XI of the Delegated Act (EU) 2021/2178 in the EU Official Journal in conjunction with the FAQs (Frequently Asked Questions) published by the EU on 20 December 2021 and specified on 2 February 2022.

Pursuant to Article 10 (2) of the delegated act, seven KPIs are to be disclosed by financial institutions for the year under reviews 2021 and 2022. The calculation of the relevant key figures is based on the regulatory financial reporting and the regulatory scope of consolidation. In total, these ratios are set in relation to the total assets. "Total assets" (= balance sheet total) are therefore used as the denominator. As of the 2023 year under review, the "covered assets" are to be used as the reference value for determining the GAR, which provides for the exclusion of exposures to central states, central banks and supranational issuers as well as the trading portfolio. In accordance with FAQ 21 dated 2 February 2022, additional reporting of the KPIs according to the above-mentioned covered assets is permitted. The Deka Group exercises this option for KPI No. 1 and KPI No. 2 in order to enable comparability of the ratios over time to the GAR, taking into account the qualitative information used to calculate the ratios.

## Reporting

KPIs ACCORDING TO ARTICLE 8 OF THE EU TAXONOMY (TABLE 34)

| KPI No. | Description   | 31 Dec 2021                                  |  | 31 Dec 2022                                  |  |
|---------|---|--|--|--|--|
|         |   | Share<br>in % in relation to<br>total assets | Share<br>in % in relation to<br>covered assets | Share<br>in % in relation to<br>total assets | Share<br>in % in relation to<br>covered assets |
| 1       | a) Share of taxonomy eligible assets – revenue-based                                    |  |  | 7.4  | 11.5   |
| 1       | b) Share of taxonomy eligible assets – CapEx <sup>26</sup> -based                       | 3.0  | 4.8  | 7.9  | 12.2   |
| 2       | a) Share of non-taxonomy eligible assets – revenue-based                                |  |  | 25.3   | 39.1   |
| 2       | b) Share of non-taxonomy eligible assets – CapEx-based                                  | 21.1   | 34.1   | 24.9   | 38.5   |
| 3       | Share of risk positions against central states, central banks and supranational issuers | 21.1   |  | 20.2   |  |
| 4       | Share of derivative positions   | 7.1  |  | 9.1  |  |
| 5       | Proportion of risk positions against entities not subject to NFRD                       | 28.4   |  | 24.0   |  |
| 6       | Share of the trading portfolio  | 18.7   |  | 16.6   |  |
| 7       | Share of short-term interbank loans   | 2.9  |  | 2.9  |  |

KPI No. 1 represents the key performance indicator as of the reporting date of 31 December 2022. It shows the share of taxonomy eligible risk positions (gross carrying amounts) that are to be subjected to an audit for taxonomy compliance as of the year under review 2023.

For KPI No. 1, loans, debt securities and equity instruments against entities subject to the Non Financial Reporting Directive (NFRD) (both financial corporations, non-financial corporations and other financial corporations) as well as households and local authorities (municipalities and local authorities, whose purpose is the financing of public housing or special financing) are to be analysed for taxonomy eligibility.

The decisive factor for taxonomy eligibility is the economic activity of the respective financing. To check the taxonomy eligibility of the relevant risk positions, the financings were first analysed for directly derivable economic activities. If a non-taxonomy eligible economic activity exists, it is recorded in KPI No. 2.

Risk positions without directly attributable economic activity, i.e. without intended use, were included in KPI No. 1 for the first time as of the year under review in the amount of the taxonomy eligibility ratio published by the respective companies. In the previous year, corresponding information from companies was not yet available and was therefore reported in KPI No. 2. Comparability with the previous year's data is therefore limited.

For non-financial companies, the taxonomy eligibility ratios were used for the first time on the basis of both sales revenue

(turnover) and capital expenditure (CapEx). If information from the companies is not yet available or not yet published as of the reporting date, the Deka Group has classified these risk positions entirely as non-taxonomy eligible, as in the previous year, and allocated them to KPI No. 2 together with the non-taxonomy eligible portions of the gross exposures.

As of the reporting date, the Deka Group did not finance any taxonomy eligible economic activities in the area of nuclear energy. Taxonomy eligible activities in connection with the construction or operation of facilities for the generation of electricity or heat from fossil gaseous fuels were taken into account in the amount of 0.01 percent in relation to total assets in KPI No. 1. Exposures to companies that are not subject to NFRD are excluded from the taxonomy eligibility test and are reported in KPI No. 5 (24.0 percent of total assets, 2021: 28.4 percent). Companies are not subject to the NFRD obligation if they do not have their legal seat in the EEA or are exempt from the obligation to prepare non-financial reporting due to their size. The assessment of the NFRD obligation was determined on the basis of a negative delimitation to small or medium-sized enterprises (SMEs).

Other risk positions that cannot be classified as taxonomy eligible by definition are assigned to KPI No. 3, No. 4, No. 6 and No. 7. They are not in line with the product and customer groups relevant for the taxonomy and can therefore not be included in KPI No. 1 and KPI No. 2. Their share in total assets is 48.8 percent (2021: 49.8 percent).

<sup>26</sup> Capital Expenditures (CapEx)



## Reporting

KPI No. 3 records the share of exposures to central states, central banks and supranational issuers. KPI No. 4 shows the share of assets from derivatives. Since KPI No. 3 and KPI No. 4 each also include trading book positions, which are also recorded in KPI No. 6, the sum of the KPIs deviates from 100 percent.

### Supplementary voluntary quantitative data

For the mandatory reporting of the share of taxonomy eligible assets (KPI No. 1), only risk positions against customers that are obligated to non-financial reporting (NFRD obligation) were taken into account. The assessment of the NFRD obligation for customers domiciled in the EEA was determined on the basis of a negative differentiation from small and medium-sized enterprises (SMEs). This can, for example, also involve financing of so-called special purpose vehicles (SPVs), the purpose of which is to be classified as taxonomy eligible. If the taxonomy eligible exposures of these customers were taken into account in KPI No. 1, this turnover-based KPI No. 1a would increase by 4.1 percentage points (in relation to total assets) to 11.5 percent or by 6.4 percentage points in relation to covered assets to 17.9 percent. CapEx-based KPI No. 1b would increase to 12.0 percent (based on total assets) and 18.6 percent (based on covered assets), while KPI No. 5 would decrease accordingly to 20 percent.

### Qualitative disclosures on compliance with Regulation (EU) No 2020/852 in the business strategy, product design processes and cooperation with customers and counterparties

The Deka Group aligns its sustainability strategy with the global challenges of climate change and sustainable development and the associated political, regulatory, social and customer-related requirements. It is one of the first signatories of the "Self-commitment by German Savings Banks to climate-friendly and sustainable business practices" and thus manifests its stance in the form of a corporate assumption of responsibility for society in achieving global climate targets. In this context, the realisation of regulatory requirements is carried out from the joint perspective of customer and regulator. (CF. **CHAPTER 2.2.**) The Taxonomy Regulation also results in corresponding requirements that are coordinated and implemented within the Deka Group.

Through its diverse activities across different business divisions, the Deka Group contributes to the promotion of sustainable business activities in the EU as well as their transparency and comparability. Taxonomy-compliant products and product

strategies are already available today. The market-driven expansion of the range of products with sustainability features during the year under review and the efforts in lending business to support customers in future, who incorporate climate risks into their business model and contribute to the implementation of the goals of the Paris Climate Agreement ("transformation financing") are just two examples of the ongoing development of the product and service range. This also includes initiatives to support the strategy of the parties involved (particularly the operators of the financed assets) on the path to increasing sustainability in the areas of ecology, social affairs and corporate governance. As an active investor, the Deka Group consistently engages in dialogue with investors, companies and issuers in order to support them closely in the steps they take to achieve their sustainability goals, in coordination with its own guard rails. (CF. **CHAPTER 4.1.**)

This is supported by the ongoing development of internal governance structures and processes. In order to meet the Deka Group's holistic focus on sustainability while taking into account new regulatory requirements, the ESG governance target, which encompasses the entire Deka Group, has been established at organisational and instrumental level since 2022. (CF. **CHAPTER 2.2.3.**) The successive integration of ESG issues into line processes ensures that relevant information can be incorporated into the business model on an ongoing basis.

It can be assumed that with the full implementation of the taxonomy, expanded information will be available that will significantly increase the transparency of the sustainability of business partners and their activities. Impulses generated from this will be continuously taken up and considered in the further development of the business model.

In addition to the Taxonomy Regulation, the Disclosure Regulation 2019/2088, which came into force on 10 March 2021, is also an essential measure within the framework of the EU Action Plan on Financing Sustainable Growth. The Disclosure Regulation transposes the requirements of the European Sustainable Finance Disclosure Regulation (SFDR) into national law. This regulates the disclosure obligations of financial service providers with regard to the consideration of sustainability issues in their strategies, processes and products. The Deka Group's implementation of the requirements of the Disclosure Regulation can be found on the Deka Group's website. (CF. [www.deka.de/deka-gruppe/unsere-verantwortung/wie-wir-nachhaltigkeit-leben/nachhaltigkeitsbezogene-offenlegung](http://www.deka.de/deka-gruppe/unsere-verantwortung/wie-wir-nachhaltigkeit-leben/nachhaltigkeitsbezogene-offenlegung))

# About the report | Audit Opinion





## About the report

For the 2022 year under review, DekaBank complies with the provisions of the “Act to Strengthen Non-Financial Reporting by Companies in their Management and Group Management Reports” (CSR Directive Implementation Act) in conjunction with the provisions in Sections 289 and 315 of the German Commercial Code (Handelsgesetzbuch, HGB) by preparing a joint non-financial report for the Deka Group (the Deka Group includes DekaBank Deutsche Girozentrale as the parent company and the subsidiaries in accordance with the IFRS scope of consolidation (CF. [www.deka.de/deka-group/investor-relations-en/reports-and-presentations](http://www.deka.de/deka-group/investor-relations-en/reports-and-presentations), Annual Report of the Deka Group, Note 81 “Disclosures on shares in subsidiaries” and Note 83 “List of shareholdings”)) and DekaBank Deutsche Girozentrale as part of the Sustainability Report 2022 and publishes it on its website by 30 April 2023. Taking into account the principle of materiality, the non-financial report focuses on these companies insofar as they make a significant contribution to the Deka Group’s sustainability performance. The following companies are to be considered: bevestor GmbH, Deka Immobilien Investment GmbH, Deka International S.A., Deka Investment GmbH, Deka Vermögensmanagement GmbH, IQAM Invest GmbH, S Broker AG & Co. KG, and WestInvest Gesellschaft für Investmentfonds mbH.

Unless otherwise stated, the information in this report relates to the Deka Group. Individual key figures in the area of environmental management relate to individual locations. Where this is the case, this is noted.

Unless otherwise stated, all information in the sustainability reporting relates to the reporting period from 1 January 2022 to 31 December 2022. Thus, the reporting period of the sustainability reporting corresponds to that of the financial reporting.

The Deka Group sees itself as an organisation that is focused on customer benefit across all levels and divisions and uses the strengths of its integrated business model, which is based on asset management as well as banking business, to this end.

### Compliance with reporting standards

The Sustainability Report complies with the guidelines of the Global Reporting Initiative (GRI) in the current version “GRI Standards”. The GRI is regarded as the globally recognised guideline for sustainability reporting. The Deka Group declares that it has taken the greatest possible care in preparing this report and that, to the best of its knowledge, the information contained in this report is correct and no material circumstances have been omitted. All information in the report generally relates to the calendar year 2022. Where this is not the case, this is noted accordingly. (CF. GRI Content Index at [www.deka.de/deka-group](http://www.deka.de/deka-group))

### Content requirements of the CSR Directive Implementation Act (CSR-RUG)

Section 289c of the German Commercial Code defines the contents of the non-financial report. In addition to describing the company’s business model, the non-financial report should also refer at least to the aspects listed below if these are material for understanding the course of business and the impact of the company’s own corporate activities. In essence, these are the same aspects that the Deka Group undertook to take into account comprehensively when signing the UN Global Compact. The significance of the five aspects for the Deka Group (“internal view”) is presented below.

In addition to these aspects required by the CSR-RUG, the Deka Group reports in this Sustainability Report 2022 on further objectives and measures that specific target groups of the report, in particular sustainability rating agencies, consider material for understanding the Deka Group’s sustainability-related commitment and impact on employees, the environment and society. This takes into account the fact that individual sustainability rating agencies only use publicly available sources of information for their assessments, in particular sustainability reports or non-financial reports.

### Environmental issues

Environmental issues are relevant to the Deka Group in various contexts. One of these is the consideration of environmental criteria in financing. Here, non-compliance with environmental standards, for example in the case of infrastructure projects, can lead to delays in the completion of the projects and therefore possibly to delays or even defaults in servicing the financing, as well as to reputational damage. Such risks can be minimised by observing international standards, e.g. the Equator Principles. These aspects are discussed in chapters 4.1.2. “Sustainability in lending” and 5.1. “Regulations and standards”. Secondly, from the Deka Group’s perspective, it is also important to minimise the direct impact of its activities on the environment. The targets and measures for this area are documented in chapter 3. “Sustainable banking operations”.

Not least as a result of the recommendations of the TCFD and the ECB in their guidance on managing climate and environmental risks, the risks of climate change have become even more important for the financial sector. The Deka Group has therefore summarised the relevant information and data on dealing with climate and environmental risks in the new chapter 6 and has based this on the TCFD’s recommendations on the structure and content of corresponding reporting.

### Employee issues

Employees are the foundation of the Deka Group's business activities. In this context, it is particularly important – also against the backdrop of demographic change – to recruit and retain employees in the numbers and with the qualifications required to provide the services. At the same time, from the employees' point of view, it is essential to ensure their professional and health-related employability through appropriate measures. The Deka Group's efforts in areas such as training and further education, promoting equal opportunities and occupational health and safety are discussed in chapter 4.2. "Employees – Sustainable human resources management".

DekaBank falls within the scope of application of the Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG), which will come into full force on 1 January 2023. As part of the implementation of the legal requirements, various measures were already carried out in the year under review, which are reported on in chapter 3.1.2.

### Social issues

Promoting development at local and regional level and supporting local authorities in fulfilling their tasks in the economic, regional, social and cultural spheres is enshrined in the Savings Banks Act and therefore also guides the Deka Group's actions. Its extensive social activities are described in chapter 4.3. "Social commitment".

### Respect for human rights

Respect for human rights is important in the banking sector, especially in connection with the financing of infrastructure projects. This often involves dealings with local communities.

By taking the Equator Principles into account in corresponding financing, DekaBank ensures that human rights aspects are taken into account in the financing. On the one hand, this is intended to avoid risks both for the implementation of the projects and for the DekaBank's reputation. Secondly, negative impacts on the people affected by the financed projects should be excluded as far as possible.

The UK Modern Slavery Act of 2015 also refers to the responsibility of companies to eliminate slave labour in the supply chain. It obliges all companies doing business in the UK to make a declaration of what measures they have taken to ensure that there is no "slave labour" in their supply chain. The Deka Group is also required to make such a declaration based on its business activities in the UK. It is published on the Deka Group's website. Further information on these topics can be found in chapters 3.1.2. "Procurement", 4.1.2. "Sustainability in lending" and 5.1. "Regulations and standards".

### Combating corruption and bribery

Compliance with legal and regulatory requirements with regard to combating corruption and bribery is one of the basic requirements of responsible corporate governance. Violations of these standards regularly lead to legal – including financial – sanctions and a loss of reputation. The Deka Group's corresponding guidelines and measures for combating corruption and bribery are documented in chapter 5.2.1. "Compliance".

With regard to the risks associated with non-financial aspects, it should be noted that all significant risks are intensively discussed in the Risk Management Committee and reported to the Board of Management and the relevant supervisory bodies.



# Audit Opinion on the Implementation of the CSR Directive Implementation Act

## Audit task

The audit of the separate non-financial report is twofold:

The Board of Directors has the duty to review the content, although it may also commission an external review of the content. The auditor checks whether the separate non-financial report has been submitted and published by 30 April of the following year. The auditor does not perform a substantive audit.

DekaBank commissioned AGIMUS GmbH Umweltgutachterorganisation und Beratungsgesellschaft to conduct an external review of the content of the joint separate non-financial report (Sustainability Report 2022) of DekaBank Deutsche Girozentrale and the Deka Group. The joint separate non-financial report was reviewed by the independent experts Dr. Ralf Utermöhlen and Dr. Julia Norden in February 2023.

Our responsibility is to examine the statements in the Sustainability Report for comprehensibility as well as completeness and accuracy in accordance with the requirements of the Act to Strengthen Non-Financial Reporting by Companies in their Management and Group Management Reports (CSR Directive Implementation Act), the German Commercial Code (HGB), Regulation (EU) 2020/852 (Taxonomy Regulation) as well as the framework of the Global Reporting Initiative (GRI Standards) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, we were commissioned to make recommendations for the further development of environmental management and sustainability reporting based on the results of our environmental audit.

## Independence and quality assurance of the environmental audit organisation

We have complied with the requirements for independence of environmental audit organisations and other professional conduct requirements for a third party audit and have performed our audit of the Sustainability Report in the procedural context of the certification and on-site audit of the environmental management system according to ISO 14001.

## Audit activities

We conducted our audit in accordance with the professional standards for environmental auditors. In doing so, we planned

and performed the engagement in accordance with the principle of materiality so as to provide our opinion with reasonable assurance.

The selection of the audit procedures is at the discretion of the environmental auditor and was carried out in the professional and substantive context of the audit procedures for certification according to ISO 14001. A particular focus of the audit in 2023 was the numerous activities throughout the Deka Group to implement the new legal requirements relating to sustainable finance.

Within the scope of our environmental audit, we carried out the following activities, among others:

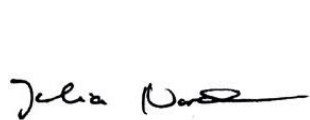
- Interviewing employees of the departments responsible for preparing the report about the process for preparing the report and about the internal control system related to this process;
- Reviewing the sustainability strategy documents and gaining an understanding of the environmental and sustainability organisational structure, stakeholder dialogue, sustainability risk assessment and the development process for the company's environmental and sustainability programme;
- Interviewing employees of the departments responsible for individual chapters of the report;
- Inclusion of procedures and documentation of systems and processes for the collection of data and disclosures, in particular for the systemic derivation of KPIs to be reported by financial institutions in accordance with the Taxonomy Regulation and related delegated acts;
- Aggregation of selected data; analytical assessment of data within the report;
- Plausibility check and aggregation of the sustainability data as well as its verification;
- Conducting audits and site visits during the ISO 14001 audit at the Frankfurt/Main site;
- Obtaining further evidence to support the information in the report by inspecting internal documents and reports and records from external service providers.

We had errors found in the draft report corrected, and missing information on a smaller scale was incorporated.

## Verdict

After completing the audit, the two experts concluded that the joint separate non-financial report (Sustainability Report for DekaBank Deutsche Girozentrale and the Deka Group for the period from 1 January 2022 to 31 December 2022) complies with the statutory requirements of the German Commercial Code (HGB), the CSR-RUG and the Taxonomy Regulation for the separate non-financial report and that the reporting standards of the Global Reporting Initiative (GRI Standards) are met. The TCFD report included was prepared in accordance with the TCFD recommendations.

Braunschweig, 10 February 2023



Dr. Julia Norden



Dr. Ralf Utermöhlen  
(Environmental Auditor,  
DE-V-0080)



AGIMUS GmbH Umweltgutachterorganisation  
& Beratungsgesellschaft (DE-V-0003)  
Am Alten Bahnhof 6, 38122 Braunschweig

## INFORMATION ON THE INTERNET

You can find the Deka Group's Sustainability Report 2022 on our website [www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainability-reports-and-ratings](http://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainability-reports-and-ratings)

## OTHER RELEVANT WEBSITES

- [www.deka.de/privatkunden/aktuelles/anlageideen](http://www.deka.de/privatkunden/aktuelles/anlageideen)
- [www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability](http://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability)
- [www.deka.de/deka-gruppe/unsere-verantwortung/wie-wir-nachhaltigkeit-leben/nachhaltigkeitsbezogene-offenlegung](http://www.deka.de/deka-gruppe/unsere-verantwortung/wie-wir-nachhaltigkeit-leben/nachhaltigkeitsbezogene-offenlegung)
- [www.deka.de/privatkunden/ueber-uns](http://www.deka.de/privatkunden/ueber-uns)

## ORDERING SERVICE

We will be happy to send you the Deka Group's Sustainability Report 2022. If you would like to receive our sustainability report on a regular basis, please contact us.

## CONTACT

Birgit Wolf and Klaus-Andreas Finger (Project leaders)  
Johannes Behrens-Türk  
Christoph Kehr-von Plettenberg

## EDITORIAL

NKI – Institut für nachhaltige Kapitalanlagen GmbH in close coordination with the departments of the Deka Group

## CONCEPT AND DESIGN

Templeton & Webster GmbH

## VALIDITY OF INFORMATION

This document is a translation of the corresponding Deka Group Sustainability Report 2022, which was written in German. In case of any inconsistency or translation-related differences the German language version shall prevail.