Deka Group

Sustainability Report 2019

Finanzgruppe

Deka Group – Key Figures 2019

BUSINESS DEVELOPMENT INDICATORS		31 Dec 2018	31 Dec 2019
Total assets	€m	100,444	97,282
Total customer assets	€m	275,878	313,412
thereof retail customers	€m	137,169	158,749
thereof institutional customers	€m	138,709	154,662
Number of securities accounts	(thousand)	4,654[1]	4,787[1]

		2018	2019
Net sales[2]	€m	11,773	18,040
thereof retail customers	€m	11,296	11,117
thereof institutional customers	€m	477	6,923

SUSTAINABILITY RATING[3]			
MSCI ESG		AA	AA
ISS ESG		Prime C+	Prime C+
imug rating		Positive B	Positive BB
Sustainalytics	points	83	83

SUSTAINABLE PRODUCTS			
Volume of sustainable retail funds	€bn	3.1	4.1
Managed capital in sustainable products (securities)	€bn	10.9	12.1
Share of certified buildings in property funds[4]	%	69	68
Sustainable investment volume of Depot A proprietary investments	€bn	15.6	14.0

SUSTAINABLE HR MANAGEMENT			
Number of employees	group-wide	4,564[5]	4,566[5]
	Germany	4,160	4,168
Proportion of women in Germany	%	39.3	39.4
Proportion of women in leadership positions in Germany	%	20.8	19.1
Part-time ratio in Germany	%	18.5	19.9
Turnover rate in Germany	%	4.2	4.4
Financial cost of further training in Germany	€/employee	949	1,042

SUSTAINABLE BANKING			
Power consumption[6]	kWh	11,687,971	11,224,875
Energy consumption[6]	kWh	20,530,250	20,816,390
Drinking water consumption[6]	m^3	48,019	42,755
Volume of waste generated[6]	t	235	261
Paper consumption[7]	t	754	875
Business trips (group-wide, without S Broker)	km	23,115,859	23,965,660
Direct greenhouse gas emissions (scope 1)[8]	kg	1,770,629	1,760,145
Indirect greenhouse gas emissions (scope 2)[8]	kg	5,032,804	4,412,596
Other indirect greenhouse gas emissions (scope 3)[8]	kg	3,641,129	3,213,905
Greenhouse gas[9] emissions (total)	kg	10,444,562	9,386,646

CORPORATE CITIZENSHIP			
Expenditure for foundations, donations and sponsoring	€m	1.73	1.34

1 Including S Broker AG & Co. KG
2 From 01.01. to 31.12.
3 Last updated: Sustainalytics: 12.10.2017; MSCI: 26.08.2019; ISS-ESG: 31.05.2019; imug: 31.03.2019 (Sustainability Rating positive (BB), Mortgage Covered Bonds positive (BBB), Public Sector Covered Bonds positive (BBB)); see also section "Sustainable corporate governance".
4 See section "Sustainable products".
5 The 157 (2018:152) employees of S Broker are not included and are listed separately in section "Sustainable HR management".
6 Figures refer to the four buildings in Frankfurt am Main (excluding business trips and paper consumption).
7 Figures are available group-wide. Comprises: letter paper, pre-printed paper, envelopes, forms, copy paper (general office paper), promotional printed materials/publications.
8 Refers to the locations Frankfurt, Berlin and Leipzig
9 The GHG Protocol covers five other climate-relevant gases in addition to CO_2: methane, nitrous oxide, sulphur hexafluoride and two groups of fluorocarbons (CO_{2e})

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1. Preface

Ladies and Gentlemen,
2019 marks the end of a decade, in which sustainability has become one of the central trends of our time. Especially climate change, which is becoming more and more noticeable for the citizens as well as for the economy, has brought the question of how we can shape a future worth living to the centre stage of our society.

The policy assigns special importance to the finance sector in handling sustainability-related challenges – a responsibility that the savings banks in Germany and with them, the Deka Group as their Wertpapierhaus, have actively accepted. The savings banks have reemphasised this in their Hamburg Declaration adopted on the 26th German Savings Bank Day. Just like the honourable Hamburg merchant stands for what is today understood in a neo-German way under Corporate Responsibility – i. e. social responsibility of companies, the orientation towards the common good that is deeply anchored in the savings banks is a synonym for the consistent alignment with the principles of sustainable development.

On the political side, the EU Commission is especially active in this respect since the beginning of 2018; it has initiated numerous measures within the scope of its action plan for the financing of sustainable growth and has already implemented a large part of them in the year under review. Through this, private capital shall be directed into sustainable economic activities. Here, a particularly ambitious goal is to bindingly define as to what is a sustainable economic activity – a project that is propelled under the heading "EU-Taxonomy".

Such diversion of capital into sustainable projects requires that the companies plan and implement corresponding projects. But this needs reorientation of the companies' investment, which cannot be achieved through the EU Action Plan that is aligned with the financial economy. It is therefore not only desirable, but essential for the success of the economic transformation, that a strategy was introduced with the Green New Deal of the new EU Commission, which also focuses more strongly on the real economy and its orientation towards climate protection and sustainability.

When we look at the companies however, it is already clear that not every sector and not every company will succeed with the transformation into a climate-friendly, resource-saving future. In fact, the transformation process will have massive social and economic impact. It is important, now and as parallel to the numerous climate policy decisions as possible, which we have seen in the year under review, to also set the course for handling the social and economic consequences of climate change.

In the year under review, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) was engaged in the potential economic impact of climate change on the economy. It correctly points out that the addressed climate-related risks for sectors and companies can also directly lead to financial risks for lenders as well as for investors, who have invested in shares or bonds of the companies concerned.

The Deka Group has already laid the foundations for systematic and comprehensive consideration of climate and sustainability aspects in its business operations a few years back by integrating the sustainability strategy into its business strategy. In the year under review, we have implemented a whole series of concrete measures within the scope of this strategy in order to actively face the challenges of climate change and to also use the opportunities associated with it.

This includes stronger anchoring of sustainability-related risks in the Risk Management of the Deka Group and the establishment of a group-wide sustainability initiative for implementation of the new regulatory requirements. This also includes our further intensified dialogue with companies, where we demand greater efforts for climate protection and sustainable development from them.

Above all however, this includes the provision of a wide range of investment options for the investors supported by us and our partners, the savings banks, in which the risks and opportunities of climate change and sustainable development are taken into account comprehensively. We would like to inform you about these and other measures with this sustainability report.

It also reveals transparently as to what progress we have made with the implementation of the principles of the UN Global Compact, which we have been supporting since 2011. By committing to its ten principles, we have undertaken to comply with human and labour rights, to protect the environment and to fight against corruption and bribery.

With this report, we also fulfil our duty from the CSR Guideline Implementation Act (CSR-RUG). Since 2017, the legally stipulated audit of the contents of the sustainability report is undertaken especially by exercising the right to commission an external audit (§ 111 para. 2 sentence 4 AktG [Company Law]). The auditor has issued the necessaryaudit certificate, so that the corresponding legal stipulations of the CSR-RUG, the relevant sections of the German Commercial Code (§§ 289b to 289e HGB) as well as the current guidelines of the recognised Global Reporting Initiative (GRI Standards; the GRI content index can be found on our website www.deka.de) are fulfilled.

With best regards

Dr. Georg Stocker
Chairman of the Board of Management

WE SUPPORT
UN GLOBAL COMPACT

OVERVIEW

Highlights of the year 2019

Sustainable corporate governance

- Establishment of the group-wide sustainability initiative with experts from more than 30 divisions of the Deka Group for the implementation of the new regulatory requirements PAGE 8
- Update of the analysis of the importance of individual sustainability topics from the customer's point of view PAGE 9
- Distinction of the 2018 Sustainability Report of the Deka Group with the "Transparenter Bulle" [Transparent Bull] PAGE 11
- Development of target visions for the presentation, survey, evaluation and reporting of the "non-financial" risks in DekaBank's Risk Management PAGE 13
- Again good and partly again improved sustainability ratings of the sustainability rating agencies PAGE 17

Sustainable products

- Use of the Deka Treasury Compass to analyse the sustainability quality of the proprietary investments by 170 savings banks PAGE 20
- Expansion of the sustainability-related offer by the "Deka Portfolio Nachhaltigkeit Globale Aktien" [Deka Portfolio Sustainability Global Shares] as well as edition of total nine sustainable investment certificates based on "STOXX® Europe ESG Leaders Select 30" PAGE 21
- Development of the integration of ESG criteria into the investment process and qualification of the portfolio managers and analysts in the internal "ESG Academy" PAGE 23
- Appointment of Ingo Speich, Head of Sustainability and Corporate Governance of Deka Investment GmbH, in the Sustainable Finance Advisory Board of the Federal Government PAGE 26
- Start of the cooperation with MeteoViva Climate for energy optimisation of real estate, with possible savings of energy costs of up to 40 percent PAGE 28
- Adaptation of the criteria within the scope of the positive and the negative list for financing PAGE 30

Sustainable HR management

- Expansion of the further professional development and training offer on the topic of "Agile work at Deka" PAGE 39
- Distinction of DekaBank as "Deutschlands begehrtester Arbeitgeber" [Germany's most sought-after employer] and "Bestes Unternehmen für Familien" [Best company for families] PAGE 42

Sustainable banking

- Replacement of the Deka Group's computers with "Energystar"-certified devices PAGE 48
- Execution of the 2nd energy audit to identify further improvement measures to reduce energy consumption PAGE 49
- Increased use of hybrid and electric vehicles as company cars and construction of more charging stations at the Frankfurt location PAGE 50
- Introduction of the bicycle leasing model to promote the use of bicycles on the way to work PAGE 50

Corporate Citizenship

- Extension of nine partnerships for at least three years each and start of a new partnership with the Schleswig-Holstein Musik Festival in 2020 PAGE 54
- Start of controlled operation after opening the Dekarium in the anniversary year 2018: 933 visitors took part in a total of 70 tours PAGE 56

2. Sustainable corporate governance

In the Hamburg Declaration on the 26th German Savings Bank Day, the Deutscher Sparkassen- und Giroverband (DSGV) [German Savings Banks Association] has again underlined its responsibility for careful handling of natural resources, social participation and prosperity for all people. As part of the Sparkassen-Finanzgruppe and as Wertpapierhaus of the savings banks. DekaBank feels particularly connected with this triad of environmental protection, social responsibility and economic development even in the 101st year of its existence and understands sustainability more than ever as a central part of its business model. This self-understanding is expressed in a business strategy that includes specifications for sustainable corporate governance on a par with other strategic goals. Our customers and partners as well as independent rating agencies specialised in sustainability criteria regularly confirm that DekaBank is on the right path.

2.1
Business model

DekaBank Deutsche Girozentrale (hereinafter referred to as: DekaBank) is a federal institution under public law. It forms the Deka Group together with its domestic and foreign subsidiaries. DekaBank is fully owned by the German savings banks. 50 percent of the shares, which were indirectly held by the state banks up to 2011, are held through Deka Erwerbsgesellschaft mbH & Co. KG. The savings banks have bundled their shares therein through the regional savings banks and clearinghouse associations held by them. The remaining 50 percent of the shares are held by the German Savings Banks and Giro Association (DSGV ö. K.).

DekaBank is the Wertpapierhaus of the savings banks. Through the activities in asset management and in the banking business, it is a service provider for the creation, management and control of assets and supports the savings banks and their customers along the entire securities-related investment and advisory process. It also offers the savings banks as well as institutional customers outside the SparkassenFinanzgruppe an extensive consulting and solution spectrum for investment, liquidity and risk management as well as refinancing.

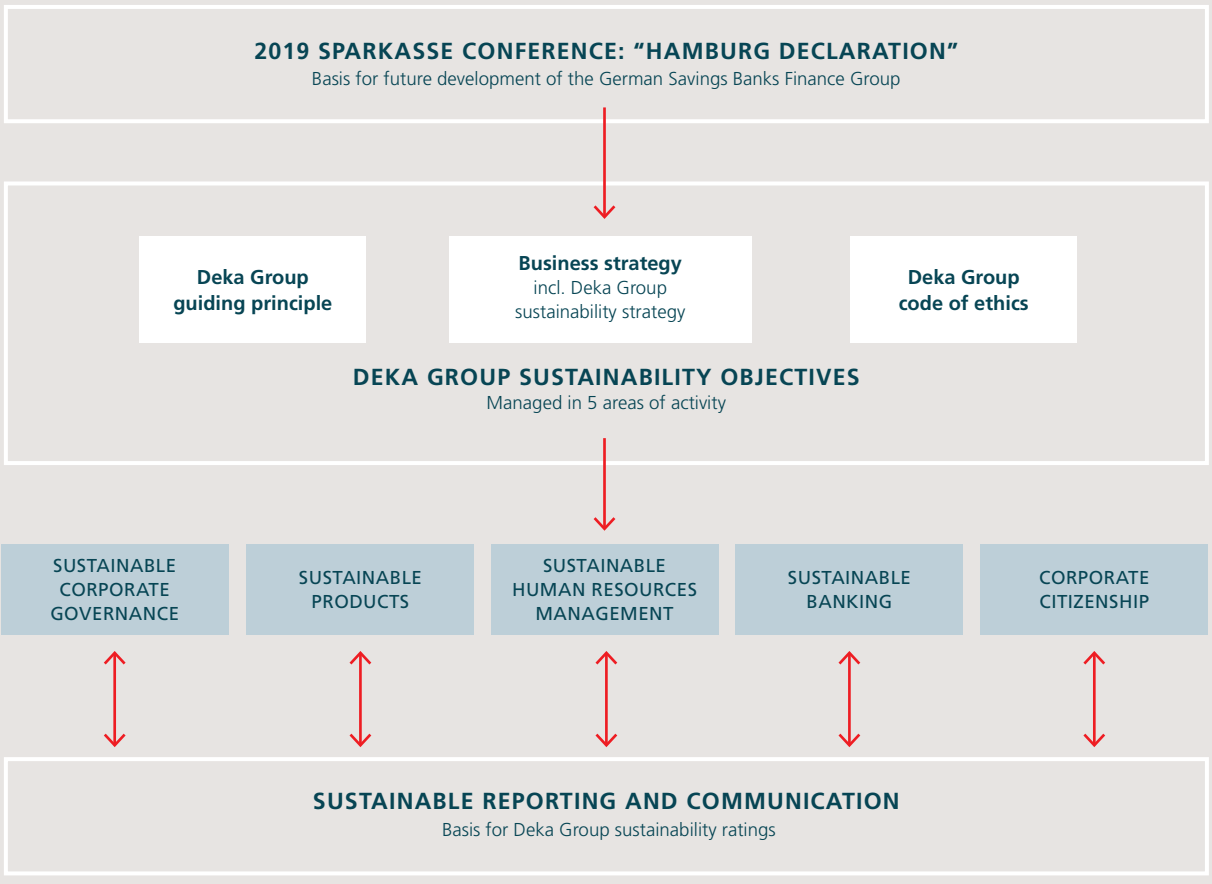
The business model of the Deka Group is characterised by the interaction of asset management and banking business. As asset management products, the Deka Group provides securities, real estate and credit funds as well as certificates, including asset management services based on them for private and institutional investors. Thereby the special assets are supported in the asset management and the institutional customers in their asset management as well as the 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: Securities Asset Management, Real Estate Asset Management, Asset Management Services, Capital Market and Financing. The sales units are thereby the first point of contact in the market and combine the various product and service offers for the different customer groups. COMPARE FIGURE 1

The principles of good and responsible corporate governance are firmly anchored in the Deka Group. The Corporate Governance Concept for the corporate governance and monitoring ensures clearly defined responsibilities of the bodies and facilitates efficient decision-making processes.

FIGURE 1

FIGURE 2



2.2
Strategic and organisational anchoring of sustainability

Strategic anchoring

Since the 2015 fiscal year, the Deka Group dispenses with a separate sustainability strategy and has integrated the corresponding specifications into its business strategy. Sustainability has thus become a core part of the business policy orientation, which is also transparent vis-à-vis the Board of Management and the Supervisory Board.

After successful completion of the transformation programme D18 for further development of the Deka Group as a Wertpapierhaus of the savings banks, the Board of Management has got the "DekaPro" programme off the ground in 2018. Under the keyword "Customer-centric", this programme focuses on an even greater alignment of the service offer with the customers of the Deka Group. This should mainly strengthen the market position among target groups such as foundations and pension funds, for which sustainability criteria are especially important even during their capital investment.

In this context, the "Financing sustainable growth" action plan of the EU Commission provides important impulses for the further anchoring of sustainability aspects in the financial market and for the designing of services. The Deka Group therefore proactively accompanies the corresponding discussion processes at the European and national level since 2018 and has, among other things, established the internal working group "Sustainability initiative" for this purpose.
COMPARE BACKGROUND: The EU action plan on financing sustainable growth

Organisational anchoring

DekaBank is managed by the Board of Management, comprising six members, in joint responsibility. On 1st May 2019, Daniel Kapffer has been appointed as another member of DekaBank's Board of Management.

The Sustainability Management Department is part of the central division of Board Staff & Communication in the department of the Chairperson of the Board of Management and coordinates all corresponding activities in the Deka Group on behalf of the Board of Management. It is the point of contact for all organisational units and executes this function even vis-à-vis all external stakeholders – especially companies and institutions in the SparkassenFinanzgruppe, sustainability rating agencies and non-governmental organisations. The implementation of the holistic sustainability approach is ensured through five fields of action, which also specify the structure of this report. COMPARE FIGURE 2

On 1st January 2020, the responsibility of the Chairperson of the Board of Management was transferred to Dr. Georg Stocker due to Michael Rüdiger's retirement.

2.3
Stakeholder dialogue and materiality analysis

The most important stakeholders include the Deka Group's customers and employees, shareholders and supervisory authorities, suppliers and cooperation partners as well as representatives from politics, media and civil society, for example from non-governmental organisations. The Deka Group thereby uses very different ways to enter into dialogue with the various stakeholders. These range from participation in conferences through cooperation in initiatives and associations up to bilateral talks. The dialogues with the various stakeholders allow the Deka Group to understand the impact of its business operations and to record the topics and concerns of the various stakeholders. At the same time, it offers the possibility to declare one's own position and thus to create trust and acceptance for the Deka Group's activity. An employee survey in this respect was not conducted in 2019.[1]

Sustainability initiative of the Deka Group

To implement the regulatory requirements and to coordinate the product-related activities of the Deka Group, the internal "Initiative for sustainability in the sale of securities/services" was established in 2019 in the Deka Group. In this initiative, experts from more than 30 organisational units of DekaBank as well as of Deka Investment GmbH, Deka Vermögensmanagement GmbH and Deka Immobilien Investment GmbH actively work on a total of 16 concrete work packages from 5 topics. The measures implemented by the initiative in the year under review include, among other things, preparation of a concept for adapting the consultation processes to the new requirements from the change in MiFID II, further development of the sustainability-related product offer – four new sustainable investment products from different asset classes could already be implemented in 2019 – as well as nationwide execution of events for informing the savings banks about the new requirements and the corresponding support by the Deka Group.

1 In the reporting period however, employee surveys were conducted on mental stress at work (compare chapter 4.5 – Mental health).

Regular stakeholder surveys

An important basis for the strategic further development of the Deka Group, especially of the products and services as well as of the sales focus, are regular surveys of various customer groups. In the year under review, the Deka Group has commissioned its own analyses as well as supported the execution of surveys by the Deutscher Sparkassen- und Giroverband e. V. (DSGV).

For example, over 4,000 online interviews and 1,000 telephone interviews were conducted Germany-wide with individuals over 14 years of age within the scope of the DSGV Vermögensbarometer [asset barometer] in May and June 2019. When asked about factors that play a role during wealth creation, the factors cited most frequently by the respondents were security, high returns and flexibility of capital investments. The topic of sustainability – defined in the survey as "preservation of the ecological, economic and social resources" – landed on rank 8 of the most important investment criteria from the point of view of the respondents. Accordingly, sustainability aspects belonged to the three most important factors for wealth creation for eight percent of the respondents. The security of the capital investments was on rank 1 (54 percent), followed by the factors of availability and flexibility (31 percent each) and high returns (30 percent). Approximately every eighth respondent, for whom sustainability is an important factor during wealth creation, has already invested in sustainable funds.

Within the scope of the survey of the savings banks as intermediaries that takes place every two years, an assessment of the Deka Group's sustainability services was requested for the first time in November 2018. The result: 90 percent of the respondents (directors, managers and securities advisers), who gave their opinion about the quality of the sustainability services, gave the scores "excellent", "very good" and "good", while ten percent voted with "average" and "poor". A total of 31 percent of the respondents gave no response. The next survey is scheduled in the year 2020.

In November 2019, there again was a survey of the savings banks as institutional customers. In this survey, the savings banks were interviewed about the topic of sustainability for the first time. 54 percent generally assign (very) high relevance to the topic of sustainability for investments in the capital market; for 38 percent, the topic is (very) important for their savings bank. The Deka Group's offers in the field of sustainability such as the Deka sustainability check and the Deka sustainability funds are assessed as "excellent", "very good" and "good" by 96 percent of the respondents. 23 percent have perceived the appearances of the Deka Investment at General Meetings of DAX Groups and assess them to be positive.

The importance of sustainability aspects was also one of the central topics of the Deka investors monitor, a representative survey of more than 3,000 German citizens between 18 and 75 years, which was conducted on behalf of DekaBank in July 2019. The results show a very typical distribution between the expressed interest and actual activities for surveys on environmental or sustainability topics. For example, 58 percent of the respondents express interest in a sustainable capital investment, but only six percent have so far actually invested sustainably.

The market potential of sustainable capital investments among private investors is therefore considerably higher than the current market share. The most important key for its realisation is comprehensive information of investors about sustainable investment strategies and solutions. Only about one in four respondents feels adequately informed about sustainable investments; for half of the respondents, the advice from the bank or savings bank adviser is important for this topic and one third of the respondents want to be addressed by the adviser about sustainable forms of investment.

Materiality analysis

Within the scope of the reporting in accordance with the internationally recognised standard of the Global Reporting Initiative (GRI), DekaBank regularly carries out a materiality analysis. For this report, the appraisals of the savings bank customers are of special importance even against the background of the Deka Group's increased focus on its customers within the framework of the "DekaPro" programme.

As in the past three years, DekaBank therefore commissioned the independent imug Beratungsgesellschaft für sozial-ökologische Innovationen with the independent survey of current and potential customers. The surveys aimed at learning more about the importance attached by the respondents to the various areas of activity of sustainable corporate governance and as to how they assess the status of the sustainability performance of the Deka Group in the respective area of activity.

IMUG NOTES:

"The study can be used to prepare the 'materiality analysis' expected in the voluntary or even in the legally mandatory reporting about non-financial concerns (DNK and CSR-RUG)."

The survey in 2019 was designed together with the DSGV, which uses this study within the framework of its activities in the sustainability context, and was implemented through imug Beratungsgesellschaft A total of 1,000 representatively selected customers of the savings banks as well as 1,000 non-customers were surveyed. The online survey took place in September 2019. Object of the study were the perception and assessment of the sustainability services, the support and climate protection activities as well as the sustainable financial products of the savings banks. Moreover, the general interest of the respondents in the topic of sustainability was surveyed. So, the current study links content-wise to the survey from the year 2016, thus making it possible to compare the developments of the appraisals in the course of time. With respect to the importance of sustainability topics, the following topics were mentioned most frequently:

KEY SUSTAINABILITY ISSUES	Placement 2016	Chapter	Page
Fair behaviour towards customers	1	2.3, 3.	8, 20
Serious and reliable corporate governance	2	1., 2.1, 2.2	2, 6, 8
Fair/attractive employer	4	4.	36
Economic contribution in the region*	3	–	–
Promotion of social and cultural projects	6	6.	54
Range of sustainable investment products	5	3.1.2	21
Energy savings/climate protection	9	5.	48
Consideration of social & ecological aspects for own investments	7	3.1.1	20
Consideration of social & ecological aspects in financing	8	3.2	30

* Economic contribution in the region: This aspect is closely linked with the mission and business model of the savings banks, but is of minor importance for the Deka Group due to its nationwide orientation and is therefore not specifically considered within the scope of the sustainability report.

The comparison with the survey results from the year 2016 overall shows a high degree of stability in the prioritisation of sustainability aspects by the respondents. They still attach the biggest importance to the two aspects of "fair behaviour toward customers" as well as "serious and reliable corporate governance". The aspects of "fair/attractive employer" and "economic contribution in the region" have switched places. Comparatively, the importance of the "consideration of social & ecological aspects in proprietary investments" has declined greatly. As in the previous survey, the aspect of "consideration of social & ecological aspects in financing" takes the last rank. Here, it should be noted that the financing offer of Deka, especially the special financing, is aimed exclusively at commercial customers and is therefore not the focus of private customers.

2.4 Sustainability communication

Sustainability topics are an integral part of the Deka Group's communication strategy and a regular subject of the communication with all relevant stakeholder groups. The Deka Group thereby informs the stakeholders, be it shareholders, customers, employees or even the general public, about sustainability-related events and developments. For this, the Deka Group uses the whole spectrum of the available communication channels. This ranges from staff magazines through press conferences and social media to sales and customer events. In the social media channels Twitter, Facebook and LinkedIn maintained by the Corporate Communications Department, the Deka Group also enters into dialogue with various stakeholder groups, for example customers and non-governmental organisations (NGOs). There also is an extensive offer on the Deka Group's newly designed website (https://www.deka.de/deka-group), which provides comprehensive and up-to-date information.

In addition, the division of Board Staff and Communication is in a continuous exchange with the specialist units in order to identify sustainability-relevant topics and to spread them medially in the suitable communication channels. An example of this is the communicative support of the public General Meeting appearances of Deka Investment, which has resulted in a wide media resonance in 2019. There, sustainability topics played an important role.

A central component of the sustainability communication is the sustainability report. Since the 2017 fiscal year, the Deka Group, like numerous capital market-oriented companies, insurance companies and credit institutions, is obligated by the "Act to Strengthen the Non-financial Reporting by Corporations in their Management and Group Management Reports (CSR Guideline Implementation Act/CSR-RUG)" adopted in the spring of 2017 to prepare a so-called non-financial report. For more details about this, please refer to the chapter "ABOUT THE REPORT".

"Transparenter Bulle" for the sustainability report of 2018

The 2018 sustainability report of the Deka Group was awarded by the accounting firm Rödl & Partner and the Finanzen Verlag with the "Transparenter Bulle 2020". When justifying the selection of the report, Rödl & Partner assesses the report as "highly informative, reader-friendly and compact" and especially highlights the information offer about the topics of corporate governance, sustainable capital investments, corporate citizenship as well as own banking operations including the company-specific greenhouse gas emissions.

When preparing the sustainability report, the Deka Group already uses the recognised guidelines of the Global Reporting Initiative (GRI) for several years. Since 2013, the Deka Group also prepares a statement of compliance within the scope of the German Sustainability Code (GSC), which is published on the website of the German Council for Sustainable Development (RNE)(https://www.deka.de/deka-group/sustainability).

2.5 Regulations and standards

Code of ethics

The Deka Group's code of ethics serves as a binding orientation framework for an ethically and morally correct appearance and action of the employees, managers, board members and for third parties acting on behalf of the Deka Group. The code is available in its current version on the Deka Group's website.

It is determined in the preamble to the code of ethics that within the scope of the employee appraisal, the managers and employees shall jointly check as to whether the conduct complies with the code of ethics. For this, the annual performance appraisal of the employees was supplemented with the "Evaluation of good conduct according to the code of ethics" component. This evaluation is included in the calculation of the variable remuneration. Particularly serious violations of the code of ethics can result in measures under the labour law, civil and criminal proceedings, up to the termination of the contractual relationship.

External regulations and standards

Besides internal code of conduct, even the acknowledgement of national and international standards underlines the Deka Group's commitment to sustainable development. This includes the accession to the UN Global Compact in 2011 and the related obligation to implement ten principles of responsible corporate governance. They refer to the topics of human and labour rights, environmental protection and fight against corruption and thus to the aspects that are also defined in the CSR-RUG as relevant aspects.

Moreover, DekaBank has also committed to the compliance with the Equator Principles (EP). These principles focus on the consideration of social and environmental standards in international project financing. In 2019, DekaBank accompanied a total of 6 (2018: 9) financings under the specifications of the EP. Thereof, 1 project (2018: 3) was classified into the A category (increased social and environmental impact) and 5 projects (2018: 6) into the B category (limited social and environmental impact). DekaBank reports annually on the implementation of the principles in the relevant financings. The corresponding report is published on the EP website. More information on the consideration of sustainability criteria in the lending business can be found in CHAPTER 3.2.

The signatories to the Principles for Responsible Investment (PRI) are obligated to implement responsible capital investment; Deka Investment GmbH has committed to these principles since 2012. Signatories undertake to comply with a total of six principles, mainly to include ESG topics in the analysis and decision-making processes in the field of investment. Derived from the English translation of these three fields i. e. "Environmental, Social, Governance", the abbreviation ESG is frequently used in this context. Deka Investment GmbH reports annually on the measures taken to implement the six PRI principles within the framework of the Transparency Report, which is available on the PRI website. Starting with the reporting for the year 2020, the signatories to the PRI are obligated for the first time to report on climate change-related indicators within the framework of their Transparency Report. The recommendations of the TCFD form the basis for the corresponding reporting. COMPARE BACKGROUND: Systematic climate risk reporting based on the TCFD

2.6
Compliance

Compliance contributes significantly to the fact that the Deka Group acts in compliance with the respective valid legal and supervisory regulations. The responsibilities were reorganised on 1st August 2019 in the course of restructuring. The complex of topics of capital market and real estate compliance, central department for financial crime, regulatory compliance and tax compliance are still in the Central Division of Compliance. The central department for financial crime combines the fight against money laundering, the defence of terrorism financing, measures to prevent fraud, to fight against other criminal acts and to fight against corruption as well as the implementation of financial sanctions and embargos[2]. The unit of Information Security Management (including data protection) that was so far assigned to the Compliance Division was established as a separate department in the direct area of responsibility of the Chief Risk Officer.

The Central Division of Compliance develops group-wide standards and guidelines for the Deka Group in the assigned topics based on applicable legal and supervisory requirements; it also supports the organisational units in DekaBank as well as the subsidiaries concerned with corresponding trainings and advice in their implementation and realisation. Moreover, the division is regularly involved in various projects as well as processes, especially in new product processes, in considerable changes in the process organisation and organisational structure as well as in the outsourcing that should make sure that the Deka Group fulfils the regulatory requirements as well as identifies any conflicts of interest at an early stage and avoids them as far as possible.

Procedures and checks in the specialist units as well as within the compliance unit itself help prevent and detect irregularities and are an integral part of the Compliance Management System of the Deka Group. In order to identify potential compliance risks and to work towards their reduction using suitable measures, the division also undertakes monitoring and control tasks as a second line of defence in the so-called "Three lines of defence model (TLoD)".

Consulting and training

The application and implementation of the regulations and processes for complying with the legal and supervisory requirements often start with the individual employees. In order to inform the employees about aspects that are relevant for them, the experts of the compliance division conduct regular mandatory trainings in the entire Deka Group on the assigned topics. The training concept is based on classroom trainings in combination with web-based trainings, specialized trainings and correspondence trainings. If necessary, ad-hoc trainings are also offered on selected topics.

In the year under review, all new employees have completed an initial training on the topic of Compliance. The employees are also obligated to complete web-based trainings on the topics of prevention of money laundering, prevention of fraud, financial sanctions/embargoes as well as capital market compliance in a prescribed cycle. In the year under review, more than 30 classroom events and about 10 web-based trainings were conducted.

Fight against fraud, corruption and bribery

DekaBank has uniformly regulated the essential elements and principles including the associated processes and measures for an effective fraud prevention system for the prevention of other criminal acts, which may endanger the assets of the institution or of the individual companies, in the "Fraud prevention system of the Deka Group".

In addition, 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 declared, were regulated for the Deka Group in connection with the fight against corruption. The approval process has been bindingly defined for all employees including the Board of Management; its content is made known through internal publications.

In principle, employees may demand or accept or grant gifts or invitations neither for themselves nor for third parties in connection with their activity if this could affect the interests of the Deka Group or its customers. The granting of gifts and invitations is, as long as they correspond to the applicable laws and standards, consistent with the usual market practice up to a certain extent. However, since this could concern the professional independence of all parties involved, the employees must avoid even the mere appearance of conflicts of interest.

The experts of the compliance division are available to all employees as a point of contact if they have questions about integrity issues. Their contact details are communicated to the employees when joining the company within the framework of the classroom training for new employees and can always be found in the Intranet.

The corruption risk was surveyed and evaluated for DekaBank including its foreign branches in the United Kingdom as well as Luxembourg and the subordinate companies DekaBank Luxemburg S. A., Deka Investment GmbH, Deka Vermögensmanagement GmbH, WestInvest Gesellschaft für Investmentfonds mbH, Deka Immobilien Investment GmbH as well as S Broker AG & Co. KG within the framework of the so-called Fraud Prevention Forum. In 2019, the compliance division did not know any internally determined circumstances, in which an offence of corruption was present conclusively.

Prevention of money laundering and terrorism financing

Through the "Group-wide minimum standards for the prevention of money laundering and terrorism financing", DekaBank, as superior company, defines the duties to be observed within the meaning of the Money Laundering Act (GwG) and the Banking Act (KWG) on the basis of the annual risk analysis. This ensures the transparency about customers and the underlying shareholder structure in Germany as well as in the subsidiaries.

Whistleblower system

The whistleblower system is part of the compliance system in the Deka Group. This makes sure that information from employees as well as from external persons about violations of the Money Laundering Act and illegal or dishonest acts can be confidentially reported to the external ombudsman of DekaBank. At the end of 2018, the process for reporting potential and actual violations of essential legal regulations and requirements through the whistleblower system was formulated more concretely according to the guidelines of the European Banking Authority (EBA) for internal governance. The ombudsman checks the facts and forwards the relevant information to DekaBank while maintaining confidentiality. Her/she, as lawyer, is subject to the professional obligation of confidentiality. The anonymity and protection of whistle-blowers is thus ensured through the whistleblower system.

2.7 Risk Management

Just like the BaFin has stated in its leaflet[3] about the handling of sustainability risks, even DekaBank does not consider sustainability risks as an independent risk type, but as a cause or amplifier of existing risks and thus as an interdisciplinary topic for "Financial" as well as "Non-Financial Risk" (NFR) similar to the reputational risk. Therefore, even risks that result from sustainability aspects must be taken into account in the corresponding Risk Management processes of the relevant risk types.

In the year under review, DekaBank has taken extensive efforts for this. Besides the creation of methodological foundations, these also included the development of target visions for the presentation of suitable processes for the recording, evaluation and reporting of the NFR according to uniform standards. These target visions should be implemented step by step from 2020 onwards in order to facilitate holistic control of non-financial risks on the basis of comprehensive transparency. Even today, all important risks are intensively discussed in the "Risk" Management Committee and are reported to the Board of Management and the relevant supervisory boards.

2 Financial sanctions/embargos are applicable unless they violate §7 of the German Foreign Trade Law or the EU Blocking Regulation (EU) 2271/96 in the amended version.

3 Published on 20.12.2019

2.8
Data protection

Basics and organisation

The data protection unit of DekaBank ensures that the data protection regulations of the General Data Protection Regulation (GDPR) and of the Federal Data Protection Act (BDSG) as well as other data protection-relevant provisions are complied with in the Deka Group. Since August 2019, the unit organisationally comes under the Information Security Management Department and has five other employees besides the Data Protection Officer and his/her deputy. The Data Protection Officers are appointed for DekaBank and its domestic subsidiaries – except the subsidiary S Broker AG & Co. KG, which has a separate Data Protection Officer. A separate Data Protection Officer has also been appointed for the Luxembourg location. The Data Protection Officers are unsupervised in the fulfilment of their duties from art. 39 GDPR and have a direct reporting line to the Board of Management or to the Managements of the German subsidiaries.

Goal of the GDPR and the BDSG is to prevent an individual's constitutionally protected personal rights from being affected due to the handling of his/her personal data. A data protection management system was established in order to implement the requirements of the GDPR as well as of the BDSG. Among other things, this system defines processes to ensure that the legal requirements of data protection are implemented in the planning, set-up, operation and after decommissioning of the processing. The processes were documented in a comprehensive data protection concept. This mainly describes the aspects that should be taken into account during the processing of personal data. These especially include protection of the rights of the person concerned as well as fulfilment of the information obligation vis-à-vis customers as well as employees.

Raising awareness and knowledge of the employees

The tasks of the Data Protection Officer include raising the employees' awareness on questions of data protection and providing them with the relevant information on the topic of data protection. On the one hand, this includes fulfilment of the information obligations pursuant to art. 13 and art. 14 GDPR in order to inform the employees as to whether and how their personal data is processed. On the other hand, employees must be made aware about avoiding unsafe acts, for example by explaining the most important requirements under the data protection law as well as the data security measures.

Pursuant to art. 39 para. 1 lit. a) and lit. b) GDPR, Data Protection Officers must familiarise all employees involved in the processing of personal data with the goal and content of the data protection provisions. In this context, Deka Group employees are obligated in writing to observe confidentiality pursuant to the GDPR. Their rights and obligations as acting persons in the data protection as well as the risks for the company and for them associated with a violation of the applicable regulations must also be explained to them. This also includes information about possible sanctions as a result of violations of the measures to ensure compliance with data protection and data security.

The web-based training, with which employees are trained on data protection at their own PC workplace, has proven to be particularly efficient in recent years. Upon successful completion, a certificate of participation is automatically generated, which serves as proof of training. The data protection unit documents the participation and proofs. All new employees are requested in writing to familiarise themselves with the principles of data protection with the help of the web-based training programme. In order to ensure sustainable awareness, there is an annual mandatory follow-up training of all employees. The decentral learning at one's own workplace is supplemented with classroom trainings. In 2019, 4,006 mandatory trainings were conducted.

Audits and reporting

Pursuant to art. 39 para. 1 lit. b) GDPR, the Data Protection Officer is responsible for monitoring the compliance with the data protection regulations of the GDPR and the BDSG as well as other data protection-relevant provisions in the Deka Group. This is done mainly through data protection checks in the specialist units. To ensure compliance with the provisions under the data protection law, the data protection unit has created a control universe and a multi-year audit plan, which is based on the risks of the processing activities. In 2019, 79 checks were carried out according to the multi-year plan. The results are transparently shared with the specialist units; if necessary, remedial measures are agreed upon and followed up. In the year under review, no justified complaints related to the protection of customer privacy or the violation of data protection were received.

Within the scope of an established reporting system, the Board of Management and the respective Managements of the subordinate companies are informed about detected data protection defects and risks as well as about the results from data protection audits. A reporting system has been implemented even for systematic information of the Group Money Laundering Ombudsman or the Group Fraud Ombudsman through the local Money Laundering and Fraud Ombudsman.

2.9
Complaint management

The Deka Group has implemented a comprehensive management system for customer complaints, which ensures an effective as well as transparent procedure for handling complaints. It mainly regulates that incoming customer complaints should be immediately forwarded to the competent specialist unit and processed there. Comments and suggestions for improvement from the complaints can also be recorded here.

DEVELOPMENT OF THE NUMBER OF COMPLAINTS (TABLE 1)

	31 Dec 2017	31 Dec 2018	31 Dec 2019
Number of complaints	3,638	6,371 *	4,787

* for the first time from 1 January 2018 including complaints from customers of S Broker AG & Co. KG and customer complaints of Deka Vermögensmanagement GmbH from 1 April 2018

The European Commission has established a European online dispute settlement platform. Consumers can use this for out-of-court settlement of disputes arising from purchase or service agreements made online. Customers also have the option of contacting the ombudsman's office of the Bundesverbands Öffentlicher Banken Deutschlands (VÖB [Federal Association of Public Banks in Germany], up to 31st March 2019), the consumer arbitration board of the DSGV (since 1st April 2019) and the ombudsman's office of the BVI Bundesverband Investment und Asset Management as well as the Federal Financial Supervisory Authority (BaFin) or the Luxembourg Supervisory Authority Commission de Surveillance du Secteur Financier (CSSF) with their complaints. In the year under review, the Deka Group received 26 complaints (2018: 40) through these ways. COMPARE TABLE 1

In the reporting period, there was only one complaint related to ecological topics that was submitted through formal procedures. There were no complaints on the topics of corruption and human rights impact of the Deka Group's activities.

2.10
Ideas and innovation management

Since 2015, the ideas management of DekaBank for the Deka Group takes place through a web-based platform. Here, employees of the Deka Group can submit their ideas to improve processes or for new products and services. The Crowd-Sourcing approach of this platform facilitates the employees' participation in further development and evaluation of the published ideas. Even indications of possible problems and risks are helpful for the relevant specialist division, which decides as to whether an idea is implemented.

Besides the Deka Group, 31 other savings banks or affiliated institutions use the platform hosted by Sparkassen-Finanzportal for their ideas management. Further developments of the platform can be pursued together with the savings banks. This year, an update jointly supported by the Deka Group and several savings banks was performed, which automatically carries out GDPR-conform anonymisations and deletions.

In 2019, the employees have submitted a total of 122 ideas (2018: 116), of which 90 (2018: 77) were published on the platform. A high proportion thereof contained suggestions to improve processes (41 percent, 2018: 47 percent). Ideas from the field of environment were represented with 19 percent (2018: 9 percent). Great successes in implementation were the introductions of bicycle leasing and a deposit system for coffee mugs. In addition, the Ecosia search engine was introduced in the Deka Group as standard search engine. Ecosia invests a large part of the profit in worldwide reforestation projects. Eight ideas were awarded with cash prizes worth a total of Euro 1,800; 22 more employees received gifts. In the year under review, suggestions from the ideas management have resulted in additional revenues or reduced expenditure in the total amount of over Euro 260,200 (2018: Euro 169,600).

Even S Broker AG & Co. KG has ideas management since 2016. Employees can submit ideas via the Intranet; after a check, these are activated for voting for all employees. Ideas with the best reviews are awarded with a cash prize of Euro 400. In the year under review, a total of three suggestions were awarded with prizes.

The active participation of as many employees as possible in the development of innovative solutions strengthens the innovation culture and thereby also the digital transformation of the Deka Group. In order to specifically support the development of ideas in this topic that is particularly important for the Group, ideas can be submitted with digital reference within the scope of a newly established innovation process. The best ideas get financial support.

A newly established Innovation Board and the "Expertenkreis Digitalisierung" ensure a close connection and coordination of the relevant divisions within the Group and thus a concerted action. The experts' circle identifies technological trends as well as new technologies and assesses their significance for the Deka Group. The division of Digital Multi-channel Management is responsible for the implementation of new digital solutions; the IT division is responsible for digitalisation of the technical interfaces to customers; while the specialist divisions that are relevant in the individual case are responsible for the digitalisation of processes together with the respective Division Head.

In order to make new technologies usable and to use digital technologies, these are first tested as part of a "laboratory" phase. Prototypes are developed for this purpose and the basic technical feasibility is tested, for example, in the Open Digital Factory (ODF). After a successful testing phase, the technology is then introduced as part of a "scale-up" phase. In the year under review, five corresponding prototypes were developed, including the "myDeka" app, which was first submitted through the ideas platform as a suggestion.

For further raising the employee awareness about the high degree of importance of innovation and digitalisation, "Innovation Days" were executed at the beginning of 2020. Within the scope of the four-day event, around 30 lectures, panels and workshops took place, in which internal and external speakers imparted a broad overview of the challenges and opportunities of new technologies.

RATING AGENCIES (FIGURE 3)

MSCI

Rating: AA

MSCI ESG, the division of MSCI that specialises in sustainability rankings, again evaluates the quality of the Sustainability Management with a very good **AA rating.**

The Deka Group thus grabs the **2nd place** in the group of German Asset Managers of the peer group of "Asset Management & Custody Banks".

Corporate ESG Performance
Prime
RATED BY ISS ESG

Rating: C+ (Prime)
Ranking: #5 of 206

ISS ESG distinguishes the Deka Group with the coveted ISS-ESG Prime-Status.

It is exclusively given to banks that comprehensively meet the stringent requirements of the agency for the quality of the Sustainability Management.

With a **C+** rating, the Deka Group attains a top 5 place among a total of 206 analysed banks.

imug

Sustainability Rating: positive (BB)
Mortgage Covered Bonds: positive (BBB)
Public Sector Covered Bonds: positive (BBB)

In the assessment, imug rating differentiates between the categories of sustainability rating (issuer rating) and mortgage bond rating, subdivided into public sector covered bonds and mortgage covered bonds.

As compared to 2018, DekaBank has further improved in all above-mentioned categories.

SUSTAINALYTICS

Rating: 83 out of 100 points
Leader
Ranking: #11 of 332

Last reviewed by Sustainalytics in 2017, the Deka Group gets 83 out of 100 points in the rating and is classified by the agency as "Leader" for the first time. It thus attains rank 11 of 332 of the total number of banks rated worldwide. In 2020, the Deka Group expects an update of the rating result.

As on: MSCI: 26.08.2019; ISS-ESG: 31.05.2019; imug: 21.03.2019 (Sustainability Rating: positive (BB); Mortgage Covered Bonds: positive (BBB); Public Sector Covered Bonds: positive (BBB); SUSTAINALYTICS: 12.10.2017

2.11
Sustainability rating

Numerous national and international surveys show that 60 to 70 percent of institutional investors in Germany and Europe already consider sustainability criteria during their capital investment. As a result of different regulatory requirements, this proportion shall increase further in future with high probability. Many of the total ten measures of the EU action plan for the financing of sustainable growth (COMPARE BACKGROUND: The EU action plan on financing sustainable growth) aim at making it easier for institutional as well as private investors to identify sustainable capital investments in order to direct more capital into the corresponding asset class.

Even for DekaBank as an issuer of public mortgage bonds, mortgage-backed bonds and bearer bonds, it is important to meet the requirements of the sustainability rating agencies, so that it can place its bonds successfully on the market. At the same time, the requirements of important stakeholder groups of the Deka Group, for example of environmental associations, human rights organisations and unions, are reflected in the criteria used by the agencies. Finally, the Deka Group uses the sustainability ratings as basis for a regular strengths-weaknesses analysis of its Sustainability Management even in comparison with other banks.

The current sustainability ratings again prove the Deka Group's commitment to sustainable development that is considerably above average in the sector comparison. In the year under review, the Deka Group again received a very good AA rating (scale AAA to CCC) from MSCI ESG and thus achieved second place in the comparison group of Asset Managers. No German Asset Manager has a better MSCI ESG rating.

The rating agency ISS-ESG distinguished the Deka Group with the Prime-Status even in 2019. With a C+ rating (scale A+ to D–), the Deka Group was again placed among five best rated banks in the peer group of "Public and regional banks". Only two institutions achieved a better rating with the B– grade. In the "Bond-Sonar-Rating" of the rating agency imug rating, DekaBank could improve in all three rating categories, i. e. "sustainability rating", "mortgage covered bonds" and "public sector covered bonds" and achieved the best result so far.
COMPARE FIGURE 3

BACKGROUND

The EU action plan on financing sustainable growth

In the year under review, the EU Commission and the experts' commission appointed by it, the Technical Expert Group, briefly TEG, worked intensively on the implementation of total 10 measures from the action plan on financing of sustainable growth despite the European elections and the related realignment of the Commission. The EU Commission had presented this plan in March 2018 with the primary objective of diverting more capital into environmental and climate-friendly investments in order to achieve the goals of the Paris Agreement. In addition, the measures aim at anchoring climate and other sustainability aspects more strongly in the risk management of capital market players and to promote transparency and long-term orientation towards the financial markets.

In the year under review, there was some progress especially with respect to the desired diversion of capital flows into sustainable investments. It mainly aims at supporting the investors for two issues: On the one hand, they should be able to identify sustainable investment products more easily. For example, the expansion of the EU Eco-label to corresponding investment products should serve this purpose. In a broader sense, the planned ESG preference query should also be assigned to this goal. According to the motto "the investor cannot know what he/she wants to know, if he/she does not know what he/she can know", the investor should be explained by his/her adviser by means of an active approach that there are sustainable investment products and he/she can consider these in the investment decision.

How useful this is with regard to the further distribution of corresponding products is shown by the fact that this form of capital investment is so far unknown to many people. 55 percent of the savings bank customers surveyed within the scope of the Deka Investor Monitor 2019 state that they have not yet heard of sustainable investments. But, at the same time, such an investment is worth considering for 59 percent of the respondents – even savings bank customers, who had not heard of sustainable investment options before the survey, spontaneously find this to be interesting.

On the other hand, the investors should be facilitated to assess the sustainability-related quality of the investment products. In this context, the EU taxonomy, the transparency regulation as well as the creation of benchmarks are relevant for sustainability. The current status of the stated measures is documented below as of the end of 2019. The measures have been numbered based on the corresponding sequence of the measures in the EU action plan.

Measure 1

Sustainability taxonomy

In June 2019, the TEG presented a first comprehensive report on the definition of sustainable economic activities. In this report, the technologies and other activities that are classified as sustainable are defined for two of the total six goals defined by the EU Commission – flight against the causes of climate change (Climate Change Mitigation) and adaptation to its consequences (Climate Change Adaptation) – for eight respectively six sectors in each case. The agriculture and forestry, the energy production and the transport sector as well as the real estate sector are taken into account among other things. The section of Climate Change Adaptation also contains definitions for the finance sector, concretely for the designing of insurance solutions against extreme weather events such as heavy rain, floods or droughts. According to the current status of negotiations, the taxonomy shall become legally binding only at the end of 2022.

Measure 2

Standards and labels

With the help of standards and labels, it should be made easier for investors to identify sustainable products – an approach that is known from other areas of life, such as food. For this, there should be a European label for sustainable investment products based on the EU Eco-label besides the existing, often national or regional labels such as the seal of German Forum Nachhaltige Geldanlagen (FNG).

Also in other areas, the EU wants to ensure greater clarity and transparency about the "ingredients" of the corresponding products. The TEG has therefore also published a first draft for an EU Green Bond Standard in the summer of 2019. It is largely based on the Green Bond Principles supported by DekaBank, but extends them at two places: On the one hand, the EU taxonomy is taken as basis when defining projects that are permissible for the re-/financing through a Green Bond; on the other hand, the independent experts, who today write the so-called Second Party Opinion, must have themselves officially accredited in future.

Measure 4
Sustainability in the investment advice

From the end of 2020, banks and savings banks shall be obligated to actively ask their private customers as to whether they would like to consider social and ecological criteria during their capital investment. From this obligatory "ESG preference query", the legislator expects an increasing familiarity of corresponding capital investments among private investors and, as a result, an increasing interest in the same. The new regulation has several effects on the banks and savings banks: First and foremost, they are required to offer their customers a choice of suitable sustainable investment products and to qualify their customer advisers such that they can competently explain the sustainable products to their customers. In terms of the investment products, the current focus is strongly on funds. It should thereby be considered that a customer is, for example, currently not interested in a sustainable equity fund, but in corresponding products in other asset classes, from classic savings through shares up to green real estate. Savings banks and banks, which offer the whole range of products, must therefore be able to deliver over their entire product range. In addition, the customer might ask as to how his/her savings bank or bank itself complies with sustainability and which concrete measures it implements. The advisers must also be able to answer these questions and target group-oriented information must be available.

Measure 5
Benchmarks for sustainability

On this topic, the TEG has presented its final report in September 2019. The focus here is on creating two types of benchmarks, which especially gear to the climate compatibility or the compatibility of capital investments with the goals of the Paris Agreement. Against this background, the TEG differentiates between the "EU Climate Transition Benchmark (EU CTB)" and the "EU Paris-aligned Benchmark (EU PAB)". According to the TEG's ideas, both benchmarks should fulfil several functions: as base value for passive investment strategies, as a standard of compatibility for assessing the climate or Paris compatibility of funds and other portfolios and as basis for determining a climate-compatible strategic asset allocation (SAA).

Measure 9
Transparency regulation

Through the transparency regulation, all finance market participants, i. e. insurance companies, fund companies and banks, as well as financial advisers, which offer financial products or portfolio management, are obligated to inform their customers and other interest groups regularly about the consideration and integration of sustainability aspects in investment as well as risk processes. For this purpose, the companies and agents concerned should especially inform on their websites as to how they consider sustainability risks in their investment decisions and consultation processes and what influence corresponding risks can have on the profitability of a financial product. There also are further information obligations for financial products offered as "sustainable".

Interim conclusion

Many measures of the EU action plan are directly or indirectly linked with the development of the taxonomy. For example, the EU Green Bond Standard available as a draft can be implemented only if the taxonomy is finalised and put into force. In the sense of quickly creating decision-making security for the providers as well as for the investors, the most important target group of the EU action plan, it would therefore be useful to finalise the EU taxonomy as soon and comprehensively as possible – i. e. including the "S" and "G" pillars from the ESG triad.

At the same time, the EU Commission and the TEG could maintain their high tempo in the execution of the 10 measures in the year under review. Although the speed was detrimental to the thoroughness and balance in some areas, groundbreaking decisions were made in 2019, which shall influence the market environment for the providers of sustainable capital investments significantly in the coming years. According to the current status, this is especially beneficial to providers, which design their ESG investment products based on a sound and comprehensible selection strategy, thereby keeping an eye on climate change and its risks and opportunities and informing the investors extensively and transparently about the products – in a personal conversation and via various other communication channels.

As of: December 2019

3. Sustainable products

Even before the regulatory measures, which have strengthened the consideration of ESG criteria during the capital investment especially in the last couple of years, the market for sustainable capital investments has grown considerably: For example, the volume of sustainable capital investments in Germany increased from nearly Euro 440 billion in 2014 to lastly over Euro 1,500 billion; the worldwide volume was about Euro 27,000 billion at the beginning of 2018. Especially institutional investors such as churches, foundations and pension funds use the repeatedly confirmed advantages of a sustainable capital investment. Even private investors are increasingly interested in this form of capital investment. Since the latter must be actively approached about the topic of sustainability by advisers in the consultation session from 2020 onwards, Deka expects a significantly growing demand for sustainable investment products – a demand that Deka meets with a comprehensive product campaign.

3.1
Sustainability in investment

In the area of capital investments, a distinction is made between proprietary investments and capital investments that are managed on behalf of the customer. While DekaBank primarily considers the requirements of the owners during the capital investment for its own account, specific – even sustainability-related – requirements of the individual customer groups must be considered during fiduciary capital management for the account of a third party.

3.1.1 Investments for own account

Since July 2014, DekaBank uses a sustainability filter for new proprietary investments, which includes a catalogue of exclusion criteria for the topics of environment, human and labour rights as well as corruption based on the UN Global Compact. A possible involvement of companies in the defence sector is also considered. Securities issuers violating one or several of these exclusion criteria are excluded from the investment. In the year under review, DekaBank has verified the catalogue of exclusion criteria for proprietary investment; at present however, there is no need for a further addition to the catalogue. As on 31.12.2019, 100 percent of the proprietary investments in securities with a volume of around Euro 14 billion were managed using the criteria of the proprietary investment filter (2018: Euro 15.6 billion).[4]

Deka Treasury Compass

With the Deka Treasury Compass, DekaBank also offers the savings banks the option of carrying out a detailed sustainability check for their proprietary investments, which is also based on the criteria of the UN Global Compact. In the year under review, representatives of DekaBank's Sustainability Management Department have presented the function and results of the compass to the partners in the savings banks at numerous events, at the invitation of regional associations and the DSGV. In 2019, about 170 savings banks have conducted a sustainability analysis for their direct stocks based on the Deka Treasury Compass. As a result, around 99 percent of the investment volume of the savings banks met the sustainability criteria.

Deka Research Hub

Even with the Deka Research Hub, DekaBank supports the savings banks in considering sustainability criteria during their capital investment. The Research Hub offers comprehensive analyses to issuers of mortgage bonds and other securities. One of the total four analysis modules provides information about the sustainability performance and ratings of the issuers. In cooperation with imug rating, information about possible violations of the principles of the UN Global Compact by the issuers as well as about the overall quality of the Sustainability Management is provided among other things.

4 without S Broker AG & Co. KG

3.1.2 Investments for third account

3.1.2.1 Capital market-based investment products

3.1.2.1.1 Funds and other capital market-based Investment solutions

Deka Investment GmbH has already expanded the classic triangle of capital investment – returns, risk and liquidity – by sustainability aspects a few years back. The funds managed by Deka Investment GmbH do not invest in companies that manufacture anti-personnel mines or cluster munition ("cluster bombs"). Moreover, the mutual funds managed by Deka Investment GmbH do not invest in manufacturers of handguns. In addition, the Deka Group does not issue products that directly show the price development of food.

Deka Sustainability funds and ETFs

With the Deka-sustainability product series, private investors can invest in equity, pension or mixed fund portfolios, which meet the specific criteria of a sustainable investment. The "Deka-Sustainability" funds family currently includes the four funds Deka-Nachhaltigkeit Aktien [Deka-Sustainability Shares], Deka-Nachhaltigkeit Renten [Deka-Sustainability Pension], Deka-Nachhaltigkeit Balance [Deka-Sustainability Balance] and the umbrella fund DekaNachhaltigkeit ManagerSelect [Deka-Sustainability ManagerSelect]. The offer also includes two equity funds: the Deka-UmweltInvest [Deka Environment Invest] fund, which invests exclusively in companies from the fields of climate and environmental protection, water management and renewable energies, as well as the Deka Portfolio Nachhaltigkeit Globale Aktien [Deka Portfolio Sustainability Global Shares] issued in the year under review, which combines the sustainability approach of the Deka-Sustainability product series with the established low-risk model of the DekaGlobale Aktien Low Risk [Deka Global Shares Low Risk].

Independent awards regularly confirm the high quality of the sustainable investment processes and fund concepts. For example, the Deka-Nachhaltigkeit Renten reached the first place in the €uro FundAwards 2019 in the fund category of "Pension funds Euro/Corporates/Investment Grade" over a period of 5 years. In the first awarding of the "German Fund Champions 2020", Deka Investment GmbH was chosen as the Fund Champion in the category of "ESG/Sustainability". In the awards given by f-fex AG and finanzen.net, mainly the funds with sustainable investment guidelines were analysed and evaluated besides the range of funds.

At the end of 2015, Deka Investment GmbH already issued in cooperation with the sustainability rating agency oekom research (today: ISS ESG) the index fund Deka Oekom Euro Nachhaltigkeit UCITS ETF [Deka Oekom Euro Sustainability UCITS ETF] for institutional investors. Even the two funds Deka-Stiftungen Balance [Deka Foundations Balance] and Deka-Kirchen Balance [Deka Churches Balance] aim at institutional investors. Detailed profiles of all funds can be found at https://www.deka.de/privatkunden/produkte/fonds/nachhaltigkeitsfonds.

Sustainable security investments are possible in the DekaBank securities account even from Euro 25 onwards. The Deka-Nachhaltigkeit Aktien fund is also suitable for the investment of capital-forming benefits. Since January 2017, customers can select the Deka-Nachhaltigkeit Aktien fund as equity component and the Deka-Nachhaltigkeit Renten fund as pension component in the Select version when concluding the Deka-ZukunftsPlan [Deka Future Plan], a Riester fund savings plan, and thus invest in the savings phase in sustainability-oriented funds.

DekaBank certificates

Even in case of structured products and certificates, DekaBank has expanded its offer for private customers and offers sustainable product solutions since October 2019. The current investment products are based on the sustainability index "STOXX® Europe ESG Leaders Select 30 EUR index" as base value. While mainly institutional investors could so far invest sustainably due to the high minimum volumes, DekaBank now offers private investors the option of investing sustainably even from a nominal amount of Euro 100 Euro or Euro 1,000, depending on the structure, with its new certificates on a sustainability index. By the end of 2019, a total of nine investment certificates were offered on this index. More issues as well as an expansion of the offer of sustainable certificates by effect-related indices and sustainable companies as further base values are planned for 2020.

Sustainable asset management and asset management funds

In the segment of asset management as well as the asset management funds, the customers can choose products and services with a sustainable investment approach. For example, in case of the sustainable version of the "Deka Private Banking Invest Premium" asset management, Deka Vermögensmanagement GmbH allows only such issuers of shares and bonds for investment, which meet certain sustainability criteria. They must, for example, get the minimum grade C (scale of A "Best scorer in selected universe" to E "Worst scorer in selected universe") for the quality of their Sustainability Management from the ESG rating agencies imug rating or Vigeo Eiris and may, at the same time, not violate various exclusion criteria. In principle and irrespective of the individual sustainability-related requirements of the investors, even Deka Vermögensmanagement GmbH, just like Deka Investment GmbH, excludes such companies from the investment that manufacture anti-personnel mines or cluster munition ("cluster bombs").

At the end of the year under review, the asset management fund DekaSelect: Nachhaltigkeit [DekaSelect: Sustainability], which is already on the market since January 2009, was revised with regard to the management approach and sustainability strategy and renamed to "Deka-Nachhaltigkeit ManagerSelect" [Deka-sustainability ManagerSelect] in this context. Investments of this fund take place exclusively in target funds or in portfolio managers, which consider sustainability criteria as part of their approach.

The offer of Deka Vermögensmanagement GmbH also includes different sustainable fund concepts, which are offered in individual savings banks, e. g. the Hamburger Nachhaltigkeitsfonds – Best in Progress [Hamburg sustainability fund – Best in Progress] of Hamburger Sparkasse or the Rheinische Kirchenfonds [Rhenish church fund] of Düsseldorfer Sparkasse.

bevestor – the Robo-Advisor solution of the Deka Group

With bevestor, the Robo-Advisor solution of the Deka Group, private customers also have a digital – and thus paperless – investment solution at their disposal in addition to the qualified and holistic securities advisory services in the branch. With the "Select" investment concept, they are given the opportunity to create money in an automated manner according to a scientifically substantiated investment concept and to have it managed by Deka Vermögensmanagement GmbH within the scope of professional asset management. The investors also have the option of considering up to three additional investment topics from currently six topics. Among other things, one can choose from the topics of water, sustainability and climate change. Investors can already invest directly with an investment amount of Euro 25 monthly or Euro 1,000 one time.

S Broker

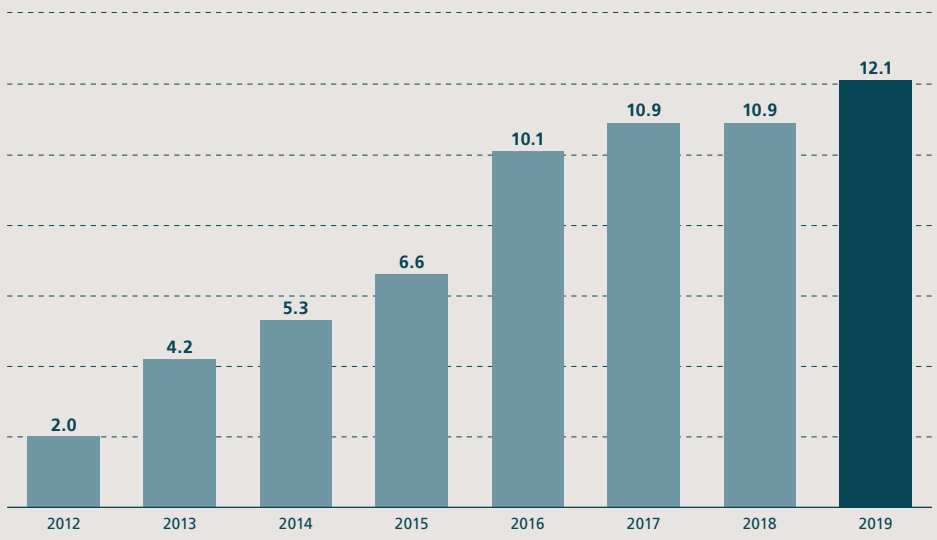
S Broker AG & Co. KG is the central online broker of Sparkassen-Finanzgruppe. The company offers its customers – private investors and savings banks – the opportunity to maintain an online portfolio and to trade securities. In order to make it easier for the customer to look for sustainable investment products, S Broker has set up a separate landing page with numerous available sustainability products from the funds and ETF area. The investors can purchase these in the exchange trading or off-exchange trading. For various products, there also is the option of setting up a savings plan.

Individual solutions for institutional customers

Deka Investment GmbH offers individual investment solutions to institutional investors, in which the respective sustainability-related requirements, for example specific exclusion criteria, are taken into account comprehensively. When implementing these individual strategies, Deka Investment GmbH uses data from renowned sustainability

DEVELOPMENT OF THE VOLUME OF SUSTAINABLE INVESTMENT PRODUCTS (FIGURE 4)
at Deka Investment GmbH (in billion Euro/as on 31.12. in each case)

Mutual funds as well as special funds and mandates



rating agencies – at present, mainly imug rating or Vigeo Eiris and MSCI ESG – , which provide information on the sustainability performance of individual issuers as well as on possible violations of the respectively defined exclusion criteria by these issuers.

Institutional investors are showing significantly growing interest in approaches for measuring the sustainability-related impact of capital investments. For this, Deka Investment GmbH offers, among other things, analyses for ESG-evaluation of a portfolio, for its Carbon Footprint as well as for the influence of the invested companies on the achievement of the UN SDGs, based on the data from specialised data providers.

Sustainable investment volume

In the private customer area, Deka Investment GmbH managed a total of around Euro 4.1 billion in sustainable products as of the end of 2019 (2018: Euro 3.1 billion), 30 percent more than the same time last year. For institutional customers, the volume of sustainable investments amounted to Euro 6.1 billion on 31.12.2019 (2018: Euro 4.9 billion).

Thus, the total volume of sustainable investment products at Deka Investment GmbH is over Euro 10.2 billion (2018: Euro 8 billion). The share of sustainable investment funds in the total Assets under Management in the securities area was around 4.1 percent at the year end of 2019 (2018: 3.7 percent[5])[6].

If one adds the approximately Euro 1.9 billion of proprietary investments in special funds (including S Broker AG & Co. KG), which are managed using the criteria of the proprietary investment filter, that results in a total volume of sustainably managed investments in Deka Investment GmbH of approximately Euro 12.1 billion (2018: Euro 10.9 billion). COMPARE FIGURE 4

If one additionally considers the Euro 14.0 billion (2018: 15.6 Euro 15.6 billion) of capital investments for own account as well as the investment of the fund liquidity of the mutual and special funds of Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH in the amount of Euro 6.2 billion Euro (2018: Euro 5.4 billion), which are managed using sustainability criteria, this gives a total volume of sustainably managed investments in the Deka Group of approximately Euro 32.3 billion (2018: Euro 31.9 billion). This corresponds to a share of 14.7 percent of total investments managed in Germany under consideration of strict sustainability criteria according to the calculations of Forum Nachhaltige Geldanlagen (FNG) (Euro 219 billion as on 31.12.2018).

ESG integration into the investment process

Beyond the specific offer of sustainable investment solutions, Deka Investment GmbH works on basically integrating sustainability criteria into its investment process. For this purpose, the in-house research platform was expanded by information and data on sustainability aspects for all asset classes and was thus made available to all decision-makers in the year under review. It thereby combines external data with internal analyses and is supplemented by relevant findings from talks with companies' representatives. At the same time, the competent specialist department uses company and sector-related sustainability analyses of external sustainability experts more strongly.

Since the summer of 2019, all portfolio managers and analysts of Deka Investment GmbH as well as Deka Vermögensmanagement GmbH are trained on the topic of sustainability within the scope of the internal "ESG Academy". Subject of the modular seminars are, among others, new regulatory requirements and current trends on the sustainable capital market.

5 The value of 4 percent stated in the sustainability report of 2018 was rounded up from 3.7 percent.

6 Without S Broker AG & Co. KG

3.1.2.1.2 Corporate dialogue and exercise of voting rights

The direct dialogue with the companies, whose shares and bonds are held by an investor, and the exercise of the voting right associated with shares at General Meetings are increasingly important instruments of sustainable capital investment. Deka Investment GmbH uses votes and involvement to protect the value of its capital investments and to support sustainable development in the companies.

Direct corporate contacts

In the reporting period, analysts and fund managers of Deka Investment GmbH had more than 1,500 contacts to companies. Depending on the sector and business model of the respective company, social and environmental aspects of the business activity were regularly addressed besides Corporate Governance topics; this concerned approximately 15 percent of the companies represented in special assets.

Deka Investment GmbH follows international principles and goals when determining the focal topics for the business dialogues. These include, in particular, the principles of the UN Global Compact and the ILO core labour standards, as well as the UN SDGs, the climate goals of the European Union and the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). COMPARE BACKGROUND: Systematic climate risk reporting based on the TCFD

In this reporting period too, the risks associated with climate change and the possible effects of decarbonisation on the business model of companies were a focal topic in the direct talks with companies. For example, to protect its capital investments in the year under review, Deka Investment GmbH demanded from car manufacturers that they develop a strategy for CO_2-free mobility; a business strategy towards CO_2-free energy production is also expected from the energy suppliers. Deka Investment GmbH has also addressed these topics at the General Meetings of numerous companies.

In cases, where the analysts come across deficits in the handling of the principles of sustainable development or the specified principles and goals within the scope of the corporate analyses, these are addressed in the direct contact with the companies. Where appropriate, Deka Investment GmbH gets together with other investors, for example within the scope of the PRI. If the deficits are not rectified by the company, the company may be excluded from the investment universe as last resort. This exclusion can be applicable not only for specific sustainability products, but basically for all relevant investment products of Deka Investment GmbH.

Exercise of voting rights

In 2019, Deka Investment GmbH actively voted at 316 General Meetings on a total of 3,852 agenda items. In approximately every third case, it voted against the proposed decisions. At 13 General Meetings, representatives of Deka Investment GmbH asked to speak. Deka Investment GmbH does not limit the exercise of voting rights to Germany, but uses the shareholder rights worldwide at General Meetings.

With these activities, Deka Investment GmbH picks up the new requirements of the Aktionärsrechterichtlinie [Shareholder Rights Directive], which was approved by the EU Parliament in the spring of 2017 and was adopted by the European Council and was now embodied in national law in the year under review. The reform of the Aktionärsrechterichtlinie should strengthen and facilitate the involvement of shareholders as well as create incentives for long-term investments from selected institutional investors and asset managers.

Background: Bayer and Monsanto

Deka Investment GmbH has been critically accompanying the acquisition of Monsanto by Bayer AG since a very early stage. It expressed concern about the high capital expenditure associated with the acquisition at the General Meeting of 2018. Moreover, it pointed out possible reputational damage, which is associated with the acquisition of the publicly controversial US company. In the course of the acquisition's implementation, Bayer AG is no longer investable for sustainable mutual funds of Deka Investment GmbH.

At the General Meeting of 2019, Deka Investment GmbH refused, together with other investors, the discharge of the Board of Management and Supervisory Board in order to underline its criticism of the acquisition and its consequences. As a result of this concerted action, Bayer AG announced strengthening of the legal as well as agricultural expertise in the Supervisory Board among other things. However, since this did not yet fulfil all demands of Deka Investment GmbH, it shall continue to accompany Bayer AG in the critical dialogue.

The Aktionärsrechterichtlinie obligates institutional investors and asset managers among others to create more transparency in relation to their investment strategies, their cooperation policy and its implementation. Deka Investment GmbH has already defined central cornerstones for its voting behaviour in its "Principles of the voting policy at General Meetings", which are also published on the website, just like an overview of the General Meetings, at which Deka Investment GmbH has voted in 2019.
COMPARE HTTPS://WWW.DEKA.DE/PRIVATKUNDEN/UEBERUNS

The principles are based on the comprehensive experience of Deka Investment GmbH as one of the major fund providers and thus shareholder representatives. They take into account the applicable laws, the respective latest analysis guidelines for General Meetings of Bundesverband Investment und Asset Management (BVI), the German Corporate Governance Code, the DVFA Scorecard for Corporate Governance, international codes, applicable environmental and social standards as well as the requirements of the PRI.

In the year under review, Deka Investment GmbH has again intensified the principles for the voting policy. The changes mainly concern shortening of the voting cycle using the remuneration system of the Board of Management by the Supervisory Board from five to four years, expansion of the stipulations on the independence of the Supervisory Board members, reduction of the permissible further mandates of the Chairperson of the Board of Management as well as broadening and intensification of sustainable aspects, especially with regard to climate aspects.

In the year under review, Deka Investment GmbH has also published an Engagement Policy, which explains the approach and the procedure for the active dialogue with companies and the exercise of voting rights. The policy is also available on the aforementioned website.

Protection of the investors' interests

As one of the largest asset managers in Germany, Deka Investment GmbH acts according to the Kapitalanlagegesetzbuch [German Investment Code] in the interest of the investors in the special assets managed by it on trust. Its obligations include representing the interests of all investors also vis-à-vis the companies, in whose securities the special assets invest. For this, Deka Investment also uses the legal way. For example, Volkswagen:

Deka Investment hat filed a suit against Volkswagen AG in order to clarify whether the automobile group has violated due diligence and disclosure obligations in connection with the use of manipulation software in diesel vehicles. In this context, Deka Investment GmbH also asserts so-called tort damages, since the Management of Volkswagen AG has deliberately harmed the shareholders of Volkswagen AG in an immoral way through its conduct.

In model case proceedings, the Braunschweig Higher Regional Court has determined Deka Investment GmbH as model plaintiff. The model plaintiff is chosen by the court and not at the request of a certain plaintiff. The hearing has started on 10.09.2018 and was going on throughout the year under review. Due to the complexity of the issue, it is still open as to when the hearing shall be concluded.

3.1.2.1.3 Activities to promote sustainable investment

International initiatives

The already addressed action plan of the EU Commission "Financing Sustainable Growth" with its ten measures is of special importance at the international level. The Deka Group attentively accompanies the implementation of the measures by the EU Commission and gets involved actively in the discussions particularly at the national level.
COMPARE THE SECTION ON NATIONAL INITIATIVES

Background: Engagement is increasingly important even for private investors

The active engagement of fund companies plays an increasingly important role even for private investors, as shown by a representative YouGov survey on behalf of DekaBank. 71 percent of the respondent securities owners find it important that fund companies play the role of a trustee of their investors and actively represent them at the General Meetings. More than half of the respondents (56 percent) are convinced that the share price of the respective company increases over the long term as a result of such engagement. And for 41 percent of the investors, this is a reason to buy when deciding for the equity fund of a certain fund company. About half of the respondents (48 percent) believe that their voting right is best represented by a national fund company. Only 26 percent of the respondents show such trust in international providers.

The investors have clear ideas about topics, for which a fund company should stand up. With a clear majority of 58 percent, the first preference goes to working towards responsible corporate governance, followed by social (43 percent) and ecological criteria (40 percent). Classic success factors such as balance sheet and financial key figures are significantly less in focus for the respondents (31 percent). Even the appropriateness of Board of Management salaries plays a comparatively subordinate role (27 percent).

Also noteworthy is the already mentioned signing of the PRI by Deka Investment GmbH in 2012 (COMPARE CHAPTER 2.5). Deka Investment GmbH reports annually on the measures taken to implement the six PRI principles within the framework of the PRI Progress Report. As part of the PRI membership, Deka Investment GmbH participates in joint engagement initiatives with other global investors. For example, in the year under review, it supported an engagement campaign on the topic of cobalt and human rights. Among other things, it requested German automobile companies to increase the transparency about the supply chain for the procurement of cobalt in order to better identify and combat human rights violations.

Deka Investment GmbH has also joined the British initiative Farm Animal Investment Risk & Return (FAIRR). This collects data on sustainability standards of companies that work in large-scale animal husbandry and industrial agriculture.

Since November 2016, DekaBank is a member of the Green Bond Principles of the ICMA, which internationally serve as an authoritative guide for the issue process of "green securities". The annual conference of the Green Bond Principles took place in Germany for the first time in June 2019, where DekaBank appeared as a sponsor. The subject of the conference was, among other things, the draft for an EU Green Bond Standard, which was also submitted in June 2019 by the Technical Expert Group nominated by the EU Commission. It is largely based on the Green Bond Principles, but focuses on the taxonomy of sustainable activities planned within the framework of the EU action plan when defining the projects suitable for Green Bonds.

In the year under review, DekaBank worked on creating the foundations for the issue of own Green Bonds. Depending on the market conditions, the first issue is planned for the year 2020.

Since the end of 2018, DekaBank is partner of the Climate Bonds Initiative (CBI). The initiative founded in 2009 has set itself the goal of integrating the international bond market more strongly into the financing of climate protection and thereby supporting especially also the further market development for Green and Climate Bonds. In cooperation with the CBI, DekaBank could conduct various customer events in Frankfurt, Düsseldorf and Munich on the topic of "Green Bonds and Developments on the Sustainable Finance Market" in 2019. The CBI also prepared a study on the German Sustainable Finance Market on behalf of DekaBank and DZ BANK.

Background: Green and Social Bonds

In the Green Bonds, the EU Commission sees a central instrument for financing investments in climate and environmental protection and has therefore given high priority to the development of an EU Green Bond Standard (EU GBS) as part of its action plan. The peculiarity of this form of bonds is that the concrete climate and environmental protection projects, in which the issue proceeds should be invested, are determined even before the bonds' issue. With USD 255 billion[7], the issue volume reached a historic high in 2019. The importance of Social Bonds and Sustainability Bonds has also increased at the same time, in case of which the borrowed funds are invested in social projects or in projects that meet specific social and ecological requirements.

In the year under review, DekaBank also appeared as arranger of sustainable bonds such as Green Bonds and Sustainability Bonds on the capital market in order to meet the increased demand for sustainable securities from savings banks and institutional investors. In 2019, for example, DekaBank accompanied the fifth sustainability bond of the State of North Rhine-Westphalia with a volume of Euro 2.25 billion and a term of 15 years, which was the biggest as well as the longest-term sustainable benchmark bond on the German capital market at the time of issue, as Lead Manager. In the year under review, DekaBank was also part of the consortium of a Social Bond with a volume of Euro 250 million and a 10-year term for the first time, which was placed on the market by Investitions- und Förderbank Hamburg in October for the financing of social housing.

National initiatives

To implement the project of making Germany the leading sustainable finance location, which was also corroborated by Federal Chancellor Dr. Angela Merkel on the Savings Bank Day 2019, the Sustainable Finance Advisory Council of the Federal Government was appointed in June 2019. The experts selected on the basis of their personal expertise, who should develop a sustainable finance strategy for Germany, include Ingo Speich, Head of Sustainability and Corporate Governance of Deka Investment GmbH. In 2019, he was also appointed in the Consultative Working Group (CWG) of Investor Protection and Intermediaries Standing Committee (IPISC) of the European Securities and Markets Authority (ESMA) and is member of the DVFA Commission Governance & Stewardship, which supports responsible interaction of companies and investors on the German capital market.

7 www.climatebonds.net

The Green and Sustainable Finance Cluster Germany (GSFCG) is active since 2018; it has originated from the merger of the Green Finance Cluster of the Hessian Ministry of Economic Affairs and the Accelerating Sustainable Finance Initiative. The Cluster's goal is to position itself as a competence and dialogue platform of the finance sector to achieve the German climate and sustainability goals. DekaBank also supports this initiative financially. The Hub for Sustainable Finance (H4SF) started in the summer of 2017 by the German Stock Exchange and the Council for Sustainable Development (RNE) is an open network of financial market players and other stakeholders, which actively contribute to a sustainable finance system in Germany.

One of the pioneers of the anchoring of sustainability aspects in the finance market is Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU) [Association for environmental management and sustainability in financial institutions], in which DekaBank is already involved since 2007. Since 2016, the Head of Sustainability Management of DekaBank, Johannes Behrens-Türk, works in an honorary capacity as member of the board of VfU. DekaBank is also member of the Forum Nachhaltige Geldanlagen e. V. (FNG) and Corporate Responsibility Interface Center e. V. (CRIC), a charitable association for the promotion of ethics and sustainability in investment. With its more than 100 members, CRIC promotes a constructive dialogue between companies, politics and finance market players for raising general awareness regarding ethical and sustainable investments.

DekaBank is also active in various sector initiatives and associations in order to exchange views about sustainability-related issues with other players and to develop joint solution approaches. These include, in particular, the initiatives and associations presented in this chapter and in CHAPTER 3.1.2.2.

3.1.2.1.4 Investor information and promoting the dissemination of financial knowledge

As Wertpapierhaus of the savings banks, the Deka Group supports its partners not only with an extensive product range, but also in terms of informing the savings bank customers. It has therefore formulated strict principles for all documents that are made accessible to private customers. The "Guide to preparing advertising and investor information" mainly prohibits aggressive marketing and 'the exploitation of especially vulnerable customer groups, for example older people. Private customers thereby also include customers from the municipal sector.

The transparency declarations for sustainable funds, which Deka Investment GmbH uses for its sustainability funds, serve for investor information. Thus, all mentioned sustainability funds bear the transparency logo of the European industry association Eurosif. In this context, Deka Investment GmbH has voluntarily obligated itself to publish accurate, appropriate and up-to-date information in order to especially enable the investors to assess the ESG strategy of a fund and its implementation.

Employees of S Broker AG & Co. KG, the central online broker of Sparkassen-Finanzgruppe, conduct around 60 webinars every year, in which customers and other interested parties can obtain live and free basic and expert knowledge on capital investment. On an average, around 60 participants follow the programmes. Since November 2019, S Broker also offers the customers a specific range of information on the topic of sustainability on the website.

DekaBank supports the Planspiel Börse [stock exchange simulation game] of Sparkassen (COMPARE CHAPTER 6.2) not only financially, but also with know-how. Dr. Michaela Hönig from the Board Staff of DekaBank and Professor of General Business Administration at the Frankfurt University of Applied Sciences is part of the Scientific Advisory Council for Planspiel Börse Germany since 2017.

3.1.2.2 Real estate-based investment products

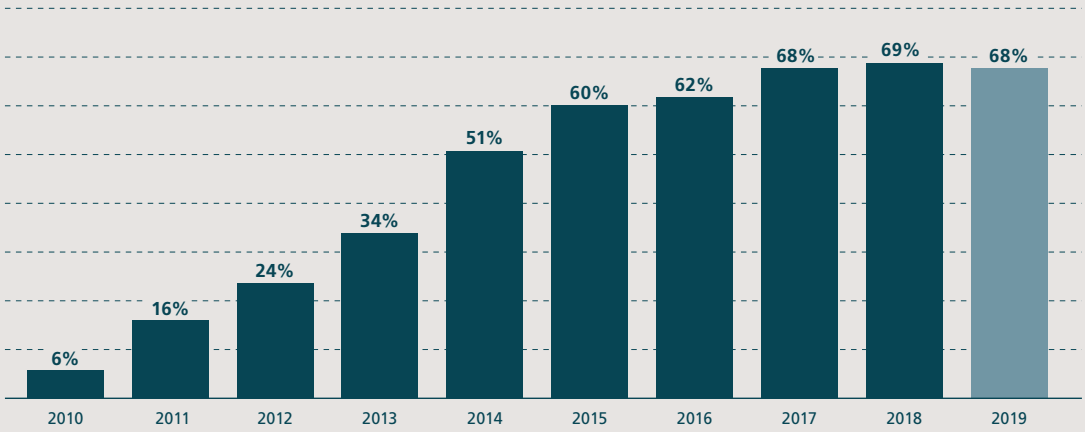
Sustainability strategy in the business area of Real Estate Asset Management

The business area of Real Estate Asset Management (AMI) has translated the principles for sustainable corporate governance of DekaBank into its own business area-related sustainability strategy. For the various measures for implementing the strategy in the years 2017 to 2019, the following five benchmarks were applicable:

1. Increase in the tenant loyalty with energy management, mainly through savings of ancillary costs on suitable objects
2. Sustainability as an instrument for optimising the returns, for example through the reduction of tenant fit-out costs
3. Positive image as a provider of sustainable real estate, mainly by securing and – where possible – improving the rating results
4. Anchoring of the social and societal responsibility in the day-to-day business, mainly through the integration of strategic and operational sustainability aspects into the investment process
5. Fulfilment of regulatory, sustainability-related provisions

Even the measures executed in the year under review were assessed depending on what concrete contribution they make to the achievement of these benchmarks. Work on a new sustainability strategy was already started in 2019, which shall also take the product level into consideration more strongly. It should be adopted by mid-2020.

DEVELOPMENT OF THE BUSINESS AREA OF REAL ESTATE WITH GREEN BUILDING CERTIFICATION (FIGURE 5.A)



Sustainability filter for the fund liquidity
Even the sustainability filter for the fund quality of all mutual funds as well as parts of the special funds of Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH in the business area of AMI that was introduced in 2018 should be updated and supplemented. Just like the sustainability filter for DekaBank's proprietary investments, the filter is currently based on the principles of the UN Global Compact and also excludes defence companies from the investment. As on 31.12.2019, approximately Euro 6.2 billion Euro (2018: Euro 5.4 billion) were managed using the filter.

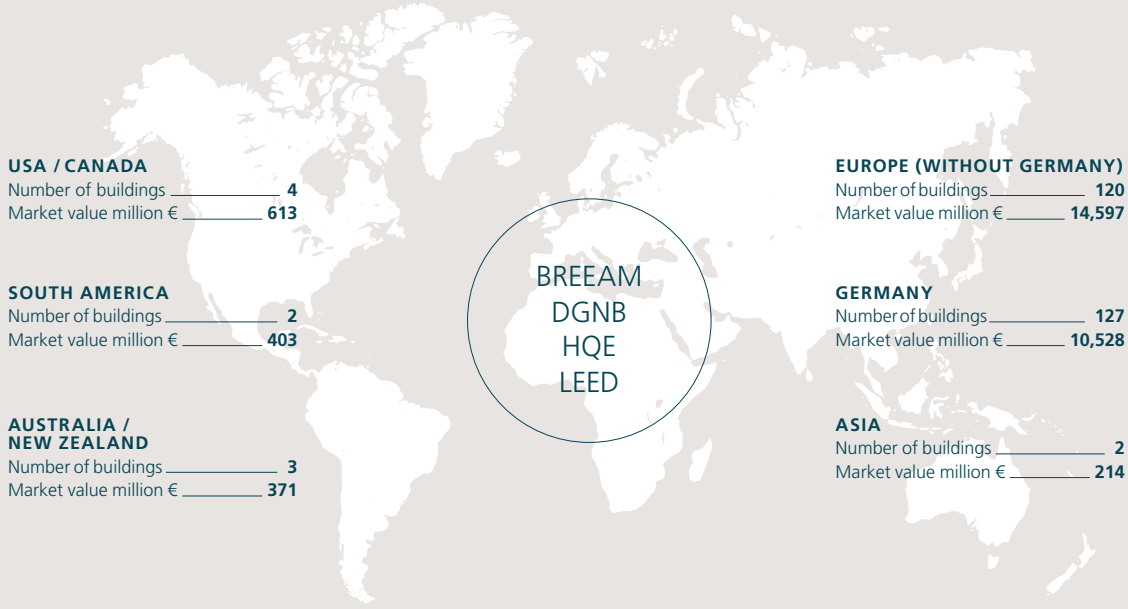
Facilities and management of buildings
A cooperation agreement was made with the PropTech provider MeteoViva Climate in the year under review in order to optimise the energy consumptions and thus to reduce the CO_2 emissions further. Within the framework of the cooperation, 100 properties must, in the coming three years, be equipped through various funds with a technology, with whose support the energy consumptions of the properties can be reduced significantly. Parallel to this, a central consumption database should be created in cooperation with MeteoViva Climate within the scope of an energy management system; this database shall facilitate targeted analyses in the future to check in which properties the investments facilitate the highest energy savings.

At the end of the year under review, five properties were already equipped with the new technology. Three of these properties already achieved – under consideration of the pilot phase in 2018 – an operating life of more than one year. In these buildings, the energy costs could be reduced by up to 40 percent – with positive effects for the environment and the operating costs. At least eleven more properties have already been identified, in which the new technology shall be installed in 2020.

Use of renewable energies
In the year under review, the contract for the purchase of electricity from renewable energies in Germany was extended by two years. Thus, all influenceable electricity consumptions, such as central cooling and ventilation systems, the lighting in corridors and stairwells and lifts, can further be operated with green electricity. As compared to the German electricity mix on 31.12.2019, in which fossil fuels still have a large share, this could save 33,000 tonnes of CO_2.

Certifications
The certification of fund properties is still a central element of the sustainability understanding of the business area of AMI. The focus is on the comprehensive assessment of a property under social, ecological and economic aspects over its entire life cycle. Here, sustainability certificates offer the possibility of measuring and comparing sustainability criteria according to independent as well as established and accepted standards.

WORLDWIDE CERTIFICATIONS AS AT 31.12.2019 (FIGURE 5.B)



BREEAM: Building Research Establishment Environmental Assessment Methodology; DGNB: Deutsche Gesellschaft für Nachhaltiges Bauen; HQE: Haute Qualité Environnementale (High Quality Environmental Standard); LEED: Leadership in Energy and Environmental Design

At the end of the year under review, a total of 258 properties (2018: 233) values at around Euro 26.7 billion (2018: Euro 24.9 billion) were certified, thereof 127 (2018: 108) properties with a volume of approximately Euro 10.5 billion (2018: Euro 9.6 billion) in Germany alone. In relation to the total real estate assets of the Deka funds, a certification rate of around 68 percent was achieved at the end of 2019 (2018: 69 percent).
COMPARE FIGURE 5.A + 5.B

Communication and memberships

Just like the previous years, the business area of AMI has used totally different communication channels even in the year under review in order to address sustainability topics among various stakeholders internally and externally.
For the internal coordination and further development of the sustainability-related activities, the "green Jour Fixe" was further executed between fund management, project and real estate management, sales, real estate valuation and sustainability coordination. Moreover, a weekly appointment was agreed upon between the civil engineering department (Real Estate Project Management) and the sustainability coordination in order to discuss and assess the continuously increasing offer of technical solutions for more efficient real estate management and analysis. The agenda also included new project ideas besides the implementation of the cooperation project with MeteoViva Climate and tasks for improving data transparency. This includes, for example, the implementation of electric filling stations in front of the fund properties in order to promote electric mobility.

The memberships of the business area of AMI in BVI Bundesverband Investment und Asset Management as well as in Zentraler Immobilienausschuss e. V. (ZIA) serve for the exchange in the sector. As members of BVI, Deka Immobilien Investment GmbH and die WestInvest Gesellschaft für Investmentfonds mbH consider the voluntary principles and codes defined in the rules of conduct (WVR) of BVI independently and appropriately and develop these further through BVI. The BVI rules of conduct formulate a standard for good and responsible handling of the capital and the rights of the investors. They show as to how the capital management companies meet the obligations vis-à-vis investors and how they represent their interests vis-à-vis third parties.

Representatives of the business area also regularly take part in meetings of the "EU and international" committees and the "Responsible investment" and "Sustainability in real estate funds" working groups of BVI as well as in the "Corporate Social Responsibility" committee and in the "Climate protection plan 2050/Inventory" working group of Zentraler Immobilienausschuss e. V. (ZIA) in order to obtain and exchange information about current political and legal developments. Deka Immobilien Investment GmbH is also a member of Institut für Corporate Governance [Institute for Corporate Governance] (ICG), which engages in the further development of sustainable governance structures in real estate companies. A re-certification of the Compliance Management of Deka Immobilien Investment GmbH by the ICG is planned for 2020.

In 2019, Deka Immobilien Investment GmbH awarded a "Deutschlandstipendium" [Germany scholarship] for the first time within the scope of the long-term cooperation with different universities. Academic success and social engagement of students is supported financially with this initiative launched by the Federal Ministry of Education and Research.

External ratings
In the annual evaluation of all relevant open-ended real estate mutual funds in Germany by the rating agency Scope, Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds were again certified with a constantly high sustainability orientation as well as a very high rate of certification in the sector comparison. Within the framework of the rating, Scope analyses numerous aspects, mainly the use and production of renewable energies and the CO_2 emissions.

A reason for the overall increase in the certification rate is the fact that open-ended real estate funds are increasingly buying large-scale buildings at internationally attractive locations, which comparatively often have certifications. The background for this development is that the tenants, mainly globally operating groups, are increasingly demanding areas, whose sustainability quality is proven with certificates. Moreover, it is of increasing importance for existing as well as potential tenants to reduce the so-called "second rent", i.e. the incidental rental costs. Certifications offer reliable orientation here as well.

3.2 Sustainability in lending

For the Deka Group's lending business, ESG aspects are on a par with economic aspects in the sense of holistic and risk-optimised portfolio management and are therefore checked extensively before the financing decision. The lending business of the Deka Group currently includes commercial and capital market businesses, real estate financing as well as special financing.

3.2.1 Funding principles

The credit risk strategy of the Deka Group forms the basis for the lending business. It sets the operational framework for all financing activities based on the goals and crash barriers, mainly for sustainable corporate governance, laid down in the Deka Group's business strategy. With regard to the consideration of ESG criteria in the lending business, the Deka Group already excludes various financing types (negative list) for several years now. The Deka Group has also defined sustainable investment fields, in which it wants to be more active (positive list).

Positive list[8]
The positive list adopted by the Board of Management includes investment fields, in which the Deka Group strives to acquire more sustainable financing or to support the expansion of these investment fields. The guiding theme for defining the corresponding investment fields was the potential contribution of the financing to the fulfilment of the UN SDGs.

- The Deka Group supports financing that aims at electricity production from renewable energies and its transport or storage.
- The Deka Group also acquires financing, whose goal is the modernisation of production facilities and whose implementation involves a significant CO_2 reduction of the production (30 percent or more is sought).
- The Deka Group supports the financing of banks that contribute to the constitution/development of savings bank-like structures outside the OECD and that have been tested by the Internationale Sparkassen-Stiftung [international savings banks foundation].
- The Deka Group acquires more financing of cargo and passenger ships that minimise their pollutant emissions according to the respective state-of-the-art and are already able/would be able, demonstrably in a timely manner, to comply with the so-called IMO 2020 regulations with respect to the reduction of sulphur emissions.
- The Deka Group acquires financing of cargo and passenger ships only if these have been equipped according to the Ballast Water Management Convention of the International Maritime Organization concluded in 2004, in order to prevent the carry-over of invasive species into foreign ecosystems.
- The Deka Group continuously develops its sustainability efforts further; if, within the framework of syndicated financing, third-party lenders agree upon sustainability filters or specifications that are special or that go beyond those of DekaBank for the financing properties, the Deka Group shall check their introduction in DekaBank in the synergy of market unit, Credit Risk Management and Sustainability Management.
- The Deka Group acquires more financing of ships that contribute to waste reduction in the oceans with their technology.
- The Deka Group acquires financing of aircraft, whose production and management fulfil the highest possible environmental standards.
- The Deka Group supports financing for the modernisation and development in the rail freight network.
- The Deka Group supports financing for promoting digitalisation and the associated infrastructure.
- The Deka Group supports real estate financing for buildings that have a stable energy balance in the building operation (zero-energy building) or that meet the Cradle-to-Cradle approach or Green Buildings.

Negative list[9]

The Deka Group has, also for preventing reputational risks, qualified the following transactions as undesirable and/or afflicted with increased risk content. They can be carried out only with an exceptional approval of the Board of Management:

- Transactions, in case of which the public trust in or the reputation of the Deka Group can be sustainably negatively affected through public reports (mainly due to socio-cultural, ethical aspects) about the financing itself, a business partner, the business practice or the country (home country or risk country);
- Transactions with a country as well as borrowers in a country that is included in the "negative list for risk countries"; unless 100 percent ECA-covered business is permitted according to this negative list;
- Lending transactions having a speculative nature or a very unusual risk (mainly credits within the meaning of the ECB guide to leveraged transactions);
- Speculative real estate financing within the meaning of art. 4 (1) no. 79 CRR[10] or items with a particularly high risk according to art. 128 CRR;
- Financing in connection with arms business (financing of deliveries, production and trade);
- Financing, from which per se significant risks originate for the environment, e. g.
  - Uranium mining
  - Development, construction and operation of nuclear/coal-fired power plants
  - Hydro-power plants in recognised protected areas (conservation and Natura 2000 areas) in Germany; international dam projects can be financed only if the borrower can submit a positive audit report regarding the project from an expert accredited by the United Nations Framework Convention on Climate Change (UNFCCC), in which the compliance with the recommendations of the World Commission on Dams has been proven
  - Exploration and mining of minerals from conflict and high-risk areas
  - Exploration, mining and transport of rough diamonds
  - Conventional and unconventional fracking
  - Exploitation of tar/oil sand
  - Drilling for the purpose of oil and gas extraction in the Arctic (Arctic Drilling)
  - Extraction and production of palm oil
- Financing in connection with Mountaintop removal mining (indications provided by the OECD environmental policies);
- Financing in direct connection with the production/sale of tobacco;
- Project financing that does not meet the requirements of the Equator Principles (EP); the EP include socially and environmentally compatible standards and refer to the guidelines prepared by the International Finance Corporation (IFC) as well as the industry-specific Environmental Health and Safety Guidelines (EHS);
- Financing of speculative transactions with food;
- Venture capital financing;
- Financing to companies from the pornography industry or comparable industries (red light districts);
- Financing of companies that operate controversial forms of gambling (betting offices, arcades and similar);
- Financing of companies that violate internationally recognised principles in the field of human and labour rights (ILO Declaration on Fundamental Principles and Rights at Work);
- Financing of companies without proven experience or in new markets that are not comparable with the home markets.

Within the scope of the lending process, all engagements pending for decision are also checked for possible environmental and/or reputational risks – i. e. possible exclusion of the financing based on the negative list – by the market unit and the back-office. If these specialist units conclude that the possible engagement could be associated with increased environmental and/or reputational risks, the Sustainability Management is given a separate audit order. This separate audit of the sustainability experts of the bank then focuses on ESG criteria including the impact on the biodiversity. In the year under review, the Sustainability Management has conducted 18 separate audits (2018: 17). This corresponds to a share of 37 percent of the total credit applications processed in 2019 in connection with a new business (48).

8 According to the business strategy of the Deka Group valid from 01.01.2020
9 According to the credit risk strategy of the Deka Group valid from 01.01.2020
10 CRR: Capital Requirements Regulation; European capital adequacy regulation for banks and financial service providers within the scope of Basel II

3.2.2 Real estate financing

In the commercial real estate financing, DekaBank concentrates on financing in transparent markets with available market liquidity and safe legal environment, which are of central importance for the business area of real estate due to their size, transparency and liquidity. In countries, where this is possible, the cover fund eligibility of the loan is basically sought. As customers, even Real Estate Investment Trusts (REITs), real estate companies, pension funds and German open-ended real estate funds are in focus besides the classic investors and project developers at the single property level. At the end of the year under review, there was real estate credit financing in Germany, France, Great Britain, Italy, Ireland, Canada and USA. At the end of the year under review, the gross credit volume including financing for open-ended real estate funds and municipal construction projects was approximately Euro 11.2 billion (2018: 9.8 billion).

Profitability as well as environmental and social criteria are analysed and are included in the due diligence check for real estate loan financing in case of every new business. Here, sustainability certificates are also taken into account as a positive element. Besides energy-efficient management, sustainable real estate generally has better rentability and higher value stability. This is reflected in the security position of the lender.

3.2.3 Special financing

The gross credit volume[11] of DekaBank in the field of special financing was Euro 16.1 billion on the reporting date (2018: Euro 14.2 billion). With a volume of around Euro 4.9 billion (2018: Euro 4.8 billion), 30.4 percent thereof (2018: 33.8 percent) fell to transport sector financing; around Euro 5.6 billion (2018: Euro 4.6 billion) or 34.8 percent (2018: 32.4 percent) to infrastructure and export financing. The transport sector financing also includes the legacy portfolio, which predominantly contains loans in the field of ship financing, which were concluded before the change in the credit risk strategy in 2010 and which is being dismantled gradually while preserving the assets. A further amount of Euro 5.6 billion (2018: Euro 4.8 billion) is in savings bank and public financing (34.8 percent, 2018: 33.8 percent).

Transport financing

The transport sector credit portfolio of DekaBank primarily includes loans secured through aircraft and ships by mortgages. On the reporting date, the volume in aircraft financing amounted to around Euro 3.5 billion (2018: Euro 3.6 billion); a further amount of approximately Euro 1.4 billion (2018: Euro 1.0 billion) was in ship financing.

DekaBank finances exclusively such means of transport, which correspond to the current technical requirements in terms of fuel consumption and environmental protection guidelines and are basically not older than 15 years at the end of the term of the loan. The compliance with environmental and safety regulations as well as, if applicable, necessary upgrades is always ensured, e. g. with defined saving mechanisms.

Financed ships must also fly a flag listed by the Paris Memorandum of Understanding on Port State Control. This ensures uniform inspection of ships at the harbours, mainly with respect to the compliance with safety standards. Moreover, as defined in the positive list, only such ships are financed, which have been equipped according to the Ballast Water Management Convention of the International Maritime Organization (IMO) concluded in 2004 and which meet the IMO-2020 requirements.

Infrastructure financing

In the infrastructure and export credit portfolio (Euro 5.6 billion) of DekaBank, around Euro 1.4 billion (2018: Euro 0.9 billion) fell to the financing of renewable energy production as well as its infrastructure, including mainly wind farms, solar parks and hydroelectric power plants. A further amount of Euro 1.2 billion (2018: Euro 1.1 billion) was provided for financing social infrastructure, e.g. research centres, hospitals and roads. The remaining Euro 3.0 billion fell to project financing in the infrastructure sector, also including the financing of public utili-

ties, which implement new energy concepts with the objective of substituting coal-fired power with regenerative energy sources.

In 2019, DekaBank has mainly provided the financing for Swedish wind farm "Stavro" as sole lender and arranger. The project in central Sweden should have a total of up to 62 wind turbines upon the planned completion in 2021. The total capacity of the wind farm corresponds to the annual electricity consumption of approximately 26,000 households in Sweden, annually avoiding a CO_2 emission of approx. 424,000 tonnes.

In the past three years, DekaBank had already financed the construction and operation of the wind farms "Tellenes" with 160 megawatts, "Tromsö" with 281 megawatts, "Guleslettene" with 197 megawatts in Norway and "Piiparinmäki" with 211 megawatts in Finland. DekaBank is thus one of the most active project financiers for wind farms in Scandinavia. The total capacity of the five wind farms of around 1,100 megawatt corresponds to the annual electricity consumption of around 226,000 households.

11 The reported gross credit volume has been adjusted in accordance with the demarcation definition of the annual report – also for 2018.

BACKGROUND

Systematic climate risk reporting based on the TCFD

The "Network for Greening the Financial System" (NGFS), an international committee of central banks and supervisory authorities, which among others the Deutsche Bundesbank and the BaFin are part of, has published the report "A call for action – climate change as a source of financial risk" in April 2019. The bank supervisors therein analyse comprehensive risks that may result from climate change for the real economy and, as a consequence, for the finance sector.

Not only in the opinion of the NGFS, the physical and transitory risks associated with climate change as well as the decarbonisation of the economy desired for fighting against climate change influence the business and return potentials of nearly all sectors. In some sectors, the current business model is at issue as a whole, for example, for operators of fossil fuels or for companies that work in coal mining. In other sectors, the systems and technologies used today, for example the fossil fuel combustion engine, can be used only to a limited extent.

Since this affects the creditworthiness, dividend paying capability and share price development of the companies, the risks associated with climate change and its prevention are also directly relevant for banks and asset managers that provide financing and necessary investments to the companies for their business activity and invest in securities of the companies for their own account or on behalf of their customers.

Against this background, analysis of the climate-related risks of the companies by banks and asset managers gains considerably in importance. In the sense of a "climate-related 'Know-your-Customer' approach", it is important for them to systematically record the specific concern of individual companies through the risks of climate change as well as the status and quality of the corresponding measures of the companies and to integrate these into the credit and investment review.

A central requirement for this is the provision of comprehensive and comparable data by the companies – and there still are significant deficits here. The world's most important initiative for recording companies' climate data, the CDP (formerly Carbon Disclosure Project) currently records around 7,000 companies globally; the ESG rating agencies specialised in sustainability data regularly offer so-called Carbon Ratings for 5,000 to 10,000 companies. But: In Germany alone, there were more than 15,000 large companies and more than three million small and medium-scale companies in 2017, for which climate risks are also of significance for a large part.

In order to improve the data situation, the Task Force on Climate-related Financial Disclosures (TCFD) has published recommendations for uniform climate reporting by companies in mid-2017. The TCFD was set up by the Financial Stability Board of the G20 countries and is run by private sector companies. Deka Investment GmbH already supports the initiative as an official "supporter" since the end of 2018.

The goal of the recommendations is to quantify the financial effects of climate change on the business models of the companies and to give, to the companies as well as their lenders and investors, a well-founded basis for the development of a climate strategy or for the decision on the lending or capital investment. The recommendations concern four fields of action.
COMPARE FIGURE 6

RECOMMENDATIONS OF THE TCFD FOR INFORMATION ON CLIMATE-RELATED FINANCIAL RISKS BY COMPANIES (FIGURE 6)

Governance

Information for covering climate-related risks and opportunities in corporate governance

Strategy

Information of the actual and possible effects of climate-related risks and opportunities on the business activity, strategy and financial planning of the company

Risk management

Information as to how the company identifies, assesses and controls climate-related risks

Measured values and objectives

Information about the objectives and measured values, which must be performed or imposed to assess and control climate-related risks and opportunities

Quelle:
FSB Task Force on Climate-related Financial Disclosures (TCFD)

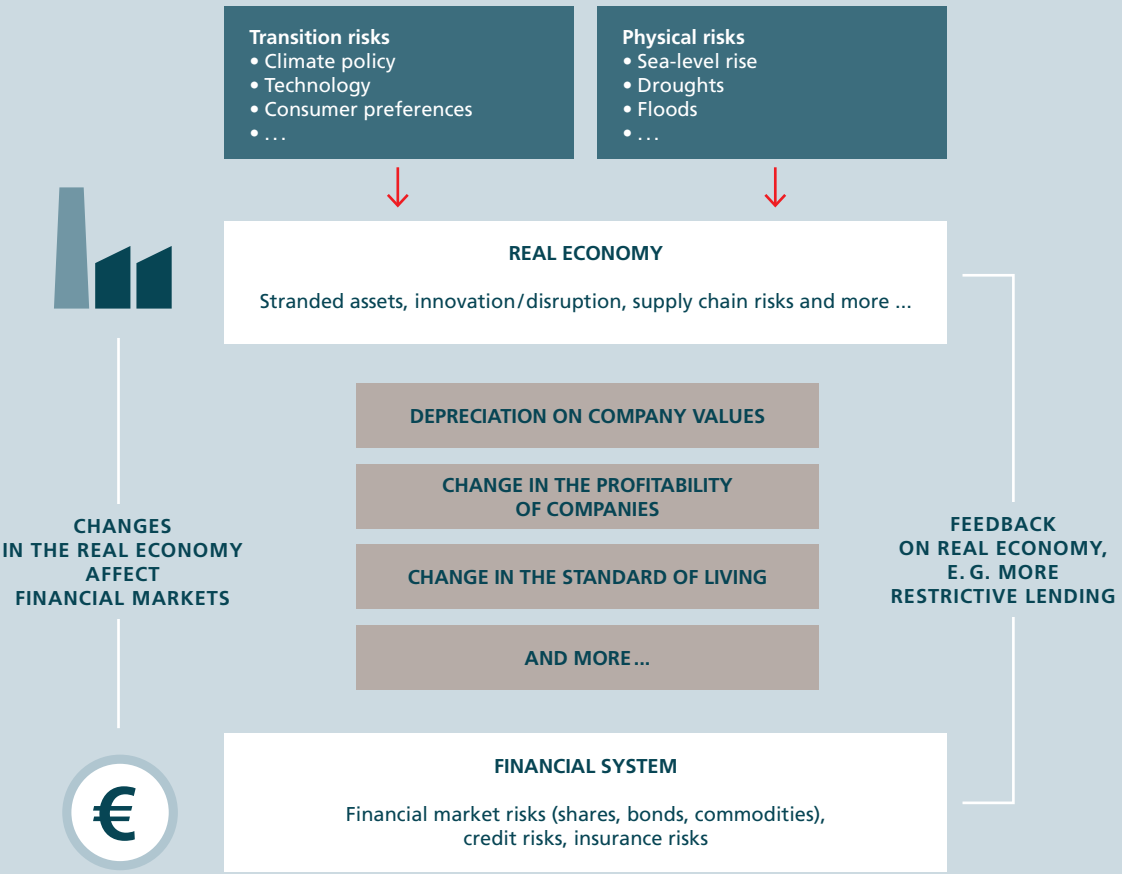
In June 2019, the TCFD has presented a second status report, in which it analyses the status quo of the reporting on financial climate risks. In it, it concludes that although the specification of climate-related financial information has increased since 2016, the information situation for financiers and investors is still insufficient. At the same time, it demands more clarity about the potential financial effects of climate-related aspects on the companies.

Integration of the TCFD recommendations into the existing regulations and initiatives can contribute to further disseminating the TCFD and thus to improving the information situation. Thus, the PRI have announced in February of the year under review that PRI signatories are obligated from 2020 onwards to use the TCFD recommendations for their annual reporting.

In June 2019, the EU Commission has published its "Guidelines for the reporting on non-financial information: addendum to the climate-related reporting". They refer to the TCFD recommendations and are directed at companies that are obligated to publish a non-financial report based on the CSR Guideline Implementation Act (CSR-RUG). Finally, in September 2019, the members of the Corporate Reporting Dialogue (CRD), including the CDP, the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), have presented a joint report on coordinated adjustment of the reporting standards to the requirements of the TCFD within the scope of their "Better Alignment Project".

Against this background, it should be assumed that the TCFD recommendations shall establish themselves as a central global reporting standard for financial climate risks. For the Deka Group, this development is relevant not only because it falls under the requirements of the CSR-RUG and Deka Investment GmbH is obligated to publish the said annual report as a signatory to the PRI. The recommendations are relevant particularly because they help the Deka Group actively manage climate risks for its own companies as well as for its partners and customers. It shall therefore continue to support the full establishment of the TCFD recommendations. In this context, it mainly plans to determine the Carbon Footprint for the asset side of DekaBank as well as to examine the relevance of climate scenarios for the macroeconomic stress tests of the Deka Group as part of the annual scenario review.

EFFECTS OF TRANSITION RISKS AND PHYSICAL RISKS ON REAL AND FINANCIAL ECONOMY (FIGURE 7)



Source: Based on: Network for Greening the Financial System (2019): A call for action – Climate change as a source of financial risk, April 2019

4. Sustainable HR management

Who does what work – where, when and how? In this short formula, one can present the challenges faced by the employers and employees equally in view of the advancing digitalisation. The development is particularly forced through the changing needs of the customers, who use other temporally and spatially flexible information and communication channels besides the personal consultation session and want to be offered individual solutions. We face the demands on the personal, technical and sales expertise of our employees that are increasing due to digitalisation with a comprehensive further education and training offer, introduction of methods and tools for agile work and designing of a work environment that offers them good framework conditions for their further professional and personal development thanks to the technical equipment and system support.

4.1
HR strategy

The HR strategy is part of the Deka Group's business strategy and includes long-term principles of human resources work. It builds on the approach of life-cycle-based HR management and pursues the goal of appointing "the right employees at the right place". The HR strategy is developed further under consideration of the market environment and the relevant economic, social, political and regulatory trends.

The responsibility for the formulation, further development and implementation of the HR strategy for the Deka Group lies with the HR division of DekaBank. HR management is divided into different areas of activity. The most important of these are the management of human resources, training and further professional development, the promotion of gender equality and the compatibility of career and family or work and care, workplace safety and health management as well as the structure of remuneration.

The HR division ensures demand- and future-oriented approach for the HR management measures through a regular exchange at various levels: On the one hand, needs and concrete offers are determined on the basis of the direct feedback of the employees within the scope of the employee support as well as the feedbacks of the managers to the manager support. On the other hand, the guidelines for action are derived directly from the strategy as well as from impulses of the Board of Management and the Management. Finally, specific measures for individual employee groups result from the continuous dialogue with the Equal Opportunity Officer, the disabled persons' representative and the youth and trainees' representative. With a view to current trends and developments, the HR division continuously works on measures for a high level of employer attractiveness.

At the end of 2017, the HR division launched an internal initiative on the topics of digitalisation, agility and work 4.0. The objective is to actively support the digital transformation in various specialist areas. In 2018, work has begun to offer the employees and managers targeted formats for competence and knowledge building for the new world of work, which are continuously being developed since then.

Open dialogue with employee representatives

In Germany, the employees are represented by staff and works councils and in Luxembourg, by the staff representation. The disabled persons' representative and the Equal Opportunities Officer are also available to the employees as internal contact partners for problems at work.

In the year under review, the new structure of the employee representation within the Deka Group was established at the Frankfurt location. The Leipzig location (DekaBank) as well as the Berlin, Hamburg and Munich locations (Deka Immobilien GmbH) were also included. TABLE 2 gives an overview of the current structure and the bodies.

4.2
HR management

Number of employees and structure

As on 31.12.2019, a total of 4,566 employees were employed at the Deka Group (2018: 4,564). Since full HR Management integration has not yet taken place, the data for S Broker AG & Co. KG is given separately. COMPARE TABLE 3 + 4

Age structure

The average age of all domestically active employees of the Deka Group at the end of the year 2019 was 44.7 years (2018: 44.2 years). The most heavily represented group was the age group between 50 and 54 years. COMPARE TABLE 5

BODIES FOR HR REPRESENTATION (TABLE 2)

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

NUMBER OF EMPLOYEES (TABLE 3)

Total employees (headcount)	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	female	male
Domestic companies	3,858	3,993	4,094	4,160	4,168	1,641	2,527
Foreign companies	419	413	398	404	398	180	218
Deka Group	**4,277**	**4,406**	**4,492**	**4,564**	**4,566**	**1,821**	**2,745**

NUMBER OF WOMEN AND MEN (TABLE 4)

Number of women and men: Total* Employees					
Deka Group in Germany (headcount)	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2018**	**31 Dec 2019**
Women	1,524	1,560	1,603	1,636	1,641
Men	2,334	2,433	2,491	2,524	2,527
Total	**3,858**	**3,993**	**4,094**	**4,160**	**4,168**
Total* share of female employees (in %)	39.5	39.1	39.2	39.3	39.4
S Broker AG & Co. KG/Management AG	–	**150**	**157**	**152**	**157**
Total* share of female employees (in %)	–	36.0	40.8	36.2	35.7

* Active employees + training + inactive employees + trainees.

Number of women and men: Active** Employees					
Deka Group in Germany (headcount)	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2018**	**31 Dec 2019**
Women	1,359	1,389	1,435	1,491	1,466
Men	2,212	2,312	2,370	2,427	2,418
Active Employees**	**3,571**	**3,701**	**3,805**	**3,918**	**3,884**
Total share of active** female employees (in %)	38.1	37.5	37.7	38.1	37.7

** Board of Management + Ltd. employees (BL/AL) + core employees + temporary employees + stand-ins.

Resource management and maintenance of the employer brand

Since 2018, the HR division has been developing an "Employer Branding" approach, with which it primarily pursues two aims: Firstly, the Deka Group should remain an attractive employer for the current employees and should become more attractive in future. Secondly, it should be ensured that the Bank is perceived as a modern and attractive employer even in the external effect on the labour market. One of the measures taken in this context is the expanded information offer on the career page of Deka's website.

Deka has committed itself to filling the vacancies internally where possible. This chimes with the stringent further development of the employees and a clear orientation of the HR strategy – having "the right employees at the right place". The job change rate within the Deka Group in Germany in the year under review was 59.5 percent (2018: 51.5 percent).

Vacant management positions have been occupied within the framework of the "Deka Management Forum" since 2014. Here, all applicants have a standardised interview, which is conducted by managers of the specialist area and interface areas and moderated by the HR division.

The internal tendering and appointment process is coordinated in the context of the service/operating agreement with the employees' representatives. Members of the employee representations and the Equal Opportunities Officer participate in specific selection procedures. The employee representatives also have a say in the selection of external candidates for the occupation of vacant positions.

AGE STRUCTURE OF ACTIVE EMPLOYEES (TABLE 5)

Deka Group in Germany	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	female	male
% of under 20 year-olds	0.1	0.1	0.0	0.1	0.0	0.1	0.0
% of 20–24 year-olds	1.5	1.3	1.2	1.4	1.5	1.9	1.2
% of 25–29 year-olds	5.3	5.0	4.9	4.9	4.9	6.1	4.2
% of 30–34 year-olds	11.8	10.9	10.6	10.4	9.8	11.3	9.0
% of 35–39 year-olds	18.1	17.0	15.7	14.2	12.6	13.2	12.3
% of 40–44 year-olds	18.7	18.2	17.6	17.6	17.8	18.2	17.6
% of 45–49 year-olds	21.4	21.8	20.6	19.4	18.4	16.8	19.4
% of 50–54 year-olds	15.3	16.8	19.0	19.9	20.0	17.9	21.2
% of 55–59 year-olds	5.9	6.5	7.4	8.9	10.9	11.0	10.9
% share of 60-year-olds and older	2.0	2.5	2.9	3.3	4.0	3.6	4.3
Average age in years	**42.7**	**43.3**	**43.8**	**44.2**	**44.7**	**43.9**	**45.2**
Active employees (headcount)	3,571	3,701	3,805	3,918	3,884	1,466	2,418
S Broker AG & Co. KG/Management AG (in yrs)	–	41.3	42.0	43.2	43.2	–	–

TURNOVER RATE* (TABLE 6)

Deka Group in Germany (%)	2015	2016	2017	2018	2019	Turnover rate**
Women	**3.7**	**3.4**	**3.2**	**4.1**	**4.5**	**63.2**
Age range 20–29	3.9	9.2	8.5	11.5	5.1	50.0
30–39	4.9	2.4	3.2	4.5	6.0	62.5
40–49	3.1	2.7	2.4	3.2	3.7	65.3
50–59	1.0	0.9	0.8	1.5	2.3	81.0
> = 60	12.1	18.5	15.6	10.0	12.8	100.0
Men	**4.1**	**3.0**	**3.0**	**4.3**	**4.4**	**56.8**
Age range 20–29	4.7	2.9	9.7	6.3	11.8	51.7
30–39	4.9	3.6	3.5	9.1	6.7	55.2
40–49	4.2	2.1	2.5	2.6	4.2	58.2
50–59	1.6	2.3	1.8	1.2	1.2	63.3
> = 60	13.1	13.0	5.2	11.5	8.9	0.0
Total turnover rate	**3.9**	**3.1**	**3.1**	**4.2**	**4.4**	**59.5**

* without the Board of Management, temporary workers, trainees, students, apprentices, trainees/diploma students, pensioners (start supply reference).
** Promotion and development of the internal job market; internal before external; includes all personnel measures (positional. functional and organisational change).

S Broker AG & Co. KG/Management AG	**–**	**6.0**	**6.0**	**17.6**	**9.6**	**–**

JUNIOR STAFF (TABLE 7)

Deka Group in Germany (headcount)	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	female	male
Trainees	36	47	53	33	32	13	19
Funded Students (HfB, HdS)	9	9	8	4	6	2	4
Apprentices	30	22	16	15	16	13	3
Junior staff	**75**	**78**	**77**	**52**	**54**	**28**	**26**

Turnover and length of service

An important quantitative indicator for the success of the HR management and the maintenance of the employer brand is the fluctuation rate. In 2019, it was 4.4 percent in Germany and thus corresponds to approximately the same level of the previous year (2018: 4.2 percent). After an average length of service of over ten years could be reached for the first time in 2015, it was at a new high at the end of 2019 with 11.5 years (2018: 11.0). This is an above-average value in sector comparison and speaks for the Deka Group's attractiveness as an employer.

COMPARE TABLE 6

4.3
Training and further professional development

Training

As on 31.12.2019, a total of 54 apprentices and trainees, including funded students, were employed in Germany by the Deka Group. In order to be able to make an offer of further employment to as many apprentices and trainees as possible after successful completion of training, the number of apprentices and trainees is determined by requirements. COMPARE TABLE 7

As in previous years, all apprentices, who were interested in an employment, were employed even in the year under review. Moreover, the Deka Group has pronounced a performance-related employment guarantee for the apprentices of the years 2016 to 2021 as well as for all trainees with a programme start from 1.7.2017 or a programme end up to 30.06.2020.

The Deka Group places great value on the fair treatment as well as the appropriate promotion of trainees. Therefore, DekaBank takes part in the "Fair Company" initiative of the Handelsblatt publishing group. Here, it commits to offering interesting activities and a fair chance of permanent employment to students within the framework of an internship at the Deka Group.

Further training

At least once a year, employees and management determine individual development paths on the basis of the identified development requirements. There is a wide spectrum of measures available, which is continually developed further on the basis of the strategy and requirements. It includes offers to develop personal, methodical, social and technical skills. DekaBank supports its employees in internal or external further education measures financially and in terms of time.

The agreed further education courses take place either within the framework of the professional activity, for example through the assumption of project tasks, or through "off-the-job" measures, such as seminars or longer-term further education, completed with a certificate. Within the framework of the further education offer, DekaBank increasingly relies on short and digital formats in order to allow good integration and application in the day-to-day work and a mobile access. Examples for this include webinars, e-learning or micro-trainings. For managers, the app-based DekaCoach offers the possibility to work on topics around leadership individually and in a demand-based manner.

In 2018, the DekaLearning learning system was introduced to map the internal central further education offer. It provides a comprehensive overview of the further education opportunities to the employees and allows them to put together personal learning plans. Since the end of 2019, the users also get an overview of their internally completed further education measures.

To prepare young people for the assumption of specialist, management or project responsibilities, there is the Karriere@Deka (Career@Deka) high-potential programme. For targeted development measures, employees with potential can pass through a detailed location determination with the Deka Development Centre. For university graduates, the Deka Group offers specialist area-specific trainee programmes, while a special women mentoring programme serves for targeted encouragement of women.
COMPARE CHAPTER 4.4

Further training costs

The financial costs of further education measures in Germany during the year under review amounted to an average of Euro 1,042 per active employee (2018: Euro 949). The increase in the average investments in further education per employee is mainly attributable to the discussed expansion of further education opportunities with shorter and digital formats. This figure does not include the costs of further education within the scope of projects, e. g. for the implementation of the Markets in Financial Instruments Directive II guideline (MIFID II) and the GDPR, on-the-job measures and the use of educational leave.

In total, 22,369 seminar hours were completed in the year under review within the scope of the DekaLearning offers (2018: 25,835). Thus, on an annual average, 6.1 hours (2018: 7.1) per active employee were invested in classroom events of the DekaLearning offer. Online formats and external further education are not included therein. COMPARE TABLE 8

Evaluation of measures

The training courses and seminars offered are constantly evaluated on the basis of satisfaction, learning success, transfer success and benefit. The respective managers are actively involved in the evaluation. This approach helps to ensure that managers and employees discuss learning objectives and transfer measures more intensively and thus also contribute to the continuous improvement of the management culture.

COSTS AND SCOPE OF FURTHER EDUCATION MEASURES (TABLE 8)

Costs for further training measures					
Deka Group Germany	**2015**	**2016**	**2017**	**2018**	**2019**
Further training costs (€m)	3.4	3.4	3.2	3.5	3.8
Average per active employee (€)	1,001	973	900	949	1,042

Seminar hours						
Deka Group Germany	**2016**	**2017**	**2018**	**2019**	**weiblich**	**männlich**
Seminar hours in total spend in DekaColleg offers (h)	27,062.5	25,496.1	25,835.0	22,369.4	8,733.9	13,635.5
Average per active employee (€)	7.3	7.2	7.1	6.1	–	–

PROPORTION OF WOMEN AT THE MANAGEMENT LEVELS (TABLE 10)

Deka Group in Germany	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	female	male
Board of Management	20.0 %	20.0 %	20.0 %	20.0 %	16.7 %	1	5
1. Management level (Head of Division)	8.8 %	7.9 %	5.7 %	8.6 %	8.1 %	3	34
2. Management level (Head of Department management)	15.9 %	15.7 %	15.7 %	16.2 %	15.7 %	19	102
3. Management level (Group manager)	19.9 %	22.0 %	23.7 %	24.5 %	22.3 %	59	206
Management levels (including Board of Management)	**17.8 %**	**18.8 %**	**19.7 %**	**20.8 %**	**19.1 %**	**82**	**347**
nachrichtlich: Sachgebietsleitung	24.2 %	23.6 %	22.5 %	22.0 %	21.1 %	40	150
Frauenanteil in Führungspositionen S Broker AG & Co. KG/Management AG	–	20.0 %	20.0 %	18.8 %	25.0 %	4	16

PART-TIME SHARE OF ACTIVE EMPLOYEES (TABLE 11.A)

Deka Group in Germany	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	Full-time	Part-time
Women	35.6 %	36.1 %	37.4 %	38.6 %	41.0 %	865	601
Men	5.2 %	5.1 %	5.5 %	6.1 %	7.2 %	2.245	173
Part-time ratio total	**16.7 %**	**16.8 %**	**17.5 %**	**18.5 %**	**19.9 %**	**3,110**	**774**
Women	–	31.6 %	34.4 %	34.5 %	35.7 %	36	20
Men	–	8.6 %	11.8 %	14.4 %	14.9 %	86	15
S Broker AG & Co. KG / Management AG	**–**	**17.3 %**	**21.0 %**	**21.7 %**	**22.3 %**	**122**	**35**

PART-TIME RATIO MANAGEMENT (TABLE 11.B)

Deka Group in Germany	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	Full-time	Part-time
Women	15.9 %	17.3 %	21.3 %	18.6 %	18.3 %	67	15
Men	0.9 %	1.2 %	2.5 %	2.4 %	2.9 %	337	10
Part-time ratio total	**3.6 %**	**4.3 %**	**6.2 %**	**5.8 %**	**5.8 %**	**404**	**25**

4.4 Equality

The field of action of "equality" has different dimensions, ranging from equal opportunities for women and men through the particularly important promotion of the compatibility of career and family to dealing with diversity within the workforce. Through the implementation of the following measures, DekaBank also contributes to the implementation of the UN Women's Empowerment Principles to ensure the equal treatment of women in the professional context, for which it has obligated itself in 2017.

Equal opportunities for women and men [12]

Gender Equality Plan

To continue to improve the equal opportunities for women and men, three gender equality objectives were defined within the framework of the 4th Gender Equality Plan of the Deka Group, which came into force on 1.1.2017; they

apply for the entire Deka Group and go beyond the legal specifications. Based on the data as on 31.12.2018, a mid-term review was prepared, on whose basis the further need for action is derived. This manifested especially in case of the first objective of the Gender Equality Plan, increasing the proportion of women in management positions as well as promotion of professional advancement of women. COMPARE TABLES 9+10

WOMEN IN MANAGEMENT POSITIONS – GOALS UP TO 2020 (TABLE 9)

	31 Dec 2018	31 Dec 2019	TARGET 31 Dec 2020
Division management	8.6 %	8.1 %	12.0 %
Department management	16.2 %	15.7 %	18.0 %
Group management	24.5 %	22.3 %	25.0 %
Head of department	22.0 %	21.1 %	26.0 %

In order to achieve these two sub-objectives, the Deka Group implements numerous measures. This includes, for example, the Women's Mentoring Programme, which was introduced in 2013. Every year, eight female prospects start at the employee level, who are supported by a department head for 18 to 24 months. Around one third of the participants from the Mentoring Programme are today working in management positions at Deka. A framework programme promotes networking and individual further development. Even the events of the Equal Opportunities Officer for the women of the Deka Group and the personal consultations support the professional development and networking.

In order to get more external applications from women, the Deka Group uses the Genderdax platform, where companies of all sectors that promote female specialists and managers within the framework of their HR policy are represented.

The carrier network FondsFrauen [fund women] has set itself the task of networking of women and their support in the German-speaking investment fund industry; DekaBank joined this network in 2018. The Deka Group can specifically place job advertisements here for relevant target groups. The cooperation enables women to network beyond hierarchy levels to allow a regular exchange and to support each other in the implementation of their personal and professional goals.

The participation in the women's career index (Frauen-Karriere-Index, FKi), a management instrument for encouraging women in business, enables location determination and, at the same time, opens up the possibility to check examples of concrete measures from other companies in the finance sector for their applicability in the Deka Group.

The second objective of the Gender Equality Plan is the lasting guarantee of good framework conditions for the compatibility of career and family or care of relatives. At the same time, greater significance should be attached to the last years of employment and the transition to retirement.

As the third gender equality objective, men should be encouraged to take advantage of the schemes to reconcile the work and family life. For this, some barriers that still exist, e. g. against the use of longer parental or care periods, should be removed.

In case of measures concerning organisational structure, it is regularly analysed as to what extent gender-relevant effects arise, i. e. change in the framework conditions for the compatibility of work and family life or the opportunities for professional development. If necessary, alternative solutions are considered.

Information and networking

Since 2003, the Equal Opportunities Officer of the Deka Group has held regular events to inform employees on current gender equality objectives. In addition, the Equal Opportunities Officer organises events that are exclusively aimed at women. These include the Annual Women's General Meeting, in which a member of the Board of Management of the Deka Group takes part regularly, as well as the series of events DekaFrauenFokus [Deka women in focus].

Reconciliation of work and family

With the help of life-cycle-oriented personnel management, DekaBank aims to create framework conditions, in which professional progress can be combined with the requirements and needs of private life as optimally as possible. This applies in particular for employees with children or relatives, who need nursing care. For this, all employees have a consulting and mediation offer on the topics of children and care at their disposal regardless of the location.

The continuous further development of the offer is also supported by the participation in the external certification procedure "audit berufundfamilie" (career and family audit), in which the Deka Group has regularly participated since 2005. In 2018, the Deka Group was distinguished for the fifth time for its family-conscious HR policy. It is thus one of the only 31 employers that have received the certificate for the fifth time.

12 As on 31.12.2019, there are no employees, who admit to the third gender, in an employment relationship with the Deka Group – this is why the further text refers to equal opportunities to women and men.

In the year under review, the focus was on supporting the managers in their task of working out good and coordinated solutions for the compatibility of career and family for the teams and all team members. In order to specifically approach further measures in this field, the Equal Opportunities Officer is planning a third survey on the compatibility of career and family for mid-2020. Based on the results, all divisions of the Deka Group should define concrete measures to ensure and, if necessary, to improve the compatibility of career and family.

Excellent HR management

The high quality of Deka's HR management is regularly confirmed by independent third parties. In the year under review, DekaBank grabbed the third place out of total 21 rated companies in the "Germany's most sought-after employer" study. The study conducted by F.A.Z.-Institut was based on the evaluation of contributions in rating forums such as kununu as well as social media channels ("Social Listening") and also on a structured questionnaire, which had to be completed by the companies. It deals with topics like job security, development opportunities or fringe benefits.

In the year under review, the Eltern magazine chose "The best companies for families" for the second time. With a rating of 4 out of 5 possible stars, DekaBank is one of Germany's most family-friendly employers in the opinion of the expert panel. The evaluated factors were family-friendly work environment, support for the care, flexible working hours, career with child as well as the importance of family friendliness in the company.

Working time models

Flexible working hours are an important building block for the reconciliation of work and family or care. We currently offer employees the opportunity to select from around 70 different part-time models. The part-time employment rate in the Deka Group in Germany at the end of 2019 was 19.9 percent, i. e. above the previous year's figure (18.5 percent). COMPARE TABLES 11.A + 11.B

The employees also have the option to take unpaid leave or to finance paid leave from work using previously accumulated balances in the working time account, the Deka Time Account. The possibility is stipulated in collective agreements, under certain conditions, to also extend the duration of the period of parental leave within the framework of the family phase for a maximum of six months.

If the respective activity is appropriate and the relevant manager agrees, the Deka Group offers its employees the opportunity to work from home on the basis of a service/operating agreement with the employee representatives.

The proportion of employees of the Deka Group in Germany, who do not participate in time recording – usually non-tariff employees – was 66.6 per cent in 2019 (2018: 64.7 percent). The proportion of employees, who are not assigned to any working time model due to a temporary job with a temporary employment contract or for other reasons, was 1.5 percent (2018: 1.3 percent). The number of temporary staff and student employees amounted on average over the year to 43 (2018: 57).

With the amendment of the Temporary Employment Act (AÜG), the legislator has introduced some new regulations on temporary work. With the new regulations, the legislator wants to especially prevent temporary workers from being appointed as advisers with a service or work contract within the framework of a "hidden contract staffing". The measures resolved upon include the introduction of the "Equal Pay" principle after nine months as well as maximum assignment period of 18 months.

Support of employees with children

Employees with small children can take advantage of the support of DekaBank in child care. The offer includes 35 crèches and 16 kindergarten places provided in Frankfurt. Since 2018, it is also possible for employees, who are working outside the headquarters in Frankfurt, to apply for a nursery place at another location of the cooperation partner of the Deka Group all over Germany depending on the availability.

In addition, the Deka Group provides emergency care, which parents can use up to five days a year per child for free, if the regular child care fails. Parents of school-age children are also supported in bridging school holiday time through the financing of up to ten days' holiday per year and per child.

On an average, over the last five years, Deka Group employees return to work 13.4 months (2018: 12.8 months) after the birth of a child. Employees are increasingly taking advantage of parental leave. In the course of the year 2019, 139 DekaBank male employees claimed parental leave (2018: 126). Thus, their number was higher than that of women (78) (2018: 82). The return rate after parental leave was 99.1 percent; the continuance rate in the year under review was 92.7 percent.
COMPARE TABLE 13

The HR division and the Equal Opportunities Officers provide the employees with comprehensive consultancy and mediation services in the organisation of child care and on the topics of mother protection and parental leave.

Since 2015, the Deka Group cooperates with the VIVA family service, which offers consultancy and mediation around the topics of childcare and medical care. In the year

EMPLOYEES ON PARENTAL LEAVE* (TABLE 12)

Parental leave – as per reporting date (headcount)	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019
Women	72	79	76	67	79
Men	11	9	9	7	5
Total	**83**	**88**	**85**	**74**	**84**

Parental leave – during the year (headcount)	2015	2016	2017	2018	2019
Women	61	58	72	82	78
Men	97	122	119	126	139
Total	**158**	**180**	**191**	**208**	**217**

Average duration of parental leave (months)	2015	2016	2017	2018	2019
Women	12.4	13.1	14.3	13.0	**14.7**
Men	1.4	1.5	1.7	1.2	**1.6**

Return after parental leave (headcount)					31 Dec 2019
Women					73
Men					138
Total					**211**

Return rate (%)					2019
Women					98.6
Men					99.3
Total					**99.1**

Remaining after parental leave (12 months) (headcount)					31 Dec 2019
Women					75
Men					115
Total					**190**

Retention rate (12 months) (%)					2019
Women					96.2
Men					90.6
Total					**92.7**

* The key figures of return and continuance are systematically recorded since 2019.

under review, 80 cases were attended to in the category of profession & children and 115 cases in the category of care. Since employees can place their concerns by phone or by e-mail, the offer is available all over Germany across multiple locations. Employees in Luxembourg can also participate if their question relates to Germany.

Support for employees with relatives, who need nursing care

In order to underline the increasing importance of this topic, DekaBank has signed the Hessian Charter on Compatibility of Career and Care-giving Activities in 2014. With its measures, DekaBank wants to contribute to creating a work environment, where caring for relatives is not a taboo subject.

In cooperation with professional partners, we support employees, who look after relatives, who need nursing care. The so-called elder care advice and mediation relieves employees in the organisation, financing and implementation of care tasks.

Diversity

Varied cultural origin, life experience and talents of the employees enrich the collaboration and help to recognise the needs of the customers and serve them in the best way possible. The Deka Group has the objective of providing framework conditions, which prevent discrimination, sexual harassment or bullying from occurring at all. Violations of the code of ethics or other forms of discriminatory treatment in the sense of legal regulations as well as threatening, hostile or abusive behaviour are immediately punished. There were no instances of discrimination in the year under review.

At the end of the year 2019, 273 employees (135 women and 138 men) had a non-German nationality. Their share has thus slightly increased to 7.0 percent in the year under review (2018: 6.8 percent). In total, employees from 49 countries are employed at the Deka Group; the most strongly-represented countries are Italy, Croatia, France, Turkey, Greece and Poland.

Severely disabled

All DekaBank buildings are handicapped-accessible and have sliding doors or doors with electronic door openers. In the "Prisma" building in Frankfurt, there are also disabled toilets and a group of lifts with Braille lettering in the key field.

66.8 percent of the mandatory positions for disabled persons were filled at the year-end of 2019 (2018: 63.1 percent). The interests of disabled employees are represented by the Disabled Employee Representatives.

The employees of DekaBank as well as the subsidiaries Deka Immobilien Investment GmbH and Deka Investment GmbH have separate disabled persons' representative as contact persons for all questions around the topic of severe disability.

ILLNESS RATE ACTIVE EMPLOYEES (TABLE 13)

Deka Group Germany (%)	2015	2016	2017	2018	2019
Women	5.6	5.3	5.9	5.7	5.5
Men	3.0	3.0	3.0	3.3	3.3
Total	**3.9**	**3.8**	**4.0**	**4.1**	**4.1**

REPORTED VIOLATIONS (TABLE 14)

Deka Group in Germany (count)		2015	2016	2017	2018	2019
Commuting accidents		**19**	**19**	**20**	**18**	**24**
Principle causes are cycling accidents and injuries relating to black ice during the winter.	Location Frankfurt	15	19	15	14	24
	Leipzig	2	–	–	3	–
	Hamburg	–	–	–	1	–
	Düsseldorf	2	–	–	–	–
	Sales force (east)	–	–	3	–	–
	Berlin	–	–	2	–	–
Work-related injury		**12**	**6**	**6**	**7**	**8**
	Location Frankfurt	12	6	3	6	7
	Leipzig					1
	Sales force (east)	–	–	–	1	–
	Hamburg	–	–	1	–	–
	Düsseldorf	–	–	1	–	–
	München	–	–	1	–	–

SALARY STRUCTURE ACTIVE EMPLOYEES (TABLE 15)

Deka Group in Germany (%)	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	female	male
Non-tariff (NT)	62.4	63.7	64.5	64.7	66.6	45.1	79.6
Tariff group (TG) total	37.6	36.3	35.5	35.3	33.4	54.9	20.4
TG 9	28.3	28.1	27.6	27.9	31.2	26.8	38.3
TG 8	20.3	21.6	22.4	22.5	20.0	19.0	21.7
TG 2–7	51.4	50.3	50.1	49.7	48.8	54.2	40.0

4.5
Workplace safety and health management

The health management was developed in the context of the life-cycle-oriented personnel work as a response to the challenges of the demographic change and the consequent lack of skilled workers. Its central pillars are the fields of exercise/sports, nutrition, medical/prevention and mental health.

Sickness rate

The sickness rate was 4.1 percent in 2019 just like the previous year (2018: 4.1 percent). The monthly development indicates that higher sickness rates were attained mainly in the 1st and 4th quarter of 2019 and are particularly related to the widespread flu wave in the months of February and November. There were no deaths at work in the Deka Group even in 2019, just like the previous years. COMPARE TABLES 13 + 14

Exercise, sports and nutrition

In order to enable employees to integrate regular exercise into their everyday life, the Deka Group runs its own Health Centre at its Frankfurt location, which is used by around 200 employees on average. For employees outside of Frankfurt, there are co-operations with different fitness studio chains as well as physiotherapists and massage practices. In addition, DekaBank supports a company sports club.

DekaBank supports the participation of employees in running events like the annual J. P. Morgan Corporate Challenge run through the inner city of Frankfurt, in which around 300 Deka runners participated in 2019.

A balanced diet is an important part of health care. Therefore, DekaBank attaches great importance to varied and healthy food from the region in the canteen. Information around the topic of nutrition is provided during a nutrition consultation hour offered at the Frankfurt locations when necessary.

Safety at work and medicine

For safety at work, the Deka Group's approach is based on all relevant laws, ordinances and regulations as well as the collective bargaining agreement for public and private banks. Workspaces are regularly scrutinised according to ergonomics aspects by the expert for work safety.

All employees can obtain medical care from the company doctor; here, the focus is on prevention and health promotion. We also offer annual flu vaccinations. The company doctor also conducts occupational health checks for all employees, during which even the need for workplace glasses is determined among other things. Managers of the Deka Group have the option of having an extensive medical check-up every two years.

In the year under review, testing with the "MediMouse" by experienced sports scientists was offered as a special action. This can show deviations from the natural spine form, which can lead to muscular imbalances and, as a result, to long-term orthopaedic effects. The action at two locations in Frankfurt saw participation of 64 employees in total in 2019.

Mental health

In the year under review, the Deka Group performed surveys in various business areas to systematically evaluate mental stress at work and to develop tailored offerings. DekaBank offers seminars on dealing with stress for its employees and managers as part of its further training programme. The four-part lecture series "Stress Control" that was successfully introduced in 2018 was also offered in the year under review. Moreover, a lecture titled "Healthy work – regulate stress successfully, prevent imbalances effectively" was organised at the Leipzig and Luxembourg locations on several dates for the employees on site. The "Lifebalance" seminar was also added to the further training programme for all employees. For managers, the offer was extended by the "Guiding employees through stress situations" workshop.

Employees as well as their relatives, who are in a mental crisis situation, get concrete support from external experts of a professional advisory service. Within the scope of the Employee Assistance Program (EAP), the employees can even obtain anonymous counselling. The EAP also offers expert advice to managers, management consultants and members of the staff committee or works council as well as Equal Opportunities Officers and disabled persons' representatives. Psychological support can be obtained via the advisory service, particularly in the case of severe illnesses, while doctors can be consulted for a second or third opinion. It is also possible to obtain appointments with specialists without long waiting times.

Even in 2019, the experts from the EAP held numerous counselling sessions with employees. In total, around 8.2 percent of the employees used this service in 2019 (2018: 7.1 percent). The increase in the usage rate can also be attributed to higher awareness about this offer, which could be achieved through more intensive communication. The EAP is accompanied by information events for all employees and special workshops for managers.

The Deka Group supports employees in returning to work after a long or recurring illness within the framework of professional integration management. For this, measures are pointed out that can help overcome the illness and prevent recurrence of the incapacity for work, in a personal conversation, which is voluntary for the persons concerned.

4.6
Remuneration

The Deka Group's remuneration system is based on the long-term corporate strategy and considers the relevant regulatory specifications. It is reviewed on an annual basis to ensure it is in line with current regulation and, where necessary, updated to reflect current applicable regulatory requirements.

Remuneration of the employees is calculated solely on the basis of function and performance and always comprises fixed and variable remuneration elements. Regular market comparisons ensure that remuneration is attractive and in line with the needs of the market. In the granting of benefits, the Deka Group does not, in principle, distinguish between part-time and full-time employees.

The remuneration of permanent employees is based on their qualifications and tasks. In the tariff area, the remuneration is currently at least according to tariff group 4 of the collective wage agreement for the private banking industry and the public banks and ends accordingly with tariff group 9. The remuneration of the non-tariff employees is above tariff group 9. The non-tariff annual starting salary is 10.4 percent over the salary of tariff group 9 with 11 years of professional experience converted into 12 monthly salaries. The proportion of employees, who get non-tariff remuneration, has increased in 2019 to 66.6 percent (2018: 64.7 percent). COMPARE TABLE 15

Based on the "Act to Promote Transparency of Pay Structures" (briefly "pay transparency act"), DekaBank informs its employees as to what they earn as compared to the peer group compensation of the other gender.

Variable remuneration is granted on a performance-related basis. This takes into account the performance of the individual employee as well as the success of the Deka Group. An integral part of the assessment of employee performance is the evaluation of compliance with rules of conduct defined in the code of ethics of the Deka Group.

For employees, whose activities have a material impact on the overall risk profile of the Deka Group – so-called "risk-relevant employees" – a part of the variable remuneration is subject to assessments and risk- or performance-dependent payments spread over several years (deferrals) in line with regulatory requirements.

In line with regulatory requirements for institutes and other subsidiaries of the Deka Group, the variable remuneration may not exceed 100 percent of the fixed remuneration. This upper limit of the variable remuneration can, in accordance with §25a para. 5 of the German Banking Act (Kreditwesengesetz – KWG), be increased to 200 percent of the fixed remuneration through shareholders' resolution. DekaBank has made no use of the option to increase the upper limit for the variable remuneration for the members of the Board of Management and all other employees of the institute in the year under review.

In addition to the benefits provided by the employer under the collective bargaining agreement, the Deka Group also offers mainly capital-forming benefits, group accident and corporate travel insurance. Permanent employees also receive a largely employer-financed company pension (BVV). Details on pension obligations can be found in the consolidated financial statement.

The remuneration system for the members of the Board of Management basically corresponds to the remuneration principles for employees of the Deka Group and also takes into account applicable regulatory particularities for risk-relevant employees. The aim of the Board of Management remuneration system is to fulfil the regulatory requirements as well as the principles of the management remuneration of the Wittenberg Centre for Global Ethics. Detailed information is provided in the remuneration report of the Deka Group (https://www.deka.de/deka-group/investor-relations-en/reports).

BACKGROUND

Sustainable Development Goals as frame of reference

Following the Millennium Development Goals (MDGs), the community of states has adopted the so-called Agenda 2030 for global sustainable development in the summer of 2015, whereby sustainable development is understood as comprehensive development in ecological, social and economic terms. The core of the agenda lies in 17 goals and 169 sub-goals for sustainable development – the Sustainable Development Goals (SDGs). Unlike the MDGs, the SDGs are applicable not only for emerging and developing countries, but also for developed countries. All states are invited to make an active contribution to the achievement of the 17 goals amongst others by fighting poverty and hunger, improving education and health care as well as protecting the climate and environment – in their own countries and worldwide.

While the Paris Agreement has a legally binding effect for the signatories, Agenda 2030 is a voluntary commitment of the states – an inadequate commitment of individual states will therefore not be penalised. The Sustainable Development Report published in June 2019 by Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN) concludes that at present, no country in the world is on its way to fulfilling all goals by 2030. According to the authors, the developed countries play an ambiguous role in the implementation: on the one hand, they are the closest to meeting the goals in the own country. On the other hand, they cause, through their consumption behaviour and their standard of living, high ecological and economic costs for third countries, especially for emerging and developing countries, as part of the global supply chain.

The Agenda 2030 and thus the SDGs refer to the nation states as acting agents and not explicitly to companies or civil society organisations. However, the goals will not be achievable without an active contribution of the private sector and especially the companies. Against this background, the number of companies that use the SDGs as frame of reference for the evaluation and communication of their contribution to sustainable development is increasing. During so-called SDG-mapping, activities of the companies, for example as part of corporate governance, HR management or product design, are assigned to individual SDGs. In case of civil society organisations, this mapping is not fully approved. They especially criticise that there is no uniform approach to evaluate the positive effects of the measures and also that partly very small-scale activities are cited.

Also for the Deka Group and its customers, the SDGs form an increasingly important frame of reference. According to the Deka Group, the central challenge thereby lies in systematic identification of the activities that is comprehensible for all stakeholders, which make a significant contribution to the achievement of the SDGs, and thus preventing SDG-mapping that is primarily based on the communicative impact. In this context, the Deka Group distinguishes between two levels:

At the company level, it makes an active contribution to the achievement of the SDGs for example through measures in the field of HR management and social engagement as well as operational ecology and procurement.

At the product level and thus in its core business, it can make a very specific contribution to Agenda 2030 by excluding transactions that have a negative impact on sustainable development, and selecting and promoting companies and projects that have a positive effect. Here, particular importance is attached to the corresponding positive and negative criteria in the lending business and capital investment, for example to excluding the financing of climate-damaging coal-fired power plants or to refraining from offering investment products that speculate for the price development of food.

A special role is played by the capital investment, since the investors' interest in the sustainability-related and thus SDG-related effects of their capital investments is increasing continuously. More and more investors want concrete evidence that sustainable capital investments also live up to their name and support sustainable development or at least do not damage it. Deka Investment GmbH is therefore planning to issue impact funds for 2020, in which the sustainability-related effect shall have special attention.

In view of these challenges that are associated with systematic and comprehensible SDG-mapping, the Deka Group is currently working on an overall concept for a consistent use of the SDGs as a frame of reference for its comprehensive commitment to sustainable development. This concept shall be presented at the latest as part of the Sustainability Report 2020.

5. Sustainable banking

After more was spoken, than concretely implemented, about e-mobility in politics and in the automobile sector over many years, the electrification of transport has made significant progress in the year under review. Thanks to numerous new models, there is a wide range of e-vehicles today – which also the employees are increasingly using within the framework of the company car regulation. Through its extensive financing for the development of renewable energies, the Deka Group ensures that the energy mix used by e-cars becomes more climate-compatible and also offers the drivers the opportunity to run their vehicles on green electricity. At Deka, whoever uses the new bicycle leasing offer travels to work in a climate-neutral manner. Similar to the company car leasing, employees have the option of leasing two bicycles within the framework of gross deferred compensation – an offer that is obviously also applicable for e-bikes.

5.1
Environmental management system

For the implementation of the environmental guidelines adopted by the Board of Management, in which the Deka Group commits to a sustainable business alignment in economic, ecological and social terms, the Deka Group introduced a DIN EN ISO 14001-certified environmental management system in 2009.

The environmental management standard was revised in 2015; Deka implemented the new regulations in time on 1st January 2018. The innovations include, among other things, a more risk-oriented approach and a clearer focus on the consideration of the entire value chain including the environmental impact of products and services.

The annual environmental balance sheet prepared within the framework of this system includes all the buildings of DekaBank at Frankfurt (Trianon, Prisma and Skyper). The key figures for the paper consumption relate to all locations in Germany; the information on business trips is group-wide. The overall objective of the measures in the field of environmental management is an annual reduction of greenhouse gas emissions by five percent.

5.2
Procurement

The strategic purchasing department of DekaBank procured goods and services in the value of a total of approx. Euro 295 million gross in the year under review (2018: Euro 269 million).[13] About 85 percent of the strategic purchasing order volume was placed in Germany, the rest to European suppliers.

For the selection of the suppliers, DekaBank has defined sustainability-related requirements both for the quality of the procured products and services as well as for the corporate governance of the suppliers and service providers. Central points of the business-related requirements are provided in the sustainability declaration, which the suppliers must sign prior to the start of the business relationship. It obligates the supplier, among other things, to comply with core labour standards of the International Labour Organisation (ILO). By the end of 2019, 310 suppliers had signed the declaration. That is about 85 percent of the sourcing volume in strategic purchasing. The remaining 15 percent are smaller consulting and software companies.[14]

Sustainability criteria have great importance even in the selection of products and services. For example, in 2019, all of the Deka Group's computers were replaced with new energy-saving devices. The total of more than 6,000 desktop PCs and notebooks meet the requirements of the "Energy Star" eco-label in the current version 7.0. Even the simultaneously purchased monitors meet high energy efficiency requirements.

All new suppliers are obligated to provide information on their standards and services in the area of environmental management in the DekaBank purchasing portal. This gives the employees in procurement the opportunity to consider relevant aspects in the negotiations with suppliers. In the year under review, a total of 31 new suppliers from the fields of consultation, personnel, and IT were examined on the basis of environmental criteria.

If DekaBank identifies violations of the specified requirements of the sustainability declaration within the framework of the regular supplier audits or learns of this by other ways, the supplier has the opportunity to correct the identified deficiencies. If this is not done, or is not done sufficiently from the point of view of DekaBank, a multi-stage process is set in motion, which may result in the termination of the contractual relationship. In the year under review, there were no terminations of supplier relationships due to violations of the sustainability commitment. Sustainability Management bears the responsibility for this process.

5.3 Climate protection

Energy consumption

The reduction of energy consumption at the locations of the Deka Group contributes directly to the reduction of greenhouse gas, particularly CO_2, emission. On the basis of the results of the first energy audit conducted in 2015 according to DIN 16247, the Real Estate Management of the Deka Group was able to execute numerous measures for the reduction of energy consumption. These included, among other things, new programming of the automatic control of sun blinds, optimisation of the control of lifts, replacement of the heat exchangers for the district heating and installation of more LED lights.

The fact that energy consumption could be reduced only by a good one percent since 2016 despite these measures, shows two things: firstly, the currently available technical possibilities for reducing consumption are largely exhausted. Secondly, weather has a significant impact on the energy consumption. For example, intensive cooling of the office buildings was necessary in both hot summers of 2018 and 2019 in order to ensure the working ability of the employees and the functionality of the technical devices used.

An internal review of the procedure for determining the district heating consumption has resulted in an adjustment of the consumption values. In this context, the district heating consumption for the Skyper location for the past years had to be increased by 1 million kilowatt-hours each, since an inaccurate extrapolation factor had been applied in the past. As a result of a reading error of the assigned energy provider, even the district heating consumption at the Trianon location had been understated by around 1.2 million kilowatt-hours in 2018. It has been corrected accordingly in this report.

The energy service provision law (Energiedienstleistungsgesetz, EDL-G) obligates so-called non-SMEs like DekaBank to repeat the energy audit on a regular basis. Within the scope of the 2nd energy audit conducted in the year under review, the auditor certified that Deka has a very high technical facilities standard at the locations in Frankfurt. The possibility for the execution of other measures identified by the auditor, for example the replacement of fans and refrigerators, depends significantly on to what extent the owner of the office building rented by Deka agrees to doing this and participates in the implementation.

In order to perspectively reduce the number of locations in Frankfurt and to bring the employees together at a common location, DekaBank has decided to not extend the expiring lease for the "Prisma" building. Instead, an office building should be constructed at the new location of Lyoner Straße in FrankfurtNiederrad by the end of 2021, which shall meet high sustainability-related demands.

Traffic

Business travel, in addition to the energy consumption, represents the most important direct environmental impact of non-producing companies. The total transport performance has increased by 3.7 percent as compared to the previous year. The major share of this increase thereby falls to business trips by railway (+39.3 percent), which is relatively climate-compatible. The considerable increase in the use of the railway is partly attributable to the fact that the kilometres travelled by the employees with a Bahncard 100 in the year under review were taken into account for the first time.

On the other hand, the number of kilometres covered by car (–0.6 percent) as well as by flight (–5.0 percent) has dropped. The long-haul flights could be reduced by 5.3 percent from around 9.4 million km to around 8.9 million km. The increase in short-haul flights by 3.17 percent from around 516 thousand km to around 533 thousand km is however unsatisfactory; Deka is therefore checking at present as to what extent domestic flights can be limited to distances of more than 350 kilometres. In total, Deka Group employees covered around 23.9 million kilometres on business trips in the year 2019, nearly 850 thousand km more than in the previous year.

13 Strategic purchasing includes the product groups of consultancy, office/business equipment, business/IT infrastructure, services and personnel.

14 In 2019, DekaBank ordered products and services from around 1,750 suppliers. These included numerous small and one-time orders. The number of suppliers with a significant turnover (> Euro 1 million) is approximately 78.

The average CO_2 emission of the entire fleet of the Deka Group reduced in the reporting period by a good 2.5 percent and is currently at a value of 119 g/km. The implementation of the currently valid company car regulation, which stipulates reduction in the size of the vehicle classes, has also contributed to this.

The advantage in the taxation of electric and hybrid vehicles that is applicable since 2019 resulted in an increased interest in these vehicles. Besides the E-Smarts at the regional locations of Deka Immobilien Investment GmbH, the Deka Group has seven plug-in hybrids or pure electric vehicles in the meantime; there are orders for eight more plug-in hybrids. To support the use of the vehicles, additional charging stations shall be built at the Frankfurt location. At the same time, from the beginning of 2020, the users of the e-vehicles can assert a lump-sum amount if they charge at home. For business trips from Frankfurt to the location in Luxembourg, a tool was provided in the form of "Fahrgemeinschaftenkalender" [carpooling calendar] to support the formation of carpools.

The use of bicycles should also be supported through various measures. At the end of 2018, the Board of Management had decided to introduce a bicycle leasing model, which was implemented in the first quarter of 2019. Within the scope of this model, employees of the Deka Group shall have the option to lease two bicycles within the framework of a deferred compensation, similar to company car leasing. As of the end of 2019, 242 employees had already used the offer and leased 327 bicycles. Since 1st April 2019, the Premium-JobTicket is valid in the entire RMV federation area all year round for the transport in bus, train, regional trains, trams and undergrounds and for any number of trips in the 2nd class.

Greenhouse gas emissions

The objective of reducing greenhouse gas emissions by five percent each year was exceeded considerably in 2019. The absolute emissions reduced from 10,444 tonnes CO_{2e}[15] in 2018 to around 9,387 tonnes CO_{2e} in 2019 and thus by 10.1 percent. A decisive factor for this was especially the increase in the use of hydro-electricity at the Frankfurt location. Its share increased from 75 percent in 2018 to 100 percent now in the year under review.

5.4
Consumption of resources and waste

The amount of waste generated at the four locations (Trianon, Prisma, Skyper and Hamburger Allee) in Frankfurt has increased in the year under review; with a total of 261 tonnes, it was 11 percent higher than that in the previous year. The most important reason for the increase was the replacement of computers in the Deka Group that was mentioned under 5.2. In the year under review, various measures have been decided upon or already initiated, through which the amount of waste generated should be reduced. For example, the decision to switch from disposable to reusable cups in the canteens at the Prisma and Trianon locations saves around 450,000 disposable cups every year. The replacement of plastic cups by glass cups for yoghurt results in the saving of around 20,000 plastic cups every year.

All companies assigned with the disposal of waste have a specialist waste disposal certificate in accordance with the Recycling Law. DekaBank performs regular audits at the companies to ensure safe and environmentally-friendly disposal of waste.

In the year under review, the paper consumption was 875 tonnes and thus 16 percent higher than that in the previous year (754 tonnes). The increase is due to wide-ranging activities of the Deka Group for informing partners and customers. At present, there is a pilot project at DekaBank for the introduction and exclusive use of recycled paper in floor copiers and stand-alone printers. In the events division, the paper consumption could be reduced through the introduction of the "Deka Event App". With this app, registration and dispatch of the documents to event participants take place exclusively in electronic form.

The so-called packaging law came into force on 1st January 2019. It stipulates that initial circulators of goods with filled sales packaging, provided to private end consumers, must first be registered with the "central authority for packaging register".

Since the data is publicly available, this creates more transparency about the manufacturers, dealers and/or distributors of packaging that are fulfilling their product responsibility. For the implementation of the law, DekaBank records the corresponding data in the environment database "SoFi" used by it and sends this to the central register, for the first time in 2020.

15 According to the GHG Protocol, five other climate-relevant gases are recorded besides CO_2: methane, nitrous oxide, sulphur hexafluoride and two groups of fluorocarbons (CO_{2e}).

ENVIRONMENTAL INDICATORS 2019* (TABLE 16)

GREENHOUSE GAS EMISSIONS

	Direct emissions (Scope 1) kg CO_{2e}	Indirect emissions (Scope 2) kg CO_{2e}	Other indirect emissions (Scope 3) kg CO_{2e}	Total
2016	1,815.069	5,156.802	3,361.295	**10,333,166**
2017	1,844,898	5,017,844	3,898,611	**10,761,353**
2018	1,770,629	5,032,804	3,641,129	**10,444,562**
2019	1,760,145	4,412,596	3,213,905	**9,386,646**

ENERGY CONSUMPTION BY ENERGY SOURCE IN 2019

	Trianon ML16 in kWh	Prisma HS55 in kWh	Skyper TA 1 in kWh	HA 14 in kWh
Electricity	5,891,238	4,015,260	1,290,744	27,633
Diesel for emergency electricity	13,774	10,563	587	–
District heating	5,775,110	2,243,650	1,508,033	39,798
Total	**11,680,122**	**6,269,473**	**2,799,364**	**67,431**

DEVELOPMENT OF TOTAL ENERGY CONSUMPTION

	2016 in kWh	Tolerance to 2015	2017 in kWh	Tolerance to 2016	2018 in kWh	Tolerance to 2017	2019 in kWh	Tolerance to 2018
Trianon ML16	11,520,019	2.6 %	10,207,927	–11.4 %	10,767,325	5.5 %	11,680,122	8.5 %
Prisma HS55	7,027,406	3.5 %	6,957,119	–1.0 %	6,983,756	0.4 %	6,269,473	–10.2 %
Skyper TA 1	2,435,180	–14.7%	2,770,901	13.8 %	2,779,169	0.3 %	2,799,364	0.7 %
HA 14							67,431	
Total	**20,982,605**	**0.5 %**	**19,935,947**	**–5.0 %**	**20,530,250**	**2.9 %**	**20,816,390**	**1.3 %**

DEVELOPMENT OF ABSOLUTE BUSINESS TRAVEL AS PER MODE OF TRANSPORT

	2016 in km	Tolerance to 2015	2017 in km	Tolerance to 2016	2018 in km	Tolerance to 2017	2019 in km	Tolerance to 2018
Rail transport	3,133,884	14.3 %	3,427,671	9.4 %	3,566,719	4.1 %	4,968,532	39.3 %
Road transport	9,829,064	–2.7 %	9,987,789	1.6 %	9,589,777	–4.0 %	9,535,611	–0.6 %
Air transport	9,034,886	4.8 %	10,106,491	11.9 %	9,959,363	–1.5 %	9,461,517	–5.0 %
Total	**21,997,834**	**2.5 %**	**23,521,951**	**7.0 %**	**23,115,859**	**–1.7 %**	**23,965,660**	**3.7 %**

DEVELOPMENT OF ABSOLUTE DRINKING WATER CONSUMPTION

	2016 in m³	Tolerance to 2015	2017 in m³	Tolerance to 2016	2018 in m³	Tolerance to 2017	2019 in m³	Tolerance to 2018
Trianon ML16	18,691	3.5 %	19,238	2.9 %	24,712	28.5 %	20,552	–16.8 %
Prisma HS55	13,850	–12.8 %	17,263	24.6 %	20,742	20.2 %	19,383	–6.55 %
Skyper TA 1	2,413	0.9 %	2,627	8.9 %	2,565	–2.36 %	2,477	–3.4 %
HA 14							343	
Total	**34,954**	**–3.8 %**	**39,128**	**11.9 %**	**48,019**	**22.7 %**	**42,755**	**–11 %**

DEVELOPMENT OF ABSOLUTE WASTE PRODUCTION

	2016 in t	Tolerance to 2015	2017 in t	Tolerance to 2016	2018 in t	Tolerance to 2017	2019 in t	Tolerance to 2018
Trianon ML16	154.2	–10.7 %	105.8	–31.4 %	100.5	–5.0 %	105.5	5.0
Prisma HS55	104.1	–4.1 %	93.6	–10.1 %	92.3	–1.4 %	107.1	16.0
Skyper TA 1	43.6	–1.6 %	41.0	–6.0 %	42.2	3.0 %	46.5	10.1
HA 14							1.9	
Total	**301.9**	**–7.3 %**	**240.4**	**–20.4 %**	**235.0**	**–2.2 %**	**261**	**11.1 %**

* 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, Prisma, Skyper and Hamburger Allee (HA 14)), as well as the Luxembourg location for emissions. Since 2019, the calculation of emissions has also included the Berlin and Leipzig sites. All other sites are not yet included in the recording of consumption values for energy, water and waste.
– Since 2019, the data for the bevestor at Hamburger Allee 14 in Frankfurt have also been recorded.
– In addition, the following exceptions are applicable with respect to the data basis: information on business trips is company-wide for the Deka Group without S Broker. Here, the Luxembourg location is also included in addition to the locations in Germany. By 2015, 25 percent of the power consumption in Frankfurt and 100 percent of the power consumption in Luxembourg was covered with green electricity. From 2016 onwards, this share in Frankfurt was increased to 75 percent. In the calculation, this green electricity was not always estimated with zero CO_2 emission factors; but according to the origin, with the factor for hydropower in Frankfurt and with the factors for wind and hydropower (50 percent each) in Luxembourg. For power consumption, the emission factor was obtained from the provider. Due to a relocation in Luxembourg, no green power was purchased in 2018.

EDITORIAL

Sustainability as a global model – from the economic perspective

Dr. Ulrich Kater, Chief Economist of DekaBank

Sustainability is the concept of the century. Although invented in the last century by botanists and made prominent in the last century by the expert association "Club of Rome", it now unfolds a new level of widespread impact. This is understandable in a period, when many people feel the global warming themselves, the oceans are polluted with more and more plastic waste and the question of social justice within and between the countries is raised again. All this increasingly prompts to think and rethink: How close are we to depleting the planet? How are our previous growth concepts of "faster, higher, further" still fitting? What more do we need to do to reassert the notions of community and justice in our societies?

The debate on this has intensified in recent years. In particular, climate change seems to be more strongly palpable to many people from their own experience. The worry over missing self-imposed goals is increasing in spite of the persistently fierce political discussion about concrete causes and the course of the global warming. The willingness of voters and politicians to take more efforts in this area is increasing. It is becoming apparent that the functioning of the economies will change fundamentally in the coming years. This applies to the finance sector as well.

What will all this cost? Can we afford that? We can obviously argue that these are no criteria in view of the climate crisis, but one must act, that too immediately. But panic is the first thing that must be avoided in the crisis in order to act as rationally as possible. While the scientific basis for the assessment of climate change has become more concrete in recent years, estimates of the extent of the economic costs are naturally only extracts and rough estimates of very complex developments. The same applies for the costs of the sustainability change. Without costs, a change of economy and society will however not happen. It is not the growth, which will be lower due to sustainable management. On the contrary: Investments in new, sustainable forms of economic activity can trigger activities, which would not have existed otherwise. At the same time however, many existing economic structures and production types will be renounced and thus cancelled. Many enterprise values will vanish into thin air during the transformation of the economy. This should however not deter from the reshaping of the economy, because continuous renewal is a fundamental characteristic of market economies. It is the task of politics and society to steer in the correct, sustainable direction during this renewal without tearing down everything that so far constitutes the performance of the economies.

But is there enough willingness to change? The worries and fears of the people about the environmental destruction that are expressed in the surveys too often contrast with the low level of willingness to change that is also recognisable in the surveys, be it accepting environmental taxes or giving up cherished consumer habits. But even coercive measures of the state miss the mark without understanding and acceptance among the people.

Climate change dominates

Sustainability is complex and concerns nearly all areas of life as shown by the 17 goals of the United Nations' Agenda 2030. The 13th goal is especially prominent: Taking immediate measures against climate change and its consequences. It was already proven with numbers at the Paris Climate Protection Conference of the United Nations in 2015. In the long term, the rise in the global average temperature should be limited to well below 2 degrees Celsius as compared to the pre-industrial times. The discussion around climate change by the Intergovernmental Panel on Climate Change has gathered additional pace in 2018. It has found that the existing measures for climate protection are inadequate and will result in global warming of 3 degrees Celsius by 2100. In addition, the Intergovernmental Panel on Climate Change recommends limiting the increase to 1.5 degrees Celsius, since the lasting damage can be significant even in case of additional warming of 2 degrees Celsius.

Clear European goals

In March 2018, the European Union (EU) has also formulated clear climate and energy goals for 2030, derived from the UNO-Agenda 2030. The focus is on the reduction of greenhouse gas emissions by 40 percent as compared to the 1990 levels. In December 2019, the new EU Commission has announced adaptation of the current goals within the framework of a "Green Deal" such that climate neutrality (greenhouse gas neutrality) will be achieved by 2050. The most important greenhouse gas is carbon dioxide (CO_2). Neutrality means not the full waiver of CO_2- emission, but the full compensation e. g. through reforestation. According to the EU Commission, the currently estimated annual financing requirement will increase from Euro 180 billion to Euro 260 billion with the goal adaptation.

It won't work without the state

Climate change cannot be handled without state intervention. This is due to the nature of what needs to be protected, namely the Earth's atmosphere. This results in the economic problem of the so-called common pool resources. In this type of goods, there is excessive individual usage, because negative effects for the environment are not reflected in the costs as there is no price for the same. In case of climate change, it is the pollution of the Earth's atmosphere by the CO_2-emission that is not sufficiently

taken into account by the companies and households. Consideration of the costs of the CO_2-emission is additionally complicated, because it is an international problem, because the negative effects of global warming relate to a long-time horizon and because the forecast uncertainty is very high. Because, this is about the next 50 to 100 years. At the same time, it is a big scientific challenge to estimate as to how the earth will react to a warming of 2 °C or 3 °C in 2100, let alone how the economic and social consequences will turn out. Due to all this, a private solution to the problem is practically impossible, so that the states are required.

There are private approaches like donations for measures against climate change, dispensation with a car by private households or the private CO_2-compensation for air travel. In the latter case, the passenger obtains a climate certificate according to the CO_2 emissions of the flight. For example, a to and fro flight between Frankfurt (Rhine-Main) and London (Heathrow) for a passenger in the Economy Class results in a CO_2-emission of 336 kg. This will be directly calculated on the website of the private certificate provider and converted into a sum of money for a climate-compensating investment. At present, this constitutes 1 passenger out of 100: Therefore, private measures are by far not adequate to stop climate change.

Sufficient state measures are available

The state arsenal offers numerous opportunities to achieve climate goals. In principle, the state can use regulatory and market-based instruments. The regulatory instruments include rules and prohibitions. For example, open storage of radioactive material under the open sky is prohibited in Germany. However, it is not always so easy: since environmental pollution, e.g. due to aircraft noise, is not only associated with costs, but also with benefits (flying), costs and benefits must be weighed out here. For this, the state requires a lot of information about the companies and households concerned. Moreover, there is no incentive for the polluters to do more than is necessary to comply with the rules. Only applying the regulatory policy makes little sense economically. It must rather serve as a framework, within which market-based instruments will create an efficient solution. Market-based state instruments include taxes/subsidies and the certificate trading.

With a CO_2-tax, any level of emission can be reached; but one must sometimes experiment as to which tax amount results in which reductions. Sweden has already introduced a CO_2-tax in 1991. In order for the economy to get used to it, the tax was first introduced in an amount of approximately Euro 30 per tonne and was then successively increased to around Euro 115 per tonne. Sweden is planning to be climate-neutral by 2045. The revenue from the CO_2-tax can be used in many ways. This includes filling of budget deficits, reduction of income tax to underline the steering effects of the CO_2-tax and to balance social hardships, or the climate research funding. In the tax solution, the companies have a high incentive for energy-efficient production and innovation. It is also usable in the short term. Besides the taxation, the state also has certificate trading at its disposal as a market-based instrument. Here, the state defines the upper limit of the CO_2-emission and then issues environmental certificates, which the companies must produce in the amount of their CO_2-emission. If they reduce their emission, then can sell the certificates. In principle, the same result can be achieved with the CO_2 certificate trading as that with taxation. The certificate trading is rather the more efficient solution, because the companies start with the reduction where it is the easiest. Independent from the instruments used, Germany must start in the areas of energy economics, industry and transport in order to achieve a noticeable reduction in the greenhouse gas emission. These are responsible for more than 75 percent of the CO_2-emission.

Promoting research and innovation

Technological progress and innovation are a basic condition for sustained economic growth. Man's inventiveness knows no limits, and much of what is considered normal today was unthinkable 40 years ago. Vice versa, maybe just like the idea in 2060 that there were times, when cars ran on gasoline or houses were equipped with oil heating. There could also be a division that will be responsible for filtering CO_2 from the air. This however requires adequate financial resources for research and venture capital to implement the research results. Nobel Prize winner Paul Romer has shown that there often are macroeconomic under-investments in the areas of research and development. At this point, the state is also required to provide funds. Not too late, because the time is running.

The 1.5-degree Celsius goal or even climate neutrality by 2050 are demanding projects. The instruments to achieve these goals are available. The state must however ensure that the CO_2-emission is adequately taken into account in the cost structure of households and companies. Comprehensive measures are necessary for this: a regulatory framework, taxes that can be used in the short term, medium-term international certificate trading, promotion of research and development and subsidisation of climate-friendly behaviour. Even if Germany is one of the countries with a higher per capita CO_2-emission, Germany alone will not be able to stop climate change with a share of 2 percent in the worldwide CO_2-emission. International coordinated measures are necessary for this. Especially China, the USA, India and Russia must be integrated into an international climate protection package. These four countries are responsible for nearly half of the global CO_2-emission.

6. Corporate Citizenship

At DekaBank, social engagement has a long tradition, whose roots lie in the orientation towards the common good of the savings banks. Current surveys show us that the promotion of social and cultural projects still has a high value for our customers even today. The Deka Group meets this expectation with an extensive engagement in the form of long-term partnerships. It ranges from the help for children and young people through the promotion of science and education up to the support of architecture, art, music and sports.

6.1 Social engagement

Freundeskreis Arche Frankfurt am Main e. V.
Since 2008, DekaBank supports "Freundeskreis Arche Frankfurt e. V." with an annual donation. In the year under review, this agreement has been extended till 2022. The "Arche" operates two children's arks and a young people's ark in Frankfurt am Main as well as a location with extended school services. In total, around 400 children and young people especially from socially disadvantaged backgrounds are cared for daily. They get a healthy breakfast and lunch, homework supervision and a variety of leisure activities. The offer of the Arche is flanked by individual learning support, holiday workshops and excursions. The goals of the Arche are to encourage children with tender loving care, to promote their educational opportunities and thus to offer them a perspective for the future.

Deutsche Krebshilfe e. V.
DekaBank has been a reliable partner in the annual national golf benefit tournaments in aid of Deutsche Krebshilfe e. V. (DKH, German Cancer Aid) since 2006. Around 7,000 golfers took part in the biggest benefit golf tournament in Europe in 2019 and combined sporting activity with help for people with cancer. As a general sponsor, DekaBank supports this event by providing winners' prizes for the entire tournament series. In total, Euro 290,000 were raised for this good cause in the year under review. In the year under review, this agreement has been extended till 2024.

6.2 Education and science

Goethe University Frankfurt am Main
Since 2016, DekaBank supports two endowed chairs at the House of Finance of Goethe University. The Professorship for "Sustainable Asset Management" was occupied by Prof. Dr. Alexander Hillert. His research mainly focuses on the fields of Asset Management, Behavioural Finance und Empirical Asset Pricing. For the Professorship for "Sustainable Banking", the Steering Committee of Goethe University appointed Dr. Özlem Dursun-de Neef, who especially deals with the topics of Banking and Financial Regulations. The current cooperation is agreed upon till 2020.

Private Institute for Quantitative Capital Market Research (IQ-KAP)
Private Institute for Quantitative Capital Market Research (IQ-KAP is a science-based research institute. It was founded by DekaBank in 2013 with the aim to improve the knowledge transfer between practice and academic research. The main task of the IQ-KAP is the quantitative research in the field of capital markets and the preparation of scientific papers in cooperation with universities and partners. The scientific advisory board includes Professors Wolfgang Bessler, Frank Bulthaupt, Alexander Hillert, Ulrich Klüh, Dirk Schiereck and Ulrich Schollwöck.

In the year under review, numerous publications and working papers of authors, who are involved in the IQ-KAP, have appeared and been placed on the website of the IQ-KAP. In 2019, they presented their research findings at a total of six international conferences and undertook teaching activities at various universities and colleges, including the New York University Campus Abu Dhabi or the Goethe University Frankfurt. In addition, the research award of the IQ-KAP was given for the third time in 2019; the award ceremony shall take place in 2020.

Promotion of the securities culture
In order to promote the securities culture, DekaBank supports Planspiel Börse [stock exchange simulation game] of Sparkassen since 2014. The game provides financial education in an exciting and practical manner, to strengthen the economic and social skills of the participating scholars, trainees and students and to thus support the "Financial Literacy" of young people. The participants are provided a virtual capital that they should multiply. Continuous trading takes place with the rates of real stock exchanges. The simulated securities trading deepens basic economic knowledge in a playful way and imparts stock exchange knowledge. It also imparts basics of sustainable capital investment: The special rating of "sustainability" should promote future-oriented and responsible trading among young people. There is prize money for teams, which

generate the highest income, as well as for teams, which invest their funds in particularly sustainable stock corporations.

In 2019, nearly 100,000 scholars, students, trainees and young adults from 21 countries participated in the 37th Planspiel Börse of Sparkassen. Besides teams from Europe, this game round mainly also had groups from Russia, Bolivia, El Salvador, Honduras, Mexico, Panama and Guatemala. The national award ceremonies take place alternately at the Deutscher Sparkassen Verlag (DSV) in Stuttgart, at Deka in Frankfurt and at the DSGV in Berlin. In the year under review, the winning teams of 2018 were awarded in Stuttgart; the gala for the winners of the Planspiel Börse 2019 shall take place on 20th March 2020 in Berlin. For the first time, even the winning teams from other participating European countries shall be awarded within this framework together with the German winning teams in the scholars, students and savings bank trainees competition. In the year under review, the agreement about the support of Planspiel Börse has been extended up to 2023.

6.3 Art and culture

DekaBank art collection
Since its establishment in 2003, the DekaBank art collection has been building up an internationally oriented collection with over 1,400 works, which reflects the diversity of artistic expression in the 21st century. It focuses on works, which address relevant social issues and stimulate debate about the current definition of art. The structure of the collection gives particular weight to the new generation of artists. Guided tours are held regularly for Deka's business partners and employees. In 2019, DekaBank participated in "Kunst privat! Hessische Unternehmen zeigen ihre Kunstsammlungen" [Private art! Hessian companies show their art collections] for the fifteenth time and opened the doors of the exhibition to interested visitors.

In the year under review, two floors in the Trianon highrise were re-furnished with works from the DekaBank art collection: under the title "Die DekaBank Kunstsammlung – Ein Spiegel der Gesellschaft" [The DekaBank art collection – A mirror of the society], works of renowned artists like Sarah Morris, Thomas Bayrle or Karin Sander are displayed on the 44th floor along with works of young artists like Isabelle Fein or Jagoda Bednarsky.

MMK Museum for Modern Art Frankfurt am Main
Since 2002, DekaBank has supported the MMK Museum for Modern Art in Frankfurt am Main in expanding the museum collection, which comprises over 5,000 works of international art from the 1960's up to the present day. It is one of the most important international stocks of contemporary art. Since November 2015, Manuela Better, Director of Risk Management at DekaBank, has worked on the board of trustees of the Friends of the Museum for Modern Art, Frankfurt am Main. In the year under review, the agreement about the support of the MMK has been extended up to 2022.

Since 2014, the MMK Museum for Modern Art has a location in TaunusTurm, which was constructed in the urban centre, not far from the train station and the main building of the museum. the MMK was substantially expanded with the exhibition spaces in the new building. As founding partner of the Tower MMK, the bank supports the exhibition together with other partners. The exclusively private financing of the MMK Dependence is an example of an innovative and economic model of museum expansion.

International Highrise Award
The International Highrise Award (IHA) was initiated in 2003 by the city of Frankfurt, with the German Architecture Museum (DAM) and DekaBank. Since then, it is organised and financed in partnership by DAM and DekaBank and is given every two years. The IHP is the world's most important architecture prize for highrise buildings. The award is given to structures, which distinguish themselves through excellence in aesthetics, futuristic design, urban integration as well as innovative technology, economic viability, marketability and sustainable construction. An international jury of experts decides about the award. The award is given jointly to the architects and the builders; they are honoured with a statuette of the internationally renowned artist Thomas Demand and prize money of Euro 50,000; they decide the fund goal of this amount. In the year under review, the International Highrise Award 2020 was prepared for. In 2019, the agreement about the cooperation was extended up to 2024.

Dresden State Art Collections
Since 2006, DekaBank has been one of the main sponsors of the Dresden State Art Collections (SKD) and has, in the year under review, extended the corresponding commitment up to 2023. In the year under review, various projects could be supported, including the art education programme "Lernort Museum" [Museum: a place of learning]. The interactive exhibition "Die Erfindung der Zukunft" [The invention of the future] in the Japanese Palace dealt with worries and wishes, moral concepts and attitudes of young people on topics like social harmony, politics, environment and technology. These were set in relation to works from the collections of the SKD and works by contemporary artists.

The exhibition about A. R. Penck "Ich aber komme aus Dresden (check it out man, check it out)." was opened in October 2019 in Albertinum under great media interest. On behalf of the Sparkassen Finanzgruppe, DekaBank,

represented by Johannes Behrens-Türk, greeted those present. Besides music recordings, films that have never been shown at an exhibition and that were made before his departure from the GDR were presented. The exhibition provides new insights into Penck's subjects, themes and basic approach.

Foundation for Photography and Media Art with Michael Schmidt Archive

The "Foundation for Photography and Media Art with Michael Schmidt Archive" founded in 1999 has the goal of preserving the work of artist Michael Schmidt, who died in 2014. From 2015 to 2020, DekaBank will support the Foundation with an annual amount to implement a retrospective, which is planned for May 2020 onwards, on the occasion of the 75th anniversary of Michael Schmidt's birth at Hamburger Bahnhof – Museum für Gegenwart [Hamburg Railway Station – Museum of contemporary art] in Berlin. In the run-up to this exhibition and on the occasion of the foundation's 20th anniversary, the DSGV presented the exhibition "Michael Schmidt – Schnackenburger Album" from 11th December 2019 to 24th January 2020. This displays nature photographs of the artist that were taken around Schnackenburg an der Elbe, his second place of residence and work besides Berlin.

As one of the promoters of the foundation, DekaBank has preserved one-third of Michael Schmidt's well-known photography series "Lebensmittel" [food] (2006–2010). From 16th November 2019 to 8th March 2020, the series is displayed on loan in the exhibition "In den Gärten umtun. Migge, Alhäuser, Schmidt" [look around in the gardens] in the Museum Große Kunstschau Worpswede.

National Youth Orchestra

DekaBank and the supporters of the National Youth Orchestra, Stiftung Bundesjugendorchester and Deutsche Musikrat [German Music Council] – have agreed to collaborate up to 2023. In this context, the participants are promoted during at least three working phases and Orchestra tours every year as well as procurement of new musical instruments is supported.

The National Youth Orchestra, which was founded in 1969 by the German Music Council, is the national youth orchestra of the Federal Republic of Germany. Its work is focussed on supporting the participating musicians, who are between 14 and 19 years old. Many of the orchestra members are winners of "Jugend musiziert", the most important youth competition for classical music in Germany. It has been supported by the Sparkassen-Finanzgruppe as a major sponsor for over 50 years. The young musicians play under the direction of renowned conductors and soloists. Since 2018, Sir Simon Rattle is Honorary Conductor of the National Youth Orchestra.

In 2019, the National Youth Orchestra celebrated its 50th anniversary. In the course of the year, the Orchestra performed numerous concerts in Germany, including a concert with the Berlin Philharmonic. A summer tour took the Orchestra to South Africa for ten days.

6.4
Sports

Since January 2008, the Deutsche Sparkassen- und Giroverband e. V. [German Association of Savings Banks] (DSGV) has been an Olympic partner of the German Olympic Sports Confederation (DOSB) with the participation of DekaBank and other affiliated companies. In addition to the commitment as Germany's Olympic partner and as a national sponsor of the German Disabled Sports Association (Deutscher Behindertensportsverband), we are also supporting the German Sports Badge (Deutscher Sportabzeichen) and elite sports schools. Thus, the partnership extends from high-performance through popular to young people's sports. The cooperation with the DOSB was extended up to 2024.

6.5
Historical archive and Dekarium

In 2019, one year after the 100-year anniversary of the Deka Group, the "Dekarium" has been taken over into the regular operation as an experience space for history. The interactive exhibition that is set up in the former customer safe of the Trianon, is aimed at members of the S-Finanzgruppe and employees of the Deka Group, but is also open to interested public. The history of the DGZ/Deka in the historical context of the Sparkassen history in particular and the German history in general is embedded in the experience space. The history of the Wertpapierhaus of the savings banks can be experienced and understood in presently ten contemporary witness reports and through numerous objects, pictures and documents from the historical archive of DekaBank. In the year under review, 70 guided tours were held and 933 visitors got a comprehensive and vivid insight into the eventful history of the Deka Group.

6.6
Donations

In the year under review, Deka donated a total of Euro 815,005.84 (2018: Euro 905,126.04). The largest of the total 141 single donations went to the Goethe University and the foundation of Christian children and youth work "Die Arche e. V." in Frankfurt. Other local donations were made within the framework of the "Deka – making a local commitment! 2019" campaign. Each year, facilities, which are close to the hearts of employees or in which they are involved themselves, are supported with Euro 1,000. Since the canteen in the Trianon highrise was closed for two days in the autumn, there was a surplus of the proportionate monthly lump-sum for lunch of

around Euro 8,000. The Board of Management therefore decided in agreement with the employee representatives to raise the budget for "Deka – making a local commitment" by Euro 10,000 to Euro 35,000. As a result, the number of funded submissions could be increased from 25 to 35 in 2019.

In year under review, the Restcent campaign also took place. Here, employees of the Deka Group can donate cent amounts of their monthly salary. At the end of the year, a non-profit organisation or a foundation selected by the employees in advance benefits from the total amount. A new recipient is selected every year. In the year under review, they selected Verein der Freunde der Hegau-Jugendwerk GmbH e. V. The Hegau-Jugendwerk takes care of the rehabilitation and re-integration of children, youth and young adults with cranio-cerebral injuries or other damages to the central nervous system. On an average, 1,247 employees (2018: 1,207) donated their cent amounts in 2019. Thanks to their commitment, a donation amount of Euro 7,231.84 could be achieved.

The Deka Group awards donations to charitable, church and benevolent institutions, which are entitled to issue tax donation certificates. Donation requests to the Deka Group are processed by the Sustainability Management Department and are documented in the central donation register of DekaBank. Moreover, the department regularly informs the Board of Management about the donations made.

The divisions of Compliance and Taxes can any time check the donation register. The competence regulation of the Deka Group stipulates that for donations of up to Euro 500, the respective unit can make the decision. Up to Euro 2,500: the Head of Sustainability Management; up to Euro 5,000: the Head of the Board Staff & Communication division; up to Euro 10,000: the Chairperson of the Board of Management and above Euro 10,000: the entire Board of Management.

Donations to political parties, political foundations, employer associations or unions are basically excluded.

KEY FIGURES OF SOCIAL COMMITMENT (TABLE 17)

478,850 **EURO**
Deka funds for **art and culture** in 2019

441,286 **EURO**
Deka funds for **education and science** in 2019

170,100 **EURO**
Deka funds for **sports** in 2019

TOTAL COMMITMENT (€)	2013	2014	2015	2016	2017	2018	2019
Social affairs	603,079.91	311,900.41	763,955.93	220,748.97	265,940.91	249,798.12	238,500.00
Education and science	507,154.00	676,885.59	470,916.00	498,689.84	473,968.00	497,284.00	441,285.85
Arts and culture	603,335.00	719,337.00	413,900.00	421,839.00	522,500.00	617,155.60	478,850.00
Sports	154,700.00	223,900.00	160,800.00	191,840.00	159,350.00	286,376.97	170,100.00
Miscellaneous	37,499.87	10,255.00	115,382.00	29,500.00	106,260.84	78,678.84	10,802.00
Total	**1,905,768.78**	**1,942,278.00**	**1,924,953.93**	**1,362,617.81**	**1,528,019.75**	**1,729,293.53**	**1,339,537.85**

STRUCTURE OF FUNDING (€)	2013	2014	2015	2016	2017	2018	2019
Donations	1,380,549.87	904,901.00	1,327,748.00	789,646.84	874,166.05	905,126.04	815,005.84
Sponsoring	525,168.91	1,037,377.04	597,205.93	572,970.97	653,853.70	824,167.49	524,532.01

About the report

For the year under review 2019, DekaBank meets the provisions of the "Act to Strengthen the Non-financial Reporting by Corporations in their Management and Group Management Reports" (CSR Guideline Implementation Act) in connection with the regulations in the German Commercial Code §§ 289 and 315 by submitting a joint non-financial report for the Deka Group (the Deka Group includes DekaBank Deutsche Girozentrale as parent company as well as the subsidiaries according to the IFRS consolidation scope (COMPARE https://www.deka.de/deka-group/investor-relations-en/reports annual reports of the Deka Group, note 81 "details of shares in subsidiaries" and note 83 "list of shareholdings")) and the DekaBank Deutsche Girozentrale within the scope of the Sustainability Report 2019 and publishing it on its homepage by 30th April 2020. Under consideration of the materiality principle, the non-financial report mainly refers to these companies, provided that they contribute significantly to the sustainability performance of the Deka Group.

Unless otherwise specified, the information provided in this report refers to the Deka Group. Individual indicators in the area of environmental management relate to individual locations. This is noted accordingly, wherever this is the case.

The Deka Group sees itself as an organisation, which is aimed at the customer benefit beyond all levels and divisions and uses the strengths of the integrated business model, which is based on the Asset Management as well as on the banking business, for this purpose.

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 considered as globally recognised guidelines for sustainability reporting.

> *"This report was prepared in compliance with the GRI standards: Core option."*

The Deka Group declares that it has exercised utmost care during the preparation of this report and the information contained in this report is correct to its knowledge and no relevant circumstances were missed. All the information in this report basically refers to the 2019 calendar year.

Content requirements of the CSR Guideline Implementation Act (CSR-RUG)
§289c of the German Commercial Code defines the contents of the non-financial report. In addition to the description of the business model of the company, the non-financial report should at least refer to the following aspects if these are essential for the understanding of the course of business and the impact of its own corporate activity. These are essentially the same aspects, for whose comprehensive consideration the Deka Group has obligated itself within the framework of the signing of the UN Global Compact. The importance of the five aspects for the Deka Group ("inside view") is described below.

In this Sustainability Report 2019, the Deka Group reports, beyond these aspects stipulated by the CSR-RUG, about other objectives and measures that are considered to be important by specific target groups of the report, particularly the sustainability rating agencies, for the understanding of the sustainably-related commitment and the impact of the Deka Group on employees, the environment and society.

Environmental concerns
Environmental concerns are relevant for the Deka Group in different contexts. This includes, on the one hand, the consideration of environmental criteria in financing. Here, the non-compliance with environmental standards, for example, in case of infrastructure projects, can result in delays in the completion of projects and, where applicable, in delays or even failures in the operation of the financing as well as reputational damage. By adhering to international standards, such as the Equator Principles (EP), such risks can be minimised. These aspects are discussed in CHAPTERS 2.5 "Rules and standards" and 3.2 "Sustainability in lending". On the other hand, it is important from the point of view of the Deka Group to also minimise the direct impact of its activities on the environment. The objectives and measures for this area are documented in CHAPTER 5 "Sustainable banking".

Not least through the recommendations of the TCFD as well as BaFin in its leaflet on handling sustainability risks, the risks of climate change have become more important for the finance sector. In the past few years, the Deka Group has already intensively dealt with these risks and the possible consequences for the Group and its customers – even in cooperation with external experts like Prof. Timo Busch from the University of Hamburg. Still, the inadequate data situation is one of the biggest obstacles to comprehensive integration of corresponding risks into the Risk Management. The measures implemented by the Deka Group to rectify these deficits are documented especially in the CHAPTERS 2.7 (Risk Management) as well as IN THE BACKGROUND "Systematic climate risk reporting based on the TCFD".

Employee concerns
The employees are the foundation of the economic activity of the Deka Group. Even against the background of the demographic change, it is here especially important to attract employees in the number and qualification required for the provision of services for the company and to bind them to the company. From the point of view of the employees, it is also important to ensure their professional and health-related employability through corresponding measures. The activities

undertaken by the Deka Group, among other things, for the training and further education, the promotion of gender equality and the occupational health and safety are discussed in CHAPTER 4 "Sustainable HR management".

Social concerns
The promotion of the development at local and regional level and the support of the municipalities in performing their tasks in the economic, regional political, social and cultural area is anchored in the Savings Bank Act and is therefore also a guideline for the actions of the Deka Group. Its extensive social action is described in CHAPTER 6 "Corporate Citizenship".

Respect for human rights
The respect for human rights is of importance in the banking sector, particularly in the context of financing of infrastructure projects. It is often also about the interaction with local communities. By taking into account the Equator Principles for corresponding financing, DekaBank ensures that human rights aspects are considered in the financing. This is how risks for the realisation of the projects as well as for the reputation of the bank can be avoided. On the other hand, negative impact on people concerned by the financed projects should be excluded as far as possible.

The British Modern Slavery Act of 2015 also refers to the responsibility of the companies for the abolition of slave labour in the supply chain. It obligates all companies doing business in Great Britain to give a declaration as to which measures they have taken to ensure that there is no "slave labour" in their supply chain. The Deka Group is also obligated to submit such a declaration on the basis of its business activities in Great Britain. It is published on the website of the Deka Group.

More information on these topics can be found in CHAPTERS 2.5 "Regulations and standards", 3.2 "Sustainability in lending" and 5.2 "Procurement".

Fighting against corruption and bribery
Compliance with statutory and regulatory requirements with respect to fighting against corruption and bribery is one of the fundamental requirements for responsible corporate governance. Violations of these standards regularly lead to legal sanctions – even financial – sanctions and reputational damage. The corresponding guidelines and measures of the Deka Group for fighting against corruption and bribery are documented in CHAPTER 2.6 "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 are reported to the Board of Management as well as the relevant supervisory bodies.

Audit of the separate non-financial report
The separate non-financial report is audited in two respects: The Board of Management is obligated to check its content, whereby it can also commission an external content review. The auditor checks as to whether the separate non-financial report was submitted and was published by 30th April of the following year. The auditor does not check the contents. Here, AGIMUS GmbH was commissioned with the external content review of the joint separate non-financial report (Sustainability Report 2019) of the DekaBank Deutsche Girozentrale and the Deka Group. The audit includes the compliance of the Sustainability Report with the requirements of the HGB.

The legal basis for the preparation of the separate non-financial report does not include instructions for selection of the auditor for the external content review. DekaBank has decided to assign the audit order to an external expert, here AGIMUS GmbH. AGIMUS GmbH has a high level of expertise as environmental expert in certification processes according to the ISO and in the sustainability context based on the respective applicable GRI framework. It also has detailed knowledge of the environmental and sustainability-related structures and processes in the Deka Group, since it has been accompanying the certification of the Deka Group according to the environmental standard DIN EN ISO 14001 since 2009 as environmental expert and verifies the compliance with the relevant specifications every year. Since the reporting year 2014 – and thus before the CSR-RUG came into force – AGIMUS GmbH has been assigned to audit the Deka Group's sustainability report in order to fulfil the respective GRI specifications. This also includes the publication of the audit results in order to fulfil the respective GRI specifications.

The joint separate non-financial report was audited by independent experts Dr. Ralf Utermöhlen and Dr. Julia Norden in January 2020.

After completion of the audit, both experts have come to the conclusion that the joint separate non-financial report (sustainability report for the DekaBank Deutsche Girozentrale and the Deka Group) for the period from 01st January 2019 to 31st December 2019) meets the statutory provisions of the HGB and of the Act to Strengthen the Non-financial Reporting (CSR Guideline Implementation Act) for the separate non-financial report and the reporting standards of the Global Reporting Initiative (GRI standards) have been fulfilled.

Certificate about an independent environmental verification

Audit task
The separate non-financial report is audited in two respects:

The Board of Management is obligated to check its content, whereby it can also commission an external content review. The auditor checks as to whether the separate non-financial report was submitted and was published by 30th April of the following year. The auditor does not check the contents.

DekaBank engaged AGIMUS GmbH Umweltgutachterorganisation und Beratungsgesellschaft to perform an external content review of the joint, separate non-financial report (Sustainability Report 2019) of the DekaBank Deutsche Girozentrale and the Deka Group. The joint separate non-financial report was audited by independent experts Dr. Ralf Utermöhlen and Dr. Julia Norden in January 2020.

It is our job to check the information in the sustainability report for traceability as well as the completeness and accuracy according to the requirements of the Act to Strengthen the Non-financial Reporting by Corporations in their Management and Group Management Reports (CSR Guideline Implementation Act), the HGB as well as the framework of the Global Reporting Initiative (GRI standards). We were also engaged to make recommendations for the further development of the environmental management and sustainability reporting, based on the results of our environmental verification.

Independence and quality assurance of the environmental verification provider
We observed the requirements for the independence of environmental verification providers as well as further professional ethical requirements for a third-party review and conducted our review of the sustainability report in line with the procedures for the certification of the environmental management system according to ISO 14001. In addition, the correctness of the information in the sustainability report was verified through an on-site check in Frankfurt.

Audit activities
When conducting our review, we observed the professional practice guidelines for environmental verification providers. In doing so, we planned and performed our engagement with due regard to the principle of materiality, in order to express our opinion with reasonable assurance.

The selection of verification procedures is at the due discretion of the environmental verifier and was made in connection with the verification procedures for the ISO 14001 certification, both technically and in terms of content.

A particular focus of the verification in 2020 was on the materiality analysis according to CSR-RUG and the consideration of climate and sustainability risks in the business model of the Deka Group.

Within the scope of our environmental verification, we conducted the following procedures, among others:

- Interviewed employees from the departments responsible for the preparation of the report about the process for preparing the report and on the internal controls in place around this process;
- Inspected documents regarding the sustainability strategy and gained an understanding of the environmental and sustainability organisation structure, the stakeholder dialogue and the development process for the company's environment and sustainability programme;
- Interviewed employees in the specialist departments responsible for individual chapters of the report;
- Recorded the procedures and documentation of the systems and processes for the collection of data and information;
- Aggregated selected data; performed an analytical review of data included in the report;
- Plausibility check and aggregation of the sustainability data as well as its verification;
- Conducted audits and site inspections during the audit in Frankfurt/Main;

- Obtained further evidence for the information in the report through inspection of internal documents as well as reports and records from external service providers.

We have had the errors that were found in the report draft corrected; missing information to a smaller extent was incorporated.

Opinion
After completion of the audit, both experts have come to the conclusion that the joint separate non-financial report (sustainability report for the DekaBank Deutsche Girozentrale and the Deka Group for the period from 1st January 2019 to 31st December 2019) meets the statutory provisions of the HGB and the CSR-RUG for the separate non-financial report and the reporting standards of the Global Reporting Initiative (GRI standards) have been fulfilled.

Braunschweig, 6th February 2020

Dr. Julia Norden

Dr. Ralf Utermöhlen
(Environmental expert, DE-V-0080)

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INFORMATION ON THE INTERNET

The sustainability report 2019 of the Deka Group can be found on our website https://www.deka.de/deka-group/sustainability.

ORDERING SERVICE

We would be pleased to send you the Sustainability Report 2019 of the Deka Group. If you want to receive our Sustainability Report on a regular basis, please contact us.

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DESIGN, EDITING AND LAYOUT

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VALIDITY OF INFORMATION

This document is a translation of the corresponding Deka Group Sustainability Report 2019, which was written in German.
In case of any inconsistency or translation-related differences the German language version shall prevail.

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