FRAMEWORK EXTERNAL REVIEW
SUSTAINABLE LENDING FRAMEWORK

Deutsche Kreditbank AG
14 July 2023

VERIFICATION PARAMETERS

Covered Instruments	▪ Green and Social loans
Type of Framework	▪ Sustainable Lending Framework
Scope of verification	▪ DKB's Sustainable Lending Framework (as of June 27th, 2023) ▪ DKB's Sustainable lending classification system (as of June 27th, 2023) ▪ DKB's Eligibility Criteria (as of July 12, 2023)
Validity	▪ Valid as long as the framework remains unchanged

CONTENT

SCOPE OF WORK

Deutsche Kreditbank AG (hereafter 'DKB', 'the Bank', or 'the Financial Institution') commissioned ISS Corporate Solutions (ICS) to assist with its Sustainable Lending Framework (hereafter 'SLF' or 'the Framework') by assessing four core elements to determine the quality of its classification system[1] for identifying sustainable lending activities:

1. Sustainable Lending Framework - benchmarked against market practices and guidelines[2] that enables capital and loan markets to contribute to environmental and social sustainability (see Annex 1)
2. DKB's sustainable lending classification system - the soundness of the eligibility parameters to identify eligible sustainable lending activities (see Annex 1) and the sustainability quality of the eligibility criteria - whether the eligible categories contribute positively to the UN SDGs (see Annex 2)
3. ESG Risk Management - assessment of DKB's overarching risk management procedures considered relevant in the context of the Bank's sustainable finance activities (see Annex 1)
4. The Sustainable Lending Framework and DKB's overall ESG profile - drawing on the Bank's overall ESG profile and lending activities integrating ESG considerations (see Annex 3)

DKB's Sustainable Lending Framework aims to set forth a methodology for classifying eligible lending transactions as a practical tool for decarbonizing the portfolio by defining specific sustainable financing products. Different business units originate and govern a variety of products within the scope of DKB's sustainable lending targets in regard to green and social loans.

DEUTSCHE KREDITBANK AG BUSINESS OVERVIEW

Deutsche Kreditbank AG is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG sector classification.

Deutsche Kreditbank AG provides banking and financial services to private and corporate clients. Its products and services include loans and mortgages, savings accounts, accounts for payment transactions, credit cards, investment products, corporate financing, property management, as well as real estate financing. The company was founded in 1990 and is headquartered in Berlin, Germany.

[1] The methodology of external reviews provided for sustainable financing, lending, and investment strategies has been developed based on our expertise in assessing a range of sustainable finance-related instruments and frameworks. In general, these types of external reviews are not to be treated as a "pass or fail" assessment of the sustainability quality of sustainable financing, lending, or investment strategies but rather as an overall assessment. Thus, obtaining an external review of an overarching financing framework does not imply a detailed assessment of the sustainability quality of each underlying transaction. A qualitative assessment of sampled eligible ESG products is not in scope of the verification procedures.

[2] The assessment is based on current market practices for sustainable capital and loan markets referring to different market standards and voluntary guidelines including but not limited to the Loan Market Association's (LMA) Green Loan Principles, Social Loan Principles, Sustainability-Linked Loan Principles, the UNEP-FI PRB, and the Guidelines proposed by the European Banking Authority (EBA) with respect to environmentally-sustainable lending.

ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY
Part I: **Review of DKB's Sustainable Lending Framework**	**The Sustainable Lending Framework reflects market practices. DKB has set forth a formal methodology for classifying lending transactions as sustainable for the purpose of tracking and disclosing its performance against its sustainable finance targets. The Framework applies to the lending activities of DKB.** The purpose of the Framework is clearly described. DKB defines parameters for its sustainable lending strategy, measures and actions, in line with the group sustainability strategy (further outlined in Part III of this report). Eligible types of lending transactions include dedicated purpose and general purpose[3] financing (further outlined in Part II of this report). The Bank set forth quantitative targets in terms of the loan portfolio contributing to the SDGs in a specific timeframe, enabling the Bank to monitor the progress on its commitments. The target covers all business segments (corporate, infrastructure and retail clients). There will be a full correspondence between the sustainable categories included in the target[4] and the categories assessed in DKB's framework by the end of the second quarter of 2024. A comprehensive assessment of the sustainability quality of the eligible categories the Bank has set forth in its Framework can be found in Annex II of this report. DKB applies a list of exclusion criteria under its corporate policy. The Bank has an action plan with regards to the specific sustainability growth targets[5]. Also, DKB monitors the lending transactions during the life cycle with a systematic process on an annual basis for the corporate sector. For the relatively smaller retail banking sector there is no systematic review process in place. Internal procedures defined for selection and evaluation are documented in the Framework. The Bank commits to provide information on the sustainable lending transactions on the website domains. The Framework will also be available on its website. Responsibilities and accountabilities oversighting the ESG risks of the lending classification system are defined, and duties are segregated. DKB describes the dedicated committees' oversight on ESG risks and opportunities in the annual report. Besides, the Bank has provided us with confidential information in terms of a documented process to identify and manage ESG risks.
Part II: **Assessment of DKB's sustainable lending classification system**	**The Bank's sustainable finance classification system partially reflects market practice (due to the dedicated financing approach described below).** **It is noted that following our proprietary SDGA methodology 12,2% of the listed eligibility categories are considered to have a no net impact on environmental or social factors[6].This may result in the classification of financing as sustainable despite the underlying business not positively contributing to E&S objectives according to our methodology, as described above. The Framework may be further improved by ensuring the alignment of the transactions with the four core components of the LMA Green or Social Loan Principles on a deal-by-deal basis. DKB states that obtaining external**

[3] Please note that sustainability-linked loan transactions are not in the scope of this external review.
[4] These categories can be found on page 8 of this report.
[5] It can be found in this report.
[6] It is noted that at least 90% of the eligible categories considered under the underlying framework (i.e., 100% that are classified as sustainable) should contribute positively to the SDGs, in conformity with the ISS ESG SDGA methodology.

	verification may not always be in proportion to the size of the transactions, particularly in the context of medium-sized businesses. For both General-Purpose Financing and Dedicated Purpose Financing, the eligibility criteria are assessed against the four core components of the LMA Green and Social Loan Principles.
	DKB has put forth multiple sets of eligibility parameters for its lending activities to be classified as sustainable[7]: 1. **Financing of specific customer groups (sustainable corporate approach; general purpose financing):** General-purpose financing contributes to sustainable objectives if the funds are allocated to companies for whom a majority of their revenue and OPEX is derived from designated eligibility criteria set in the Framework. We consider the 90% thresholds proposed in the Framework to be appropriate and in line with market practices of classifying sustainable businesses, specifically in combination with an exclusion list of unsustainable activities. Further, the inclusion of a 60% minimum sustainable revenue safeguard threshold is favourably highlighted to prevent financing of a company that only marginally contributes to sustainability objectives. However, it is noted that the financing of a company with proportions between 50% to 90%, even when counted on a pro-rata basis, may indirectly enable the growth of ineligible activities. However, 12,2% of the listed eligibility categories are considered to have a no net impact on environmental or social factors. Following our proprietary SDGA methodology, this may result in the classification of financing as sustainable despite the underlying business not positively contributing to E&S objectives. 2. **Financing defined "blue" (sustainable intended uses; dedicated purpose financing):** Dedicated Purpose Financing contributes to sustainability objectives if proceeds are exclusively allocated to activities that are subject to specific and credible ESG-related eligibility criteria set in the Framework. Based on its proprietary SDG Solutions Assessment (SDGA) methodology, 87,8% (below 90%) of the eligibility categories have a contribution to the Sustainable Development Goals (i.e., 12,2% have no net impact) limiting the contribution to sustainability objectives for these particular categories. Besides, no information is available on planned amount of proceeds to be allocated to eligible categories assessed by our SDGA proprietary methodology as having ‘No Net impact'. A comprehensive assessment of the sustainability quality of the eligible categories defined under the Framework can be found in Annex 2.

PART III:	**The ESG Risks relevant in the context of the Bank’s sustainable lending activities are considered to be well managed.**
Assessment of DKB’s ESG Risk Management	DKB has defined ESG risk assessment processes applicable to its sustainable financing activities. Sectorial exposures are taken into consideration. The financial institution has measures/policies/guidelines in place to address the main environmental, social and

[7] The third approach “Financing in which the terms of the financing agreement are linked to ESG criteria, irrespective of the purpose of the financing” is not part of the scope of work of this External Review.

	governance risks faced from its lending activities. The Bank is not transparent about the volumes of carbon-related financing throughout all the business units and subsidiaries. DKB has set thresholds to reduce the amount of coal, oil and gas investments and phase coal out by 2038[8]. DKB has calculated the financed emissions of its credit portfolio and will publish the results in 2024. It plans to examine further methods for biodiversity foot printing in 2023 as well as concrete measures and targets for the protection of biodiversity from 2023 and will publish these by the end of 2024.

PART IV: **The Sustainable Lending Framework's link to DKB's overall ESG profile**	**The Sustainable Lending Framework is consistent with the Banks' sustainability strategy.** The Sustainable Lending Framework is considered consistent with the Bank's sustainability strategy. The rationale for developing a Sustainable Lending Framework is described by DKB. At the date of publication and leveraging ISS ESG Research, no severe controversy in which the Bank would be involved has been identified.

[8] As mentioned in DKB's exclusion criteria, DKB does not directly finance any projects related to oil extraction. With regards to general purpose financing for new clients, BayernLB's company-wide policies apply to DKB's activities. DKB does not grant any loans to clients who, in the last fiscal year, generated a 100% of their revenues through products and/or services associated with the defined exclusion criteria regarding oil extraction. This threshold will be adapted in 2025 to then include all clients who generate ≥ 30 percent of their revenues through oil-based power generation and/or oil extraction and processing.

FRAMEWORK EXTERNAL REVIEW ASSESSMENT

PART I: REVIEW OF DKB'S SUSTAINABLE LENDING FRAMEWORK

In its Sustainable Lending Framework, DKB defines its methodology for classifying eligible financing transactions as sustainable for the purpose of decarbonizing the portfolio by defining specific sustainable financing products.

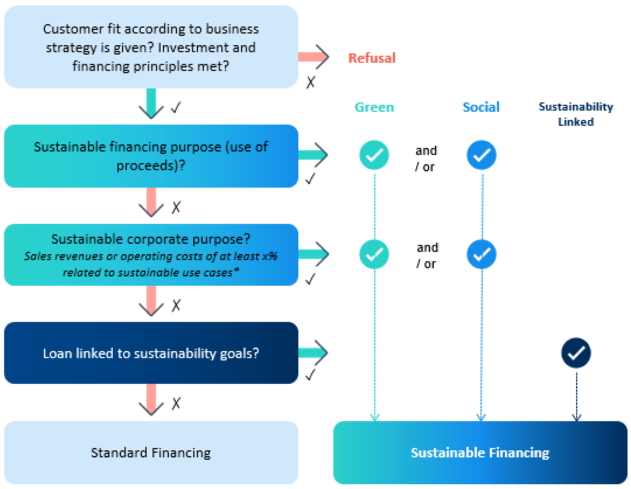
The processes are reviewed against current market practices for sustainable loan markets derived from market standards and voluntary guidelines. The assessment is therefore based on derived key principles for transparency, disclosure and non-contamination of sustainable labelled-products from the Loan Market Association's Green Loan Principles, Social Loan Principles, the UNEP-FI PRB and the Guidelines proposed by the European Banking Authority (EBA) with respect to environmentally sustainable lending.

CRITERIA	SUMMARY AND OPINION
1. Targets, Objectives & Progress	DKB defined a Sustainable Lending Framework as a practical tool for decarbonizing the portfolio by defining the specific sustainable financing products; as a technical framework and initiating instrument to inspire new products; and as a central building block for impact assessment through transparent ESG data. DKB commits to the Sustainable Development Goals (SDGs) of the United Nations, the goals of the Paris Climate Agreement, the principles of the UN Global Compact, and the Principles for Responsible Banking, as well as the EU Taxonomy[9] complying with regulatory disclosure requirements. Its goal is to bring its entire product portfolio into line with the 1.5-degree limit of the Paris Climate Agreement by 2040. By 2030, the portion of the credit portfolio which contributes to the SDGs significantly will be increased to 85% (from 78.6% in 2021). In the same time period, the volume of sustainable finance and products will be raised to at least EUR80bn (from EUR58,8bn in 2020. There will be a full correspondence between the sustainable categories included in the target[10] and the categories assessed in DKB's framework by the end of the second quarter of 2024. In 2022, the Bank carried out its first analysis on financed emissions using the PCAF standard. Until 2024, DKB aims to calculate the financed emissions of its credit portfolio and to publish the results. The Bank also says that it will increase its product offers for sustainable finance by 2023. ***Opinion**: The purpose of the framework is clearly disclosed. DKB provides a clear definition of the sustainable finance targets in line with the company strategy. It defines measures and actions with which it seeks to reach its target. The Bank is a member of the UN Global Compact and the Principles for Responsible Banking. The Bank set forth quantitative targets in a specific timeframe enabling the Bank to monitor the progress on its commitments. The target covers all business segments across all operations (corporate,*

[9] It will include a new KPI in its reporting by calculating the Banking Book Taxonomy Alignment Ratio (BTAR) based on the EU Taxonomy by 2024.
[10] These categories can be found on page 8 of this report.

	infrastructure and retail clients). The Bank has an action plan with regards to the specific sustainability growth targets[11].
2. Definition of sustainable lending activities	Under DKB' Sustainable Lending Framework, 'sustainable finance' includes Green, Social, and Sustainability-Linked loans[12], whereas sustainability-linked loans are included in the Framework, but they are not part of the scope of this external review. It includes both financing tied to a specific purpose and general corporate financing. DKB bases its definition of sustainable financing on an established international standard, in particular the LMA's Green Loan Principles, Social Loan Principles and the Sustainability Linked Loan Principles. Which quantitative criteria are relevant in a specific case is derived from the selected market standard (SDG, LMA or EU taxonomy) as a basis and, if necessary, additionally from the individual situation in the customer group or the individual customer. DKB is planning to classify and report on EU Taxonomy aligned loans in line with regulatory requirements. **Eligible type of financing** DKB' Sustainable Lending Framework sets out types of financing that the Bank considers to be eligible as sustainable financing. ▪ **General corporate purpose financing** where a sustainable corporate purpose is defined. ▪ **Dedicated purpose financing** where the use of proceeds satisfies either the green or social eligibility criteria.

[11] It can be found in this report.
[12] Please kindly note that this external review does not evaluate the definition related to sustainability-linked loans but only the sustainable finance definitions for green and social loans.



**In case of corporate financing without a known financing purpose, we assign the proven % -rate of this financing to the product category "Green Loans", provided the business activities or operating costs (OPEX) can be generated from/ allocated to one or more of the use case presented in Annex 1 and 2 (Pure Player) or in terms c revenues from business activities or operating costs (OPEX) can be generated from/ allocated to one or more of the use cases presented in Annex 1 and 2 (Majority i confirms that the remaining revenues are not generated from the business activities of controversial business areas defined by us or that the remaining operating cos section 2.2 Systematics). If none of the specified selection criteria, indicators or thresholds are met, no allocation to a "green or social loan" is possible for a company terms of a sustainable corporate purpose. The operationalization for each customer group is shown in Annex 1 and 2.*

Figure 1 DKB's sustainable finance classification system

	Product Category		
Assessment Process	Green Loans	Social Loans	Sustainability Linked Loans
Ambition	3. Use of funds 4. Project assessment and selection process Annex 1	3. Use of funds 4. Project assessment and selection process Annex 2	4. Project assessment and selection process Annex 3
Proof	5. Management of funds 6. Reporting	5. Management of funds 6. Reporting	5. Management of funds 6. Reporting
External confirmation	Optional: 4. Project assessment and selection process	Optional: 4. Project assessment and selection process	Optional: 4. Project assessment and selection process

Figure 2 DKB's Sustainable Product Scope

Instrument Scope

The Bank is including new facilities and refinancing of existing facilities. For its social and green financing, the Bank provides a list of products originated and managed in different business units. DKB's concept, blue sustainability, finances 'what people need today and in the future for a living'.[13] This leads to a specialization on eight target industries[14] and results in homogenous sub-portfolios. The product offering includes:

PRODUCT	DESCRIPTION	CRITERIA
Green and Social loans	Sustainable corporate purpose[15]	▪ DKB's eligible green and social categories included in Annex 1 and 2
	"Blue" (or sustainable) intended purpose[16]	▪ DKB's eligible green and social categories included in Annex 1 and 2

<table>
<tr><td></td><td>In addition to the above requirements, financing will not be eligible as sustainable financing if it is excluded from DKB's investment and financing principles[17].

The sustainable financing products, which are based on this Framework, will be developed in a cross-functional New Product Process (NPP). Among others, involved units include risk controlling, credit risk and portfolio management, treasury, market units, business development, the legal department as well as our finance and compliance units. If and to which degree a unit is involved into the NPP, depends on the specific product type.

Opinion: DKB has defined what it considers to be sustainable financing through criteria for each financing approach. Eligible types of financing include dedicated purpose (Green and Social loans) and general-purpose financing (corporate purpose financing and Sustainability-Linked loans, while sustainability-linked loans are excluded from the analysis). Exclusion criteria are defined in the Bank's investment and financing principles. Business lines and bank's operations involved in the sustainable lending instruments are defined.</td></tr>
<tr><td>3. Evaluation & Selection Process</td><td>At a first stage, eligibility and exclusion criteria, which are defined in the Annexes of DKB's framework, are implemented during the application process, through a segregation of duties and a governance mechanism to ensure that the products and financing assessed and deemed sustainable meet the defined eligibility criteria. DKB actively checks whether its clients have the relevant permits and comply with applicable and relevant laws, for instance during construction or buildings projects (in the context of "Know Your Customer" process).

All new products, including products under the Sustainable Lending Framework, go through a so-called New Product Process (NPP), which does include a risk assessment. ESG risks and respective supervisory mechanisms will successively be incorporated into DKB's risk management systems via the usual material risk types (ESG risks are understood as risk drivers of the main material risk types). Besides, the Bank has provided us with confidential information in terms of a documented process to identify and manage ESG risks.

Within DKB's risk management framework there are control procedures, policies and guidelines in place to manage ESG risks. They were shared with us on a confidential basis.

Opinion: DKB has a process to ensure that the transactions fit within the classification system. The Bank has also described what is the due diligence process in place to mitigate the social and environmental risks associated with the transactions. Besides, the Bank has provided us with confidential information in terms of a documented process to identify and manage ESG risks.</td></tr>
<tr><td>4. Governance & Monitoring</td><td>According to the 2021 sustainability report, the overall responsibility for sustainability lies with the chairman of the board who is in charge to ensure that sustainability is an integral part of strategic decision making. Coordination of sustainability is managed by the</td></tr>
</table>

[13] It only invests into select customer groups who make a "positive contribution" to people and their needs.
[14] Positive criteria: Housing, health and care, communities and education, research, environmental technology, agriculture and food, energy and utilities, tourism, independent professions
[15] General Corporate Purpose
[16] Dedicated Use of Proceeds Purpose
[17] Exclusion Criteria p.10, DKB's Investment and Financing Principles, https://dok.dkb.de/pdf/anlage_finanzierungsgrundsaetze.pdf

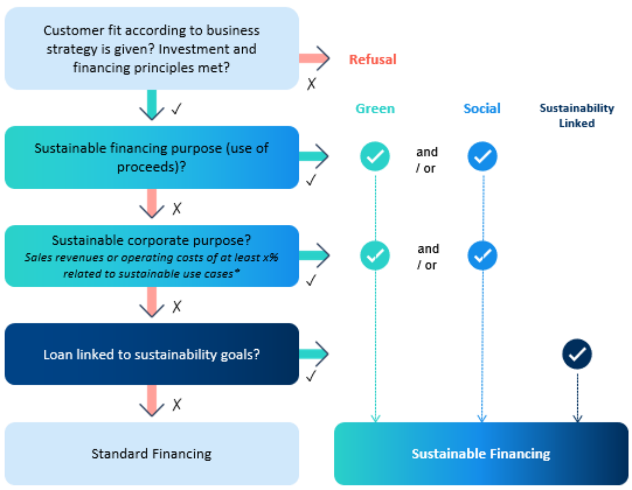
	department Corporate Development & Solutions. The Sustainability Office is in charge of the management. The activities are controlled by the revision, compliance and the risk units, as well as the shareholders and the external auditor. DKB has a process in place for the disbursement approval in which the funds are reviewed on a regular basis. The reviewing process differs between corporate customers (at least once a year) and retail banking (on an ad hoc basis), meaning there is no systematic process in place for regular reviews. However, the disbursement of the loan in retail banking is always connected to the evaluation of the asset as eligible. Furthermore, under certain circumstances (inter alia a disbursement of high value) DKB performs a manual risk classification procedure. Retail banking, compared to the corporate customers, is a relatively smaller number. The Bank has provided us with confidential information in terms of the process. Since compliance with the agreed credit terms is an essential prerequisite for the granting and maintenance of the loan, violations can lead to the termination of the credit contract. The products belonging to the various product categories (green, social, sustainability-linked) for each customer segment are identified in DKB's systems and evaluated, so that a direct link can be established between individual financing and the use of funds. The oversight function on ESG risks and the management of ESG opportunities are outlined in the Annual Report. The Board of Management is responsible for organizing risk management, the definition and implementation of a risk strategy, and the development, promotion and integration of a risk culture. The Risk Committee of the Supervisory Board advises and supports the Supervisory Board in monitoring DKB's current and future overall risk appetite, strategic approach and the defined risk limits. In addition, the Audit Committee of the Supervisory Board supports the Supervisory Board in monitoring the effectiveness of the risk management system, in particular the internal control system and internal audit. **Opinion**: *DKB clarifies that the products for each customer segment are identified in the Bank's systems and evaluated, so that a direct link is established between the financing and the use of funds. For corporate customers at least once a year during the term of the loan, compliance with the agreed loan conditions is reviewed. For retail banking checks are conducted on an ad hoc basis. Hence, the transactions are tracked. Responsibilities and accountabilities oversighting the ESG risks of the lending classification system are defined, and duties are segregated.*
5. Reporting	DKB commits to report on the development of further products which meet the criteria of this Framework in its annual sustainability report. DKB will also report on the share of the lending portfolio that is in line with its definition of "sustainable financing", according to their Framework, on an annual basis. DKB explains that when there were no concrete criteria based on recognized market standards available which would allow differentiation at the individual loan level with the data available in practice, it developed and defined its own selection criteria, indicators or thresholds together with experts in different market areas. **Opinion**: *The reporting occurs on an annual basis and is made publicly available in DKB's annual sustainability reporting. It is recommended that the expected impact of sustainable lending on environmental and social goals be tracked by monitoring these, and that quantitative output and outcome/impact indicators are disclosed. Beneficiaries of Green and Social loan transactions, where feasible should be encouraged to monitor and report*

	on expected and achieved impacts using qualitative performance indicators and, where feasible, quantitative performance measures.
6. External Review	DKB has appointed ICS to provide an external review on its Sustainable Lending Framework and its alignment with the Bank's overall strategy. DKB will regularly review and adapt its Framework to evolving market standards and regulatory requirements. The first revision is planned for Q2 2024, to align the Framework with the EU Taxonomy Criteria, which then will be incorporated into DKB's lending processes. **Opinion:** *DKB commissioned ICS to review its Sustainable Finance Framework against market practices and guidelines. The external review will be made available to relevant stakeholders. However, DKB does not commit to having an auditor verify the transaction information for all sustainable lending instruments in the future.*

PART II: ASSESSMENT OF DKB'S SUSTAINABLE LENDING CLASSIFICATION SCHEME

To provide an opinion on the sustainability credibility of each of the criteria defined by DKB, we evaluate the prevalence and robustness of the selection parameters, taking into account market practices across different sustainable finance asset classes.

DKB has set forth the following sets of eligibility criteria for its lending activities to be classified as sustainable:



In case of corporate financing without a known financing purpose, we assign the proven % -rate of this financing to the product category "Green Loans", provided that at least 90% of the revenues from business activities or operating costs (OPEX) can be generated from/ allocated to one or more of the use case presented in Annex 1 and 2 (Pure Player) or in terms of transformation, at least 60% of the revenues from business activities or operating costs (OPEX) can be generated from/ allocated to one or more of the use cases presented in Annex 1 and 2 (Majority Player). In addition, the company confirms that the remaining revenues are not generated from the business activities of controversial business areas defined by us or that the remaining operating costs cannot be allocated to these (see section 2.2 Systematics). If none of the specified selection criteria, indicators or thresholds are met, no allocation to a "green or social loan" is possible for a company in the respective customer group in terms of a sustainable corporate purpose. The operationalization for each customer group is shown in Annex 1 and 2.

Figure 3: The Sustainable Lending Classification System

Assessment of the criteria outlined in DKB's eligibility sustainable lending classification system

In the below table, each parameter outlined in DKB's Sustainable Lending Framework is split into different financing approaches and assessed. The evaluation is based on criteria derived from market practices.[18]

PARAMETER[19]	CRITERIA	ASSESSMENT OF DKB' SUSTAINABLE LENDING FRAMEWORK
General Purpose	General-purpose financing contributes to sustainable objectives if the funds are	DKB has defined pure players (e.g. those including cooperative and municipal housing companies that derive more than 90% of their revenues or their OPEX

[18] These include, but are not limited to the ICMA GBP, SBP and SBG, the SLBP and the Climate Transition Handbook; the GLP and SLP; the SLBP and SLLP, as administered by the LMA; the UNEP FI PRB and the EBA LOaM guidelines for environmentally sustainable lending.
[19] Please note that DKB has defined a third parameter for its sustainable finance (financing in which the conditions of the financing agreement are linked to ESG criteria, irrespective of the purpose of the financing) which is linked to sustainability-linked loans. However, this third parameter is not part of this external review. Only the first and second parameter are reviewed.

Financing (Pure Player)	allocated to companies for whom a majority of their revenue and OPEX is derived from designated eligibility criteria. Generally accepted thresholds in the market are ≥ 90%[20] to designate green or social 'Pure Players' or between 50 – 90% to refer to 'Majority Players'[21] with a defined exclusion list for the remaining share.	from the provision of affordable housing). The categories for which the Bank has chosen to include the pure player approach are defined in the Annex to the Framework. DKB guarantees compliance of the proceeds with the defined exclusion criteria. In terms of SDG impact, the projects are assessed in the row below, together with the dedicated purpose financing. The project categories aim to be in line with the spirit of the LMA principles and, in the future, with the EU Taxonomy classification. DKB will obtain SPOs where relevant and according to their Use of Proceeds Framework. A comprehensive assessment of the sustainability quality of the eligible categories defined under the Framework can be found in Annex 2. The share of sustainable financing transactions toward the eligible categories will be presented in DKB's annual sustainability report. **Opinion:** *We consider the 90% thresholds proposed to be appropriate and in line with common market practices of classifying sustainable businesses. It is noted, however, that 87,8% of the listed eligibility categories are considered to have a net positive impact on environmental or social factors and 12,2% a No Net Impact. Following our proprietary SDGA methodology, this may result in the classification of financing as sustainable despite the underlying business not positively contributing to E&S objectives. We recommend ensuring the alignment of transactions with the four core components of the LMA Green or Social Loan principles on a deal-by-deal basis. DKB states that obtaining external verification may not always be in proportion to the size of the transactions, particularly in the context of medium-sized businesses.*
General Purpose Financing, pro-rated approach (Majority Player)		According to DKB, a pro-rata approach will be applied to companies with diverse activities, where the activities that can proportionally be classified as sustainable in case the recipient derives between 60% and 90% of its revenues or OPEX from eligible activities listed under the respective green or social criteria in the Annex to the Framework. **Opinion**: *The inclusion of a minimum threshold of 60%, in order to prevent financing of a company that only*

[20] Green Bond Principles, Appendix I (June 2022), Note I, and Climate Bonds Initiative Standard Version 4.0 (version September 6, 2022), Green Bond Database Methodology, July 2022
[21] LSEG, 2019

		marginally contributes to sustainability objectives is positively noted. Similarly, the thresholds also draw on common market practice, as outlined by the London Stock Exchange[22], and are complemented by an overarching exclusion policy from DKB on the remaining share. At the same time, it is noted that best market practices of considering a company as sustainable is linked to the 90% threshold, included in the discussion of the previous parameter. As mentioned above, we note that the financing of a company with proportions between 60% to 90%, even when counted on a pro-rata basis, may indirectly enable the growth of those ineligible activities that comprise the other proportion in such companies, since the company is able to access the overall financing. Whilst many of these activities may be neutral in the sense that they do not actively contribute to UN Sustainability Development Goals, some may also obstruct these goals. Finally, as discussed above, not all listed eligibility criteria are considered to have a net positive impact on environmental or social topics.
Dedicated Purpose Financing (standard approach)	Dedicated Purpose Financing contributes to sustainability objectives if proceeds are exclusively allocated to activities that are subject to specific and credible ESG-related eligibility criteria.	A detailed SDG/EU Taxonomy assessment of the impact of the eligibility criteria presented in the SFF can be found at the end of this section. Based on its proprietary SDG Solutions Assessment (SDGA) methodology/EU Taxonomy assessment, 87,8% (below 90%[23]) of the eligibility categories have a contribution to the Sustainable Development Goals. DKB has defined ESG risk assessment processes applicable to its sustainable financing activities. The project categories aim to be in line with the spirit of the LMA principles and, in the future, with the EU Taxonomy classification. DKB will obtain SPOs where relevant and according to their Use of Proceeds Framework. **Opinion:** *12,2% of the categories are considered to have 'No Net Impact', limiting the contribution to sustainability objectives for these particular categories. At Framework level, no information is available on the future share of sustainable financing transactions to the eligible categories assessed by our SDGA proprietary methodology as having 'No Net impact'. However, this is counterbalanced by the fact that DKB publishes yearly its impact reports including the allocation of the use of proceeds by categories and the associated SDGs mapped according to DKB's internal*

[22] The LSEG's 'Green Economy Mark' refers to companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy.
[23] It is noted that at least 90% of the eligible categories considered under the underlying framework (i.e., 100% that are classified as sustainable) should contribute positively to the SDGs, in conformity with the ISS ESG SDGA methodology.

		methodology. To further improve the Framework, depending on the loan's materiality, an independent pre-signing third party verification or at least an internal monitoring on deal-by-deal basis might be considered to enable the evaluation of the transaction, if applicable.

PART III: ASSESSMENT OF DKB'S ESG RISK MANAGEMENT PROCEDURES

The table below evaluates DKB's ESG-specific risk management measures and policies that are considered relevant at group level and that are considered relevant in the context of a Bank's sustainable financing activities. The KPIs emphasize sustainability-related risks considered relevant to the Bank's operations. The KPIs are derived leveraging the ISS ESG Corporate Rating to identify the relevant topics based on its industry; these KPIs are then further integrated with additional elements derived from market principles such as promoted by the Task Force on Climate-Related Financial Disclosure[24]. The minimum requirements for a positive assessment are based on the number of sub-indicators (specific to each KPI) that are satisfied as part of any KPI. The Framework covers DKB's lending operations in Germany and France, accounting for 100% of DKB's operations.

ASSESSMENT AGAINST KPIs	
ESG investment guidelines for financial institutions	
The Sustainable Lending Framework is applied across DKB' lending portfolio. The ESG portfolio analysis is carried out at least once a year as a data-supported expert assessment of first and second line of business (LoB) at portfolio level. ESG risks are considered whose occurrence may have an actual or potential negative impact on the assets, financial position and results of operations as well as on the reputation of companies. To determine the gross risk, the probability of occurrence and the possible amount of loss are considered in relation to the usual credit periods. After deducting mitigating factors, the net risk is calculated. In addition to retail business with business customers, DKB focuses strategically on selected sustainable target sectors or customer groups in the areas of infrastructure and corporate customers as well as certain financing criteria. As a result of its ESG portfolio analysis, medium ESG risks after mitigation have been identified for the customer group agriculture and food. All other customer groups were rated with low ESG risk. In general, no elevated net risks were identified for individual environmental, social and governance risk indicators. Nevertheless, the requirements for the lending process are being successively tightened. All relevant (sub)portfolios are included and achieve a coverage rate of 97% (excluding municipal customers, treasury and group subsidiaries).	
Labor, health and safety	
✓	All assets are or will be located in Germany or France, where policies and measures in place systematically ensuring that eligible projects financed under this Framework provide for high health and safety standards for own employees and

[24] Task force on Climate-related Financial Disclosures, 2022 Status report, https://assets.bbhub.io/company/sites/60/2022/10/2022-TCFD-Status-Report.pdf

volunteers. Germany and France are a signatory partners of the eight ILO core labor conventions, thus entering an obligation under international law to transpose the ILO standards into national law.[25]

Biodiversity	
✓	In order to systematically embed the biodiversity factor in its ESG management, DKB established a cross-divisional working group in 2022. DKB has used the ENCORE tool to conduct an impact dependency analysis at the end of 2022, which captures both the dependencies and the impacts of its credit portfolio in relation to biodiversity. In addition, it will examine further methods for biodiversity foot printing in 2023. Based on the results of its analyses, DKB will derive concrete measures and targets for the protection of biodiversity from 2023 and publish them by the end of 2024. In addition, it is working with other banks as part of the VfU Biodiversity Forum to develop possible criteria that will serve as a guide for the financial sector when granting loans. In addition, its parent company BayernLB, has already formulated its position on natural habitats and biodiversity as part of group-wide transformation guidelines and policies, which will be further developed from 2023 (particularly with regard to agriculture and forestry). All assets are or will be located in Germany or France, that are Equator Principles Designated Countries (countries considered as having solid environmental and social governance, legal systems and an institutional capacity conceived to protect the population and natural environment).
Community dialogue	
✓	Germany and France belong to the designated countries deemed to have robust environmental and social governance to protect their people and the natural environment, according to the Equator Principles.[26] The Bank does not conduct a verification process to ensure that that beneficiaries under this Framework comply with IFC performance standards.[27] DKB established a center of excellence for citizen participation and has supported corresponding projects with a total volume of around EUR1.2 billion. Berlin's District Administration Act (BezVerwG) lays out the legal context for the participation of local communities in matters like development plans and provides opportunities for dialogue with these. Additionally, Guidelines for Citizen Participation in Spatial Urban Development Projects and Processes (LLBB) exist.
Inclusion	

[25] ILO Core Conventions, https://www.humanrights.ch/de/ipf/grundlagen/rechtsquellen-instrumente/uno/ilo-konventionen/
[26] Equator Principles Designated Country, https://equator-principles.com/about-the-equator-principles/
[27] International Finance Corporation Performance Standards, https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

✓	The Bank has informed us that universal access to their social categories is guaranteed through state subsidies, general health or nursing insurance and/or social welfare payments.

Carbon-related financing

○	DKB does not currently disclose financing volumes of fossil fuel. The company says that it is committed to the phase-out of fossil fuels, in particular the phase-out of coal by 2038, and says that it accompanies its customers on this transformation path. DKB excludes financing companies or projects in the area of coal-mining, coal-fired power generation, and trading in coal. Not covered under this are energy suppliers whose electricity mix contains purchased coal fired power.
✓	DKB has implemented an internal policy for coal and gas and oil extraction investments. This policy sets out the current and future thresholds for the share of coal and oil extraction in existing business customer relationships as well as for new financings. Existing business relationships with companies are maintained if the revenue share of coal or the share of coal in the company's own electricity production (whichever is higher) does not exceed 30% of the total. This threshold will be lowered to 25% in 2025 and 5% in 2030. However, earmarked financing of (new) customers with higher thresholds, is possible if it is not related to fossil fuels or nuclear power and contributes to the sustainable transformation of the industry. It is noted that DKB does not directly finance, through "dedicated purpose financing", any project related to oil extraction. DKB states that it is also carrying out data monitoring to accompany its customers in their transformation process and to take such data into account in credit decisions. The Bank does not grant any loans to new clients who, in the last fiscal year, generated 100% of their revenues through products and/or services associated with the defined exclusion criteria regarding oil extraction. This threshold will be adapted in 2025 to then include all new clients who generate ≥ 30% of their revenues through oil-based power generation and/or oil extraction and processing.

Data protection and information security

✓	DKB has established an information security risk management process, which serves to determine DKB's risk situation and to comprehensively manage information security risks. The primary goal is to protect the company's data and to minimize identified risks. Regular checks on the proper implementation of information security management are carried out within DKB in the form of audits. DKB complies with the provisions of the Federal Data Protection Act (BDSG) and the General Data Protection Regulation (DSGVO). In the case of outsourced data processing, appropriate contracts are concluded with the contractors that fulfill the data security requirements for outsourced data processing. In addition, the requirements of BA-IT and other requirements, which have been implemented in the catalogue of requirements of the Landesbanken, among others, apply from an

information security perspective. DKB has also issued appropriate guidelines and measures for this purpose and is guided by the relevant ISO standards.

Financed emissions

✓ In 2022, the Bank carried out its first analysis on financed emissions using the Partnership for Carbon Accounting Financials, PCAF standard (asset classes include business loans and unlisted equity, project finance, commercial real estate and mortgages. The entire credit portfolio has been assessed)[28]. DKB has calculated its financed emissions of its credit portfolio and will publish the results in 2024.

Exclusion policy

The Bank's policy is excluding certain types of economic activities and sectors[29]:

Financing of new coal power plants, extraction of crude oil from tar sands or fracking, controversial weapons, nuclear energy, mining and trading of conflict materials, armament, narcotics and drug trafficking, gambling, energy intensive tourism industries, embryo research, biodiversity sensitive areas (e.g. protected in line with the UNESCO world cultural heritage, IUCN, Ramsar conventions, (High Conservation Value Forest, HCVF), deforestation of rainforests, animal welfare violations, genetic engineering in agriculture, destruction of ecosystems with conservation value, corruption and insolvency crimes, cartel formation and price fixing, insider trading, tax evasion, money laundering.

[28] PCAF standard, https://carbonaccountingfinancials.com/standard
[29] Exclusion Criteria p.10, DKB's Investment and Financing Principles, https://dok.dkb.de/pdf/anlage_finanzierungsgrundsaetze.pdf

PART IV: LINKING THE SUSTAINABLE LENDING FRAMEWORK TO DKB' OVERALL ESG PROFILE

A. CONSISTENCY OF SUSTAINABLE LENDING FRAMEWORK WITH DKB'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Bank

DKB has committed to international agreements to ensure global sustainable development. These include the global Sustainable Development Goals (SDGs) of the United Nations, the goals of the Paris Climate Agreement, the principles of the UN Global Compact, and the Principles for Responsible Banking, as well as the EU taxonomy going forward.

The Bank has set itself the goal to bring its entire product portfolio in line with the 1.5-degree limit of the Paris Climate Agreement by 2040.

By 2024, it will report on the EU taxonomy by calculating the Banking Book Taxonomy Alignment Ratio (BTAR)[30] based on the EU taxonomy by 2024.

DKB has mapped its loan book to the SDGs of the United Nations. It states that a large proportion of its loans already pays towards achieving the SDGs and it is working to improve how to measure and report the impact of its financing.

By 2030, the portion of the credit portfolio which contributes to the SDGs significantly will be increased to 85% (from 78.6% in 2021). In the same time period, the volume of sustainable finance and products will be raised to at least EUR80bn (from EUR58,8bn in 2020). There will be a full correspondence between the sustainable categories included in the target and the categories assessed in DKB's framework by the end of the second quarter of 2024.

In 2007, DKB offered its first sustainable fund. In 2016, it issued its first green bond worth EUR500 million. In 2022, the bank carried out its first analysis on financed emissions using the PCAF standard.

It will adopt its own Human Rights Policy in compliance with the UN Guiding Principles on Business and Human Rights and the UN Human Rights Charter by the end of 2022.

The positive criteria, which DKB uses for its sustainable financing, focus on the following industries: Housing, health and care, communities and education, research, environmental technology, agriculture and food, energy and utilities, tourism, and independent professions.

In its 2021 sustainability report, it says that in regard to climate and the environment, it has a particular focus on sustainable mobility.

Until 2024, DKB aims to calculate its financed emissions of its credit portfolio and to publish the results. By the end of 2024, DKB will derive concrete targets and measures for the protection of biodiversity based on its credit portfolio.

It is also seeking to align its sustainability funds with the Paris Climate Agreement (under the consultation of BayernInvest) by 2025.

[30] The BTAR shows the proportion of assets that can be classified as environmentally sustainable, i.e. taxonomy-compliant, in accordance with the EU taxonomy.

Opinion: *The Sustainable Lending Framework is consistent with the Bank's sustainability strategy. The rationale for establishing a Sustainable Lending Framework is clearly described by the Bank.*

B. DKB'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Bank is exposed through its business activities, providing additional context to the Sustainable Lending Framework assessed in the present report.

ESG risks associated with the Bank's industry

The Bank is classified in the Public & Regional Banks industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company-specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Sustainability impacts of lending and other financial services/products
Customer and product responsibility
Sustainable investment criteria
Labor standards and working conditions
Business ethics

ESG performance of the Bank

Leveraging ISS ESG's Corporate Rating research, further information about the DKB's ESG performance can be found on ISS ESG Gateway at: https://www.issgovernance.com/esg/iss-esg-gateway/.

Please note that the consistency between the issuance subject to this report and the DKB's sustainability strategy is further detailed in Part IV.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of DKB's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along DKB's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE[31]	DIRECTION OF IMPACT	UN SDGS
Providing Basic Services - financing of social housing, financing of the provision of basic services to private clients, basic banking account, affordable housing, public transportation	34%	CONTRIBUTION	10 REDUCED INEQUALITIES
Contributing to Sustainable Energy Use - renewable energies financing	12%	CONTRIBUTION	7 AFFORDABLE AND CLEAN ENERGY
Mitigating Climate Change - renewable energies financing	12%	CONTRIBUTION	13 CLIMATE ACTION
Ensuring Health - financing of healthcare infrastructure, financing of healthcare provision	4%	CONTRIBUTION	3 GOOD HEALTH AND WELL-BEING
Conserving Water - financing of water and wastewater treatment services	1%	CONTRIBUTION	6 CLEAN WATER AND SANITATION
Delivering Education - financing of education infrastructure	1%	CONTRIBUTION	4 QUALITY EDUCATION

[31] Percentages presented in this table are not cumulative.

Breaches of international norms and ESG controversies

At Bank level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the Bank would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Public and Regional Banks industry are as follows: sexual harassment in the workplace, failure to respect the right to just and favorable conditions of work and failure to mitigate climate change impacts.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

PART I: REVIEW OF THE SUSTAINABLE LENDING FRAMEWORK

We consider relevant market guidelines in the assessment of sustainable lending strategies including but not limited to fixed-income transactions. The analysis considers criteria from a set of different market standards, voluntary guidelines and best practices e.g. the International Capital Market Association's Green, Social Bond Principles, and Sustainability Bond Guidelines, Sustainability-Linked Bond Principles, the Loan Market Association's Green Loan Principles, Social Loan Principles, Sustainability Linked Loan Principles, the UNEP-FI PRB, and the Climate Bonds Initiative (CBI) – Climate Bonds Standard V3.0, Guidelines proposed by the European Banking Authority with respect to environmentally-sustainable lending. The application of the ICMA and LMA principles, comprising voluntary guidelines is limited to the assessment of the characteristics of a specific transaction or issuance.

SECTION	ASSESSMENT CRITERIA
1. Objectives, Targets & Progress	For a financing strategy to be classified as sustainable, Banks should embed these within the context of their overarching sustainability objectives. The institutions should further include relevant qualitative and, where feasible, quantitative targets to measure the progress on its commitments. Banks provide transparency on how to increase positive impacts, reduce negative impacts and mitigate ESG risks. The sustainability strategy is expressed by referring to alliances such as the UN Sustainable Development Goals, the Paris Climate Agreement, or national or regional frameworks.
2. Definition of Sustainable Financing Activities	The sustainable financing strategy should define clearly and comprehensively what financing products are deemed as sustainable based on precise parameters. Ideally, the Bank should provide an exhaustive list of eligible sustainable activities. Those criteria should ensure a positive contribution to relevant sustainability objectives and be sufficiently precise to ensure a minimum level of contribution to those objectives (e.g., clear definition, quantified threshold, or impact indicators) while ensuring that other objectives are not harmed.
3. Evaluation & Selection Process	Banks should have a comprehensive and documented process in place to ensure that the funded projects align with the eligibility criteria for sustainable financing instruments. Moreover, where applicable, information about climate and sustainability-related business objectives of the borrowers and/or investors should be collected.
4. Governance & Monitoring	Clear governance mechanisms should be in place to ensure that the products classified as sustainable remain in line with the criteria for sustainable investment, lending, or financing instruments throughout their lifecycle. This should include a process to deal with products that cease to

	meet the eligibility criteria. Monitoring systems and clear accountability should be established. With respect to borrowers and dedicated financing transactions, Banks should ensure that they diligently monitor the allocation of proceeds toward sustainable projects and activities.
5. Reporting	Relevant reporting should be conducted frequently and, where feasible, made publicly available to communicate on the allocation of proceeds, as well as the impact and progress of the sustainable financing strategy. Elements to be reported on should be communicated clearly at the inception of the strategy and capture the most significant areas of impact on environmental and social topics. Borrowers should make and keep readily available up-to-date information on the use of proceeds and a brief description of the projects, and the amounts allocated and their expected impact. Information need only be provided to those institutions participating in the loan. Issuers of Green, Social or Sustainability Bonds should make, and keep, readily available up-to-date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.
6. Verification	It is recommended that the sustainable financing strategy for specific issuances should be reviewed by an external independent third party. The external reviews should be made available to the respective stakeholders involved.

PART II: ASSESSMENT OF DKB'S SUSTAINABLE FINANCE CLASSIFICATION SYSTEM

This section examines the sustainability quality of each of the parameters included in DKB's sustainable lending classification system and discusses the sustainability quality of the products complying with those. To corroborate this assessment and using a proprietary methodology, we identify the extent to which DKB's eligibility criteria contribute to the UN SDGs.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which the Bank's eligible categories contribute to related SDGs has been identified.

PART III: ASSESSMENT OF DKB'S ESG RISK MANAGEMENT

ESG Risk Management KPIs

The ESG Risk Management KPIs serve as a structure for evaluating the sustainability quality – i.e., the social and environmental added value – of the proposed selection criteria as well as the Bank's overall financing operations.

It comprises firstly the definition of the selection criteria offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance can be clearly identified and described.

If a majority of the criteria fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks. In addition, the KPIs assess sustainability-related risks considered relevant to the financing operations of the Bank. The evaluation was carried out based on information and documents provided on a confidential basis by the Bank (e.g., Due Diligence procedures).

PART IV: SUSTAINABLE LENDING FRAMEWORK'S LINK TO DKB'S SUSTAINABILITY STRATEGY

This section provides an assessment of the sustainability quality of the Bank and how the underlying Sustainable Lending Framework contributes to its sustainability strategy. Drawing on the ISS ESG Corporate Rating, a focus is put on the Bank's overarching sustainability policies as well as the management of related ESG risks.

ANNEX 2: Assessment of the contribution to the SDGs[32]

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the eligible categories financed by the Bank in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of eligible categories for (re)financing products and services are based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of a bank's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of eligible categories for (re)financing specific products and services is displayed on 3-point scale (see Annex 1):

Obstruction	**No Net Impact**	**Contribution**

Each of the eligible categories has been assessed for its contribution to, or obstruction of, the SDGs:

GREEN CATEGORIES

USE OF PROCEEDS (PRODUCT/SERVICE)[33]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable energy measures, including generation, transmission, equipment and products[34] ***Wind*** *- Financing purpose or business purpose exclusively on energy production from wind (within the scope of the activity, electricity is produced from wind power)*	**Contribution**	

[32] The impact of the UoP categories on UN Social Development Goals is assessed with proprietary ISS ESG methodology and may therefore differ from the Bank's description in the Framework.

[33] Promotional banks have been defined as "legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State or a Member State's entity at central regional or local level, to carry out development or promotional activities". Through their promotional loans, which are earmarked for a specific purpose, promotional banks can contribute to specific environmental and social benefits. DKB selected some of the eligibility criteria for the green building and access to basic services sub-categories from KfW promotional programs. While we have not provided a detailed SDG assessment of each category that might be financed under the KfW loan programs selected by DKB, we recognize that considering a specific list of promotional loans as sustainable is a credible approach and in line with market practices.

[34] For financing projects in this category, public-private-partnership options are always possible if the public sector is involved in the financing.

***Solar** - Solar thermal or photovoltaic technology* ***Hydroelectric** - Run-of-river and small-scale projects (50—100kW)* ***Biogas** - Liquid manure plants within the meaning of the EEG ("Erneuerbare-Energien-Gesetz" English: Renewable Energy Resource Act)*		
Energy efficiency measures[35] *Financing of energy efficiency measures:* - *Energy storage and Smart Grids - Renewable Sources*	Contribution	
Energy efficiency measures[36] *Financing of energy efficiency measures:* - *Energy storage and Smart grids - Conventional Sources*	No Net Impact	
Energy efficiency measures[37] *Financing of energy efficiency measures:* - *District heating- Renewable sources, waste heat, gas*	No Net Impact	
Energy infrastructure[38] *Financing by means of energy contracting measures of renewable energy generated from PV on the side of the seller*	Contribution	
Sustainable agriculture *Financing of measures for sustainable agriculture, including measures taken by organic[39] farms, animal welfare-oriented husbandry, soil-friendly and environmentally friendly farming methods and the promotion of biodiversity.* Selection criterion, indicator or relevant threshold: ▪ *Financing of organic farms in the customer group Agriculture & Food*	Contribution	
Sustainable agriculture *Financing of measures for sustainable agriculture, including measures taken by organic[40] farms, animal welfare-oriented husbandry, soil-friendly*	No Net Impact	

[35] See fn. 34.
[36] See fn. 34.
[37] See fn. 34.
[38] See fn. 34.
[39] The Bank sees the adherence to the EU Organic Farming Regulation as a minimum criterion for a client to be considered organic.
[40] The Bank sees the adherence to the EU Organic Farming Regulation as a minimum criterion for a client to be considered organic.

and environmentally friendly farming methods and the promotion of biodiversity. *Selection criterion, indicator or relevant threshold:* ▪ *External ESG evidence: e.g., performance in one or more of the four categories of the QM milk sustainability module, DLG sustainability certificat and, if applicable, other sustainability certificates accepted by us*		
Sustainable agriculture *Financing of measures for sustainable agriculture, including measures taken by organic[40] farms, animal welfare-oriented husbandry, soil-friendly and environmentally friendly farming methods and the promotion of biodiversity.* *Selection criterion, indicator or relevant threshold:* ▪ *Promotional loans called "Energie vom Land", "Nachhaltigkeit" and "Zukunftsfelder im Fokus" provided by the public bank "Landwirtschaftliche Rentenbank"[41]*	**Contribution**	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 15 LIFE ON LAND
Clean transportation[42] *Funding for clean transport, such as electric and hybrid vehicles, public transport, rail, non-motorised, multi-modal transport* *Selection criterion, indicator or relevant threshold:* ▪ *Financing of local public transport including infrastructure in the Energy & Utilities customer group with clearly defined use or business purpose (e-buses, trams, etc.)*	**Contribution**	13 CLIMATE ACTION

[41] For this category, the Bank is relying on the three loan programms of Landwirtschaftliche Rentenbank (LRB) focused on sustainable investments. The loans are granted by the LRB and then channelled through an intermediary credit institution like DKB. To be eligible for these programmes, projects are expected to meet the parameters (eligibility criteria) set out in the programme guidelines ("Energie vom Land", https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/LR/energie-vom-land-bund.html; "Nachhaltigkeit", https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/LR/landwirtschaft-nachhaltigkeit.html; "Zukunftsfelder im Fokus", https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/land-ernaehrungswirtschaft-zukunftsfelder-fokus.html). We have reviewed the eligibility criteria set by DKB and assessed them as generally providing a contribution to the SDGs highlighted. However, it is worth noting that (i) not all projects financed will contribute to all SDGs (e.g., a solar projects will contribute to SDGs 7 and 13 while organic farming will contribute to SDG 15), (ii) criteria for some projects would need to be more precisely defined to be considered as having a clear environmental benefit according to our methodology (e.g., investments to improve animal husbandry) and (iii) there is a lack of visibility on the amount that will be allocated to those projects (without clear environmental benefits).

[42] See fn. 34.

Clean transportation[43] *Funding for clean transport, such as electric and hybrid vehicles, public transport, rail, non-motorised, multi-modal transport* *Selection criterion, indicator or relevant threshold:* ▪ *Financing of clean means of transport in compliance with the Clean Vehicles Directive, such as electric and hybrid vehicles* ▪ *Financing of e-mobility vehicles such as electric and hybrid vehicles (retail banking)*	Contribution	
Sustainable water and wastewater management[44] *Financing of measures including sustainable infrastructure for clean water and/or drinking water* *Selection criterion, indicator or relevant threshold:* ▪ *Financing in the above-mentioned context with clearly defined purposes in the customer group energy and supply as well as in the customer group municipal customers*	Contribution	
Financing of measures including sustainable infrastructure for wastewater treatment plans and sustainable urban drainage systems[45] *Selection criterion, indicator or relevant threshold:* ▪ *Financing in the above-mentioned context with clearly defined purposes in the customer group energy and supply as well as in the customer group municipal customers*	Contribution	
Environmentally friendly residential and non-residential buildings (New Construction)[46] *Financing of environmentally friendly buildings that meet regional, national or internationally recognized standards or certifications.*	Contribution	

[43] See fn. 34.
[44] See fn. 34.
[45] See fn. 34.
[46] See fn. 34.

If appropriate certificates are available for the buildings to be constructed, they will be accepted with the following characteristics: ▪ *DGNB with gold or platinum* ▪ *LEED with Gold or Platinum* ▪ *BREEAM with Very Good, Excellent or Outstanding* ▪ *HQE with Very Good, Excellent or Exceptional*		
Environmentally friendly residential buildings (New Construction) *Financing of environmentally friendly residential buildings that meet regional, national or internationally recognized standards or certifications* *For new residential buildings (built after December 31st, 2020) the following threshold with regards to the primary energy demand is accepted:* ▪ *New residential buildings: <50 kWh/(m²a) p.a.* **Environmentally friendly residential buildings (existing buildings)[47]** *For existing residential buildings (built before December 31st, 2020) the following threshold with regards to the primary energy demand is accepted:* ▪ *Existing residential buildings: <75 kWh/(m²a) p.a.* **Non-residential buildings[48]** *For new and existing non-residential buildings, the following thresholds with regards to the final energy consumption is accepted:* ▪ *Office building without air conditioning: 140 kWh/(m²a)*	**No Net Impact**	

[47] See fn. 34.
[48] See fn. 34.

▪ *Office building with air conditioning 165 kWh/(m^2a)* ▪ *Hotels up to 3 stars: 155 kWh/(m^2a)* ▪ *4-star and 5-star hotels: 170 kWh/(m^2a)* ▪ *Buildings in the healthcare sector, e.g., social/nursing homes: 185 kWh/(m^2a)* ▪ *Freelance healthcare sector – practices: 235 kWh/(m^2a)* ▪ *Hospitals up to 250 beds: 229 kWh/(m^2a)* ▪ *Hospitals with 251-1.000 beds: 255 kWh/(m^2a)* ▪ *Hospitals with more than 1.000 beds: 280 kWh/(m^2a)* ▪ *University hospital: <375 kWh/(m^2a) p.a.* ▪ *Schools (up to 3.500 m2): 115 kWh/(m^2a)* ▪ *Schools (more than 3.500 m2): 100 kWh/(m^2a)* ▪ *Vocational schools: 100 kWh/(m^2a)* ▪ *Day Care Centers: 130 kWh/(m^2a)*		

SOCIAL CATEGORIES

USE OF PROCEEDS (PRODUCT/SERVICE)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Affordable basic infrastructure[49] *Financing of clean water, and/or drinking water*	Contribution	3 GOOD HEALTH AND WELL-BEING
Financing of measures including sustainable infrastructure for wastewater treatment plans and sustainable urban drainage systems[50][51] *Selection criterion, indicator or relevant threshold:* ▪ *Financing in the above-mentioned context with clearly defined purposes in the customer group energy and supply as well as in the customer group municipal customers*	Contribution	6 CLEAN WATER AND SANITATION
Access to basic services *Financing for municipalities (cities, municipalities, districts, municipal special-purpose associations) investing in public infrastructure* ▪ *Investments in services of general interest* ▪ *Modernization of municipal buildings*	No Net Impact	
Access to basic services[52] *Financing for municipalities (cities, municipalities, districts, municipal special-purpose associations) investing in public infrastructure* ▪ *Development of new energy concepts in the context of sector coupling that pursue the goal of improving energy efficiency*	Contribution	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

[49] See fn. 34.
[50] Certain social categories listed below (e.g., Financing of clean water, and/or drinking water; Financing for wastewater treatment plants, sustainable urban drainage systems with clearly defined use or business purpose in the Energy & Utilities customer group; Local mobility concepts) could provide both positive environmental and social benefits. DKB decided to classify those as social and environmental categories. In some cases, ISS considers that the most direct impact is linked to environmental related topics. However, DKB points out that a social impact derives from the German so-called Bürgergeld Gesetz (buerger-geld.org) Section 22 (1) sentence 1 SGB II (Social Code Volume 2). A state welfare program. The law ensures that the basic needs for living such as water, electricity or heating are provided. It guarantees access to housing, water and electricity for unemployed people through the welfare program: "Bürgergeld". The Federal Ministry of Labor/employment agencies includes the monthly support payment for incidental costs. Incidental costs are, for example, costs for water and waste disposal.
[51] See fn. 34.
[52] See fn. 34.

Access to basic services[53] *Financing for municipalities (cities, municipalities, districts, municipal special-purpose associations) investing in public infrastructure* ▪ *Local mobility concepts and infrastructure in the context of public transport (Öffentlicher Nahverkehr, ÖPNV)*	Contribution	13 CLIMATE ACTION
Access to basic services[54] *Financing of measures for access to basic services such as education, training* ▪ *creating school places* ▪ *creating childcare places*[55]	Contribution	4 QUALITY EDUCATION 10 REDUCED INEQUALITIES
Access to basic services[56] *Financing of measures for access to basic services such as education, training* ▪ *in the corporate customer segment, the financing of training and continuing education*	Contribution	4 QUALITY EDUCATION
Access to basic services[57] *Housing projects on the topic of assisted living and educational institutions, including day-care centers, schools, independent child and youth welfare organizations targeting people with special needs*	Contribution	1 NO POVERTY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Access to basic services[58] *Financing of measures for access to basic services such as public health/healthcare, emergency care* ▪ *Creation of nursing care places*	Contribution	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES

[53] See fn. 34.
[54] See fn. 34.
[55] There is a clear educational focus on this category since in Germany, every child is legally entitled to early childhood education. Since 1 August 2013, the legal entitlement to early childhood education in a day care center or in day care for children applies from the age of one. The entitlement was legally anchored in the Eighth Social Code - Book VIII (Child and Youth Welfare Act), §24. Please find it here: http://www.gesetze-im-internet.de/sgb_8/__24.html
[56] See fn. 34.
[57] See fn. 34.
[58] See fn. 34.

Access to basic services[59] *Financing of measures for access to basic services such as public health/healthcare, emergency care* ▪ *Creation of hospital beds*	Contribution	3 GOOD HEALTH AND WELL-BEING
Provision of medical infrastructure for healthcare[60]	Contribution	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES
Affordable housing[61] *Financing of municipal housing associations or cooperatives or other enterprises that creates affordable housing.* *Threshold value: Average net cold rent in the property or, at company level (one condition is sufficient) may not be higher than the average rent customary in the locality (measured on the basis of established, objective comparative data).*	Contribution	1 NO POVERTY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Affordable housing *Financing of housing for students via the student unions in Germany*	Contribution	4 QUALITY EDUCATION
Financing measures for socio-economic progress and empowerment[62] *Financing in the above context with a clear use or business purpose:* ▪ *Welfare agencies*[63]	Contribution	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 10 REDUCED INEQUALITIES

[59] See fn. 34.
[60] See fn. 34.
[61] See fn. 34.
[62] See fn. 34.
[63] Welfare agencies according to DKB are: “Freie Wohlfahrtspflege”, which refers to all services and institutions that are run by non-profit organizations and are active in an organized form in the social sector and in health care with the main characteristics being independence and cooperation in partnership with public social service providers with the aim of providing effective supplement to social services (e.g. Red Cross, Caritas, AWO); non-profit providers for health, social and nursing areas (care for disabled people and the elderly, German Red Cross, church associations); non-profit daycare centers, schools, workshop places for people with disabilities, student administrations, independent providers of assistance for the disabled, charitable organizations, foundations, hospitals and nursing homes.

Financing measures for socio-economic progress and empowerment *Financing in the above context with a clear use or business purpose:* ▪ *Private customer segment the financing of barrier-free expansion/conversion (e.g. housing suitable for the elderly/disabled, access stairways)*	**Contribution**	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES
Financing measures for socio-economic progress and empowerment[64] *Workshops for disabled people*	**Contribution**	10 REDUCED INEQUALITIES
Financing measures for socio-economic progress and empowerment[65] *Churches and services provided by churches:* ▪ *daycare centers for children and for children and youth in need* ▪ *workshops for disabled people*	**Contribution**	10 REDUCED INEQUALITIES
Financing measures for socio-economic progress and empowerment[66] *Churches and services provided by churches: primary and secondary schools; special education schools*	**Contribution**	4 QUALITY EDUCATION 10 REDUCED INEQUALITIES
Financing measures for socio-economic progress and empowerment[67] *Churches and services provided by churches: assisted living for disabled, homeless and those in need of outpatient and inpatient care*	**Contribution**	1 NO POVERTY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Financing measures for socio-economic progress and empowerment[68] *Churches and services provided by churches: (specialized) clinics/hospitals*	**Contribution**	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES

[64] See fn. 34.
[65] See fn. 34.
[66] See fn. 34.
[67] See fn. 34.
[68] See fn. 34.

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or 'operational impact improvement') resulting from the operational performance projects (re)financed by the eligible categories, as well as related UN SDGs impacted. The assessment displays how the eligible categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the bank.

The Bank finances operations/processes in a variety of third-party sectors. For clarity, the exposure to negative externalities linked to the sectors of the operations/processes financed are not displayed.

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESS)	OPERATIONAL IMPACT IMPROVEMENT[69]	SUSTAINABLE DEVELOPMENT GOALS
Energy efficiency measures Financing of energy efficiency measures: In existing buildings[70] ▪ *Increase in energy efficiency – at least 30% reduction in primary energy demand*	✓	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Energy efficiency measures Financing of energy efficiency measures: In existing buildings (private customer segment) *By proof of the use of proceeds indicating the concrete measure from which the energy efficiency increase can be derived* ▪ *Energy-efficient renovation measures, e.g.,* ***,*** *for building insulation, replacement of windows or heating and cooling systems, provided that the measure achieves at least 10% energy efficiency, U-value improvement of the building envelope/the individual component or energy savings through replacement of the heating system* ▪ *Improvement or renewal of building systems, e.g.,* ***,*** *financing of photovoltaic systems, Biomass heating - use of certified second-generation wood-based biomass (FSC, PEFC, Sustainable Biomass Program (SBP), etc.); Heat pump -*	✓	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

[69] Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.
[70] See fn. 34.

Electric heat pumps must i) have a refrigerant limit value (GWP) of 1,500 or less and ii) meet the energy efficiency requirements of the EU Ecodesign Framework Directive; Stationary fuel cell heating - powered by green hydrogen + biomethane for residential use		
Environmentally friendly buildings (Renovations)[71] *Financing of environmentally friendly buildings that meet regional, national or internationally recognized standards or certifications* *If appropriate certificates are available for the buildings to be renovated, they will be accepted with the following characteristics:* - *DGNB with gold or platinum* - *LEED with Gold or Platinum* - *BREEAM with Very Good, Excellent or Outstanding* - *HQE with Very Good, Excellent or Exceptional*	✓	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Clean transportation[72] - *Financing of the conversion of the vehicle fleet to e-mobility at health and social care facilities according to the social infrastructure customer group (e.g., emergency vehicles, vehicles in outpatient care)* - *Financing the development of charging point infrastructure for e-mobility in the real estate segment*	✓	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Energy infrastructure *Financing by means of energy contracting measures of renewable energy generated from PV on the side of the buyer*	✓	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Sustainable agriculture *Financing of measures for sustainable agriculture, including measures taken by organic*[73] *farms, animal welfare-oriented husbandry, soil-friendly and environmentally*	✓	15 LIFE ON LAND

[71] See fn. 34.
[72] See fn. 34.
[73] The Bank sees the adherence to the EU Organic Farming Regulation as a minimum criterion for a client to be considered organic.

friendly farming methods and the promotion of biodiversity. *Selection criterion, indicator or relevant threshold:* - *Farm conversions from conventional to organic farming* - *Investments in stable conversion, new construction and technology to improve the animal husbandry level or at least demonstrate minimum level 3 of animal husbandry*		
Sustainable agriculture *Financing of measures for sustainable agriculture, including measures taken by organic[74] farms, animal welfare-oriented husbandry, soil-friendly and environmentally friendly farming methods and the promotion of biodiversity.* *Selection criterion, indicator or relevant threshold:* *External ESG evidence: e.g.* ***.*** *KLIM certificate and, if applicable, other sustainability certificates accepted by us*	✓	

[74] The Bank sees the adherence to the EU Organic Farming Regulation as a minimum criterion for a client to be considered organic.

ANNEX 3: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:
https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf

ANNEX 4: Quality management processes

SCOPE

Deutsche Kreditbank AG commissioned ISS Corporate Solutions to compile a Sustainable Lending Framework External Review. The external review process includes verifying whether the Sustainable Lending Framework aligns with market practices for sustainable finance and assessing its sustainability credentials, as well as the credibility of the bank's sustainable lending classification scheme.

CRITERIA

Relevant Standards for this External Review stem from key principles for transparency and non-contamination of sustainable labelled products, including:

- Loan Market Association's (LMA) Green Loan Principles, Social Loan Principles
- UNEP-FI PRB
- Guidelines proposed by the European Banking authority (EBA) with respect to environmentally sustainable lending

CLIENT'S RESPONSIBILITY

DKB's responsibility was to provide information and documentation on:

- Sustainable Lending Framework
- ESG Impact and Risk Management
- Governance procedures

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

ISS ESG has conducted this independent External Review of the Sustainable Lending Framework by DKB based on a proprietary methodology and in line with market practices and relevant market standards for sustainable finance.

The engagement with DKB took place from October 2022 to July 2023.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and financing frameworks and review the sustainability performance of the Bank themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

ISS ESG provides external review services for sustainable financing and responsible investment strategies by assessing the robustness of our client's frameworks.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

For more information on External Review services, contact: SPOsales@isscorporatesolutions.com

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