

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Bond Framework

Deutsche Kreditbank AG

27 January 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">▪ Social, green and sustainability bonds¹
Relevant standards	<ul style="list-style-type: none">▪ Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)▪ Social Bond Principles, ICMA, June 2023▪ EU taxonomy Climate Delegated Act, Annex I (as of June 2023)
Scope of verification	<ul style="list-style-type: none">▪ DKB's Sustainable Bond Framework (as of Jan. 17, 2025)▪ DKB's eligibility criteria (as of Jan. 17, 2025)
Lifecycle	<ul style="list-style-type: none">▪ Pre-issuance verification▪ First update of green SPO as of July 1, 2020▪ First update of social SPO as of March 25, 2022
Validity	<ul style="list-style-type: none">▪ Valid as long as the cited Framework remains unchanged

¹ Sustainability bonds can be issued as either covered bonds (especially as Pfandbriefe) or as senior bonds (senior preferred and senior non-preferred).

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SCOPE OF WORK

Deutsche Kreditbank AG (“the Issuer,” “the Bank” or “DKB”) commissioned ISS-Corporate to assist with its social, green and sustainability bonds by assessing four core elements to determine the sustainability quality of the instruments:

1. DKB’s Sustainable Bond Framework (as of Jan. 17, 2025), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and Social Bond Principles (SBP).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. The alignment of the project categories with the EU taxonomy on a best-efforts basis² — whether the nominated project categories are aligned with the EU taxonomy technical screening criteria (including substantial contribution to climate change mitigation criteria and do no significant harm criteria) and minimum safeguards requirements as included in the EU taxonomy Climate Delegated Act (June 2023).³
4. Consistency of social, green and sustainability bonds with DKB’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

² While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the technical screening criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU taxonomy has been evaluated on a “best-efforts basis.”

³ [Commission Delegated Regulation \(EU\) 2023/2485](#) of 27 June 2023 amending [Commission Delegated Regulation \(EU\) 2021/2139](#).

DEUTSCHE KREDITBANK AG OVERVIEW

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


ESG risks associated with the Issuer's industry

DKB is classified in the public and regional banks industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies⁴ in this industry are sustainability impacts of lending and other financial services/products, customer and product responsibility, sustainable investment criteria, labor standards and working conditions, and business ethics.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

⁴ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁵
<p>Part I:</p> <p>Alignment with GBP/SBP</p>	<p>The Issuer has defined a formal concept for its Sustainable Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the GBP and SBP.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the eligibility criteria</p>	<p>The Sustainable Bond Framework will (re)finance the following eligible asset categories:</p> <p>Green categories: Renewable Energy from Wind and Solar</p> <p>Social categories: Social Housing, Public Supply, Health and Care, Education and Research</p> <p>Product and/or service-related use of proceeds categories⁶ individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.</p>	<p>Positive</p>
<p>Part III:</p> <p>Alignment with EU taxonomy</p>	<p>DKB’s project characteristics, due diligence processes and policies have been assessed against the requirements of the EU taxonomy (Climate Delegated Act of June 2023) on a best-efforts basis.⁷ The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> ▪ Aligned with the climate change mitigation criteria 	

⁵ The evaluation is based on DKB’s Sustainable Bond Framework (Jan. 17, 2025), on the analyzed selection criteria as received on Jan. 17, 2025.

⁶ Renewable Energy, Social Housing, Health and Care, Education and Research, Public Supply.

⁷ While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the technical screening criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU taxonomy has been evaluated on a "best-efforts basis."

	<ul style="list-style-type: none"> ▪ Aligned with the do no significant harm criteria ▪ Aligned with the minimum safeguards requirements 	
<p>Part IV:</p> <p>Consistency of social, green and sustainability bonds with DKB's sustainability strategy</p>	<p>The key sustainability objectives and the rationale for issuing social, green and sustainability bonds are clearly described by the Issuer. All project categories considered are in line with the Issuer's sustainability objectives.</p>	<p>Consistent with Issuer's sustainability strategy</p>

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES AND SOCIAL BOND PRINCIPLES

This section evaluates the alignment of DKB’s Sustainable Bond Framework (as of Jan 17, 2025) with the GBP and SBP.

GBP, SBP	ALIGNMENT	OPINION
<p>1. Use of proceeds</p>	<p>✓</p>	<p>The use of proceeds description provided by DKB’s Sustainable bond framework is aligned with the GBP and SBP.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP and SBP. Criteria are defined clearly and transparently, an allocation period and commitment to report at the project category level has been provided, and environmental and social benefits are described.</p> <p>The Issuer defines which projects will be refinanced, in line with best market practice.</p>
<p>2. Process for project evaluation and selection</p>	<p>✓</p>	<p>The process for project evaluation and selection description provided by DKB’s Sustainable Bond Framework is aligned with the GBP and SBP.</p> <p>The project selection process is defined. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful project categories.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it. The Issuer also involves various stakeholders in this process, identifies the alignment of its Sustainable Bond Framework and its green and social projects with the EU taxonomy, and references any green standards or</p>

		<p>certifications used, in line with best market practice.</p>
<p>3. Management of proceeds</p>	<p>✓</p>	<p>The management of proceeds provided by DKB's Sustainable Bond Framework is aligned with the GBP and SBP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and attested in a formal internal process, and are managed on an aggregated basis for multiple green/social bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and confirms that each loan tranche will be clearly labeled as green/social/sustainable. The risk of double counting is addressed by appropriately earmarking the proceeds, and the issuer is transparent on the nature of the instruments and their impacts.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by DKB's Sustainable Bond Framework is aligned with the GBP and SBP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website. DKB has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio and project category levels. Moreover, the Issuer commits to report annually until the bond matures. The Issuer is transparent on the level of impact reporting and the information reported, and further defines the duration and frequency of the impact reporting, in line with best market practices. The Issuer commits to get the allocation report audited by an external party, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SOCIAL, GREEN AND SUSTAINABILITY BONDS TO THE U.N. SDGs⁸

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain.



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).




The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:








Each of the green and social bonds' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy</p> <p><i>Renewable energy (including production, transmission, appliances and products)</i></p> <ul style="list-style-type: none"> Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution, storage and 	<p>Contribution</p>	 


⁸ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>maintenance of energy generation from wind/photovoltaics</i></p> <ul style="list-style-type: none"> ▪ <i>Energy generation from wind (NACE Code D35.1.1 — Production of electricity)</i> ▪ <i>Energy generation from photovoltaics (NACE Code D35.1.1 — Production of electricity)</i> 	<p style="text-align: center;">Contribution</p>	
<p>Affordable Housing</p> <ul style="list-style-type: none"> ▪ <i>Municipal housing companies (with federal, state, municipal or church participation or ownership) for low-income households and general population</i> ▪ <i>Housing cooperatives for low-income households and general population</i> 		
<p>Affordable Infrastructure, Regional Water Supply and Access to Essential Services</p> <ul style="list-style-type: none"> ▪ <i>Flood protection and watercourse maintenance</i> 		
<p>Affordable Infrastructure, Regional Water Supply and Access to Essential Services</p> <ul style="list-style-type: none"> ▪ <i>Disposal companies (e.g., wastewater treatment, waste recycling)</i> ▪ <i>Sanitation</i> 	<p style="text-align: center;">Contribution</p>	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Affordable Basic Infrastructure and Access to Essential Services</p> <ul style="list-style-type: none"> Local public transport 	<p>Contribution</p>	
<p>Affordable Basic Infrastructure and Access to Essential Services</p> <ul style="list-style-type: none"> Grid infrastructure for companies 		
<p>Affordable Basic Infrastructure and Access to Essential Services</p> <ul style="list-style-type: none"> Grid infrastructure for households 		
<p>Access to Essential Services</p> <ul style="list-style-type: none"> Construction of medical care centers Construction of outpatient and inpatient rehabilitation and care Construction of health real estate 		
<p>Access to Essential Services</p> <ul style="list-style-type: none"> Construction of schools Other education and research 		

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USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services</p> <ul style="list-style-type: none">▪ <i>Construction of daycare centers</i>	<p>Contribution</p>	

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Germany, and a very small share of the new energies portfolio is located in France.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

DKB only conducts business in Germany and France, and only grants corporate and working capital financing to companies that have their registered office in Germany. Project financing is provided for projects in Germany with the exception of the new energies segment that assists German clients in the renewable energies segment by financing their projects in France.

The Bank has processes in place to assess risks related to new products or processes. Risk materiality is assessed in the annual risk inventory, and the risk management framework outlines procedures, policies and guidelines to manage these risks. As part of this annual assessment, ESG risks are analyzed and assessed at the portfolio level by the risk management and front office teams. If material risks are identified, the corresponding customer group strategy or the need to adjust the credit process is reviewed. Moreover, as part of the lending process, customer-specific ESG risks are considered. To manage ESG risks at the portfolio level, key risk indicators have been introduced and used as benchmarks to determine the risk appetite, which are monitored on an ongoing basis. Key risk indicators are identified through portfolio analyses, stress tests and expert surveys.

The Issuer does not finance any companies or projects in controversial business areas (which are displayed in the Banks's exclusion list) or with dubious business or economic practices.

Labor, health and safety



All assets financed will be located in Germany and France, where high labor, health and safety standards are ensured by the relevant national legislation. Furthermore, Germany and France are signatories of the eight ILO core labor conventions and are Equator Principles Designated Countries.

Biodiversity



All assets financed will be in Germany and France. Thus, the Issuer ensures that its environmental impacts have been mitigated and reduced in alignment with EU standards for environmental and social impact assessment. Germany and France are also Equator Principles Designated Countries.

Community dialogue

All assets financed will be in Germany and France, which are both Equator Principles Designated Countries. Thus, the Issuer ensures that its impacts on the communities have been mitigated and reduced in alignment with the Equator Principles standards for environmental and social impact assessment.

- ✓ According to the [German Federal Building Code](#), citizens must be informed in time to comment on building projects if necessary. Berlin's District Administration Act outlines the legal context for the participation of local communities in matters such as development plans and provides opportunities for dialogue with these. Additionally, Berlin established guidelines for the participation of citizens in urban special development.

Inclusion

The Bank states that employees and clients must not experience disadvantages due to gender or gender identity, age, sexual orientation, ethnic origin or nationality, social background, religion or ideology, or physical or mental limitations.

- ✓ DKB's parent company, BayernLB, has internal policies applicable to DKB that ensure social inclusion and non-discriminatory access to products and services. Additionally, BayernLB is a member of the German Bankers Association, which acts in accordance with the [Code of Responsible Lending for Consumers](#). The code states that bankers must not discriminate according to ethnic background, gender, religion, disability, age and sexual identity when making credit decisions.

In Germany, the Issuer complies with the [General Equal Treatment Act](#), which prevents discrimination toward employees and clients on the grounds of race or ethnic group, gender, religion or belief, disability, age, or sexual orientation. Moreover, [Article 3](#) of the German constitution states that no person should be favoured or disfavoured based on the characteristics previously mentioned.

In France, the Bank complies with the French [penal code](#), [labor code](#) and [provisions](#) for the implementation of anti-discrimination law in communities, which prohibit discrimination based on the same characteristics.

Data protection and information security

- ✓ DKB has established an information security risk management process, which determines DKB's risk situation and comprehensively manages information security risks. The primary goal is to protect the company's data and minimize identified risks. Regular checks on the proper implementation of information

security management are carried out within DKB via audits. DKB complies with the provisions of the Federal Data Protection Act and the General Data Protection Regulation. 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.

Responsible treatment of customers with debt repayment problems

The Issuer has implemented various measures to responsibly deal with clients having debt repayment problems.

DKB has some preemptive actions in place. The borrower's creditworthiness is checked as part of the lending process. A loan is only granted if it is likely that the borrower will be able to meet its obligations in connection with the loan agreement over the entire term. DKB has various mechanisms in place to monitor risks and identify them at an early stage. If increased risks are identified, active contact can be made by employees specializing in high-risk loans.



The Issuer also offers debt counseling; customers with liquidity difficulties can contact DKB. Employees specially trained in processing high-risk exposures can provide support in assessing the situation and finding a solution.

The Bank also offers debt restructuring under non-detrimental conditions. The usual market instruments for bridging liquidity bottlenecks or restructuring loans are offered.

Finally, regarding DKB's mortgage sale and foreclosure, the Bank only sells terminated receivables. In a non-terminated contractual relationship, the focus is on the continuation or adjustment of the contract and the preservation of the collateral (e.g., secured by a real estate lien), provided that a viable solution is found.

Sales practices

The Issuer has some measures in place to ensure responsible sales practices.



DKB ensures clear responsibilities and definition of roles and functions. The Bank regularly reviews and evaluates employees' competence and provides training. Furthermore, the Issuer screens the risk profiles of customers and investments to define tailored strategies to different customer groups.

Finally, DKB conducts regular customer surveys and has established a complaints management procedure.

The sales personnel's compensation is based on the sustainability targets set at the bank level. The remuneration policy clarifies that no significant dependency on variable remuneration must take place, and ethical considerations ("malus offense") such as breaches of compliance regulations and the Bank's Code of Conduct are included in the calculation of bonuses. Customer feedback via the Customer Satisfaction Score and recommendation rate are considered.

Responsible marketing

DKB has some measures in place to ensure responsible marketing.



The Issuer has a basic commitment on responsible marketing and complies with the [Act against Unfair Competition](#), which covers elements such as clear and correct pricing.

The Bank has policies to avoid the use of small print to ensure transparency on product risks and on reasons leading to rejection. In case of a rejection, transparency on the rationale is provided to the client by [national law](#).

Exclusion criteria

DKB excludes a wide range of controversial industries and projects from financing such as nuclear power plants, armaments, genetically modified organisms, pornography, prostitution and illegal drug trafficking.⁹

⁹ As outlined in DKB's [investment and financing principles](#).

PART III: ALIGNMENT OF THE SELECTION CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of DKB's project characteristics, due diligence processes and policies for the nominated use of proceeds project categories have been assessed against the relevant substantial contribution to climate change mitigation and do no significant harm (DNSH) technical screening criteria, and against the minimum safeguards requirements of the EU taxonomy [Climate Delegated Act](#) (June 2023), based on information provided by DKB. Where DKB's project characteristics, due diligence processes and policies meet the EU taxonomy criteria requirements, a tick is shown in the table below.

DKB's project selection criteria overlap with the following economic activities in the EU taxonomy:

4.1 Electricity generation using solar photovoltaic technology

4.3 Electricity generation from wind power

All projects financed under the Sustainable Bond Framework are and will be located in Germany and France.

Note: To avoid repetition, the evaluation of the alignment of DKB's assets to the do no significant harm criteria to climate change adaptation is provided in Section C. Similarly, the evaluation of the alignment to the DNSH to protection and restoration of biodiversity and ecosystems is given in Section D. They are applicable to all the above activities.

Furthermore, this analysis only displays how the EU taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

4.1 – Electricity generation using solar photovoltaic technology

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁰	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
The activity generates electricity from solar photovoltaic.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See a)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A — there is no EU taxonomy criteria for the category.	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
EU Directive 2012/12/EU on waste electrical and electronic equipment is transposed in Germany and France into Federal Law (BGB I) 2021, N.25 and French Decree No. 2014-928 , respectively. Borrowers must comply with the law and check through public sources whether the manufacturer is compliant with the EU taxonomy criteria, is ISO 14001 certified and has a clear sustainability strategy. In individual cases, direct contact is made with the manufacturer if the information is not publicly disclosed. Through this process, DKB ensures the producer's compliance with the waste hierarchy but does not verify the requirements for recycling during the contracting phase as it pertains to the producer's responsibility.	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A — there is no EU taxonomy criteria for the category.	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See b)	✓

¹⁰ This column is based on input provided by the Issuer.

4.3 – Electricity generation from wind power

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹¹	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
The activity generates electricity from wind power.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See a)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A — the financed projects are/will be only onshore wind.	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
EU Directive 2012/12/EU on waste electrical and electronic equipment is transposed in Germany and France into Federal Law (BGB I) 2021, N.25 and French Decree No. 2014-928 , respectively. Borrowers must comply with the law and check through public sources whether the manufacturer is compliant with the EU taxonomy criteria, is ISO 14001 certified and has a clear sustainability strategy. In individual cases, direct contact is made with the manufacturer if the information is not publicly disclosed. Through this process, DKB ensures the producer's compliance with the waste hierarchy but does not verify the requirements for recycling during the contracting phase as it pertains to the producer's responsibility.	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A — there is no EU taxonomy criteria for the category.	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See b)	✓

¹¹ Ibid.

a) Generic Criteria for DNSH to Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹²	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	

DKB uses the climate change and natural hazards edition of Munich Re's [Location Risk Intelligence](#) platform to carry out the climate risk and vulnerability assessment (CRVA). The platform collects the relevant data points and identifies and assesses the risks, attributing a score to 12 for natural hazards including earthquakes, volcanoes, tsunamis, tropical storms, hail, tornadoes, lightning, wildfires, river floods and storm surges. Specifically, physical risks are based on science and historical data, while climate change risks are determined by projections of future risks using the Intergovernmental Panel on Climate Change scenarios for physical risk. The IPCC scenario may be either RCP4.5, the "moderate stabilization scenario," or RCP8.5, the "business as usual scenario," based on the lifetime of the financed asset (i.e., 20-30 years for PV systems and wind turbines). The assessment considers a climate projection of 2050 and 2100, depending on the project lifetime.¹³



Adaptation measures are based on the CRVA tool and include heat-resistant materials and material requirements for fire protection for PV modules, cable routing, TÜV and International Electrotechnical Commission certificates.

For each individual economic activity (4.1 or 4.3), an initial assessment of relevant climate risks was carried out in accordance with a questionnaire of six queries to determine the risk level.

¹² Ibid.

¹³ If the financed economic activity or the financed asset ends before 2060, only the RCP4.5 scenario is considered in accordance with Question 169 of an FAQ from Dec. 19, 2022. If the service life ends after 2060, RCP8.5 is used.

b) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁴	ALIGNMENT WITH EU TAXONOMY
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	

DKB committed not to finance companies or projects that have a negative impact on UNESCO World Heritage Sites, wetlands according to Ramsar Convention 6, and IUCN protected areas, categories I to VI. In addition, the Issuer confirms to abide by national and supranational regulations mandating environmental impact assessment:

- For all member states of the European Union, EU Directive on environmental impact assessment in accordance with Directive 2011/92/EU
- For assets that will be located in Germany and in France, the German [Federal Emission Control Act](#) and the [French Decree No. 2021-837](#) on environmental assessment regulates the following issues:
 - Procedures for strategic environmental assessments, environmental impact assessments and integrated environmental authorizations
 - Protection of people, wild and domestic animals and plants, the soil, water, the atmosphere, the climate, and cultural and other material assets from harmful environmental impacts and to prevent the occurrence of harmful environmental impacts
 - Prevention and reduction of harmful environmental impacts through emissions into air, water and soil, including waste management, to achieve a high level of protection for the environment as a whole
 - Protection and prevention of dangers, significant disadvantages and significant nuisances caused by other means.




In addition, for assets that will be located in Germany and France, an environmental impact assessment is mandatory whenever the projects are likely to have significant environmental effects.

¹⁴ This column is based on input provided by the Issuer.

Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU taxonomy minimum safeguards, as described in Article 18 of the [Taxonomy Regulation](#), have been assessed. The results of this assessment are applicable for every project category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁵	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>DKB is embedded in local legislation addressing the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and the ILO Core Labor Conventions. These policies also cover suppliers. The Issuer provides a voluntary self-declaration form at the counterparty level to check compliance with the taxonomy minimum social safeguards. As part of the form, the counterparty confirms the presence of appropriate processes in place to ensure compliance with relevant requirements, including human rights.</p> <p>To identify and assess adverse impacts, the Bank’s approval procedures for wind and solar projects regulate health and safety issues, too. This includes the risk assessment and determination of necessary occupational safety measures, taking into account the Labour Protection Act, the Industrial Safety Ordinance, the Ordinance on Hazardous Substances, the Workplaces Ordinance and the Ordinance on Industrial Safety and Health.</p> <p>To prevent and mitigate adverse impact, the above declaration serves as proof that the company complies with the minimum protection according to Art 3c, Art 18 Regulation (EU) 2020/852 (Taxonomy Regulation) and consequently does not violate any of the aforementioned conventions, including human and labor rights. Furthermore, DKB expects its business partners (service providers) to accept the Sustainability Appendix before entering a contractual relationship with them. The appendix covers social areas such as social responsibility, respect of fundamental rights and human rights, and respect of the applicable national legal standards and international standards.</p> <p>A serious breach of the provisions of this agreement by the contractor constitutes grounds for termination of all contractual relationships with that contractor for cause. Before such a termination for cause, the client will give the contractor a warning and will generally set a remedy period. In the case of particularly serious breaches, the prior warning might not be given.</p>	

¹⁵ Ibid.

To track the implementation of results, the Issuer has implemented a KYC process, and also subjects its customers to a legally required customer risk classification (on the basis of the Money Laundering Act). Moreover, DKB has implemented a regular screening process to identify negative reports (e.g., violations of the law, fraud, environmental pollution, human rights violations) about existing or potential business partners.

Communication on how impacts are addressed occurs in the annual [Sustainability Report](#). Moreover, DKB ensures the implementation of the regulatory requirements from BaFin Circular 06/2018 ("Minimum requirements for complaints management" dated May 4, 2018) by reliably recording and evaluating complaints in order to gain insights into possible inadequacies in business operations and to be able to rectify them. In accordance with the BaFin circular, DKB AG must maintain a central complaints register that enables systematic evaluation, is protected against changes that are not objectively necessary, subsequent changes and guarantees unhindered access for the responsible employees, the responsible auditors and BaFin. Complaints are reported quarterly and once a year in an annual report.

DKB has also implemented a [Human Rights Complaint Procedure](#). This procedure runs independently of DKB's [general complaint procedure](#). In accordance with the requirements of the Supply Chain Due Diligence Act, a human rights complaints procedure is implemented on the DKB homepage. This is a whistleblower procedure with increased requirements for the reporting office (e.g., small group of people of confidentiality, protection of identity, protection against discrimination, independence and impartiality of the reporting office as well as extended specialist knowledge). The human rights complaints procedure is aimed at employees of suppliers, employees of DKB AG or its subsidiaries and other affected persons (e.g., employees of subcontractors).

PART IV: CONSISTENCY OF SOCIAL, GREEN AND SUSTAINABILITY BONDS WITH DKB'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer focuses on increasing its business client loan portfolio in accordance with the U.N. Sustainable Development Goals:</p> <ul style="list-style-type: none"> ▪ Access to healthcare ▪ Access to education ▪ Access to clean water ▪ Promotion of renewable energy ▪ Construction of resilient infrastructure ▪ Reduce inequalities between countries ▪ Sustainable cities and communities ▪ Sustainable management ▪ Justice and strong institutions <p>These sustainability pillars have been defined in the “blue sustainability approach” of DKB’s Sustainable Lending Framework through a materiality analysis using UN Global Compact guidelines and the Principles for Responsible Banking.</p>
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG topics, the Issuer has set targets for sustainable corporate governance in the downstream value chain, covering the Bank’s financing for private and business customers:</p> <ul style="list-style-type: none"> ▪ Expansion of renewable energy: financing 14 GW of installed capacity for wind (on-shore wind turbines for 8 GW), solar (e.g., PV system with battery storage, floating PV modules on bodies of water or agri-PV systems) and biogas plants by the end of 2027 ▪ Promoting affordable housing and energy-efficient construction and renovation: increase financing of housing companies that offer apartments in the lower and

	<p>middle rental price segments, as well as private customers and healthcare centers' municipal associations</p> <ul style="list-style-type: none"> ▪ Financing regional heat supply (e.g., combined heat and power plants, heat pumps, battery storage) ▪ Financing the expansion and modernization of public transport and local rail transport (e.g., for modern bus fleets and trams) ▪ Promoting identification and satisfaction with DKB as an employer via an increase of the net promoter score to over 40 ▪ Support farmers in sustainable farm management: increase financings in dairy and husbandry of 50% by 2030, and in organic farming by 10% (e.g., modernization and digitalization of their operations such as use of geo-data for optimal use of resources, sustainable energy) ▪ Financing of welfare institutions, geriatric care facilities, hospitals, universities, colleges and non-governmental or independent educational institutions ▪ Increase gender quota by 20% at director level, by 33.3% at first management level, by 39.9% at second management level by June 2027 ▪ Reduction of unbalance pay gap to 5% and enforce adjusted pay to 1% by 2030 <p>The goals are not verified. They will be public in DKB's sustainability strategy and are monitored annually.</p>
<p>Action plan</p>	<p>DKB intends to:</p> <ul style="list-style-type: none"> ▪ Increase the financing and enlarge the range of products offered to decarbonize its portfolio, expanding to the agricultural sector and the heat generation ▪ Improve data quality, which enables more targeted CO₂ control

	<ul style="list-style-type: none"> ▪ Collaborate with other financial institutions for exchange of best practices on the way to net zero (i.e., Green and Sustainable Finance Cluster Germany e.V., Net Zero Banking Alliance Germany) ▪ Increase customer engagement and awareness ▪ Train and raise awareness of employees on decarbonization yearly as of 2025 ▪ Engage with local municipalities and the federal government to support the expansion of the share of renewable energy in the electricity mix
<p>Climate transition strategy</p>	<p>The Issuer commits to align its loan portfolio with the 1.5°C scenario, in line with the Paris Agreement, and reach net zero by 2050.</p>
<p>Sustainability reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually according to PCAF standards.</p>
<p>Industry associations, collective commitments</p>	<p>The Issuer is a signatory of the Principles for Responsible Banking and the United Nations Global Compact since 2021.</p>
<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>DKB <u>issued</u> its first green bond in 2016 (EUR 500 million) to support the expansion of renewable energy. In 2018 and 2022, the Bank issued the first social bond and the first Berlin social housing bond (EUR 500 million each). As of today, DKB has collected EUR 1.5 billion from green proceeds and EUR 2.76 billion from social instruments. All the issuances have been verified by ISS-Corporate or another external party.</p>

Rationale for issuance

DKB aims to achieve carbon neutrality and make a contribution to the U.N. SDGs through the refinancing of social and green projects dedicated to the general public and the clean energy sector.

Opinion: *The key sustainability objectives and the rationale for issuing green and social bonds are clearly described by the Issuer. All project categories financed are in line with the Issuer's sustainability objectives.*

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

EU taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Sustainable Bond Framework meet the criteria listed in relevant activities in the EU taxonomy Climate Delegated Act (June 2023).

The evaluation shows if DKB's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU taxonomy technical annex.

The evaluation was carried out using information and documents provided confidentially by DKB (e.g., Due Diligence Reports). Furthermore, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

DKB commissioned ISS-Corporate to compile a social, green and sustainability bonds SPO. The second-party opinion process includes verifying whether the Sustainable Bond Framework aligns with the GBP and SBP and assessing the sustainability credentials of its social, green and sustainability bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party-opinion:

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix I)
- Social Bond Principles, ICMA, June 2023
- EU taxonomy Climate Delegated Act (as of June 2023)

ISSUER'S RESPONSIBILITY

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

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, 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.

This independent second-party opinion of the social, green and sustainability bonds to be issued by DKB has been conducted based on proprietary methodology and in line with the GBP and SBP.

The engagement with DKB took place from November 2024 to January 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior 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 this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

Project team

Project lead	Project support	Project support	Project supervision
Marika Peressoni Analyst Sustainable Finance Research	Lucas Deschênes Analyst Sustainable Finance Research	Vittoria Favalaro Analyst Sustainable Finance Research	Marie-Bénédicte Beaudoin Associate Director Head of Sustainable Finance Research