

Development **GRI** Performance Responsibility
Compliance ISO 14001 Support Carbon Audit
Emissions Impact COP21 Ethics
Customer **Climate Change** NGO
SDGs Value Added Green Bond
Target Respect Climate Protection
Diversity Development Support
Emissions **Responsibility** NGO Value Added
Compliance ISO 14001 Carbon Impact COP21
Ethics Customer Climate Change SDGs Claim
Green Bond Target Performance **Respect** SDGs
GRI **Climate Protection** Diversity Compliance
Performance Responsibility Audit **Emissions**
Compliance ISO 14001 Carbon Impact COP21
Ethics **Customer** Climate Change SDGs Claim
NGO Green Bond Target Respect GRI Climate
Protection Ethics **Diversity** Customer Impact



Deka Group
Sustainability Report
2016

Deka Group – Key Figures 2016

BUSINESS DEVELOPMENT INDICATORS		31 Dec 2015	31 Dec 2016
Balance sheet total	€m	107,981	85,955
Total assets	€m	240,045	256,805
thereof retail customers	€m	123,058	128,650
thereof institutional customers	€m	116,987	128,155
Number of securities accounts	(thousand)	4,054	4,289
		2015	2016
Net sales ¹	€m	19,505	16,914
thereof retail customers	€m	10,196	7,710
thereof institutional customers	€m	9,308	9,204
SUSTAINABILITY RATING²			
oekom research		Prime C	Prime C+
MSCI		AA	AA
imug		Positive	Positive
Sustainalytics	points	73	73
SUSTAINABLE PRODUCTS			
Volume of sustainable retail funds	€bn	1.9	2.1
Managed capital in sustainable products (securities)	€bn	6.6	10.1
Share of certified buildings in property funds ³	%	60	62
Sustainable investment volume of Depot A proprietary investments	€bn	15.2	18.2
SUSTAINABLE HR MANAGEMENT			
Number of employees	group-wide	4,277	4,406 ⁴
	Germany	3,858	3,993
Proportion of women in Germany	%	39.5	39.1
Proportion of women in leadership positions in Germany	%	17.8	18.8
Part-time ratio in Germany	%	16.7	16.8
Turnover rate in Germany	%	3.9	3.1
Financial cost of further training in Germany	€/employee	1.001	973
SUSTAINABLE BANKING⁵			
Power consumption	kWh	11,638,888	11,531,527
Energy consumption	kWh	19,511,111	19,553,131
Paper consumption ⁶	t	559	530
Drinking water consumption	m ³	36.330	34.954
Volume of waste generated	t	326	302
Business trips (group-wide)	km	21,466,250	23,449,772
GHG direct	kg	1,859,778	2,087,588
GHG indirect	kg	7,183,277	4,937,619
GHG other indirect	kg	3,364,716	3,567,898
GHG ⁷ -emissions (total)	kg	12,407,771	10,593,106
CORPORATE CITIZENSHIP			
Expenditure for foundations, donations and sponsoring	€m	1.92	1.36

¹ From 1.1.–31.12. (includes business divisions of securities and real estate).

² Last updated: imug: 23.12.2016 (uncovered bonds neutral CC, public-sector bonds positive B, mortgage bonds positive BB); MSCI: 27.04.2016; oekom research: 07.09.2016; Sustainalytics: 19.06.2015; see also section "Sustainable Corporate Governance".

³ See section "Sustainable products".

⁴ The newly-arrived 150 employees of S broker are not included and are listed separately in the Section "Sustainable HR management".

⁵ Figures (excluding service travel and paper consumption) refer to the four buildings in Frankfurt am Main.

⁶ Comprises: Letterhead, pre-printed documents, envelopes, forms, copier paper (general office paper), promotional printed materials/publications.

⁷ The GHG Protocol covers five other greenhouse gases in addition to CO₂: Methane, nitrous oxide, sulphur hexafluoride and two groups of fluorinated hydrocarbons.

Contents

1. Preface: Global Compact Communication on Progress	2
2. Sustainable corporate governance	4
2.1 Profile	4
2.2 Strategic anchoring of sustainability	4
2.3 Stakeholder dialogue and materiality analysis	4
2.4 Regulations and standards	5
2.5 Compliance	6
2.6 Data protection	7
2.7 Complaint management and customer satisfaction	8
2.8 Ideas management	9
2.9 Sustainability rating	9
3. Sustainable products	11
3.1 Responsible investment	11
3.2 Sustainability in asset management real estate	14
3.3 Sustainability in lending business	16
4. Sustainable HR management	18
4.1 HR strategy	18
4.2 HR management	19
4.3 Training and further professional development	20
4.4 Equality	21
4.5 Workplace safety and health management	24
5. Sustainable banking	27
5.1 Environmental management system	27
5.2 Procurement	27
5.3 Climate protection	28
5.4 Waste and consumption of resources	28
6. Corporate citizenship	30
6.1 Social engagement	30
6.2 Education and science	30
6.3 Art and architecture	31
6.4 Sport	32
6.5 Donations	32
Independent environmental assurance statement	33

1. Preface: Global Compact Communication on Progress

Ladies and Gentlemen,

“Deka wants to give voice to four million investors” – was the headline in the Frankfurter Allgemeine on 11th October of last year. The reason for the headline was the announcement of Deka Investment GmbH to take a more active part in the annual general meetings of the companies which their customers hold shares in, even more so than in the past. In 2016, analysts and portfolio managers of Deka investment GmbH visited nearly 230 annual general meetings and voted on around 2,930 agenda items.

This forum will be used even more in the future to help us deal with the business model and the company management goals constructively, critically and with a long-term perspective. In addition to strategy, yield and finances, questions of good corporate governance and social and environmental issues will also play a role. Also, we will continue to actively address these issues in our direct contacts with the companies whose shares and bonds we purchase for the customers and for our own investments. In the past year, there were about 1,600 instances of such direct business contact.

We also continue with the development of the sustainable Corporate Governance of the Deka Group with the same conviction with which we demand that businesses comply with social and environmental standards and standards of good corporate governance. An important step in this process was the integration of our sustainability strategy into the business strategy in 2014. For the five key areas of action outlined in this report, we have defined the central focal points and desired objectives in the approved business strategy for 2016.

As a result of the decisions of the Paris Conference on Climate Change in December 2015 and the agreement on limiting the global temperature increase to a maximum of two degrees Celsius, we attribute particular importance to the issue of climate change in the current business strategy.

The critical remarks on climate change and climate policy which we are currently hearing from various corners have no effect on our resolve to commit to protecting the climate. However, these remarks may have an effect on the international framework conditions and schedules. We will

observe these developments and analyse the possible impact on our business activity.

The volume of sustainable investments managed by Deka has increased. At the end of 2016, we had invested around 28.4 billion euros with consideration of social and environmental criteria and criteria aimed at encouraging good corporate governance. This included more than ten billion euros from our private and institutional customers, for which we have continually expanded our offering of sustainable investment solutions in recent years. The sustainability filter introduced in 2014 for our proprietary investments has proven itself in practice. The filter excludes companies with controversial business activities from capital investment.

In 2016, we were positively assessed by sustainability analysts for this special commitment in the field of sustainable investments and also for our comprehensive services in other fields of activity of our sustainability management.

We are particularly pleased that the renowned sustainability rating agency oekom research has again awarded us the coveted "oekom prime" status. It is only awarded to companies that meet the stringent requirements of the agency for comprehensive sustainability management. In the evaluation, we were able to improve further and achieve the overall grade C+ for the first time. Of the total of 82 companies in the comparison group, only four other companies achieved at least this rating. Also, we were able to maintain the significantly above-average ratings from the rating agencies specialised in sustainability aspects, imug and MSCI ESG, in the year under review.

With the 2016 Sustainability Report, we make it clear for our stakeholders - customers and employees, shareholders and business partners - what we have achieved in the field of sustainability management and where we want to be even better. The report also provides information about how we are progressing in the implementation of the ten principles of the UN Global Compact, which we committed to in 2011. These concern the areas of human rights, labour standards, environmental protection and fighting corruption. As in the previous year, the report is based on the guidelines of the recognised Global Reporting Initiative (GRI), Version G4 including industry-specific supplements for financial service providers. The GRI Content Index can be found on our website www.deka.de.

We are convinced that we act both in the interests of our stakeholders as well as society with the consistent implementation and continuous further development of our sustainability management.

In 2017, we will continue to speak out on issues of economically, ecologically and socially sustainable development.

With best wishes

Michael Rüdiger
CEO



2. Sustainable corporate governance

With the “Düsseldorf Declaration” of the 25th German Savings Banks Conference, the Sparkassen-Finanzgruppe further developed strategic guidelines for sustainable development in April 2016. The implementation for Deka Group, the Wertpapierhaus for the saving banks, took place in the autumn of 2016 with the adoption of the 2017 business strategy.

2.1 Profile

The DekaBank is in the legal form of an institution under public law with headquarters in Frankfurt am Main and Berlin and acts as the Wertpapierhaus of its owners, the savings banks.

DekaBank has divided its activities from the beginning of 2017 into five business divisions: Asset Management Securities, Asset Management Real Estate, Asset Management Services, Capital Markets and Trading. These work with one another and very closely with the Savings Bank Sales & Marketing Department and the central areas.

The Sustainability Management department is part of the Corporate Office & Communications in the department of the Chairman of the Board of Management and coordinates all appropriate activities in the Deka Group on behalf of the Board of Management. It is the internal contact for all organisation units and also assumes this function with respect to all external stakeholders – in particular to companies and institutions in the savings bank financial group, sustainability rating agencies and non-governmental organisations.

2.2 Strategic anchoring of sustainability

At the end of 2014, the Board of Management of DekaBank decided to forego a separate sustainability strategy from the 2015 financial year and to establish these specifications as part of the business strategy. This made sustainability a core part of the business policy orientation, transparent to the Administrative Board and supervision.

Strategic Transformation Programme D18

The Strategic Transformation Programme D18 was adopted by the Board of Management at the end of 2012. The aim of the program is the further development to the Wertpapierhaus of the savings banks to the year 2018, in which Deka enters its 100th year. At the end of 2015, sustainability projects were integrated into the transformation program. In particular, Deka intends to

further optimise and extend its range of products for private customers and institutional customers.

2.3 Stakeholder dialogue and materiality analysis

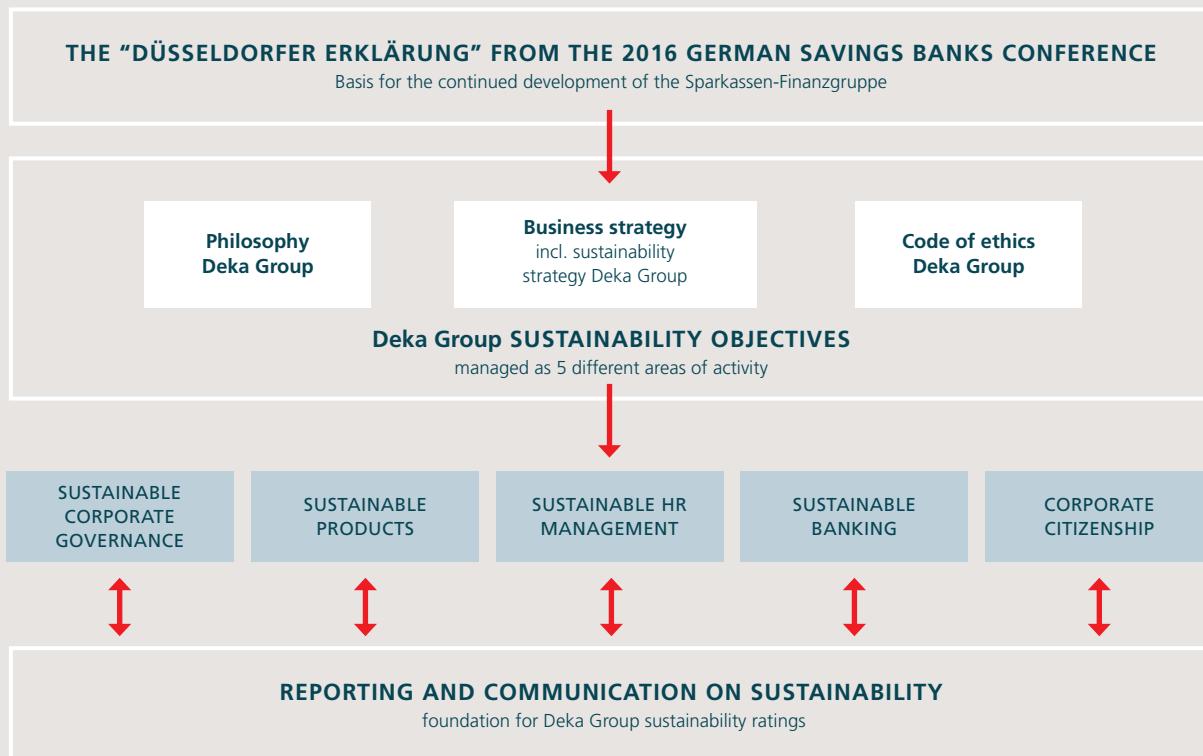
“DekaBank already held a wide consultation with imug on the key issues of sustainability in 2015. Different groups of stakeholders expressed the importance of 25 individual issues in five areas of activity.

DekaBank used the results to place a stronger focus on sustainability management and the product range. To take the expectations of DekaBank customers even better into account, we evaluated a representative survey of the savings banks on the issues in 2016, in which the products of DekaBank were the main focus. Here, we were able to analyse the wishes of the customer stakeholder group in relation to the sustainability activities of DekaBank in detail. The results confirm the focus from the 2015 survey on the issues of corporate governance and the products as closely as possible, but also provide additional findings. We have the opportunity to bring together our experience in the market for sustainable financial investments with our in-house market research. This meant we could create an exact materiality analysis for DekaBank, which both corresponds to the requirements of the Global Reporting Initiative as well as statistical and market research standards.”¹

The Sustainability Report is based on the guidelines of the Global Reporting Initiative (GRI), Version G4 as well as the specific supplements relevant for the financial services industry (financial services sector supplement). It corresponds to the “core” report level and was examined by an independent expert.

The Deutscher Sparkassen- und Giroverband (DSGV) and the German Council for Sustainable Development (Rat für Nachhaltige Entwicklung – RNE) concluded a cooperation agreement for the German Sustainability Code (DNK) at the end of 2013.

¹ Quote by Dr. Annika Schudak, Manager for Stakeholder and Materiality Analyses, imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH.



Together with Sparkasse Hanover, DekaBank was among the first signatories and has recognised the German Sustainability Code. Since 2013, it has provided an annual declaration of conformity which is published on the pages of the RNE. With the observance of these standards – GRI and DNK – the Deka Group has already laid the basis for the fulfilment of the European CSR Directive, applied in Germany in March 2017 for the financial year 2017.

Sustainability issues are an integral part of the communication strategy of the Deka Group and a regular part of communications with all relevant stakeholder groups. Deka promptly informs stakeholders, whether shareholders, customers, employees or the general public, about sustainability-related events and developments. Deka uses the entire spectrum of available communication channels, from employee media about press dates to customer events.

2.4

Regulations and standards

Internal regulations and standards

The code of ethics is a binding framework for all internal employees, managers and the Board of Management of Deka as well as for third parties operating on behalf of the Deka Group. It is the basis for a legally-compliant, open, transparent and added-value oriented corporate culture of the Deka Group and among other things, contains a clear commitment to sustainability.

Compliance with the requirements of the code of ethics has been verified uniformly for all employees of the Deka Group since the 2016 financial year. In this verification, the

relevant manager evaluates compliance with the code in the framework of the annual appraisal meeting. Violations may lead to employment measures, civil and criminal procedures up to and including termination of contract. The code can be viewed in its current version of 1 June 2014 on the Deka Group website (only German version).

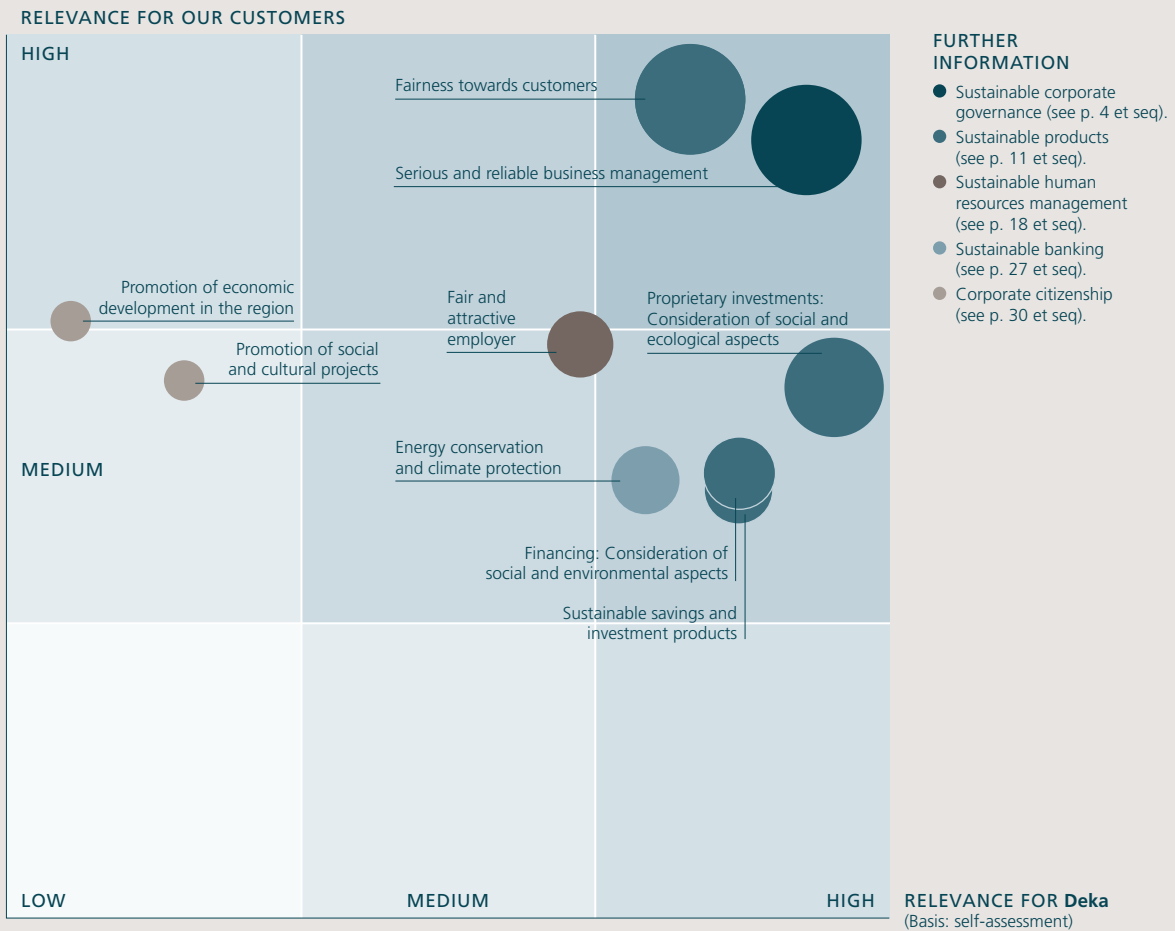
QUOTE FROM THE CODE OF ETHICS

“As the Wertpapierhaus of the savings banks, we have committed ourselves in terms of our owners to conducting sustainable business for customers, employees, the environment and society. We are committed to sustainable corporate governance, the hallmarks of which are liability and transparency.”

External regulations and standards

In addition to internal guidelines of behaviour, the commitment of the Deka Group to sustainable development is also emphasised by the recognition of national and international standards. This includes the accession to UN Global Compact in 2011 and the consequent obligation to implement the ten principles of responsible corporate governance.

RELEVANCE OF SUSTAINABILITY ISSUES AT Deka
Results of the 2016 stakeholder survey



They relate to human and employment rights, environmental protection and the fight against corruption.

DekaBank has also committed to complying with the Equator Principles (EP). The focus of these principles is the consideration of social and environmental standards in international project financing. DekaBank reports annually on the implementation of the principles in the relevant financing, the corresponding report is published on the EP website.

In order to abide by the values of responsible investment, the signatories commit to observe the Principles for Responsible Investment (PRI), which Deka Investment GmbH has observed since 2012. The principles provide for the integration of social and environmental criteria and criteria related to good corporate governance (ESG criteria) in the analysis and decision-making processes in capital investment.

Also, the signatory commits to address the businesses in whose shares or bonds they are invested on the observance of ESG standards. Through the expansion of

activities at general meetings described in the section "Sustainable products", Deka Investment further strengthens its commitment in this area. It reports annually on these and other measures in the framework of an RI Transparency Report, which is available on the PRI website.

2.5 Compliance

The Compliance corporate centre plays a major role in ensuring that DekaBank always acts in line with the applicable statutory and regulatory arrangements as well as its own – sometimes even stricter – guidelines. It covers all issues relating to capital-market and real-estate compliance, MaRisk compliance, tax compliance and information security management. It is also responsible for combating money laundering, terrorism financing, implementing EU sanctions and embargoes and preventing fraud and other criminal activities.

The corporate centre develops Group-wide standards and guidelines on relevant issues and provides corresponding training programmes and advice on their implementation. It is also heavily involved in projects and processes geared

towards ensuring that the Deka Group meets regulatory requirements and that potential conflicts of interest are identified at an early stage and avoided as far as possible. The corporate centre carries out monitoring and control tasks at all levels of banking operations and is dedicated to the systematic management of potential compliance risks.

Consulting and Training

The regulations and processes to comply with the statutory and regulatory requirements often apply to individual employees. To inform employees on the aspects relevant for them, Compliance provides mandatory training in the entire Deka Group, there is additional training for selected employees. If necessary, additional ad hoc training is provided. The training concept is based on presence training in combination with web-based training courses and training letters.

Fighting corruption

In the fight against corruption, the Deka Group has regulated under which strict framework conditions gifts and invitations as well as any other benefits from and to third parties may be accepted or given. The approval process is set in writing and is the same for all employees including the organs of management, and its content is generally made known by corresponding publications.

In principle, employees may not accept or give gifts or invitations in connection with their work either for themselves or on behalf of third parties, insofar as this could affect the interests of DekaBank or its customers. The granting of gifts and invitations, provided that they comply with the applicable laws and other standards, is compatible with common market practice to a certain degree. However, because the professional independence of all parties may be in question, the employees are encouraged to avoid the mere emergence of conflicts of interest.

The experts of the Compliance team are available to all employees for assistance with questions regarding integrity. Their contact details are communicated to employees when they join the company and are accessible on the intranet and in training documents. Procedures and controls in the specialist units, but also within the Compliance unit itself serve the purpose of preventing and detecting irregularities and are an integral part of the compliance management system of the Deka Group.

2.6

Data protection

Data protection management

In the Federal Republic of Germany, data protection is regulated by the German Data Protection Act (Bundes-

datenschutzgesetz–BDSG) and the corresponding state data protection laws. The purpose of BDSG, as set out in Section 1 of the Act, is to protect individuals from any infringement of their (constitutionally protected) personal rights caused by the handling of their personal data.

DekaBank's Data Protection unit works to ensure that the BDSG and other data protection regulations are observed within the Deka Group in Germany. The Data Protection Officer reports directly to the Board of Management or, in his capacity as an external Data Protection Officer, to the management of subsidiaries. To avoid conflicts of interest, the Data Protection Officer is independent of the Compliance corporate centre and is based in a separate unit in the Legal corporate centre.

In order to ensure that the requirements of data protection law are complied with, DekaBank's Data Protection unit has set up a data protection management system. It has established processes to ensure that statutory requirements concerning data protection are implemented during the planning, commissioning and operation data processing systems and after those data systems are withdrawn from use. The processes are also documented in a comprehensive data protection concept. This describes, among other things, which aspects must be taken into consideration during the processing of the personal data.

Inter alia, the Data Protection unit uses the following measures to ensure that data protection processes are implemented:

- Development of internal procedures and guidelines for the practical implementation of the data protection provisions,
- Monitoring and coordination of the technical and organisational measures required to ensure the protection of personal data,
- Checking processes etc. for compliance with data protection regulations.

Prevention of money laundering and whistleblowing system

With the "Minimum Standards for the Prevention of Money Laundering", DekaBank, as a parent company, ensures compliance with the duty of care in terms of the Money Laundering Act (MLA) and of the German Banking Act (KWG) so that there is transparency regarding customers and the underlying shareholder structure in Germany as well as in subsidiary companies.

All employees are obligated to comply with banking secrecy and data protection by way of a corresponding

declaration in the context of their contract of employment at the beginning of the employment relationship. This is according to the respective country-specific laws (Germany, Luxembourg).

A whistleblowing system ensures that reports can be made confidentially regarding illegal or dishonest acts to the DekaBank Ombudsman by employees, but also by third parties. The Ombudsman examines the facts of the case and passes the relevant information in respect of confidentiality to DekaBank. As a lawyer, the Ombudsman is subject to the legal obligation of discretion. The whistleblowing system ensures the anonymity and protection of whistleblowers.

Raising awareness and knowledge of employees

The tasks of the data protection officer include providing employees with relevant information on the subject of data protection. This includes, for example, the explanation of the most important requirements of data protection legislation and data security measures to avoid hazardous activities of employees. The information is provided via different communication channels, including the intranet and the employee magazine. In addition, employees must complete regular online tests on questions of data protection. The data protection legal newsletter has also become an integral part of employee information material.

In accordance with Section 4g Para. 1 Sentence 4 No. 2 BDSG, data protection officers must familiarise all employees involved in the processing of personal data with the aim and content of the data protection legislation. In addition, each employee is obliged to ensure that personal data does not come into unauthorised hands or is made accessible, and therefore, as required in Section 5 of the BDSG, must also be committed to confidentiality.

A central concern is teaching individual employees about the high significance of data protection for DekaBank. Employees must be particularly informed about their rights and obligations as a person acting in data protection and the risks for the company and the employees themselves connected with a violation of the applicable provisions. This also includes providing information on possible sanctions as a result of violations of the measures to ensure compliance with the data protection and data security.

Training measures

The e-learning programme has proven to be particularly efficient in recent years in conducting training on data

protection with employees at their own PC workstation. After successful completion of the training, a participation certificate is automatically generated as proof of the training. The data protection unit documents participations and evidence. All new employees are requested in writing to making themselves familiar with the principles of data protection using this e-learning programme. Localised learning at the workplace is supplemented by classroom training.

Audits

Pursuant to Section 4g of the BDSG, the Data Protection Officer works to ensure compliance with the requirements of data protection law. This also involves data protection audits carried out in the specialist units. Each data protection audit follows an audit plan and usually also involves spot checks; the results are documented and brought to the attention to the specialist unit.

Reporting system

A reporting system has been established to inform the Board of Management and the management of subsidiary companies of any compliance deficiencies or risks that are identified.

The Board of Management and the relevant management teams at subsidiary companies are also regularly informed of the findings of the data protection audits and made aware of any data protection risks. A reporting system has also been implemented for local money laundering and fraud officers to report to the Group money laundering or fraud officer.

2.7

Complaint Management and Customer Satisfaction

Complaint Management

The Bank has implemented a comprehensive complaints procedure for customers, which ensures an effective and transparent procedure for dealing with complaints. For years, regulatory audits have confirmed proper and adequate complaint processing. The number of customer complaints within the Deka Group has been declining for years. In the reporting year, there were 3,515 complaints from approximately four million customers, about 16 per cent less than in the previous year (4,203). This marks the lowest number since documentation began in the year 2004.

Incoming customer complaints are immediately forwarded to the responsible specialist unit and processed². Customers

² The European Commission has set up a European online dispute settlement platform. Consumers can use the online dispute settlement platform for the out-of-court settlement of disputes arising from purchase or service agreements concluded online.

are also free to contact the ombudsman services of the Bundesverband Öffentlicher Banken Deutschlands (VÖB) and Bundesverband Investment und Asset Management e.V. (BVI), the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) or the regulator in Luxembourg – the Commission de Surveillance du Secteur Financier (CSSF). In the year under review, DekaBank received 21 (2015: 22) complaints via this route.

During the reporting period, no complaints were received via formal procedures in relation to the impact of our activities on ecological matters or human rights, or on issues associated with corruption.

Complaint management makes an important contribution to the public image of the Deka Group. DekaBank won second prize among fund companies at the 2016 German Fairness Awards. In the category of transparency, in which, among other things, the reaction of the fund companies in the event of a fault is evaluated, DekaBank is Number One. DekaBank also claimed a very commendable 2nd Place in the “Service Champion 2016” award of the newspaper DIE WELT.

A customer satisfaction survey of Deka held among the savings banks every two years, the last one at the end of 2016, showed a significant increase in satisfaction with the complaint management of Deka in comparison to the previous study.

Customer Satisfaction

The same study in which the savings banks were addressed in their role as intermediaries, also showed a high overall satisfaction with the services of DekaBank. 60 per cent of the participating 1,276 Board of Managements members, directors and advisors rated the services of DekaBank as “excellent” or “very good”. This was an 11 percentage point increase compared to the previous year. A further 37 per cent rated the performance of DekaBank as “good”, only 3 per cent as “average” or “bad”.

Also, a second survey of the savings banks as institutional business customers from the year 2016 showed a very high level of satisfaction of the savings banks with the different performance areas of DekaBank. Around 45 per cent of the total 262 contact partners from 216 savings banks rated their cooperation with DekaBank in institutional business as “excellent” or “very good”. Therefore, the rating of 40 per cent from the previous survey of 2014, which was already commendable, could be exceeded once again. The savings banks rated the advice and support as well as the information supplied by the DekaBank particularly highly.

The results of the surveys are an important basis for the strategic further development of products and services as well as the sales alignment.

2.8 Ideas management

Since October 2015, employees have been able to contribute their ideas for the improvement of processes or for new products and services on a DekaBank web-based platform. The crowdsourcing approach of this platform enables their participation in the further development and evaluation of the published ideas. Comments can be used to develop an idea jointly in ideal cases. Information on potential problems and risks are also helpful for the relevant specialist area, which decides whether or not an idea is implemented.

In the year 2016, employees submitted a total of 137 ideas, 88 of which were published on the platform. Four ideas were awarded with a cash prize amounting to a total of 25,700 euros, 15 further employees received gifts. The proposals lead to more revenue or reduced expenditure totalling over 110,000 euros.

2.9 Sustainability rating

Due to the continuously increasing number of investors taking EGS criteria into account in their investment decisions, dialogue with sustainability rating agencies has gained significantly in importance in the last few years. On behalf of investors, the agencies regularly evaluate the quality of sustainability management at the Deka Group and provide investors with these to form the basis for their investment decision.

The sustainability ratings are relevant to the Deka Group in several respects: as an issuer of public bonds, mortgage bonds and bearer bonds, it is important for Deka Group to meet the requirements of sustainability-oriented investors to place their bonds successfully in the market. At the same time the requirements of key stakeholders of the Deka Group, such as environmental organizations, human rights organizations and trade unions, are reflected in the criteria used by the agencies. Finally, the Deka Group also uses the sustainability ratings as the basis for a regular analysis of the strengths and weaknesses of its sustainability management in comparison to other banks.

The current sustainability ratings demonstrate the above-average commitment of the Deka Group in the area of sustainability:

RATING AGENCIES ¹

confirm the sustainability of our business management



Rating: AA

Ranking: #10 of 133

MSCI ESG, the sustainability section of MSCI, assesses the quality of sustainability management with a very good **AA rating**. With this, Deka Group reached 10th place in the total of 133 analysed banks.



Rating: C+ (Prime)

Ranking: #2 of 82

oekom research AG again awarded Deka Group 2016 with the coveted oekom Prime Status. In the rating, the Deka Group was able to improve further and achieve the **overall grade of C+**. Of the total of 82 companies in the comparison group, only three other companies have achieved this rating, one has achieved a B-.



Rating: 73 out of 100 points

Outperformer (Top 10 % worldwide)

Ranking: #27 of 407

From Sustainalytics, the Deka Group received 73 out of a possible 100 points in its current rating and is classified by the agency as an "outperformer". Being ranked **27th out of 407** rated banks in the world is a very good result.



Rating uncovered bonds: neutral (CC)

Rating public bonds: positive (B)

Rating mortgage bonds: positive (BB)

In its assessment imug rating assesses the three categories of uncovered bonds, public bonds and mortgage bonds. In all three categories, the Deka Group achieves aboveaverage ratings compared with the industry sector.

3. Sustainable products

Taking sustainability criteria into account in capital investment and in the lending business is not only an expression of our corporate citizenship. Moreover, independent analyses show that the inclusion of criteria related to social and environmental issues and good corporate governance mean that risks are better assessed and thus reduced in investment and financing decisions. In addition to our corporate citizenship, a fiduciary responsibility toward our customers also comes into this. We satisfy this through the use of the exclusion criteria for investment and financing, the comprehensive assessment of the social and environmental quality of issuers, borrowers and real estate as well as the active use of our influence in the companies whose shares or bonds we hold.

3.1

Responsible investment

Proprietary investments

As a pioneer among system-relevant banks in Europe and Germany, DekaBank has implemented a sustainability filter for all new investments across all proprietary investments which was developed in cooperation with the sustainability rating agency imug. Since 2016, DekaBank has also used the corresponding sustainability ratings of MSCI ESG in addition to the sustainability ratings for companies and countries compiled by imug and their international partner, Vigeo Eiris.

At the core of the filter is a catalogue of exclusion criteria in the fields of environment, armaments, human and labour rights as well as corruption. Issuers of securities who violate one or more of these exclusion criteria are excluded from investment. As at 31 Dec 2016, approximately 18.2 billion euros of proprietary investments in securities were managed under application of the proprietary investment filter.

Capital market-based investment products

Sustainability criteria are also used in the management of public funds. This is why funds managed by Deka Investment GmbH, as a matter of principle, do not invest in companies which produce anti-personnel landmines and cluster munitions ("cluster bombs"). Also, DekaBank issues no products which track the price of basic foodstuffs.

For private and institutional investors who particularly wish to consider ESG criteria, Deka Investment GmbH has launched a number of appropriate investment products in the last few years. The "Deka-Nachhaltigkeit" fund family currently comprises these three funds: Deka-Nachhaltigkeit Aktien, Deka-Nachhaltigkeit Renten and Deka-Nachhaltigkeit Balance. The offer also includes the asset management

fund DekaSelect: Nachhaltigkeit as well as the equity fund Deka-UmweltInvest which exclusively invests in companies from the fields of climate and environmental protection, water management and renewable energy investments.

At the end of 2015, DekaBank, in cooperation with the sustainability rating agency oekom research, created the index fund Deka Oekom Euro Nachhaltigkeit UCITS ETF for institutional investors. The two funds Deka-Stiftungen Balance and Deka-Kirchen Balance, the last-mentioned created in December 2015, are also open to institutional investors. In the current foundation fund ranking of the fund advisor Fonds Consult, Deka-Stiftungen Balance has climbed to 3rd place of the overall rankings with an overall rating of "very good". Detailed profiles of all funds can be found on the Deka website. In addition to the funds, DekaBank offers institutional investors individual investment solutions, in which the respective sustainability-related requirements and criteria are fully taken into account.

Awards for the fund Deka-Nachhaltigkeit Renten demonstrate once again that sustainability criteria and good performance are not exclusive. At the end of 2016, the fund was awarded as the best fund in Germany and Austria at the FERI Awards 2017 in the category "European Pensions" and was also able to come ahead of conventional pension funds.

The fund was also awarded a prize at the Austrian Lipper Fund Awards in 2016. In the explanatory statement, Lipper noted that the fund shows that sustainable investments does not rule out excellent investment results.

Sustainable investments in securities in the DekaBank Depot are available from 25 euros. The fund Deka-Nachhaltigkeit Aktien is also particularly suitable for investing capital-forming benefits. From January 2017, it will be

possible for customers, upon conclusion of the Deka-Zukunftsplan to choose a Riester fund savings plan in the Select version as a block of shares in the Deka-Nachhaltigkeit Aktien and as a pension unit in the Deka-Nachhaltigkeit Renten fund and thus to invest in sustainable funds in the savings phase.

In the retail customers area, Deka Investment GmbH managed a total of approximately 2.1 billion euro in sustainable products at the end of 2016, 8.9 per cent more than at the same time in the previous year. For institutional customers, the volume of sustainable investments at 31 Dec 2016 was around 8 billion euros. In total, the volume of sustainable investment products in Deka Investment GmbH is about 10.1 billion euros. The proportion of sustainable investment funds in the total assets under management in securities was around 3 per cent at the end of the year 2016.

If one also considers the approximately 18.2 billion euros of proprietary investments in securities managed using the proprietary investment filter, the total volume of sustainably-managed investments of the Deka Group is approximately 28.3 billion euros. This corresponds to a share of over 20 per cent in the total of sustainably managed money in Germany according to the calculations of the Forum Nachhaltige Geldanlage (FNG) (136.6 billion euro, market report 2016).

Exercising the right to vote and dialogue with business

In addition to the application of exclusion and positive criteria, the exercise of voting rights at annual general meetings and the direct dialogue with the companies whose shares and bonds an investor holds are other important instruments of sustainable investment.

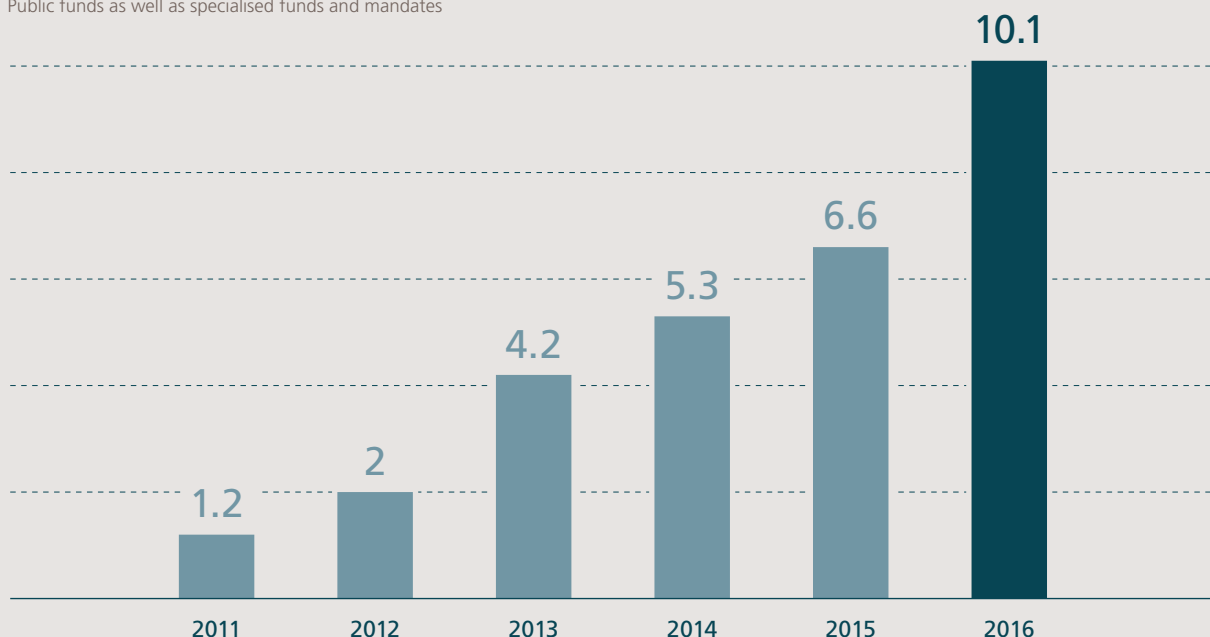
In the reporting period, analysts and fund managers of Deka Investment GmbH had about 1,600 contacts with companies. In these discussions, depending on the industry and business model of the company, social and environmental aspects of business activity are regularly addressed in addition to corporate governance issues.

Deka Investment GmbH wishes to make the voice of its 4 million fund investors heard at annual general meetings in the future. In 2016, Deka Investment took part in 229 annual general meetings, in a total of 2,930 agenda points, it voted against management proposals 559 times and abstained 83 times on agenda points. Experts from Deka Investment spoke at 5 annual general meetings.

In 2017, the number of annual general meetings attended and verbal contributions will increase significantly. The intention here is that questions of good corporate governance are actively addressed in addition to issues of

DEVELOPMENT OF THE VOLUME OF SUSTAINABLE INVESTMENT PRODUCTS at Deka (in billions of euros)

Public funds as well as specialised funds and mandates



strategy and yield, such as basing the remuneration structure of the Board of Management on sustainable corporate development.

Deka Investment has defined the central focal points for its voting behaviour in the "Principles of Voting Policy in Annual General Meetings". These are based on the extensive experience of Deka as one of the largest fund providers and shareholder representatives. They take into account the applicable laws, the current analysis guidelines for general meetings of the BVI, the German Corporate Governance Code, the DVFA Score Card for Corporate Governance, international codes as well as the relevant environmental and social standards.

The principles and an overview of annual general meetings at which Deka Investment GmbH has voted in 2016 can be found on the DekaBank website.

"Social and ecological developments are influencing the environment of the company more and more. Deka believes that social and ecological standards in the framework of a sustainable business policy is not only of social interest, but is also in the interest of shareholders, as this can result in a long-term, above-average performance of the company. (...) If Deka has a critical view of the social and ecological responsibility, it will express this in its voting behaviour at annual general meetings."

**(PRINCIPLES OF VOTING POLICY
IN ANNUAL GENERAL MEETINGS)**

Promotion of securities culture

The Deutsche Aktieninstitut e.V. published the scientific study "Securing living standards in old age – closing the pensions gap with shares" in December 2016. As a result of this study, which was given financial support by DekaBank, among others, it has been found that a long-term sustainable pension concept for all citizens may only be achieved with capital cover and the use of shares, meaning that shares and equity funds should be used on a much larger scale in pensions. Therefore, as with the DAI, state support of all forms of investment would be desirable. More information and the study itself can be downloaded at www.dai.de.

Activities to promote sustainable investment

DekaBank supports various charitable initiatives and institutions which aim to promote sustainable investment through information and implementation assistance for investors and providers.

National initiatives

At national level, for example, these are the Forum Nachhaltige Geldanlagen e.V. (FNG) and the Corporate Responsibility Interface Center e.V. (CRIC), a charitable association for the promotion of ethics and sustainability in investment. With over 100 members, CRIC e.v. encourages the constructive dialogue between companies, politicians and financial market towards a general awareness of ethical and sustainable investments. DekaBank supported the creation of a further full-time position at the association in 2016.

Deka also supports the dissemination of knowledge about sustainability in the BVI, the association for capital management companies and funds in Germany. In the context of its membership, Deka Investment GmbH commits to complying with the voluntary conduct guidelines of BVI, updated on 1 January 2017. It states the following on the meaning of the ESG criteria: "The fund company assumes Corporate Responsibility for environmental (and) social matters as well as for good corporate governance".

International initiatives

On an international level, the aforementioned signing of the Principles for Responsible Investment (PRI) by Deka Investment GmbH should be emphasised. Further information can be found in the section "Sustainable corporate governance" in "Regulations and standards".

On the other hand, since November 2016, DekaBank has been a member of the Green Bond Principles, an internationally-recognised standard for the issuing process of "green securities". Green Bonds are debt securities whose proceeds are specifically used to finance environmental and climate protection projects. The principles were developed under the ICMA (International Capital Market Association), of which DekaBank is a member, in the framework of the cooperation of issuers, banks, investors and environmental organisations. They define guidelines for the use and management of the issue proceeds as well as reporting. They also include a list of relevant topics for green bonds, for example, renewable energies, energy efficiency and sustainable agriculture and forestry.

Compliance with the Green Bond Principles is examined and confirmed in many green bond issues upon independent advice, so-called Second Party Opinions (SPO's). Green

Bond Principles and SPO's both provide for a high level of transparency regarding the quality of green bonds and thus promote the sustainable development of this key market segment from the perspective of sustainability.

DekaBank has been an arranger of green bonds on the market for some years to meet the increased demand for green securities on the part of investors in the savings bank sector. As one of four lead managers, it supported the federal state of North Rhine Westphalia in the structuring and market positioning of its first sustainability bond in 2015. In January 2017, DekaBank also acted as a lead manager for the first time in the issue of a climate awareness bond by the EIB (European Investment Bank), currently the most active green bond issuer on the market.

Investor information and promotion of the dissemination of financial knowledge

Even though private customers are not directly advised by DekaBank, rather by the savings banks, DekaBank has formulated strict principles for all documents made accessible to private customers. The "Guidelines for the creation of advertising and investor information" among other things, forbid aggressive marketing and exploitation of customer groups requiring particular protection, such as the elderly. Customers from the municipal sector are also regarded as private customers.

The product seals used by DekaBank for its sustainability funds are for investor information. Therefore, all funds mentioned above bear the transparency logo of the European industry association Eurosif. In this context, DekaBank has voluntarily committed to publishing accurate, adequate and up-to-date information, in particular in order to enable investors to understand the ESG-strategy of a fund and its implementation. The index fund Deka Oekom Euro Sustainability UCITS ETF was awarded the Austrian Ecolabel for the first time in 2015.

3.2 Sustainability in Asset Management Real Estate³

The Real Estate Asset Management business field (AMI) has translated the principles for sustainable corporate governance of DekaBank into its own business-related sustainability strategy. Here, the current requirements of climate change and climate protection policy played a central role in real estate business, particularly the 2050 climate protection plan of the federal government. The central focus was on 19 measures implemented before the end of 2016. In content, these concerned important areas of

activity through which a specific understanding of sustainability was developed for the business field.

Important results of the development process and thus cornerstones for operational action are the general reduction of CO₂ emissions, increasing the inclusion of "green" contractual clauses in property, facility and rental agreements, the reduction of costs through sustainable management and energetic renovation as well as the embedding of ESG components in the processes surrounding real estate and fund management. The accompanying communication of activities as well as its representation in internal and external media is a further important component.

The business field has also shown good progress in the reporting year. The set aim has been achieved and the planned sustainability project has been concluded according to plan. Important successes here were:

■ Contracts for building management of Germany-wide portfolio re-tendered

The property management of 190 domestic properties has been reassigned within the framework of an invitation to tender. From 2017, the three contract partners TectReal Property Management GmbH, STRABAG Property and Facility Services GmbH and BNP Paribas Real Estate Property Management GmbH will manage the properties.

Ecological action, energy management and reporting are an important part of the contractual relationship here. All contract partners have signed the sustainability declaration of DekaBank (see section Sustainable banking, Procurement section). The contracts and service descriptions were supplemented with support services and evaluations of sustainability-related certifications or re-certifications and the derivation of optimisation potentials as well as the provision of sustainability data as a component of the contract.

■ Inclusion of sustainability aspects in the purchase process

In the assessment phase prior to the purchase of a property, sustainability aspects are examined with the necessary care and summarised in an internal audit report according to a standardised structure. Risks may arise, for example, in connection with outdated building technology, the use of forbidden coolants and non-separation of drinking water and sewage lines. The costs for the measures of removing such risks are shown in the profitability calculation and include a risk assessment.

³ The reporting is performed according to the business divisions defined from 1.1.2017.

In the event of a positive buying decision, the real estate management gradually implements the necessary measures in order to remedy the identified shortcomings.

■ Communication

In the reporting year, the AMI business field has extensively refreshed its internet pages. A separate heading has been provided for ethics. The aim was to provide even better information on sustainability activities and to enable direct access to the object descriptions of the public fund (object factsheets) and the energy certification of the domestic portfolios.

In the context of internal training courses, the employees have the opportunity to learn about sustainability issues on a regular basis. The focus of content in the reporting year was the organisation of sustainability at the various levels of the Deka Group (bank, business field, funds and real estate). A monthly exchange meeting of the specialist departments, in which relevant sustainability issues are discussed, was established.

■ Recognition of the BVI guidelines for sustainable portfolio management and of the ZIA industry Code

In the associations relevant to the real estate fund industry, the BVI and ZIA (Zentraler Immobilienausschuss), voluntary commitments have been published for the consideration of sustainability aspects in the real estate sector and in real estate portfolio management. The key objectives are increasing transparency as well as assessing the sustainability of real estate and real estate portfolios. The commitments are publicly accessible on the respective homepages of the associations.

The companies in the business field AMI explicitly recognise the guidelines and the code of conduct of the associations and are committed to sustainability as an ongoing optimisation process.

Certifications

A central element in the sustainability understanding of the business field AMI is the certification of fund objects. The focus is on the comprehensive evaluation of a property from social, ecological and economic points of view over the entire life cycle. Here, sustainability certificates provide the opportunity to measure and compare sustainability criteria in accordance with established and recognised measures. The recognised certificates include the Building Research Establishment Environmental Assessment Method (BREEAM), the Leadership in Energy and Environmental Design (LEED®) and the German Sustainable Building Council (DGNB – Deutsche Gesellschaft für Nachhaltiges Bauen e.V.).

The certification is carried out by an independent evaluation body. It enables investors and tenants to take social and ecological criteria into consideration in the selection of real estate objects in addition to economic aspects. For many commercial tenants, in particular for large enterprises, the certification of the object is now an important condition for the conclusion of a rental contract. One reason for this is that a sustainability certification helps the tenant company achieve their own sustainability goals.

At the end of the reporting year, a total of 196 properties in the value of approximately 18.6 billion euros were certified, 90 properties alone with a volume of around 6.3 billion euros in Germany. In relation to the entire real estate assets of Deka funds, a certification rate of about 62 per cent was achieved by the end of 2016.

In the Deka-Immobilien Europa mutual fund, it was possible to increase the number of certified objects by ten to 92 per cent at the end of 2016. This leads to a certification rate of around 75 per cent. Among the successful certifications, special attention should be paid to the property “Fleet-Hof” in the city centre of Hamburg, which achieved the level of “very good” in the context of the awarding of the “BREEAM DE Bestand” seal of sustainability. In the assessment, the high user comfort in the place of work and good accessibility by public transport were highlighted. Both of these points document the sustainability of the object as well as the location and put the value for the tenant in the centre. For this property, as for the whole of the BREEAM certification inventory, building plaques were manufactured to make the sustainability impact assessment directly visible in the respective property.

The property “19 West 44th Street” in New York from the mutual fund Deka-Immobilien Global was certified with the LEED® seal of sustainability and achieved the “Silver” level. Here, the assessment method for inventory buildings was used (LEED® EBOM). The certification authority, the U.S. Green Building Council, certifies that the property has a sustainable design. The object has a high recognition factor with its brick facade, typical of the architecture of New York in the early 20th Century. The special feature here is that Deka funds can also operate historical buildings so sustainably that a comparatively good rating can be achieved.

The real estate fund WestInvest InterSelect could just increase the certification rating to almost 70 per cent in the reporting year. This was based on the certification of seven inventory objects as well as the sale of five non-certified objects. The new office building “1 St Peters Square, Manchester”, which received the assessment level

“excellent” in the framework of the new BREEAM New Construction certification, is worth mentioning here.

For the special assets WestInvest ImmoValue, the property “Windows” in Stuttgart received the assessment level “very good” in the framework of the BREEAM In-Use inventory certification. Amongst other things, the maintenance strategy, the safety concept and the very flexible floorplan design and development situation were decisive for this evaluation. This enables the widest range of space use, both in current use and for new rentals.

Outlook

The AMI business field will primarily focus on the following issues and develop concrete measures in the coming years. They directly incorporate knowledge and results from the sustainability project completed in 2016.

- Creation of an internal infrastructure for the implementation of the regulatory provisions of the Climate Protection Plan 2050.
- Establishment of sustainability criteria as a building block for yield optimisation by striving for further reduction in costs, increasing the market value of the property as well as increasing the net rent.
- Implementation of sustainability criteria in tenant management and increasing tenant satisfaction and retention through better integration of energy and real estate management.
- Development of an image as a sustainable fund provider by the real estate economy recognising responsibility for ecological, economic and social issues. This should be made more visible in the business field of AMI to improve the sustainability ratings.
- Deeper anchoring of the social and societal responsibility in day-to-day business through integration and further development of the sustainability criteria in existing processes, setting standards and creating stronger links between sustainability issues with the strategic alignment of the business field.

External ratings confirm sustainable orientation

In the reporting year 2016, the rating agency Scope Analysis confirmed the current asset management rating of AA+AMR and thus the very high quality of the services of Deka Immobilien GmbH. In addition, the business field won the Scope European Award in the category “Best Asset Manager Retail Real Estate Global” for the second year running. The jury emphasised the high international real estate management competence, and paid tribute to the expansion of the global product spectrum by the US

dollar-denominated open real estate fund Deka-Immobilien-Nordamerika. The high rental services and the consistent sustainability focus also convinced the jury. The high certification rate in the inventory portfolio, in comparison to the industry, is a value-preserving measure which ensures the marketability of the real estate. It was rated as “very good” by Scope.

3.3

Sustainability in lending business⁴

For Deka Group, ESG aspects stand on an equal footing with economic aspects in lending decisions in the sense of a holistic and risk-optimised portfolio management and are therefore fully examined before the financing decision. Currently, the credit business of the DekaBank comprises trade and capital market operations, real estate financing, as well as transport and infrastructure finance. An integral part of the credit process is formed by the specifications of the business strategy in relation to the “sustainable corporate governance”.

Lending Principles

The credit risk strategy forms the foundation for lending business. On the basis of the business objectives and crash barrier supporting the business strategy, the framework of conduct for all financing activities. DekaBank excludes the following types of financing in principle:

- Transactions which could have a lasting negative effect on public trust in, or the public reputation of, DekaBank by public reporting (among other things on the basis of socio-cultural, ethical aspects) on the financing itself, a business partner, the business practice or the country (location or risk country).
- Lending transactions of a speculative nature or very unusual type of risk (such as highly-leveraged transactions)
- Financing connected to the arms trade (financing of arms shipments or of weapon manufacturers or trading companies)
- Financing in relation to activities that pose a significant threat to the environment, e.g. Uranium mining, nuclear/coal power plant financing and financing in connection with mountain top removal mining (OECD environmental guidelines contain clues)
- Project financing that does not meet the requirements of the Equator Principles (EP). The EP include social and environmentally-friendly standards and reference guidelines drawn up by the International Finance Corporation (IFC) as well as the industry-specific environmental health and safety guidelines (EHS)
- Financing of speculation on basic foodstuffs

⁴ The reporting is performed according to the business divisions defined from 1.1.2017.

- Transactions with a country or lender in a country that is included on the negative list of central governments
- Venture capital financing
- Financing companies in the pornography sector or similar sectors (sex industry)
- Financing in direct relation with the manufacture and sale of tobacco
- Financing of companies that operate controversial forms of gambling (betting offices, game halls etc.)
- Financing of companies that breach internationally recognised principles on human rights and labour rights (ILO Declaration on Fundamental Principles and Rights at Work) or
- Financing of enterprises without evidence of experience or in new markets

Furthermore, DekaBank does not enter into financing transactions if it suspects that in doing so it may be supporting companies that use forced, compulsory or child labour.

If a suspicion of an increased risk of sustainability is visible, the experts in DekaBank sustainability management are brought into the credit preparatory process. Their vote is included in the credit decision process. The experts examine whether a business partner, the business practice or the country (location or risk country) matches the internal values and objectives on the basis of social, environmental or ethical aspects. In addition, the question of to whether a business relationship or the financing could adversely affect public confidence in the Deka Group or its reputation is also considered.

Real Estate Financing

In commercial real estate financing, the Deka Group is focused on financing in transparent markets with existing market liquidity and secure legal environments, which, due to their size, transparency and liquidity, are of central importance for the whole of the business field. In the countries where this is possible, the ability of the loan to serve as collateral is sought in principle. In addition to classic investors and project developers, customers also include Real Estate Investment Trusts (REITs), real estate companies, pension funds and German open real estate funds. At the end of the reporting year, there was real estate financing in Germany, France, Great Britain, Italy, Ireland, Japan, Canada and the USA. The gross credit volume, including financing for open real estate funds and local construction projects, amounted to around 7.1 billion euros.

Economic efficiency and environmental and social compatibility are the mandatory selection criteria for the real estate

credit transaction. These are explicitly analysed for each new transaction and brought into the due diligence process. Any sustainability certificates are also taken into account. Alongside energy efficient operation, sustainable real estate generally has better rentability and higher value stability. This is reflected in the safety position of the lender.

Transport and infrastructure financing

The gross lending volume in the area of transport and infrastructure financing was 6.8 billion euros at the reporting date. Of this, 63 per cent was transport financing and 37 per cent was infrastructure financing. The share of loans for the financing of alternative energy production (wind and solar) amounted to 0.36 billion euros, around 15 per cent of the gross lending volume of infrastructure financing. As a mandated lead arranger, for example, DekaBank structured a financing package for the construction and operation of the Norwegian onshore wind parks Tellenes in south-west Norway in cooperation with Rabobank.

4. Sustainable HR management

Deka's mission is to provide all employees with a safe working environment that is based on trust. The intention is to develop the skills of employees as far as possible and to put it at the service of business strategy, as well as to create working conditions that ensure the lasting physical and mental wellbeing of our employees. Employees need access to the right environment at every stage of their professional lives to develop both personally and professionally. This also includes a fair remuneration system that offers incentives to contribute to the company's long-term success.

4.1 HR strategy

The HR strategy is part of Deka Group's business strategy and includes long-term principles of human resources work. It builds on the approach of lifecycle-based HR management and is geared towards having "the right employee in the right place". The HR strategy is developed under consideration of the market environment and the relevant economic, social, political and regulatory trends.

The responsibility for the formulation, further development and implementation of the personnel strategy lies with the corporate center Human Resources & Organisation of the Deka Group. HR management is divided into different areas of activity. The most important of these are the management of human resources, training and further professional development, the promotion of gender equality and the reconciliation of work and family life and work and care, workplace safety and health management as well as the structure of remuneration.

For the implementation of the HR strategy and to measure the progress achieved, Deka draws up action and defines specific milestones for a short to medium-term period. All employees are informed promptly on the progress made.

Open dialogue with employee representatives

The employees are represented by staff and works councils (in Germany) and the Comité Mixte (in Luxembourg). They are informed of pending changes in advance in an ongoing dialogue and brought into the design of the actual process. The Deka Group HR & Organisation corporate centre maintains an open dialogue with staff representatives which is marked by respect. The disabled persons' representative and the equal opportunities officer are also available as internal contact partners for problems at work.

4.2 HR management

Number of employees and structure

As at 31 Dec 2016, a total of 4,556 employees were employed at Deka Group, of which 150 at S Broker. At the start of 2016, DekaBank agreed on the complete acquisition of S Broker by DekaBank with the other partners of S Broker AG & Co. KG. The staff figures of the S Broker are not yet fully consolidated and are therefore listed separately where possible below. SEE TABLE 1+2

Age structure

The average age of all domestically-active employees of the Deka Group at the end of the year 2016 was 43.3 years (2015: 42.7 years). The most heavily-represented group was the age group between 45 and 49 years. The increase in the average age of about two years since the year 2012 reflects the demographic development in Germany. SEE TABLE 3

Resource management and the employer brand

Deka has committed itself to filling all vacancies internally where possible. This chimes with our efforts to rigorously promote the continued development of the employees and a clear focus for the HR strategy – having "the right employee at the right place." The job change rate¹ within the Deka Group in Germany in the reporting year was 56.5 per cent (previous year 52.8 per cent). For certain target groups at the Bank, such as apprentices and junior staff, special matching processes have been implemented.

Vacant management positions have been occupied in the framework of the "Deka Management Forum" since 2014. Here, all applicants have a standardised interview which is conducted by managers of the specialist area and interface areas and moderated by the corporate center Human Resources & Organisation.

¹ Promotion and development of the internal job market; internal before external; includes all personnel measures (positional, functional and organisational change).

TRAINEESHIP PROGRAMME FOR PEOPLE WITH RECOGNISED REFUGEE STATUS

As a reaction to the influx of refugees, DekaBank decided to contribute to the integration of refugees at the end of 2015. Deka provided one million euros for a programme with up to 40 trainee places for 12 months' length. The target group of the programme is recognised refugees with a degree or comparable commercial experience and at least a B2 German language level.

The programme is intended to make a contribution to the lasting integration of refugees through the acquisition of their first experiences of everyday life in Germany, a work certificate bea-

ring a qualification and further certificates and thus increase the employability of the refugees. At the same time, direct professional contact should strengthen the intercultural competence of Deka employees.

The Deka Group works closely with the Frankfurt Jobcenter in the implementation of the project. The trainees receive adequate support based on need for their career starts in an integrated conveyor chain.

At the end of 2016, 14 trainees were employed at Deka for vocational integration. The programme will be continued in the coming years in accordance with the above framework.

NUMBER OF EMPLOYEES (TABLE 1)

Total employees	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	female	male
Domestic companies	3,552	3,583	3,743	3,858	3,993	1,560	2,433
Foreign companies	488	452	440	419	413	191	222
Deka Group	4,040	4,035	4,183	4,277	4,406	1,751	2,655
S-Broker AG & Co.KG/Management AG					150	57	93

NUMBER OF WOMEN AND MEN (TABLE 2)

Headcount	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
Women	1,400	1,406	1,466	1,524	1,560
Men	2,152	2,177	2,277	2,334	2,433
Total* employees	3,552	3,583	3,743	3,858	3,993
Total* share of female employees (in %)	39.4	39.2	39.2	39.5	39.1

* Active employees + training + dormant employees + trainees.

Headcount	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
Women	1,211	1,256	1,325	1,359	1,389
Men	2,030	2,066	2,165	2,212	2,312
Active** Employees	3,241	3,322	3,490	3,571	3,701
Total share of active** female employees (in %)	37.4	37.8	38.0	38.1	37.5

S-Broker AG & Co.KG/Management AG

total share of active** female employees (in %)

147

36.7

** Board of Management + executive staff (division head/department head) + staff on permanent contracts + staff on fixed-term contracts + temporary staff.

AGE STRUCTURE ACTIVE EMPLOYEES (TABLE 3)

Deka Group in Germany (%)	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	female	male
% of under 20 year-olds	0.0	0.0	0.0	0.1	0.1	0.1	0.0
% of 20–24 year-olds	1.1	0.9	1.2	1.5	1.3	1.8	1.0
% of 25–29 year-olds	6.8	5.9	5.5	5.3	5.0	6.6	4.0
% of 30–34 year-olds	14.6	12.8	11.8	11.8	10.9	11.6	10.6
% of 35–39 year-olds	19.1	19.1	18.7	18.1	17.0	18.1	16.4
% of 40–44 year-olds	22.4	21.3	20.3	18.7	18.2	17.0	18.9
% of 45–49 year-olds	21.2	22.6	22.2	21.4	21.8	19.4	23.2
% of 50–54 year-olds	9.1	10.8	12.6	15.3	16.8	16.3	17.1
% of 55–59 year-olds	4.3	5.3	6.3	5.9	6.5	6.3	6.6
% share of 60-year-olds and older	1.3	1.3	1.3	2.0	2.5	2.8	2.4
Average age in years	41.2 yrs	42.0 yrs	42.4 yrs	42.7 yrs	43.3 yrs	42.6 yrs	43.6 yrs
Active employees	3,241	3,322	3,490	3,571	3,701	1,389	2,312
S-Broker AG & Co.KG/Management AG					41.3 yrs		

TURNOVER RATE* (TABLE 4)

Deka Group in Germany (%)	2012	2013	2014	2015	2016	Turnover rate**
Women	3.0 %	3.6 %	3.8 %	3.7 %	3.4 %	64.6 %
Age range 20–29	4.0 %	5.3 %	6.3 %	3.9 %	9.2 %	65.7 %
30–39	3.7 %	6.2 %	4.5 %	4.9 %	2.4 %	60.8 %
40–49	1.3 %	2.0 %	3.8 %	3.1 %	2.7 %	61.4 %
50–59	3.2 %	-	1.4 %	1.0 %	0.9 %	81.0 %
>/= 60	10.8 %	2.2 %	5.7 %	12.1 %	18.5 %	100.0 %
Men	3.6 %	4.2 %	4.3 %	4.1 %	3.0 %	50.4 %
Age range 20–29	4.4 %	10.7 %	5.0 %	4.7 %	2.9 %	48.0 %
30–39	3.5 %	4.8 %	5.5 %	4.9 %	3.6 %	46.0 %
40–49	3.6 %	3.6 %	3.6 %	4.2 %	2.1 %	48.5 %
50–59	2.0 %	2.0 %	2.7 %	1.6 %	2.3 %	68.8 %
>/= 60	6.6 %	7.5 %	14.0 %	13.1 %	13.0 %	100.0 %
Total turnover rate	3.3 %	4.0 %	4.2 %	3.9 %	3.1 %	56.5 %
S-Broker AG & Co.KG/Management AG					6.0 %	

* without the Board of Management, temporary workers, trainees, students, apprentices, trainees/diploma students, pensioners (start supply reference).

** Promotion and development of the internal job market; internal before external; includes all personnel measures (positional, functional and organisational change).

JUNIOR STAFF (TABLE 5)

Deka Group in Germany	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	female	male
Trainees	21	21	14	36	47	24	23
Funded Students	12	9	8	9	9	1	8
Apprentices	41	43	39	30	22	13	9
Junior staff	74	73	61	75	78	38	40

PROPORTION OF WOMEN IN MANAGEMENT LEVELS (TABLE 6)

Deka Group in Germany (%)	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	female	male
Board of Management				20.0 %	20.0 %	1	4
1. Management level (Head of Division)	10.7 %	9.4 %	9.1 %	8.8 %	7.9 %	3	35
2. Management level (Head of Department management)	10.1 %	11.4 %	14.2 %	15.9 %	15.7 %	18	97
3. Management level (Group management)	20.3 %	21.0 %	18.9 %	19.9 %	22.0 %	53	188
Management levels (including Board of Management)	16.3 %	17.1 %	16.5 %	17.8 %	18.8 %	75	324

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

Turnover

An important quantitative indicator for the success of resource management and the maintenance of the employer brand is the turnover rate. It was 3.1 per cent in the year 2016 in Germany and thus significantly lower than in the previous year (3.9 per cent). In the year 2015, an average tenure of over ten years was achieved for the first time. On average, the employees had been employed at Deka for 10.3 years at the end of 2016. In comparison

with other companies in the industry, this is an above-average value and speaks for the attractiveness of the Deka as employers. SEE TABLE 4

4.3**Training and further professional development**

Training
As at the reporting date, 31 December 2016, a total of 78 apprentices and trainees, including funded students, were employed in Germany by the Deka Group. In order to be able to make an offer of further employment to as many apprentices and trainees as possible after successful completion of training, the number of apprentices and trainees is determined by requirements. As in previous years, all apprentices and trainees who had completed their apprenticeships and training programmes in the reporting year were taken on as employees. SEE TABLE 5

Deka sets a high value on the fair treatment as well as the appropriate promotion of trainees. Therefore, Deka takes part in the "Fair Company" initiative of the Handelsblatt publishing group. Here, the companies commit to offering interesting activities and a fair chance of permanent employment to students in the framework of an internship.

Further training

At least once a year, employees and management determine individual development paths on the basis of the identified development requirements. There is a wide spectrum of potential measures available, which is continually developed on the basis of the Bank's strategy and requirements. It includes options to develop personal, methodical and social skills.

The agreed training courses take place either within the framework of the professional activity, for example through the assumption of project tasks, or by "off-the-job" measures, such as seminars or longer-term further training, completed with a certificate. Deka supports its employees in internal or external training measures both financially and in terms of time.

To prepare young people for the assumption of specialist, management or project responsibilities, the "Karriere@Deka" programme (Careers@Deka) was revised in 2015 and the new format started in 2016. Also, the internal Potential Assessment Centre for employees who show the potential for further responsibility within their current roles was revised in 2015 and successfully introduced in the new format in 2016. For university graduates, the Deka Group has designed a trainee program which equips junior staff with broad, Group-wide knowledge. The programme was launched in 2016.

Evaluation of measures

The training courses and seminars offered are constantly evaluated on the basis of satisfaction, learning success, transfer success and benefit. The participants are asked for their first impressions shortly after the training. Four months after participating, they are asked about the event again, with the focus on aspects of practical use and benefit.

The respective managers are actively involved in the evaluation. This approach helps to ensure that managers and employees discuss learning objectives and transfer measures more intensively and thus also contribute to the continuous improvement of the management culture. In the reporting year, the participants have confirmed the consistently high level of quality of the professional development on offer. Satisfaction in terms of practical relevance and applicability was particularly high.

Further professional development costs

The financial costs of further training in Germany during the reporting year amounted to an average of 973 euros per active employee (2015: 1,001 euros). This figure does not include the cost of further training that took place as a part of projects. The reasons for the nominal decline are, on the one hand, cheaper offers of the same level of quality by external providers, and the increased use of internal Deka trainers on the other. Also, professional sponsorship and mentoring were utilised more widely.

4.4 Equality

The field of action of "equality" has different dimensions ranging from the equal opportunities of women and men, the highly important encouragement of the reconciliation of work and family to dealing with diversity within the workforce.

Equal opportunities for women and men

To continue to improve the equal opportunities of women and men, the Equal Opportunities Officer agreed a new equality plan together with the Board of Management in the year under review. The 4th Deka Group Gender Equality Plan entered into force on 1 January 2017 and commits management to give even greater importance to the issue. Each area must set their own measures, whose implementation will be regularly monitored, for the following three gender equality objectives by 30.06.2017.

The first objective is to increase the proportion of women in management positions and to encourage the professional advancement of women.

Deka has set concrete targets for this purpose: Thus, the proportion of women in the 1st management level (Head of Division) should be increased to 12.0 per cent, the proportion of women in the 2nd management level (Head of Department) should be increased to 18.0 per cent and the proportion of women in the 3rd management level (Group management) should be increased to 25.0 per cent. SEE TABLE 6

In order to achieve these objectives, the Deka Group is already implementing various measures. This includes for example the Women's Mentoring Programme, which was introduced in 2013. Every year, 8 female prospects start on the employee level, who are supported by a department head for 24 months. A framework programme provides a network between the year groups and offers a wide range of impulses for individual development.

The second aim of the equality plan is the lasting guarantee of good framework conditions for the compatibility of

career and family or care of relatives. At the same time, greater significance will be attached to the last years of employment and the transition to retirement. The first event on the topic of “good transition to retirement” took place in October 2016.

The third equal opportunities objective, men should be encouraged to take advantage of Deka schemes to reconcile work and family life. Here, some barriers which still exist, e.g. against the use of longer parental or care periods, will have to be removed.

Information and networking

Since 2003, the Equal Opportunities Officers of the Deka Group have held regular events to inform employees on current objectives, actions and developments in the promotion of equal opportunities for women and men. In 2016, Manuela Better, member of the Board of Management, and the female managers of Deka discussed their experiences in different management positions with the Equal Opportunities Officers.

The Equal Opportunities Officers also organise an Annual Women’s General Meeting, as provided for by the Federal Gender Equality Law, for all female employees, in which the Board of Management of the Deka Group also takes part. The aim of the events is the exchange of information and experience on current topics relevant to gender equality on the one hand and the promotion of cross-border networking of women in the Deka Group on the other.

The compatibility of career and family

With the help of life-cycle oriented staff management, Deka aims to create conditions in which professional progress can be combined with the requirements and needs of private life as optimally as possible. This applies in particular for employees with children or relatives who need nursing care.

A better reconciliation of professional and private life helps to bind employees to the company, which is a significant success factor, bearing in mind the increasing shortage of skilled workers. A consultancy and mediation service for children and care is available to all employees regardless of location.

The continuous further development of the service is also encouraged by the participation in the external certification procedure “berufundfamilie” (Career and Family), in which the Deka Group has regularly participated since 2005. Part of the audit is the definition of strategic objectives and, building on this, the development of concrete objectives and measures as well as a binding determination of the

results in a target agreement. Deka was last audited successfully in 2015.

The focus of the current target agreement includes topics such as the greater involvement of men in measures to reconcile work and family life and dealing with stress and mental stress. In an initial interim report on the audit, it was clear that many of the objectives from the current target agreement have already been implemented. The next audit is in 2018.

Working time models

Flexible working hours are an important building block for the reconciliation of work and family or care. Deka currently offers employees the opportunity to select from around 70 different part-time models. The part-time employment rate in the Deka Group in Germany at the end of 2016 was 16.8 per cent, slightly above the previous year’s figure (16.7 per cent). SEE TABLE 7

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

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

The proportion of employees of Deka in Germany which do not participate in time recording was 63.7 per cent in 2016 (previous year: 62.4 per cent). Employees who are not assigned to any working time model on the basis of a temporary job or for other reasons, was 1.7 per cent (previous year: 1.5 per cent). The number of temporary staff amounted on average over the year to 63 (previous year: 58).

Support of employees with children

Employees with small children can take advantage of the support of DekaBank of child care. The offer includes 35 crèches and 15 kindergarten places provided in Frankfurt. Generous care times of up to 12 hours daily and the renunciation of closing times in the holidays provide a comprehensive relief for parents.

In addition, Deka provides emergency care which parents can use up to five days a year per child for free. Here, children between three and twelve years can be looked for

PART-TIME RATIO ACTIVE EMPLOYEES (TABLE 7.A)

Deka Group in Germany (%)	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	Full-time	Part-time
Women	30.5 %	33.6 %	34.6 %	35.6 %	36.1 %	888	501
Men	4.5 %	5.2 %	4.6 %	5.2 %	5.1 %	2.193	119
Part-time ratio total	14.2 %	16.0 %	16.0 %	16.7 %	16.8 %	3.081	620
Women					31.6 %	39	18
Men					8.6 %	85	8
S-Broker AG & Co.KG/Management AG					17.3 %	124	26

PART-TIME RATIO MANAGEMENT (TABLE 7.B)

Deka Group in Germany (%)	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	Full-time	Part-time
Women	11.7 %	15.4 %	18.5 %	15.9 %	17.3 %	62	13
Men	1.0 %	0.9 %	1.8 %	0.9 %	1.2 %	320	4
Part-time ratio total	2.7 %	3.4 %	4.6 %	3.6 %	4.3 %	382	17

if regular childcare fails. This service is available throughout Germany in larger cities. Parents of school-age children are also supported in bridging school holiday time by the financing of up to ten days' holiday per year and per child.

On average, over the last five years, Deka employees return to work 13.1 months after the birth of a child. Men are increasingly taking advantage of parental leave. In the course of the year 2016, 122 DekaBank men claimed parental leave. Thus, their number is higher than for women (58) SEE TABLE 8

The Human Resources & Organisation corporate centre of Deka and the Equal Opportunities Officers provide the employees with comprehensive consultancy and mediation services in the organisation of child care and on the themes of mother protection and parental leave. The Equal Opportunities Officer also organise several information and network events a year (Deka parents' meetings) on topics such as "Children have rights" or "My child is starting school".

Support for employees with relatives who need nursing care

In cooperation with professional partners, Deka supports employees who look after older relatives. The so-called elder care advice and mediation relieves employees in the organisation, financing and implementation of maintenance tasks. The consultancy service is available daily and Deka assumes the cost. Deka employees can make use of a wide range of information and networking events on the subject of reconciliation of work and care. In the year 2016, for example, the Equal Opportunities Officers held special lectures on topics dealing with "Dementia" or "Health Care Strengthening Act".

Diversity

Deka regards the diversity of its workforce as positive. Varied cultural origin, life experience and talent of the employees enrich collaboration and help to recognise

the needs of the customer and serve them in the best way possible.

Deka has the objective of providing framework conditions which prevent any discrimination, sexual harassment or bullying from occurring at all. Violations of the code of ethics or other forms of discriminatory treatment in the sense of legal regulations as well as threatening, hostile or abusive behaviour will be punished. There were no instances of discrimination in the reporting year.

At the end of the year 2016, 237 employees (115 women and 122 men) had a non-German nationality. The proportion of employees with a nationality other than German has been 6.0 per cent since 2007. In total, employees from 45 countries are employed at Deka, the most strongly-represented countries are Italy, Austria, France, Great Britain and Turkey.

QUOTE FROM THE CODE OF ETHICS

"We aim for general equal treatment without distinction or discrimination on the basis of country of origin, skin colour, gender, nationality, age, religion, belief, disability, marital status, pregnancy, sexual orientation as well as the identity or any other properties that are protected by local law."

Severely Disabled

All Deka buildings are accessible and have sliding doors or doors with electronic door openers. In the "Prisma" building in Frankfurt, there are also disabled toilets and a group of lifts with Braille lettering in the key field. 53.6 per

EMPLOYEES ON PARENTAL LEAVE, Deka Group GERMANY* (TABLE 8)

Parental leave – as per reporting date (Headcount)	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
Women	91	59	70	72	79
Men	2	6	7	11	9
Total	93	65	77	83	88

Parental leave – during the year (Headcount)	2012	2013	2014	2015	2016
Women	55	83	58	61	58
Men	60	82	79	97	122
Total	115	165	137	158	180

Average duration of parental leave (months)	2012	2013	2014	2015	2016
Women	15.2	12.9	11.7	12.4	13.1
Men	1.5	1.5	1.3	1.4	1.5

* Excluding maternity leave and secondary employment during parental leave.

cent of the mandatory positions for disabled persons were filled at the year-end (previous year: 56.5 per cent). The interests of disabled employees are represented by the Disabled Employee Representative.

4.5 Workplace Safety and Health Management

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

Illness rate

The illness rate was 3.8 per cent in 2016 and thus at the level of previous years. Deaths at work at Deka were the same as in the years before 2016. (2015: 0) SEE TABLE 9+10

Exercise

In order to facilitate it employees to integrate regular exercise into their everyday life, the Deka Group runs its own Health Centre at its Frankfurt/Main location, which is used by 230 staff. Partnerships with a range of fitness centre chains and massage practices provide these services to employees outside of Frankfurt.

Deka also supports a company sports club. DekaBank Sport e.V. is aimed at employees of DekaBank, their family members and partners and covers both popular and more specialised sports. The association currently has approximately 500 members.

To promote team spirit and shared experiences through exercise, DekaBank supports the participation of employees in running events. One highlight is the annual J.P. Morgan Corporate Challenge run through the inner city of Frankfurt, in which several hundred Deka runners were involved in 2016.

Nutrition

A balanced diet is an important part of health care as a contribution to well-being and performance. To this end, Deka attaches great importance to varied and healthy food from the region in the canteen. Every day, at least two vegetarian and more frequent vegan alternatives are available in our canteen. A nutrition consultation service is also available at the sites in Frankfurt.

Medicine and safety at work

The approach to health and safety at work is based on all current relevant legislation, ordinances and regulations as well as the collective bargaining agreement for public and private banks. Workspaces are regularly scrutinised according to ergonomics aspects by the expert for work safety.

All employees can obtain medical care from the company doctor and are also offered annual flu vaccinations. Annual health campaigns enable staff to find out about health issues and have their blood sugar, cholesterol and blood pressure levels checked.

Mental health

In the reporting year, Deka performed the first pilot surveys in various business areas to systematically evaluate mental stress at work and to develop tailored offerings. The surveys will be continued in 2017.

Deka provides seminars on dealing with stress for its employees and managerial staff as part of the Group-wide training scheme. These seminars allow participants to analyse the pressures and stresses they face, as well as their own personal resources. During the seminars, they are shown how to handle these resources responsibly, harness them and use them successfully. Employees experiencing a crisis in their personal or professional lives can obtain confidential or anonymous counselling as part of the Employee Assistance Programme (EAP), either by phone or in person.

The EAP also offers managerial staff, management consultants and members of the staff committee and works council expert advice via the same hotline.

In 2016, the EAP experts held conversations with 182 employees, corresponding to a take-up rate of 4.2 per cent. Deka supports the EAP through fact-finding events for all employees and special workshops for managerial staff. Employees can also obtain psychological support via the advisory service, particularly in the case of severe illnesses, while doctors can be consulted for a second or third opinion. Staff are also able to obtain appointments with relevant physicians in private practice without the usual long-waiting times.

The Deka Group supports employees in returning to work after a long absence within the framework of professional integration management. This includes, for example, the opportunity to schedule a return to work and to regain working capacity on the basis of an individual working time model.

Remuneration

Deka's remuneration system is based on the long-term corporate strategy. It is reviewed on an annual basis to ensure it is in line with current regulation and where necessary updated to reflect current applicable regulatory requirements. It offers incentives for strong performance on a sustainable basis, whilst avoiding any that would encourage employees to assume disproportionate risks on behalf of Deka. The Deka Group remuneration report, available on the Deka website, provides detailed information.

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

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

For employees whose activities have a material impact on the overall risk profile of the Deka Group ("risk-relevant employees") – the variable portion of the remuneration involves assessments and payments spread over several years (deferrals) in line with regulatory requirements.

In line with regulatory requirements, a variable remuneration component cannot exceed 100 per cent of the fixed remuneration amount. This upper limit of the variable compensation, in accordance with Section 25a Para. 5 of the German Banking Act, can be increased to 200 per cent of the fixed component by shareholders' resolution. Deka-Bank has made no use of the option of to increase the upper limit for variable remuneration components for the members of its Board of Management and all further employees of the bank in the reporting year.

The percentage of employees in 2016 reimbursed on a non-contractual basis has grown to 63.7 per cent (previous year: 62.4 per cent). All salaries paid by Deka are, in principle, at least on the level of the statutory minimum wage, however, they mostly exceed this significantly. **SEE TABLE 11**

Deka employees can place part of their bonus payments, holiday leave and approved overtime in working time accounts (known as a Deka ZeitDepot). The time saved in this account can be used for temporary absence in the form of a sabbatical, for example.

In addition to the benefits provided by the employer under collective bargaining agreements, Deka also offers its employees packages which include capital-forming payments, group accident and corporate travel insurance and the option of a "job ticket" travel card for use on local public transport for employees at the locations in Frankfurt, with similar arrangements available at other Deka sites. Permanent employees also receive a largely employer-financed company pension (BVV). Details on pension obligations can be found in the consolidated financial statements.

The compensation system for the members of the Board of Management of DekaBank basically corresponds to the remuneration principles for employees of the Deka Group and also takes into account applicable regulatory particularities for risk-relevant employees. The aim of the Board of Management compensation system is to fulfil the regulatory requirements as well as the principles of the management and remuneration of the Wittenberg Center for Global Ethics. The basic conditions for the granting of a variable remuneration are compliance with the statutory minimum core capital ratio plus capital buffer, a satisfactory liquidity situation as well as the ability of Deka Group to pay out dividends. In addition, the risk situation of the Deka Group must be evaluated and included.

ILLNESS RATE ACTIVE EMPLOYEES (TABLE 9)

Deka Group in Germany (%)	2012	2013	2014	2015	2016
Women	5.5 %	6.0 %	5.6 %	5.6 %	5.3 %
Men	2.7 %	3.4 %	2.9 %	3.0 %	3.0 %
Total rate	3.7 %	4.3 %	3.8 %	3.9 %	3.8 %

REPORTED VIOLATIONS (TABLE 10)

Deka Group in Germany (in year)		2014	2015	2016
Commuting accidents (count)		34	19	19
Principle causes are cycling accidents and injuries relating to black ice during the winter	Location Frankfurt	27	15	19
	Düsseldorf	6	2	–
	Leipzig	1	2	–
Work-related injury (count)		8	12	6
	Location Frankfurt	8	12	6

SALARY STRUCTURE ACTIVE EMPLOYEES (TABLE 11)

Deka Group in Germany (%)	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	female	male
NT	59.6 %	60.9 %	61.5 %	62.4 %	63.7 %	40.7 %	77.6 %
TG total	40.4 %	39.1 %	38.5 %	37.6 %	36.3 %	59.3 %	22.4 %
TG 9	24.8 %	26.4 %	29.4 %	28.3 %	28.1 %	22.7 %	36.8 %
TG 8	22.5 %	22.1 %	22.2 %	20.3 %	21.6 %	21.0 %	22.5 %
TG 2–7	52.7 %	51.5 %	48.4 %	51.4 %	50.3 %	56.3 %	40.7 %

5. Sustainable banking

In the management of the direct impact of bank operations, we pursue an integrated approach and work on the reduction of resource consumption and emissions along the entire value chain - from procurement through to disposal. All measures are embedded in a certified environmental management system. After the swift entry into force of the climate treaty negotiated in Paris, the Paris Agreement, which we were glad to seem, our contribution to climate protection has gained even more significance.

5.1 Environmental management system

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

The environmental balance sheet included in the framework of this system includes all the buildings of DekaBank at Frankfurt am Main (Trianon, Prisma and Skyper). The figures for the paper consumption relate to all locations in Germany, the information on business trips is group-wide. The overall objective of the measures in the field of environmental management is an annual reduction of greenhouse gas emissions by 5 per cent.

The environmental management standard was revised in 2015, the new rules must be implemented by 2018. The innovations include among other things a more risk-oriented approach and a clearer focus on the consideration of the entire value-added chain including the environmental impact of products and services. DekaBank will fulfil the new requirements on the basis of an implementation plan until the re-certification of the environmental management system in 2018.

5.2 Procurement

The strategic purchasing department of the DekaBank procured goods and services in the value of a total of 245 million euros gross in the report period. About 95 per cent of the strategic purchasing order volume was placed in Germany, the rest to European suppliers. Deka currently does not use any overseas service providers.

For the selection of the suppliers, Deka has sustainability-related requirements both for the quality of the related

products and services as well as for the corporate governance of the suppliers and service providers. Central points of the business-related requirements are provided in the Sustainability Agreement which the suppliers sign prior to the start of the business relationship. That is about 80 per cent of the sourcing volume in strategic purchasing. It obliges the supplier, among other things, to comply with core labour standards of the International Labor Organization (ILO). By the end of 2016, 240 suppliers had signed the declaration¹.

Also, sustainability criteria are taken into account in the selection of products and services. So, before the beginning of 2016, all DekaBank computers were replaced by energy-saving devices. The comprehensive requirements for the tendering of services in building management have already been described in the section "Sustainable products".

All new suppliers are obliged to provide information on their standards and services in the area of environmental management in the DekaBank purchasing portal. This gives the employees in procurement the opportunity to take relevant aspects in negotiations with suppliers into account. In the year 2016, a total of 33 new suppliers were examined on the basis of environmental criteria, 30 of which are in the field of consulting/staff/IT and 3 in the area of goods/logistics.

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

¹ In 2016, Deka ordered products and services from approximately 1,000 suppliers. These included many small and single orders. The number of suppliers with significant sales is approximately 200.

5.3

Climate protection

With the entry into force of the Paris Agreement at the beginning of November 2016, the central crash barriers are defined for international climate policy for the coming decades. The Federal Government's Climate Protection Plan 2050 specifies the general requirements at national level. It shows "the guidelines for the implementation of the long-term climate protection strategy for Germany and provides a necessary orientation for all actors in the economy, science and society" – and thus also for the Deka Group. Key areas for action are the reduction of energy consumption and the eco-design of business travel.

Energy consumption

The reduction of energy consumption at the locations of the Deka Group contributes directly to the reduction of greenhouse gases, particularly CO₂. On the basis of the results of the energy audits carried out in 2015 according to DIN 16247, the real estate management of Deka was able to carry out numerous measures for the reduction of energy consumption. Thus, among other things, the light control in the Trianon office building in Frankfurt was converted and at the Prisma location, the fluorescent tubes in the underground car park were replaced with LED lamps. By these and numerous other measures, energy consumption in total remained at a constant level in the year under review despite a slight rise in the number of employees and was around 19.5 million kWh. The energy intensity in 2016 was 5,702.26 kWh per employee. This corresponds to a reduction of 3.79 per cent (2015: 5,927.1 kWh per employee).

Transport

Business travel, in addition to the energy consumption, represent the most important direct environmental impact of non-producing companies. After a slight reduction of the total transport performance was achieved in 2015, it increased in the reporting year by 8.5 per cent. The largest increases were in comparatively environmentally-friendly rail transport (+14.3 per cent) and in the road transport sector (+11.6 per cent), while the air traffic saw a below-average increase of 4.8 per cent. In total, Deka Group employees covered around 23.5 million kilometres on business trips in the year 2016. Given the increase in volume and in view of the current debate on climate change and the fact that business travel often goes hand in hand with a loss of productive time, Deka will place even more focus on the topic of mobility in the future.

Greenhouse gas emissions²

The objective of reducing greenhouse gas emissions by 5 per cent each year was clearly exceeded in the reporting year. Absolute emissions were reduced from 12.408 t CO₂e in 2015 to about 10.593 t CO₂e and thus by nearly 15 per cent. This is due in particular to the increase in the share of green electricity from 25 to 75 per cent at the Frankfurt location, which is reflected in a significant reduction of indirect emissions (Scope 2)³. SEE TABLE 1

5.4

Waste and consumption of resources

After a new waste separation system was introduced in the Prisma location in 2014 and thus the amount of residual waste was significantly reduced and the quantity of recyclable waste was increased, the system was also implemented at the end of 2016 at the Trianon site. The amount of waste generated in the reporting year was reduced at all three locations in Frankfurt, with a total of 302 t, it was almost 8 per cent lower than the previous year. All companies assigned with the disposal of waste have a specialist waste disposal certificate in accordance with the waste regulation. Deka performs regular audits at the companies to ensure the safe and environmentally-friendly disposal of waste.

Paper consumption was also reduced, in both absolute and relative terms. Therefore, absolute consumption fell from 558 t in 2015 to 530 t in the report year and thus by a good 5 per cent, the consumption per employee fell from around 157.6 kg to 144.3 kg (- 9.2 per cent). This was primarily due to savings in printed promotional material. The consumption of drinking water has also finally shown positive development. It fell in the reporting year by almost 4 per cent to 34,954 m³.

² The calculation and representation of the CO₂ emissions is carried out in accordance with the greenhouse gas protocol (GHG Protocol) standards of the WBCSD / WRI (2004 and 2011). In accordance with the GHG Protocol, in addition to CO₂, five more major climate-relevant gases are summarised under the term CO₂-equivalents (CO₂e): Methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆) and two

groups of fluorocarbons (HFCs and PFCs). The calculation in this report is based on CO₂ equivalents. The factors for the calculation of the emissions are the Vfu indicators, Update 2007, as well as Updates 2010 and 2013.

³ In Frankfurt with the factor for water power and in Luxembourg with the factors for wind and water power (50 per cent each).

ENVIRONMENTAL INDICATORS 2016 ⁴

GREENHOUSE GAS EMISSIONS (TABLE 1)

	Direct emissions (Scope 1) kg CO ₂ e	Indirect emissions (Scope 2) kg CO ₂ e	other indirect emissions (Scope 3) kg CO ₂ e	Total
2013	1,483,786	7,211,490	2,808,383	11,503,659
2014	1,813,279	6,652,422	3,127,244	11,592,945
2015	1,859,778	7,183,277	3,364,716	12,407,771
2016	2,087,588	4,937,619	3,567,898	10,593,105

ENERGY CONSUMPTION BY ENERGY SOURCE IN 2016

	Trianon ML16 in kWh	Prisma HS55 in kWh	Skyper TA 1 in kWh
Electricity	5,796,994	4,499,812	1,234,721
Diesel for emergency electricity	10,786	9,157	581
District heating	5,712,239	1,994,674	274,167
Total	11,520,019	6,503,643	1,509,469

DEVELOPMENT OF TOTAL ENERGY CONSUMPTION

	2013 in kWh	Tolerance to 2012	2014 in kWh	Tolerance to 2013	2015 in kWh	Tolerance to 2014	2016 in kWh	Tolerance to 2015
Trianon ML16	11,371,264	1 %	10,534,449	-7 %	11,227,097	7 %	11,520,019	3 %
Prisma HS55	7,248,505	1 %	6,427,437	-11 %	6,792,819	6 %	6,503,643	-4 %
TA 10	2,775,108	2 %	1,988,699	-28 %	–	–	–	–
Skyper TA 1	1,479,808	1 %	1,385,934	-6 %	1,491,233	8 %	1,509,469	1 %
Total	22,874,685	1 %	20,336,519	-11 %	19,511,149	-4 %	19,533,131	0 %

DEVELOPMENT OF ABSOLUTE BUSINESS TRAVEL ACCORDING TO MODE OF TRANSPORT

	2013 in km	Tolerance to 2012	2014 in km	Tolerance to 2013	2015 in km	Tolerance to 2014	2016 in km	Tolerance to 2015
Rail transport	2,511,670	-7.5 %	2,669,702	6.3 %	2,742,944	2.7 %	3,133,884	14.3 %
Road transport	7,720,001	-1.0 %	9,428,358	22.1 %	10,105,359	7.2 %	11,280,952	11.6 %
Air transport	8,425,736	-19.7 %	9,715,643	15.3 %	8,617,947	-11.3 %	9,034,886	4.8 %
Total	18,657,407	-9.0 %	21,813,703	15.0 %	21,466,250	-2.0 %	23,449,722	9.2 %

DEVELOPMENT OF ABSOLUTE DRINKING WATER CONSUMPTION

	2013 in m ³	Tolerance to 2012	2014 in m ³	Tolerance to 2013	2015 in m ³	Tolerance to 2014	2016 in m ³	Tolerance to 2015
Trianon ML16	18,651	2.6 %	16,984	-8.9 %	18,051	6.3 %	18,691	3.5 %
Prisma HS55	16,110	12.7 %	19,024	18.1 %	15,888	-16.5 %	13,850	-12.8 %
TA 10	840	-55.8 %	1,345	60.1 %	–	–	–	–
Skyper TA 1	2,282	-1.3 %	2,126	-6.8 %	2,391	12.5 %	2,413	0.9 %
Total	37,883	2.0 %	39,479	5.0 %	36,330	-8.0 %	34,954	-3.8 %

DEVELOPMENT OF ABSOLUTE WASTE PRODUCTION

	2013 in t	Tolerance to 2012	2014 in t	Tolerance to 2013	2015 in t	Tolerance to 2014	2016 in t	Tolerance to 2015
Trianon ML16	110.3	-0.8 %	157.0	42.4 %	172.8	10 %	154.2	-10.7 %
Prisma HS55	107.4	7.8 %	106.7	-0.6 %	108.6	2 %	104.1	-4.1 %
TA 10	5.1	-40.0 %	48.7	852.1 %	–	–	–	–
Skyper TA 1	32.6	-3.5 %	40.2	23.1 %	44.3	10 %	43.6	-1.6 %
Total	255.4	0.9 %	352.6	38.1 %	325.7	-7.7 %	301.9	-7.3 %

⁴ data basis for energy/resource consumption and emissions:

- The data relate to the three DekaBank buildings in Frankfurt am Main (Trianon, Prisma and Skyper), the building TA 10 was demolished in the meantime.
- In addition, the following exceptions should apply for the data basis: Information on business trips is available throughout the company for the Deka Group. Here, the location in Luxembourg is included along with the locations in Germany. The branch in Switzerland was closed in 2015 for business reasons.

Before 2015, 25 per cent of electricity demand was covered by green energy and 100 per cent in Luxembourg, from 2016 the share in Frankfurt has been increased to 75 per cent. This green power was, however, not included in the calculation with zero CO₂ emission factors, but in accordance with the origin, in Frankfurt with the factor for water power and in Luxembourg with the factors for wind and water power (50 per cent). We obtained the emissions factor from the supplier for power consumption.

6. Corporate citizenship

Supporting not-for-profit institutions and organisations lies at the core of the Sparkassen Finanzgruppe brand. In order to achieve lasting effects, DekaBank focuses on medium and long-term cooperations, which are generally seen as a supplement to the commitments by the Sparkassen Finanzgruppe. The main focuses of DekaBank's corporate citizenship include the promotion of education and science, contemporary art and architecture as well as social projects and sport. Measures with both national and international appeal are supported, particularly in the social field but also local projects and initiatives at the locations.

6.1

Social engagement

Support for the integration of refugees

After the initial care of refugees was the main focus in 2015, the public authorities and voluntary helpers were able to assist the deeper integration of people in society and professional life in 2016. DekaBank continued the emergency programme initiated in 2015 for this purpose.

This meant that associations, in which employees do work with refugees on a voluntary basis, could apply for donations in the amount of 1,000 euros. A total of 82 donations were made to not-for-profit organisations focusing on helping refugees. In the year under review, 14 vocational trainees with recognised refugee status started a twelve-month traineeship at Deka. More information on the refugee initiative adopted by the Board of Management can be found in the section "Sustainable HR management".

Christliches Kinder- und Jugendhilfswerk Arche e.V.

The partnership with "Freundeskreis Arche Frankfurt e.V.", which has been in place since 2008, has been expanded in the previous year and the agreement on annual donations has been extended to 2019. The "Arche" cares for children from all social backgrounds, including refugee children and their families.

As a measure of the emergency program for refugees, Deka has made a donation of 500,000 Euros available to Arche Frankfurt e.V. which was earmarked at the end of 2015 for the construction of a youth facility in Griesheim. This meant that the overall financing for the new facility could be guaranteed for three years. Through the youth facility, the child facility at the neighbouring Berthold-Otto primary school will be extended to young people of 12 to 17 years old. After the conclusion of the planning works, the foundation stone for the construction was laid in the presence of the Mayor of Frankfurt, Peter Feldmann, in November 2016. In addition to financial grants, experts

of the Deka Immobilien GmbH support the construction project in planning and implementation. The aim is to open the youth facility in the second quarter of 2017.

Deutsche Krebshilfe e.V.

DekaBank has been a reliable partner in the annual national golf benefit tournaments in aid of Deutsche Krebshilfe e. V. (German Cancer Aid). Around 7,500 golfers took part in the biggest benefit golf tournament in Europe in 2016 and combined sporting activity with help for people with cancer. As a general sponsor, DekaBank supports this event by providing winners' prizes for the entire tournament series. In total, 290,000 euros was raised for this good cause.

6.2

Education and science

Goethe University Frankfurt am Main

The "House of Finance Professorship for Sustainable Asset Management" was occupied by Prof. Dr. Alexander Hillert at the end of 2016. Hillert succeeds Prof. Reint Gropp, Ph.D., who, until his appointment as President of the Halle Institute for Economic Research, held the country's first endowed chair for Sustainable Banking and Finance. The second DekaBank foundation professorship ("Sustainable Finance") will be announced in the first quarter of 2017.

Private Institute for Quantitative Capital Market Research (IQ-KAP)

The Private Institute for Quantitative Capital Market Research (IQ-KAP), founded by DekaBank in 2013, awarded a research prize for the first time in 2016. This prize is awarded to scientists specialised in the use of Big Data, Alternative Investments and forecasting procedures for capital markets. The scientific advisory board of the Institute, which includes Professors Frank Bulthaupt, Reint Gropp, Ulrich Klüh and Ulrich Schollwöck, awarded the first prize to the work "Something in the Air: Information Density, News Surprises, and Price Jumps" by Doctors Roland Füss, Markus Grabellus, Ferdinand Mager and

Michael Stein. In the work, the authors developed a method with which information processing can be understood and price jumps can be explained and predicted more accurately.

Stock Exchange Simulation

In order to promote knowledge of the world of finance and capital markets, since 2014 Deka has supported the Sparkasse Stock Exchange Simulation. The aim is to strengthen the economic and social competence of the mainly young participants and, in a separate game, to communicate the principles of sustainable trading. Therefore, there is not just one winning team, but the team which has invested its funds in the most sustainable companies. 2016 saw the first national awards ceremony at DekaBank for the student competition. The existing cooperation between DekaBank and the Deutscher Sparkassenverlag, the organiser of the game, has been extended until 2019.

6.3

Art and architecture

The International Highrise Award

The International Highrise Award (IHA) has been awarded every two years by the City of Frankfurt am Main since 2004. The IHA was initiated by the City of Frankfurt together with the German Museum of Architecture and DekaBank in 2003. Since then, it has been organised and financed by the German Museum of Architecture and DekaBank and awarded in 2016 for the seventh time. The IHA is regarded as the world's most important architecture award for high-rise buildings. In 2015, the three partners agreed to extend the existing cooperation for the official prize of the City of Frankfurt until 2020. The IHA is awarded to buildings that stand out through excellence in aesthetics, future-oriented design, urban integration and innovative technology, economy, market capacity and in particular through sustainable construction.

In the reporting year, the IHA was awarded to the residential tower 'VIA 57 West' in New York. The Architect Bjarke Ingels (BIG – Bjarke Ingels Group) and the project owner Douglas Durst (The Durst Organization) accepted the price statuette and the prize money personally in November 2016 at the ceremony in the fully-occupied Frankfurter Paulskirche church. The award was presented by Dr. Ina Hartwig, Head of Department for Science and Culture of the City of Frankfurt am Main, Dr. Matthias Danne, Real Estate and Financial Management Director at DekaBank and Peter Cachola Schmal, Director of the German Museum of Architecture. The residential tower is a hybrid of an American highrise and the classical European block-edge development with a leafy courtyard. In order to fulfil the objective of a socially-diverse residential structure,

20 per cent of the homes were offered at a reduced rental price. The prize money of 50,000 euros was donated for good causes.

MMK Museum for Modern Art Frankfurt am Main

Since 2002, DekaBank has supported the MMK Museum for Modern Art in building the museum collection, which comprises over 5,000 works of international art from the 1960's up to the present day. Since November 2015, Manuela Better, Director of Risk Management at DekaBank has worked on the board of trustees of the Friends of the Museum for Modern Art for the needs and further development of the MMK. The DekaBank is a founding partner of the museum building in the Taunus tower, the MMK 2, and is supporting the exhibition until 2018 together with other partners. The exclusively private financing of MMK 2 by foundations and companies is an example of an innovative and economically unique model of museum expansion.

Dresden State Art Collections

Since 2006, DekaBank has been one of the main sponsors of the Dresden State Art Collections (SKD). In the year 2016, the new permanent exhibition "View of the World and Knowledge of 1600" in the Georgenbau of the Dresden Residential Palace, as well as the special exhibition "Paradise on earth – a landscape painting by Brueghel and Rubens" in the picture gallery were funded. The cooperation of the Sparkassen Finanzgruppe – consisting of DekaBank, the Ostsächsische Sparkasse, Sparkassenversicherung, the Ostdeutscher Sparkassenverband and the Deutsche Sparkassen- und Giroverband – with the SKD is to be continued for a further three years (2017–2019).

Berlin State Museums

The Sparkassen-Finanzgruppe, represented by the Berliner Sparkasse, DekaBank and the Sparkasse Cultural Fund of the DSGVO has been associated with the Berlin State Museum since 2011 as a main sponsor. In 2016, the exhibition "El Siglo de Oro. The Era of Velázquez" was the main centre of support in the picture gallery.

Foundation for Photography and Media Art with Michael Schmidt Archive

The "Foundation for Photography and Media Art with Michael Schmidt Archive" was launched in 2003. Its goal is to preserve the work of the artist Michael Schmidt, who died in 2014. From 2015 to 2019, DekaBank will support the Foundation with an annual amount to implement a retrospective which is planned for 2020 on the occasion of the 75th anniversary of Michael Schmidt's birth in the New National Gallery in Berlin.

INDICATORS OF SOCIAL COMMITMENT



498,690 EUROS

Deka funds for **education and science** in 2016

421,839 EUROS

Deka funds for **Art and Culture** in 2016

TOTAL COMMITMENT	2013	2014	2015	2016
Social Affairs	603,079.91 €	311,900.41 €	763,955.93 €	220,748.97 €
Education and science	507,154.00 €	676,885.59 €	470,916.00 €	498,689.84 €
Art and Culture	603,335.00 €	719,337.00 €	413,900.00 €	421,839.00 €
Sport	154,700.00 €	223,900.00 €	160,800.00 €	191,840.00 €
Miscellaneous	37,449.87 €	10,255.00 €	115,382.00 €	29,500.00 €
Total	1,905,718.78 €	1,942,278.00 €	1,924,953.93 €	1,362,617.81 €
STRUCTURE OF FUNDING				
Donations	1,380,549.87 €	904,901.00 €	1,327,748.00 €	789,646.84 €
Sponsoring	525,168.91 €	1,037,377.04 €	597,205.93 €	572,970.97 €

DekaBank art collection

DekaBank has been building up its collection of 21st Century art since 2003. The internationally oriented collection now includes over 1,400 work and reflects the diversity of artistic expression in the 21st Century. It focuses on works which address relevant social issues and stimulate debate about the current definition of art. The make-up of the collection gives particular weight to the new generation of artists. Guided tours are held regularly for DekaBank's business partners and employees. DekaBank participated in "Kunst privat!" ("Private art!") for the twelfth time in 2016. Hessian companies show their art collections and opened the doors of the exhibition to interested visitors.

6.4 Sport

German Olympic Sports Confederation (DOSB)

Since January 2008, the DSGV has been an Olympic partner of the German Olympic Sports Confederation (DOSB) with the participation of the DekaBank and other interconnected companies. It is important for the donors to support both popular and specialised sports. In addition to the commitment as a partner of Germany's Olympic team and as a national sponsor of the German Disabled Sports Association (Deutscher Behindertensportsverband), Deka is also supporting the German Sports Badge (Deutscher Sportabzeichen) and elite sports schools. Cooperation with the DOSB was extended at the end of 2016 by a further 4 years to 2020.

6.5 Donations

In the reporting year, Deka donated a total of 789,646.84 euros. The largest of the 154 single donations went to the Goethe University of Frankfurt am Main and to "The Arche" foundation of Christian children and youth

work in Frankfurt/Main. Other local donations were made in the framework of "Deka – committed on the spot!" as well as the special refugee aid. Each year, 25 facilities which are close to the hearts of employees or in which they are involved are supported with 1,000 euros each. In 2016, there were 305 project submissions.

In the year 2016, the Restcent scheme started, in which DekaBank employees can donate the cent amounts of their monthly salaries. In the run-up, the employees were able to select the 2016 donation recipient from a wide range of eligible institutions ("Help for children with cancer e.V."). 1,101 employees took part in the scheme in 2016. Because of their commitment, a donation amount of 5,564.70 euros was achieved, which was rounded to 6,000 euros. Deka awards donations to institutions which exclusively and directly serve to promote charitable, church and benevolent purposes and are entitled to issue tax donation certificates. Donations to political parties, political foundations, employer associations or unions are excluded. In the reporting year, no such payment had been made.

Independent environmental assurance statement

DekaBank engaged AGIMUS GmbH Umweltgutachter-organisation und Beratungsgesellschaft, an environmental verification provider and consultancy, to perform a review of its 2016 Sustainability Report in terms of materiality, transparency and comparability. It is the responsibility of the Board of Management to ensure that key indicators on sustainability performance are appropriately determined and presented in accordance with the reporting criteria including the appropriate identification of significant issues. Our responsibility is to verify that the statements made in the Sustainability Report are transparent and complete pursuant to the criteria set out in the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines.

Independence and quality assurance of the environmental verification provider

We observed the requirements for environmental verification providers as well as further professional ethical requirements for third party reviews and conducted our review of the Sustainability Report in line with the procedures for the certification of the environmental management system set out in ISO 14001.

Scope of assurance engagement

It is our responsibility, based on the procedures that we have performed, to express an opinion as to whether any matters have come to our attention that cause us to conclude that the information in DekaBank's Sustainability Report for the 2016 financial year has not, in all material respects, been prepared in accordance with the criteria set out in GRI G4 Sustainability Reporting Guidelines. We were also engaged to make further recommendations on the further development of the environmental management and sustainability reporting, based on the results of our environmental verification review.

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

In an environmental verification engagement with limited assurance, the procedures performed are less comprehensive than those required for an engagement requiring reasonable assurance, such that accordingly, a lower level of assurance is obtained. The selection of verification procedures is at the discretion of the environmental verifier and was in line with those required for ISO 14001, both technically and in terms of content.

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

- Interviewed employees from the departments responsible for the creation of the report about the process for preparing the report and on the internal controls in place around this process.
- Inspected documents regarding the sustainability strategy and gained an understanding of the environmental and sustainability management structure, stakeholder dialogue and the development process for the company's environment and sustainability programme.
- Interviewed employees in the specialist departments responsible for individual sections of the report;
- Reviewed and tested on a sample basis the procedures and the system and process documentation in relation to the collection, analysis, validation and aggregation of the sustainability data and spot checks of this data;
- Conducted an audit and site inspection at the Frankfurt am Main office;
- Aggregated selected data; performed an analytical review of data included in the report;
- Obtained further evidence to support selected information in the report through inspection of internal documents as well as reports and records from external service providers.

Opinion

On the basis of the review that we have performed to obtain limited assurance, no matters have come to our attention that lead us to conclude that the information in the Sustainability Report for the 2016 financial year has not, in all material respects, been prepared in accordance with the criteria set out in the GRI G4 Sustainability Report Guidelines.

A materiality study was carried out in Autumn 2015 with 2,699 participants from the stakeholder groups of employees, customers, experts and others, which was supplemented by a further study in Summer 2016, assessed here exclusively on the basis of survey results of 222 Deka customers. A summary of the results is now available and this concludes that the Bank's stakeholders attach greater importance to the areas of "sustainable corporate governance" and "customer relationships and sustainable products". As a result, the areas of "business ecology" and "corporate citizenship" were presented in a more compact manner. This is an understandable transparent change which is also acceptable from an environmental point of view, particularly given that, after seven continuous years of ISO 14001 certification, the area of business ecology has a secure foundation.

DekaBank has reacted to the results of the materiality analysis and has amended its 2016 Sustainability Report with regard to relevant issues from a customer view such as "Sustainable corporate governance" and "Sustainable products". This development should be perpetuated and further developed via the customer requirements articulated in the framework of the materiality studies.

During the preparation of the report, relevant topics were assessed for materiality and both upstream and downstream organisational units were taken into consideration. The report includes all information that should be deemed material, with due consideration given to the principle of materiality, sustainability context and stakeholder involvement.

According to the results of our review, no information has been omitted from the report that could potentially influence the assessment or decisions of stakeholders, or that might reflect social, economic or ecological impacts. The report discloses both positive and, to the extent that these exist, negative events.

The use of GRI indicators as well as additional sector-specific criteria facilitates the comparability of the report. The Sustainability Report meets the requirements of the core "in accordance" opinion and further requirements of the "comprehensive" opinion are fulfilled. One of the indicators (HR2) could only be determined in monetary value as opposed to time value as required by the standard; the process for compiling the data should be amended.

The scope covered by the 2016 Sustainability Report thus demonstrates that DekaBank is willing to allow its sustainability performance to be compared with that of other leading financial institutions.

Supplementary information and recommendations

DekaBank's commitment to integrating sustainable development into its core business far exceeds normal practice in the sector. It is commendable that DekaBank has signed the UN Global Compact and Equator Principles and has thus a voluntary pledge to uphold internationally recognised principles in the areas of human rights, labour standards, environmental protection and anti-corruption. The progress achieved in the implementation of these principles is also described in the Sustainability Report. The mandatory introduction in 2014 of an internal Code of Ethics for all DekaBank employees, and third parties acting on behalf of DekaBank, also clearly underlines the importance the Bank places on the issue of sustainability. Sustainability criteria are consistently observed when making investment and finance decisions.

We welcome the fact that the Bank has elected not to formulate a separate sustainability strategy since 2015. This decision reinforces its aim of embedding sustainability throughout the whole value chain and hence approaching it as an integral part of the business model. A new, ambitious aim of the Bank deserves particular praise; it wishes to become one of the first banks worldwide to comprehensively record the CO₂ emissions associated with its business activity. In addition to the performed measurements of the emissions resulting from banking operations, the emissions associated with the total assets and the reportable banking business will be recorded from 2018.

In addition to the external verification of its compliance with GRI guidelines, DekaBank is evaluated by other specialist rating agencies, thereby facilitating its comparison with other banks. Furthermore, this allows all of DekaBank's stakeholders to gain a clear picture of the successes and potential difficulties experienced in the implementation of sustainability principles.

Without qualifying the conclusion of our review set out above, we have the following recommendations on the further development of the Bank's sustainability reporting:

In general terms, there is still considerable scope to increase the level of detail involved in the reporting of some indicators, while the result of the stakeholder survey clearly show that operational environmental indicators are of less interest than business-related aspects.

The increase in greenhouse gases has been effectively counteracted by the increase in green electricity procurement. This is an initiative worthy of praise. Further efforts to improve efficiency in business processes are already being planned. Progress made in this area should be reported in the next report.

Braunschweig, 4 March 2017



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Information online

The Sustainability Report 2016 of the Deka Group can be found on our website www.dekabank.de under "Deka Group / Sustainability".

Ordering reports

We would be pleased to send you a printed copy of the Sustainability Report 2016 of the Deka Group. If you would like to receive the report on a regular basis, please contact us.

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