

# Climate transition plan of DekaBank Deutsche Girozentrale

2024

**„Deka**



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## 1. Foreword by the Board of Management

Dear Ladies and Gentlemen,

Climate change is one of the most pressing problems of our time. Global warming, the associated increase in extreme weather events and rising sea levels, as well as the impact on biodiversity and ecosystem services, can lead to social and political instability and have a massive economic impact. At the same time, the transition to a world with low greenhouse gas emissions in line with the Paris Climate Agreement poses major challenges for the economy.

In its role as a financial intermediary, the financial sector makes an important contribution to financing the investments required to achieve the global climate targets. DekaBank's climate transition plan forms an important framework for this.

The Deka Group's integrated business model makes it possible to define individual transition plans for the individual business activities in order to take the requirements and needs of its business partners into account in a special way.

This document presents our climate transition plan with its fundamental perspectives and specific objectives. In particular, it comprises our banking business with financing and proprietary investments, but also the Deka Group's own business operations as a whole.

As DekaBank, we see the global climate transition - despite all the challenges and risks - as a long-term opportunity. We cordially invite you to accompany us on this journey.

Best regards

Your Deka Group Board of Management



Dr. Georg Stocker



Dr. Matthias Danne



Birgit Dietl-Benzin



Daniel Kapffer



Torsten Knapmeyer



Martin K. Müller

# 02

**The Deka Group and its  
climate transition plan at a  
glance**



## 2. The Deka Group and its climate transition plan at a glance

### 2.1. Business model of the Deka Group

The Deka Group consists of DekaBank Deutsche Girozentrale (hereinafter referred to as DekaBank) and its domestic and foreign subsidiaries. As the „Wertpapierhaus“ of the savings banks, it supports the savings banks and their customers as well as institutional investors throughout the entire securities-related investment and advisory process. Through its activities in asset management and banking business, it is a service provider for the investment, administration and management of assets.

The Deka Group has divided its activities into five business divisions, each of which combines similar areas of expertise: The Securities Asset Management (AMW) and Asset Management Real Estate (AMI) business divisions cover asset management activities. The Capital Markets and Financing business divisions relate to the Deka Group's banking business - together with its own business operations, they are the focus of this transition plan. The fifth business division, Asset Management Services (AMS), provides banking services for Asset Management.

The new, energy-efficient Deka building in Lyoner Strasse.



## Sustainability principles in the business strategy

The Deka Group ...

1	<p><b>ESG as a holistic approach</b></p> <p>... constantly reflects on external market conditions, internal activities and aspects of corporate culture in the context of sustainability, in order to align itself with them early and holistically, thereby making a significant contribution to the competitiveness and future viability of the Wertpapierhaus.</p>
2	<p><b>Needs-based investment solutions</b></p> <p>... offers its customers a broad, competitive and innovative range of investment solutions with sustainability features, both in asset management and in the capital markets business.</p>
3	<p><b>Support for sustainable action</b></p> <p>... supports its customers – the savings banks and their customers, institutional investors and borrowers – in achieving their individual goals and meeting their needs for sustainable action.</p>
4	<p><b>Services for savings banks</b></p> <p>... supports the savings banks with comprehensive analysis, consulting and services in the sustainable orientation of customer business and proprietary business management.</p>
5	<p><b>Conscious financing strategies</b></p> <p>... supports financing that enables sustainable growth through targeted lending. This includes financing which supports customers in transforming their business model.</p>
6	<p><b>Decarbonisation</b></p> <p>... is continuing on its chosen path of reducing its greenhouse gas footprint, both in its internal operations and in its external business activities.</p>
7	<p><b>ESG governance</b></p> <p>... integrates sustainability consistently into structures and processes across the relevant internal value chains, which also contributes to fulfilment of voluntary commitments.</p>
8	<p><b>Partners and service providers</b></p> <p>... consistently demands compliance with ESG criteria from partners and service providers for its own operations.</p>
9	<p><b>Appropriate remuneration policy</b></p> <p>... supports its own employees in acting sustainably and ensures that its remuneration policies and practices promote behaviour that is compatible with Deka's approach to climate, the environment and related risks.</p>
10	<p><b>Sustainable personnel strategy</b></p> <p>... pursues a sustainable human resources strategy that focuses on diversity and equal opportunities for all. The basis for this is an inclusive corporate culture that values and specifically incorporates the diversity of all employees and their different perspectives.</p>
11	<p><b>Responsible corporate governance</b></p> <p>... sets high standards for corporate governance, undertaking to respect labour rights, protect the environment and take decisive action to combat corruption and bribery. It promotes transparent, fact-based communication and credible positioning as well as open dialogue with its stakeholders.</p>
12	<p><b>Respect for human rights</b></p> <p>... expects its employees and suppliers to respect human rights, has taken preventive measures to this end and will take firm action in the event of violations.</p>
13	<p><b>Dialog as investor &amp; voting rights</b></p> <p>... as an active investor, pays attention to the balance and relevance of sustainability factors when making investment decisions. In doing so, it exercises its voting rights and engages in continuous dialogue with investors and issuers in order to achieve these goals in the long term.</p>
14	<p><b>Social commitment</b></p> <p>... promotes projects in the areas of social issues, architecture, art, music, sport, education and science as part of its social engagement.</p>

### **2.2. Deka Group's business strategy as the basis for our climate strategy targets and measures in banking business and in our own business operations**

The Deka Group's business strategy forms the basis of our climate strategy objectives and measures in banking business and in our own business operations. Since the 2015 financial year, sustainability issues and thus also climate strategy aspects have been an integral part of the business strategy and thus a core component of the business policy orientation. The central cornerstones of the sustainability strategy are formulated in the sustainability principles, which were last updated in 2024. The total of 14 sustainability principles largely determine the sustainability approach of the entire Deka Group and define the central sustainability-related fields of action. The sustainability approach applies equally to the relationship with our business partners, the demands on our own organization and the public activities of the Deka Group.

The sustainability principles include the ambition to enable sustainable growth through targeted lending (Principle 5) and to consistently pursue the path taken to reduce the greenhouse gas (GHG) footprint in its internal operations and its external business activities (Principle 6). With regard to climate change, this means that DekaBank actively promotes the climate-strategic transition of the real economy together with its business partners, owners and other stakeholders, taking into account its ambitions and guidelines.

When making lending decisions in new business and investment decisions for proprietary investments, GHG emissions and, in the case of sectors relevant to climate strategy, physical intensities and their impact on the sector targets set are taken into account. Attention is always paid to a balance between the return and opportunities of the financing or investment as well as compatibility with strategic guidelines and decarbonisation targets.

The specific targets and measures to promote the transition of the real economy and thus also the decarbonisation of the Deka Group's business activities are formulated in the respective climate transition plans. As part of the annual strategy process, a regular review is carried out to ensure that the business strategy is up to date and aligned with the Deka

Group's strategic objectives. This includes a review and further development of the strategic climate targets, transition plans, guidelines and measures. This ensures that the content of the individual transition plans is closely linked to the business strategy and the relevant functional, divisional and business division-specific strategies. Just like all strategic business decisions, strategic climate targets and measures are also incorporated into financial planning.

The Deka Group's climate strategy activities are firmly anchored in the governance structure with corresponding responsibilities. In addition, the Deka Group reports externally as part of the sustainability report in the Group management report. ESG data management (see [section 4.4.](#)) and the use of climate scenarios (see [section 5.1.](#)) are also organized on an overarching basis. Where appropriate, overarching ESG targets and strategies are developed.

### **2.3. Transition plans for the main business activities at a glance**

The Deka Group's climate transition plans define the decarbonisation pathways for the individual business divisions as well as for its proprietary investments and business operations. The individual plans are fundamentally geared towards achieving the target of greenhouse gas neutrality ("net zero") by 2050 as defined in the Paris Climate Agreement.

In 2024, the Deka Group implemented the requirements of the Corporate Sustainable Reporting Directive (CSRD) and developed individual transition plans for each key business activity, which together form the Deka Group's climate transition plan. The fact that individual approaches must also be pursued in the business divisions when monitoring and managing the reduction of the respective GHG emissions was taken into account. The respective transition plans will be published for the first time in the sustainability report of the Group management report for the 2024 reporting year.

The transition plans for the banking business area of financing and for proprietary investments as well as for own business operations are presented in more detail in this document.

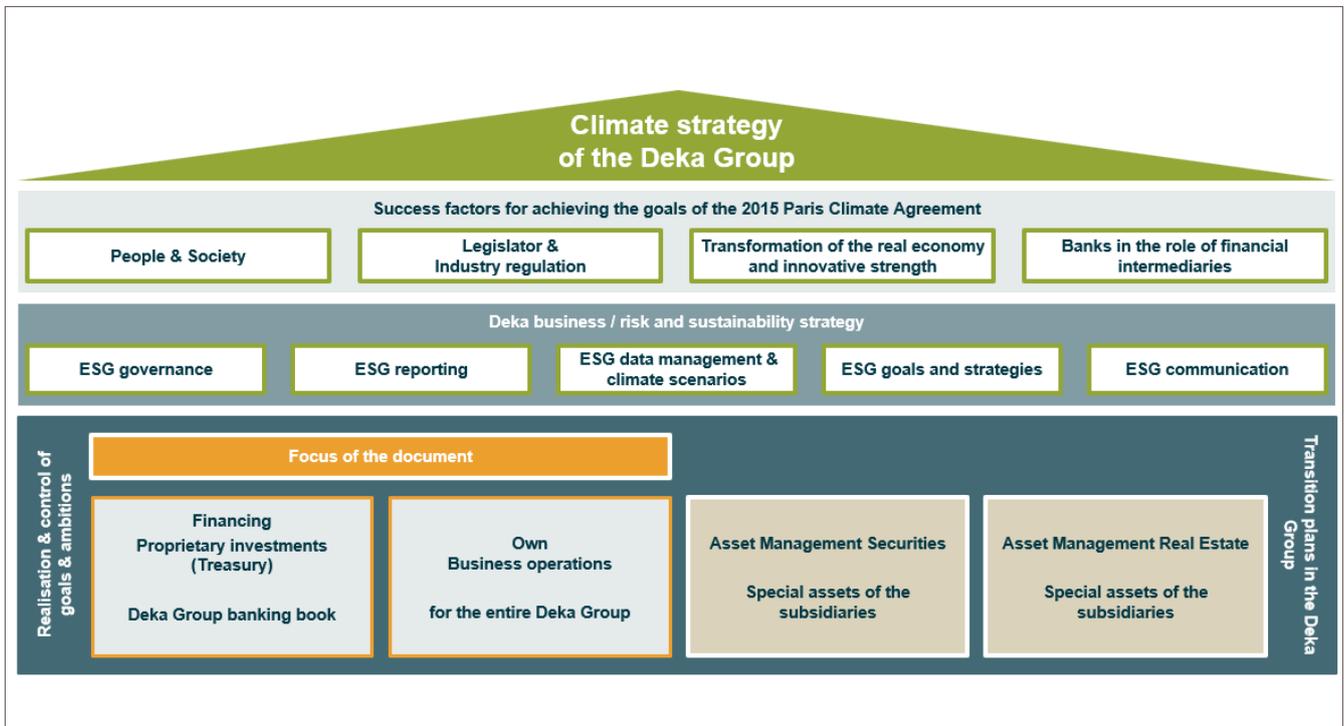


Figure 1: Our climate strategy at a glance

- For its **banking business** (financing and proprietary investments), DekaBank is fundamentally guided by the 1.5°C target of the Paris Climate Agreement. The aim is to reduce GHG emissions to net zero by 2050 wherever possible.

In the financing business, the focus is on the economic sectors with the highest emissions financed by DekaBank. These currently include the electricity, air transport, burning of fossil fuels, marine transport, automotive (passenger cars and trucks), chemical products and real estate activities sectors. For the property financing sector, in line with the business activities of the Asset Management Real Estate (AMI) business division, a "below 2.0°C" pathway is being pursued for this sector across all business divisions. The selection of focus sectors is regularly reviewed on the basis of their materiality in the financing portfolio (including proprietary investments) (see [section 5.2.](#)). The sector-related decarbonisation targets are to be achieved primarily through the further integration of climate aspects into

the management processes and measures, whereby a distinction is regularly made between existing and new business.

- The 1.5°C target is also being pursued in **our own business operations**. With around 9,800 tons of CO<sub>2</sub> emissions per year, it is only of comparatively minor strategic importance in terms of climate protection compared to the approximately 7.7 million tons of financed emissions in the Financing business division and the Deka Group's proprietary investments. However, we are convinced that a consistent climate transition plan should also focus on this decarbonisation potential.

To achieve this target, the aim is to achieve low-emission business operations by 2045 and then reduce unavoidable GHG emissions from our own business operations to net zero by 2050 through appropriate neutralization measures. The main areas of action for reducing emissions are district heating, air travel, vehicle fleet, paper, commuters, data centers and electricity.

## **Fundamental orientation of the transition plans in the Asset Management business segments:**

The transition plans for the Securities Asset Management (AMW) and Asset Management Real Estate (AMI) business divisions are based on their responsibility as trustees of the investment funds. The ESG criteria defined as binding for the corresponding products must be complied with by the two business divisions as part of their fiduciary responsibility; this also applies to climate-related requirements. Against this backdrop, AMW and AMI have defined the following strategic climate targets and measures.

At the heart of the transition plan in the **AMW business division** are the climate targets that were formulated as part of joining the Net Zero Asset Managers Initiative. The weighted CO<sub>2</sub> intensity value Scope 1 & 2 of the affected assets (actively managed mutual funds excluding ETFs) is to be halved by 2030, starting from the base year 2019 (185 tons of CO<sub>2</sub>e per million euros in turnover). In addition, the aim is to achieve the net-zero target in 100 percent of special assets by 2050. This is to be achieved in particular through various levers in the investment process. These include

- Exclusion criteria for investment decisions,
- PAI thresholds to reduce adverse impacts on sustainability,
- Application of the ESG risk level model,
- Net zero management to reduce WACI Scope 1 & 2 emissions in the net zero portfolio and
- active dialog with the most emissions-intensive companies and the exercise of voting rights.

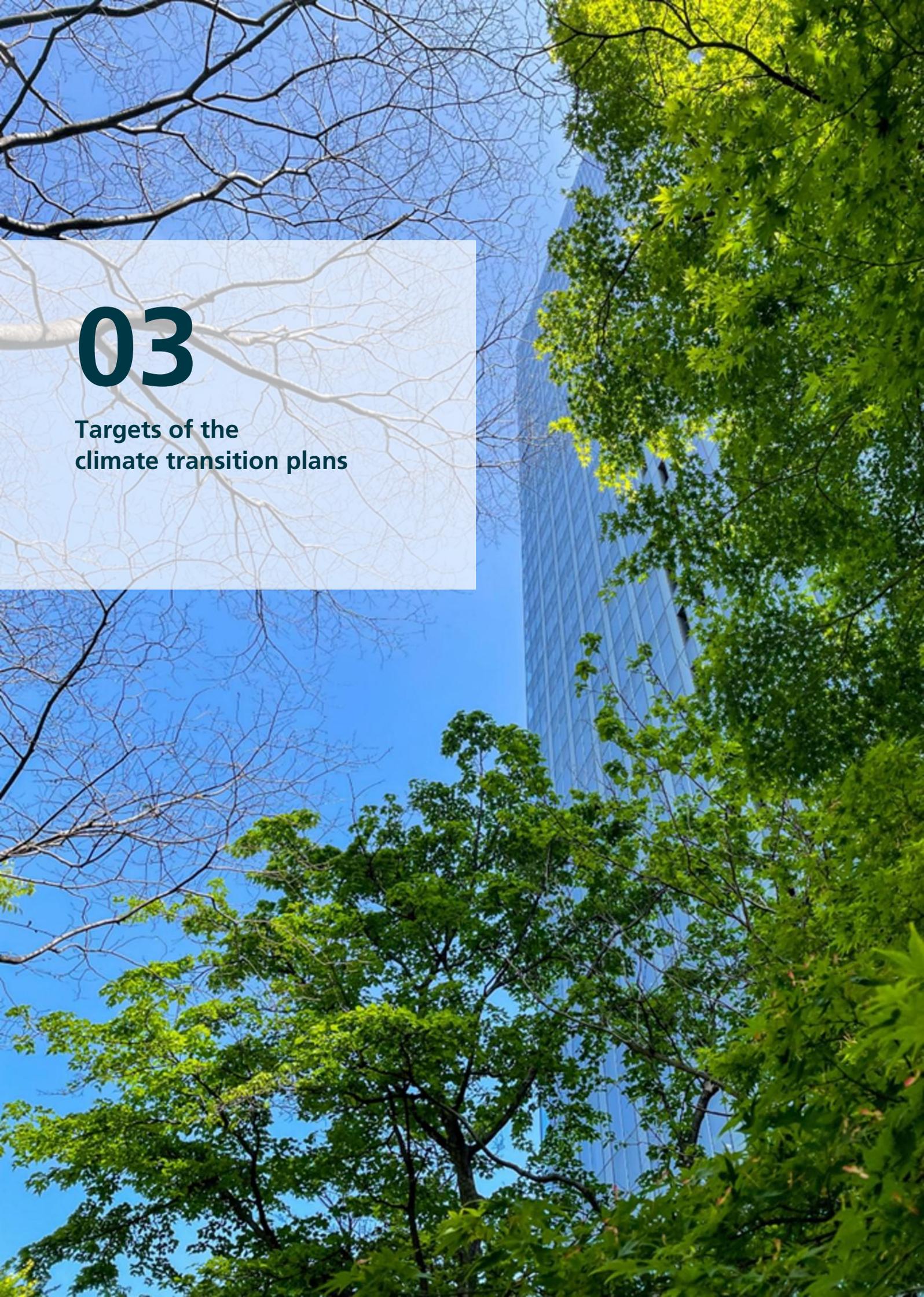
The long-term target of the **AMI business division** is to achieve climate-neutral status by 2050 at the latest, both for its own business activities and for the entire portfolio. This is compatible with the target of limiting global warming to well below 2 degrees in accordance with the Paris Climate Agreement. The key levers here are

- Energy efficiency measures (e.g. through operational optimization in the properties),
- Decarbonisation of heat,
- Decarbonisation of electricity (e.g. expansion of the procurement and use of renewable energies) and
- The conclusion of green leases.

As part of the ongoing transactions, preference is to be given to buying properties that are below the 2-degree decarbonisation path of the Carbon Risk Real Estate Monitor (CRREM) in the long term or selling properties that are above this target path in accordance with the defined fund strategies.

# 03

## Targets of the climate transition plans



### 3. Targets of the climate transition plans

In line with the Paris Climate Agreement and the resulting German climate legislation, we aim to achieve net zero GHG emissions by 2050 in our banking business, in the asset management business areas and in our own business operations. To this end, we have formulated decarbonisation targets for the individual business activities and the sectors that are particularly relevant here, as well as for our proprietary investments and our own business operations, such as the management of the properties used by the bank itself, formulation of decarbonization targets and definition of specific measures to achieve them.

The objectives and measures are derived in line with the dynamic technological and economic development, the political and regulatory framework conditions and the expectations of our business partners, owners and other stakeholders, and are regularly reviewed and, if necessary, adapted to the respective framework conditions, expectations and developments.



### 3.1. Our specific targets at a glance

#### 3.1.1. Financing and proprietary investments

DekaBank aims to decarbonize its financing portfolio and its proprietary investments by 2050. A sector approach is used here, i.e. the focus is initially on the sectors with the highest financed emissions (for more information, see [section 5.2.](#)). As mentioned, real estate financing is a special case in the sectors, where DekaBank - in line with the other real estate-

related activities of the Deka Group - pursues a "below 2.0°C" path. Real estate financing currently has the lowest financed emissions of the seven identified focus sectors.

DekaBank has set specific targets for the reduction of GHG intensity for the individual sectors, which are reviewed annually with regard to the expected decarbonisation development of the relevant sectors and the macroeconomic environment (see [Table 1](#)).

Sector	Status quo as at 31 Dec 2024	Target 2030	Decrease compared to the base year 2024	Target 2050	Decrease compared to the base year 2024
Electricity (in kg CO <sub>2</sub> e/MWh)	225.38	174.31	-23%	2.63	-99%
Air transport (in g CO <sub>2</sub> e/pkm)	122.67	87.31	-29%	2.44	-98%
Burning of fossil fuels (in g CO <sub>2</sub> e/MJ)	94.43	52.13	-45%	0.00	-100%
Marine transport (in g CO <sub>2</sub> e/tkm)	4.18	2.15	-49%	0.00	-100%
Automotive sector passenger cars (in g CO <sub>2</sub> e/Vkm)	141.27	89.07	-37%	1.28	-99%
Automotive sector trucks (in g CO <sub>2</sub> e/tkm)	48.79	25.35	-48%	2.95	-94%
Chemical products (in kg CO <sub>2</sub> e/t of chemical products)	4,559.27	2,211.00	-52%	71.26	-98%
Real estate activities (in kg CO <sub>2</sub> e/m <sup>2</sup> )	33.86	16.88	-50%	3.55	-90%

Table 1: Decarbonisation targets for the sectors defined as relevant; order by amount of financed emissions (as of 2024); further details in [section 5.2.](#)

In deriving these targets, DekaBank is guided by the scientifically derived Net Zero 2050 climate pathways of the International Energy Agency (IEA). The reference pathways of the Poseidon Principles apply to the marine transport sector and the CRREM decarbonisation pathways apply to the real estate activities sector, whereby the CRREM 2-degree decarbonisation pathway is currently used as a guide (see also [section 4.1.](#)). Limiting the increase in the global average temperature to 1.5°C or below 2°C is possible across all sectors even if emissions cannot be completely reduced. In these cases, natural or technical sinks can be used to permanently store the unavoidable emissions.

DekaBank offers a wide range of financing solutions that are geared towards promoting the transition of its customers' business activities towards a lower-emission future. DekaBank also supports companies that are transforming their business model in order to contribute to achieving the targets of the Paris Climate Agreement.

The main driver of the reduction in GHG emissions is technological change in the real economy and the corresponding financing of state-of-the-art technologies. In this respect, the selection of the financed objects/assets and their technical standards is of particular importance. Specifically, in transportation financing, for example, this means that we give

preference to new ships with an energy-efficient design, e.g. dual-fuel-capable propulsion engines, when selecting our financing objects. In real estate financing, we pay particular attention to good energy efficiency. In infrastructure finance, we plan to selectively enter into new business in hydrogen projects and in the area of advanced technologies such as battery storage, carbon capture and storage technologies (CCS) and sustainable fuel as soon as reliable economic structures are available on the market that match Deka-Bank's risk appetite.

### 3.1.2. Own business operations

In its own business operations, the Deka Group is pursuing the target of achieving low-emission business operations by 2045 and net zero by 2050. The aim is to achieve a significant reduction in GHG emissions by 2030 compared to the base year 2024 (see [Table 2](#)). The overarching guiding principle for the measures in our own business operations is "avoid before reduce before offset".

	Status quo Financial year 2024	Target 2030	Target 2050
Own business operations	9,872.8 t CO <sub>2</sub> e	5,916.7 t CO <sub>2</sub> e	0 t CO <sub>2</sub> e

Table 2: Decarbonisation target for own business operations

The most important areas of action in our own business operations are district heating, air travel, vehicle fleet, paper, commuters, data centers and electricity. These categories account for around 92 percent of total emissions in our own business operations, ensuring that the focus of measures here is also aligned with the main drivers. For our vehicle fleet, we have set ourselves the target of achieving the lowest possible emissions by 2035. The corresponding measures, e.g. a car policy and a travel policy, are integrated into Deka-Bank's environmental management system, which is certified in accordance with DIN EN ISO 14001. Continuous monitoring and systematic documentation of the progress achieved, e.g. in the ESG dashboard (see [section 4.2.3.](#)), ensure the targeted implementation and further development of the measures. In addition, an annual audit is carried out as part of DekaBank's environmental management system.



### 3.2. Guidelines for deriving our strategic climate targets and measures

The Deka Group's climate strategy and therefore also the climate transition plan must take full account of internal and external requirements and, in particular, respond to changes in the economic and regulatory environment. For example, the achievement of decarbonisation targets for a financial intermediary is particularly dependent on whether companies in the real economy pursue transition targets that are aligned with the Paris climate targets. In formulating, implementing and further developing the targets and measures for the strategic climate transition, the Deka Group is guided by the following five guidelines.

#### Guideline 1: Added value and consistency of targets and measures

At the heart of the Deka Group's actions is the aspiration to create added value for our business partners, owners and society. With regard to the challenges associated with climate change, this specifically means making our contribution to enabling our stakeholders to achieve their own climate-related targets. The issue of climate change is therefore an integral part of our value chain and is incorporated into our financing and investment decisions. The consistency of targets and measures across the various fields of action is particularly important to us.

■ **Financing:** The Financing business division focuses on savings bank refinancing as well as infrastructure and transportation financing. DekaBank is also primarily active in commercial real estate financing. Financing focuses on supporting companies and sectors in their transition to a climate and environmentally friendly way of doing business. For example, DekaBank provides financing in the area of services of general interest and basic services in order to support the transition processes in the electricity, heating and transport transition as well as digitalization.

DekaBank is paying increased attention to the financing of state-of-the-art technology assets, the use of which leads to a significant GHG reduction compared to old technology. In particular, renewable energies or the modernization of energy generation and production facilities whose implementation is accompanied by a significant reduction in emissions are taken into account. Every financing decision is subject to a sustainability check using the ESG scorecards.

At the same time, various credit transactions are excluded or linked to specific requirements via corresponding specifications in the credit risk strategy. For example, with the exception of transport and storage (midstream), DekaBank does not conduct any new business in the coal sector and only offers very selective financing in the oil and gas sector as a bridging technology. Further details on our positive and negative list can be found in [section 4.3.1.](#) and in the [appendix](#).

- **Deka Group's proprietary investments:** In addition to the sustainability check already carried out centrally as part of limit set-ups, increases and prolongations using the ESG scorecards, every investment decision involves a review of issuers based on the comprehensive criteria of the bank's own sustainability filter. Taking into account the principles of the UN Global Compact, the sustainability filter comprises a catalog of exclusion criteria and conditions, in particular for the areas of armaments, ILO core labor standards, corruption, climate and the environment in accordance with our positive and negative list, analogous to the previous description of financing (see [section 4.3.1.](#) and in the [appendix](#)).
- **Own business operations:** As part of the "Commitment by German Savings Banks to climate-friendly and sustainable business practices", the Deka Group has committed to decarbonizing its own business operations. To this end, the Deka Group is implementing numerous measures, such as the move to more energy-efficient buildings at the main location in Frankfurt or the gradual GHG reduction towards a low-emission vehicle fleet by 2035 (see [section 4.3.2.](#)).

By guaranteeing good corporate governance, the Deka Group ensures for its owners that it acts in accordance with corporate governance guidelines.

### **New ways of refinancing: DekaBank's Green Bond Framework**

DekaBank's Green Bond Framework is based on the four core components of the International Capital Market Association (ICMA) Green Bond Principles (2021) and its core recommendations for increasing transparency, including external verification. In addition, DekaBank is examining the alignment of the framework with the European Green Bond Standard (EUGBS), which came into force on 21 December 2024 and is based on Regulation (EU) 2023/2631. DekaBank declares that it implements the use of proceeds, project evaluation and selection, management of issue proceeds, reporting and external verification for each green bond issued in accordance with this framework. The aim is to use the proceeds from the green bond to refinance existing sustainable loans in the Financing division. The framework focuses on two areas:

- Loans to finance or refinance the development, construction, operation, distribution, infrastructure and maintenance of renewable energy sources, as well as the connection of renewable energy generation facilities to the electricity grid and transportation through the grid.
- Loans to finance or refinance "green" buildings that comply with regionally, nationally or internationally recognized regulations, standards or certifications.

### **Guideline 2: Efficient alignment with the current regulatory framework conditions**

Comprehensive climate and sustainability-related regulatory requirements must be taken into account when deriving strategic climate targets, plans and measures. In addition to European and German climate protection legislation to implement the Paris climate targets, these currently mainly include the CSRD, the EU Taxonomy Regulation, the Capital Requirements Regulation (CRR), the BaFin Guidance Notice on Dealing with Sustainability Risks and the ECB Guide on climate-related and environmental risks. The close link between DekaBank's strategic climate targets and the plans and measures derived from them and the regulatory requirements necessitates a regular review of the regulatory requirements and may require corresponding adjustments.

### **Guideline 3: High flexibility and strategic adaptability to real economic and market-related developments**

In addition to the regulatory environment, we take into account the latest findings on economic, technological, competitive and demand-related developments and assumptions when deriving strategic climate targets and measures. These developments and assumptions are continuously reviewed with regard to their potential impact on the strategic climate targets, plans and measures. For example, economic or structural growth deficits can have an impact on companies' investment activities, while technological innovations can open up new decarbonisation opportunities and thus financing options.

Achieving the international and national climate targets depends to a large extent on the real economic conditions and the ability and willingness of companies to make the transition. DekaBank can support companies in this transition by providing attractive financing, but the basic strategic decision and investment planning are the responsibility of the companies themselves.

At the same time, our customers' expectations and needs with regard to sustainable financial products and services are constantly changing. Our aim is to develop tailor-made offers that best meet the current requirements of all customer segments.

### **Guideline 4: Provision of adequate resources and clear governance**

We provide the necessary resources to anchor our climate strategy activities and implement the climate transition plan. These include investments in building and data infrastructure, product development, recruiting and employee training.

The responsibilities and committee structures for the management of climate strategy activities and internal reporting on them are clearly defined (see [section 4.2.](#)). These regulations are also regularly reviewed with regard to their appropriateness and adjusted if necessary.

### **Guideline 5: High level of transparency about our climate strategy activities**

The financial sector's responsibility for achieving the climate targets gives rise to a high level of interest among the various stakeholders in the Deka Group's corresponding targets and measures and their further development. In this context, transparency regarding the status quo, the progress made and possible adjustments is important. We ensure this transparency through the following measures, among others:

- Disclosure of non-financial information in accordance with CSRD and EU taxonomy requirements in the Group management report
- Transparent reporting as part of the voluntary commitments, e.g. the Poseidon Principles
- Publication of an Impact and Allocation Report with an overview of Green Bond activities and the associated Green Bond Framework
- Publication of this transition plan including regular future updates
- Continuous analysis of our ESG ratings and derivation of the specific information interests of ESG rating agencies
- Ongoing dialogue with external stakeholders, e.g. non-governmental organizations (NGOs)

Through our various publications, we ensure that all stakeholders are informed transparently about our climate-related activities. Further information can be found in [section 6](#) "We report and inform systematically and comprehensively".

### **3.3. Our initiatives and voluntary commitments to decarbonisation**

DekaBank underscores its commitment to climate and environmental protection by actively participating in selected sustainability-related initiatives and associations and by recognizing voluntary commitments. Based on the conviction that the targets of the Paris Climate Agreement can be achieved more quickly and efficiently through constructive cooperation between various market players, DekaBank is actively involved in selected initiatives and thus promotes climate-friendly, environmentally friendly and sustainable development at national and global level.

### 3.3.1. National initiatives and voluntary commitments

As the Wertpapierhaus of the savings banks, cooperation with our owners, business partners and customers in the savings banks sector is of particular importance to the Deka Group. We are therefore one of the first signatories of the "Commitment by German Savings Banks to climate-friendly and sustainable business practices" published in 2020. By signing the voluntary commitment, DekaBank and its partners are committed to achieving the targets of the Paris Climate Agreement for the entire economy. To this end, DekaBank, together with the savings banks, promotes a climate-friendly orientation of the entire economic system and supports its business partners in the transition to a climate-friendly economy.

In addition, the Deka Group has been active in the Sustainable Finance Cluster e. V. (formerly Green and Sustainable Finance Cluster Germany e. V.) since 2018, whose aim is to position itself as a competence and dialog platform for the financial sector to achieve the German climate and sustainability targets. As a sponsor and member of the Standing Committee, the Deka Group is involved in the cluster and actively supports the achievement of its objectives. DekaBank is also involved in the Association for Environmental Management and Sustainability in Financial Institutions (VfU) and is a member of the Corporate Responsibility Interface Center (cric) e. V., which is committed to promoting climate and environmentally friendly, sustainable capital investment.

### 3.3.2. International initiatives and voluntary commitments

The Deka Group and DekaBank also support various international initiatives to anchor climate and sustainability criteria more firmly in the core business of banks and asset managers. Since the end of 2018, DekaBank has been a partner of the Climate Bonds Initiative (CBI), which aims to involve the international bond market more closely in the financing of climate protection and, in particular, to support the further market development of green and climate bonds. In addition to its cooperation with the CBI, DekaBank has also been a member of the ICMA's Green & Social Bond Principles since November 2016, which serve as the authoritative international framework for the issuing process of green and social securities.

In 2020, DekaBank joined the UN Principles for Responsible Investment (UN PRI) as an asset owner. The PRI is the world's largest initiative by institutional investors and asset managers to promote sustainable investment at a global level.

Since 2022, DekaBank has supported the "Poseidon Principles" initiative, an international voluntary commitment by and for financial institutions. In this initiative, financial institutions undertake to publish annual reporting on the alignment of their respective financing portfolios with a CO<sub>2</sub> reduction pathway. The aim of the initiative is to help ensure that GHG emissions caused by marine transport can be reduced to net zero by 2050 at the latest, in line with the Paris climate targets. DekaBank has been involved in the Partnership for Carbon Accounting Financials (PCAF) since 2024. This association of financial market players is working to develop and implement a harmonized approach to assessing and disclosing the GHG emissions associated with their loans and investments. Table 3 provides an overview of selected memberships and voluntary commitments of DekaBank.

<b>Memberships and voluntary commitments</b>	<b>Member since</b>
Association for Environmental Management and Sustainability in Financial Institutions (VfU)	2007
CDP (formerly Carbon Disclosure Project)	2010
Equator Principles	2011
Green & Social Bond Principles of the International Capital Markets Association (ICMA)	2016
Climate Bonds Initiative (CBI)	2018
UN Principles for Responsible Investments (PRI)	2020
Commitment by German Savings Banks to climate-friendly and sustainable business practices	2020
Poseidon Principles	2022
Partnership for Carbon Accounting Financials (PCAF)	2024

Table 3: Selected climate-relevant memberships and voluntary commitments of DekaBank



#### 4. Success factors for the implementation of our climate strategy ambitions

The implementation of the climate strategy to achieve the climate strategy targets outlined in section 3 is based on ...

- 1** ▶ **Regulatory sound methodology**  
... the use of a robust methodology to derive decarbonisation pathways using recognized scenarios.

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- 2** ▶ **Control & governance model incl. reporting**  
... the establishment of an overarching governance and management model including reporting to achieve the defined ambitions and targets

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- 3** ▶ **Decarbonisation measures**  
... the derivation and implementation of effective decarbonisation measures to achieve the strategic climate targets

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- 4** ▶ **ESG data**  
... the continuous improvement of the coverage and quality of ESG data and

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- 5** ▶ **ESG further education**  
... the expansion of employees' skills through appropriate training and further education measures.

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### 4.1. Methodology for deriving target paths using standard market scenarios

The International Energy Agency's (IEA) "Net Zero Emissions by 2050 Scenario" is a key basis for the strategic climate targets and the derivation of business area and sector-specific transition plans. Based on forecasts for climatological, technical and economic development, among other things, it defines development paths for a selection of sectors on the basis of which the decarbonisation targets can be achieved by 2050. The IEA scenario is also used in various tools that are used to determine decarbonisation pathways. These include, for example, the scenario for the real estate sector, which is used in the CRREM approach in the real estate sector.

#### "Net Zero Emissions by 2050 Scenario" of the IEA (NZE scenario)

The IEA's NZE scenario is in line with the current regulatory requirements and the targets of the Paris Climate Agreement. Due to its comprehensibility and good sectoral coverage, the IEA scenario is recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which has since been dissolved, and is used as a baseline scenario by both the Science Based Targets initiative (SBTi) and the Transition Pathway Initiative (TPI).

Based on the calculated total remaining GHG budget, which must not be exceeded globally in order to achieve the 1.5°C target, the scenario specifies a GHG budget for the various sectors. The determination of the resulting pathways is based on various assumptions made by the IEA. These include, among others:

- The expected global economic and demographic development (growth in gross domestic product (GDP) of 135 percent between 2020 and 2050 and population growth of 25 percent between 2020 and 2050).
- The expected technological advances and the expected political and regulatory market interventions.
- The development of CO<sub>2</sub> prices, with the IEA assuming an increase in the CO<sub>2</sub> price to 169 US dollars per tonne of CO<sub>2</sub> by 2040 and to 209 US dollars per tonne of CO<sub>2</sub> by 2050.

The IEA's assumptions for its NZE scenario were reviewed at DekaBank with sector experts and economists, who arrived at different assessments in individual dimensions. For example, DekaBank does not assume such an optimistic increase in gross domestic product in Europe as the IEA, which assumes growth of 1.4 percent per year on average, but a lower figure. DekaBank's experts also do not see the use of Direct Air Capture (DAC), i.e. the capture of CO<sub>2</sub> from the

air, as an element of technical progress on the scale reflected in the IEA's assumptions - DAC is nevertheless included in the target paths due to its relevance.

#### Example of a specific sector pathway: Carbon Risk Real Estate Monitor (CRREM)

CRREM is an initiative in the real estate sector that aims to assess and reduce the GHG footprint of real estate portfolios. The initiative builds on the IEA's assumptions and provides real estate investors and financiers with practical tools to minimize GHG emissions in their portfolios. Specific GHG intensities of different property types and locations are provided. In addition to the GHG assessment, CRREM also offers a risk assessment in relation to the carbon emissions of real estate portfolios.

In addition to the IEA's NZE scenario, DekaBank has developed its own long-term, internal baseline scenario. The economic framework parameters of this scenario are based on the "Net Zero 2050" scientific scenario of the Network for Greening the Financial System (NGFS). The selection of this scenario is based on the internal assessment of the plausibility of the macroeconomic parameters. The baseline scenario contains the estimate of future emissions and the necessary reductions at sector level that are required to achieve the international climate target of 1.5°C.

As the targets of the NGFS "Net Zero 2050" scenario are comparable with the long-term targets of the IEA's NZE scenario, this results in a consistent overall picture of the long-term transition targets. The combination of different sector-specific development paths makes it possible to take into account a broad spectrum of scientific findings and expectations based on expert opinions.

Based on these framework conditions and the estimates of future emission reductions at sector level contained therein, long-term climate strategy planning up to 2050 is carried out, which includes assumptions on the future composition of the portfolio in particular. Taking into account the scenarios and based on the assessments of DekaBank's sector experts, decarbonisation paths were defined for the identified sectors relevant to climate strategy, taking into account the special circumstances of real economic expectations (see [section 5.2.](#)). The following material sectors were identified with regard to the emissions financed by DekaBank:

- Electricity
- Air transport
- Burning of fossil fuels
- Marine transport
- Automotive (passenger cars and trucks)

## Success factors

- Chemical products
- Real estate activities

As at 31 December 2024, these sectors accounted for a total of 72 percent of the financed issues in the banking book.

An annual environmental report has been prepared for the Deka Group's own business operations since 2009. On the basis of this report and the environmental management system implemented in accordance with DIN EN ISO 14001, the significant sources of GHG emissions for our own business operations have been identified and classified as decarbonisation levers. When setting the targets, information from key suppliers and service providers was used and current legislation and projects of the Federal Republic of Germany and the European Union were taken into account, e.g. the Energy Transition Act. Furthermore, the assumptions were compared with the IEA's NZE scenario. Based on these

framework conditions and the estimates of future emission reductions at driver level contained therein, the long-term strategic climate planning up to 2045 is carried out. The target up to 2045 corresponds to that of low-GHG business operations, while unavoidable residual emissions are to be fully offset by 2050 (see [sections 3.1.2.](#) and [4.3.2.](#)).

### 4.2. Overarching governance and management model

To ensure that the strategic climate targets are achieved, DekaBank has developed a corresponding governance and management model based on already established governance and management structures.

#### 4.2.1. Governance

ESG and therefore climate strategy issues are dealt with at both Bank and Group level. The following bodies are particularly relevant for climate strategy management:

	Board	Topics (excerpt)
<b>Deka Group</b>	Overall Board of Management ESG TOP "ESG Strategy & Transformation" in every meeting	Addressing cross-cutting issues, reporting on GHG-related key figures and deciding/reporting on measures with a significant strategic and economic impact.
<b>DekaBank</b>	Division heads: ESG Round Table	Discussion of portfolio development based on the defined key performance indicators (KPIs), recommendation/preliminary discussion of measures in the event of missed targets and agreement on possible countermeasures as well as discussion of regulatory updates and market developments.  Addressing relevant ESG topics, e.g. current aspects/discussion points relating to the topic of climate in the business divisions.

Table 4: Regular involvement of bodies with climate and other ESG topics

#### Climate and environmental aspects in remuneration

The Deka Group's remuneration policy takes climate and environmental risks and other ESG factors into account at various points. These are integral components of the performance-related determination of variable remuneration in the Deka Group for the Board of Management. The Deka Group's Code of Ethics, which applies to all employees, plays a central role. It serves as a binding orientation framework for ethically and morally correct conduct and sustainable, climate- and environmentally conscious action by employees and is embedded in the management and decision-making structures, guidelines, processes and control systems.

The "greenhouse gases" dimension has been integrated into the relevant strategy, financial reporting and planning processes in order to ensure a holistic view and the operationalization of strategic climate aspects. This includes regulatory monitoring for the timely consideration of regulatory changes and the monitoring of competitors and other stakeholders.

The holistic view of responsibilities and roles for ESG in the Deka Group is documented in an internal framework directive for ESG governance. The Deka Group's framework includes the specific ESG responsibilities, rules and processes as well as the overarching functions and tasks. It also includes the responsibilities for the organization and implementation of cross-unit ESG bodies, committees and comparable coordination formats within the Deka Group.

## Success factors

### 4.2.2. Control system

Responsibility for the ongoing management of strategic climate measures lies with the Deka Group's Financing and Treasury divisions. A distinction is made between new and existing business as part of the management process; the key indicator for management at sector level is the specifically defined physical intensity, e.g. tons of CO<sub>2</sub>e per megawatt hour.



#### Management of new business

In new business, the emissions to be financed are considered within the regular credit assessment as part of the lending process for financing. In the case of GHG-intensive sectors, this assessment is expanded to include an evaluation of the physical intensity and the expected impact of the financing on the sector-specific decarbonisation pathways. An event-driven assessment of the impact on the sector-specific decarbonisation pathways can also be carried out proprietary investments before a security is purchased.

The financing or investment decision is always made taking into account the overall context: if, for example, a financing is classified as "transformation financing" and to support a customer in the context of its green transformation, initial negative effects on the decarbonisation pathway may also be acceptable from DekaBank's point of view. This is examined on a case-by-case basis.

#### Management of existing business

The basis for managing the existing business is a control cycle that comprises a total of seven phases and is run through every six months (see [Figure 2](#)). The process starts with an analysis of the current status quo of the GHG-intensive sectors and a comparison of the actual values determined with the target values set. If there are significant deviations, the causes are analyzed and appropriate measures are defined if necessary.

If significant deviations from the set targets or decarbonisation paths occur over a longer period of time and due to external factors that cannot be influenced, e.g. regulatory changes or changes in data availability, a possible adjustment of the targets will be discussed. Such adjustments will only be made after prior approval by the full Board of Management.

**The control cycle starts every six months with an analysis of the status quo values as at 31 December and 30 June (gross carrying amounts):**

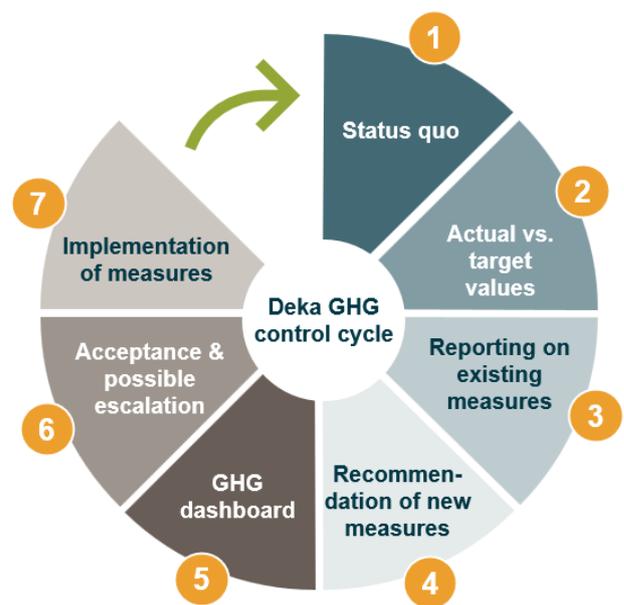


Figure 2: Deka GHG control cycle

The results of the status quo comparison with the target values are first agreed with the responsible units and then presented to the Management Board. The Board decides on the implementation of the measures, which in turn are carried out by the responsible units. GHG emissions that do not relate to the main sectors for financing and proprietary investments are subject to regular monitoring in the form of a regular review of the actual value.

#### Risk management

The responsibility for considering climate as a risk driver - for example in the form of physical risks - is located in risk management. ESG risks are viewed as a component of existing risk types, such as market price or credit risk. Numerous procedures and qualitative guidelines are used as part of the operational management of ESG risks, such as the negative list, the ESG scorecards, the minimum standards for financing and the sustainability filter for proprietary investments.

## Success factors

Further information can be found in [section 4.3](#). "Decarbonisation levers" and in [section 5.1](#). "Dealing with climate and environmental risks".

### Control in own business operations

Existing environmental management processes form the basis for controlling our own business operations. An annual review of emissions trends and regular reporting to the Board of Management enable mitigation measures to be taken if necessary. The main Scope 1-3 emissions, excluding category 3.15 (financed emissions), are primarily used as a control parameter in the company's own business operations.

#### 4.2.3. Internal reporting: ESG dashboard

Various internal reporting formats are used to document the relevant developments in the defined issue and management indicators. In particular, the ESG dashboard is used to provide the Board of Management with key ESG key performance indicators (KPIs) and risk indicators (KRIs) for DekaBank and the Deka Group. It is structured in line with the content of the CSRD sustainability reporting and also includes a summarized presentation of GHG-related KPIs. The ESG dashboard is discussed by the Board of Management on a quarterly basis as part of the ESG agenda item "ESG Strategy & Transformation" at the Board of Management meeting with a focus on changes. The data documented in the ESG dashboard is also regularly analyzed and evaluated as part of the exchange between division heads (ESG Round Table of DekaBank).



### 4.3. Decarbonisation levers to achieve the strategic climate targets

DekaBank has derived specific decarbonisation levers and measures for the banking business (financing and proprietary investments) and its own business operations in order to proceed efficiently and purposefully in achieving the strategic climate targets. These levers and measures are regularly reviewed by DekaBank's experts in the light of the progress made in decarbonisation and the changes in the political, economic and technological environment of the relevant sectors and developed further if necessary.



#### 4.3.1. Financing and proprietary investments

##### 4.3.1.1. Financing and investment principles

In its financing and proprietary investments, DekaBank aims to facilitate the transition of the economy and thus sustainable and climate-friendly growth through targeted lending and investment decisions, among other things. Binding internal guidelines for the two areas of financing and proprietary investments are therefore an important part of climate-related governance. These include, in particular, the positive list as part of the business strategy and the negative list, which efficiently addresses climate and environmental risks as part of the credit risk strategy.

Compliance with the defined requirements of the credit risk strategy is the subject of the comprehensive ESG review for all credit decisions, i.e. limit set-ups, increases and prolongations. In the case of relevant project financing, the requirements of the Equator Principles are also taken into account. They include social and environmental standards and refer to the guidelines drawn up by the International Finance Corporation (IFC) as well as industry-specific Environmental, Health and Safety Guidelines (EHS) for project financing.

## Success factors

### Positive list

The positive list as part of the business strategy defines investment areas in which DekaBank would like to expand its involvement or increasingly acquire new financing and, in doing so, aim for transactions that have a positive sustainability impact. One focus is on financing the transition in the identified focus sectors, e.g. electricity, air transport and marine transport and the real estate activities sector (see [section 5.2.](#)). In this context, DekaBank supports sector-related initiatives such as the Poseidon Principles, which aim to support the transition of the sector to achieve the Paris climate targets.

#### Excerpt from the positive list

The positive list defines investment areas in which DekaBank would like to expand its involvement.



The Deka Group supports financing aimed at **producing electricity** from **renewable energy** and transporting or storing that electricity.



The Deka Group also seeks to provide financing aimed at **modernising production** facilities accompanied by a **significant reduction** in CO<sub>2</sub> from production (the target is 30% or more).



The Deka Group finances **ships** only if they are equipped in accordance with the **International Maritime Organisation's Ballast Water Management Convention** concluded in 2004 to prevent the introduction of invasive species into foreign ecosystems.



The Deka Group seeks to finance **aircraft** whose **production** and **operation** meet **the highest possible environmental standards**.



The Deka Group supports **real estate financing** for **green buildings** that have a net-zero energy footprint (zero-energy buildings) or that fulfil the **cradle-to-cradle** approach.

### Negative list

At the same time, as part of its negative list, DekaBank excludes companies and projects from financing and proprietary investments whose activities or implementation have a negative impact on the climate and the environment as well as other sustainability aspects that are material for DekaBank. This negative list includes various exclusions associated with the extraction and use of fossil raw materials, for example coal extraction and electricity generation and oil extraction using particularly environmentally harmful extraction

methods or in particularly sensitive natural areas such as the Arctic. The turnover limits for companies in the coal sector were lowered as of 1 January 2025. The turnover limit for coal mining was reduced from 30 to 15 percent and the limit for coal-fired power generation from 40 to 25 percent. In combination with the targeted promotion of renewable energies, this extensive exclusion of fossil fuels helps to limit the transitory and physical risks caused by climate change.

In addition to business areas that are controversial from a sustainability perspective, DekaBank also excludes companies that can be proven to have controversial business conduct. These include in particular companies, which violate internationally recognized principles in the area of human and labour rights and responsible corporate governance, such as those formulated in the ILO Declaration on Fundamental Principles and Rights at Work, in the ten principles of the UN Global Compact and in the OECD Guidelines for Multinational Enterprises.

#### Excerpt from the negative list

In accordance with the negative list of the credit risk strategy, transactions with companies are excluded, among other things,



that generate more than **15% of their revenue** from coal mining and/or more than **25% from coal-fired power generation**, unless the undertaking presents a plausible climate strategy for phasing out coal-fired electricity generation.



whose **business purpose** comprises, in significant part, **the exploitation of tar/oil sands, fracking or drilling for the purpose of oil and gas extraction in the Arctic (Arctic drilling)**.



which per se pose **significant risks** to the **environment** or **society**, e.g. **financing** in connection with **mountaintop removal mining**.



which violate **internationally recognised principles** in the areas of **human and labour rights** and **corporate governance and conduct** (such as the ILO Declaration on Fundamental Principles and Rights at Work, provisions of the UN Global Compact, and the OECD Guidelines for Multinational Enterprises).

The complete positive and negative list can be found in the appendix (see [section 7.1.](#)).

## Success factors

### 4.3.1.2. Decarbonisation lever

For the decarbonisation of the financing portfolio and proprietary investments, we have identified overarching levers that affect various levels of financing and investment decisions.

#### Financing

Decarbonisation lever "Focus on GHG-intensive sectors" with the following measures (selection):

- Continuous expansion of financing to support the transition to a lower-greenhouse gas future.
- Implementation of sector-specific guidelines for the GHG-intensive sectors. The guidelines contain investment principles and exclusions, potential risks and impacts as well as the respective sector targets and review processes.

Decarbonisation lever "Integration of climate aspects in processes" with the following measures (selection):

- Use of ESG scorecards in the lending process and expansion of the loan application to include the aspects of GHG emissions and physical intensities.
- Gradual replacement of DekaBank's internal ESG scorecards with ESG scorecards from an external provider. The changeover represents a further development in terms of content, with the integration of additional quantitative data points on emissions, water consumption and waste, among other things.
- Establishment of a process for annual or event-driven monitoring of the entire portfolio with regard to the status quo and achievement of the decarbonisation targets set. This includes monitoring the GHG-intensive portfolio business.
- Establishment or expansion of escalation processes in the event of deviations from the decarbonisation path and derivation of countermeasures.

Decarbonisation lever "Differentiated consideration of counterparties" with the following measure (selection):

- Focus on new business due to transition-related object and product features, including technical progress.

#### Proprietary investments of the Deka Group

Decarbonisation lever "Focus on GHG-intensive sectors" with the following measures (selection):

- Continuous monitoring - bonds with a short remaining term to maturity in particular make it possible to review their contribution to achieving climate targets, as the reinvestment date is within the short-term planning horizon. This means that the alignment of the portfolio with decarbonisation paths can be adjusted when reinvestment decisions are made.

- When making investment decisions, a simulation can be carried out on an ad hoc basis. It is used to estimate the impact of a potential investment on the overall target achievement, in particular on compliance with the climate-related target pathway, and, if necessary, to determine the impact on earnings if certain investment decisions cannot be implemented due to the intended climate target achievement.
- Implementation of sector-specific guidelines for the GHG-intensive sectors. The guidelines contain investment principles and exclusions, potential risks and impacts as well as the respective sector targets and review processes.

Decarbonisation lever "Integration of climate aspects in processes" with the following measures (selection):

- Use of ESG scorecards when setting up, increasing and extending limits as well as the bank's own sustainability filter before each new transaction. In addition, consideration of physical intensity and absolute emissions as part of the limit submission for relevant exposures.
- Gradual replacement of DekaBank's internal ESG scorecards with ESG scorecards from an external provider. The changeover represents a further development in terms of content, with the integration of additional quantitative data points on emissions, water consumption and waste, among other things.
- Establishment of a process for annual or event-driven monitoring of the entire portfolio (including the CO<sub>2</sub>-intensive existing business) with regard to the status quo and achievement of the decarbonisation targets set. Deviations lead to corresponding analyses and, if necessary, countermeasures.

Decarbonisation lever "Differentiated consideration of emitters" with the following measure (selection):

- Review of each issuer or counterparty as part of the limit decisions based on the positive and negative list (see [section 7.1](#)).

### 4.3.2. Own business operations

In its own business operations, the Deka Group has been pursuing the target of reducing GHG emissions for several years now, meaning that numerous potential savings have already been largely exhausted. The progress already achieved is reflected in the annual GHG balance sheet, which shows total emissions in business operations of 9,872.8 tons for financial year 2024. At the same time, the GHG balance sheet shows where there is still a need for action. Various decarbonisation levers were identified for the individual fields of action, which can be used to further reduce GHG emissions in order to achieve the net-zero target defined for our own business operations (see [Table 5](#)).

## Success factors

In implementing the measures, the Deka Group is dependent on corresponding market developments and therefore works with the relevant providers where possible. For example, the car policy contains provisions for the prioritized purchase of electric vehicles. The implementation of these provisions in

turn depends on the performance and availability of appropriate vehicles and the public charging infrastructure. The climate-related effect of promoting public transport in commuters is the higher the stronger the focus the focus on renewable energies for buses and trains.

<b>Decarbonisation lever</b>	<b>Decarbonisation measures incl. time horizon</b>	<b>Expected reduction in t GHG</b>
Electricity	Relocation to more energy-efficient buildings (2024) Purchase of green electricity (with lower emission factor) (2024-2045) Further measures (2024-2045)	765
District heating	Relocation to more energy-efficient buildings (2024) Purchase of low-emission district heating (2024-2045) Further measures (2024-2045)	1,240
Vehicle fleet	Use of incentives for the use of local public transport (2024-2045) Elimination of the option to order hybrid vehicles, electric car order requirement and electrification of the company car fleet; use of incentives for switching from combustion vehicles to electric cars (2024-2035)	2,650
Air travel	Expansion of innovative and technology-supported working methods (2024-2045) Further measures (2024-2045)	1,500
Paper	Central management of paper requirements, taking into account all relevant sustainability criteria (2024-2045) Reporting on internal paper consumption including consulting services for the digitalization of paper-based processes (2024-2045)	350
Commuters	Use of incentives for the use of local public transport (2024-2045) Further measures (2024-2045)	1,150
Data centers	Use of energy-efficient hardware (2024-2045) Further measures (2024-2045)	900
Neutralization measures	Use of technologies available at the relevant time in 2045 (CCS and/or DAC) (2045-2050)	640

Table 5: Decarbonisation levers in own business operations

As part of the cooperation with service providers and suppliers, the aim is to discuss on an ongoing basis which GHG reduction potential can be identified and realized in order to reduce the emissions of the services and goods purchased. This includes, for example, the selection of partners that apply climate-friendly practices and pursue the implementation of climate and environmentally friendly supply chain strategies. This measure applies in particular to the levers electricity, district heating, air travel, commuters and data centers.

Even with these comprehensive measures, it will not be possible to avoid all GHG emissions resulting from our own business operations by the target year 2045. The Deka Group currently assumes that the unavoidable residual emissions will amount to around 640 t GHG by this time, which corresponds to around seven percent of the corresponding

emissions in 2024. These remaining, unavoidable emissions are to be offset by methods available on the market at the relevant time, such as carbon capture and storage (CCS) or direct air capture (DAC).

#### 4.4. ESG data

ESG data forms a central basis of the transition plans, as it is required both for calculating the initial situation, for example the financed emissions, and for setting target values. On the one hand DekaBank uses the data published by the companies themselves, although there are currently still significant differences in the type and scope of the data they provide. The introduction of the CSRD in particular, with its extensive data requirements, may improve the availability of data in Europe. On the other hand we work with various external

## Success factors

data providers who systematically collect and provide the relevant data. They are also continuously expanding their range of information.

The expected improvement in the data basis may necessitate adjustments to the climate targets and target paths if, for example, estimated ESG data can be replaced by real ESG data.

### 4.5. Qualification of employees

The integration of climate and other ESG aspects into business processes places new demands on employees, which require in-depth ESG knowledge that is differentiated according to the respective requirements. DekaBank has therefore successively expanded its range of training courses for employees on ESG topics in recent years, using various formats (e-learning, online training, hybrid training).

In a broad-based training program, all employees are informed about the background and importance of this topic for DekaBank and the implementation of ESG measures in

their own business operations and in the business activities of a bank and an asset manager, regardless of their respective tasks. In addition, ESG training courses tailored to relevant specialist and central departments are available, in particular to raise awareness of climate and environmental risks in the respective field of activity. Our experts also take advantage of external ESG training and certification courses to keep their knowledge up to date.

In the context of internal ESG training, cross-group information on ESG topics plays an important role. Here, the Deka Group initiates an ESG circle several times a year, which provides cross-sectional information on ESG-relevant topics and ensures the networking of various ESG topics between the business divisions and central departments. Division-specific "ESG multipliers" act as coordinators to support the flow of information. Employees are also regularly informed about the Deka Group's ESG activities on the intranet.



# 05

**We see the transition as an opportunity and manage risks**



## 5. We see the transition as an opportunity and manage risks

As part of its strategic climate objectives, DekaBank places the needs and interests of its business partners, owners and other stakeholders at the heart of its business activities. We are aware that the transition to a sustainable orientation presents our customers with major challenges that are characterized by economic, political and social uncertainties. In this dynamic environment, DekaBank can support companies during the transition and assist them with tailored financial solutions. By covering part of the resulting capital requirements for investments in the transition as well as the necessary process conversion and implementation, DekaBank not only supports the achievement of the Paris climate targets, but also promotes overall economic growth and opens up interesting growth prospects within the framework of its business model.

In order to reduce the GHG emissions financed in a targeted manner and to achieve the climate targets set as efficiently as possible, DekaBank focuses on the sectors within its financing portfolio and its proprietary investments that account for a significant proportion of the GHG emissions attributable to the financing portfolio and proprietary investments as part of the climate transition plan. We have drawn up specific profiles for each of these sectors, which describe both the respective decarbonisation path and the trends that will have a significant impact on this path and the sector environment (see [section 5.2.](#)).

### 5.1. Dealing with climate and environmental risks

For DekaBank, climate and environmental risks are part of ESG risks and describe the risk that business activities with points of contact to the areas of climate and the environment could lead to developments or events that result in a deterioration in capital resources or liquidity directly via the Bank's own business operations or indirectly via customers and business partners.



With regard to climate and the environment, DekaBank distinguishes in particular between physical and transitory climate and environmental risks. Physical climate and environmental risks primarily comprise the effects of individual extreme weather events and their consequences (acute) and long-term changes in climatic and environmental conditions (chronic). Transitory climate and environmental risks can arise directly or indirectly as a result of the adaptation process towards a lower-emission and more environmentally

sustainable economy, for example through changes in the regulatory framework or consumer behavior.

ESG risks are drivers of the relevant risk types, which require special attention due to their significance. They are always viewed in the context of the relevant risk types and are not considered in isolation. In order to take account of the increasing importance of ESG risks, and in particular climate and environmental risks, the impact of ESG risks on DekaBank's business activities and risk profile is regularly and systematically identified and assessed, taking into account the data currently available. Various interlinked approaches are pursued in this regard. These include in particular

- Business environment analysis (tool for creating transparency about changes in the business environment driven by climate and environmental risks and their impact on the business model),
- the significance analysis (assessment of the influence of the various drivers of ESG risk on DekaBank's material risk types) and
- macroeconomic stress testing (analysis of the long-term effects of climate and environmental risks on the risk profile and earnings position).

DekaBank uses the findings of these analyses both in the strategic orientation of the various business divisions, for example in the development of the business and risk strategy and capital planning, and in the targeted management of potential ESG risks in relevant business and decision-making processes. The latter is achieved both through regular reporting of climate and environmental risks using selected key figures and through risk type-specific qualitative guidelines on risk tolerance. DekaBank uses various targeted procedures to

actively manage climate and environmental risks in the context of individual business transactions. These include the assessment of ESG risks using segment-specific ESG scorecards as part of the credit approval and limit-setting process.

## 5.2. Sector-based decarbonisation approach

As described above, DekaBank pursues a sector-based approach to its banking business. It concentrates on the sectors that account for the highest proportion of the emissions it finances overall. Currently, these are the seven sectors shown below: electricity, air transport, burning of fossil fuels, marine transport, automotive, chemical products and real estate activities; the selection is regularly reviewed on the basis of the level of emissions financed in the sectors ("sector materiality analysis").

For each sector, statements on climate-related significance and relevant trends in this context are documented. The trends reflect the technical and regulatory, economic and social environment that DekaBank takes into account in its sector-related measures. The financing of new, climate-friendly technologies, which combine economic potential for DekaBank with a positive impact on the transition, is often particularly relevant. For example, the conversion from four-engine to twin-engine aircraft is capital-intensive and at the same time enables kerosene to be saved, thereby reducing CO<sub>2</sub> emissions. In the electricity sector, the financing of grid operators is crucial for the transition of our economy and, alongside the expansion of renewable energies, makes a significant contribution to decarbonisation.

In principle, the emissions along the value chain of the financing objects or companies are taken into account for the sectors in accordance with the GHG Protocol. The

### 5.2.1. Electricity

#### Sector overview

As a result of the upcoming electrification of the transportation and industrial sectors, the electricity sector faces the major challenge of meeting a large upcoming increase in demand during its own transition to renewable technologies, the so-called electricity transition, for example from electric cars and heat pumps as part of the so-called transport and heating transition. Against this backdrop, DekaBank sees the following trends in the electricity sector:

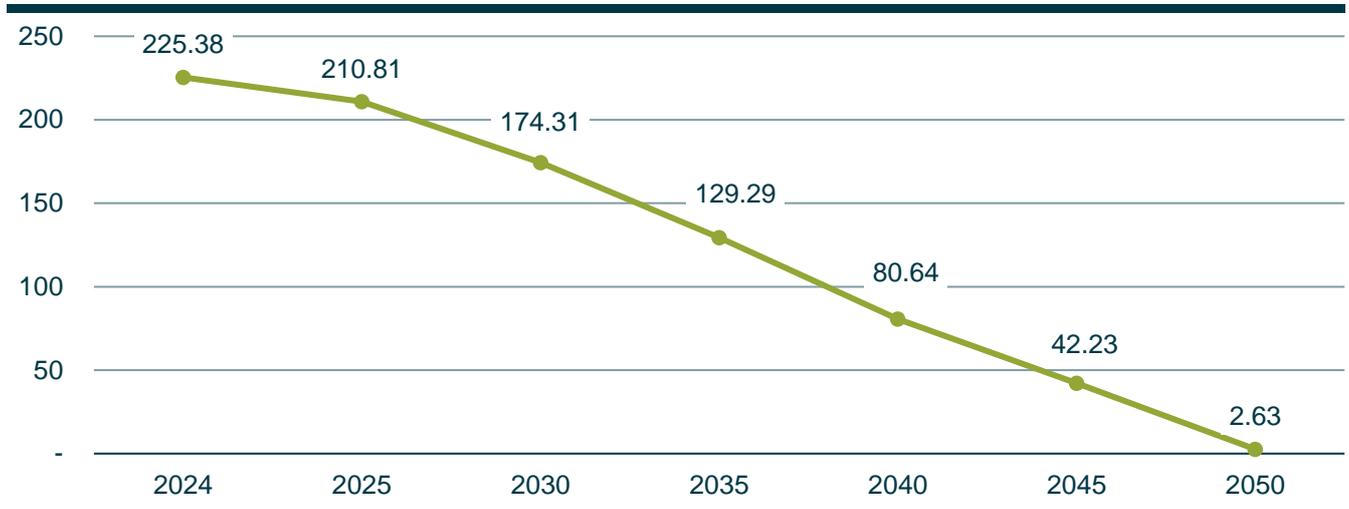
1. Industry and consumers must (be able to) quickly switch to low-carbon and renewable energy sources in order to reduce emissions. Renewable energy production is crucial for the decarbonisation of other sectors such as automotive and steel.
2. Increase in electricity demand: It is predicted that the decarbonisation of all sectors of the economy will lead to a doubling of electricity demand by 2050, resulting in a large increase in demand for renewable electricity in the electricity sector. In addition, coal-fired power plants in Germany will be shut down by 2038 at the latest, resulting in a reduction in the capacity utilization of gas-fired power generation plants.
3. Increasing coverage of demand through renewable energies: The expansion of renewable energies reinforces both positive climatic effects and financial incentives through lower electricity generation costs. DekaBank therefore forecasts that a large proportion of additional electricity demand will be covered by renewable energies in the future. Additional risks will arise from windless or sunless days ("dark doldrums").

exception here is the GHG intensity in marine transport, real estate activities and the automotive and air transport sectors, for which only the emissions from the use or operating phase are taken into account. The sector profiles also include information on the existing economic potential from DekaBank's perspective, the respective sector-based decarbonisation pathways up to 2050 as well as the currently financed emissions and the targets for 2030 and 2050. With regard to the medium and long-term targets shown in the charts, with the exception of the target values for 2030 and 2050, all other values in the chart are interpolated. The values determined by interpolation, e.g. for 2032, do not represent an explicit target.

The information on financed emissions regularly relates to financing and proprietary investments; exceptions are noted in each case. When analyzing and interpreting the reported financed issues, it should be noted that the data provided by the companies still varies considerably in terms of scope (Scope 1-3) and quality. The information is therefore to be understood as a snapshot, and selective and retrospective adjustments to the data cannot be ruled out. Overall, however, DekaBank assumes that the data situation will gradually improve (see [section 4.4.](#)).

Potentially locked-in GHG emissions play a role in the transition plan in terms of jeopardizing emission reduction targets and promoting transition risks. Locked-in GHG emissions are understood to be the financed emissions of the Deka Group's existing financing and proprietary investments. It should be noted here that there are currently no or no significant exposures with maturities beyond 2050 in the portfolio. It can therefore be assumed that there is currently no threat to the emissions reduction targets and transition risks up to 2050.

**Key figures and objectives**



Reduction path: Electricity kg CO<sub>2</sub>e/MWh

The financing portfolio currently includes both renewable energies such as wind power and photovoltaic systems as well as conventional power plants. The portfolio of proprietary investments mainly includes securities issued by grid operators. The key figure kg CO<sub>2</sub>e/MWh (kilograms of CO<sub>2</sub> equivalent per megawatt hour) is used to measure the physical intensity of the sector.

**Key figures**

<b>Financed emissions in the base year (2024)</b>	2,211,782.9 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	225.38 kg CO <sub>2</sub> e/MWh
<b>Target 2030</b>	174.31 kg CO <sub>2</sub> e/MWh
<b>Target 2050</b>	2.63 kg CO <sub>2</sub> e/MWh

**5.2.2. Air transport**

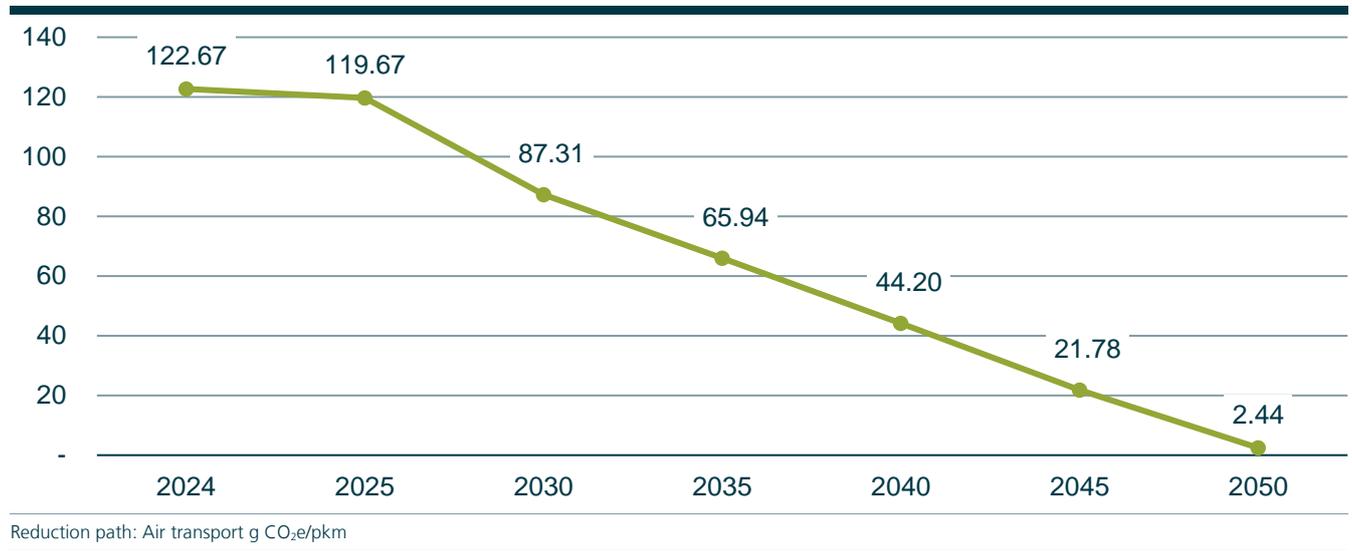
**Sector overview**

Air transport is an indispensable part of the international movement of people and goods, but is the focus of climate policy measures due to its contribution to climate change. Its direct share of global CO<sub>2</sub> emissions is around 3.1 percent. In addition to examining the use of carbon capture and storage by airlines to offset their own CO<sub>2</sub> emissions, DekaBank sees the following trends in the air transport sector:

1. **Technical development:** In air transport, emissions can be reduced in the short to medium term through efficiency-enhancing measures, in particular more efficient propulsion technologies and improved aircraft aerodynamics. The switch from four-engine to resource-saving and more economical twin-engine aircraft also contributes to reducing emissions. The air transport industry and politicians should create opportunities for climate-neutral flying and the implementation of CO<sub>2</sub> pricing mechanisms in order to counteract the climate and environmental impact of air transport.
2. **Operational efficiency improvements:** In the short term, for example, emissions in the air transport sector can be reduced by optimizing capacity utilization. Improving flight routes will also contribute to lower emissions. ITA Airways, for example, will equip all new aircraft with Iris technology. This establishes a connection with air transport controllers via satellite in order to optimize flight routes.
3. **Use of Sustainable Aviation Fuel (SAF):** In the long term, the use of alternative fuels such as SAF will also become unavoidable in air transport. However, SAF is currently hardly scalable and the sector only has limited influence on production capacities.

- Development of new propulsion technologies such as hydrogen or electric propulsion: These more climate-friendly technologies should also be supported, so that modern future aircraft will rely on a combination of different types of propulsion and fuels.

### Key figures and objectives



The focus of the air transport portfolio is on the financing of modern short-, medium- and long-haul aircraft. DekaBank can therefore also determine the physical intensity for the air transport sector, which is central to the management of the sector. When developing the sector path and determining the target values, the available real aircraft data was taken into account, which in turn is calculated for the portfolio with the help of external data providers. With regard to the physical intensity of the sector, the indicator g CO<sub>2</sub>e/pkm (grams of CO<sub>2</sub> equivalent per passenger kilometer) is used for control purposes.

In comparison with the IEA scenario, internal sector experts currently assume that technological leaps and the use of SAF will not progress to the extent that the IEA forecasts in its assumptions. Against this background, DekaBank has set itself the target of achieving a reduction in physical intensity of around 29 percent by 2030 compared to 2024 and almost net zero by 2050.

### Key figures

<b>Financed emissions in the base year (2024)</b>	2,110,518.6 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	122.67 g CO <sub>2</sub> e/pkm
<b>Target 2030</b>	87.31 g CO <sub>2</sub> e/pkm
<b>Target 2050</b>	2.44 g CO <sub>2</sub> e/pkm

### 5.2.3. Burning of fossil fuels

#### Sector overview

Fossil fuels comprise the three energy sources coal, crude oil and natural gas. Their share of primary energy consumption in Germany in 2023 was just under 78 percent, and they continue to play a particularly important role in heat generation and transportation. In contrast, fossil fuels play a much smaller role in the German electricity mix, as more than half of the electricity here already comes from renewable energies. GHG emissions are produced during the extraction, transportation and processing as well as during the use of the hydrocarbons mentioned, which means that fossil fuels account for a significant proportion of total global emissions. DekaBank sees the following global trends in fossil fuels:

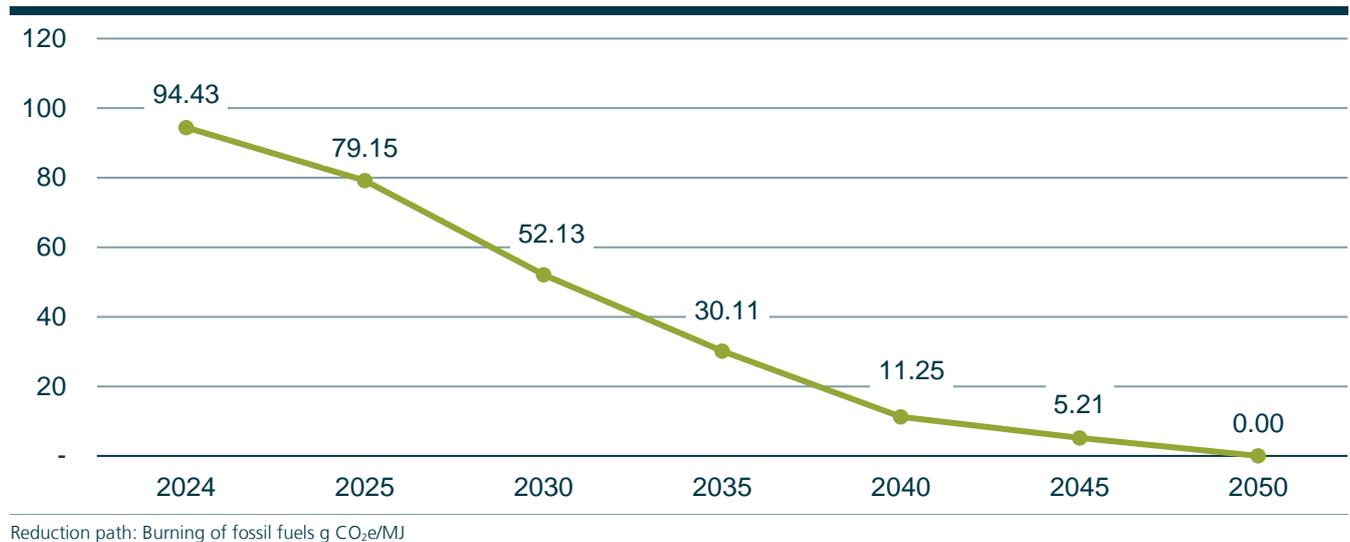
- Reduction of methane emissions in the oil and gas sector: DekaBank sees the reduction of unwanted methane leakage due to leaks during storage and transportation as a simple and efficient measure to significantly reduce emissions associated with the

## Transition

oil and gas sector. Methane is the second most important greenhouse gas and 28 times more harmful to the climate than carbon dioxide. Further reductions in emissions can be achieved by using the methane produced during oil extraction as a by-product, thereby avoiding controlled methane flaring and venting as far as possible.

2. Increasing use of carbon capture technologies in the extraction of fossil fuels; use of carbon capture and storage (CCS; capture and permanent storage of GHG in geological rock strata) and carbon capture and utilization (CCU, capture and subsequent use of carbon from CO<sub>2</sub> in particular).
3. In addition to climate protection, security of supply must be maintained as part of the nuclear and coal phase-out. This can only be achieved with new hydrogen (H<sub>2</sub>) or CCS-capable gas-fired power plants.

### Key figures and objectives



The focus of the financing portfolio in the area of burning of fossil fuels is on the financing of midstream and downstream activities, i.e. the transportation and refinement of raw materials into products for sale. Due to the extensive exclusion of coal financing and very selective new business in the oil and gas sector as a bridging technology, the sector will play an increasingly subordinate role in the financing portfolio in future. Pipelines, which play a major role in bridging technologies such as biomethane or hydrogen, will continue to play a role in the portfolio. For this reason, DekaBank is focusing on the oil and natural gas sector for portfolio decarbonisation within fossil fuels. With regard to the physical intensity of the sector, the key figure g CO<sub>2</sub>e/MJ (grams of CO<sub>2</sub> equivalent per megajoule) is used.

### Key figures

<b>Financed emissions in the base year (2024)</b>	1,698,683.1 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	94.43 g CO <sub>2</sub> e/MJ
<b>Target 2030</b>	52.13 g CO <sub>2</sub> e/MJ
<b>Target 2050</b>	0 g CO <sub>2</sub> e/MJ

### 5.2.4. Marine transport

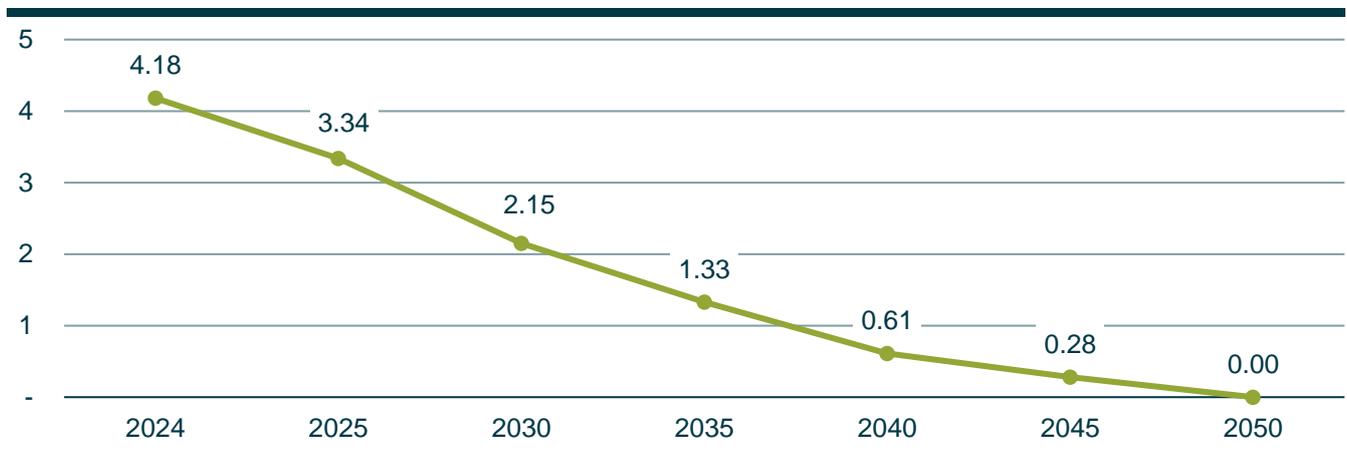
#### Sector overview

Marine transport plays a key role in international freight transportation and is now more than ever a critical success factor for a functioning global economy. Nevertheless, marine transport must undergo a transformation, as the sector is responsible for around three percent of global GHG emissions and therefore plays a central role in global climate protection. DekaBank sees the following trends in this sector:

## Transition

1. Short to medium-term operational and technical improvements: Increased transport capacities combined with optimized capacity utilization and route planning should lead to an increase in efficiency. At the same time, more efficient ship engines and a reduced travel speed as well as an adapted ship shape should help to reduce fuel consumption and thus emissions in the short to medium term.
2. Long-term move away from fossil fuels: In the long term, however, the greatest emission savings will only be achieved by moving away from fossil fuels and using alternative fuels. The climate protection strategy of the International Maritime Organization (IMO) also aims to reduce emissions of nitrogen oxides and other harmful substances through technical innovations such as exhaust gas purification systems and new maritime traffic regulations.
3. Infrastructure conversion through the use of alternative fuels: Similar to electric vehicles, the switch to more climate-friendly fuels requires a global infrastructure expansion in ports, which is why the changeover requires cooperation between various market players.

### Key figures and objectives



Reduction pathway: Marine transport g CO<sub>2</sub>e/tkm

Making marine transport more climate-friendly requires major innovation in the field of alternative fuels. However, the long life cycle of ships, including the investment requirements for technological adaptation and retrofitting, makes the introduction of low-emission or zero-emission technologies more difficult. DekaBank nevertheless sees the greatest potential in the construction of new ships, which is why the focus of the marine transport portfolio is currently on the financing of tankers, container ships and cargo ships. In doing so, it observes the Poseidon Principles, which are in line with the directives and objectives of the International Maritime Organization (IMO), including its target of reducing total annual GHG emissions from marine transport to net zero by or around 2050. The Poseidon Principles therefore form an important reference framework for the assessment and transparency of marine transport portfolios. With regard to the physical intensity of the sector, the indicator g CO<sub>2</sub>e/tkm (grams of CO<sub>2</sub> equivalent per tonne-kilometre) is used.

### Key figures (financing)

<b>Financed emissions in the base year (2024)</b>	625,387.8 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	4.18 g CO <sub>2</sub> e/tkm
<b>Target 2030</b>	2.15 g CO <sub>2</sub> e/tkm
<b>Target 2050</b>	0 g CO <sub>2</sub> e/tkm

### 5.2.5. Automotive sector

#### Sector overview

The automotive sector plays a major role in the decarbonisation of the economy and individual transport. Following the EU decision to only allow cars and light commercial vehicles with combustion engines that are CO<sub>2</sub>-emission-free when driving from

## Transition

2035, the sector is currently focusing on the electrification of these vehicles. However, there are still obstacles to increasing the corresponding market share, particularly with regard to an inadequate charging infrastructure. For trucks, the EU regulation on tightening CO<sub>2</sub> emission standards for new heavy commercial vehicles stipulates that average CO<sub>2</sub> emissions are to be reduced by 45 percent from 2030, by 65 percent from 2035 and by 90 percent from 2040 compared to the base year 2019. Against this backdrop, DekaBank sees the following trends in the automotive sector:

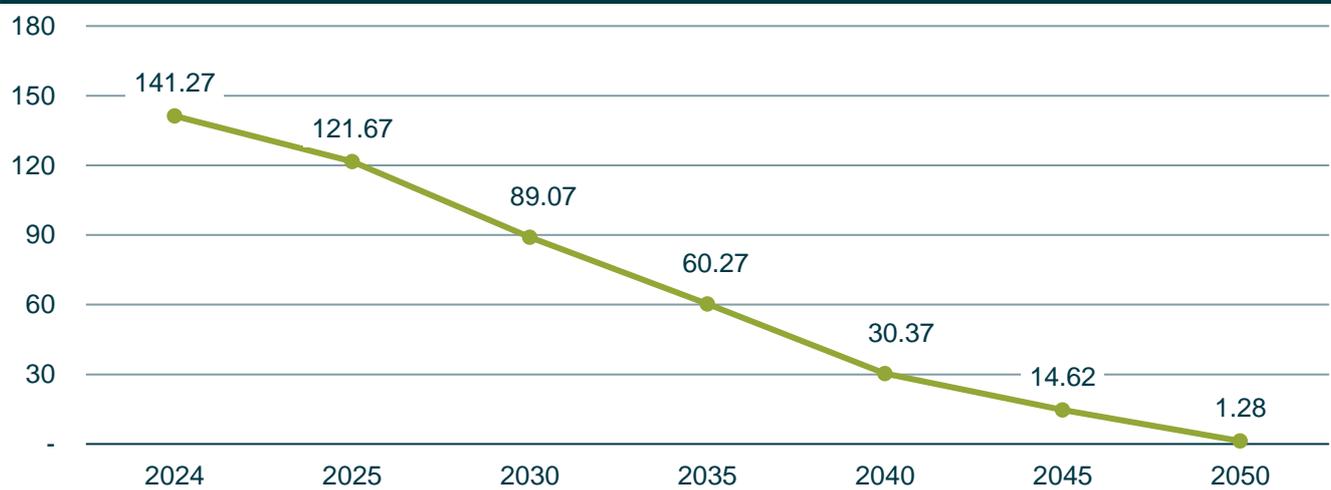
1. Reducing emissions through electrification: In the automotive sector, a significant reduction in emissions will be achieved primarily through the electrification of passenger cars. In addition to the use of battery-powered electric vehicles, alternative low-emission drive technologies also include the use of hydrogen-powered fuel cell cars. Consumer interest in Western markets is currently more restrained than forecast, while growth in China is exceeding expectations.

A reduction in emissions is also possible in the truck segment through electrification, but larger batteries with a considerably higher weight are required for longer ranges and heavier loads. Overall, the costs of electrification in heavy goods traffic are higher than in passenger car traffic. The industry is therefore also focusing on alternative low-emission drives such as hydrogen and natural gas. As with passenger cars, the development of truck sales in Western markets is subject to ongoing uncertainties.

Due to the slow decline in the number of cars and trucks with fossil combustion engines, GHG emissions will also fall only slowly.

2. Electric charging infrastructure: The use of electric and hydrogen vehicles requires not only the complex conversion of car manufacturers' production lines, but also a nationwide expansion of the electric charging infrastructure and the hydrogen-based filling station network. The development of the charging infrastructure in particular, which is a key prerequisite for the acceptance of e-mobility, requires extensive investment.
3. Use of transitional technologies: Experts assume that until all car and truck models are fully electrified or converted to alternative low-emission drive systems, emission savings will be achieved through the use of transitional technologies. These include alternative biofuels and hybrid technologies, the use of which produces fewer emissions than conventional fuels or fossil combustion engines.

### Key figures and objectives (Passenger cars)



Reduction path: Automotive sector passenger cars g CO<sub>2</sub>e/vkm

By financing the electrification of the automotive sector, in particular the development of the charging infrastructure, and the conversion of the truck sector to alternative drive systems, DekaBank is making its contribution to the systematic switch to lower-emission vehicles and thus to the decarbonisation of road transport. With regard to the physical intensity of the sector, the key figure g CO<sub>2</sub>e/vkm or /tkm (grams of CO<sub>2</sub> equivalent per vehicle- or tonne-kilometre) is used.

**Passenger cars (Deka Group's proprietary investments)**

<b>Financed emissions in the base year (2024)</b>	353,396.6 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	141.27 g CO <sub>2</sub> e/vkm
<b>Target 2030</b>	89.07 g CO <sub>2</sub> e/vkm
<b>Target 2050</b>	1.28 g CO <sub>2</sub> e/vkm

**Trucks (Deka Group's proprietary investments)**

<b>Financed emissions in the base year (2024)</b>	289,112.1 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	48.79 g CO <sub>2</sub> e/tkm
<b>Target 2030</b>	25.35 g CO <sub>2</sub> e/tkm
<b>Target 2050</b>	2.95 g CO <sub>2</sub> e/tkm

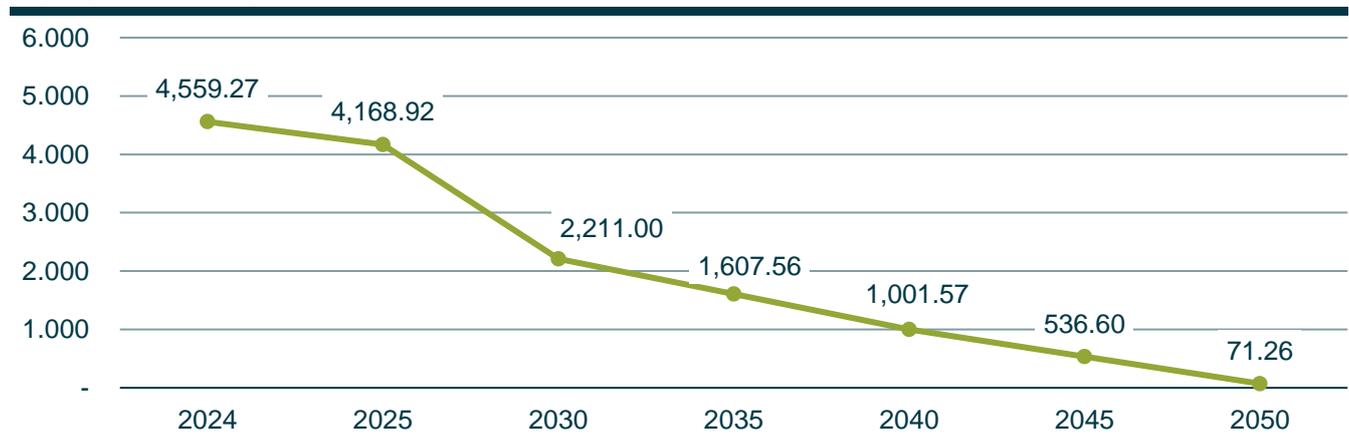
**5.2.6. Chemical products**

**Sector overview**

The energy-intensive production of chemical base materials in Germany alone releases around 37 million tons of CO<sub>2</sub> equivalents every year. This corresponds to around two thirds of the GHG emissions of the entire chemical-pharmaceutical industry and around 19 percent of total industrial emissions in Germany. Despite increasing production rates, the chemical industry in Germany was able to reduce its GHG emissions by 51 percent between 1990 and 2018. However, to achieve the target of GHG neutrality, new production processes must now be implemented and renewable raw material sources tapped. Against this backdrop, DekaBank sees the following trends in the chemical products sector:

1. Defossilization: The sector stands out strongly from the other economic sectors, as in addition to decarbonisation, the defossilization of raw materials and products is also a key factor in the sector's more climate-friendly orientation. The term "defossilization" refers to the move away from fossil raw materials, particularly carbon-based energy sources, and the switch to renewable alternatives.
2. Support for other sectors: Indirectly, defossilization measures can also drive the decarbonisation of other sectors of the economy, as chemical base materials are used in numerous other sectors.
3. Heterogeneity: The sector is characterized by the fact that the conditions of the individual subsectors are very heterogeneous, which means that the decarbonisation opportunities of the individual market segments vary greatly and are largely dependent on the chemical products manufactured or processed.

**Key figures and objectives**



Reduction pathway: Chemical products kg CO<sub>2</sub>e/t chemical products

## Transition

In the chemicals sector, DekaBank focuses on basic chemicals, which involve the processing of fossil raw materials such as crude oil and natural gas and which are at the top of the value chain. Direct GHG emissions can be reduced and the value chain decarbonized by working with and financing the comparatively few companies active in this sub-sector. With regard to the physical intensity of the sector, the key figure kg CO<sub>2</sub>e/t of chemical products (kilograms of CO<sub>2</sub> equivalents per tonne of chemical products) is used.

### Key figures

<b>Financed emissions in the base year (2024)</b>	280,682.2 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	4,559.27 kg CO <sub>2</sub> e/t of chemical products
<b>Target 2030</b>	2,211.00 kg CO <sub>2</sub> e/t of chemical products
<b>Target 2050</b>	71.26 kg CO <sub>2</sub> e/t of chemical products

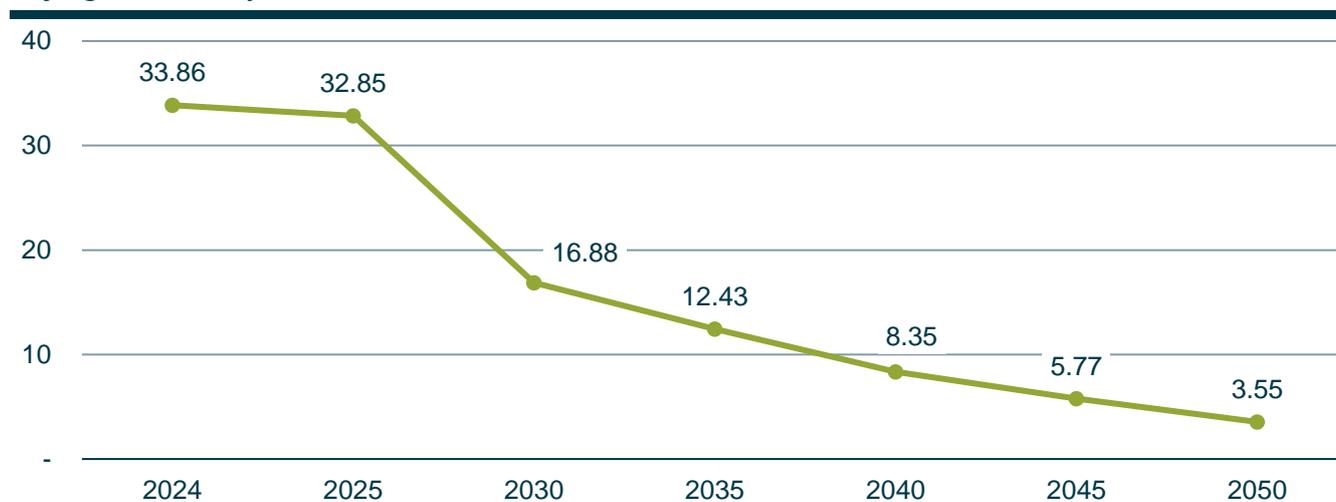
### 5.2.7. Real estate activities

#### Sector overview

The real estate sector accounts for around 30 percent of CO<sub>2</sub> emissions in the EU, which is why it plays a key role in achieving the Paris climate targets. The decarbonisation of existing buildings is of great importance, as energy savings in these properties can only be achieved through costly and capital-intensive measures such as energy-efficient refurbishment. Against this backdrop, DekaBank - like many experts and the majority of the industry - assumes that, under current conditions, the 1.5°C target defined for other sectors is unrealistic and even the 2.0°C target currently being pursued by DekaBank is comparatively ambitious. DekaBank sees the following trends in the sector, particularly in the European market:

1. Reduced consumption of fossil fuels in real estate use due to legal requirements to increase energy efficiency and the use of renewable energy sources.
2. Energy savings through the modernization of building envelopes. This will reduce the average energy demand - and therefore also emissions - in the real estate sector. Increasingly efficient building operation and the renewal of technical building equipment will also help.
3. Change in demand: The increasing demand for "green" and energy-efficient buildings and the decreasing demand for buildings with poor energy efficiency is driving the transition towards a climate-friendly orientation of the sector.

#### Key figures and objectives



Reduction path: Real estate activities kg CO<sub>2</sub>e/m<sup>2</sup>

By meeting the growing demand for the financing of energy-efficient and low-emission properties, DekaBank can contribute to the decarbonisation of the building sector and thus also of its financing portfolio. The focus of the financing portfolio is on the office, retail, logistics and hotel usage types. With regard to the physical intensity of the sector, the key figure kg CO<sub>2</sub>e/m<sup>2</sup> (kilograms of CO<sub>2</sub> equivalents per square meter) is used.

### Key figures

<b>Financed emissions in the base year (2024)</b>	81,766.4 t CO <sub>2</sub> e
<b>Physical GHG intensity (2024)</b>	33.86 kg CO <sub>2</sub> e/m <sup>2</sup>
<b>Target 2030</b>	16.88 kg CO <sub>2</sub> e/m <sup>2</sup>
<b>Target 2050</b>	3.55 kg CO <sub>2</sub> e/m <sup>2</sup>

### 5.3. Biodiversity and ecosystem services as further components of a holistic ESG approach

In addition to climate change, the topics of biodiversity and ecosystem services are currently receiving increasing attention on the financial market. The background to this is, on the one hand, the inclusion of these topics in the requirements of the CSRD and, on the other, their close link to climate change. Ecosystems such as oceans and peatlands make a significant contribution to the storage of CO<sub>2</sub>. Their damage due to rising sea temperatures or drying out as a result of decreasing precipitation leads to a reduction in this storage function and thus exacerbates climate change.

As a basis for the systematic consideration of aspects relating to biodiversity and ecosystem services, a procedural model has already been developed for the elaboration of a further strategy. The first step involved a closer examination of the relevant regulatory requirements and a detailed competitive analysis. In preparation for the next steps, a detailed portfolio analysis was carried out using ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), a tool commonly used in the market. For each ecosystem service dimension, an analysis of the sectors relevant to DekaBank was already carried out.



# 06

**We report and inform systematically and comprehensively**



## 6. We report and inform systematically and comprehensively

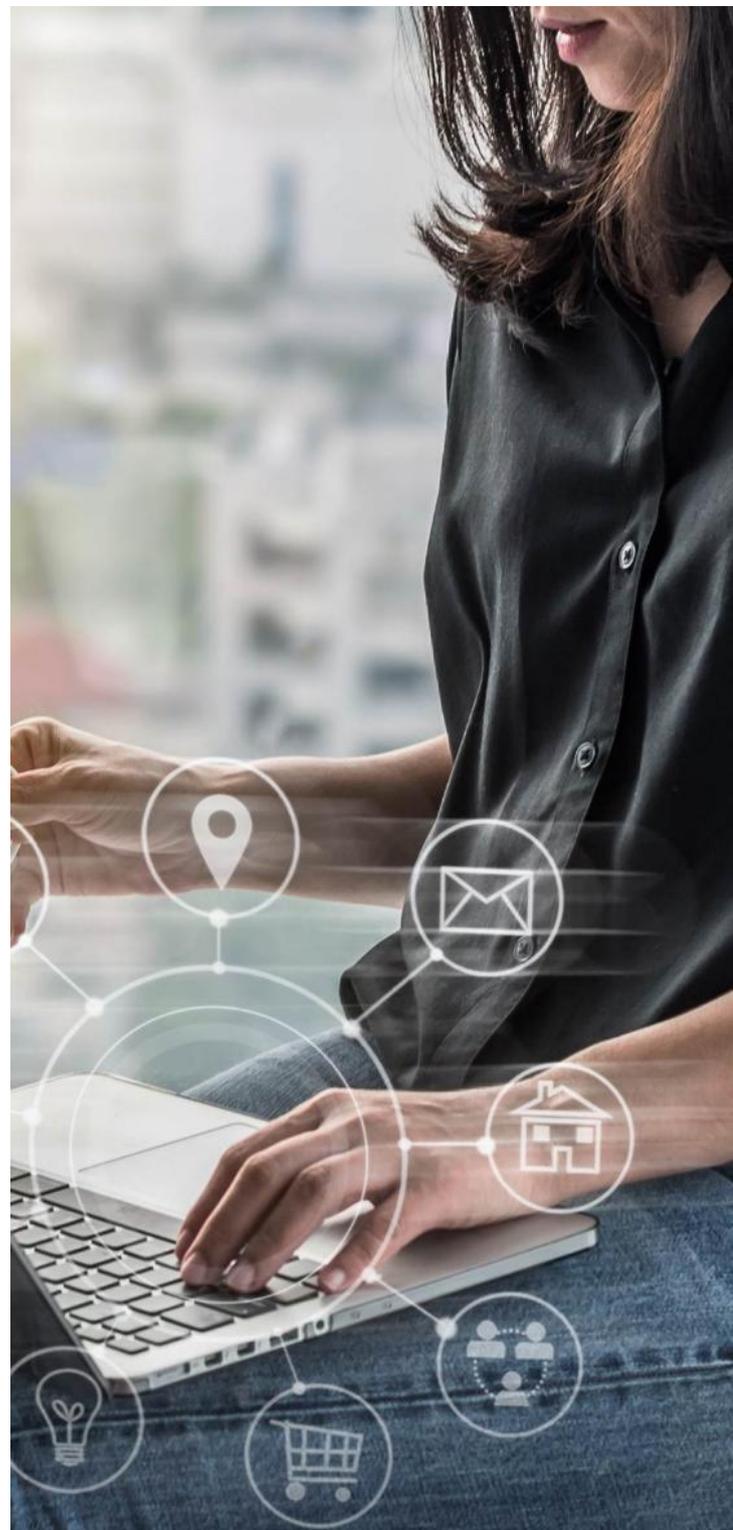
DekaBank relies on transparent communication with its various internal and external stakeholders in order to inform them systematically and comprehensively about measures and progress in the implementation of its climate transition plan and other sustainability-related topics. In doing so, it uses the entire spectrum of available communication channels. This ranges from external reporting, press events and social media to sales and customer events. The Deka Group website also offers a comprehensive range of current information on the Deka Group's sustainability-related activities.

The information provided includes the following regular report formats in particular:

- the Deka Group's annual report, which for the first time includes the sustainability aspects of CSRD identified as material in the Group management report for financial year 2024
- the PRI Transparency Report
- the disclosure report in accordance with the Capital Requirements Regulation (CRR)
- the Impact and Allocation Report with an overview of the Green Bond activities and the associated Green Bond Framework
- the environmental report as part of the EMAS certification of sustainability management

The requirements of the Non-Financial Reporting Directive (NFRD), the EU Taxonomy Regulation and the European Sustainability Reporting Standards (ESRS) for compliance with the CSRD form the basis for the sustainability report as part of the Group management report.

Since the German CSRD Implementation Act was not passed by the end of 2024, the requirements of the NFRD will continue to apply to the Deka Group for the 2024 financial year. The CSRD is expected to be transposed into German law in 2025. Nevertheless, the Deka Group voluntarily reports in accordance with the ESRS framework for financial year 2024, including detailed information on the Deka Group's climate transition plans.



## 7. Appendix

### 7.1. Positive and negative list

#### Positive list

- The Deka Group supports financing aimed at producing electricity from renewable energy and transporting or storing that electricity.
- The Deka Group also seeks to provide financing aimed at modernising production facilities accompanied by a significant reduction in CO<sub>2</sub> from production (the target is 30% or more).
- The Deka Group seeks increasingly to finance ships that minimise pollutant emissions in accordance with the latest technical standards and which are already or will demonstrably be in a position to comply with the International Maritime Organization's 2020 rules on the reduction of sulphur emissions (DekaBank's accession to the "Poseidon Principles", a global voluntary commitment to climate-aligned ship finance in line with the Paris Agreement goals in 2022). It finances ships only if they are equipped in accordance with the International Maritime Organisation's Ballast Water Management Convention concluded in 2004 to prevent the introduction of invasive species into foreign ecosystems.
- The Deka Group seeks increasingly to finance vessels with technology which contributes to reducing waste in the world's oceans.
- The Deka Group seeks to finance aircraft whose production and operation meet the highest possible environmental standards.
- The Deka Group supports financing for modernisation and expansion of freight and passenger rail transport.
- The Deka Group supports financing for basic utilities providers, municipal utilities companies and network operators (for the supply and disposal of energy, heat, water, waste, etc.) and their projects to maintain or expand infrastructure.
- The Deka Group supports financing to promote the energy transition, digital transformation and mobility transition, as well as the associated infrastructure.
- The Deka Group supports real estate financing for green buildings that have a net-zero energy footprint (zero-energy buildings) or that fulfil the cradle-to-cradle approach.
- The Deka Group is continuously advancing its sustainability efforts. If, in the context of syndicated financing, third-party lenders agree on special sustainability filters or sustainability requirements going beyond those of DekaBank for the projects, assets, or investments that are being financed, DekaBank will consider introducing them.

- The Deka Group also provides financing to support customers who are transforming their business model to effectively address climate-related risks and contribute to implementation of the goals of the Paris Agreement on climate change ("transformation financing"). This includes initiatives that support the strategy of the parties involved (especially the operators of the financed assets) on the path towards greater sustainability with regard to environmental, social or governance matters.

#### Negative list

In order to avoid reputational risks, the Deka Group has categorised the following transactions as undesirable and/or high-risk. These transactions may only be executed with the special permission of the Board of Management:

1. Transactions where public reports (on matters including socio-cultural, ethical, or sustainability aspects) concerning the financing itself, a business partner, business practices, or the country (country of domicile or risk) may have a lasting negative impact on public confidence in or the reputation of the Deka Group, particularly if
  - a) The borrowers have an overall "brown" or "red" score on the ESG scorecard ("brown" is the worst of three levels in the first iteration of the ESG scorecard and "red" is the worst of five levels in the second iteration),
  - b) in the case of proprietary investments, the issuer is affected by an exclusion criterion relating to the environment, armaments, human rights or corruption in the sustainability filter for proprietary investments,
  - c) the reputational risk (resulting from e.g. climate and environmental risks) is internally assessed as "orange" or "red".
2. Transactions with or borrowers in a country that is on the negative list for risk countries
3. Business with companies,
  - a) that generate more than 15% of their revenue from coal mining and/or more than 25% from coal-fired power generation, unless the undertaking presents a plausible climate strategy for phasing out coal-fired electricity generation,
  - b) that are significantly involved in mining in controversial contexts,
  - c) whose business purpose comprises, in significant part, the exploitation of tar/oil sands, fracking or drilling for the purpose of oil and gas extraction in the Arctic (Arctic drilling),
  - d) that operate in the pornography industry or similar industries (adult entertainment),

## Appendix

- e) that operate games of chance (betting shops, gambling halls, etc.),
  - f) that recognisably contribute to a significant impairment of biodiversity or species diversity especially in areas of high nature conservation value,
  - g) whose production activities generate high volumes of waste,
  - h) which violate internationally recognised principles in the areas of human and labour rights and corporate governance and conduct (such as the ILO Declaration on Fundamental Principles and Rights at Work, provisions of the UN Global Compact, and the OECD Guidelines for Multinational Enterprises),
  - i) without proven experience and/or operating in new markets that are not comparable to home markets. This does not apply to transformation financing that supports the development of an undertaking/industry to implement sustainability with regard to environmental, social or governance matters.
4. Transactions connected with weapons prohibited under international law and/or fully autonomous weapons (weapons prohibited under international law include anti-personnel mines, cluster munitions, chemical weapons, biological weapons, nuclear warheads, incendiary weapons, undetectable fragments, blinding laser weapons and white phosphorus weapons (except for obscurant systems); fully autonomous weapons are weapons systems which are autonomous in their critical functions and which firstly are able to select targets without human intervention, i.e. search, detect, identify, track and finally select them, and secondly can attack them without human control, i.e. use force, neutralise, damage or destroy them.)
  5. Transactions,
    - a) that are directly associated with illegal logging
    - b) where protected forest areas are destroyed without simultaneously providing ecological added value,
  6. Transactions of a speculative nature or which carry very unusual risk (particularly loans as defined in the ECB Guidance on leveraged transactions)
  7. Financing arrangements that pose significant risks to the environment or society per se, e.g.
    - a) Uranium mining,
    - b) exploration and extraction of minerals from conflict-affected and high-risk areas,
    - c) exploration, mining and transport of rough diamonds,
    - d) related to mountaintop removal mining (guidance is provided by the OECD environmental guidelines),
    - e) development, construction and operation of nuclear/coal-fired power plants,
    - f) hydropower plants in recognised conservation areas (nature conservation and Natura 2000 areas) in Germany; international dam projects may be financed only if the borrower can produce a positive assessment report on the project demonstrating compliance with the recommendations of the World Commission on Dams produced by an expert accredited by the United Nations Framework Convention on Climate Change (UNFCCC),
    - g) extraction and production of palm oil
  8. Financing directly related to the production/distribution of tobacco
  9. Financing of river cruise ships, ocean-going cruise vessels and ferries
  10. Project financing that does not meet the requirements of the Equator Principles
  11. Financing of speculative transactions with foodstuffs
  12. Venture capital financing
  13. New securitisation transactions (especially ABS, MBS, CLO, CDO) for proprietary investment purposes.

## 7.2. Glossary

Keyword	Description
AMI	Asset Management Immobilien (Real Estate)
AMW	Asset Management Wertpapiere (Securities)
CBI	Climate Bonds Initiative
CCS	Carbon capture and storage - Underground storage of carbon dioxide (CO <sub>2</sub> )
CCU	Carbon Capture and Utilization - CO <sub>2</sub> is either captured from an (industrial) process or directly from the air (DAC - Direct Air Capture) and put to another industrial, material use
Climate scenario	Hypothetical descriptions of possible future climatic conditions based on various assumptions about greenhouse gas emissions, land use, economic development and other factors.
CO <sub>2</sub> e	CO <sub>2</sub> equivalents; unit of measurement to standardize the climate impact of the various greenhouse gases
CRREM	The Carbon Risk Real Estate Monitor (CRREM) forms an important basis for analyzing and evaluating the specific emissions of individual properties or an entire portfolio. This science-based tool takes into account various variables, e.g. the type of use of a property and its location, and provides information on the maximum level of energy consumption and CO <sub>2</sub> emissions that should be achieved at certain points in time in order to meet the Paris climate targets. These CRREM target paths are continuously adapted by the responsible research project to current developments and improved data bases.
CSRD	The Corporate Sustainability Reporting Directive is an EU directive that obliges companies to report comprehensively on their environmental, social and governance aspects under certain conditions. The aim of the directive is to increase transparency and accountability so that investors, consumers and other interest groups can make informed decisions.
Decarbonisation	Conversion to an economy that reduces and avoids CO <sub>2</sub> emissions
Equator Principles	The Equator Principles are a framework adopted by financial institutions as part of a voluntary commitment to identify, assess and manage environmental and social risks in project financing.
ESG	Environmental, Social, Governance
ICMA	International Capital Market Association
IEA NZE	The International Energy Agency (IEA) is an organization focused on promoting a secure, sustainable and affordable energy supply worldwide. It provides comprehensive analysis, data and policy recommendations to support the global energy industry.  The IEA's Net Zero Emissions by 2050 (NZE) Scenario is a detailed plan that aims to reduce global energy-related CO <sub>2</sub> emissions to zero by 2050. This plan requires a complete transformation of energy production, distribution and use, with a focus on renewable energies such as solar and wind power.
ILO	International Labour Organization
Net-zero target	Setting a net-zero target at company level in line with societal climate targets means: <ol style="list-style-type: none"> <li>I. achieve emission reductions in the value chain on a scale that corresponds to the depth of reduction at the respective point on the path to the 1.5 degree target, and</li> <li>II. neutralize the impact of any remaining emissions (after about 90-95% of the emission reduction with the possibility of justified sectoral deviations in line with a recognized sectoral pathway) by permanently removing an equivalent amount of CO<sub>2</sub>.</li> </ol>
NFRD	Non-Financial Reporting Directive

<b>Keyword</b>	<b>Description</b>
NGO	Non-Governmental Organization
PAI	Principal adverse impacts, indicators of the negative impact of an investment on ESG aspects defined in the Disclosure Regulation
Paris Climate Agreement	Global agreement on climate protection with the aim of reducing greenhouse gas emissions
PCAF	Partnership for Carbon Accounting Financials: Initiative of the financial sector that provides guidelines for a consistent and comparable assessment and calculation of financed emissions in the financial sector.
Physical intensity	These are the absolute emissions of a financed company divided by the sector-specific output unit/quantity component. The physical intensity is measured as a unit of CO <sub>2</sub> equivalents per unit of output/quantity component, e.g. energy production (kWh) of the company.
Poseidon Principles	The Poseidon Principles are an international framework by and for financial institutions for incorporating climate considerations into lending decisions to promote the decarbonisation of international shipping. The aim is to reduce greenhouse gas emissions in shipping by at least 20%. The target is 30% by 2030 compared to 2008 levels and to reach net zero by or around 2050.
PRI	Principles for Responsible Investment
SAF	Sustainable Aviation Fuel
SBTi	Science Based Targets initiative: An initiative that supports companies in setting science-based targets to reduce their greenhouse gas emissions.
Scope 1 - emissions	Direct greenhouse gas emissions from sources owned or controlled by the company.
Scope 2 - emissions	Indirect emissions from the generation of purchased or received electricity, steam, heat or cooling consumed by the company.
Scope 3 - emissions	All indirect greenhouse gas emissions (not covered by Scope 2) that occur in the company's value chain, for both upstream and downstream emissions. Scope 3 greenhouse gas emissions can be broken down into 15 Scope 3 categories (in accordance with the Greenhouse Gas Protocol).
Scope 3.15 (financed emissions)	These are the total financed greenhouse gas emissions of a portfolio or a financed company. They are measured in tons of CO <sub>2</sub> equivalents.
TCFD	Task Force on Climate-related Financial Disclosures. The TCFD was dissolved in 2024 and its tasks taken over by the IFRS Foundation.
Three Lines of Defense model	The Three Lines of Defense model is a risk management concept designed to ensure the clear allocation of responsibilities and the effective control of risks.
Transition plan	A transition plan for climate protection is a specific action plan of a company that aims to reduce greenhouse gas emissions and support the transition to a low-carbon economy. In the context of ESRS E1 (CSRD), this plan comprises a structured set of targets and measures to achieve the defined level of ambition, in addition to the reduction and target pathways. On the banking operations side, the measures include, for example, reducing emissions, optimizing energy consumption, switching to renewable energies, cooperating with suppliers and investing in research and development.
UN Global Compact	Global voluntary commitment by companies to observe ten principles of responsible corporate governance in the areas of human rights, labor standards, climate and environmental protection and anti-corruption.



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