



Verification of the Sustainability Quality of the First Green Bond Programme of Deutsche Kreditbank

21 October 2015

Aim and Scope of this Second Party Opinion

Deutsche Kreditbank (DKB) commissioned oekom research to assist with its first Green Bond Programme (the programme) by verifying and commenting on the added sustainable value of this programme using the criteria and indicators of a sustainability framework concept. The aim of the Green Bond issuance based on the programme (the bonds) is to refinance projects with an added environmental value, namely the construction and operation of onshore wind power plants and solar power plants. The programme has a volume of up to 500 million EUR with maturities of up to 5 years and shall be executed by one or more new issue transactions.

oekom research's mandate included the following services:

- Definition of a framework concept containing a clear description of eligible project categories and the social and environmental criteria assigned to each category for evaluating the sustainability-related performance of the projects financed through the proceeds of the bonds.
- Verification of compliance of the financed projects with the verification framework criteria.
- Verification of the alignment of the financed projects with the Green Bond Principles (as at March 2015).
- Review and classification of DKB's sustainability performance on the basis of the oekom Corporate Rating.

Overall Evaluation of the Green Bond Programme

oekom's overall evaluation of the Green Bond Programme issued by DKB is positive:

- The Green Bond Programmes's formal concept, defined processes and announced disclosures are aligned with the Green Bond Principles (Part I of this Second Party Opinion).
- The overall sustainability quality of the bond and the sustainability performance of each of the funded assets in terms of sustainability benefits and risk avoidance and minimisation is good (Part II of this Second Party Opinion).
- The issuer itself shows a very good sustainability performance (Part III of this Second Party Opinion).

There are some aspects for potential improvement of the sustainability quality of the Green Bond Programme and a more specific selection or performance criteria would be recommended as these could still add to the overall quality of future Green Bonds programmes developed by DKB.

Regarding wind power projects, selection criteria should include comprehensive environmental impact assessments for all projects. Further, within the construction process of windparks the active involvement of local residents, for example through dialogue platforms, should be fostered. Regarding solar power

projects, selection criteria should include specifications that solar panel and inverter manufacturers require high labour standards from their suppliers.

Total CO₂ Performance of the Green Bond Programme

The proceeds of this programme will be used exclusively to refinance renewable energy loans for the construction and operation of onshore wind power plants and solar power plants.

The following table contains the CO₂ performance of the power plants refinanced through the Green Bond Programme. The calculations on energy production and CO₂ data were provided by DKB and oekom research has carried out a basic plausibility check. More information on the calculations can be found in Part II of this document.

Category	Number of Plants	Nominal Capacity	Predicted Annual Energy Production ¹	Predicted CO ₂ Emissions Avoidance ¹
A. Renewable energy loans for the construction and operation of onshore wind power plants	66	462 MW	1,064 GWh	621 kt
B. Renewable energy loans for the construction and operation of solar power plants	115	372 MW	343 GWh	200 kt
Total	181	834 MW	1,407 GWh	821 kt

The predicted annual energy production of the projects refinanced by the Green Bond Programme approximates the annual electricity need of about 407,710 2-person households in Germany.²

¹ Based on the carbon intensity of the German electricity mix: CO₂ emissions of electricity were 584 g/kWh in 2012 (Source: German Federal Environmental Agency). The CO₂ performance is based on the carbon intensity of the German electricity mix from 2012, as the 2013 and 2014 emission factors are not yet available (estimated values only).

² Based on the annual average electricity use of 3,449 kWh per 2-person household in Germany (estimations for 2013; source: German Federal Office of Statistics).

Part I – Green Bond Principles

DKB has provided oekom research with a process document describing the eligibility criteria for the assets to be included in its Green Bond Programme, the processes for selecting eligible assets, the management of proceeds and the future reporting to investors. Details are provided in the following.

1) Use of Proceeds

The proceeds of this programme will be used exclusively to refinance renewable energy loans. All assets are situated in Germany.

The following categories have been chosen for allocating the proceeds of this issuance (the percentages relate to volume and a respective issuance of EUR 735,649,169):

Project Category	A. Renewable energy loans for the construction and operation of onshore wind power plants	B. Renewable energy loans for the construction and operation of solar power plants	Total
Number of Projects	66	115 (12% roof-mounted, 88% ground-mounted)	181
Project Status	67% construction phase 33% completed	86% construction phase 14% completed	77% construction phase 23% completed
Start Dates of the Loans (Frist Draw Date of the Loans)	07/2014 – 06/2015	07/2014 – 06/2015	07/2014 – 06/2015
Share of Bond Issuance	45%	55%	100%
Project Costs financed through the Green Bond	EUR 334,148,383	EUR 401,500,786	EUR 735,649,169

From a sustainability point of view, the construction and operation of both wind and solar power plants is positive: Renewable energy projects contribute to climate protection and foster the transition towards a low carbon economy. Additionally, the projects meet specific environmental and social standards (see part II of this document), which assure that a positive impact is not impaired by adverse impacts and effects in other areas (e.g. environmental impacts, impacts on local communities).

2) Process for Project Evaluation and Selection

The selection of the loan portfolios for inclusion in the Green Bond Programme has been carried out by DKB internally by the Business Client Unit “Firmenkunden” and the Treasury Department.

The selection is based on eligibility criteria defined by DKB: All wind and solar projects are based in Germany and are subject to German standards and regulations regarding the construction, operation and maintenance of wind and solar power plants (e.g. consideration of flora and fauna, health and safety of workers). Regarding wind power, DKB provided oekom research with the internal lending guidelines that – among other requirements - either require a minimum of two assessments of the expected wind yields for future projects or actual data from the past three years of operation for existing power plants. Also, DKB has identified certain manufacturers as primary supplier for wind power plants (e.g. Vestas, Gamesa). Regarding solar power, DKB's lending guidelines require an independent yield study and information on factors such as shade levels and power tolerance.

Further, the minimum volume of each loan is EUR 500,000 and all loans were signed after 01/07/2014. Each loan's term is longer than the term of the Green Bond Programme.

Additionally DKB has internally defined specific minimum rating criteria to ensure a high loan quality within the proceeds.³

All wind and solar projects are legally organized as special purpose vehicles to provide a high degree of safety regarding the proper use of the proceeds.

In addition to DKB's selection process, oekom research has defined a Green Bond Verification Framework (see Annex 1 of this document). For each eligible project/asset category, it comprises a list of specific sustainability criteria. On this basis, the sustainability quality of the assets has been verified by oekom research.

3) Management of Proceeds

DKB states that its first Green Bond Programme will exclusively refinance the selected portfolio and that the loans will be earmarked by an internal system key within DKB's core bank system. In order to ensure that the Green Bond's proceeds will not be double-used, the loans are not eligible for DKB's other capital markets funding pillar, specifically not for the cover pools of its "Pfandbriefe" covered bonds.

Further, DKB ensures by contractually guaranteed amortization payments that the nominal amount of the loan portfolio will not fall below the nominal amount of the outstanding Green Bond at any time.

The portfolio will be monitored on a yearly basis. In case of any changes to the loans with respect to the selection criteria mentioned above, DKB commits to substitute the loans during the lifetime of the Green Bond. DKB commits that these substitutions will be in line with the sustainability criteria of the Green Bond Verification Framework.

DKB will appoint an external auditor to provide assurance on the use of proceeds of the bonds.

4) Reporting

DKB commits to a yearly reporting towards the Green Bond's investors. The reporting will be made available within the investor relations section on DKB's homepage.

³ oekom research did not assess the minimum rating criteria and / or the financial quality of the assets.

Use of proceeds reporting:

- Nominal amount of the loan portfolio
 - of which wind power plant loans
 - of which solar power plant loans
- Number of loans of the loan portfolio
 - of which wind power plant loans
 - of which solar power plant loans
- Geographical segmentation of the portfolio within Germany
- Data on plants in construction/operating
- Amount and number of loans substituted since last reporting

Impact reporting:

- Environmental impact indicators
 - Nominal output of the financed plants
 - Energy performance p.a.
 - Avoidance of CO₂ emissions p.a.
 - Equivalent 2-person-households (energy need)

Part II – Sustainability Quality of the Green Bond Programme

1) Green Bond Verification Framework

The Green Bond Verification Framework serves as a framework for verifying the sustainability quality and thus the social and environmental added value of the use of proceeds of this Green Bond Programme. The framework comprises firstly a definition of eligible categories of projects offering environmental added value. Secondly, it encloses the specific sustainability criteria for each project category by means of which this added value and therefore the sustainability performance of the Green Bonds can be clearly identified and verified. The sustainability criteria are complemented by specific and measurable indicators which enable to set ambitious targets and to evaluate the sustainability performance of the bond issue. Further, they provide the basis for informative reporting. In addition, impact indicators were defined for each project category, thus providing investors with concrete information of environmental added value.

Details of the individual criteria and indicators for the two project categories can be found in Annex 1 "Green Bond Verification Framework".

2) Verification of the Projects refinanced by the Green Bond Programme

Methods

oekom research has verified whether the projects funded through the bond programme match the project categories and criteria listed in the Green Bond Verification Framework.

The verification was carried out using information and documents provided to oekom research, partly on a confidential basis, by DKB (e.g. building licenses, Green Bond portfolio including data on location, equipment manufacturers). Due to the large number of projects, DKB provided oekom research with exemplary documents regarding licensing procedures for different project types and licensing procedures. DKB states that, due to the German legal framework, these exemplary or similar measures are carried out among all projects if necessary.

Further, the evaluation of social standards regarding the wind and solar power equipment manufacturing is based on (if available) relevant sections of the oekom Corporate Rating or on country-specific regulations of

the relevant production sites. Regarding the supply chain, oekom research analysed the manufacturer's supply chain standards.

All percentages refer to the respective volume of the project loans.

Findings

A. Renewable energy loans for the construction and operation of onshore wind power plants

Sustainability Risks and Benefits of the Project Category

The environmental benefits of these renewable energy projects - wind as well as solar power - comprise climate protection and the transition towards a low carbon economy. Further benefits are less environmental intervention (e.g. resource extraction, releases of waste streams to air, water or soil) and less need for cooling water in comparison to fossil fuel or nuclear power plants.

Regarding wind power, the construction and operation of power plants can result in negative environmental impacts at construction sites (e.g. biodiversity, noise) and impacts on local communities. Further risks include potentially poor working conditions during construction and maintenance of power plants as well as in the production processes of wind power plants. As the construction of these plants requires large amounts of raw materials and equipment, life cycle aspects are an important factor when assessing the overall environmental footprint of related projects.

- A.1. Consideration of environmental aspects during planning and operation
 - ✓ 100% of the projects comply with the German Federal Immission Control Act (Bundes-Immissionsschutzgesetz/ BImSchG), which provides for minimum standards regarding the assessment of possible environmental impacts of wind power plants (i.e. basic environmental screening).
 - No information is available on the number of projects which underwent individual and in-depth environmental impact assessments (i.e. assessments including the consideration of all relevant natural goods, elaboration of alternatives etc.).
 - ✓ 100% of projects are not located in key biodiversity areas such as Ramsar sites, UNESCO Natural World Heritage sites and IUCN protected areas I-IV.
 - ✓ 100% of the projects meet high environmental standards during the construction phase. For example, waste management is provided for by regulations within the German waste legislation. Noise emissions are regulated by the German Federal Immission Control Act which sets maximum noise emission levels.
 - ✓ 100% of the projects comply with the regulations of the German Federal Immission Control Act and have adequate measures in place to protect habitat and wildlife during operation of the plant (project-dependent measures include turbine turn-off times, monitoring of bats, consideration of birds' flight paths).
- A.2. Environmental aspects of wind power plants
 - Only for 37 projects, accounting for 49% of the loans' volume, wind power plant manufacturers carried out life-cycle assessments of the wind power plants and/or its components. No information is available on the remaining 29 projects, accounting for 51% of the loans' volume.

- A.3. Community dialogue
 - ✓ 100% of the projects comply with the regulations of the German Federal Immission Control Act, which provides for minimum standards regarding the consideration of local residents' interests during the planning phase (possibility to voice concerns, for example).
 - No information is available on the number of projects for which the active involvement of local residents (e.g. through official public dialogue platforms) is ensured.
- A.4. Working conditions during construction and maintenance work
 - ✓ For 100% of the projects, high standards regarding health and safety for both own employees and contractors are in place during construction and maintenance work (in accordance with e.g. the German Occupational Safety Act – Arbeitsschutzgesetz/ ArbSchG and the German Federal Immission Control Act).
 - In one project, accounting for 2% of the loans' volume, a fatal accident leading to the death of one worker occurred during the construction of the windpark. No details on the accident and the liability in the case are available.
 - ✓ For 100% of projects high labour standards regarding e.g. working time, periods of rest (in accordance with e.g. the German Working Hours Act – Arbeitszeitgesetz/ ArbZG), minimum wages (in accordance with e.g. the 9th Ordinance on Compulsory Working Conditions in the Construction Sector – Neunte Verordnung über zwingende Arbeitsbedingungen im Baugewerbe/ 9. BauArbbV), freedom of association, collective bargaining (in accordance with e.g. the German Works Constitution Act – Betriebsverfassungsgesetz/ BetrVG and the German Act on Collective Agreements – Tarifvertragsgesetz/ TVG) and non-discrimination (in accordance with e.g. the German Anti-Discrimination Act – Allgemeines Gleichstellungsgesetz/ AGG) are in place.
- A.5. Social standards in the supply chain of wind power plants
 - ✓ For 46 projects, accounting for 69% of the loans' volume, the equipment is manufactured by companies that either show good performance regarding working conditions (according to their oekom Corporate Rating) or that primarily produce (i.e. have more than 50% of production sites) in countries with high labour standards (e.g. European Union, United States). For 17 projects, accounting for 27% of the loans' volume, the companies show poor performance or produce in countries with low labour standards. For 3 projects, accounting for 4% of the loans' volume, no information on social standards is available.
 - Only for 32 projects, accounting for 50% of the loans' volume, wind power plant manufacturers require high social standards from their suppliers (e.g. regarding the prohibition of forced labour, wages, working time, health and safety). For 6 projects, accounting for 12% of the loans' volume, the manufacturers do not require high social standards from their suppliers. For 28 projects, accounting for 38% of the loans' volume, no information on the manufacturers' supplier standards is available.

Impact indicator 1: Energy performance

The loans finance wind power plants with a total predicted annual energy production of 1,064 GWh/year. (This calculation is based on energy yield assessments carried out by independent assessors. DKB requires a minimum of two different assessments for wind power projects. oekom research was provided with one exemplary wind yield assessment by DKB. These assessments cover, for example, long-term wind measurements and site- and/or plant-specific predictions regarding wind resources.)

Impact indicator 2: CO₂ emissions performance

The predicted total avoidance of CO₂ emissions (through renewable energy generation) related to these loans is 621 kt CO₂/year (based on the carbon intensity of the German electricity mix: CO₂ emissions of electricity were 584 g/kWh in 2012; source: German Federal Environmental Agency⁴).

All data on impact indicators was calculated and provided by DKB.

B. Renewable energy loans for the construction and operation of solar power plants

Sustainability Risks and Benefits of the Project Category

The environmental benefits of these renewable energy projects - wind as well as solar power - comprise climate protection and the transition towards a low carbon economy. Further benefits are less environmental intervention (e.g. resource extraction, releases of waste streams to air, water or soil) and less need for cooling water in comparison to fossil fuel or nuclear power plants.

With respect to solar power, the manufacturing of solar panels in developing countries poses the risk of poor social and environmental standards in the production process. As the production of solar panels requires scarce raw materials and as the panels contain hazardous substances, aspects such as recyclability, management of hazardous substances and conversion efficiency are relevant to evaluate the overall environmental performance of related project. During planning and construction of power plants possible negative impacts on local communities and the environment should be assessed and minimised.

- B.1. Consideration of environmental aspects during planning and construction
 - ✓ None of the projects are located in key biodiversity areas such as Ramsar sites, UNESCO Natural World Heritage Sites or IUCN protected areas I-IV.
 - ✓ 100% of projects comply with the German Renewable Energy Act (Erneuerbare Energien Gesetz/ EEG). Therefore, all solar power plants have to be located in areas that are either next to motorways or railways; areas that were already sealed; areas that were formerly used for commercial, traffic-related, residential or military purposes and that were not declared nature reserves.
 - ✓ 100% of the projects meet high environmental standards during the construction phase. For example, waste management is provided for by regulations within the German waste law. Noise emissions are regulated by the German Federal Immission Control Act which provides for maximum noise emissions.
- B.2. Environmental aspects of solar power plants
 - ✓ 79 solar power plant projects, accounting for 74% of the loans' volume, have a performance ratio of at least 80%. 22 projects, accounting for 14% of the loans' volume, have a performance ratio between 76 and 79%. For 14 projects, accounting for 12% of the loans' volume, the performance ratio is not available.
 - No information is available on the share of projects for which the conversion efficiency of solar panels is at least 15%.

⁴ The CO₂ performance is based on the carbon intensity of the German electricity mix from 2012, as the 2013 and 2014 emission factors are not yet available (estimated values only).

- ✓ 100% of projects meet high standards regarding take-back options. All debtors are required to either submit a take-back guarantee by the solar module manufacturer to DKB or to use solar modules by manufacturers that are member of the photovoltaic waste management initiative PV Cycle.
- No information is available on the percentage of loans allocated to projects that are in line with the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).
- B.3. Community dialogue (not applicable for PV roof systems)
 - ✓ 100% of the projects comply with the regulations of the German Building Code (Baugesetzbuch/ BauGB). The regulations provide for the consideration of local residents' interests during the development of land-use plans and zoning maps (e.g. through public display of development plans, possibility to voice concerns, case-dependent compensation measures).
- B.4. Working conditions during construction and maintenance work
 - ✓ For 100% of projects, high standards regarding health and safety are in place during construction and maintenance work. Contractors have to be supervised by the projects' commissioners (in accordance with e.g. the German Occupational Safety Act and the German Construction Site Regulation).
 - ✓ For 100% of projects, high labour standards regarding e.g. working time, periods of rest (in accordance with e.g. the German Working Hours Act), minimum wages (in accordance with e.g. the 9th Ordinance on Compulsory Working Conditions in the Construction Sector), freedom of association and collective bargaining (in accordance with e.g. the German Works Constitution Act, and the German Act on Collective Agreements) and non-discrimination (in accordance with e.g. the German Anti-Discrimination Act) are in place.
- B.5. Social standards in the supply chain of solar modules and inverters
 - Only for 2 projects, accounting for 3% of the loans' volume, the solar modules are manufactured by companies that either show good performance regarding working conditions (according to their oekom Corporate Rating) or that primarily produce (i.e. have more than 50% of production sites) in countries with high labour standards (e.g. European Union, United States). For 55 projects, accounting for 46% of the loans' volume, the companies show poor performance or produce in countries with low labour standards. For 58 projects, accounting for 51% of the loans' volume, no information on social standards is available.
 - Only for 6 projects, accounting for 5% of the loans' volume, solar module manufacturers require high social standards from their suppliers (e.g. regarding the prohibition of forced labour, wages, working time, health and safety). For 51 projects, accounting for 41% of the loans' volume, the manufacturers do not require high social standards from their suppliers. For 58 projects, accounting for 54% of the loans' volume, no information on the manufacturers' supplier standards is available.
 - Only for 34 projects, accounting for 19% of the loans' volume, the solar inverters are manufactured by companies that either show good performance regarding working conditions (according to their oekom Corporate Rating) or that primarily produce (i.e. have more than 50% of production sites) in countries with high labour standards (e.g. European Union, United States). For 47 projects, accounting for 49% of the loans' volume, the companies show poor performance or produce in countries with low labour standards. For 34 projects, accounting for 32% of the loans' volume, no information on social standards is available.
 - ✓ For 66 projects, accounting for 62% of the loans' volume, solar inverter manufacturers require high social standards from their suppliers (e.g. regarding the prohibition of forced labour, wages,

working time, health and safety. For 49 projects, accounting for 38% of the loans' volume, no information on the manufacturers' supplier standards is available.

Impact indicator 1: Energy performance

The loans finance solar power plants with a total predicted annual energy production of 343 GWh/year. (This calculation is based on energy yield assessments carried out by independent assessors. DKB requires at least one assessment for solar power projects. oekom research was provided with one exemplary solar yield assessment by DKB. For example, these yield assessments refer to technical specifications of the system such as module capacity and orientation and to site-specific parameters such as shade levels.)

Impact indicator 2: CO₂ emissions performance

The predicted total avoidance of CO₂ emissions related to these loans is 200 kt CO₂/year (based on the carbon intensity of the German electricity mix: CO₂ emissions of electricity were 584 g/kWh in 2012; source: German Federal Environmental Agency⁵).

All data on impact indicators was calculated and provided by DKB.

⁵ The CO₂ performance is based on the carbon intensity of the German electricity mix from 2012, as the 2013 and 2014 emission factors are not yet available (estimated values only).

Part III – Assessment of DKB’s Sustainability Performance

In the oekom Corporate Rating with a rating scale from A+ (excellent) to D- (poor), DKB was awarded a score of B- and classified as “Prime”. This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by oekom research. In oekom research’s view, the securities issued by the company thus all meet the basic requirements for sustainable investments.



As at 20.10.2015, this rating puts DKB in place 1 out of 84 companies rated by oekom research in the “Financials/Public & Regional Banks” sector.

In this sector, oekom research has identified the following issues as the key challenges facing companies in term of sustainability management:

- Sustainability standards for the lending business
- Costume and product responsibility
- Sustainable investment criteria
- Employment security and employment wellbeing
- Business ethics

In all of these key issues, DKB achieved a rating result that is well above the average of the sector.

Further, oekom research’s analysis did not reveal that DKB is involved in any controversies and the company’s controversy score is zero.

More details on the rating of the issuer can be found in Annex 2 “Corporate Rating DKB”.

A handwritten signature in blue ink, appearing to read "A. Geyer", is written over a faint, circular official stamp.

oekom research AG
Munich, 21 October 2015

Disclaimer

1. oekom research AG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition we create a Second

Party Opinion (SPO) on bonds based on data from the issuer.

2. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of oekom research AG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.

3. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond, but refers exclusively to the social and environmental criteria mentioned above.

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About oekom research

oekom research is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. oekom research has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency's research in their investment decisionmaking. oekom research's analyses therefore currently influence the management of assets valued at over 600 billion euros.

As part of our Green Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria. We verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

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Annex

- Annex 1: oekom Green Bond Verification Framework
- Annex 2: oekom Corporate Rating DKB

Annex 1: Green Bond Verification Framework

Green Bond Verification Framework

The Green Bond Verification Framework serves as a framework for verifying the sustainability quality and thus the social and environmental added value of the use of proceeds of this Green Bond Programme. The framework comprises firstly a definition of eligible categories of projects offering environmental added value. Secondly, it encloses the specific sustainability criteria for each project category by means of which this added value and therefore the sustainability performance of the Green Bonds can be clearly identified and verified.

The sustainability criteria are complemented by specific and measurable indicators which enable to set ambitious targets and to evaluate the sustainability performance of the bond issue. Further, they provide the basis for informative reporting. In addition, impact indicators were defined for each project category, thus providing investors to with concrete information of environmental added value.

Use of Proceeds

The proceeds of this first Green Bond issued by DKB will be exclusively used for the following project categories:

- A. Renewable energy loans for the construction and operation of onshore wind power plants
- B. Renewable energy loans for the construction and operation of solar power plants

Risks and Opportunities linked to the Project Categories

The environmental benefits of these renewable energy projects comprise climate protection and the transition towards a low carbon economy. Further benefits are for example less environmental intervention (e.g. resource extraction, releases of waste streams to air, water or soil) and less need for cooling water in comparison to fossil fuel or nuclear power plants.

At the same time, it is important to take into account all possible risks linked to the projects from a sustainability perspective.

Regarding wind power, the construction and operation of power plants can result in negative environmental impacts at construction sites (e.g. biodiversity, noise) and impacts on local communities. Further risks include potentially poor working conditions during construction and maintenance of power plants as well

as in the supply chain of wind energy industry manufacturing. As the construction of wind power plants requires large amounts of raw materials and equipment, life cycle aspects are an important factor when assessing the overall environmental footprint of related projects.

With respect to solar power, the manufacturing of solar panels in developing countries poses the risk of poor social and environmental standards in the supply chain. As the production of solar panels requires scarce raw materials and as the panels contain hazardous substances, aspects such as recyclability, management of hazardous substances and conversion efficiency are relevant to evaluate the overall environmental performance of related project. During planning and construction of power plants possible negative impacts on local communities and the environment should be assessed and minimised.

Sustainability Criteria and Quantitative Indicators for Use of Proceeds

In order to make sure that the environmental and social risks linked to the financed projects are prevented and the opportunities clearly fostered, a set of sustainability criteria has been established for each project category. Quantitative indicators, allowing for measurement of progress and regular reporting, complete each criterion.

Project category A: Renewable energy loans for the construction and operation of onshore wind power plants

A.1. Consideration of environmental aspects during planning and operation

Quantitative indicators:

- Percentage of loans allocated to projects that underwent environmental impact assessments at the planning stage.
- Percentage of loans allocated to projects for which the location in key biodiversity areas can be excluded (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- Percentage of loans allocated to projects that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of loans allocated to projects for which measures to protect habitat and wildlife are in place (e.g. measures to protect birds and bats during operation of the power plant).

A.2. Environmental aspects of wind power plants

Quantitative indicator:

- Percentage of loans allocated to projects that carried out life-cycle assessments of the wind power plants.

A.3. Community dialogue

Quantitative indicator:

- Percentage of loans allocated to projects that feature community dialogue as an integral part of the planning process and the operational phase (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

A.4. Working conditions during construction and maintenance work

Quantitative indicator:

- Percentage of loans allocated to projects for which high labour and health and safety standards are applied for both own employees and contractors (e.g. ILO core conventions).

A.5. Social standards in the supply chain

Quantitative indicator:

- Percentage of loans allocated to projects for which high labour and health and safety standards are applied in the supply chain (e.g. ILO core conventions).

Impact Indicators: Energy production and avoidance of CO₂ emissions

- Annual energy production by the wind power projects (in kWh).
- Annual avoidance of CO₂ emissions by the wind power projects (in g/kWh); based on the carbon intensity of the German energy mix.

Project category B: Renewable energy loans for the construction and operation of solar power plants

B.1. Consideration of environmental aspects during planning and construction

Quantitative indicators (not applicable for PV roof systems):

- Percentage of loans allocated to projects for which the location in key biodiversity areas can be excluded (e.g. exclusion of Ramsar sites, UNESCO Natural World Heritage, IUCN protected areas I-IV).
- Percentage of loans allocated to projects that meet high environmental standards and requirements during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).

B.2. Environmental aspects of solar power plants

Quantitative indicators:

- Percentage of loans allocated to projects for which the performance ratio of solar power plants is at least 80%.
- Percentage of loans allocated to projects for which the conversion efficiency of solar panels is at least 15%.
- Percentage of loans allocated to projects that meet high environmental standards regarding recyclability (take-back options).
- Percentage of loans allocated to projects that are in line with the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).

B.3. Community dialogue (not applicable for PV roof systems)

Quantitative indicator:

- Percentage of loans allocated to projects that feature community dialogue as an integral part of the planning process and construction phase (e.g. sound information of communities, community advisory

panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

B.4. Working conditions during construction and maintenance work

Quantitative indicator:

- Percentage of loans allocated to projects for which high labour and health and safety standards are applied for both own employees and contractors (e.g. ILO core conventions).

B.5. Social standards in the supply chain

Quantitative indicator:

- Percentage of loans allocated to projects for which high labour and health and safety standards are applied in the supply chain (e.g. ILO core conventions).

Impact Indicators: Energy production and avoidance of CO₂ emissions

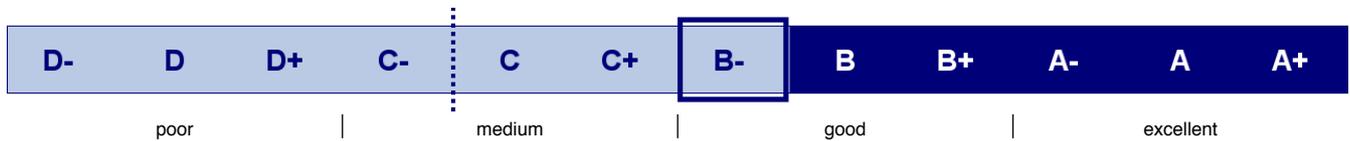
- Annual energy production by the solar power projects (in kWh).
- Annual avoidance of CO₂ emissions by the solar power projects (in g/kWh); based on the carbon intensity of the German energy mix.

oekom Corporate Rating

Deutsche Kreditbank AG

Industry: Financials/Public & Regional Banks
 GICS Industry: #N/A
 Country: Germany
 ISIN: DE000DKB0176
 Bloomberg Ticker: 1152Z GR Equity

Status: **Prime**
 Rating: **B-**
 Prime Threshold: **C**



Competitive Position

Industry Leaders

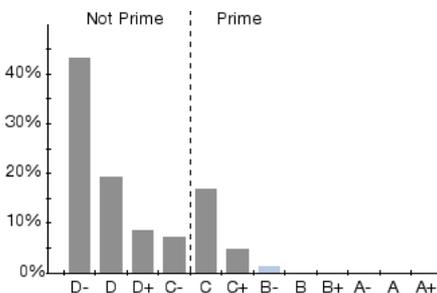
(in alphabetical order)

- Deutsche Kreditbank AG (DE) B-
- DZ BANK Group (DE) C+
- Norddeutsche Landesbank (DE) C+

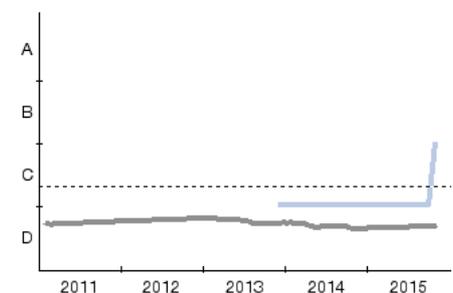
■ Company ■ Industry

Distribution of Ratings

(84 companies in the industry)



Rating History



Key Issues

Key Issue Performance



Strengths and Weaknesses

- + reasonable integration of environmental and social aspects into the lending business
- + reasonable policy on responsible marketing and transparent contracts
- + comprehensive programmes regarding financial services to companies/projects with high social benefit
- + reasonable code of conduct covering important aspects of business ethics
- + integration of environmental and social aspects into the asset management business
- no comprehensive measures taken to grant access to financial services without discrimination

Controversy Monitor

Company

Controversy Score: 0
 Minor



Industry

Controversy Score: -30
 Moderate



Disclaimer

- oekom research AG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide.
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Deutsche Kreditbank AG

Methodology - Overview

oekom Corporate Rating The oekom Universe comprises more than 3,500 companies (mostly companies in important national and international indices, but also small & mid caps drawn from sectors with links to sustainability as well as significant non-listed bond issuers).

The assessment of the social and environmental performance of a company is generally carried out with the aid of approx. 100 social and environmental criteria, selected specifically for each industry. All criteria are individually weighted, evaluated and aggregated to yield an overall score (Rating). In case there is no relevant or up-to-date company information available on a certain criterion, it is graded with a D-.

In order to generate a comprehensive picture of each company, our analysts collect information relevant to the rating both from the company itself and from independent sources. During the rating process, considerable importance is attached to cooperating extensively with the company under evaluation. Companies are regularly given the opportunity to comment on the results and provide additional information.

An external rating committee assists the analysts at oekom research with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

Controversy Monitor The oekom Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

The controversy score is a measure of the number and extent of the controversies in which a company is currently involved: all controversial business areas and business practices are assigned a negative score, which varies depending on the significance and severity of the controversy. Both the score of the portrayed company and the maximum score obtained in the industry are displayed.

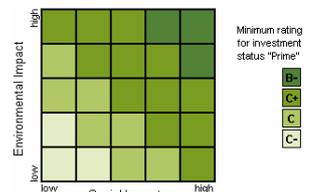
For better classification, the scores are assigned to different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies, for which reliable information from trustworthy sources is available, are recorded. It should be noted that large international companies are more often the focus of public and media attention and available information is often more comprehensive than for less prominent companies.

Distribution of Ratings Overview of the distribution of all company ratings of an industry from the oekom Universe (company portrayed in this report: light blue). The industry-specific Prime threshold (vertical dotted line) is also shown.

Industry Classification The social and environmental impacts of industries differ. Therefore, subject to its relevance, each industry analysed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the oekom Corporate Rating, i.e. the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders List (in alphabetical order) of the top three companies in an industry from the oekom Universe at the time of generation of this report.

Key Issue Performance Overview of the company's performance with regard to important social and environmental issues that are key to the industry, compared to the industry average.

Rating History Trend in the company's rating over time and comparison to the average rating in the industry.

Rating Scale Companies are rated on a twelve-point scale from A+ to D-:
 A+: the company shows excellent performance.
 D-: the company shows poor performance.
 Overview of the range of scores achieved in the industry (light blue) and display of the industry-specific Prime threshold (vertical dotted line).

Sources of Information Data for the Bloomberg Ticker, Company Name, Country, GICS Industry and ISIN was sourced from Bloomberg.

Status & Prime Threshold Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by oekom for a specific industry (absolute best-in-class approach) in the oekom Corporate Rating. Prime companies rank among the leaders in that industry.

Strengths & Weaknesses Overview of selected strengths and weaknesses of a company with regard to relevant social and environmental criteria.

Please note that all data in this report relates to the point in time at which the report was generated.