



Volksbanken Raiffeisenbanken
cooperative financial network

2020 Sustainability Report

 **DZ BANK** Group

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1.0 About this report

This report provides information on important sustainability activities of DZ BANK AG and the DZ BANK Group and the progress made in this area in 2020. Reports that were previously published separately have been combined in one comprehensive Sustainability Report for the first time.

Pursuant to section 340a (1a) of the German Commercial Code (HGB), the DZ BANK Group and DZ BANK AG are required to publish a non-financial statement as defined in section 315c HGB in conjunction with section 289c HGB. The separate combined group non-financial report ('non-financial report') for the DZ BANK Group and DZ BANK AG is included in this Sustainability Report. The non-financial report is guided by the standards of the Global Reporting Initiative (GRI) as a reference framework. The application of the net method did not lead to the identification of any reportable non-financial risks arising from the group's business activities, business relationships, products, or services that are very likely to have a serious negative impact on non-financial aspects. DZ BANK Group entities report on sustainability information that is outside the scope of the non-financial report in their sustainability reports and on their websites.

The GRI reporting of DZ BANK AG meets the requirements of the 'core' option of the GRI Sustainability Reporting Standards (GRI SRS). The content has been included in the Sustainability Report and is summarized in the GRI content index (see [section 11.2 Indices](#)).

In addition, this report satisfies the obligation of the DZ BANK Group as a signatory of the United Nations Global Compact (UNGC) to regularly report on its progress regarding the implementation of the ten principles of the UNGC in the four areas of human rights, labor standards, environmental protection, and the prevention of corruption as well as its activities to promote sustainable development.

In April 2020, DZ BANK AG signed the Principles for Responsible Banking (PRB), thereby committing to greater sustainability and transparency. The reporting requirements associated with this commitment are also satisfied by this Sustainability Report.

Content that relates to the UNGC progress report, the PRB principles, or one of the United Nation's 17 sustainable development goals (SDGs) is included in the GRI content index.

The Sustainability Report covers the following management units of the DZ BANK Group:

- Bausparkasse Schwäbisch Hall AG (BSH)
- R+V Versicherung (R+V)
- Union Asset Management Holding (UMH or Union Investment)
- TeamBank AG (TeamBank)
- DZ BANK AG – central institution and corporate bank (DZ BANK)
- DZ HYP AG (DZ HYP)
- DZ PRIVATBANK S.A. (DZ PRIVATBANK)
- VR Smart Finanz AG (VR Smart Finanz)
- DVB Bank SE (DVB Bank)

Unless otherwise indicated, the statements made in this report relate to the DZ BANK Group including DZ BANK AG (DZ BANK). Where a statement relates exclusively to DZ BANK or individual entities of the DZ BANK Group, this is explicitly indicated in the text.

The 'DZ BANK Group fundamentals' chapter in the 2020 group management report contains further information on the management units of the DZ BANK Group and their business models.

Report content that is mandatory under the provisions of the HGB is presented with a gray background. Information that is presented without a gray background is additional content that is provided on a voluntary basis. In the interests of readability, this report does not use the bank's full legal name.

The Sustainability Report relates to the 2020 financial year (January 1 to December 31, 2020). Particularly relevant events have been included up to the publishing deadline of February 22, 2021. The Sustainability Report is published annually. The next report will be published in March 2022.

External assurance engagement

An independent assurance engagement was conducted by the auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in respect of the non-financial report in order to obtain limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). The independent auditor's limited assurance report can be found in [› section 11.4](#).

The information that was reviewed as part of the external assurance engagement in respect of the non-financial report is presented with a gray background in this document.

2.0 Foreword

Dear reader,

During the COVID-19 pandemic, sustainability has become an even more pressing and relevant subject for the economy, society, and politics alike. The financial industry plays a central role in the further development of our economy and society toward more sustainable business practices. As a member of the cooperative financial network, we regard corporate citizenship as part of our DNA. The DZ BANK Group has been working hard for years in order to enhance its sustainability profile.

These activities were further accelerated in 2020. Sustainability and ESG aspects are embedded in the corporate values, strategy, goals, and remuneration system of DZ BANK. The recent organizational integration of this field into the Strategy & Group Development division is yet another step designed to take account of its crucial importance. We are deeply and personally invested in our strategic sustainability programs, both at DZ BANK AG and at DZ BANK Group level. At the moment, the focus is on a fundamental overhaul of our management instruments.

Against this backdrop, we started to develop a proprietary sustainability classification for DZ BANK in 2020. This classification approach enables us to measure the degree of sustainability in our business portfolio in quantitative terms and to derive appropriate management input from the measurement outcomes. Among the standards used to create the reference framework were the United Nations' sustainable development goals (SDGs), because this allowed us to take account of all dimensions of sustainability (social,



Uwe Fröhlich (left) and Dr. Cornelius Riese, Co-Chief Executive Officers

environmental, and corporate governance aspects) in a holistic manner. The SDGs were therefore also adopted as the standard classification framework for the business activities of the DZ BANK Group entities.

In the interests of our stakeholders, we decided in 2020 to fundamentally overhaul our existing concept for external sustainability reporting. The aim was to combine the existing sustainability report formats in one comprehensive Sustainability Report and to publish information on the sustainability-related activities of DZ BANK and the DZ BANK Group in a highly transparent manner. This Sustainability Report is the outcome of that endeavor.

Supporting our customers on their journey toward a more sustainable business model will be hugely important for us. We want to be a reliable and responsible partner in this field, offering an extensive range of products and services relating to sustainability in capital markets business, research, asset management, insurance, corporate banking, and other areas.

In accordance with the cooperative financial network's sustainability guidelines, we take a proactive approach to sustainability and take responsible action – together with our customers, members, and employees – in order to shape a more sustainable future for the environment, society, and the regions in which we operate.

Kind regards,
The Co-Chief Executive Officers of DZ BANK

Uwe Fröhlich
Co-Chief Executive Officer

Dr. Cornelius Riese
Co-Chief Executive Officer

We take a proactive approach to sustainability and take responsible action – together with our customers, members, and employees.

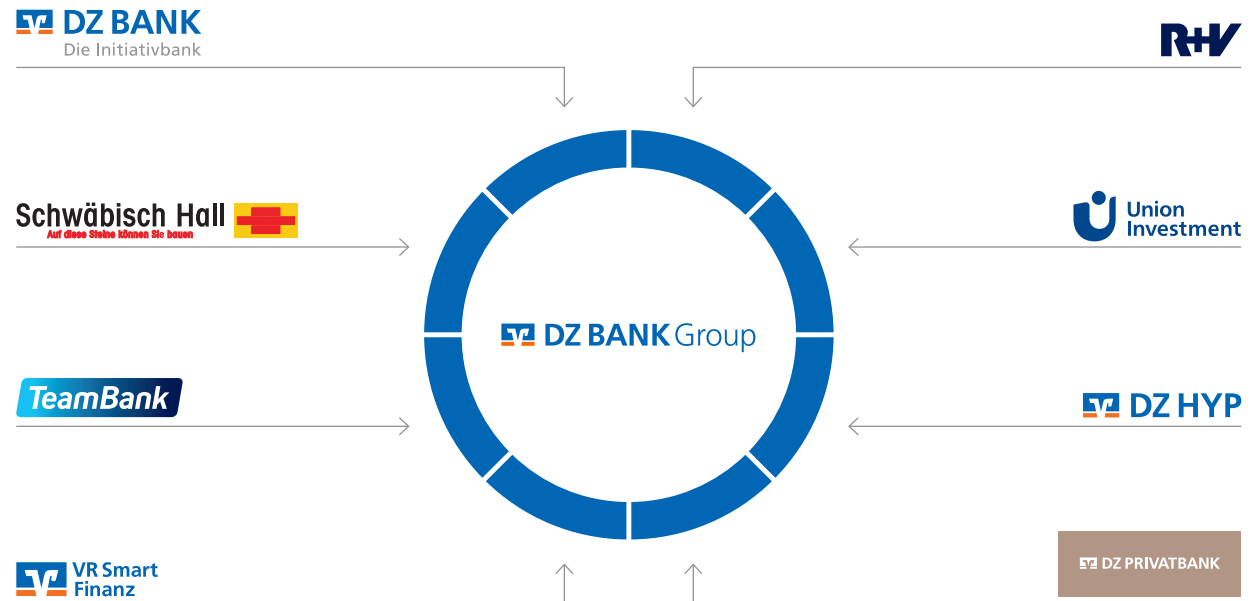
Uwe Fröhlich and Dr. Cornelius Riese, Co-Chief Executive Officers of DZ BANK

3.0 Company profile

The DZ BANK Group forms part of the German cooperative financial network, which includes around 815 cooperative banks and is one of Germany's largest private-sector financial services organizations measured in terms of total assets. Within the cooperative financial network, DZ BANK functions as the central institution and is responsible for supporting the business of the cooperative banks in their regions and strengthening their competitiveness. It also operates as a corporate bank and acts as the holding company for the DZ BANK Group. DZ BANK's range of products and services extends from classic and innovative products, structuring, and issues, to trading and sales in the equity and bond markets. DZ BANK also acts as a corporate bank, supporting companies and institutions that need a nationwide banking partner.

The DZ BANK Group includes Bausparkasse Schwäbisch Hall AG, DZ HYP, DZ PRIVATBANK, R+V, TeamBank, Union Investment, VR Smart Finanz, and various other specialized institutions. With their strong brands, the entities in the DZ BANK Group constitute key pillars in the range of financial products and services offered by the cooperative financial network. This combination of banking, insurance, home savings, and personal investment products and services has a long and successful tradition in the cooperative financial network. The specialized institutions in the DZ BANK Group provide highly competitive products within their specific areas of expertise. This ensures that the cooperative banks in Germany are able to offer their customers a comprehensive range of outstanding financial services.

STRONG BRANDS – STRONG PARTNERS



4.0 Strategy

Our company takes action.

Sustainability is firmly embedded in the corporate values and strategy of DZ BANK AG and the DZ BANK Group. We incorporate the sustainable development goals and the Paris climate agreement into our core business and our finance function.



Cooperative values as a basis for action



Alignment of the strategy with frameworks such as the UN's 17 SDGs



Evaluation of our sustainability performance by recognized rating agencies



4.1 Sustainability in our vision and values

Since the very beginning more than 170 years ago, reconciling business success and social responsibility has been central to the cooperative principle, which has been awarded World Heritage status by the United Nations. The fundamental idea of a cooperative is to solve economic and social problems collectively. Cooperatives operate in a sustainable and responsible manner, support their members, and are firmly rooted in their region.

The sustainability guidelines developed by and for the Volksbanken Raiffeisenbanken cooperative financial network in 2020 set out the network’s shared values and provide a framework for all of its sustainability activities. They state that the cooperative financial network derives its strength from shared cooperative values and an open and transparent culture. The companies that form part of the cooperative financial network promote the transition toward more sustainable business practices and take responsible action – together with their customers, members, and employees – to shape a more sustainable future for the environment, society, and their regions.

The DZ BANK Group can look back on a long tradition of corporate responsibility and sustainability. By signing up to the United Nations Global Compact in 2008, the DZ BANK Group committed to ten universally accepted principles of responsible conduct. These principles, which relate to human rights, labor standards, environmental protection, and the fight against corruption, are an important guide for the actions of the DZ BANK Group entities and thus a reference for the groupwide code of conduct. The code of conduct of the DZ BANK Group provides the basis for a groupwide cor-

porate culture that is ethical, sustainable, and in compliance with the law. All group entities are committed to fostering this corporate culture both internally and externally.

As part of the ‘Verbund First 4.0’ initiative in the area of personnel and culture, DZ BANK defined eight values in 2019: innovation, consistency, performance, courage, sustainability, partnership, security, and cosmopolitanism. Sustainability, as a defined value, focuses on thinking and acting with a

long-term mindset. Decisions should always be made in consideration of their consequences for the bank and its environment. These eight values serve as guiding principles for the further development of DZ BANK’s corporate culture.

In addition to DZ BANK, other DZ BANK Group entities also use defined values as a framework. Further details can be found in the sustainability reports and on the websites of the individual group entities.

VERBUND FIRST 4.0 – THE STRATEGIC FOUNDATION OF OUR MARKET POSITION



4.2 Sustainability in our corporate strategy

In 2020, sustainability was embedded in the corporate strategy at several different levels: as a priority topic for the groupwide strategic planning process (SPP), as a self-contained implementation package under the Verbund First 4.0 initiative of DZ BANK, and as an area of potential in the DZ BANK Group.

Sustainability as a priority topic for the groupwide strategic planning process

As part of the annual strategic planning process, the group entities define their business strategy (objectives, strategic direction, and measures). The plans developed by the management units are then validated and discussed in strategic dialogs at boardroom level. Once the strategic discussions have been concluded and the individual entity planning has been completed, the SPP moves on to the consolidated group planning stage, which involves the development of the business strategy for the DZ BANK Group. The Strategy & Group Development division of DZ BANK is responsible for the overall coordination of the SPP.

In the spring of 2020, the Board of Managing Directors decided to make sustainability a priority topic for all strategic dialogs at DZ BANK and across the DZ BANK Group. In the strategic dialogs with the Corporate Banking, Capital Markets, and Transaction Banking business lines at DZ BANK and the strategic dialogs with subsidiaries, sustainability was discussed in terms of opportunities and risks. In addition, both the status quo of ongoing sustainability activities and plans for future activities were evaluated against the backdrop of changing regulatory and market conditions.

As a result of the SPP, a variety of sustainability-related strategic priorities were identified at the DZ BANK Group entities. These priorities varied depending on the business model of the entity. For example, DZ BANK plans to expand its sustainability expertise and ESG-related activities in the business with institutional clients in the capital markets business. Union Investment intends to expand its offering of sustainability-oriented products for retail customers, and DZ PRIVATBANK wants to increase the extent to which sustainability factors are taken into account in its asset management activities.

Verbund First 4.0 strategic program of DZ BANK

The Verbund First 4.0 initiative, which was launched in 2018, is helping DZ BANK to develop its strategy as the leading financial services provider for the Volksbanken Raiffeisenbanken cooperative financial network. Subsidiarity, decentralization, regional market responsibility, and sustainability are the central principles that guide the strengthening and expansion of the cooperative financial network's position. The implementation of the strategic program has been structured in 24 implementation packages. In 2020, a dedicated implementation package within the remit of Corporate Management was put together, comprising a range of sustainability topics. The aim of this package is to create transparency about the current level of sustainability by means of a classification and to make strategic decisions about the future focus of sustainability activities. An additional objective is to better coordinate and harmonize the sustainability activities of DZ BANK, the DZ BANK Group, and the BVR.

DZ BANK reached the first milestones of the sustainability implementation package in 2020. These included signing up



Since the spring of

2020

sustainability has been a **priority topic** of all strategic dialogs.

to the Principles for Responsible Banking and introducing the sustainability classification for the credit portfolio on the basis of standards such as the UN sustainable development goals. As part of the classification process, business activities were assessed with regard to their impact on environmental, social, and corporate governance aspects (for further details on the sustainability classification, see > section 6.1.3 Financing portfolio). In addition, an internal discussion was initiated with the aim of defining sustainability-related ambitions.

Sustainability as an area of potential in the DZ BANK Group strategy

Alongside entity-specific growth and strategy programs, groupwide areas of potential were determined for the first time in 2020 as part of the strategic development of the DZ BANK Group. These areas of potential will be used to further strengthen the future competitiveness and profitability of the DZ BANK Group. Sustainability is one of currently seven areas of potential, which are being coordinated at group level by the Strategy & Group Development division of DZ BANK for the purposes of the SPP. Members of the Boards of Managing Directors of DZ BANK, R+V, and Union Investment are the sponsors of the sustainability area of potential. For DZ BANK, the Co-Chief Executive Officers represent this area of potential. The Group Coordination Committee will be regularly updated on progress with implementation in the areas of potential. This committee is the highest-level management and coordination committee in the DZ BANK Group. Its members comprise the Board of

Managing Directors of DZ BANK and the chief executive officers of BSH, DZ HYP, DZ PRIVATBANK, R+V, TeamBank, UMH, and VR Smart Finanz.

The steps taken in the sustainability area of potential in 2020 included a stocktake of the sustainability activities in the DZ BANK Group and an indicative analysis of benefits in this area of potential. In addition, the United Nations' 17 sustainable development goals were selected as the standard classification framework for the business activities of the DZ BANK Group entities. Depending on the business model of the group entity in question, the classification will focus on the credit portfolio of banks or the investment portfolio of asset managers or insurers.

An initial analysis showed that the business activities of the DZ BANK Group primarily make positive contributions to the following ten SDGs:

- 2 Zero hunger
- 3 Good health and well-being
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 10 Reduced inequalities
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 15 Life on land

OUR FOCUS SDGs



These ten focus SDGs form the basis for future efforts to make the business activities of the DZ BANK Group ever more sustainable. But above and beyond this approach, the DZ BANK Group continues to support all 17 SDGs.

Voluntary commitments

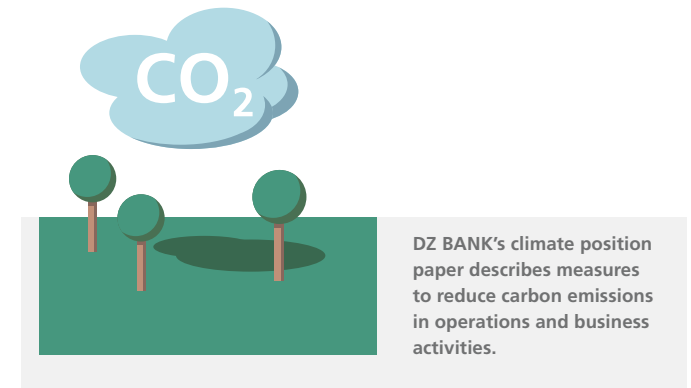
Voluntary commitments further promote the integration of sustainability in the corporate strategy of the DZ BANK Group. Since 2008, the DZ BANK Group has been a signatory of the UN Global Compact and has therefore committed to upholding ten universally accepted principles of responsible conduct. These include respecting human rights and employee rights, protecting the environment, and preventing bribery and corruption.

In April 2020, DZ BANK signed the Principles for Responsible Banking (PRB), thereby committing to greater sustainability and transparency. The voluntary initiative was launched by the UN Environment Programme Finance Initiative (UNEP FI). The PRB comprise six principles – alignment, impact and target setting, clients and customers, stakeholders, governance and culture, transparency and accountability – and provide all signatories with a standardized framework for the

integration of sustainability in key areas of business. These principles also help companies to systematically align their business strategy with societal endeavors such as meeting the targets of the Paris climate agreement and achieving the UN sustainable development goals.

DZ BANK also published its own position paper on climate change in April 2020. In this paper, it sets out the steps it is taking to reduce its own environmental footprint, scale up its low-carbon business portfolio, and support the transformation of carbon-intensive industries and activities.

Union Investment has been a signatory of the United Nations' Principles for Responsible Investment (PRI) for many years. This involves a voluntary commitment to integrate ESG (environmental, social, and corporate governance) criteria in the investment process, advocate sustainable practices and transparency on sustainability in the investment industry, and disclose information about the sustainability activities of the company. Union Investment undergoes annual PRI assessments to benchmark its sustainability performance against these globally accepted standards for responsible investment in the asset management sector and was once again awarded the top grade of A+ in 2020.



In August 2020, R+V signed up to the PRI as well in order to enhance the sustainability of its investment activities. With assets under management of nearly €120 billion, R+V is one of the biggest institutional investors in Germany. Alongside the financial objectives of security and returns, R+V also uses ethical, social, and environmental criteria as a guideline for its decisions and continuously develops its sustainability concept for investment activities.

4.3 Key areas of action

As part of the Advancing Sustainability project that was launched in 2019, DZ BANK developed an initial framework for a coordinated approach to the subject of sustainability. This framework comprises five central areas of action – strategy, corporate management, business portfolio, business processes, and management of operations – and was expanded by adding a groupwide perspective.

Detailed information on the central areas of action and their individual components can be found in the relevant sections of this Sustainability Report.

OVERVIEW OF AREAS OF ACTION/SUSTAINABILITY FRAMEWORK



Close alignment with the 'Sustainable Finance' project of the BVR

4.4 Selection of goals

In the spring of 2021, DZ BANK formulated five measurable sustainability goals that are being further developed over time. The Board of Managing Directors will be updated regularly on progress with the achievement of these goals. In terms of content, the goals can be allocated to the categories 'business portfolio' and 'external assessment by sustainability rating agencies'.

The sustainability rating agency ISS ESG has awarded the DZ BANK Group a 'prime' rating. This prime status is awarded to companies whose performance regarding environmental and social aspects is assessed as above the average for their industry. The stated aim of the DZ BANK Group is to maintain its prime status in the ISS ESG sustainability rating going forward. This is an ambitious goal because – like other

sustainability rating agencies – ISS ESG continues to develop its assessment method and requirements. Regular analysis of the rating requirements and outcomes is thus necessary in order to identify where action might be required and develop targeted measures. Sustainability ratings therefore also perform a policy-shaping function.

OVERVIEW OF SELECTED GOALS

Category	Goal	Actual 2020	Target
External assessment	DZ BANK Group: Maintain prime status in the groupwide ISS ESG rating	C+ ¹	C+ (2021 et seq.)
	DZ BANK AG: Maintain MSCI ESG Research rating of AA	AA	AA
Business portfolio	Positive SDG impact of at least 2/3 of DZ BANK AG's lending volume	65%	At least 2/3 by end of 2021
	€6 billion of finance for renewable energies by 2022	€5.7 billion at end of 2020	€6.0 billion by end of 2022
	Increase Union Investment's sustainably managed Assets under Management to €81 billion by the end of 2022	€61 billion at end of 2020	€81 billion by end of 2022

¹ On a rating scale from A+ to D-.

In addition to the ISS ESG rating, DZ BANK is also regularly assessed by other sustainability rating agencies such as MSCI, Sustainalytics, and imug (see > [section 11.1 Sustainability ratings](#)). There will be a stronger focus on the MSCI assessment in the future. The goal is to maintain a rating of AA (on a scale from AAA to CCC) from MSCI ESG Research in the years to come. In 2020, DZ BANK made an organizational change in view of the increasing integration of ESG aspects in traditional credit rating agencies' activities. All rating activities of DZ BANK have been combined and brought into the remit of the Investor Relations organizational unit.

A total of three quantitative goals were defined in relation to the business portfolio. The first goal is to ensure that at least two-thirds of the lending volume of DZ BANK as at December 31, 2021 has a positive impact on the UN SDGs. Moreover, DZ BANK wants to increase its financing activities in the field of renewable energies to €6 billion by the end of 2022.

Union Investment intends to grow its volume of assets under management that are invested in accordance with sustainability criteria by €20 billion to a total of €81 billion by the end of 2022. In 2020, Union Investment operationalized its company-wide strategic target vision of being the leading active sustainability manager in Germany. To this end, it formulated a target for each of the areas of action 'positioning/communication of Union Investment', 'services/expertise', 'marketing', 'products', and 'operations'. It also defined

concrete measures, such as expanding sustainability research in portfolio management and supporting the cooperative partner banks with sustainability-related matters, within these areas of action. A multi-dimensional set of metrics is being developed as a way of measuring Union Investment's achievement of its leadership vision. The plan is to use this set of metrics for internal management purposes in the future.

The DZ BANK Group intends to also improve its sustainability performance with regard to the management of its operations. At the start of 2021, the DZ BANK Group began to update its climate strategy, which it had originally set out in 2018 (see > [section 9.0 Operational ecology](#)).



4.5 Materiality assessment

The preferences and requirements of its stakeholders are fundamental to the sustainability approach and strategy of DZ BANK and also provide the framework for the content of the yearly Sustainability Report.

A materiality assessment was conducted in 2020 in order to determine topics of material importance for the non-financial reporting of the DZ BANK Group. This assessment focused on the criteria ‘relevance to the business’ and ‘impact’, as required under section 289c HGB, and on ‘relevance to stakeholders’ as required by the standards of the GRI. Pursuant to section 289c (3) HGB, material topics are those that are indispensable for the understanding of business performance, operating performance, and the position of the DZ BANK Group and on which the DZ BANK Group has a significant impact as a result of its activities.

The first step of the materiality assessment was the preparation of a list of potentially material topics. For this purpose, both internal and external sources – including internal meeting minutes, the results of the 2019 groupwide stakeholder survey, EU guidance on non-financial reporting, guidance from church banks, requirements from rating agencies and non-governmental organizations (NGOs) – were analyzed and the identified topics were grouped into subject categories. As a result, both the current sustainability context of DZ BANK and topics of relevance to stakeholders were included in a ‘long list’.

At the next stage, experts from the Strategy & Group Development division and the Communications & Marketing division assessed the topics on this long list with regard to

stakeholder relevance and the aforementioned criteria pursuant to section 289c HGB.

In terms of materiality pursuant to section 289c HGB, no differences were identified between DZ BANK and the DZ BANK Group.

The following overview shows the topics identified as material in the 2020 materiality assessment as well as their allocation to non-financial reporting criteria pursuant to section 289c HGB and the sections of this report:

Topic	Section in the Sustainability Report	Non-financial criterion pursuant to section 289c HGB
EMPLOYER BRANDING	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.3 Occupational health and safety	Employee matters
COMPLIANCE	5.3.1 Compliance function 5.3.2 Prevention of money laundering and fraud	Anti-corruption and bribery
DATA PROTECTION	7.4 Data protection	Employee matters, social matters
CUSTOMER SATISFACTION	7.1 Customer focus	Social matters
SUPPLIER MANAGEMENT	7.3 Purchasing and supplier management	Environmental matters, social matters, human rights, anti-corruption and bribery matters
HUMAN RIGHTS DUE DILIGENCE	7.2 Human rights due diligence	Human rights
SUSTAINABLE BUSINESS PORTFOLIO	6. Business portfolio	Environmental matters, social matters, human rights, anti-corruption and bribery matters
PROFESSIONAL DEVELOPMENT	8.1 HR strategy and employer branding	Employee matters
STAKEHOLDER DIALOG	5.2 Stakeholder dialog	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
CORPORATE/BUSINESS STRATEGY	4. Strategy	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
CORPORATE MANAGEMENT/GOVERNANCE	5.1 Corporate governance	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
DIVERSITY AND EQUAL OPPORTUNITY	8.4 Diversity and equal opportunity	Employee matters, human rights

Topics of relevance to the aspects of environmental matters, employee matters, social matters, respect for human rights, and anti-corruption and bribery matters are discussed in this report. The aforementioned material topics pursuant to section 289c HGB are also deemed material according to the GRI. In addition to the aforementioned material topics, DZ BANK also publishes voluntary disclosures in relation to public policy, tax matters, risk and opportunity management, the compatibility of work, family life, and care responsibilities, efforts to make the business greener, and corporate citizenship. The reporting on 'operational ecology' and 'public policy' has been aligned with the GRI standards.



5.0 Corporate management

Our bank brings sustainability to life.

In order to practice sustainability effectively, we pool our skills and expertise and coordinate the collaboration across all group entities based on defined areas of action.



Group Corporate Responsibility Committee as the central interface for sustainability



Regular, detailed discussions with the stakeholders of the DZ BANK Group



Compliance as an important basis for responsible corporate management

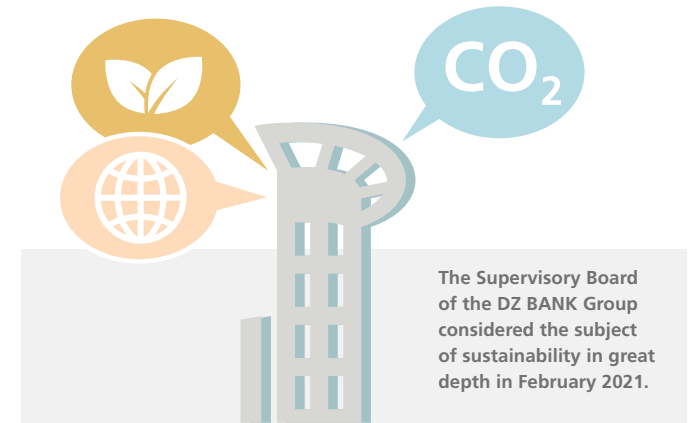
5.1 Corporate governance

In 2020, sustainability was addressed as a matter of priority by the decision-making bodies of DZ BANK.

The Supervisory Board advises the Board of Managing Directors and monitors its management activities. Every year, the Supervisory Board reviews the non-financial report prepared by the Board of Managing Directors for DZ BANK and the DZ BANK Group. It also commissions voluntary reviews by an external auditor at regular intervals. At the Supervisory Board meeting in February 2021, the sustainability strategy of the DZ BANK Group was discussed in detail (agenda item

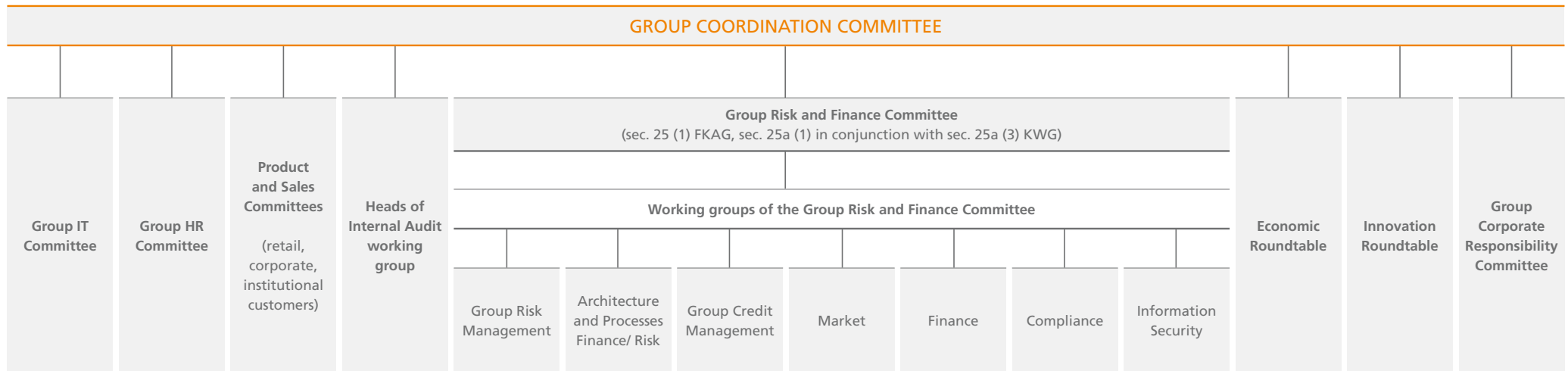
‘Sustainability in the DZ BANK Group: framework, strategy, areas of action’).

The Board of Managing Directors of DZ BANK is responsible for the implementation of the Verbund First 4.0 strategic initiative. As part of this strategic program, a range of sustainability topics were combined in a dedicated implementation package within the remit of Corporate Management in 2020. This means that Verbund First 4.0 has embedded sustainability in our targets at board level. Within the DZ BANK Group, sustainability has since 2020 been defined as one



of our areas of potential, which are being coordinated by DZ BANK for the whole group. Members of the Boards of Managing Directors of DZ BANK, R+V, and Union Invest-

DZ BANK GROUP MANAGEMENT COMMITTEES



ment represent this area of potential and update the Group Coordination Committee, the highest-level management and coordination committee in the DZ BANK Group, on progress with its implementation at regular intervals (see [section 4.2 Sustainability in our corporate strategy](#)).

Various committees consisting of representatives from all strategic business lines and group functions assist the Group Coordination Committee's decision-making by preparing proposals. One of these supporting committees is the Group Corporate Responsibility Committee (Group CRC).

The Group CRC, which is coordinated by DZ BANK and whose members include the sustainability coordinators in the management units and at ReiseBank, is a platform for sharing specialist information throughout the group about the latest sustainability-related trends and activities. The committee identifies key issues relevant to the whole of the group and initiates joint projects. The head of the Group CRC reports to the DZ BANK Co-Chief Executive Officer responsible for sustainability. He or she also reports annually and on an ad hoc basis to the Group Coordination Committee. In 2020, the decision was made to turn the Group CRC into a committee with board-level representation.

At DZ BANK, the subject of sustainability management was organizationally reassigned to the Strategy & Group Development division in 2020. Previously, it had been part of the

remit of the Communications & Marketing division. The new Sustainability organizational unit, which forms part of the Group Strategy department, acts as a central sustainability management hub and oversees five primary areas of responsibility:

- Further development of the sustainability strategy of DZ BANK
- Further development of an effective sustainability governance concept
- Transparency and engagement with interest groups through sustainability dialog with relevant stakeholders
- Coordination and cross-project management of bank-wide sustainability activities at DZ BANK
- Internal and external sustainability reporting

The Advancing Sustainability project, which was launched in 2019, was expanded into a Sustainability Task Force in 2020. The Sustainability Task Force is responsible for the overall coordination of DZ BANK's priority topics: the sustainability ambition (including targets and voluntary commitments), sustainability communication and reporting, the sustainability impact classification for greater transparency about the impact of the credit portfolio, and the sustainability risk classification. Over the course of the year, the remit of the task force was expanded to include the sub-modules 'sustainability risk management' and 'sustainability in the lending business'.

The task force also coordinates cross-divisional sustainability activities and sustainability matters at group and network level. The project results are presented to and discussed by a steering committee at regular intervals. The steering committee is made up of the Co-Chief Executive Officers and



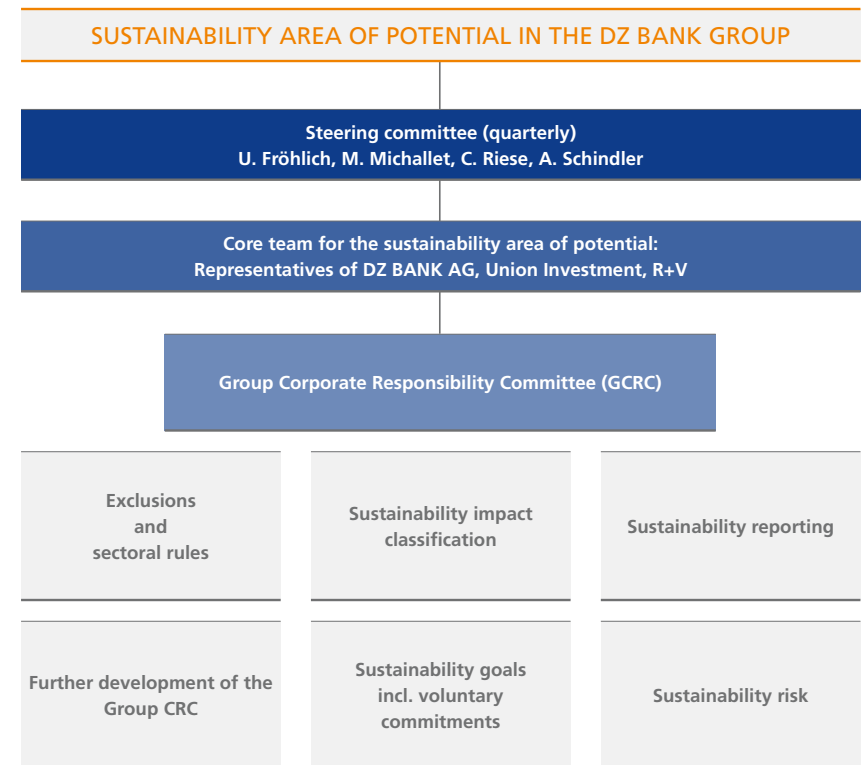
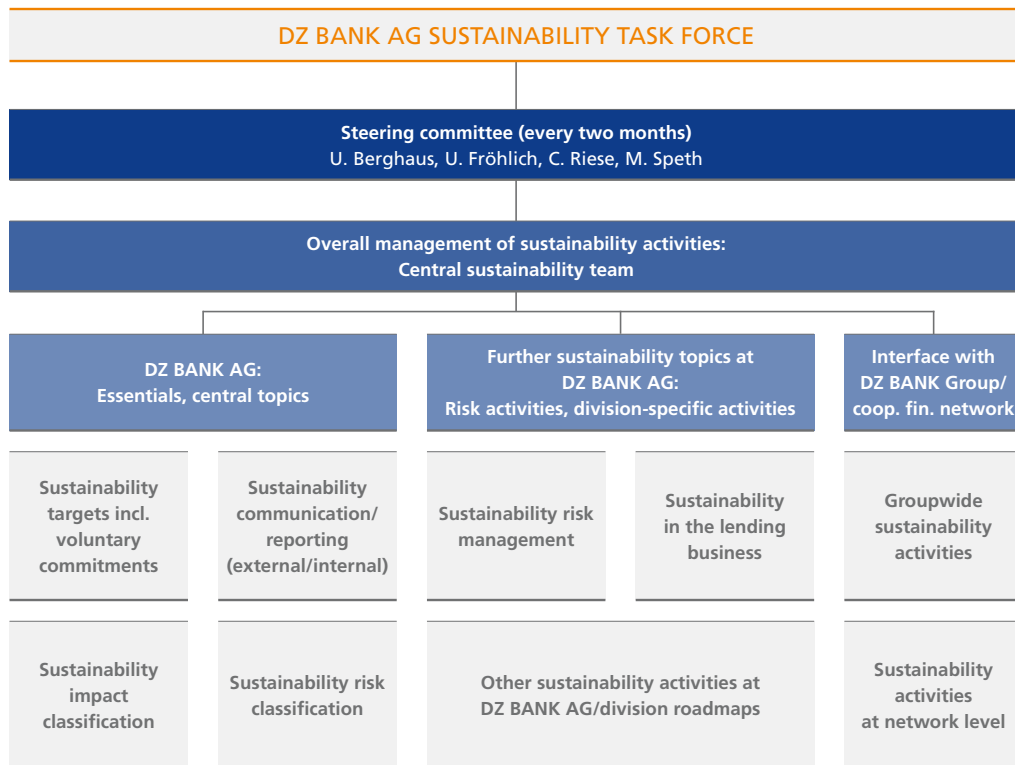
two further members of the Board of Managing Directors of DZ BANK, and the heads of the relevant organizational units.

The main project results of the task force in 2020 included the classification of DZ BANK's credit portfolio based on the UN SDGs and a 'technology mapping' process (see > sec-

tion 6.1.3 Financing portfolio), the further development of sustainability reporting, a systematic sustainability stocktake in the context of risk management, the launch of the first measures to implement the Principles for Responsible Banking, and initial qualitative and quantitative goals as part of the definition of an overarching sustainability ambition.

The sustainability team is furthermore responsible for driving the sustainability implementation package under the Verbund First 4.0 strategic program.

BOARD OF MANAGING DIRECTORS TASK FORCES AT DZ BANK AG AND IN THE DZ BANK GROUP



5.2 Stakeholder dialog

The DZ BANK Group entities actively seek dialog with their customers and other stakeholders in order to engage them in the group's business processes to everyone's advantage. Regular discussions with the various stakeholder groups help to gain an understanding of their needs and expectations and provide an opportunity to hear their suggestions. They also allow the group entities to share information on their progress and plans in the field of sustainability.

Important stakeholders of the DZ BANK Group are representatives of companies and organizations that are impacted at an economic, environmental, or social level by the activities of the DZ BANK Group or that may have an impact on the group's activities; these include shareholders, retail and business customers, employees, institutional investors, service providers and suppliers, representatives from academia and politics, media representatives, NGOs, rating agencies, and the general public.

The DZ BANK Group regularly conducts groupwide stakeholder surveys. The last survey was conducted in 2019. Certain individual group entities, e.g. Union Investment and BSH, also carry out their own stakeholder surveys. In addition, the DZ BANK Group entities use a wide variety of dialog formats.

Dialog with cooperative banks

The cooperative banks constitute the most important customer group of the DZ BANK Group. As they are also the owners of DZ BANK, DZ BANK feels particular solidarity and a sense of partnership with them. DZ BANK facilitates communication and information sharing with the cooperative banks through various dialog events, including five regional

Banking Advisory Councils and the autumn conferences. The DZ BANK Group's Central Advisory Council is of particular strategic importance.

It aims to ensure that the cooperative banks are involved in the DZ BANK Group's significant strategic decisions (to the extent permitted by the German Stock Corporation Act). The purpose of the Central Advisory Council is to facilitate in-depth discussion and dialog on key strategic issues in the DZ BANK Group. These issues include the fundamental ongoing development of the DZ BANK Group, strategic planning, and current business performance. The Central Advisory Council meets twice per year – once in the spring and once in the autumn – and is able to make recommendations to the various Boards of Managing Directors in the DZ BANK Group. At each meeting, the Central Advisory Council focuses on one priority topic. These topics relate to the design of new products and services and the way they are marketed to cooperative banks and their customers.

The Central Advisory Council comprises around 35 members from the Boards of Managing Directors of cooperative banks plus other important representatives from within the cooperative financial network. The meetings of the Central Advisory Council are also attended by the Board of Managing Directors of DZ BANK and the Chief Executive Officers of DZ BANK's major subsidiaries. The two meetings that took place during the reporting period focused on the priority topics 'Appetite for innovation – new technologies' and 'Current developments in Corporate Banking'. At the meeting in the spring of 2021, the members of the Central Advisory Council will be focusing exclusively on the topic of sustainability and the latest developments in the DZ BANK Group.

DZ BANK organizes an annual sustainability conference for cooperative banks. This conference serves as a platform for information sharing, dialog, and networking. In 2020, the sustainability conference did not take place due to the COVID-19 pandemic. However, a regular dialog was established in the reporting year between a number of church banks and DZ BANK's sustainability team. DZ BANK also participated in an engagement dialog organized by the Arbeitskreis Kirchlicher Investoren (AKI) [Working Group of Church Investors].

Alongside the cooperative banks, DZ BANK also maintains a close dialog with other customer groups. The employees of the DZ BANK organizational unit Debt Capital Markets/ESG Organization bring sustainability to the attention of institutional investors in Germany and other countries and provide information on the subject by giving talks at conferences and by organizing roadshows focused on sustainability. The Entrepreneur Advisory Board meets twice per year, bringing the Board of Managing Directors of DZ BANK together with corporate customers and other representatives from academia, politics, and industry associations and providing an opportunity to discuss current business developments, trends, and experiences.

In addition, customers are surveyed systematically at regular intervals in order to assess their expectations and satisfaction levels (see > [section 7.1 Customer focus](#)). Employees are also invited regularly to take part in online surveys ('pulse checks') about their satisfaction with DZ BANK. Further dialog formats are used to supplement these measures (see > [section 8.1 HR strategy and employer branding](#)).



One of the topics raised by stakeholders is the approach to controversial business areas and practices.

In 2020, DZ BANK was approached by NGOs with a number of inquiries and matters that were investigated and addressed. For example, the DZ BANK Group once again participated in the Fair Finance Guide project conducted by Facing Finance. It is intended that the requirements of the ranking will have an even stronger influence on the further development of sustainability engagement activities going forward.

One of the topics raised by stakeholders in 2020 in connection with sustainability was the approach to controversial business areas and practices. For example, existing rejection criteria and policies in relation to the extraction and use of fossil fuels and in relation to nuclear weapons have come under criticism for not going far enough (see > section 6.1.5 Rejection criteria and sectoral rules). The climate strategy of the DZ BANK Group pertaining to the management of its own operations was also criticized (see > section 9.0 Operational ecology). Stakeholders expect the group to align its targets with the objective of the EU to reach climate neutrality by 2050 and to take account of the carbon emissions resulting from business activities ('financed emissions').

Engagement with associations and advocacy organizations

DZ BANK actively engages with a large number of associations and advocacy organizations in order to understand the expectations of stakeholders in a dialog with representatives from society and politics and promote its own interests as a financial institution. In addition to its dialog with the Volksbanken Raiffeisenbanken local cooperative

banks, DZ BANK maintains close contact with the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks] and the Genossenschaftsverband – Verband der Regionen e.V. [Association of Cooperatives – Association of the Regions]. The 'Sustainable Finance' project that was initiated by the BVR in 2019 is supported by representatives from DZ BANK, Union Investment, R+V, and DZ PRIVATBANK. This project examines the strategic, economic, and regulatory significance of sustainability for the cooperative banks.

DZ BANK is an active member of the following cooperative associations:

- European Association of Cooperative Banks (EACB) – a European association that represents the interests of cooperative banks with regard to legislation and regulation at European level
- Confédération Internationale des Banques Populaires (CIBP) – an association that supports networking and the sharing of best practices among cooperative banks around the world and provides a shared forum for learning
- Unico Banking Group – an association that facilitates networking and the sharing of experiences in working groups and at top management level.

DZ BANK is furthermore a member of various other associations and initiatives with a link to the field of sustainability, including:

- Climate Bond Initiative (CBI)
- Equator Principles Association
- Forum Nachhaltige Geldanlagen (FNG)
- Green Bond Principles (GBP)
- Green and Sustainable Finance Cluster Germany e. V. (GSFCG)
- ICC Commission on Environment & Energy (ICC)
- ECOPROFIT club in Frankfurt and Düsseldorf
- Principles for Responsible Banking (PRB)
- United Nations Environment Programme – Finance Initiative (UNEP FI)
- United Nations Global Compact (UNGC)
- Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU)

In addition, a senior employee of DZ BANK is an appointed member of the German government's Sustainable Finance Committee. This committee was formed to support the German government in the development and implementation of a sustainable finance strategy.

Information on further memberships of DZ BANK are provided in section 10 'Corporate citizenship'. Details about memberships of other DZ BANK Group entities can be found in the sustainability reports and on the websites of these entities.

5.3 Compliance

5.3.1 Compliance function

Ensuring compliance is essential to responsible corporate governance. An effective compliance management system ensures that business practices are legitimate and serves to protect against reputational risks and financial loss. This includes combating corruption and bribery, preventing money laundering, the financing of terrorism, market manipulation, and insider trading, and ensuring compliance with financial sanctions.

The main tasks of the compliance function are to identify, manage, and mitigate compliance risk in order to protect customers, DZ BANK, the other entities in the DZ BANK Group, and their employees against breaches of legal provisions and requirements. The compliance function is also responsible for monitoring compliance with the legal provisions and requirements, keeping senior management and the departments informed of changes to the legal situation, and advising them on implementing new provisions and requirements.

The role of the compliance function is to ensure the implementation of effective procedures for compliance with the legal regulations and requirements that are material to the bank, along with the relevant controls. The compliance function is also responsible for supporting and advising the senior management on compliance with these legal provisions and requirements.

The wide-ranging remit of the Compliance division covers the following areas: anti-money laundering and fraud prevention, capital market compliance, and corporate compliance. The Compliance division also serves as a center of expertise for data protection.

The capital market compliance team is responsible for advising the departments on national and European regulatory requirements and for ensuring compliance with all securities regulations. The capital market compliance employees also carry out checks on the departments that are subject to the regulations, draw up internal policies, and train staff on the relevant national and European requirements.

Corporate compliance develops and is responsible for the compliance standards that are not part of capital market compliance. It is responsible for the governance of compliance at group level. The team also advises departments, branches, and group entities with regard to the implementation of these requirements and checks whether they are being adhered to while also focusing on risk. The corporate compliance team also carries out the compliance risk analysis at DZ BANK, at the group entities, and in the foreign branches. Corporate compliance is furthermore responsible for implementing and monitoring legal standards within DZ BANK.

The anti-money laundering and fraud prevention team develops and implements safeguards against money laun-

dering, the financing of terrorism, and fraud. This includes implementing the Anti-Money Laundering Act and other legislation relevant to money laundering within DZ BANK including the foreign branches and for formulating and monitoring rules that stipulate how to prevent fraud at the bank. Regular training of all staff is a key part of the preventive measures in this area.

In addition, standardized guidelines that are designed to prevent money laundering and fraud within the DZ BANK Group are developed and documented in writing as part of the compliance policy for the DZ BANK Group and the associated compliance standards. The group entities are monitored to ensure that they comply with the guidelines relating to anti-money laundering and fraud prevention.

The head of the Compliance division acts as the central point of contact to whom all information concerning anti-money laundering and fraud prevention is directed.

The compliance framework of the DZ BANK Group centers on the compliance policy, which sets out the requirements for the establishment/organization of the compliance functions and details of their duties. The framework is supplemented by compliance standards, which specify how to implement these requirements at an operational level.

DZ BANK has established a control process to identify, implement, and comply with material new and amended statutory

and regulatory provisions based on consistent standards. This step was taken to ensure that the organization meets relevant regulatory requirements regarding the comprehensive monitoring of legal norms. At the end of 2019, this process was digitalized and rolled out across the entire bank. Digitalization aims to ensure that statutory requirements are implemented with an even higher degree of efficiency and process security.

The Compliance division reports once per year to the Board of Managing Directors and the Supervisory Board on the activities of and any significant findings by the compliance function of DZ BANK and its subsidiaries. The tasks of the Compliance division are based on the requirements of the German Banking Act (MaRisk, money laundering and other criminal offenses), the German Securities Trading Act (MaComp), MAR, MAD, the German Anti-Money Laundering Act (GwG), and the corresponding legislation at European level. In addition to this annual compliance report, the Compliance division also carries out a separate risk assessment each year for the Board of Managing Directors and Supervisory Board, entitled 'Prevention of money laundering, terrorist financing, and other criminal offenses'. The reports and analyses include an ongoing review and further development of the preventive measures implemented within DZ BANK to prevent money laundering, financing of terrorism and other criminal offenses.



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principles of responsible management have been applied by the DZ BANK Group since it became a signatory of the United Nations Global Compact.

5.3.2 Prevention of money laundering and fraud

By signing up to the UN Global Compact, the DZ BANK Group has undertaken to respect and comply with the ten principles of corporate responsibility. Principle 10 commits companies to work against corruption in all its forms, including extortion, bribery, and passive corruption. The DZ BANK Group's code of conduct is based on the principles of the UN Global Compact. It also addresses undesirable business practices and makes reference to various fraud prevention tools.

To prevent white-collar crime and protect the group's reputation and assets, procedures have been introduced to allow employees to report potentially illegal or damaging practices. To help guard against white-collar crime and protect employees from undue influence, a whistleblowing hotline is available to employees to anonymously report their suspicions to either an internal or external ombudsman. This information is passed on to a whistleblower committee in accordance with data protection requirements. The committee then evaluates the suspicions and initiates the necessary action steps. In addition, all employees of DZ BANK are required to use the compliance and money-laundering hotline to report any potential wrongdoing directly to the Compliance division.

All DZ BANK Group entities have policies in place for dealing with gifts. Gifts should generally be given for altruistic motives – for example to express thanks – or to celebrate events such as birthdays or service anniversaries. However, such well-intended gestures could be misinterpreted and could lead to improper influence over the recipient of the gift. The line between a well-intended gesture and an attempt at bribery is blurred. The DZ BANK guidelines for dealing with gifts and invitations contain binding provisions designed to rule out conflicts of interest and crimes, with the aim of protecting employees, customers, and DZ BANK itself.

DZ BANK provides regular training for its employees on compliance, prevention of money laundering and terrorist financing, financial sanctions and embargoes, fraud prevention, the General Data Protection Regulation, information security, and prevention of market manipulation. The training is intended to ensure ethical business conduct by informing and educating employees. In addition, all Supervisory Board members receive regular training on anti-corruption topics.

At DZ BANK, web-based training tools are mandatory for all employees and also include a test at the end. Employees must complete these programs soon after joining the organization. The modules are tailored to the business activities and the special needs of DZ BANK and are repeated by all employees at all locations in Germany on a two-yearly cycle. Employees who have not completed the training within the specified timeframe receive an automated reminder from the training tool, giving them 15 days to complete the program in question. The internal reminder system for training mod-

ules consists of a total of three warning levels, each of which also sends a notification to the employee's immediate line manager. The training completion rate in 2020 was 97 per cent.

The DZ BANK Group entities also provide anti-money laundering and fraud-prevention training to their employees. Depending on the size of the entity, classroom-based training may also be provided in addition to the online training programs.

Every division of DZ BANK has a divisional fraud prevention coordinator. This coordinator is a permanent point of contact who ensures, in consultation with Internal Audit and the Compliance division, that the necessary measures are implemented in the work processes in an effective way and that they are being applied.

The processes for accepting customers and updating customer data on an ongoing basis have been defined in writing by DZ BANK in accordance with statutory requirements. A risk-based approach ensures that all necessary data and information about the bank's customers is collected. This also includes checks to identify politically exposed persons (PEPs) and checks against sanction and embargo lists. Since 2020, processes for accepting customers and updating customer data have been supported by the electronic GPdirekt system.

The DZ BANK Compliance division works closely with the Group Operational Risk function in the Risk Controlling division, and others, in order to collect data on money laundering risk and fraud risk for the annual risk analysis.

All sites and subsidiaries are included in the annual risk analysis, which is required by law. No significant risk of corruption was identified in the 2020 risk analysis for the DZ BANK Group. In addition, seminars are offered on specific topics such as investment advice and the management of conflicts of interest. Compliance also works with a software program that examines all trades for market price manipulation. Moreover, a multi-level process within DZ BANK is designed to ensure that employees adhere to the statutory requirements aimed at preventing insider trading.

The rules for the handling of potential conflicts of interest are set out in the conflict of interest policy of DZ BANK. The bank uses this policy to inform customers of possible conflicts of interest and inducements. Specific conflicts of interest are disclosed to recipients of financial analyses who are simultaneously making use of other banking services, for example. Initiating and monitoring the implementation of these measures also falls within the remit of the Compliance division.

In its role as central institution, DZ BANK processes international payments for many local cooperative banks. Identify-



ing and reporting any suspicious transactions that arise in this context forms part of the service offering of DZ BANK. The suspicious transactions reports are delivered to the central agency for suspicious (money laundering) transaction reports (FIU).

The Compliance division did not identify any incidents of corruption in 2020.

5.3.3 Socioeconomic and environmental compliance

For DZ BANK, complying with environmental laws and legislation is a matter of course. DZ BANK does not manufacture any products, so it is not subject to the same challenges as companies that do. No fines or sanctions were imposed on DZ BANK during the reporting period for non-compliance with environmental legislation.

As the central institution of the cooperative financial network, DZ BANK bears particular responsibility for guaranteeing good business practices in its own operations. The bank's centralized Compliance division acts as an interface to the other banking functions. It reports directly to the

Board of Managing Directors and advises managerial staff and business units on the implementation and monitoring of legal requirements. The Compliance division also checks adherence to the provisions of the German Securities Trading Act (WpHG), the ban on insider trading, and the rules on employee transactions.

If such incidents occur, they will be reported in the Annual Financial Statements and Management Report and in the Annual Report. There were no incidents of this nature in the reporting year.

No actions were brought against DZ BANK in relation to anti-competitive behavior, anti-trust, and monopoly practices during the reporting period.

5.3.4 Public policy

The donations policy of DZ BANK specifies that donations to political parties should support Germany's parliamentary system as a whole. Under this policy, donations are generally made to all parties that are active throughout Germany, are represented in the German Bundestag (making up at least 5 percent of the total members of parliament), and are committed to the Basic Law of the Federal Republic of Germany and to the model of a social market economy. In certain cases, donations may also be made to parties acting at European or international level or to political organizations that are committed to the model of a social market economy and the principles of democracy. To initiate a donation in response to an explicit request from a party to DZ BANK, the

Board of Managing Directors of DZ BANK has to adopt a resolution – ensuring that the aforementioned requirements are met – and determine the size of the donation on a case-by-case basis (taking account of similar/previous requests). The donation will be made to the requesting party only.

In 2020, political donations accounted for 7.8 percent (€21,685) of our total donations (2019: 6.3 percent). As Germany is the main location for DZ BANK's business activities, the data relates exclusively to Germany.

5.3.5 Taxes

The aim of the group governance policy is to provide transparency and clarity about the tax-related governance structures of the DZ BANK Group. The DZ BANK Group is committed to upholding high ethical and professional standards that are documented in a written set of procedural rules. These also include provisions on tax compliance.

In addition, a tax strategy has been defined for the DZ BANK Group as part of the overall corporate strategy. The principle of social acceptance of its activities as a basis for economic success also plays a central role in the tax strategy, which places a strong emphasis on compliance with relevant tax obligations. This approach guides the manner in which DZ BANK conducts its business in all jurisdictions and markets in which it operates.

As a legal entity whose headquarters and management are based in Germany, DZ BANK AG is liable to pay tax on its entire worldwide income in Germany without limitation. In

addition, it is liable to pay a limited amount of tax abroad on the local income of individual international branches.

DZ BANK is unequivocally committed to meeting its tax obligations in accordance with relevant requirements. It complies with national and international tax laws and rejects aggressive tax planning practices. DZ BANK uses responsible tax planning methods in accordance with the law. This approach reflects DZ BANK's understanding of tax compliance. It is rooted in the code of conduct, which applies across the whole group and is binding for all employees and the Board of Managing Directors. It provides a clear and concise overview of crucial conduct rules and cooperation requirements for employees.

A group tax strategy, which has been documented in writing for the entire group, supplements the code of conduct. This tax strategy applies to all entities that belong to the DZ BANK Group and serves as a guideline and model for daily practices as well as internal and external conduct concerning tax matters. DZ BANK and the DZ BANK Group entities therefore do not engage in any aggressive tax planning practices. The persons responsible for managing the tax function comply with statutory provisions and regulatory standards in relation to all types of tax. The bank's tax compliance management system is an integral component of its overall compliance regime. DZ BANK does not knowingly contribute to activities that facilitate or enable tax evasion or tax avoidance and rejects any activities of this nature. The group tax strategy is reviewed regularly, at least once per year, to assess if any updates are required, and is approved by the Group Risk and Finance Committee.

The overall responsibility for tax compliance lies with the Board of Managing Directors as the legal representatives of DZ BANK. The member of the Board of Managing Directors who oversees compliance and finance is responsible for tax matters, as set out in the schedule of responsibilities. This responsibility is delegated to the Head of Group Tax, who has set up a Tax Compliance/Controlling function within the Group Tax department of DZ BANK. This function reports directly to the Head of Group Tax, who, in turn, reports to the responsible Head of Division and the relevant member of the Board of Managing Directors.

To ensure tax compliance, DZ BANK has implemented a tax compliance management system (tax CMS) that has been certified by an external provider and meets the adequacy requirements of the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany] as defined in IDW standard PS 980, PH 1/2016. The audit conducted by an independent auditing firm as at December 1, 2019 covers corporation tax, trade tax, investment income tax, and value added tax. DZ BANK hereby undertakes to comply with all tax-related rules and requirements that apply to the company and to maintaining organizational structures that ensure compliance with these obligations on an ongoing basis. The next step being implemented to enhance the tax CMS of DZ BANK is the further automation and digitalization of audit procedures in end-to-end processes as part of an ongoing project for the further development of tax compliance.

DZ BANK has a variety of prevention and detection mechanisms in place that mitigate tax compliance risks and aim to prevent breaches of tax compliance rules. A detailed description of these mechanisms is contained in the specification of the tax CMS. This also includes continuously reporting on tax risks and opportunities in the direct reporting to the Board of Managing Directors, monitoring processes based on a risk control matrix, and constantly reviewing the aforementioned measures to identify any need to update them. A reporting line to the Compliance Office also serves to meet regulatory requirements.

A consultation policy that is included in the written set of procedural rules of DZ BANK requires the divisions and senior management to involve the Group Tax department.

The existing whistleblowing system (see [section 5.3.2 Prevention of money laundering and fraud](#)) also provides an option to report suspicions in relation to tax matters.

Tax obligations also give rise to tax risk when there is uncertainty about the correct tax treatment of relevant matters. Such uncertainty can arise primarily from the complexity of the economic circumstances and the applicable tax system. DZ BANK has established internal management and control systems in order to identify and minimize tax risks or avoid them in the first place.

Stakeholder interests are taken on board in the course of regular communications, e.g. during meetings and in the reporting. Tax matters and projects that are relevant or

material to DZ BANK or affect its reputation are presented to the Board of Managing Directors for acknowledgement or approval. As part of the decision-making process, reports from external experts are used depending on the subject matter in order to present and consider the perspectives of different stakeholder groups. To foster collaboration with tax authorities in a spirit of partnership, the Group Tax department maintains a close dialog with the competent local tax authorities, government finance departments, and federal authorities. DZ BANK is also actively represented in the tax committees of various institutions, such as the BVR and the Bundesverband Öffentlicher Banken Deutschlands (VÖB) [Association of German Public Banks]. This helps the bank to identify trends in tax legislation in a timely manner so that it can respond and represent the interests of its shareholders (cooperative banks, other cooperative entities, and other companies) and business partners appropriately. In the event of a regulatory investigation, DZ BANK fully cooperates with the investigating authorities.

Particularly important tax matters are brought to the attention of the Supervisory Board's Audit Committee and the competent Joint Supervisory Team (JST) of the regulatory authority.

Country-by-country reporting

The annual country-by-country report of the DZ BANK Group is published on the DZ BANK website: https://www.dzbank.com/content/dzbank_com/en/home/DZ_BANK/investor_relations/reports.html

5.4 Risk management

The business operations of a bank come with associated sustainability risks. The objectives of the DZ BANK Group's risk management system are to identify relevant sustainability risks at an early stage, assess their financial implications, and implement measures to avoid or mitigate these risks.

Governance function

The Board of Managing Directors lays down the core risk policy guidelines and decisions and bears responsibility for them. Senior management sets out clear expectations regarding the handling of risk across the group. The risk strategies adopted by the Board of Managing Directors embed these expectations in the risk management system of the DZ BANK Group and DZ BANK. At the same time, the Board of Managing Directors acts as a role model regarding the implementation and practice of the corporate risk culture.

The risk culture at DZ BANK is shaped by the strong sense of responsibility that the cooperative financial network feels for its members and for society. Key features of the risk culture are documented in a framework that is available to all employees. Rooted in the risk culture, the risk appetite statement provides the basis for efficient risk management in the DZ BANK Group. As a central document for defining the group's risk appetite, the statement sets out groupwide risk policy principles, risk strategy guidance, and quantitative targets that express the risk appetite of the Board of Managing Directors. These principles are formalized at institutional level in the risk strategy.

DZ BANK's risk strategy is derived from the fundamental principle of the risk culture, which is to avoid aggressive risk-taking. The objective for all activities is to take on risk only to the extent necessary to achieve business objectives while bearing in mind the guiding principle of a 'network-oriented central institution and financial services group' and ensuring that there is an adequate understanding of the risks and the necessary expertise to measure and manage them.

In keeping with the risk policy principles and based on the business strategies, risk strategies are defined by the Board of Managing Directors every year for those risk-bearing business activities that have been identified as material. The Board of Managing Directors thus defines the company-wide framework for risk appetite and risk-bearing capacity, as well as the risk management goals and measures to achieve these.

Compliance with the risk strategies is monitored on an ongoing basis. Economic and regulatory key risk indicators are presented to the Board of Managing Directors in a monthly overall risk report, which is intended to ensure that the Board is informed promptly about the overall risk situation against the backdrop of the defined risk appetite. This report is supplemented with quarterly overall risk reports, reports on adverse stress tests, recovery indicator reports, and the annual report on reverse stress tests. The annual alignment and updating of the risk strategies is also a core element of the strategic planning process and is conducted

in close collaboration with relevant divisions and affected group entities.

The decision-making process of the Group Coordination Committee is supported by a variety of other committees that bring together representatives from all strategic business lines and also address the topics of risk management and opportunity management. The Group Risk and Finance Committee (GRFC), the central risk management committee of the DZ BANK Group, provides support with finance and liquidity management and with the preparation and implementation of the finance and risk management system. Dedicated working groups are formed to examine specific risk facets. The Group Risk Management working group supports the GRFC in all matters concerning the management of risk capital and market risk in the DZ BANK Group, and in matters relating to external risk reporting. At DZ BANK level, the monitoring and control of the aggregate risks to the bank is coordinated by the Risk Committee. Its recommendations in relation to risk management, risk methodology, risk policies, risk processes, and the management of operational risk are submitted directly to the Board of Managing Directors. The Architecture and Processes Finance/Risk working group assists the GRFC with the further development of the integrated finance and risk architecture in the DZ BANK Group. The management of credit risk throughout the group is the responsibility of the Group Credit Management working group. The Credit Committee, which normally meets every two weeks, makes decisions on material lending exposures, manages credit risk at DZ BANK, and is respon-

sible for country risk throughout the DZ BANK Group. The Market working group provides implementation support throughout the group for liquidity management, funding activities, balance sheet structure management, and capital management. In addition, it is responsible for refining the management of centrally measured market risk. The Finance working group advises the GRFC on matters concerning the consolidated financial statements, tax law and regulatory law at group level, and group controlling. It is also responsible for the further development of the groupwide management framework (definitions, nomenclature, methods).

Sustainability-related risks and implications

The risk management approach of the DZ BANK Group and DZ BANK places a particular emphasis on sustainability risks that have an impact on the business activities of the financial services group. Based on regulatory recommendations such as the Guidance Notice on Dealing with Sustainability Risks issued by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [German Federal Financial Supervisory Authority], the DZ BANK Group and DZ BANK do not classify sustainability risk as a risk type in its own right. Instead, sustainability-related risks are reflected in the annual risk inventory as facets of established financial and non-financial risk types. Physical and transition risk drivers from the environmental, social, and corporate governance sphere materialize in areas such as credit risk and operational risk. Close collaboration between the departments and DZ BANK's Risk Controlling function ensures consistent risk management throughout the group.

Sustainability-related risks and implications are analyzed from two perspectives:

- 'Inside-out' perspective: Analysis of the effects that the business activities of DZ BANK and the DZ BANK Group have on the environment and society
- 'Outside-in' perspective: Analysis of the impact that environmental, social, and corporate governance challenges have on the risk position of DZ BANK and the DZ BANK Group

Inside-out perspective

With regard to sustainability-related risks arising from its own business activities, the DZ BANK Group uses various concepts in the lending, financing, and investment business that are designed to minimize potential adverse sustainability implications and mitigate potential risks as much as possible.

This includes DZ BANK's sustainability checklist for lending and the 'Sustainable lending within the DZ BANK Group' policy. As part of the credit check process, DZ BANK uses the checklist to assess loan applications in respect of environmental, social, and ethical risks. Industry-specific sectoral rules and rejection criteria are also applied at the level of affected group entities. Large-scale project finance transactions are reviewed by the World Bank to verify compliance with the IFC Performance Standards. In the investment business, ESG aspects are used as an additional risk filter in internal risk management. Union Investment, for example, takes account of regulatory risk, reputational risk, event risk, litigation risk, and technology risk in its investment

decisions and analyzes ESG factors relating to companies, governments, industries, and other securities issuers. R+V is preparing for the introduction of a best-in-class investment approach and is compiling the necessary data that will allow it to specifically take account of climate risk.

Environmental and social risks have to be considered not only from a finance perspective but also with regard to procurement. The DZ BANK Group's procurement processes comprise social and environmental standards whose scope also covers aspects relating to human rights and working practices. DZ BANK, Bausparkasse Schwäbisch Hall, R+V Versicherung, Union Investment, and VR Smart Finanz use a sustainability agreement requiring their suppliers to comply with the DZ BANK Group's minimum standards, the principles of the United Nations Global Compact, and the fundamental conventions of the International Labour Organization (ILO).

Outside-in perspective

At DZ BANK and within the DZ BANK Group, sustainability risks from an external perspective are understood as the negative implications that ESG factors have on the financial position, financial performance, and reputation of the bank and the group. The credit risk strategy of the DZ BANK Group therefore prohibits transactions that do not meet the minimum environmental, social, and corporate governance requirements or that are associated with a heightened risk of reputational damage to the cooperative financial network. In addition, the internal Advancing Sustainability project also uses the outside-in perspective for the purpose of creating

transparency about the sustainability of the group's banking business. The SDG indicator approach highlights positive, adverse, and neutral contributions of business activities to the SDGs and makes it possible to derive a first high-level assessment of the potential reputational risk for DZ BANK. The classification of financial technologies in terms of their future viability from a climate perspective ('technology mapping') provides some information about the potential impact of climate change on the risk position of DZ BANK.

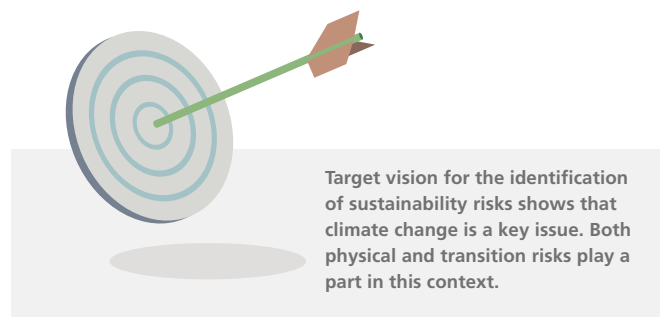
Climate and environmental risks

It is crucial that the group's internal understanding of risk management is further developed on an ongoing basis, especially when it comes to environmental and climate risks. The DZ BANK Group is already taking account of relevant climate-related aspects. As one of Germany's leading asset managers for sustainability-oriented investments, Union Investment considers risks associated with climate change when making its investment decisions. It began to study the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) at an early stage and implement them systematically in its operating and investment processes (see > [6.2 Asset management](#)).

DZ BANK is conducting a first assessment of potential effects of climate change as part of a classification project that establishes links between technology types and their climate implications. Transparency in the lending business about climate-related technologies is also relevant in the context of

DZ BANK's position paper on climate change. This paper was approved by the Board of Managing Directors in April 2020 and sets out how the bank plans to reduce its carbon footprint, expand its low-carbon business portfolio, and contribute to the transformation of carbon-intensive industries. The position paper was guided by market standards and forms the basis for the structured advancement of sustainability within the DZ BANK Group and the definition of the first quantitative goals in the next phase.

As part of DZ BANK's sustainability risk classification project, a target vision that conforms to regulatory requirements was developed at the end of 2020 with the objective of identifying sustainability risks at an early stage and ensuring compliance with statutory and internal company requirements relating to sustainability (e.g. limits). Based on the project results generated so far by the sustainability classification, this lays the foundation for the efficient management of



sustainability risk in line with regulatory requirements (of the European Central Bank (ECB) and the European Banking Authority (EBA)). Close collaboration with relevant departments is ensured throughout the process. The focus on the aspect of climate change is also consistent with the findings from the analysis of the credit portfolio regarding its sensitivity toward the 17 SDGs, which identified the Climate Action goal as particularly relevant. This scenario-based analysis was conducted in 2020 and also formed the starting point for discussions about methodological and conceptual questions concerning the bank's sustainability risk.

DZ BANK has identified climate change as a key risk factor for the overall economy. The DZ BANK Group is exposed to medium- and long-term risks resulting from climate change. These risks comprise both physical risks, such as more occurrences of natural disasters and floods, and transition risks, which can arise particularly as a result of legislative initiatives and changes in consumer behavior.

Physical climate risks affect the lending business of the entities in the DZ BANK Group. They can give rise to credit risk if, for example, the recoverability of collateral for loan exposures is adversely impacted by climate events. In addition, as a result of transition effects such as the transformation to a carbon-neutral economy, there is a risk in the lending business that the profitability of corporate finance borrowers (mainly at DZ BANK) and of real estate finance borrowers (mainly at BSH and DZ HYP) could be decreased. These effects could lead to a deterioration of the borrowers'

credit quality and thus to higher impairment losses. In the Insurance sector of the DZ BANK Group, non-life actuarial risk (premium and reserve risk, catastrophe risk) at R+V is the main type of risk that could be significantly affected by physical climate risk. Specifically, in any one year, the actual impact from the size and frequency of losses could exceed the forecast impact. In both the Bank sector and the Insurance sector, physical climate risk could also give rise to operational risk from the non-availability of buildings or IT systems, or from weather or environmental events.

If climate risks are relevant because of the business model, they are implicitly backed with capital within the risk types referred to above. If the specified risks were to materialize, DZ BANK would have to fall back on the capital concerned. Furthermore, negative effects on the reputation of individual entities in the DZ BANK Group or on the group as a whole cannot be ruled out.

The Guide on climate-related and environmental risks published by the ECB in November 2020 addresses the subject of climate change at regulatory level. It sets out the regulator's expectations regarding banks' business models,

business strategies, corporate governance, risk appetite, risk management, and disclosures. The guide came into effect in November 2020, meaning that from the start of 2021, major institutions will be required to inform the ECB about deviations of relevant measures from the defined expecta-



tions. They will also need to describe the steps they are taking and the time they believe it will take them to achieve compliance.

The expectation formulated by the ECB in relation to the disclosure of information on climate-related and environmental risks is aligned with the guiding principle of the TCFD and its implicit appeal to companies to voluntarily disclose to investors and stakeholders their strategies for tackling the opportunities and risks of climate change.

DZ BANK recognizes the importance of taking environmental – and especially climate-related – risks into account as suggested by the TCFD and the ECB's guide. In 2020, gap analyses for the integration of climate-related and environmental risks in the entire risk management process landscape were initiated. This marked the starting point for more in-depth methodological and conceptual assessment steps concerning sustainability risk in 2021.

6.0 Business portfolio

Our offering promotes change.

Our portfolio of sustainability-oriented products and services is a fully rounded proposition for our customers. In addition, we want to support our customers on their transformation journey toward greater sustainability.



With a lending volume of €5.7 billion in 2020, DZ BANK was one of the biggest funding partners for renewable energy projects in Germany



In Germany, R+V is the third biggest provider of insurance for renewable energy installations



Union Investment is one of Germany's largest providers of sustainable investments with €61 billion of AuM



6.1 Bank

The DZ BANK Group promotes sustainable economic and social development through various sustainability management activities. The entities of the DZ BANK Group have established various products, concepts, and processes that take account of environmental, social, and ethical criteria.

6.1.1 Sustainability research

The sustainability assessment offered by DZ BANK Research enables investors to take sustainability directly into consideration in their investment decisions. The sustainability assessment forms part of the EESG (economic, environmental, social, corporate governance) analysis model and is applied across the entire research universe of DZ BANK. The information is primarily aimed at cooperative banks and institutional investors in Germany and abroad who may want to examine the sustainability credentials of their investments and product portfolios in light of regulatory requirements and growing customer demand. The results of the sustainability assessment are also available for internal use at the bank.

An analytical approach for assessing the ESG credentials of countries, companies, and banks forms the core of DZ BANK’s sustainability research. The four-dimensional EESG analysis model that is used for this approach combines the three traditional ESG dimensions with an economic dimension and classifies the analyzed issuers as either ‘sustainable’ or ‘not sustainable’. The analysis takes account of two dynamic sustainability limits, firm and soft rejection criteria, and any recent major controversies. Hard rejection criteria such as violations of fundamental human rights automatically result in a classification as ‘not sustainable’.

In the case of soft rejection criteria, the classification as ‘not sustainable’ is dependent on a predefined threshold being exceeded – e.g. if a food company generates more than a specific proportion of its revenue from business with alcoholic beverages.

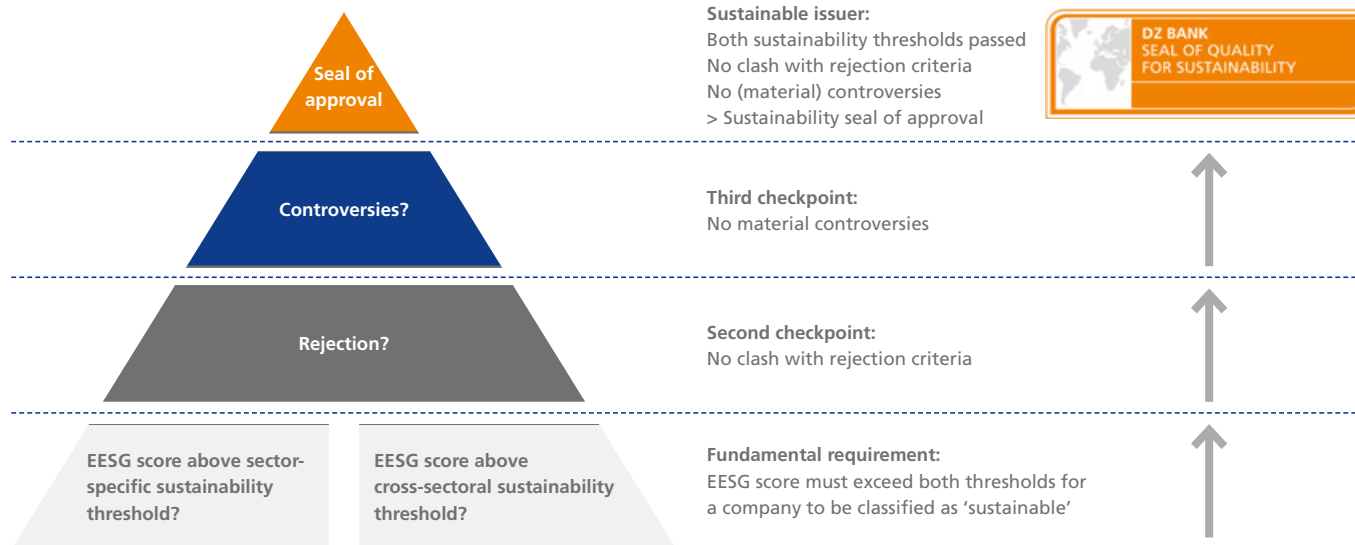
Issuers that are classified as ‘sustainable’ are awarded the DZ BANK seal of approval for sustainability and are identified as such in research publications. In 2020, the DZ BANK seal of approval was also integrated into all master lists that the Volksbanken Raiffeisenbanken (the local cooperative banks) use as an advisory tool.

Alongside the equity and bond universe of DZ BANK Research, which includes more than 450 issuers, the sustainability research database comprised another 5,000 or so issuers in 2020. Around 40 percent of them were classified as sustainable by the sustainability research team. When evaluating the sustainability of countries, the experts distinguish between three categories: ‘non-sustainable countries’, ‘transformation countries’, and ‘sustainable countries’.

In 2020, the methodology of the sustainability assessment was refined and published in a study entitled ‘Methodological approach to sustainability research’. In addition, the

THE EESG ASSESSMENT APPROACH OF DZ BANK

Three requirement levels need to be met



sustainability screening for the own-account investing activities of companies within the cooperative financial network was expanded. This screening service enables the cooperative banks to make their own-account investments more sustainable. Since the start of 2020, the service has been expanded by integrating sustainability information from the DZ BANK sustainable investment research service into the own-account investment management system (EGON) for the local cooperative banks. This means that own-account investment managers have direct access to sustainability information on individual issuers that they can use for their investment decisions.

6.1.2 Capital markets

Investment certificates

In 2020, DZ BANK issued around 350 investment certificates that use sustainable stocks as an underlying security. The DZ BANK sustainability seal of approval was used to assess sustainability. In addition to share-based investment certificates, DZ BANK also issues investment certificates that use a sustainability-focused stock index as an underlying value. The constituents of this stock index are selected based on ESG criteria. Low volatility and a high dividend yield are further selection criteria. At the end of 2020, DZ BANK had 58 issues of investment certificates based on a sustainability-focused stock index in circulation. The total volume of these issues was around €175 million.

Sustainable bonds

DZ BANK is one of the leading European syndicate banks in the market segment for sustainable bonds. The total volume of bond issues with green, social, and sustainable objectives that were supported by DZ BANK as the lead underwriter in 2020 amounted to over €27 billion. This figure nearly tripled year on year from just over €10 billion in 2019. In 2020, a year that was strongly influenced by the COVID-19 pandemic, a particular focus was placed on issues of social and sustainability bonds, which came to a total volume of more than €22 billion. Green bonds accounted for around €5 billion. The application of funds was focused on the project categories of renewable energies and green buildings in the environmental sphere and on access to basic social services, job creation and protection, and affordable housing in the social sphere.

DZ BANK was involved in a number of placements of social and sustainability bonds as lead underwriter in 2020. One particularly noteworthy transaction was the placement of the world's first COVID-19 bond at the start of the pandemic in March 2020. This three-year social bond issue with a volume of US\$ 1 billion was placed by the International Finance Corporation (IFC). DZ BANK also acted as the lead underwriter for the second dual tranche of EU social bonds that were issued under the SURE program (Support to mitigate Unemployment Risks in an Emergency). SURE is a new instrument designed to protect and support jobs and



employees threatened by the COVID-19 pandemic. The total volume of the placement was €14 billion.

However, other bond types also featured heavily in DZ BANK's activities in the sustainable bond market. For example, in September 2020, DZ BANK and ING jointly structured the first green benchmark bond of Landwirtschaftliche Rentenbank and the associated framework, which is based on the Green Bond Principles of the International Capital Markets Association (ICMA), the UN sustainable development goals, and the 'climate change mitigation' target of the future EU taxonomy. DZ BANK then acted as the lead underwriter for the successful placement of this seven-year bond, which had a volume of €1.75 billion.

In addition, DZ BANK broke new ground in the corporate segment by supporting the placement of four sustainability-linked structured products with a marketed volume of €430 million in the market for promissory notes. These products are sustainability-linked promissory notes with financial and/or structural properties that can vary depending on the achievement, or failure to achieve, predefined sustainability

targets. The issuers of these products thus explicitly commit to achieving improvements in respect of certain sustainability criteria within a set period of time. Their sustainability performance is measured using predefined key performance indicators (KPIs) or an ESG rating, and assessed on the basis of sustainability targets. In contrast to the existing 'use of proceeds' structures, the proceeds from placements of these sustainability-linked promissory notes are not restricted to a specific use and are therefore available for general corporate financing purposes.

DZ BANK once again contributed actively to the further development of the global sustainable bond market in 2020 by participating in various projects such as the Climate Bonds Initiative, the Green and Sustainable Finance Cluster Germany, and the Sustainable Investment Forum. In addition, DZ BANK was an early adopter of the Green Bond Principles (GBP) and the Social Bond Principles (SBP). These principles strengthen the integrity of the market for sustainable bonds by setting out transparency, disclosure, and reporting guidelines. They are intended to be used by market participants and aim to encourage the disclosure of information that could boost the amount of capital being allocated to sustainable projects. The two green bonds issued by DZ BANK itself were structured in accordance with the ICMA Green Bond Principles.

Green bonds issued by DZ BANK in 2020

By placing its second green bond in December 2020, DZ BANK wants to emphasize the strategic importance of a sustainable value chain – from funding to raising new capital – and highlight the comprehensive nature of its sus-

tainability profile. The placement constitutes an opportunity for investors to support the bank's activities in the field of renewable energies with a particular focus on (onshore) wind power generation in the US and Canada.

The security was structured as a senior non-preferred bond with a seven-year term to maturity and attracted significant interest from investors. The order volume came to more than €860 million while the issue volume was limited to €250 million, meaning that the placement was almost three-and-a-half times oversubscribed. It was the first time DZ BANK placed a green issue using this format and one of the objectives of the transaction was to contribute to the further development of the market for sustainable bonds.

In terms of DZ BANK's approved funding volume, wind power is the renewable energy source that features most prominently. Wind power generation not only has a clearly measurable positive impact on climate change but is also an area in which it is possible to apply and uphold high social and ethical standards (e.g. compliance with workers' key rights, high occupational health and safety standards) and environmental rules and provisions (e.g. climate change mitigation, air quality, and biodiversity), especially in the case of funding projects in Germany, Europe, and North America. In contrast to DZ BANK's first green bond, which was issued in 2018 and focused primarily on the German market, the funds raised with the second green bond will be allocated primarily to projects in the US and Canada. The projects funded by the bank in North America could play an important role in bringing down the region's current level of greenhouse gas emissions.

The aim is for the green asset pool, on which the green bond issued by DZ BANK is based, to be aligned as closely as possible with the objectives of 'climate change mitigation' and 'climate change adaptation' under the EU taxonomy and ESG criteria relating, in particular, to climate protection, renewable energies, occupational health and safety, and ethically responsible corporate governance. The green funding projects included in the green asset pool aim to make a significant contribution to these climate-related objectives of the taxonomy while also meeting high minimum social standards and demonstrating responsible, transparent, and sustainable corporate governance practices.

DZ BANK drew on its expertise in the field of sustainability and its capital market experience to conduct the transaction without external assistance and aligned the bond with the generally accepted Green Bond Principles of the ICMA. The rating agency Standard & Poor's Global Ratings (S&P), which was instructed to carry out an independent sustainability assessment, assigned the bond an E1 rating as at the issue date – the highest possible rating for this type of green bond.

The subscribers included not only investors from the cooperative financial network but also German and international institutional investors from outside the network that focus specifically on sustainable investments. In order to increase the transparency of the allocation process, the bonds were allocated using the ESGLocate allocation tool. The fact that 'dark green investors' – i.e. investors who invest exclusively in paper that meets their own high sustainability standards – accounted for a significant proportion of the uptake is

indicative of the high quality of the placement in terms of sustainability.

Securities portfolio of the Treasury division

The own-account security investments of the bank's Treasury division are a core element of DZ BANK's liquidity management. They make up a fixed-income portfolio that primarily includes bonds issued by governments and supranational organizations as well as investment-grade Pfandbriefe, corporate bonds, and asset-backed securities (ABSs). As at December 31, 2020, the total value of the portfolio stood at €27.9 billion.

The sustainability approach for DZ BANK's securities portfolio is mainly based on the application of the rules and requirements that are also applied in the traditional lending business. For the sustainability-related credit check, DZ BANK uses a sustainability checklist that is based on the ten principles of the UN Global Compact. For loan facilities that serve as a basis for an investment decision in the securities portfolio, the checklist takes account of both industry-specific sectoral rules and rejection criteria (see > section 6.1.4 Lending and > section 6.1.5 Rejection criteria and sectoral rules). This should ensure that DZ BANK does not invest in issuers whose activities do not meet the bank's sustainability standards.

In 2021, the inclusion of further sustainability criteria in the corporate segment of the securities portfolio will be driven forward.

6.1.3 Financing portfolio

Impact classification: Transparency about sustainability of the credit portfolio

As part of its project work, the Sustainability Task Force identified the need for a sustainability classification that measures the impact of the business activities, customers, products, and services of DZ BANK. So far, no standard approach for sustainability classifications has become established in the market. The Board of Managing Directors of DZ BANK therefore asked the Sustainability Task Force in 2020 to develop a proprietary sustainability classification.

A detailed analysis of the sources of requirements was used as a starting point. These sources of requirements form the basis for the classification target vision that was developed in the next step. The following sources of requirements were identified as particularly relevant in the context of the classification:

- 1 The EU taxonomy
- 2 The Principles for Responsible Banking (PRB)
- 3 The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
- 4 The DZ BANK position paper on climate change
- 5 Requirements of external sustainability rating agencies

The first source of requirements is the EU taxonomy. The requirements for banks under the EU taxonomy have not been fully defined yet, but it is already becoming clear that DZ BANK will need to perform a classification in the future



to evidence what proportion of its business activities comply with the EU taxonomy. The Principles for Responsible Banking give rise to classification requirements in connection with the UN sustainable development goals, the Paris climate agreement, and the UN Guiding Principles for Human Rights. One of the TCFD disclosure recommendations is to provide an overview of risks and opportunities in the lending business regarding the Paris climate agreement and carbon emissions. DZ BANK's position paper on climate change, which was published in April, addresses four core topics: improving the bank's environmental footprint, expanding the low-carbon business portfolio, supporting the transformation of carbon-intensive industries and activities, and pursuing engagement activities to promote sustainability. In order to systematically drive the implementation of these objectives, aspects relating to the CO₂ impact of the credit portfolio and risks and opportunities arising from the Paris climate agreement also need to be taken into account in this context.

With regard to requirements of external rating agencies, the focus for the purposes of the classification method was on assessing the SDG-related sustainability impact of the lending business.

At the first stage of development, the classification method comprises two approaches: an SDG indicator approach and a technology mapping approach. The SDG indicator approach identifies contributions to the UN SDGs, while the technology mapping approach classifies the technologies that are being funded on the basis of their future viability from a climate perspective. A classification focusing on these two approaches makes it possible to take a first step toward transparency regarding some of the requirements arising from the PRB, the TCFD recommendations, the climate

change position paper, and external rating agencies. At the next stage, further approaches including an EU taxonomy approach and a risk classification approach will be developed in order to fully cover all of the aforementioned requirements.

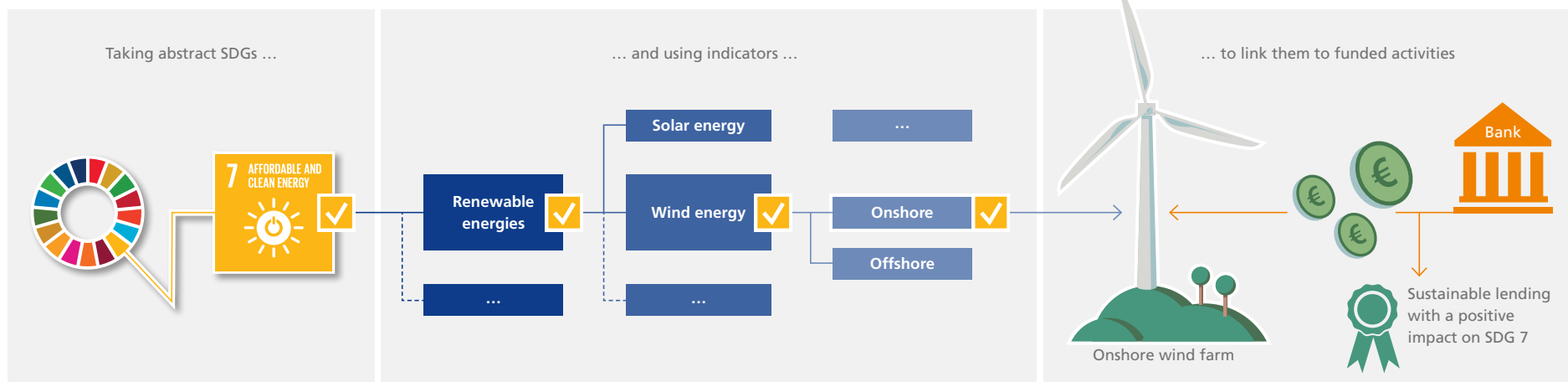
SDG indicator approach for impact classification

Under the SDG indicator approach, classifiable items such as loans are analyzed to assess the impact of business activities on the UN's 17 sustainable development goals. Based on extensive research of relevant literature and deep industry expertise, a system of impact indicators at sector and sub-sector level was developed that makes it possible to assign a meaningful sustainability rating (positive, adverse, or neutral impact) to classifiable items.

Technology mapping approach for impact classification from a climate perspective

The technology mapping approach aims to identify positive, adverse, and neutral impacts from a climate perspective. To this end, the focus is placed on the technology behind classifiable items and economic activities. The underlying assumption is that the technology used to carry out a business activity materially affects that activity's climate impact. On this basis, the technology mapping approach aims to categorize classifiable items such as loans based on their underlying technologies. The classification distinguishes between four categories that represent the degree of future viability of different technologies from a climate perspective. They include technologies of the future, transition technologies, indispensable technologies, and outdated technologies.

SDG INDICATOR APPROACH FOR IMPACT CLASSIFICATION



Working groups then refined the classification methods for both approaches in further detail in consultation with all relevant departments and sector experts. The results for all sector were presented and fully documented in the form of indicator trees.

First classification results from the DZ BANK lending business with corporate customers

At the first development stage of the SDG mapping and technology mapping processes, all loans on DZ BANK’s corporate banking loan book (excluding pass-through loan

business) as at December 31, 2020 were analyzed. Loan exposures of less than €1 million were not included if their classification would have required significant manual effort.

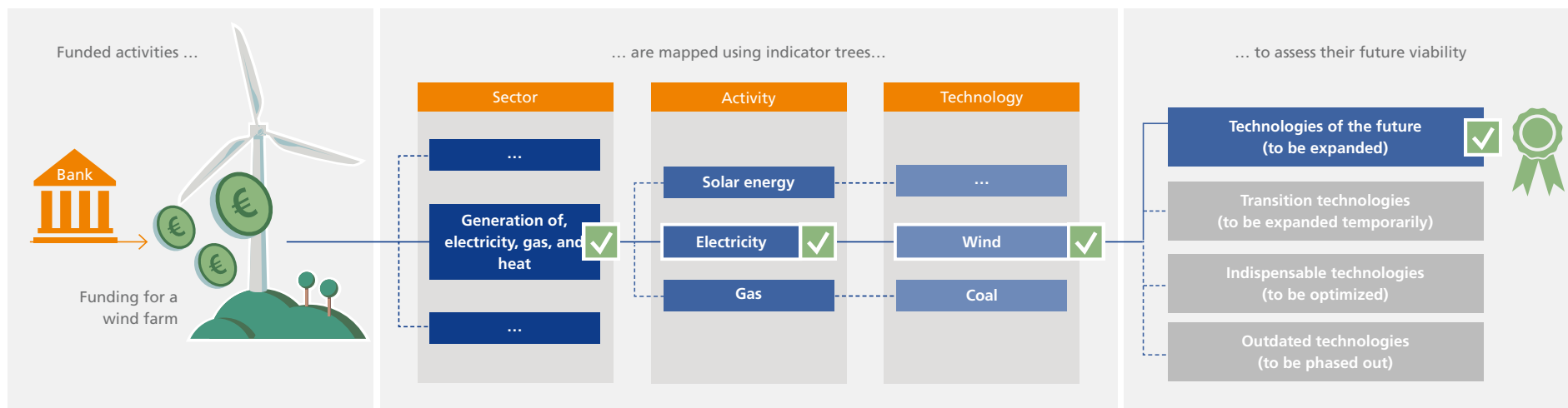
Sustainability impact: SDG mapping results

This approach found that the sustainability impacts on the SDGs of the corporate customer lending business are predominantly positive. As at December 31, 2020, around 64 percent of the analyzed loan volume (approx. €42.2 billion) generated at least one positive sustainability impact.

Positive effects on SDG 13 (Climate Action) are mainly driven by renewable energies. Funding for renewable energies accounts for more than half of the positive impacts. Further positive impacts on other SDGs are generated through trade finance (SDG 8) and the provision of critical infrastructure (SDG 9). DZ BANK’s financing solutions for the food industry and the wholesale/retail sector also make predominantly positive contributions to the overall SDG impact.

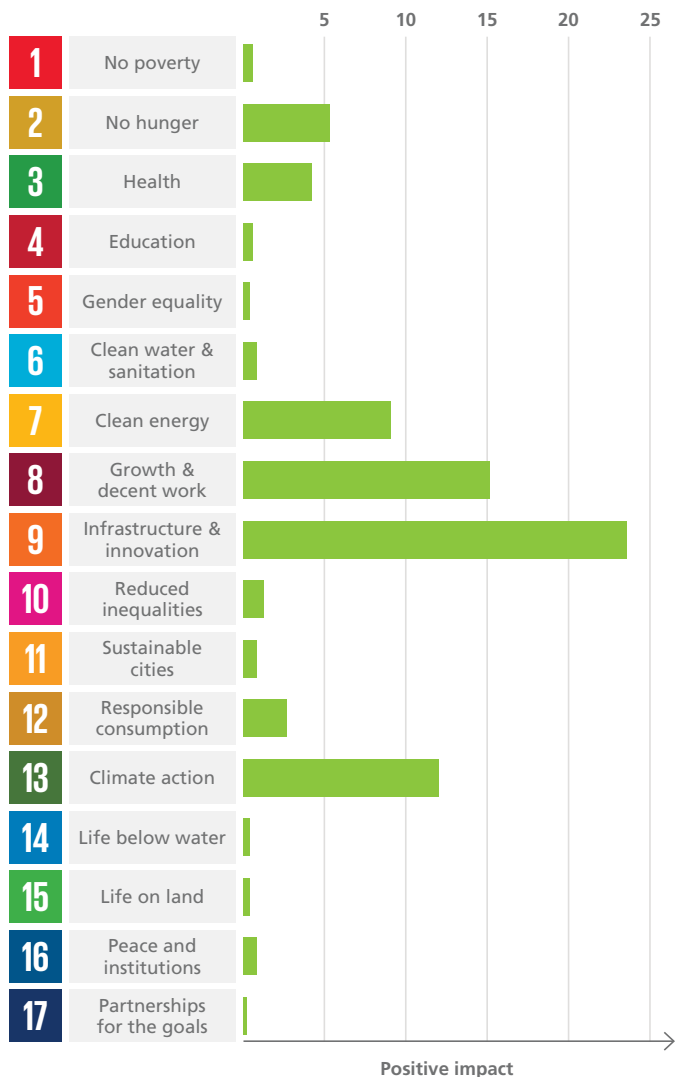
The analysis of the credit portfolio also identified neutral and adverse sustainability impacts in relation to the SDGs.

TECHNOLOGY MAPPING APPROACH FOR IMPACT CLASSIFICATION FROM A CLIMATE PERSPECTIVE



POSITIVE CONTRIBUTIONS OF THE LENDING BUSINESS TO THE SDGS

€ billion (as at Dec. 31, 2020)



DZ BANK analyzes these impacts and derives appropriate measures from the findings. More specifically, DZ BANK plans to actively support customers with the transformation processes they undergo to prevent adverse sustainability impacts.

The illustration on the left shows only positive impacts of the lending business on the 17 SDGs.

Sustainability impact: technology mapping results

In light of the particular significance of the climate in the sustainability debate, and in the context of DZ BANK’s position paper on climate change, transparency about lending activities linked to climate-relevant technologies was also relevant. The classification under the technology mapping approach found that a volume of around €21.2 billion of DZ BANK’s corporate banking credit portfolio is linked to climate-related business activities. More than half of this volume (over €12 billion) is attributable to technologies of the future and transition technologies.

Among the technologies of the future (€8.9 billion), green power generation is the dominant core driver. Notable lending activities involving technologies of the future include funding for wind and solar power projects and corporate loans to energy producers that generate a proportion of their energy mix from renewable sources.

Lending activities linked to transition technologies (€3.3 billion) include, in particular, funding for environmentally

responsible natural gas projects (e.g. gas-fired power stations) that help to reduce carbon emissions in the energy sector in the near term using bridge technologies. However, natural gas qualifies as transition technology only under very specific circumstances, e.g. if it is ensured that the financing of a natural gas project does not impede the expansion of green energy production. For the purposes of the classification, decisions about the treatment of natural gas engagements were made on a project-by-project basis by the responsible departments.

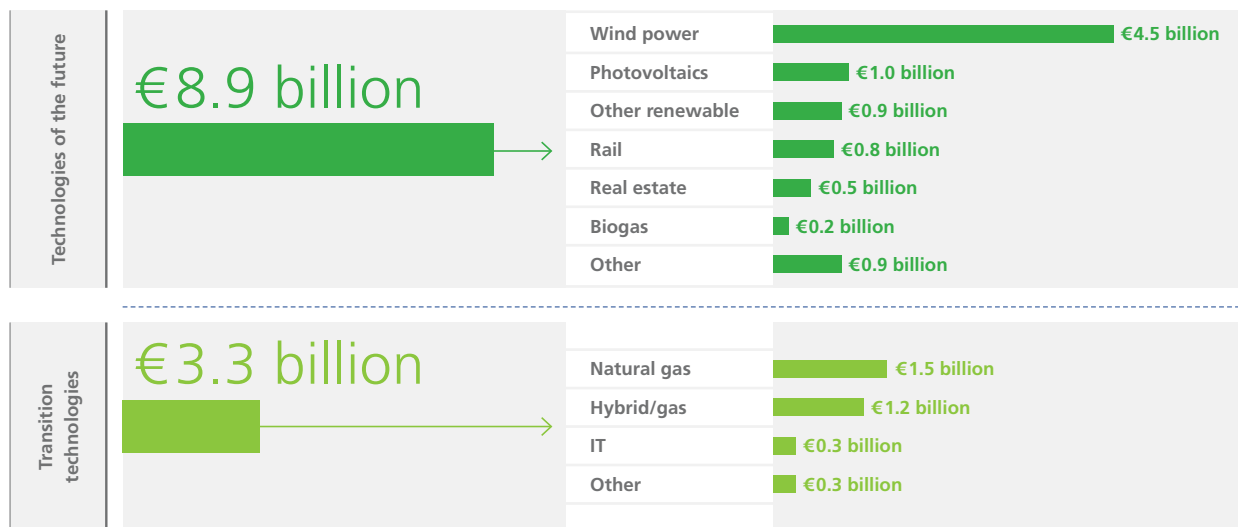
The analysis of the credit portfolio also identified neutral and adverse sustainability impacts under the technology mapping approach. DZ BANK analyzes these aspects and derives appropriate measures from the findings. More specifically, DZ BANK plans to actively support the transformation processes of customers working with outdated technologies.

The illustration on page 41 shows only the positive impacts of the lending business under the technology mapping approach (technologies of the future and transition technologies).

The development of a consistent and well-founded sustainability classification will help DZ BANK to make the impact of its core business more transparent. In accordance with the requirements of the Principles for Responsible Banking, the focus at the next stage will be on those areas of DZ BANK’s business that are generating the most significant impacts. The aim is to steadily strengthen the positive contributions

Reference date: December 31, 2020 | SDGs = sustainable development goals | figures are not cumulative; loans may generate positive and negative impacts at the same time | portfolio includes SF, FG, IF, excluding pass-through loans and loans to cooperative financial institutions, excluding the DVB portfolio

LENDING ACTIVITIES LINKED TO CLIMATE-RELATED TECHNOLOGIES



Reference date: December 31, 2020 | figures have been rounded | portfolio includes SF, FG, IF, excluding pass-through loans and loans to cooperative financial institutions, excluding the DVB portfolio

of activities, products, and services while reducing adverse impacts and actively managing risks and opportunities in connection with sustainability.

Renewable energies and project finance

With its commitment to the development of renewable energies, DZ BANK, together with local cooperative banks, is making a significant contribution to the switch to alternative energy sources in Germany, from the building of infrastructure to the installation of new higher-performance power plants. This makes the cooperative financial network as a whole one of the main funding partners for the energy

transition in Germany. At the same time, DZ BANK's development lending business is helping to ensure a reduction in energy usage in Germany through the use of better insulation, heating technology, and other advances.

The DZ BANK Group's range of products covering renewable energies extends from finance for energy-saving solutions in construction and renovation projects to support for small and medium-sized enterprises using wind power, biomass, or solar energy, and finance for projects such as wind and solar farms of varying sizes, as well as suitable insurance solutions. DZ BANK's loan commitments in the

LENDING VOLUME BY ENERGY TYPE

€ million	2020	2019	2018
Wind power	4,613.1	4,251.0	3,463.2
Biogas	99.8	101.2	103.2
Biomass	73.8	59.7	28.8
Photovoltaics	863.1	969.4	895.2
Hydropower	2.8	2.7	8.3
Total funding volume (€)	5,652.6	5,384.0	4,498.7

area of renewable energies stood at around €5.7 billion as at December 31, 2020, compared with €5.4 billion at the end of 2019. The bulk of these commitments are linked to wind energy. Most of the funding is delivered in the form of project finance. In this context, both traditional bank loans funded from the bank's own liquidity and pass-through development loans play a significant role.

At DZ BANK, all engagements in the field of renewable energies are carefully evaluated. This includes a profitability calculation as well as an assessment of legal and economic factors. The result is a project-specific risk rating and risk allocation. In addition, the bank's internal requirements for sustainability in the lending business, including the Equator Principles, are applied (see > section 6.1.4 Lending).

In 2020, the majority of DZ BANK's new funding engagements in the field of renewable energies were linked to the construction of onshore wind turbines. The expansion of onshore wind power in Germany remains sluggish overall. DZ BANK believes that this is due to factors such as lengthy approval processes, frequent appeals, and lawsuits, which

are having an impact on wind turbine manufacturers. In addition, a challenging competitive environment caused the market share of wind turbines taken into operation in Germany to drop to 9.05 percent in 2020. In 2021, the market share is expected to increase again based on the number of funding projects that have already been approved (start of operation in 2021).

DZ BANK is moreover preparing to support future renewable energy projects outside the EEG grants by means of Power Purchase Agreements (PPAs). This funding format has been used at international level for a long time and is now also being used to finance projects in Germany, especially in the area of photovoltaics.

The engagements in the field of renewable energies also form the basis for the green bonds issued by DZ BANK.

PPP/infrastructure finance

Alongside its activities in the renewable energies sector, DZ BANK also provides project finance for all other forms of energy generation, infrastructure projects, and public-private partnerships (PPPs). The use of private capital and expertise to deliver public infrastructure projects has become a growth market. Partnerships between public and private investors, known as public-private partnerships (PPPs), have proven successful as a funding model for important public service projects in recent years. DZ BANK frequently cooperates with its network partners, corporate customers, and the public sector in this area. Over the past 24 months, DZ BANK has supported five German projects for education facilities and administra-



tive buildings with a total volume of around €140 million (of which in 2020: one project worth €50 million).

Development lending

In its role as the central institution, DZ BANK supports the cooperative banks in the development lending business and thereby enables them to put retail and corporate customers at the center of their sales activities. The business model of 'pass-through' development loans has proven very robust and resilient to crisis, especially in 2020 against the back-drop of the COVID-19 pandemic.

The total volume of development loans passed-through and processed by DZ BANK in 2020 came to around €24.6 billion. Crisis-related assistance for corporate customers under COVID-19 support programs was a key driver of the year-on-year rise in this figure by €15.5 billion or 170 percent, along with persistently high demand in the private residential construction sector. The volume of funding granted under COVID-19 support programs came to a total of €10.1 billion in 2020, spread across 42,421 approved loans. The volume of approvals in the private residential construction sector more than doubled year on year, from €4.9 billion in 2019 to €10.8 billion in 2020.

Strong demand for development loan programs could also be seen at regional level. The bank recorded significant growth rates in this segment in the German federal states of Baden-Württemberg and Bavaria, which have a flourishing SME sector. The volume of business with Landwirtschaftliche Rentenbank remained stable year on year.

Programs set up by development banks to improve the energy efficiency of residential properties were a special focus area and a driver of the growth in business in the private residential construction sector. These development finance programs are a manifestation of the political decision to bring about a transition to clean energy in German society. They support purchases of climate-friendly new residential properties and modernization measures that make existing properties more energy-efficient. A key factor in this context is the appeal of a repayment bonus that is granted after the purchase of a new property or the modernization of an existing one has been completed.

All in all, the volume of the development loan portfolio rose by €9.8 billion to €66.8 billion as a result of additions to the portfolio. This equates to an increase of 17.2 percent. DZ BANK believes that this trend will continue. Construction and modernization projects relating to residential and non-residential buildings will be a focus area in the first half of 2021 due to a shift in development lending programs. The megatrends of innovation and digitalization will also remain central to sales activities in 2021.

6.1.4 Lending

The DZ BANK Group aims to foster an open and direct business relationship with its borrowers and is committed to promoting sustainability. The credit risk strategy specifies that the entities in the Bank sector of the DZ BANK Group must treat their partners fairly and, as part of the sustainability strategy, not enter into any lending arrangement that could prejudice the reputation of the group.

In addition, the DZ BANK Group has a policy that lays a consistent foundation for sustainability in its lending business and is applied across most of the management units involved in lending. It takes account of the specific features of the different business models of the group entities involved in lending activities. This policy contains rejection criteria for controversial asset types, business sectors, and business practices in order to exclude transactions that do not meet the minimum criteria in relation to environmental, social, and corporate governance aspects or that are associated with a higher risk of reputational damage for the DZ BANK Group. Further information about the rejection criteria can be found in [section 6.1.5](#). Moreover, the sustainable lending assessment process considers not only rejection criteria but also positive criteria and checks that the funding has a sustainability-oriented focus.

To further enhance our management of climate and environmental risk in the lending process, a preliminary study of the impact of climate-related and environmental risks on

the lending business of the DZ BANK Group was conducted in 2020. This study was based on an analysis of the ECB's Guide on climate-related and environmental risks and other regulatory frameworks (such as the EBA's Guidelines on loan origination and monitoring, BaFin's Guidance Notice on Dealing with Sustainability Risks, and the EU classification system for sustainable activities (EU taxonomy)), the identification of requirements contained in these frameworks, and the derivation of concrete recommendations for action.

At DZ BANK, loan applications are systematically assessed against relevant sustainability criteria as part of the credit check process. Factors of relevance to the financing arrangement in question are assessed in relation to social, ethical, and environmental risks using a sustainability checklist that is based on the ten principles of the UN Global Compact. The application of rejection criteria forms part of this assessment. The aspects examined during the loan application process include business partners, customers, suppliers, the sector, and main areas of business.

Containing four main categories – social, environment, anti-corruption, and competition/tax – plus ten subcriteria and, if applicable, an additional criterion, the list is designed to ensure that all loan applications undergo a standardized check for sustainability criteria. Applications are given a score ranging from exemplary (1) to dubious (4). A sustainability factor is then derived from the overall results. If this factor is 3.5 or worse, the loan application is rejected. The sustainability checklist is used for traditional loans, project

finance, and trading transactions. Lending to the shareholders of DZ BANK, i.e. the cooperative banks and DZ BANK Group entities, is not subject to the sustainability check. Certain standardized financial products with a low risk volume undergo an appropriate risk analysis that does not involve the use of the sustainability check. In addition, the sustainability check is not used for restructuring because these cases are aimed at turnaround.

DZ BANK is a signatory of the Equator Principles. Project finance with a total investment volume of more than US\$ 10 million and project-specific corporate finance with an investment volume of more than US\$ 100 million are therefore also subject to an assessment in accordance with these principles, which complements the sustainability checklist. Depending on their level of environmental and social sustainability, DZ BANK assigns funding projects to one of the following categories: A (potentially significant adverse environmental and social impact), B (potentially limited adverse social and environmental impact), or C (low or no environmental and social impact). This should ensure that environmental and social risks are managed in line with country-specific statutory requirements and that the standards of the World Bank (IFC Performance Standards) are adhered to as a minimum. DZ BANK has been applying the fourth iteration of the Equator Principles (EP4) since October 1, 2020. In the year under review, 25 projects assessed in this way reached financial close, including 2 A-projects, 4 B-projects, and 19 C-projects.

In addition to the sustainability checklist, DZ BANK applies sectoral rules when reviewing loan applications from sensitive industries. These rules are further developed and updated on a regular basis. Further details can be found in [section 6.1.5 Rejection criteria and sectoral rules](#).

Sustainability-linked loans

DZ BANK regularly arranges and participates in syndicated loans. The proportion of these syndicated loans that are set up as sustainability-linked loans has increased in recent years, especially in the traditional corporate lending business. For these lending transactions, sustainability principles and company-specific KPIs are developed collaboratively by the arranger(s) and the customer (borrower). The lending conditions are adjusted over the term of the loan depending on the borrower's sustainability performance as measured by the defined KPIs. This provides the customer with a financial incentive to adopt sustainable corporate management practices.

Different types of criteria, incentives, and testing methods are used for different types of loans. In energy-intensive industries, for example, criteria are usually closely linked to emissions levels (in absolute terms and in terms of energy efficiency), while social and corporate governance criteria are commonly applied in import-heavy sectors. Performance is typically assessed by an external independent advisor. A comprehensive sustainability rating is prepared on a case-by-case basis. Depending on the performance that has been achieved, the interest margin is usually adjusted by around +/- 0.05 percent once per year as an incentivization mechanism.

When selecting structures for lending arrangements, DZ BANK uses frameworks such as the common policies of the relevant lenders' associations in Europe (Loan Market Association), North America (Loan Syndications and Trading Association), and Asia (Asia-Pacific Loan Market Association) for reference. These associations have jointly developed and published sustainability principles for sustainability-linked loans in order to lay consistent foundations and boost the acceptance of this type of loan in the market.

As an active market participant, DZ BANK aims to steadily increase the proportion of its lending volume accounted for by sustainability-linked loans.

Export finance

As part of its export finance activities, DZ BANK supports major German, European, and US exporters with their international business by offering buyer's credit to international borrowers. In order to minimize the potential negative implications of any export finance engagement, DZ BANK carries out a sustainability check for every planned transaction. This check comprises the identification, analysis, and assessment of environmental and climate-related aspects as well as social and human rights matters. The findings are taken into account in the funding decision. Since 2020, the RepRisk program has been used in export finance to assess environmental, social, and corporate governance-related risks and the risk of reputational damage.

Many export finance projects benefit from an export credit guarantee that the relevant national export credit agency in

the exporter's country (e.g. Euler Hermes in Germany) grants to the bank. For these export credit agencies, and especially for Euler Hermes, the checking of environmental, social, and human rights aspects is a key criterion when assessing the merit of an application for an export credit guarantee. Euler Hermes is currently harmonizing its environmental and social check with the German government's climate strategy.

The sustainability standards that DZ BANK applies to planned export finance projects are based on internationally accepted frameworks such as the Common Approaches of the Organisation for Economic Co-operation and Development (OECD) and the Equator Principles. The Common Approaches (OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence) set out the export credit agencies' mandatory procedures and assessment criteria for the environmental and social check to be conducted on projects and loans backed by government export credit guarantees. Depending on the project, further standards such as the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) may be applied.

DZ BANK supports a wide range of external initiatives, both in Germany and abroad, that promote sustainable development. One of these is the white paper on sustainable export finance, which is being developed by the International Chamber of Commerce (ICC) in collaboration with 16 international banks. The aim of this white paper is to assess the status quo of sustainable finance in the export finance sector and to make suggestions at product and policy level that can

help to make export finance activities even more sustainable in the future. The white paper is scheduled to be published in mid-2021.

6.1.5 Rejection criteria and sectoral rules

In its sustainable lending policy, the DZ BANK Group has defined rejection criteria that are applied to every loan application to check for links to excluded industries before the loan is approved. The aim of this procedure is to prohibit transactions that do not meet the minimum criteria of the DZ BANK Group in relation to environmental, social, and corporate governance aspects or that are associated with an increased risk of reputational damage to the DZ BANK Group. Among the excluded industries are, for example, arms trading, arms production (mines/anti-personnel mines; nuclear/biological/chemical weapons; depleted uranium

munitions/cluster bombs), the sex industry (pornography/prostitution), and controversial gambling. In addition, it is prohibited to maintain business relationships with customers if it cannot be ruled out that their business practices breach human rights or environmental standards in a material way. Individual DZ BANK Group entities may apply additional rejection criteria.

The DZ BANK Group applies a further rejection criterion in the investment business: DZ BANK Group entities do not offer investment products based on agricultural commodities.

Moreover, DZ BANK stopped providing project funding for new coal-fired power plants in 2018.

In the reporting year, the focus was on further developing the rejection criteria relating to arms, coal, environmental aspects, and human rights. In relation to arms, a definition of 'controversial weapons' was adopted that is aligned with relevant international treaties. It defines controversial weapons as weapons that have indiscriminate effects, are excessively injurious, have a devastating impact on the civilian population, or have been internationally outlawed. Examples of controversial weapons include nuclear, biological, and chemical weapons, land mines, anti-personnel mines, cluster bombs, autonomous weapons, and depleted uranium munitions. Under this new definition, DZ BANK has classified autonomous weapons as controversial for the first time. The scope of the existing rejection criterion regarding funding for the production and trade of controversial weapons has been expanded to funding for developers,

manufacturers, and dealers of controversial weapons and their core components whenever it cannot be ruled out that the funding may be used in connection with controversial weapons. This means that DZ BANK rejects all direct and indirect funding of controversial weapons. In line with the definition of controversial weapons, this also applies explicitly to direct and indirect funding for nuclear weapons.

The bank also rejects all financing of arms exports to countries/governments that are known to be involved in serious violations of human rights based on various external country lists. All funding of coal-fired power plants is rejected. Activities that form part of the thermal coal value chain are also ineligible for funding. In the environmental sphere, further activities that are particularly harmful to the environment have been excluded from funding, including oil and gas extraction through fracking and from shale oil and tar sands, and mining activities using the mountaintop removal method. Funding applications for transactions relating to the trade of endangered animals or plants within the meaning of the Convention on International Trade in Endangered Species (CITES) are also rejected. In the area of human rights, the existing rejection criterion relating to funding for companies that contravene internationally accepted standards of human rights and labor was defined in greater detail. This criterion now specifies that these internationally accepted standards include (but are not limited to) the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the fundamental conventions of the ILO.

REJECTION CRITERIA FOR LENDING ACTIVITIES OF THE DZ BANK GROUP

ARMAMENTS	No transactions involving arms trading, the production of weapons (mines/anti-personnel mines; nuclear/biological/chemical weapons; depleted uranium munitions/cluster bombs)
SEX INDUSTRY	No transactions linked to the sex industry (pornography/prostitution)
GAMBLING	No transactions linked to controversial gambling
HUMAN RIGHTS	No business relationships with customers who commit material human rights violations
ENVIRONMENTAL STANDARDS	No business relationships with customers who commit material violations of environmental standards

REJECTION CRITERIA FOR LENDING ACTIVITIES OF DZ BANK

ARMAMENTS	<ul style="list-style-type: none"> - No funding for activities linked to any form of arms trading (including funding for deliveries, or production and trading companies) <ul style="list-style-type: none"> - for arms exports to countries/governments known to be involved in serious humans rights violations - for projects outside NATO and/or in areas of conflict, unless they are approved subject to sign-off by the German Federal Security Council at a later point in time - No funding for activities linked to controversial weapons, i.e. weapons that have indiscriminate effects, are excessively injurious, have a devastating impact on the civilian population, or have been internationally outlawed. Examples (not exhaustive) of controversial weapons include nuclear, biological, and chemical weapons, land mines, anti-personnel mines, cluster bombs, autonomous weapons, and depleted uranium munitions. <ul style="list-style-type: none"> - No funding for the production or trade of controversial weapons - No funding for companies involved in the development, production, maintenance, operation, or trade of controversial weapons or their core components, if it cannot be ruled out that the funding may be used for activities involving controversial weapons
SEX INDUSTRY	- No transactions linked to the sex industry (pornography/prostitution)
GAMBLING	- No lending to companies that are involved in controversial forms of gambling
COAL	<ul style="list-style-type: none"> - No funding for new or existing coal-fired power plants - No funding for upstream activities in the thermal coal value chain, including extraction, trade, and directly associated activities (e.g. construction of a rail track for a coal mine)
HUMAN RIGHTS	- No funding for companies that violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the fundamental conventions of the ILO, or other internationally accepted standards relating to human rights and labor rights
ENVIRONMENTAL THREATS	<ul style="list-style-type: none"> - No funding for companies or activities that pose a significant threat to the environment (e.g. extraction of uranium) - No funding for oil or gas extraction by means of fracking or from oil shale or tar sands - No funding for mining activities using the mountaintop removal method - No funding for activities involving the trading of endangered animal or plant species in accordance with the CITES list

For certain, particularly sensitive industries, further sector-specific requirements are applied by DZ BANK. These sectoral rules specify the details to be reviewed with reference to international industry-specific conventions, recognized standards, certification, and optimum production processes, and provide employees involved in lending decisions with additional clear guidance alongside the sustainability checklist. Special country expertise for countries subject to worldwide monitoring for political or other reasons is maintained

and regularly updated by the people responsible for those countries in DZ BANK's economics department. The sectoral rules apply to all projects, transactions, and companies that derive more than 50 percent of their total revenue directly or indirectly from the relevant sector and approach DZ BANK as a borrower.

Currently, sectoral rules are in place for the following industries: fishing and maritime industry, forestry, commodities,

and dam construction. Financing in the commercial fishing sector is provided by DZ BANK only to customers that have either been certified by the Marine Stewardship Council (MSC) or demonstrably apply an equivalent set of standards. In the forestry sector (forest work, timber production, forest clearance, forestry operations), DZ BANK applies the revised version of the World Bank standards (WN OP 4.36, 2013) for all transactions. DZ BANK's activities in the commodities sector, especially in the oil & gas and metal & mining industries, are guided by international conventions such as the ILO standards, and take account of optimum production practices, e.g. methods that minimize the environmental pollution caused by the extraction of commodities or that exclude the use of toxic substances. For dam projects, DZ BANK requires customers to evidence the extent to which the recommendations of the World Commission on Dams (WCD) are being followed. Funding requests will be rejected if the recommendations of the WCD are not being applied to the greatest possible extent.

In the reporting year, the Board of Managing Directors of DZ BANK approved the expansion of the existing sectoral rules for companies and activities linked to palm oil (production, processing, trade). DZ BANK offers financing in this sector only for projects where the delivering companies are members of the Roundtable on Sustainable Palm Oil (RSPO) or another organization whose standards are at least equivalent to those of the RSPO. In addition, a strict No Peat, No Deforestation, No Exploitation (NPDE) policy is applied. By 2030, all affected borrowers will be required by DZ BANK to provide – for their entire palm oil volume – full supply chain transparency up to the place of production ("traceability to

plantation’) and proof of certification by the RSPO or other certification based on standards that are at least equivalent.

The table below provides an overview of the sectoral rules that DZ BANK applies for funding decisions.

Rejection criteria and sectoral rules are reviewed on a regular basis in order to ascertain whether they need to be updated in light of new scientific findings, policy decisions, or changing social norms.

The investment activities of R+V are also subject to clear rules and rejection criteria. In accordance with its social, ethical, and environmental principles, R+V does not invest in assets that do not comply with the sustainability principles of the three-pillar model. To implement this approach, R+V

uses the database of ISS-oekom, a leading global sustainability rating agency. This database provides company information on environmental, social, and corporate governance matters, including aspects such as operations in controversial areas of business, the use of controversial business practices, violations of conventions, and information on sustainability ratings. With the help of this database, R+V’s analysts screen for and filter out companies that breach the rejection criteria included in the R+V investment rules.

R+V does not invest in companies that manufacture mines or anti-personnel mines, atomic, biological, or chemical weapons (ABC weapons), depleted uranium munitions, or cluster munitions. In addition, it does not invest in financial products that are based on agricultural commodities. Speculative trading in food products can affect the prices of basic

foodstuffs, which can put the security of food supply for the world’s steadily growing population at risk. R+V also does not invest in companies that violate the principles of the UN Global Compact with regard to human rights, labor standards, environmental standards, and corruption.

Union Investment applies the following rejection criteria for its sustainably managed mutual funds:

Companies are rejected if they use controversial business practices. To assess this, Union Investment uses the principles of the UN Global Compact as an internationally accepted standard. If a company breaches these principles, it is excluded from the investment universe:

- Violations of the labor and social standards (including child labor and forced labor) defined by the ILO
- Human rights violations
- Destruction of the environment
- Corruption

Companies are also excluded if they operate in the following controversial areas of business:

- Manufacture of controversial weapons (ABC weapons, land mines, and cluster bombs)
- Experiments on animals for cosmetics products
- Gambling, tobacco production, alcohol production, armaments
- Controversial gene technology, pornography, nuclear energy, oil extraction from tar sands and through fracking (exclusion if more than 5 percent of total revenue is generated from these activities)

SECTORAL RULES FOR THE LENDING ACTIVITIES OF DZ BANK

FISHING AND MARITIME INDUSTRY	– Certification by the Marine Stewardship Council (MSC) or application of other standards that are generally accepted as equivalent
FORESTRY	– Application of the revised version of the World Bank standards (WN OP 4.36, 2013) for all areas of the forestry sector (forest work, timber production, forest clearance, forestry operations)
COMMODITIES (OIL & GAS AND METAL & MINING)	– Compliance with international conventions such as the standards of the ILO – Compliance with or reference to optimum production practices, e.g. methods that minimize the environmental pollution caused by the extraction of commodities or that exclude the use of toxic substances
DAMS	– Evidence of the extent to which the recommendations of the World Commission on Dams (WCD) are being followed
PALM OIL	– Membership of the Roundtable on Sustainable Palm Oil (RSPO) or another organization whose standards are at least equivalent to those of the RSPO – Proof of a No Peat, No Deforestation, No Exploitation (NPDE) policy – Provision of the following for the entire palm oil volume and raw/intermediate products (irrespective of whether they were sourced internally or from third parties): – full traceability to the plantations from which the palm fruit was sourced, and – full RSPO certification or another generally accepted certification that uses standards that are at least equivalent to those of the RSPO

- Coal mining (exclusion if a review by the ESG committee finds that the company in question does not have a satisfactory climate strategy, and if it generates more than 25 percent of its power from coal)

Countries are also excluded if any of the following applies to them:

- Unfree countries (e.g. due to restrictions on freedom of religion or freedom of press)
- Use of capital punishment
- High levels of corruption
- Excessive use of nuclear energy (exclusion if it accounts for more than 50 percent of the total energy mix)
- Countries that have not signed up to the Paris climate agreement and the United Nations Convention on Biological Diversity
- Countries that have not signed the Nuclear Non-Proliferation Treaty

6.1.6 Real estate finance

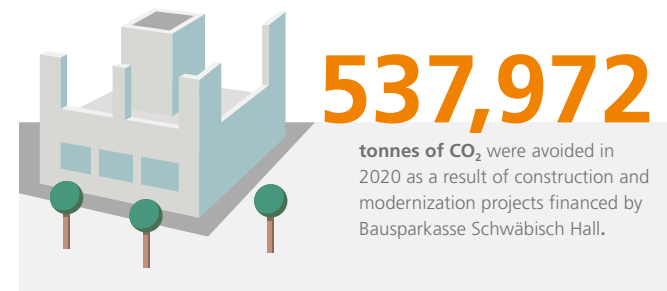
For investment decisions relating to commercial real estate projects, DZ HYP applies criteria that cover not only risk and return factors but also social and environmental aspects. The financed properties may also be subject to standards such as the certification requirements of the Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB) [German Sustainable Building Council] or the Leadership in Energy and Environmental Design (LEED) standards of the U.S. Green Building Council. In the housing sector, DZ HYP offers financing for cooperative and social housing construction projects and for

the provision of homes that remain affordable for large parts of the population over the long term.

Due to its large carbon footprint, the real estate sector has become a priority target for regulatory requirements that aim to improve transparency about sustainability risk in business portfolios. Based on a sustainability inventory of its commercial real estate finance portfolio, DZ HYP is currently preparing the ground for issuing sustainable funding products.

As the market leader in the German building society sector and one of the biggest providers of home finance in Germany, BSH offers products and services for homes and home-building. Its home savings and home finance products, which focus on residential properties, contribute to sustainability objectives in the area of private and mainly owner-occupied housing. The FuchsKonstant Energie financing plan is specifically designed for modernization measures and offers customers of BSH access to funding at favorable conditions for renovation work aimed at improving energy efficiency. Going forward, the company wants to develop further product solutions for modernization work in line with energy efficiency and sustainability standards in the housing sector.

Since 2017, the CO₂ impact of the loans granted by BSH has been measured using a calculation system that was developed in collaboration with the University of Stuttgart. Financing activities in areas such as new buildings, modernization, and photovoltaics are reducing the carbon emissions of the financed properties significantly. In 2020, BSH cus-



tomers saved nearly 537,972 tonnes of carbon emissions as a result of financing transactions in the aforementioned areas. The total volume of avoided carbon emissions is rising steadily year on year. For 2019, the emission-reducing impact of BSH financing transactions was determined to have exceeded 500,000 tonnes for the first time. In previous years, the climate contribution had amounted to 483,000 tonnes of CO₂ avoided in 2018 and 452,000 tonnes of CO₂ avoided in 2017. The calculation method is currently being developed further based on a classification system that is compliant with the EU taxonomy. Through its home savings business line and home savings products, BSH supports large parts of the population in building up wealth and private, property-backed retirement pensions (Riester savings products).

BSH also provides targeted offers and information relating to sustainable housing. For example, a special 'Schwäbisch Hall smart house' was developed in 2019, which was exhibited for one year in 17 cities all over Germany and sparked significant interest in tiny houses/smart houses and in sustainable housing.

6.1.7 Shipping finance

The restructuring of DVB began in 2017 and its business activities have been scaled back markedly over the last few years. Following the sale of core business activities in 2019, DVB initiated a run-off plan for its remaining portfolios. As a result, it is continuing to manage its existing business but, in the shipping finance business, has ceased active marketing and, as a rule, is not entering into any new business. DVB's remaining shipping finance business is being run off while preserving as much value as possible. An open-ended review is currently being carried out to establish whether the remaining activities of DVB can be integrated into DZ BANK.

DVB was among the first signatories of the Poseidon Principles. In mid-2019, eleven large shipping banks with a global shipping finance portfolio of around US\$ 100 billion undertook to take account of the climate in their lending processes in order to create incentives for the decarbonization of the maritime sector.



6.2 Asset management

With the resources and livelihoods of future generations in mind, Union Investment interprets sustainability as acting responsibly and with a long-term focus, both as a business and as an investor. Union Investment manages an asset volume of around €278 billion based on an approach that uses ESG integration, and €61 billion based on defined sustainability requirements. This makes the company one of the largest providers of sustainable investment solutions in Germany. Union Investment has enshrined sustainability in its cooperative identity and in its sustainability code. It offers a broad range of fund and client account solutions that are managed in compliance with sustainability requirements.

All investment processes are based on its company-specific guidelines for responsible investment. This, in turn, is based on leading German and international standards that are adhered to above and beyond the statutory and regulatory requirements. The following standards and principles are the most important: the UN Global Compact, the Oslo Convention prohibiting the use of cluster munitions and land mines, the Principles for Responsible Investment (PRI), the code of conduct of the Bundesverband Investment und Asset Management (BVI) [German Investment Funds Association], the BVI's guidelines for sustainable real estate portfolio management, and the sustainability code of the real estate sector.

ESG aspects are firmly embedded in the investment processes. The objective in the securities business is to analyze the financial implications of ESG aspects on companies and countries in order to be able to make better investment decisions. The analytical approach distinguishes between dif-



ferent ESG requirements on an industry-specific basis. Companies are moreover generally excluded from investment if they are involved in the production of outlawed weapons such as ABC weapons, land mines, and cluster bombs, or in coal extraction and coal-based power generation (exclusion of companies that generate more than 5 percent of their total revenue from coal mining, and exclusion of coal-based energy producers that do not have a credible climate strategy and generate more than 25 percent of their energy from thermal coal). In addition, Union Investment does not invest in derivative financial instruments that are based on agricultural commodities. The ESG team acts as an interdisciplinary function within the Research & Investment Strategy unit of Union Investment's portfolio management department and thus spans all relevant asset classes.

As a responsible and active asset manager, Union Investment engages in constructive dialog with its investee companies. The primary objective is to proactively shape the way in which companies approach the opportunities and risks that arise in connection with ESG factors, in order to contribute to the long-term growth of their shareholder value in a pos-

itive way and encourage responsible corporate governance. Union Investment's engagement approach comprises voting activities at annual general meetings (UnionVote) and constructive dialog with companies (UnionVoice). Its activities are guided by a proxy voting policy that provides a framework for voting activities and an engagement policy that governs direct dialog with companies as part of engagement activities. The engagement policy relates to companies that issue equities or bonds. It complements the proxy voting policy.

In the commercial real estate business, ESG aspects have been embedded along the entire value chain. At the acquisition stage, properties undergo an assessment based on ESG criteria as part of the due diligence process. This involves the completion of a sustainable investment check (SI check) for the property by an external service provider. If the property fails to meet certain minimum standards related to its intended use, potential improvements have to be identified and taken into account in the profitability calculation. The self-imposed obligation to structure business processes in accordance with the principles of the code of the Zentraler Immobilien Ausschuss (ZIA) [German Property Federation] is also met. When purchasing, leasing, or managing commercial properties, and when modernizing and renovating them, the objective is to maintain the value and future viability of the property and to support its long-term economic performance. External service providers (property managers) are integrated into the internal processes. Sustainability aspects are taken into account in leasing, management, and development of the real estate portfolio, and in the

selection of property managers. Companies that have been excluded from the investment universe in the securities business are also not eligible as tenants of properties held in mutual funds and selected special funds. Properties that are already under lease to excluded companies are not eligible for purchase by Union Investment. Transactions in which an excluded company acts as a buyer or seller are also prohibited.

As part of the Manage to Green sustainability strategy, a variety of instruments are applied to all actively managed real estate funds in order to improve the sustainability performance of these funds while taking account of the objectives of investors. The aim of this approach is not to exclude properties from the investment universe but rather to keep them in the portfolio and improve their future viability.

For selected portfolio properties, concrete measures are implemented as part of a green due diligence process in order to optimize economic, environmental, and social aspects. As part of this process, property-specific measures to reduce energy and running costs, enhance user comfort,

or increase the property's value are identified and evaluated based on profitability calculations and analyses of emissions and environmental aspects.

As one of Germany's leading asset managers for sustainability-oriented investments, Union Investment considers risks associated with climate change when making its investment decisions. With its proprietary climate strategy, the company wants to emphasize that it takes global efforts in the fight against climate change seriously and seeks to promote climate protection both within its own organization and in its investment-related operating business. As a result, Union Investment began to study the recommendations of the Task Force on Climate-related Financial Disclosures and implement them systematically in its operating and investment processes in 2019.

For DZ PRIVATBANK, acting responsibly is an integral part of the long-term focus of its business policy. In keeping with its philosophy of putting the needs of its customers first, DZ PRIVATBANK offers tailored solutions. Sustainability criteria can be taken into account in the investment process

by applying different preferences and priorities depending on the individual strategy. To this end, relevant positive and negative criteria are embedded in the investment process of sustainability-oriented asset management solutions. Another themed asset management strategy with a predominantly sustainability-focused investment approach, called 'VV verantwortungsvoll-ausgewogen' (responsibly balanced AM), was introduced in mid-2020. The analytical process for this strategy covers a wide range of parameters from the environmental, social, and corporate governance spheres. In addition, controversies and rejection criteria can be taken into account in the security selection process on a product-specific basis. It is generally possible to apply individual priorities regarding different ESG criteria and sustainability risks based on customer preferences. DZ PRIVATBANK cooperates with reputable ESG research partners and thus has access to relevant ESG data. This ensures that the ESG analysis carried out as part of the decision-making process for investment strategies is fit for purpose. Currently, around 20 percent of assets under management are invested using sustainability-oriented asset management strategies.

6.3 Insurance

Insurance products are generally geared toward economic sustainability because they offer customers either an opportunity for long-term capital formation in a private or occupational pension plan or a form of financial protection against risk. R+V is one of Germany's biggest insurance companies and covers the full range of products in the operating segments of personal insurance (health and life insurance, including pension, endowment, and risk insurance) and non-life insurance (e.g. vehicle, liability, property, credit, accident, and legal expenses insurance).

Safe and solid investing is part of the core business and a core competency of R+V. In order to live up to this special responsibility, the finance department of R+V developed a new organizational and procedural approach to sustainability in 2020. Alongside the objectives of quality, security, profitability, and liquidity, which are enshrined in law, R+V has expanded the focus of its proprietary investment goals. R+V strives to use its investment activities to promote the transformation of the economy and society toward more sustainable ways of living and doing business to the best of its ability.

Under the new investment approach, a sustainability risk is defined as an event or circumstance in the environmental, social, or corporate governance sphere, which – if it materialized – would definitely or potentially have a significant adverse impact on the financial position and financial performance and on the reputation of a company. This includes climate-related risks in the form of physical and transition risks. R+V's new organizational structures and procedures

relating to sustainability in the investment process are designed to ensure that both the risks and the opportunities associated with sustainability aspects are taken into account in investment decisions. The definition of sustainability targets is based on international standards such as the UN sustainable development goals.

R+V is committed to upholding the UN Global Compact. The signatories of this worldwide initiative undertake to act in accordance with certain social and environmental principles. These include, for example, respecting human rights and workers' rights, protecting the environment and the climate, and fighting corruption. In August 2020, R+V also signed up to the Principles for Responsible Investment (PRI), thus committing to further developing its sustainable investment approach in the future.

The rejection criteria applied by R+V for investment purposes are described in [section 6.1.5 Rejection criteria and sectoral rules](#).

R+V wants to make a contribution to protecting the global ecosystem and curbing climate change, especially with regard to the reduction of greenhouse gases that are harmful to the climate. Therefore, R+V aims to avoid investing in business models with adverse climate impacts and supports companies in their efforts to adopt more climate-friendly business practices. The new approach that was adopted in 2020 goes beyond the simple application of predefined rejection criteria by always integrating ESG criteria in the decision-making process for investments. The multi-dimen-



sional integration approach comprises a systematic analysis of the sustainability-related risks and opportunities of the investment. This analysis takes account of factors such as ESG controversies, ESG ratings, and climate-related transition risks. All three dimensions together form the basis for the sustainability assessment. R+V selects companies for investment using a best-in-class approach. This means that it prefers to invest in companies that are taking appropriate steps to ensure their future viability and have what it takes to remain successful in their markets in the long term. The aim of R+V's new ESG integration approach is to analyze and avoid sustainability risks and to reduce sustainability-related adverse impacts on the environment and society.

With a portfolio of 119,715 insured solar power systems, 1,351 wind turbines, and 1,085 biogas installations, R+V

ranks third as a 'tech insurer' in Germany and is therefore one of the most important providers of insurance for renewable energy facilities in Germany. These activities of R+V contribute to making the shift to green energy happen. In order to be able to provide tailored solutions, R+V has created a center of excellence for renewable energies. Alongside this center, R+V also operates a broad network of corporate customer advisors and key account managers. This presence at regional level is a key strength of R+V. In around 900 local cooperative banks, customers can meet an advisor who can support them with insurance matters. This setup also gives R+V direct access to its main target group, which consists of small and medium-sized enterprises and retail customers. In practice, there are many farmers and energy cooperatives implementing wind power, solar power, or biogas projects with funding from their principal cooperative bank. R+V uses a two-pronged approach for offering protection against risk in the renewable energies sector: standardized package products for small and medium-sized installations and customized tariffs for large projects. Package products are designed to offer the operator a guarantee that all material risks are covered.



In addition to the provision of insurance cover for renewable energy installations in Germany, R+V also promotes environmental sustainability by offering environmental liability and environmental impairment insurance products, insurance against natural disasters, and advice on risk prevention in these areas.

In the fund-linked insurance product segment, R+V offers a range of sustainably managed funds, including UniRak Nachhaltig A, UniRak Nachhaltig Konservativ A, UniNachhaltig Aktien Global, and Privat-Fonds: Nachhaltig. In addition, R+V uses the controversial weapons list compiled by ISS ESG, one of the world's leading global sustainability research providers, for its assessment of portfolio securities. The analysts from ISS ESG regularly conduct global screening to identify companies that demonstrably produce outlawed or controversial weapons such as land mines or cluster munitions.

7.0 Business processes

Our customers and our partners.

Through our business relationships we are able to influence sustainable development. We do this by focusing on customers and ensuring that both we and our suppliers carry out human rights due diligence.



Regular feedback obtained via customer satisfaction surveys



Responsible product marketing and clear communications



Sustainability agreement with our suppliers

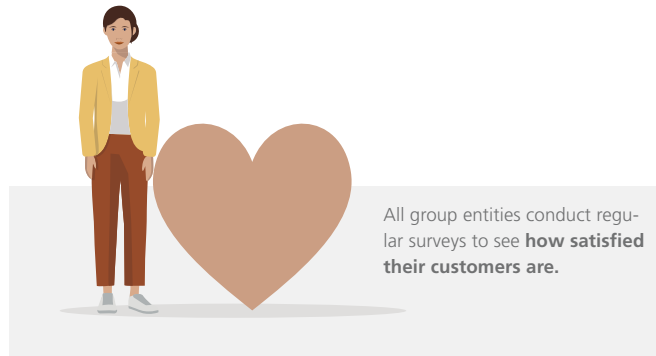


7.1 Customer focus

Satisfied customers are key to establishing and maintaining long-term business relationships and thus to the future viability of the DZ BANK Group. Customer needs therefore play a pivotal role in how the bank designs its products and services. In addition to talking to customers in person, the majority of entities in the DZ BANK Group regularly survey their customers in order to identify their needs and gauge their satisfaction. The quality and complaints management systems that are in place also have a positive impact on customer satisfaction and, together with a responsible approach to products and marketing, help customers to establish trust in the quality of the products and services being offered to them. In the lending business, the DZ BANK Group's customer focus is additionally reflected in the various safeguards to prevent customers from overextending themselves.

7.1.1 Customer satisfaction surveys

DZ BANK surveys the cooperative banks on their customer satisfaction every three years as a rule. The Boards of Managing Directors of the cooperative banks are asked to complete an online survey that gauges their level of satisfaction with the products and services of DZ BANK. The primary objective of the survey is to determine where collaboration across all business segments can be optimized and to produce recommendations for action to improve customer satisfaction. A customer satisfaction index is also calculated and this has risen steadily in recent years, reaching 59 (on a scale from 0 to 100) in the most recent survey from 2018. The next customer satisfaction survey is planned for spring 2021.



Union Investment also routinely surveys its cooperative partner banks on their customer satisfaction. The results are summarized in a key indicator that forms part of the balanced scorecard, Union Investment's performance management system. The survey carried out in 2020 produced a customer satisfaction rating of 2.0 on a scale of 1 (top score) to 5 (lowest score) and thus remained unchanged compared with the prior year.

Every year, VR Smart Finanz works with the market research institute Forsa to survey the Boards of Managing Directors of the cooperative banks and heads of sales/heads of corporate, small-business, and self-employed customers on their level of satisfaction with products, sales support, and other provisions such as customer service and marketing. Various key indicators are calculated on this basis, including an overall satisfaction index. Workshops are being held in the first quarter of 2021 to analyze the results of the 2020 survey with the relevant departments in order to determine what joint action needs to be taken to improve customer satisfaction.

Every year, TeamBank conducts a survey to find out how the partner banks rate its services and in which areas they could potentially be better supported. In Germany and Austria, this involves surveying a total of more than 1,500 individuals at the partner banks (members of Boards of Managing Directors, customer advisors, and heads of consumer finance) by telephone or online. The results of the survey are communicated to and discussed with TeamBank's Board of Managing Directors. The survey and the identified areas requiring action are used to develop appropriate steps aimed at further improving customer satisfaction.

BSH uses various tools to gauge how satisfied its customers are with its products, processes, and services. The results are used to identify areas for improvement and to align its offering to customer needs. Among the tools it uses are a quarterly measurement of customer satisfaction based on around 2,000 interviews a year, process-driven customer experience surveys at eight different touchpoints, which generate around 10,000 feedback measures every year, and ad hoc surveys of existing and potential customers. In order to gauge and improve customer satisfaction, BSH also regularly takes part in assessments conducted by external providers and in competitions. The results of the assessments are incorporated into the design of the tools used to target and provide information to customers.

7.1.2 Quality management and complaints handling

The entities of the DZ BANK Group have various systems in place to manage quality and complaints. These systems reflect the entities' individual business models and activities and the types of customer that they target. The information provided in this section refers exclusively to DZ BANK.

DZ BANK uses a quality management system to develop products, monitor product specifications, and measure customer satisfaction. The aim of this quality management system is to ensure customers of both DZ BANK and the cooperative banks receive the best possible service. In addition to product development, customer service processes in the Capital Markets Retail Clients division are regularly monitored by a quality management system. Customer service in this division has set itself rigorous quality standards, based on DIN ISO 9001:2015, for dealing with customer inquiries. In order to meet these standards, which focus mainly on customer satisfaction, staff availability and processing times, the customer service staff work to agreed targets and there is an annual survey of customer satisfaction.

As part of its quality management process, DZ BANK ensures that the products it develops have an adequate risk/return profile and their complexity is appropriate to the target group. Research conformity is a particular focus for

DZ BANK with regard to the risk-return profile. This means that the product should offer customers a financial benefit if it performs as forecast by the research analysts. The details of the quality strategy are specified in DZ BANK's product guidelines.

DZ BANK provides the cooperative banks with information material, such as research studies and product information sheets, to help them advise their customers. The bank also aims to create the highest possible level of clarity and transparency for cooperative bank customers, so it informs them about costs such as sales commissions on a voluntary basis.

DZ BANK divisions with direct or indirect contact with customers have complaints managers who ensure complaints are dealt with in a customer-focused manner. Customer complaints are documented and are reported on regularly.

As the central institution of the Volksbanken Raiffeisenbanken cooperative financial network, DZ BANK endeavors to live up to the quality expectations of its customers and to continually improve the products and services on offer. Complaints can be an important indicator here. The systematic logging, investigation, and evaluation of complaints provides an opportunity to identify weaknesses in processes, systems, and other areas. The objective is to use the insights gained to remedy any weaknesses and improve the quality of the products and services on offer.

Complaints management is organized on a decentralized basis at DZ BANK. This means the department at which a complaint is directed is the one that is responsible for dealing with it. A central function coordinates the overall complaints management system together with the Compliance division and works to ensure that processes for dealing appropriately with complaints are in place in all parts of the business. The Compliance division takes particular care to ensure that the way in which complaints are handled meets the regulatory requirements.

DZ BANK's senior management bears overall responsibility for implementation and for monitoring adherence to the relevant guidelines and processes and it receives regular reports on complaints management.

It does not matter how a complaint reaches the bank. Letters, emails, phone calls, social media, or comments made in conversation are among the potential channels through which complaints might be made. The technology-driven process ensures that responsibility for handling a complaint is assigned to one individual from the moment the complaint is received. DZ BANK's written procedures also specify when interim responses should be sent and the maximum amount of time it should take to deal with the complaint. The way in which the complaint was handled and the outcome are logged in the bank's customer relationship management (CRM) system.

The number of complaints received by DZ BANK over the course of a year is usually in the low hundreds, which underscores the highly individual reasons why the complaints are made. It is rarely necessary to initiate any fundamental changes to processes or organizational structures. Nevertheless, the departments do use the complaints to reflect on aspects of their work that could be changed in order to make continual improvements in the interests of shareholders and customers. Various entities in the DZ BANK Group that have a stronger focus on retail business have structured their complaints handling process differently as a result. DZ BANK does not issue any centralized guidance for this.

7.1.3 Protection against over-indebtedness

The entities of the DZ BANK Group are interested in building long-term relationships with their customers based on a spirit of partnership. In the lending business, for example, various mechanisms have been put in place to help prevent retail customers and small traders in particular from overextending themselves. This includes offering loans with flexible terms, conducting credit checks, and ensuring that communications are proactive and transparent.

TeamBank, for example, makes sure that its customers are aware of the flexible terms of their loan should they have any difficulty making repayments by providing information on its website, in the consumer app, during the meeting or call when the loan is arranged, and in the loan agreement itself. Customer have various options for managing their

individual loans. For example, they can extend the term of the loan in order to reduce or defer the repayments. The loan agreement also clearly sets out the steps that should be taken if the customer runs into cash flow problems. In addition to general conditions for the granting of credit, the lending policy specifies what concessions TeamBank can make to customers who are in difficulty because of the COVID-19 pandemic and what their legal rights to options such as deferral are. TeamBank also refers customers to a detailed description of the add-ons available for tailoring their easyCredit loan to their individual circumstances. These offer protection should they face cash flow problems or difficulty in making payments by allowing them to make changes to their repayment plan.

In addition to the mechanisms in place to stop people from taking on excessive amounts of debt through its products, TeamBank directly promotes financial literacy through the work of Deutschland im Plus, the foundation that it set up to help prevent consumers in Germany and Austria from borrowing beyond their means. As well as research collaborations and assistance for people facing debt problems, the foundation's work focuses on financial literacy for young people as a means of preventing people from getting into too much debt in the first place. Further information on the Deutschland im Plus foundation can be found at www.deutschland-im-plus.de. TeamBank makes a further important contribution to tackling debt problems through its correspondence, in which it actively refers to the free advice offered by the foundation to people in financial difficulties.

Through its 'VR Smart flexibel' business loan, VR Smart Finanz offers a flexible 'blank check' credit line of up to €100,000 that offers various options, including putting repayments on hold, should the customer's financial circumstances change. Customers can also add on a repayment insurance policy to protect against personal risks such as incapacity, divorce, or death. This is arranged through R+V, a partner in the cooperative financial network. The customer's creditworthiness, including their ability to service the envisaged future debt, is checked automatically as part of the application process.

To help support small and medium-sized businesses through the COVID-19 pandemic, VR Smart Finanz worked with DZ BANK to offer all cooperative banks a solution – the 'VR Smart flexibel Förderkredit' support loan – that was compatible with the support loans available from Germany's KfW development bank. The loan was launched in March 2020 and is targeted primarily at businesses with fewer than ten employees. It represents an attractive option because it has a low rate of interest, has a term of up to ten years (including the option of two interest-only years), and can be arranged entirely online.

DZ HYP does everything it can to prevent its customers from taking on excessive debt. In its commercial customer business, this involves an assessment of the customer's overall assets and liabilities. The covenants that form part of the loan agreement provide a further mechanism to protect against overborrowing. They are based on financial ratios

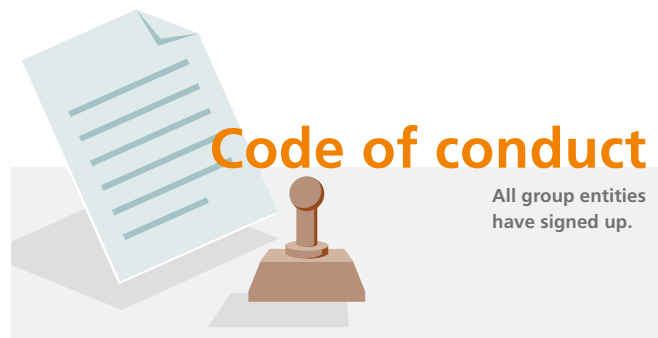
and stipulate that, for the term of the loan, the borrower will at all times maintain its capital adequacy, leverage, liquidity, and interest cover within a defined range. In the case of property financing, the covenants specify that the sum of all liabilities must not exceed an individually defined percentage of the current market value of the property on which the loan is granted. DZ HYP takes care to ensure that the use of covenants in its lending business does not restrict the borrower's freedom to operate the business as they reasonably see fit.

The focus of the credit checks carried out in the retail banking business is to avoid undue hardship and over-indebtedness on the part of the borrower. The intermediary banks conduct the checks of the retail customers' assets and pass on the results to DZ HYP.

7.1.4 A responsible approach to products and marketing

The entities of the DZ BANK Group are also committed to upholding the principles of integrity, clarity, and transparency in the messages conveyed by their marketing activities and customer communications. The entities know their customers, closely coordinate their marketing activities, and are guided by a set of shared cooperative values. The DZ BANK Group's code of conduct provides the overarching framework.

The home savings contract is ideal for homeowners looking to build up the equity that will be used to secure the financing of their construction project/purchase or to finance



energy optimization measures for a greener home. The loan itself offers a favorable interest rate and flexible repayment options. BSH also offers an instant financing option for modernization work in the form of its FuchsKonstant Energie loan. This has the additional advantage of a reduced interest rate provided that the loan is used for optimizing energy efficiency. These products are presented to customers using a range of communications channels such as the consumer magazine Wohnglück, the website, social media, and product literature. Customers are also given information and advice on government grants and subsidies for energy efficiency improvements to existing properties and new builds. BSH provides the advisors with the necessary literature and tools.

Union Investment acts as a trustee for more than four million investors, so it is essential that it deals responsibly with the invested money and offers a portfolio of products and services that meet the needs of retail investors, i.e. the retail customers of the local cooperative banks, and institutional clients. Investing money is a question of trust, so it is important for stakeholders that the labeling of the products and services is transparent and comparable. Union Investment has undertaken to abide by the code of conduct of the

BVI. It follows the standards described in the code in how it presents fund performance and in how it presents responsible and sustainable investments.

The process of creating new products at TeamBank is heavily focused on customers and aims to ensure that it develops its products and services in line with their needs. An analysis is carried out in which all affected departments are asked to identify any potential impact from proposed products. This allows aspects related to the customer experience, for example, to be incorporated into the development process at an early stage. In the subsequent pilot phase, the proposed products are evaluated using defined criteria approved by the Board of Managing Directors so that any necessary adjustments can be made before the actual launch. Every year since 2012, TeamBank has received DQS GmbH's platinum quality certification for achieving a high level of customer satisfaction through service excellence.

As the central institution for the cooperative financial network, which comprises 815 local cooperative banks across Germany, DZ BANK bears a particular responsibility. Part of its mission as specified in its articles of association is to support these banks and advance their commercial success. Dealings with customers and shareholders are therefore shaped by the cooperative principles, which also had a bearing on the eight values that were developed in 2020 to guide the network's actions, namely innovation, consistency, performance, courage, sustainability, partnership, security, and cosmopolitanism (see [section 4.1 Sustainability in our vision and values](#)). These values further serve as an anchor point for product development, marketing, communications,

and sales. The values of sustainability and partnership are particularly relevant when it comes to establishing and maintaining a long-term relationship with customers that is based on trust and reliability.

For DZ BANK, responsible marketing means putting its values into practice in its products, communications, and sales activities in a way that benefits the environment, society, and customers. It is in the interests of all sales units to act and communicate accordingly in their dealings with the various customer groups.

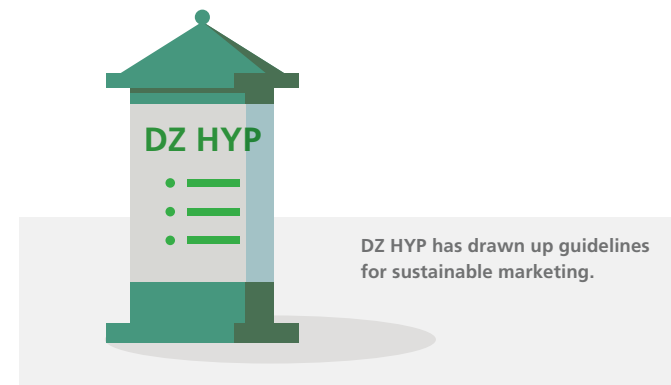
For example, DZ BANK is an active member of the Deutscher Derivate Verband (DDV) [German Derivatives Association], the industry body representing the 16 leading issuers of derivative securities in Germany, which strives to make products more understandable and transparent and to protect investors. In 2013, the members of the DDV published a fairness code, a voluntary commitment regarding business activities in relation to the structuring, issuance, marketing, and trading of structured securities such as investment certificates and warrants. Based on the statutory provisions, the code sets out guidance on treating investors' capital responsibly and respecting the trust they have placed in us. It applies to structured securities offered publicly to private individuals in Germany.

In line with the principle of the cooperative advisory process, as defined by the cooperative banks themselves and to which DZ BANK is also committed, DZ BANK markets its products and services in accordance with the following guidelines:

- We communicate openly and honestly and always point out the risks as well as the opportunities.
- We communicate in a way that is understandable and treat customers as equal partners, always focusing on their needs.
- We communicate and act credibly – always with the aim of building long-term customer satisfaction and loyalty.
- As a matter of course, we check that the content and messages of our advertising communications are in compliance with the law. Product prospectuses in segments that are subject to legal requirements – for example, in the securities business – are reviewed by our legal department prior to publication.
- We observe the requirements of the General Data Protection Regulation (GDPR) as well as other laws that relate to data protection. Our privacy policy and contact details for our data protection officers can be viewed at any time on our website www.dzbank.com.
- We check for and observe copyrights and other rights of use.

Because DZ BANK delivers many of its services indirectly through the cooperative banks, which are its sales partners, it endeavors to regularly train and update its employees so that they are familiar with the features and risks of the financial products and can promote and communicate them to their customers in a responsible manner.

DZ BANK also takes aspects of sustainability into account in its branding and corporate design. To avoid unnecessary reproduction or modification of business literature, marketing material, and building signage, the relevant guidelines



are of a long-term nature and do not follow short-lived trends. The clean design language is intended to enhance the clarity of the content. The use of clearly identifiable icons simplifies access to information. When using pictures, DZ BANK takes care to ensure that no groups are discriminated against. In its marketing communications, it checks whether it is possible for print products to be replaced by digital media. It uses FSC-certified paper for any print products. DZ BANK is also committed to carbon-neutral production.

For 2021, the plan is to develop and define a set of sustainability criteria for DZ BANK's marketing that are to be implemented by 2023 at the latest. Compliance with the criteria will be subject to regular review after that.

DZ HYP's principles for sustainable marketing are set out in an internal policy. These define basic rules of conduct and responsible practices in the marketing and PR activities undertaken by the relevant departments and provide a framework for dealing with customer data used for business development and advisory purposes. The head of the communications, marketing, and events (KMV) department updates the Chief Executive Officer with current progress at a regularly scheduled meeting.

DZ HYP is fully compliant with the requirements of the German Data Protection Act, the EU's General Data Protection Regulation, and other laws that relate to data protection. It advertises only after thorough analysis of market needs, so it does not use methods such as mass emails and mailshots. In 2020, DZ HYP began to replace its promotional items with more sustainable alternatives, such as bags made from recycled PET bottles. DZ HYP eschews misleading or discriminatory advertising, criticism of competitors or their products and services, and advertising of an offensive or libelous nature. Images used in DZ HYP's advertising conform to generally accepted societal norms and do not depict people in a negative light on the basis of individual characteristics such as race, ethnicity, religion or worldview, gender, age, disability, and/or sexual identity. This is consistent with DZ HYP's aim of always making the communication of its products, services, and underlying prices clear, transparent, and understandable.

In the reporting year, there were no incidences of non-compliance concerning product and service information and labeling or in connection with marketing and communication. There is no specified format for making such complaints and they can be submitted to the bank at any time and through any channel. The complaints management function at DZ HYP is part of the compliance department and ensures that logged complaints are investigated objectively and appropriately. The KMV department is responsible for the subsequent processing and documentation of complaints that relate to communications and marketing. The recipient of the complaint is responsible for logging it and passing it on to the complaints manager of the KMV department for processing.

In the context of easyCredit products, responsible marketing covers two main aspects: The first is social responsibility, where TeamBank acts in accordance with the motto 'we would rather someone did not use our products but were satisfied than have an unhappy customer who did', and the second is environmental sustainability, which TeamBank takes into account when undertaking relevant marketing activities. Both are anchored in the easyCredit sustainability brand rule: 'Are we acting responsibly and is the customer experiencing us as a fair partner?' The brand managers review this on an ongoing basis at all easyCredit brand touchpoints, and an external service provider carries out an annual audit of the main touchpoints.

The following questions in the brand guidelines help with implementation:

- Are we protecting against inappropriate borrowing?
- Do we refrain from making promises in our advertising that provide too much temptation?
- Are we being transparent when we show our customers what the consequences of their actions will be?
- Are we emphasizing the fact that we have extensive experience and are part of the Volksbanken Raiffeisenbanken cooperative financial network?
- Are we being vigilant about sustainable production conditions and environmental protection?

The main feature that distinguishes the activities used to market easyCredit from competitors' advertising is the absence of special offers, which automatically rules out the use of loss leaders. Brand communications for easyCredit are



always focused on the specific value proposition. Compliance with TeamBank's guidelines is verified not only by the audit of the brand touchpoints but also by legal and other specialists.

The focus is always on what the customer sees and this is enshrined in a TeamBank brand rule that the information required by the customer should be presented in a clear and understandable way. Ongoing dialog with customers at conferences, through surveys, and in online communities is used to routinely check whether the efforts to ensure product transparency and clarity and to protect against over-indebtedness are having the desired effect. Prior to the implementation of new products and services, customers are interviewed to obtain feedback and assistance in shaping the topics of the future. Letting customers play an active role in the development process is thus a permanent feature of TeamBank's customer experience activities.

7.2 Human rights due diligence

As a participant in the UN Global Compact, the DZ BANK Group is committed to ten globally applicable principles covering the areas of human rights, labor standards, the environment, and anti-corruption. By signing the UN Global Compact, the DZ BANK Group has undertaken to support the protection of human rights around the world. Part of this involves ensuring that the entities of the DZ BANK Group are not complicit in any human rights violations.

Together with the DZ BANK Group's code of conduct, the principles of the UN Global Compact form a binding frame of reference for the practices of the DZ BANK Group entities. The DZ BANK Group's code of conduct is a commitment to democratic values, tolerance, equality of opportunity, and human rights and provides its employees with principles and rules on how to behave properly and responsibly, particularly in their dealings with customers, business partners, and other members of staff. The entities of the DZ BANK Group do not tolerate any discrimination against employees or third parties on the basis of age, gender, ethnic background, nationality, religion, political views, worldview, race, disability, or sexual identity. The DZ BANK Group also strictly rejects any form of child labor or forced labor and we recognize the right of all employees to form unions and employee representative bodies on a democratic basis within the framework of national legislation.

Human rights aspects are also taken into account in the business activities of the group entities, for example in the

procurement processes of the DZ BANK Group, portfolio management at Union Investment, and the lending process at DZ BANK.

How DZ BANK takes account of human rights

At DZ BANK, loan applications are systematically assessed against relevant sustainability criteria as part of the credit check process. Factors of relevance to the financing arrangement in question are assessed in relation to social, ethical, and environmental risks using a sustainability checklist that is based on the ten principles of the UN Global Compact (see > section 6.1.4 Lending). DZ BANK does not lend to companies that contravene internationally accepted standards of human rights and labor. All employees that handle financing inquiries are required to complete an online training course on sustainable lending and the related checks. In addition, employees working in project finance can use the training tool of the Equator Principles Association on the internal CPD platform. They also have access to handbooks, questionnaires, and other internal documentation on how to apply the Equator Principles in project finance business.

As an employer, DZ BANK respects and supports the human rights of its employees. The majority of its employees work in Germany, where, in DZ BANK's view, compliance with human rights is essentially protected by legislation. Training courses on the German General Equal Treatment Act (AGG) are obligatory for all employees and, in particular, for man-

agers. Furthermore, the code of conduct obliges employees to respect human rights.

As well as social and ecological standards, DZ BANK's procurement processes cover aspects relating to human rights and working practices. Further details can be found in > section 7.3 Purchasing and supplier management.

Stakeholders or whistleblowers wishing to report issues relating to human rights or suspected breaches of human rights can turn to the DZ BANK Compliance division, the ombudsman, or the employees' council (see > section 5.3.2 Prevention of money laundering and fraud). In 2020, no formal complaints regarding violations of human rights or working practices were made via DZ BANK's whistleblowing system.

Preliminary study on human rights due diligence at Union Investment

The United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles), which were adopted in 2011, represent a milestone in promoting respect for human rights. In the same year, the European Commission called on all member states to draw up national action plans to implement the UN Guiding Principles. The German federal government delivered on this expectation through the National Action Plan for Business and Human Rights (NAP). The NAP formulates the requirement that companies

exercise human rights due diligence in accordance with the UN Guiding Principles. The EU taxonomy regulation and the political debate in Germany surrounding human rights due diligence (exemplified by the proposed supply chain law) and various legislative proposals at European level mean that businesses will have to go further in disclosing how they ensure respect for human rights. In addition, the Principles for Responsible Investment initiative has formulated a set of requirements covering how asset managers are to carry out human rights due diligence that must be implemented within the next five years by PRI signatories such as Union Investment.

Union Investment has been applying rejection criteria, i.e. minimum ethical standards, to its entire portfolio for around 25 years now. The introduction of the SIRIS research platform in 2013 means that external data is systematically linked with internal research carried out by in-house analysts, including to examine aspects related to human rights. In summer 2020, Union Investment's sustainability steering committee set itself the task of carrying out a comprehensive internal analysis of human rights due diligence. The prelim-

inary study showed where Union Investment has an impact on human rights, what due diligence is already being carried out, and where there is potential for improvement. For the purposes of the evaluation, interviews were carried out with



the relevant experts from real estate, portfolio management, compliance, group human resources, the employees' council, corporate communications, investment analysis and investment controlling, and purchasing.

The results show that Union Investment can have an impact on human rights in its roles as an asset manager but also as an employer and client. Key human rights risks were identified for each role and existing processes were examined on this basis. The analysis revealed that many divisions already implement a large number of measures that deal with human rights issues. A topical example is the ESG team's engagement with the potential exploitation of Uighur forced laborers in the Chinese region of Xinjiang. Both the core business and operational processes were analyzed. At the end of 2020, various measures were agreed that are being implemented in 2021.

In 2021, DZ BANK intends to examine whether the methods and results of Union Investment's preliminary study could be used as a basis for a groupwide approach to human rights due diligence.

7.3 Purchasing and supplier management

Sustainability is very important for the DZ BANK Group when it comes to selecting service providers and suppliers. In addition to the criteria of quality and price, minimization of risk, in relation to data protection and compliance, for example, together with sustainability are important when purchasing goods and services. In accordance with the Sustainability in Procurement guidelines, which reference the principles of the UN Global Compact, the DZ BANK Group's procurement processes incorporate social and environmental standards whose scope also covers aspects relating to human rights and working practices. DZ BANK, BSH, R+V, Union Investment, and VR Smart Finanz use a sustainability agreement requiring their suppliers to comply with the DZ BANK Group's minimum standards, the principles of the UN Global Compact, and the fundamental conventions of the International Labour Organization (ILO). A breach of this agreement may ultimately result in a supplier being suspended.

Proactive supplier management provides the basis for DZ BANK Group's sustainable procurement operations. DZ BANK, DZ HYP, R+V, Union Investment, and VR Smart Finanz classify suppliers according to their sustainability relevance, for example. Suppliers that are considered to be particularly relevant to sustainability because of their specific activity, the volume of orders placed with them, or country-specific risks are asked more searching questions about the sustainability of their core business. These cover certification, approaches aimed at minimizing environmental impacts, and other areas. The entities of the DZ BANK Group take reasonable steps to verify whether and to what extent suppliers are

meeting the sustainability obligations that are stipulated in their contracts. DZ BANK, BSH, Union Investment, and VR Smart Finanz hold annual development meetings with their suppliers/service providers to discuss progress and measures in connection with the sustainability agreement and to initiate any necessary corrective action.

The processes and targets that relate to Sustainability in Procurement are updated on an ongoing basis by a working group whose members are drawn from across the group. The objective going forward is to share documents relevant to supplier sustainability between the group entities in a manner that ensures compliance with the law. Discussions on this matter were held with employees from the group legal, data protection, and information security departments in 2020. The working group also examines the use of further software support to enhance the reliability and scope of processes.

When registering on the purchasing platform, all new suppliers and service providers used by DZ BANK and VR Smart Finanz must sign up to a sustainability agreement. Suppliers are automatically sent an annual reminder to confirm their details. If they fail to do this, they will be locked out of the purchasing system.

As a service provider DZ BANK provides, through its purchasing function, goods and services for infrastructure, the central institution function (liquidity and funding) and transaction banking (payments processing and securities processing). DZ BANK buys goods and services from the

following product groups (in descending order of procurement volume in 2019):

- Transaction banking
- IT consultancy
- Specialist/process advisory services
- Facility management
- Software & services
- Information services/trading systems
- Goods and services from providers within the cooperative financial network
- Workplace equipment/telecommunications
- Real estate
- Strategic consultancy
- Marketing
- Hardware & services
- HR services
- Travel and vehicle fleet
- Office furniture and equipment
- Logistics

Most of the suppliers (primarily service providers, consultants, developers, and agencies) are based in Germany, with the exception of suppliers of market data and software products whose manufacturers are headquartered outside Germany. Because of the focus and the product group structure at DZ BANK, no goods and services are purchased from providers that are associated with practices and goods that are controversial from an ethical or social perspective.

7.4 Data protection

The DZ BANK Group has defined data protection standards that are applied by every group entity. These standards reflect the fundamental principles of data protection set out in article 5 of the General Data Protection Regulation (GDPR). The principles – lawfulness, fairness, and transparency; purpose limitation; data minimization; accuracy; storage limitation; integrity and confidentiality – must be ensured in respect of personal data. The data controller is accountable for compliance with these principles (article 5 (2) GDPR).

All entities in the DZ BANK Group have appointed data protection officers that are responsible for the organizational aspects of data protection. As defined in article 39 GDPR, the data protection officers' tasks include, at a minimum:

- Informing and advising the controller or the processor and the employees who carry out processing of their obligations under the GDPR and under other data protection provisions of the European Union (EU) or its member states;
- Monitoring compliance with the GDPR, with other data protection provisions of the EU or its member states, and with the policies of the controller or processor in relation to the protection of personal data, including the assignment of responsibilities, awareness-raising and training of the staff involved in data processing, and the related audits;



- providing advice where requested as regards the data protection impact assessment and monitoring how it is carried out pursuant to article 35;
- cooperating with the supervisory authority;
- acting as the point of contact for the supervisory authority on issues relating to data processing, including the prior consultation referred to in article 36, and consulting, where appropriate, with regard to any other matter.

As stipulated in article 38 (3) GDPR, the data protection officers are not bound by instructions regarding the exercise of their tasks.

DZ BANK has taken various precautions to ensure that it complies with the statutory data protection rules. Employees receive regular updates on current data protection law and adhere to the statutory data protection requirements that are relevant to their work. The data protection officer is responsible for ensuring conformity with the law and is the primary contact for customers, business partners, and employees.

DZ BANK's internal rules are mainly set out in the data protection policy and in the data protection procedural instructions as well as in other written guidelines on data protection. In accordance with the provisions of articles 13 and 14 GDPR, information about the processing of personal data is also provided in a privacy notice on DZ BANK's websites.

As part of an internal control system for data protection, DZ BANK has implemented controls to support compliance with data protection requirements. The employees responsible for data protection monitor compliance with the requirements, taking a risk-oriented approach.

DZ BANK provides regular training on data protection for its employees. The training informs and educates employees in order to ensure that they handle personal data correctly. It covers the fundamentals of lawful processing of personal data, data protection measures, and the particular features of data protection at banks. At DZ BANK, a web-based training tool is mandatory for all employees and also include a test at the end. Employees at all locations must complete these programs soon after joining the organization and repeat them every three years. Training for new employees generally takes place in the form of classroom-based courses in which the aforementioned content is backed up by additional practical examples. Target-group-specific courses can also be provided where required, for example training for IT staff on the erasure of data in accordance with data protection rules.



To provide the required direct reporting line (article 38 (3) sentence 3 GDPR) to DZ BANK's Board of Managing Directors, a compliance report is produced at least once per year and, where necessary, ad hoc reports are produced during the year.

All employees in the bank have been informed about the internal reporting channel to the data protection team, which enables them to notify the team of any data protection incidents, for example a possible breach of the confidentiality of personal data. If the risk assessments confirm such a breach, the data protection supervisory authority and, if applicable, the data subjects are notified of the incident in accordance with the provisions of articles 33 and 34 GDPR. In 2020, no breaches of data protection or losses of customer data took place at DZ BANK. Moreover, there were no substantiated complaints about data protection breaches at DZ BANK.

8.0 Employees

Our support for employees.

The DZ BANK Group see itself as a responsible employer. We offer our employees attractive prospects and a motivational, healthy, and secure workplace.



A key objective of our HR work is to enhance our appeal as an employer



Equality of opportunity is one of the DZ BANK Group's core principles



'berufundfamilie' work & family certificate held by DZ BANK since 2007

8.1 HR strategy and employer branding

HR strategy

The competition for highly capable professionals and managerial staff is increasing, so it is important for the DZ BANK Group entities to offer established employees attractive prospects and also to recruit well-qualified specialists and young people.

The Group HR Committee initiates and coordinates activities relating to overarching HR issues while at the same time exploiting potential synergies. The members of the respective Boards of Managing Directors responsible for HR and the HR directors of the DZ BANK Group entities sit on this committee. Further information on the Group HR Committee can be found in the Management of the DZ BANK Group section in the 2020 group management report.

The DZ BANK Group is developing its strategy as the leading financial services provider for the cooperative financial network under its forward-looking Verbund First 4.0 initiative. In its role as a central institution and corporate bank, DZ BANK is working on various fields of action as part of this initiative. In the field of personnel and culture, it is pursuing five core objectives: 1. strengthening the collaboration and management culture, 2. recruiting and retaining staff successfully, 3. supporting employees and their performance, 4. deploying employees and resources effectively, and 5. communicating transparently and constructively. Individual measures launched in connection with these objectives include new communication concepts such as 'Coffee Talk' and the use of the performance recognition bonus as a motivational

tool. The Coffee Talk format offers employees opportunities to engage in an active dialog across hierarchies with those responsible for the individual fields of action of the Verbund First 4.0 initiative. The performance recognition bonus rewards individual ideas or team achievements that are not covered by the employees' agreed targets.

Among the next items on DZ BANK's HR agenda in 2021 are the expansion of its feedback tools and the development of a structured talent management concept.

Employer branding

The DZ BANK Group wants to offer its employees a motivational, healthy, and secure workplace, encourage them to perform well and acquire new skills, and be an employer of choice for the next generation.

The objective of its company-wide employer branding campaign is to establish the DZ BANK Group as an employer in the marketplace in order to recruit and retain the right employees over the long term and thus to safeguard its future viability. In addition to an internal communications and information-sharing platform and a joint external careers website featuring vacancies across the group, various public relations activities accompanied the launch of the employer brand in the external job market. The measures are supported internally by the groupwide initiative 'Employees recruit employees'. At DZ BANK, for example, nearly a third of all external hires in 2020 originated from employee recommendations.

What is now the fifth group in the cross-mentoring program for heads of department started virtually in the second half of 2020, with 15 mentor/mentee pairings from eight entities in the DZ BANK Group. The aim of the program is to use individual mentoring to develop the professional expertise of the participants and help them build their own network within the DZ BANK Group. This helps to strengthen the participants' identification with the entities, which in turn improves employee retention. In 2020, the cross-mentoring program format was integrated into the DZ BANK Group's Corporate Campus for Management & Strategy (see [► Professional development 'Corporate Campus'](#)).

The project 'Information days: Experiencing the sense of belonging in the DZ BANK Group' was continued in the first quarter of the reporting year. Two or three such events take place in different entities each year. Virtual formats are set to be offered in 2021 due to the ongoing COVID-19 pandemic.

These events promote an understanding of particular requirements in other entities, encourage a greater depth of professional dialog, and thereby produce employees capable of spreading the message among others. As well as expanding networks within the entities, the events support overarching succession and career planning and secure long-term employee loyalty.

The DZ BANK Group periodically surveys its staff in order to find out as much as possible about employees' wishes, expectations, and needs, to identify areas where action needs to be taken, and to initiate any necessary changes.

At DZ BANK, the results of these ‘pulse checks’ are a gauge of staff loyalty and satisfaction, and also provide a basis for division-specific and bank-wide improvements. Two pulse checks were carried out in 2020. In addition to the standard questions about the corporate culture, the employees were also asked about modern ways of working and how they wanted to see these implemented. 71 percent of employees completed the mobile working survey. Most of the respondents rated the technical equipment and collaboration options for mobile working as either good or very good. Employees’ own productivity and how intensively they could work were also rated highly. DZ BANK staff would like to see mobile working remain an option in the future. The participation rate in the corporate culture pulse check was 69 percent (2019: 57 percent). DZ BANK’s Organizational Commitment Index (OCI) was also up on the previous year, rising by ten points to 78 points. The OCI is determined uniformly using standardized questions that feature in all employee surveys carried out by DZ BANK Group entities. The DZ BANK Group’s OCI for 2020 stood at 78 points (2019: 73 points).

Professional development

The DZ BANK Group’s Corporate Campus for Management & Strategy took a new direction in 2020. It will now focus on management development and has incorporated all of DZ BANK’s management development activities. From 2021,

the two target groups – the approximately 600 managers at DZ BANK AG and the approximately 200 senior managers of the DZ BANK Group – will be served from a single source under the banner ‘leading, connecting, developing’.

The entities in the DZ BANK Group offer their staff a wide range of internal training and development opportunities. One of the topic areas in which DZ BANK expanded its offering in 2020 was ‘innovation, digitalization, and agility’. From the start of 2020, it has therefore also focused on innovative digital learning resources. A video-based learning platform (‘Masterplan’), whose objectives include enabling employees to improve their digital skills, was launched as part of this drive. The bank plans to roll out Masterplan to further DZ BANK Group entities.

In the second quarter of 2020, as a result of the pandemic, DZ BANK rapidly switched 50 percent of its in-person training to virtual formats. No in-person training events took place. The live online training was quickly booked up and very well received. New content that would help people to acclimatize to the new working situation was swiftly created and proved particularly popular. Topics included wellbeing when working from home, simple ways to better online meetings, and how to prepare for online meetings. The Knowledge Forum and Coffee Talk short-format events were also moved online as soon as lockdown began and registered more than 3,000 participations in total.

DZ BANK employees in Germany and internationally can participate in courses offered as part of the inhouse program for continuing professional development (CPD), division-specific training, and individual external seminars. DZ BANK’s CPD experts advise specialist employees and managers on selecting training courses to meet their individual needs.

A systematic talent management program prepares high-potential employees and executives for taking on demanding roles with additional responsibilities. In 2020, as part of the Verbund First 4.0 program, a new edition of the existing development program for high-potential employees was launched that now features horizontal as well as vertical development paths. The objective in the horizontal segment is to have participants spend time in different parts of the business and to establish career pathways that differ from the conventional routes for executives at DZ BANK. The expansion into the horizontal segment has given 32 further employees the opportunity of undergoing a targeted program of development. A total of 54 employees began the new PFP+ program in the first quarter of 2021.

Internal employee-to-employee training is also important to DZ BANK. 2017 saw the launch of reverse mentoring, in which 16 heads of department paired up with a trainee. In contrast to a traditional mentoring program, the young employees are the mentors in reverse mentoring and share their experience in using social media and technology with

the managers, who benefit by strengthening their digital skills. There were a further 16 mentor/mentee pairings in 2019 and a total of 24 in the reporting year.

The CPD program also includes Management Forum and Knowledge Forum events, which consist of a brief presentation followed by a discussion. All kinds of topics are covered, such as banking matters, management issues, the latest economic trends, CPD news, and health.

Remuneration

The remuneration of employees in the DZ BANK Group comprises fixed remuneration and, as a rule, variable remuneration. The level of fixed remuneration is determined by the importance of the employee's role, market conditions, and the employee's personal qualities. Particular care is taken to ensure that women and men who are of equal merit, who have the same level of experience, and who are doing the same job are paid equally. The level of variable remuneration



reflects the employee's personal performance and, depending on the remuneration system, the entity's success, and the success of the division in which the employee works.

The entities in the DZ BANK Group have adopted a common remuneration strategy that is regularly reviewed. This meets regulatory requirements while also achieving transparency regarding the remuneration systems within the group entities. The entities that are subject to reporting requirements under the German Remuneration Transparency Act published a report on equality and equal pay for the first time in 2017. Under this legislation, reporting is required every five years from 2018. The next report will appear in 2022 and will cover the period 2017 to 2021.

All employees and managers at DZ BANK, irrespective of their gender or employee category, are entitled to an annual appraisal meeting with their direct line managers. The DZ BANK remuneration system also requires that annual meetings are held for all employees and managers in the non-collectively-negotiated (NCN) wage sector at which target attainment is reviewed and new targets are set. Both tools are enshrined in company-wide agreements between management and the employees' council.

8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG)

At the German locations, the entities of the DZ BANK Group are subject to the German Works Council Constitution Act (BetrVG). This governs the relationship between the employers and the employees' council. At DZ BANK, agreements between management and the employees' council cover the key matters subject to codetermination law as well as employee benefits that are provided voluntarily. These agreements either apply equally to all German locations (company-wide agreement) or vary depending on the location in question. With regard to working hours and flexible working arrangements, for example, different models are specified in the site-specific company agreements. Remuneration, however, is covered by a company-wide agreement that is applicable to all locations.

The group employees' council is responsible for addressing matters that affect the whole group or several group entities and that cannot be handled by the internal employees' councils of the individual entities. For example, the group employees' council is involved in the groupwide 'workplace of the future' project to ensure that the interests of employees are also represented at group level. Various groupwide



agreements are in place to support collaboration work. They cover arrangements such as the provision of a central directory (metadirectory) including telephone numbers and a company-wide document and collaboration management system (group SharePoint). There is also a dedicated group-wide agreement covering the 'employees recruit employees' initiative. The employees' councils of the group entities are

in regular dialog. It is also very beneficial to them to be able to find out how other entities in the group are dealing with the COVID-19 pandemic, for example, how home working is organized elsewhere, and how the individual employers envisage future arrangements for mobile or modern working.

Employees and employee representatives at all DZ BANK AG locations are kept up to date with the latest developments. DZ BANK satisfies the codetermination provisions of the Works Council Constitution Act, including the time limits described in the Act. In addition, two or three works meetings take place annually at the individual locations. Local rules and standards apply to the branches in London, New York, Hong Kong, and Singapore.

8.3 Occupational health and safety

The DZ BANK Group entities offer health management services in order to boost their employees' performance. In 2020, staff could again choose to participate in a variety of preventive health measures such as company sports groups or special courses focusing on preventive healthcare. DZ BANK promotes the health of its employees in all kinds of different ways. In addition to company sports activities (from badminton to volleyball), courses in preventive health are also available at the bank's German locations. These are aimed at combating stress or developing resilience, for example. A reintegration program supports employees who are returning to work after a long period of illness. Mental health is also covered on some training courses for managers.

From the second quarter of 2020, DZ BANK began to offer established programs virtually, for example in the form of online lectures or webinars. DZ BANK's interdisciplinary coronavirus team, under the guidance of the corporate security function, used the intranet to ensure that all employees were kept up to date on the latest decisions made by the company. The interests of the employees on the team were represented by relevant experts from Group Human Resources and by members of the employees' council. For example, 90 percent of all employees based in Germany worked from home in the second quarter of 2020. The necessary IT equipment was delivered to their home addresses.

In 2020, employees were also able to call on the social counselors for additional advice and support on mobile working and the personal challenges they were facing as a result of the pandemic. And through the inhouse CPD program, they were able to access training on specific topics such as 'actively dealing with stress', 'online teamwork', and 'new to working from home'.

DZ BANK complies with the legal requirements and technical standards for health and safety at work at all its German locations. There is representation for the workforce as a whole on the official employer-employee committee for health and safety at work. The departmental managers also participate in this committee. In addition, DZ BANK appoints company doctors and health and safety officers as required by the German Health & Safety at Work Act. These experts help to prevent accidents by teaching employees about occupational safety and inspecting where they work. Occupational health and safety experts talked to 129 employees either at their workplace or over the phone in 2020. Participation in the 'Health and safety at work' training is mandatory for staff at all branches of DZ BANK.

A nationwide service provider ensures that a company doctor is available at every location in Germany. Employees at these locations can ask to be examined and advised by a doctor during regular consultation times. In addition, voluntary annual flu vaccination and regular eye tests (in accord-

ance with the G37 directive) are offered free of charge. If needed, employees will then be provided with free custom glasses for screen work.

No one who works at DZ BANK has a job that puts them at higher risk of illness or accident. In 2020, the accident at work rate at the locations in Germany was 0.1 percent. There were no work-related deaths in 2020 and no known breaches of health and safety regulations. The sickness rate was 3.4 percent. The risk to health is low for all employees because the vast majority of their work is office-based.

A company agreement on workplace design (Frankfurt) is in place at the bank, as are various policies whose purpose is to protect employees' health. These include the addictions policy, a joint project by social counselors and the health management team that was developed to help employees struggling with addiction problems.

In accordance with the German Health and Safety at Work Act (ArbSchG), DZ BANK carries out a mental health risk assessment at its German locations with the involvement of the line managers, the employees, and the employees' council. The objective is to prevent psychological stress. A healthcare expert advises and supports the bank in carrying out the assessment. The process is agreed with DZ BANK's data protection officer. Anonymity and confidentiality are guaranteed.

DZ BANK's process for mental health risk assessment entails analysis of an online employee survey and of interviews carried out in small groups. This identifies the psychological stresses and resources that are associated with employees' work. The action steps required to reduce these stresses are developed in workshops and then put into practice. Checks carried out on the effectiveness of the measures introduced so far have shown that they have been targeted and successful across the board. In 2020, the assessment of working conditions was expanded to include potential psychological stress caused by the COVID-19 pandemic. The assessment of these risks at DZ BANK is a continuous process that analyzes the departments of the bank's German locations in turn and on a quarterly basis.

In 2019, agreements on mental health risk assessments were entered into with all the local employees' councils for all German locations. The agreements cover how the risk assessment should be carried out, taking into account executives and other managers, employees, the employees' council, the social counselors, and the company doctor. The

process was formulated with all stakeholders in a project that drew on external employment specialists, and a methodology tailored to DZ BANK was developed.



8.4 Diversity and equal opportunity

In a letter of intent, the entities of the DZ BANK Group committed to actively support women in their career development, to give them the same pay and conditions as men in comparable positions, and to treat them equally when selecting managers.

Within the DZ BANK Group, the proportion of managerial positions held by women stood at 22.5 percent in the reporting year (2019: 21.9 percent). Women held 18.6 percent of the managerial positions at DZ BANK (2019: 18.4 percent). 37.5 percent (2019: 39 percent) of recruits in the vocational training and bachelor degree programs were women. The proportion for trainees was 42.2 percent (2019: 30 percent).

Women make up 38.9 percent of the current cohort in DZ BANK's development program for high-potential employees (2018/2019: 44.4 percent). The program for high-potential employees (PFP) is part of the talent management system. It was enhanced and renamed PFP+ as part of the Verbund First 4.0 strategic program. In addition to the hierarchical career pathway, high-potential employees who do not wish to take managerial responsibility are now offered a comparable alternative for their professional development (see > p. 68 Professional development 'PFP+').

DZ BANK firmly believes in not discriminating against people on the basis of their origin, skin color, gender, age, or phys-



ical disability. Training courses on the German General Equal Treatment Act (AGG) are obligatory for all employees and, in particular, for managers. Ten years ago, DZ BANK publicly committed to equality of opportunity by signing the diversity charter. In 2020, it continued to comply with the internal company agreement that covers the integration of people with disabilities. Last year, the proportion of the workforce with a severe disability was 4.2 percent, which fell just short of the statutory minimum. In accordance with the EBA Guidelines, the Board of Managing Directors has adopted a diversity policy for its workforce. This is available to all employees on the bank's intranet and provides a summary of the bank's basic position. For 2021, the plan is to add an e-learning program on unconscious bias to the CPD catalog.

In accordance with the requirements of the German Act on the Equal Participation of Women and Men in Leadership

Positions in the Private and Public Sectors (FührposGleichberG), DZ BANK publishes its current targets each year in the human resources report in the DZ BANK AG Annual Financial Statements under '1 Declaration on corporate governance'. The targets specified for the proportion of women by December 31, 2021 were as follows:

Target for first-level management: 10 percent; target for second-level management: 20 percent.

The following targets have been set for the proportion of women on the Board of Managing Directors and on the Supervisory Board for the period up to October 31, 2023: Target for the Supervisory Board: 25 percent; target for the Board of Managing Directors: 12.5 percent.

Irrespective of the statutory requirements, the aim is to further increase the proportion of women in managerial positions.

No incidents of discrimination were reported at DZ BANK in 2020 by either the internal or external ombudsman. If there had been any incidents, they would have been subject to appropriate remedial action plans and assessed as part of routine management review processes. No incidents or complaints were the subject of ongoing measures during the reporting year. There were also no complaints about non-compliance with the AGG.

8.5 Balance between work, family life, and care responsibilities

The entities of the DZ BANK Group regularly undergo the 'berufundfamilie' audit in order to promote a good work-life balance. Through this audit, the Hertie Foundation recognizes companies with family-friendly and life-stage-oriented HR policies. The auditberufundfamilie® quality seal has to be renewed every three years and is contingent on the auditing of specific measures. In 2020, the majority of entities were certified by auditberufundfamilie®. Flexible working hours and part-time working models, together with other measures aimed at improving work-life balance, form a permanent part of HR policy in each entity.

DZ BANK strives to offer its employees a working environment that takes account of the changing requirements of the age and family structures of its workforce. The idea is to make it as easy as possible for them to combine their professional and private commitments at every stage of their lives. With this in mind, DZ BANK has adopted eight guiding principles that set out mandatory policies and the expectations of both employer and employee with regard to flexible and family-friendly working hours. Flexibility helps to ensure long-term satisfaction and commitment among employees, particularly those who are parents or carers. The inhouse daycare center in Frankfurt is an example of this flexibility. To enable employees to combine work with family life, DZ BANK helps them to find places at suitable day nurseries and kindergartens and subsidizes childcare costs. It even offers a solution for times when childcare is unexpectedly unavailable: Parents are entitled to emergency childcare at a

nationwide partner care provider for up to ten days a year. Employees also have access to a concierge service, which includes running errands and finding tradespeople.

DZ BANK provides the following basic benefits to all employees, regardless of their type of employment or location. As well as the basic old-age pension and sick pay enshrined in law in Germany, it provides other employee benefits, some of which also apply to its locations abroad. In addition, DZ BANK complies with the statutory requirements of the German Labor Leasing Act (AÜG), according to which temporary employees are also entitled to employee benefits.

DZ BANK employee benefits

- Occupational pension provision
- Company sports activities
- Travel card and Deutsche Bahn travel card
- Inhouse cafeteria or meal vouchers
- Higher pay for working on Saturdays, Sundays, or public holidays
- Travel allowance
- Subsidy for privately arranged CPD
- Group accident insurance
- Long-service awards
- Subsidy for childcare costs
- Contingency benefits
- Special leave
- Vacation pay

In addition to flexible working hours, the bank's staff benefit from teleworking and various part-time working models. Internal company agreements govern other options such as semi-retirement and sabbatical leave.

Staff who need help with difficult situations at work or at home can obtain professional support from two independent social counselors. They are also the point of contact for burnout issues and, if necessary, can quickly arrange an appointment with a specialist.

DZ BANK does not provide any life, incapacity, or disability insurance other than the aforementioned group accident insurance.

Employees of the DZ BANK Group have the option of arranging insurance with R+V Versicherung on special terms for employees.

The law gives all employees at German locations the right to take parental leave. Each parent is entitled to take three years off work per child until the child reaches the age of eight. Employees in the collectively negotiated (CN) wage sector that have been with DZ BANK for five years (regardless of their type of employment) are entitled to extend the statutory parental leave by six months, again until the child reaches the age of eight. During the course of 2020, a total of 306 of the bank's employees (219 women and 87 men) took parental leave.

8.6 Employee data

8.6.1 Employee data for DZ BANK AG

The following figures are based on headcount as opposed to the number of full-time equivalents.

OVERALL NUMBER OF EMPLOYEES (AS AT DEC. 31)

	2020	2019	2018
Total	5,524	5,442	5,474
Germany	5,276	5,195	5,234
Outside Germany	248	247	240

EMPLOYEES BY CONTRACT TYPE (AS AT DEC. 31)¹⁾

	2020	2019	2018
Permanent	5,271	5,206	5,258
Of which: male	3,074	3,002	3,030
Of which: female	2,197	2,204	2,228
Fixed-term	53	60	57
Of which: male	31	30	36
Of which: female	22	30	21

¹⁾ Core staff excluding trainees, apprentices, doctoral candidates, and student workers

EMPLOYEES BY REMUNERATION TYPE¹⁾

	2020	2019	2018
Employees who are not subject to collective pay agreements	4,136	4,090	3,850
Of which: male	2,697	2,670	2,577
Of which: female	1,439	1,420	1,273
Employees who are subject to collective pay agreements	1,388	1,352	1,624
Of which: male	533	475	580
Of which: female	855	877	1,044
By seniority			
Managers (excluding members of the Board of Managing Directors)	634	642	658
Employees (excluding managers)	4,890	4,800	4,816

¹⁾ Employees (incl. trainees and inactive staff [inactive: on maternity, parental, or long-term sick leave])

EMPLOYEES BY WORKING TIME ARRANGEMENTS (AS AT DEC. 31)

	2020	2019	2018
%			
Flexible working hours	100.0	100.0	100.0
Full-time	78.9	78.9	79.9
Of which: male	93.3	93.9	94.6
Of which: female	58.6	58.4	59.9
Part-time	21.1	21.1	20.1
Of which: male	6.7	6.1	5.4
Of which: female	41.4	41.6	40.1
Permanently working from home	13.3	13.2	12.8
On sabbatical	0.0	0.0	0.0
Semi-retirement	2.0	1.8	1.7

NUMBER OF EMPLOYEES BY LOCATION (AS AT DEC. 31)

	2020	2019	2018
DZ BANK AG (total)	5,524	5,442	5,474
Germany, total	5,276	5,195	5,234
Frankfurt	3,505	3,389	3,397
Düsseldorf	839	848	868
Karlsruhe	31	32	28
Stuttgart	288	295	302
Münster	81	86	91
Koblenz	17	16	17
Hannover	175	180	182
Hamburg	80	78	75
Oldenburg	16	16	16
Berlin	30	34	32
Dresden	2	2	2
Leipzig	10	10	9
Munich	166	174	181
Nuremberg	36	35	34
Outside Germany, total	248	247	240
International branches	231	231	224
London	53	50	51
New York	71	74	71
Hong Kong	52	51	48
Singapore	55	56	54
Representative offices	17	16	16
Moscow	3	3	3
Istanbul	3	3	3
São Paulo	1	1	1
Beijing	4	3	3
Mumbai	3	3	3
Jakarta	3	3	3

NUMBER OF EMPLOYEES BY AGE AND GENDER (AS AT DEC. 31)

	2020	2019	2018
Total	5,524	5,442	5,474
Of which: male	3,230	3,145	3,157
Of which: female	2,294	2,297	2,317
By age and gender			
under 30	537	485	471
Of which: male	293	249	229
Of which: female	244	236	242
30 to 49	2,653	2,685	2,825
Of which: male	1,491	1,493	1,594
Of which: female	1,162	1,192	1,231
50+	2,334	2,272	2,178
Of which: male	1,446	1,403	1,334
Of which: female	888	869	844

AVERAGE AGE (AS AT DEC. 31)

Years	2020	2019	2018
Total	45.4	45.4	45.2
Germany	45.3	45.3	45.1
Outside Germany	48.3	47.0	46.8

NEW HIRES BY AGE AND GENDER

	2020	2019	2018
Total	261	236	196
Of which: male	173	151	122
Of which: female	88	85	74
By age and gender			
under 30	80	57	43
Of which: male	49	31	24
Of which: female	31	26	19
30 to 49	144	144	134
Of which: male	102	97	89
Of which: female	42	47	45
50+	37	35	19
Of which: male	22	23	9
Of which: female	15	12	10

In 2020, the staff turnover rate at DZ BANK AG was 4.5 per cent (2019: 5.8 per cent). The resignation rate was 1.6 per cent (2019: 2.5 per cent).

In 2020, DZ BANK's employees attended a total of 14,196.2 training days. This is equivalent to 113,570 hours based on an eight-hour day.

PROFESSIONAL DEVELOPMENT DAYS AND COSTS (AS AT DEC. 31)¹

Days	2020 ²	2019 ³	2018
Germany	14,196.2	12,318.6	14,321.0
By gender and level			
Male	8,203.7	7,486.2	8,920.5
Of which: managers	1,660.9		2,120.0
Female	5,992.5	4,832.4	5,400.5
Of which: managers	458.3		479.0
Per employee	2.7	2.4	2.7
By gender and level⁴			
Male	2.7	-	2.9
Of which: managers	3.4	-	4.1
Female	2.8	-	2.5
Of which: managers	4.6	-	4.7
Professional development costs per employee (€)	1,088.0	-	1,222.0

1) Employees in Germany (incl. trainees).

2) E-learning, Masterplan, and compulsory training included for the first time in 2020.

3) It was not possible to provide a breakdown of the data by gender in 2019 due to technical problems (CPD days for managers in 2019: 9,945.9 and CPD days for employees in 2019: 2,372.7).

4) Days per employee.

SUPERVISORY BOARD BY GENDER AND AGE (AS AT DEC. 31)

	2020	2019	2018
Total	20	20	20
Of which: male	15	15	15
Of which: female	5	5	5
By age and gender			
30 to 49	1	3	3
Of which: male	1	2	2
Of which: female	0	1	1
50+	19	17	17
Of which: male	14	13	13
Of which: female	5	4	4

PROPORTION OF WOMEN IN MANAGERIAL POSITIONS (AS AT DEC. 31)¹

%	2020	2019	2018
Heads of Division	11.8	6.1	5.9
Heads of Department	12.7	15.4	15.0
Heads of Group	21.3	20.4	20.4

1) Number of employees worldwide.

TOTAL PROPORTION OF WOMEN (AS AT DEC. 31)¹

%	2020	2019	2018
Total	41.5	42.2	42.3
Management positions	18.6	18.4	18.2

1) Number of employees worldwide.

8.6.2 Employee data for the DZ BANK Group

EMPLOYEES

	2020	2019	2018
(as at Dec. 31, including trainees)			
Total	33,188	32,001	31,896
Employees	31,962	30,812	30,767
Trainees	1,226	1,189	1,129
Proportion of trainees (%)	3.7	3.7	3.5
Germany	30,224	27,866	28,766
Outside Germany	2,964	2,945	3,130
Male	18,140	17,506	17,389
Female	15,048	14,495	14,507
Total proportion of women (%)	45.3	45.3	45.5
Total number of managers	3,394	3,336	3,337
Proportion of female managers (%)	22.5	21.9	21.2
Full-time	26,548	25,478	25,468
Part-time	6,640	6,523	6,428
Proportion of part-time (%)	20.0	20.4	20.2
Period of service (years)	12.6	12.5	12.7
Staff turnover (%)	8.1	10.5	8.5
Resignations (%)	3.4	4.3	4.0
Professional development days per employee	2.1	2.9	2.6

9.0 Operational ecology

Our contribution to a greener world.

We want to limit any negative impact on the environment caused by our business operations. Reducing our resource consumption and CO₂ emissions are the top priorities here.



Over a ten-year period, the DZ BANK Group has halved its CO₂ emissions



Resource consumption has been systematically recorded at DZ BANK since 2014



To heat its offices, DZ BANK uses eco-friendly district heating

9.1 Targets and measures

Sustainability is very important for the DZ BANK Group entities, including when it comes to their own operations. For a number of years, they have been working together within the center of excellence for the environment (CEE) to minimize their environmental footprint. The DZ BANK Group's climate strategy, published at the beginning of 2018, targets a reduction of at least 80 percent in the aggregate CO₂ emissions of the eleven participating entities over the period to 2050. The entities have also committed to offsetting any potential shortfall in the achievement of the planned annual emission reduction targets through compensation payments. Compared with the base year of 2009, the DZ BANK Group – which employs more than 30,000 staff in total – had already cut its CO₂ emissions by 51 percent by the end of 2019. Key factors in this achievement were the switch to green electricity and efficiency improvements in the generation and distribution of heat. (The data for 2020 was not available by the publishing deadline.) Work on the revision of the groupwide climate strategy began at the beginning of 2021.

The CEE coordinates the implementation of the climate strategy through the existing yearly processes for recording and analyzing data and initiating appropriate action. Its objective is to standardize the entities' environmental data and the resulting carbon footprint. An outline paper has been drawn up that sets out the parameters for the collec-

tion of this data. The CEE comprises the employees of the DZ BANK Group entities who are responsible for environmental matters and it reports to the Group CRC.



At DZ BANK AG, this person is the environmental officer. As part of its efforts to make its business greener, DZ BANK records the relevant environmental data generated by its own operations and calculates a carbon footprint on this basis. These operations mainly encompass the running of the offices and vehicle fleets and employees' business travel. The data collected also serves as a basis for participation in the ECOPROFIT club in Frankfurt and Düsseldorf and for the energy audit that is required by law.

DZ BANK is certified as an ECOPROFIT organization in Frankfurt and Düsseldorf. ECOPROFIT (ECOLOGICAL PROJECT For Integrated environmental Technology) aims to encourage companies to systematically take steps that protect the environment but also reduce costs. Environmental management at DZ BANK is based on the environmental guidelines adopted back in 2014.

By reporting on environmental data, DZ BANK aims to ensure maximum transparency for the public and its stakeholders. DZ BANK endeavors to improve its environmental performance and environmental management on an ongoing basis. The operational data collected enables it to determine meaningful KPIs and therefore continuously monitor and minimize its environmental impacts.

9.2 Resource consumption

9.2.1 Resource consumption

All the KPIs reported below relate to DZ BANK's domestic operations and cover all its offices in Germany. DZ BANK is a provider of financial services, so it has limited influence on aspects such as water and waste in its own banking operations. For this reason, it only reports on aspects that are relevant with regard to its business activities. The KPI calculation tool provided by the VfU provides the framework for the reporting of environmental KPIs at DZ BANK. The VfU tool is a globally recognized standard for environmental reporting and is based on international systems such as the Global Reporting Initiative and greenhouse gas footprint standards such as the Greenhouse Gas Protocol.

Materials used

Since 2014, consumption data for all offices in Germany has been included in our environmental database. The data for paper consumption is based on procurement data collected from suppliers and from the organizational units of DZ BANK that use the paper. This base data enables us to determine total paper consumption. A total of 100.4 tonnes of paper was used in 2020.

PAPER CONSUMPTION

Tonnes	2020	2019	2018
100% recycled paper	33.4	64.0	70.9
ECF/TCF paper	67.0	135.7	191.1
Chlorine-bleached paper	0.03	0.04	6.4
Total	100.4	199.9	268.4

Paper for the printers and photocopiers accounts for the largest proportion of consumables used at DZ BANK. In 2020, the total weight of all the printer and copier paper used came to 45.5 tonnes. Only paper that is FSC®-certified (Forest Stewardship Council) is used in photocopiers.

Each FTE used an average of around 9kg of printer and copier paper in 2020, which is roughly 13kg less than in 2019. The decline is largely due to the fact that the majority of employees were working from home because of the pandemic, which increased their reliance on digital media and led to a significant reduction in the amount that they printed out.

In 2014, DZ BANK began to track consumption of other types of paper (e.g. envelopes, greeting cards, sympathy cards, hygiene paper). This came to a total of 54.9 tonnes in 2020. Each FTE consumed an average of 11kg of these in the reporting year, which was also a significant reduction compared to 2019.

To reduce the consumption of resources, DZ BANK introduced an electronic document management system at the start of 2012 and the MyHR software in 2015, which offers a paperless means of handling payroll, certificates, leave requests, and time sheets. MyHR gives employees the option of printing out their paychecks or having them mailed to their homes. Leave requests and time sheets are processed fully electronically. The electronic travel expense report was implemented in 2017. Travel expense reports are processed almost exclusively using the MyHR system. However, some claims still need to be submitted in paper form for legal or tax reasons. In early 2020, electronic reimbursement was introduced and outgoing mail was digitalized. Expenses are now reimbursed without using paper and the processing of most outgoing mail has been centralized, which saves further paper resources.

For a number of years now, DZ BANK has been mainly using goods bearing the FSC® Mix label for brochures and office paper. In 2011, it began using an external service provider that keeps printers supplied with toner and ink cartridges and recycles the empty ones. Since 2018, DZ BANK has almost exclusively been using multifunction devices for printing and copying. In 2019, it also further optimized the stock-keeping of hygiene paper on the office floors at the Frankfurt head office, which has been reflected in a considerable reduction in the volume purchased.

Recycled input materials used

When buying office supplies, DZ BANK pays particular attention to environmentally friendly product features. If it is justifiable from a cost perspective, preference is given to products that are made from renewable resources, for example, or those that use returnable systems. We are unable to provide a percentage breakdown of the recycled input materials that we use as these are not separately recorded.

9.2.2 Energy consumption within the organization

To heat its offices, DZ BANK AG mainly uses eco-friendly district heating instead of heating oil or gas.

Last year, 26,131 liters of gasoline were used to fuel company cars (2019: 16,492 liters) along with 602,958 liters of diesel (2019: 885,061 liters). This amounted to 6,254,942 kWh in fuel consumption, equivalent to 22,353 GJ. Travel by company car fell substantially because of the coronavirus lockdown and the large-scale shift of business activities to home working (including advising and supporting customers virtually).

All major offices of DZ BANK AG, including Frankfurt, Düsseldorf, Berlin, Hannover, and Stuttgart, use electricity that is generated exclusively from renewable sources.

The conversion values of the VfU are used as a basis for calculating consumption figures. This means it is also possible to factor in upstream and downstream processes.

ELECTRICITY AND HEATING CONSUMPTION

Kilowatt hours (kWh)	2020	2019	2018
Total electricity consumption	33,093,498	33,104,461	33,035,150
of which green electricity	32,227,890	32,782,553	33,005,705
Individual electricity consumption (kWh per FTE)	6,906	7,116	7,000
Total district heating consumption	18,015,789	18,964,126	18,124,104
Individual heating consumption (kWh per FTE)	3,760	4,077	3,841

In 2020, our total energy consumption from electricity, heat, gas, and fuel (diesel and gasoline, including diesel for emergency power generators) came to 207,517 GJ. This resulted in an energy intensity level of 43 GJ per FTE.

In 2020, there was a year-on-year decrease of just 0.03 percent in the electricity consumed, to 33,093,498 kWh. Electricity consumption per FTE came to 6,906 kWh. This small year-on-year decline per FTE was due to the increase in the number of FTEs. Even with the majority of employees working from home, there was no significant reduction in electricity consumption. Although the amount of general electricity used to power the buildings and offices fell by 5.7 percent, consumption in the computing centers rose by 14.0 percent because of the increased demands put on IT resources.

District heating consumption fell from 18,964,126 kWh in 2019 to 18,015,789 kWh in 2020, a reduction of 5.0 percent.

DZ BANK encourages its employees to make greater use of low-emission public transport for their commute to work. Financial incentives are offered in the form of subsidized travel cards (regional public transport network and national rail network) or a travel subsidy, depending on regional availability.

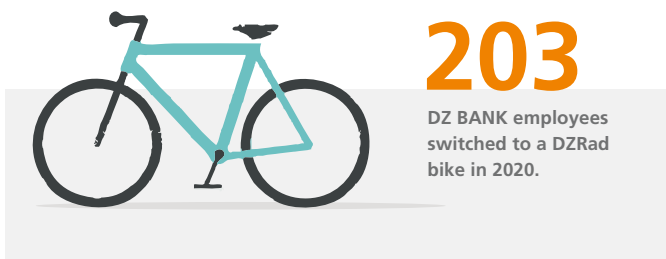
USE OF PUBLIC TRANSPORTATION

	2020	2019	2018
Number of employees, Germany ¹	5,612	5,204	5,234
Users (total)	3,288	3,562	3,548
Travel subsidy recipients	573	443	813
Regional travel card users	2,670	2,842	2,536
Deutsche Bahn travel card users	45	277	199
Public transport users (%)	58.59	68.45	67.79

¹) DZ BANK employees in Germany, including trainees.

BUSINESS TRAVEL

'000 kilometers/%	2020	2019	2018
Total business travel ('000km)	14,194	32,039	32,766
Individual business travel ('000km per FTE)	3.0	6.9	6.9
Of which by train (%)	23	38	39
Of which by air (%)	9	16	16
Of which by private car (%)	3	2	3
Of which by company car (%)	62	40	39
Of which by rental car (%)	3	3	3



DZ BANK began recording carbon emissions from commuter travel for the first time in 2019, based on statistical figures. They amounted to 1,485 tonnes in 2020 and are based on data supplied by the German Federal Statistical Office for the distribution of commuter traffic and the calculation methods of the VfU. This year-on-year decline of 54.3 per cent is due to the pandemic, which meant that the majority of employees did not have to commute because they were working from home.

On September 1, 2020, DZ BANK launched a scheme that allows employees to lease a bike (the DZRad) through salary sacrifice. It proved very popular in the first few months, and by mid-December 2020, a total of 203 DZRad agreements had been concluded.

9.2.3 Water and waste water

In its offices, DZ BANK only uses drinking water provided by regional suppliers. Because of the low materiality of this topic, DZ BANK does not pursue any specific targets or measures and also has no specific approach for determining the impact of its waste water. DZ BANK generally only pro-

duces waste water that is comparable with household effluents. It is not reused or recycled. The waste water is returned to the sewer system of the local water company.

WATER CONSUMPTION¹

Megaliters	2020	2019	2018
Total water consumption	78.621	101.057	96.293
Individual water consumption (megaliters per FTE)	0.016	0.022	0.020

¹) Data on water consumption is taken from municipal water meters/bills.

9.2.4 Emissions

All of the following emissions relate only to CO₂ equivalents. They are calculated using the emissions factors provided by the VfU tool.

Direct (Scope 1) GHG emissions

DZ BANK's total volume of direct greenhouse gas emissions (GHG) from Scope 1 came to 2,543 tonnes of CO₂ equivalents in 2020. Direct GHG emissions therefore amounted to 0.531 tonnes of CO₂ equivalents per FTE.

Since 2011, DZ BANK has also been collecting data on the CO₂ equivalent emissions from employees' business travel. Direct greenhouse gas emissions in this area include those produced by company cars, which amounted to 1,698

tonnes of CO₂ equivalents (Scope 1 only) in 2020 (2019: 2,440 tonnes). This decrease is due to the decline in business travel as a result of the COVID-19 pandemic.

The CO₂ equivalent emissions generated by company cars are calculated on the basis of the amount of energy (fuel) that they consume.

Energy indirect (Scope 2) GHG emissions

DZ BANK's total volume of indirect greenhouse gas emissions (GHG) from Scope 2 came to 2,075 tonnes of CO₂ equivalents in 2020. Indirect GHG emissions therefore amounted to 0.433 tonnes of CO₂ equivalents per FTE.

They mostly comprise Scope 2 emissions from district heating and electricity.

Other indirect GHG emissions (Scope 3)

DZ BANK's total volume of indirect greenhouse gas emissions (GHG) from Scope 3 came to 4,467 tonnes of CO₂ equivalents in 2020. Indirect GHG emissions therefore amounted to 0.932 tonnes of CO₂ equivalents per FTE.

Since 2011, DZ BANK has also been collecting data on the CO₂ equivalent emissions from employees' business travel.

The total in 2020 was 1,574 tonnes (2019: 3,865 tonnes) of CO₂ equivalents (Scope 3 travel incl. company cars). This decline was due to the restrictions on travel as a result of the pandemic.

SCOPE 3 CO₂ EQUIVALENT EMISSIONS FROM BUSINESS TRAVEL

Tonnes (t)	2020	2019	2018
Company cars	820.9	1,177.9	1,162.0
Total by rental car/private car	260.0	537.7	590.9
Total by rail	12.3	45.7	47.8
Total by air ¹	481.2	2,103.7	867.6

1) There was a substantial increase in emissions from air travel from 2018 to 2019, as the DZ BANK Group's center of excellence for the environment specified a standard RFI of 2.7 for calculating CO₂ equivalent emissions from air travel from 2019 onward. The Radiative Forcing Index (RFI factor) measures the increased greenhouse effect of emissions from air travel at high altitude.

For a number of years, DZ BANK has been working toward the goal of reducing CO₂ equivalent emissions through its business travel policy, which is regularly updated and amended, most recently in January 2020. Under this policy, business trips are only permitted if their business purpose cannot be achieved by other means, e.g. by telephone or video conference. Flights within Germany are only approved if they are essential for scheduling reasons or if they are cheaper than traveling by train. In addition, public transport should be used in preference to the car. All this encourages the use of greener modes of transport.

Besides the business travel policy, DZ BANK's company car policy is helping make business travel more environmentally friendly by stipulating that only the most modern, clean vehicles are used. DZ BANK is also forging ahead with e-mobility: A rapid charging point for electric vehicles has been available to customers and visitors at the Frankfurt office since 2014. In 2018, we launched an electric vehicles

pilot project at the Frankfurt office. By November 2020, in the first phase of the project, a total of 19 hybrid and electric company cars had been brought into operation.

To encourage its employees to use public transport, DZ BANK offers them a financial incentive in the form of a subsidized travel card or a travel subsidy, depending on regional availability. Employees who live too far away to take local public transport can also travel by train at discounted prices thanks to our framework agreement with Deutsche Bahn. 58.6 percent of employees used public transport to get to and from work in 2020.

GHG emissions from electricity and district heating (Scopes 1–3)**CO₂ EQUIVALENT EMISSIONS FROM ELECTRICITY AND DISTRICT HEATING**

Tonnes (t)	2020	2019	2018
Total CO ₂ equivalent emissions: electricity	584.462	385.193	235.319
Individual CO ₂ equivalent emissions: electricity (t per FTE)	0.122	0.083	0.050
CO ₂ equivalent emissions: district heating	2,597.669	2,727.635	2,631.789
Individual CO ₂ equivalent emissions: district heating (t per FTE)	0.542	0.586	0.558

CO₂ equivalent emissions from electricity rose substantially compared with the prior year because the switch to

home working in 2020 entailed an increase in the use of power of unknown origin. The amount of electricity used for home working was, because of its unknown origin, instead determined on the basis of the emissions factor for a representative electricity mix for Germany as a whole (in accordance with the VfU calculation tool). The increase in CO₂ equivalent emissions from electricity, however, far outweighed the decrease in CO₂ equivalent emissions attributable to commuting, business travel, water and paper consumption, and waste.

GHG emissions intensity

Taking into account Scope 1 to Scope 3 GHG emissions, our GHG emissions intensity totaled 9,084 tonnes of CO₂ equivalents in 2020. Direct GHG emissions therefore amounted to 1,896 tonnes of CO₂ equivalents per FTE.

There was a year-on-year reduction of 5,070 tonnes of CO₂ equivalents (down by 35.8 percent). This significant decrease was due largely to the COVID-19 pandemic and the resulting restrictions. It was particularly strongly reflected in the underlying volume of business travel and commuting. However, the consumption of water and paper and the amount of waste produced were also down and had a positive effect on CO₂ equivalent emissions.

Reduction in GHG emissions

The electricity used at the offices in Frankfurt, Düsseldorf, Berlin, Hannover, and Stuttgart is obtained solely from renewable sources such as hydropower, wind power, and

solar. Emissions from electricity rose overall in 2020 as many employees were working from home and the electricity that they consumed there cannot be classified. In accordance with the VfU tool, a representative electricity mix for Germany as a whole was used as the base factor for calculating the CO₂ equivalent emissions attributable to the electricity for home working, and this was higher than the factors used for the purchased green electricity.

Because the structure of the office buildings did not change, the reduction in emissions resulting from the switch to home working was largely cancelled out by the increased power consumption in the computing centers due to the greater demands put on IT resources.

Emissions from the consumption of district heating were more or less unchanged from the prior year. This is because the office buildings continued to operate as normal despite the absence of some employees, so that those employees who did remain had an appropriate amount of space in which to work.

In order to reduce its CO₂ equivalent emissions and use of electricity and district heating even further in the future, DZ BANK is focusing on the efficiency of its buildings. A range of upgrades were made at the Frankfurt office in 2020, and care was taken to ensure that the new equipment installed was more eco-friendly (e.g. replacement and modernization of parts of the elevator control system as well as various refrigeration machines). In Düsseldorf, refurbishment work that included replacing old technology for new (e.g. switching over to LED lighting) continued on various office floors.

9.2.5 Waste

Because it is in the business of providing financial services, DZ BANK does not distinguish between hazardous and non-hazardous waste in its reporting in this area. Electrical waste, toner, and defective lighting could be classified as hazardous waste in the broadest sense.

For all its German offices, DZ BANK collects data not only for paper but also for non-recyclable waste, commercial waste, mixed packaging, and electrical/toner/lighting. At 945.4 tonnes, the overall volume of waste was lower than in the prior year (down by 15.1 percent on 2019).

VOLUME OF WASTE BY TYPE

Tonnes (t)	2020	2019	2018
Total paper	467.130	536.951	583.314
Individual paper (t per FTE)	0.097	0.115	0.124
Total electrical/toner/lighting	3.390	6.101	10.244
Individual electrical/toner/lighting (t per FTE)	0.001	0.001	0.002
Total mixed packaging	73.825	79.504	65.412
Individual mixed packaging (t per FTE)	0.015	0.017	0.014
Total non-recyclable	180.473	217.831	174.650
Individual non-recyclable (t per FTE)	0.038	0.047	0.037
Total commercial waste	186.095	226.020	234.123
Individual commercial waste (t per FTE)	0.039	0.049	0.050
Total kitchen waste	34.471	47.620	46.870
Individual kitchen waste (t per FTE)	0.007	0.010	0.010
Total waste	945.384	1,114.027	1,114.613
Total individual waste (t per FTE)	0.197	0.239	0.236

VOLUME OF WASTE BY METHOD OF DISPOSAL

Tonnes (t)	2020	2019	2018
Landfill	35.333	62.87	58.67
Incineration	180.723	179.46	161.96
Recovery/recycling	728.242	871.54	893.84
Other (specialist)	1.086	0.16	0.15
Total waste	945.384	1,114.03	1,114.61

10.0 Corporate citizenship

Our commitment to the common good.

We take our responsibility toward society and the common good seriously. Our commitment in this regard is expressed through regional community-focused activities, the DZ BANK Foundation, and the DZ BANK Art Collection.



Active memberships of organizations relevant to corporate sustainability



Long-standing commitment to regional community work



DZ BANK Foundation provided funding of €214,388 in 2020



DZ BANK fulfills its responsibility toward society and the common good in many different ways. Its corporate citizenship is expressed through donations and memberships, community-based activities, the DZ BANK Foundation, and the DZ BANK Art Collection.

Community-based activities, donations, and memberships

DZ BANK combines commercial success with commitment to the common good and a functioning social market economy. Because DZ BANK is headquartered in and feels closely associated with Frankfurt, it has a particular responsibility toward the city and the surrounding Rhine-Main region. However, it also wants to contribute to sustainable development wherever it is possible to do so. The opportunities and risks presented by the sustainability dimensions 'environment', 'social', and 'corporate governance' are instrumental in guiding the way that DZ BANK operates as a business. The objective is to make a positive contribution to society through financial engagement and through people.

Since 1997, for example, DZ BANK and other entities in the DZ BANK Group have been providing financial support to the Aktive Bürgerschaft [active citizenship] foundation, which is the center of excellence for civic engagement in the cooperative financial network. DZ BANK is currently represented on the foundation's advisory board and governing board. The aim of the foundation is to give information and

advice about civic engagement and to provide volunteers, multipliers, and supporters with education and training. In 2020, the program of webinars designed to professionalize the activities of civic foundations was significantly expanded. The initiative also encourages people and organizations to take an active role in society, for example by making endowments, donating, or volunteering. One of the Aktive Bürgerschaft's special projects is called 'sozialgenial – schoolchildren get involved', which encourages young people to support social causes. At school, for example, participants combine their civic engagement with topics covered in subjects such as politics, German, or biology. More than 120,000 schoolchildren at 770 schools are now involved in a large number of sozialgenial projects. Examples including helping senior citizens, reading stories to children in preschool, and getting involved in environmental protection work with nature conservation organizations. A cooperation agreement is in place with the federal states of Hessen and North Rhine-Westphalia, which are represented by the Hessen Ministry of Culture and the North Rhine-Westphalia Ministry for Schools and Education.

Since April 2013, DZ BANK has also been supporting the non-profit Joblinge initiative, which helps disadvantaged teenagers and young adults to enter the labor market. DZ BANK's employees involved in Joblinge act as mentors for the young people, helping them to find places on training schemes, complete their applications, and prepare for their new jobs. In recent years, around 20 employees have

been active as mentors. This number has fallen since the beginning of the COVID-19 pandemic in spring 2020, in part because the Joblinge scheme can now only be run digitally. This brings huge challenges as many of the young people do not have a laptop or internet connection for them to be able to learn at home. Nevertheless, there is still a lot of interest in the initiative at DZ BANK, and new mentors are due to get started with the program in 2021.

In May 2019, DZ BANK launched the new LokalSozial corporate volunteering program, initiated by its trainees. The trainees regularly help out at the Frankfurt food bank and organize food donations, and the bank gives them time off work to do so. LokalSozial was also adversely affected by the outbreak of the COVID-19 pandemic. In order to keep safe, the trainees were unable to help with the job of sorting, packing, and distributing the food for months on end in 2020. The initiative remains popular among DZ BANK trainees, however: Nearly 30 of them hope to resume the work with LokalSozial in 2021. In 2020, DZ BANK supported the Frankfurt food bank both financially and with personnel resources.

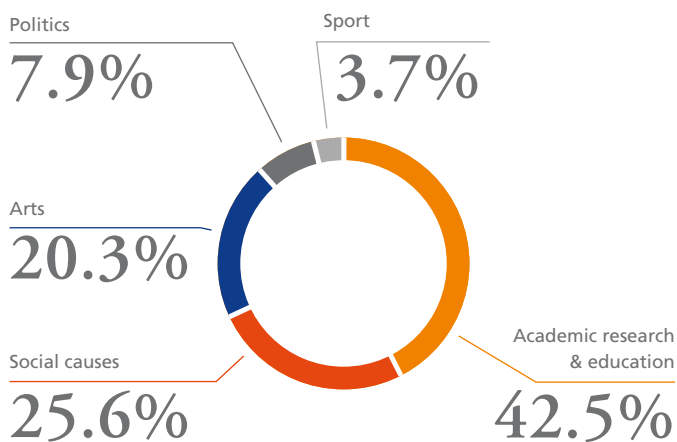
DZ BANK has a beneficial impact on the local community, not only as an employer but also by donating to good causes. DZ BANK's total donations in 2020 amounted to €273,233 (2019: €318,376).

Among the organizations that DZ BANK donated to last year were:

- Aktive Bürgerschaft foundation
- Stifterverband für die Deutsche Wissenschaft e. V. [German Benefactors' Association for Science and Learning]
- MMK foundation for Frankfurt's Museum of Modern Art
- Städtischer Museum-Verein e. V. [Städel Museum Society]
- The Trilateral Commission – German group
- Deutsche Sporthilfe foundation

DONATIONS BY AREA IN 2020

Funding volume (%)



BREAKDOWN OF DONATIONS BY AREA

%	2020	2019	2018
Academic research & education	42.5	59.5	68.4
Social causes	25.6	17.7	18.6
Arts	20.3	12.5	5.7
Politics	7.9	6.3	5.3
Sport	3.7	4.1	1.9
Total amount donated (€)	273,233	318,376	656,851

Another important component of corporate citizenship at DZ BANK is its memberships of various organizations and associations. A list of DZ BANK's memberships with relevance to sustainability can be found in [section 5.2 Stakeholder dialog](#) of this report.

DZ BANK is a member of the following academic or research-focused organizations:

- E-Finance Lab
- Partner der Mannheimer Betriebswirtschaftslehre e. V. [partners of the Mannheim Business School] at the University of Mannheim
- Institut für Bank- und Finanzgeschichte e. V. [Institute for Banking and Financial History Research]
- Center for Financial Studies (CFS)

As at December 31, 2020, DZ BANK's membership subscriptions for the year amounted to €2,107,680.

The following institutions are among those supported in the arts sector:

- Städel Museum
- Frankfurt Opera House
- Frankfurt's Alte Oper opera house
- Rheingau Music Festival
- Jazzfest/Frankfurt University of Music and Performing Arts
- Kulturkreis der deutschen Wirtschaft im BDI e. V. [Association of Arts and Culture of the German Economy at the Federation of German Industries]

DZ BANK is also active in various industry associations. In the cooperative sector, these include the BVR and the Association of Cooperatives – Association of the Regions. DZ BANK also holds other cross-pillar memberships with trade associations such as the VÖB and the DDV.

DZ BANK Foundation

DZ BANK's charitable foundation pursues three core objectives: the promotion of academic study and research in the field of banking and financial services and the promotion of university-based and school-based education. The foundation has assets of roughly €20 million and provides a six-figure sum in funding every year. This puts the DZ BANK Foundation, which was established in 1993, in the category of medium-sized education and research foundations in Germany. The DZ BANK Cultural Foundation, a non-legal entity

set up in 2006 to promote culture and the arts, also comes under the umbrella of the DZ BANK Foundation.

The DZ BANK Foundation is a member of the Bundesverband Deutscher Stiftungen [Association of German Foundations] and voluntarily commits to carrying out its work in accordance with the association's Guiding Principles of Good Practice for Foundations.

Promotion of academic study and research

Academic study and research are a particular focus for the DZ BANK Foundation's funding. Among the initiatives that it supports are research projects, academic conferences, and guest lecturers with relevance to banking and financial services and the cooperative movement.

Promoting research into the history of the cooperative movement and banking is a key part of the DZ BANK Foundation's work. For example, it provides support to the Genossenschaftshistorische Informationszentrum (GIZ) [German Historical Information Center for the Cooperative Movement], which serves as the historical center of excellence for the German cooperatives, and to the Arbeitsgemeinschaft Genossenschaftswissenschaftlicher Institute e. V. (AGI) [Working Group of Institutes for Co-operative Studies], a communications platform for academic institutions engaged in cooperative studies. In addition to research projects and periodicals, funding in 2020 was also provided for the restoration of academic exhibits (GIZ) and for the AGI's award recognizing outstanding work by up-and-coming academics.

In September 2020, in response to the COVID-19 pandemic and the structural upheaval in the banking industry, a new funding program was set up that would concentrate on three different topics. In 2020/21, the project's funding was focused on the COVID-19 pandemic, artificial intelligence, and sustainability.

Away from the fields of business and economics, the DZ BANK Foundation's funding also sometimes extends into other fields of research: For example, it donated a sum of €100,000 to Frankfurt's Senckenberg Natural History Museum for the two newly designed exhibition halls 'Deep Sea' and 'Marine Research', which opened virtually in autumn 2020. The redesign was initiated in 2017 as part of the 200th anniversary of the Senckenberg Gesellschaft für Naturforschung [Senckenberg Nature Research Society], which was founded in 1817 in Frankfurt by citizens of the city.

Promotion of university-based education

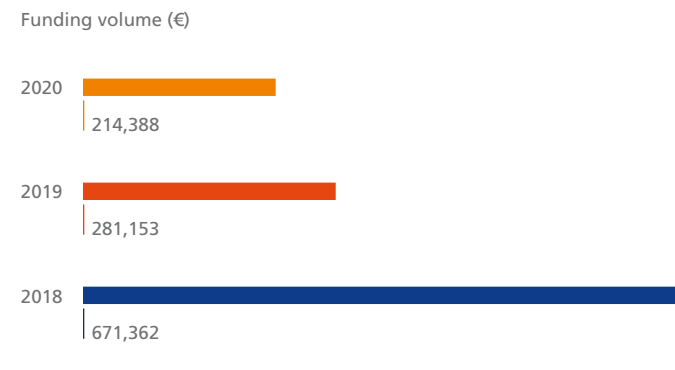
The Germany Scholarships are the second long-established component of the DZ BANK Foundation's work. Since 2012, the DZ BANK Foundation has been supporting promising and dedicated young people on their journey through higher education. The scholarships are mainly provided for study at universities specializing in business, IT, or law. In September 2020, the DZ BANK Foundation decided to award 27 Germany Scholarships for the 2020/21 academic year – more than in any previous year. The DZ BANK Cultural Foundation awarded six further scholarships for the same period – three

Germany Scholarships and three Coronavirus Support Scholarships – for students at Frankfurt's University of Music and Performing Arts (HfMDK).

Promotion of school-based education

Together with its cooperation partner, the Stiftung Polytechnische Gesellschaft [Polytechnic Society Foundation], the DZ BANK Foundation is also active in the field of school-based education. The 'College for young talents' scholarship program embraces the concept of a studium generale and offers particularly gifted and high-performing Frankfurt-based schoolchildren between the ages of 14 and 18 insights into various specialist disciplines. It also helps them to develop their interpersonal skills. The 'DeutschSommer' holiday program is targeted at elementary school children with language support needs. The project aims to help the

VOLUME OF FUNDING PROVIDED TO DZ BANK FOUNDATION PROJECTS



participating children with their language and personal development before they transition into the all-important fourth grade.

In 2020, the DZ BANK Foundation provided a total of €214,388 in project funding. The COVID-19 pandemic meant that some of the funded projects could not be carried out as planned or could not be completed. All funding commitments made by the DZ BANK Foundation retain their validity.

DZ BANK Art Collection

DZ BANK supports the exploration of societal themes in culture and the arts as part of an open corporate culture that is closely aligned with the real world and that looks ahead to the future. Making art visible and accessible and actively supporting artists has been a key part of the corporate culture since 1993. The DZ BANK Art Collection is one of the biggest collections of its kind, with nearly 10,000 works of art by more than 950 international artists. It focuses on photographic forms of expression in contemporary art and on contemporary painting, prints, and sculpture from western Germany.

Art displayed in the working environment encourages people to talk, to see things from different perspectives, and to come up with novel solutions to problems. 2020 highlighted how critical it is in continually changing circumstances to integrate creative potential when overcoming complex challenges. New exhibitions from the collection are regularly curated for display in the corridors of all branches of DZ BANK and at the head office in Frankfurt. In Frankfurt, interested members of the public can see these works on guided tours. Employees and their children are also regularly invited to art-oriented events. These include projects that bring employees together with the collection's artists, exhibition previews, guided tours given by artists themselves, and week-long 'art for kids' workshops during the holidays. These offerings facilitate a theoretical and practical dialog with art. In 2020, there were also creative activities for children in the form of a digital 'art for kids' program and an art competition on the intranet.

DZ BANK's ART FOYER, its publicly accessible exhibition hall in Frankfurt, gives visitors, employees, and customers a space for meeting and talking, including with people they might not otherwise come into contact with. Every year, three exhibitions are mounted from the growing collection.

Admission is free. In 2020, because of the COVID-19 pandemic, the broad-ranging education program for children, adults, students, and teachers had to be significantly pared back. The closure of the exhibition space due to the exceptional circumstances also resulted in fewer visitors than in 2019. However, alternative online formats were created for the staff of DZ BANK and the public. A total of 18 videos on art-related topics garnered nearly 4,500 views on DZ BANK's YouTube channel. All in all, DZ BANK's Art Collection attracted around 6,250 visitors in 2020.

Talks with the artist and panel discussions are among the events held regularly in the ART FOYER. In 2020, as part of the symposium 'Light into the dark. In which direction is photographic art developing?' questions on the medium were discussed with representatives of various disciplines. Dialog with artists and experts of various specialisms keeps the work of the art collection fresh and in touch with the zeitgeist. This collaboration also has a multiplier effect, helping to make DZ BANK's Art Collection – and therefore also DZ BANK – more visible.

11.0 Annex

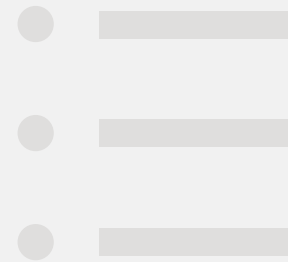
Sustainability ratings

Indices: GRI content index and UN PRB index

List of abbreviations

Independent auditor's limited assurance report

Editorial information



11.1 Sustainability ratings

DZ BANK Group holds a C+ 'prime status' rating from ISS-ESG



- » It has held this **prime status since 2011**
- » **C+** rating was confirmed on December 13, 2019
- » **Above-average engagement** in the environmental and social spheres

Sustainability ratings of DZ BANK AG



AA

- » **Consistently rated AA** since 2015 (confirmed in January 2021)
- » A **leader** in managing ESG-related risks and opportunities



22.6

- » Relatively **low** corporate governance **risk**
- » Medium exposure to risk arising from financial implications of ESG factors



11.2 Indices

GRI content index

The GRI reporting of DZ BANK meets the requirements of the 'core' option of the GRI Sustainability Reporting Standards (SRS). The Annual Financial Statements and Management Report of DZ BANK are available for download at www.reports2020.dzbank.com. Content that relates to the UNGC progress report or has an impact on one of the United Nation's 17 sustainable development goals (SDGs) are included in the GRI content index.

GRI CONTENT INDEX

GRI indicator	Source	Omission/comment	SDG	UNGC
102 General disclosures				
102-1 Name of the organization		DZ BANK AG		
102-2 Activities, brands, products, and services	DZ BANK AG 2020 Annual Financial Statements and Management Report – business model and strategic focus			
102-3 Location of organization's headquarters		Frankfurt am Main, Germany		
102-4 Location of operations	DZ BANK AG 2020 Annual Financial Statements and Management Report – business model and strategic focus DZ BANK AG 2020 Annual Financial Statements and Management Report – economic conditions			
102-5 Ownership and legal form	DZ BANK AG 2020 Annual Financial Statements and Management Report – DZ BANK AG fundamentals			
102-6 Markets served	DZ BANK AG 2020 Annual Financial Statements and Management Report – business model and strategic focus			
102-7 Scale of the organization	DZ BANK AG 2020 Annual Financial Statements and Management Report – business report; DZ BANK AG 2020 Annual Financial Statements and Management Report – 2020 Annual Financial Statements of DZ BANK AG DZ BANK AG 2020 Annual Financial Statements and Management Report – Notes: List of derivatives recognized at fair value by product area; Employees			
102-8 Information on employees and other workers	8.6 Employee data	As the vast majority of DZ BANK's employees (95.5 percent) are employed in Germany, employee metrics are not being presented broken down by region. Workers who are not employees do not perform a material proportion of DZ BANK's activities. The figures disclosed are not subject to significant fluctuation.		6
102-9 Supply chain	7.3 Purchasing and supplier management			
102-10 Significant changes to the organization and its supply chain	7.3 Purchasing and supplier management DZ BANK AG 2020 Annual Financial Statements and Management Report – Notes: List of shareholdings	In the reporting year, no material changes occurred with regard to suppliers' locations of operation, the supply chain structure, or relationships with suppliers, including their selection and the termination of supplier relationships.		

GRI CONTENT INDEX

GRI indicator	Source	Omission/comment	SDG	UNGC
102-11 Precautionary principle or approach	5.4 Risk management 6.0 Business portfolio			
102-12 External initiatives	1.0 About this report 5.2 Stakeholder dialog		17	
102-13 Membership of associations and interest groups	5.2 Stakeholder dialog 10.0 Corporate citizenship		17	
102-14 Statement from the most senior decision maker	2.0 Foreword			
102-15 Key impacts, risks, and opportunities	4.5 Materiality assessment 5.4 Risk management DZ BANK AG 2020 Annual Financial Statements and Management Report – DZ BANK Group and DZ BANK opportunity report DZ BANK AG 2020 Annual Financial Statements and Management Report – DZ BANK Group and DZ BANK risk report			
102-16 Values, principles, standards, and norms of behavior	5.1 Corporate governance			10
102-17 Mechanisms for advice and concerns about ethics	5.3.2 Prevention of money laundering and fraud 7.2 Human rights due diligence			1, 2, 3, 4, 5, 6, 10
102-18 Governance structure	5.1 Corporate governance DZ BANK AG 2020 Annual Financial Statements and Management Report – management of DZ BANK			
102-35 Remuneration policies	5.1 Corporate governance 8.1 HR strategy and employer branding	https://www.dzbank.com/content/dzbank_com/en/home/DZ_BANK/investor_relations/reports/2020.html	8	
102-36 Process for determining remuneration	5.1 Corporate governance 8.1 HR strategy and employer branding	https://www.dzbank.com/content/dzbank_com/en/home/DZ_BANK/investor_relations/reports/2020.html	8	
102-37 Stakeholders' involvement in remuneration	5.1 Corporate governance 8.1 HR strategy and employer branding	https://www.dzbank.com/content/dzbank_com/en/home/DZ_BANK/investor_relations/reports/2020.html	8	
102-40 List of stakeholder groups	5.2 Stakeholder dialog			
102-41 Collective bargaining agreements	8.1 HR strategy and employer branding		8	3
102-42 Identifying and selecting stakeholders	5.2 Stakeholder dialog			
102-43 Approach to stakeholder engagement	5.2 Stakeholder dialog			
102-44 Key topics and concerns raised	4.5 Materiality assessment 5.2 Stakeholder dialog			
102-45 Entities included in the consolidated financial statements	1.0 About this report DZ BANK AG 2020 Annual Financial Statements and Management Report – Notes: List of shareholdings			

GRI CONTENT INDEX

GRI indicator	Source	Omission/comment	SDG	UNGC
102-46 Defining report content and topic boundaries	4.5 Materiality assessment			
102-47 List of material topics	4.5 Materiality assessment			
102-48 Restatements of information	1.0 About this report	No information from previous reports had to be restated as part of the preparation of the 2020 Sustainability Report.		
102-49 Changes in reporting	4.5 Materiality assessment	The number of material topics increased slightly compared with previous reports.		
102-50 Reporting period	1.0 About this report			
102-51 Date of most recent report	1.0 About this report			
102-52 Reporting cycle	1.0 About this report			
102-53 Contact point for questions regarding the report	11.5 Editorial information	nachhaltigkeit@dzbank.de		
102-54 Claims of reporting in accordance with the GRI standards	1.0 About this report			
102-55 GRI content index	11.2 Indices			
102-56 External assurance	1.0 About this report 11.4 Independent auditor's limited assurance report DZ BANK Annual Report – Independent auditor's report			
Topic-specific standards				
Material topic: Compliance				
103-1 Explanation of the material topic and its boundaries	5.3 Compliance			
103-2 The management approach and its components	5.3 Compliance			
103-3 Evaluation of the management approach	5.3 Compliance			
205 Anti-corruption			16	10
205-1 Operations assessed for risks related to corruption	5.3.2 Prevention of money laundering and fraud			
205-2 Communication and training about anti-corruption policies and procedures	5.3.2 Prevention of money laundering and fraud 7.3 Purchasing and supplier management	DZ BANK currently discloses the training completion rate of its employees.		
205-3 Confirmed incidents of corruption and actions taken	5.3.2 Prevention of money laundering and fraud			
206 Anti-competitive behavior				
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.3.3 Socioeconomic and environmental compliance			
307 Environmental compliance				
307-1 Non-compliance with environmental laws and regulations	5.3.3 Socioeconomic and environmental compliance			
419 Socioeconomic Compliance				
419-1 Non-compliance with laws and regulations in the social and economic area	5.3.3 Socioeconomic and environmental compliance	If such incidents occur, DZ BANK will reported these in the Annual Financial Statements and Management Report and in the Annual Report.		

GRI CONTENT INDEX

GRI indicator	Source	Omission/comment	SDG	UNGC
Voluntary disclosure: Public policy				
415 Public policy			16	
103-1	Explanation of the material topic and its boundaries	5.3.4 Public policy		
103-2	The management approach and its components	5.3.4 Public policy		
103-3	Evaluation of the management approach	5.3.4 Public policy		
415-1	Political contributions	5.3.4 Public policy		
Material topic: Corporate governance				
103-1	Explanation of the material topic and its boundaries	5.0 Corporate management		
103-2	The management approach and its components	5.0 Corporate management		
103-3	Evaluation of the management approach	5.0 Corporate management		
201 Economic performance				
201-1	Direct economic value generated and distributed	DZ BANK AG 2020 Annual Financial Statements and Management Report – 2020 Annual Financial Statements of DZ BANK AG: balance sheet	8, 9	
201-2	Financial implications and other risks and opportunities due to climate change	5.4 Risk management 6.1.3 Financing portfolio 6.1.4 Lending 6.1.5 Rejection criteria and sectoral rules	13	
201-3	Defined benefit plan obligations and other retirement plans	8.5 Balance between work, family life, and care responsibilities DZ BANK AG 2020 Annual Financial Statements and Management Report – 2020 Annual Financial Statements of DZ BANK AG		
201-4	Financial assistance received from government			DZ BANK did not receive any government subsidies in the year under review.
Material topic: Sustainable business portfolio				
103-1	Explanation of the material topic and its boundaries	6.1.3 Financing portfolio		
103-2	The management approach and its components	6.1.3 Financing portfolio		
103-3	Evaluation of the management approach	6.1.3 Financing portfolio		
203 Indirect economic impacts				
203-1	Infrastructure investments and services supported	6.1.3 Financing portfolio	11	
203-2	Material indirect economic impacts	6.1.3 Financing portfolio	9, 11	

GRI CONTENT INDEX

GRI indicator		Source	Omission/comment	SDG	UNGC
Product portfolio				3, 7, 8, 11	
F56	Percentage breakdown of each business line's portfolio by specific region, size, and sector	6.1.3 Financing portfolio			
F57	Monetary value of products and services designed to deliver a specific social benefit	6.1.3 Financing portfolio			
F58	Monetary value of products and services designed to deliver a specific environmental benefit	6.1.3 Financing portfolio			
Material topic: Customer focus					
103-1	Explanation of the material topic and its boundaries	7.1 Customer focus			
103-2	The management approach and its components	7.1 Customer focus			
103-3	Evaluation of the management approach	7.1 Customer focus			
417	Marketing and labeling				
417-1	Requirements for product and service information and labeling	7.1 Customer focus			
Material topic: Human rights due diligence					
103-1	Explanation of the material topic and its boundaries	7.2 Human rights due diligence			
103-2	The management approach and its components	7.2 Human rights due diligence			
103-3	Evaluation of the management approach	7.2 Human rights due diligence			
412	Human rights assessment				1, 2, 3, 4, 5, 6
412-2	Employee training on human rights policies or procedures	5.3 Compliance 7.2 Human rights due diligence 8.4 Diversity and equal opportunity			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	7.2 Human rights due diligence			
Material topic: Supplier management					
103-1	Explanation of the material topic and its boundaries	7.3 Purchasing and supplier management			
103-2	The management approach and its components	7.3 Purchasing and supplier management			
103-3	Evaluation of the management approach	7.3 Purchasing and supplier management			

GRI CONTENT INDEX

GRI indicator		Source	Omission/comment	SDG	UNGC
308	Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria	7.3 Purchasing and supplier management	Quantitative information cannot be collected at this time.		
308-2	Negative environmental impacts in the supply chain and actions taken	7.3 Purchasing and supplier management	Quantitative information cannot be collected at this time. However, no actual or potential adverse impacts of a significant nature on the environment, human rights, or society, or in regard to working practices were identified in the reporting year.		
Material topic: Data protection					
103-1	Explanation of the material topic and its boundaries	7.1 Customer focus 7.4 Data protection			
103-2	The management approach and its components	7.1 Customer focus 7.4 Data protection			
103-3	Evaluation of the management approach	7.1 Customer focus 7.4 Data protection			
418	Customer privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	7.4 Data protection			
Material topic: HR strategy and employer branding					
103-1	Explanation of the material topic and its boundaries	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.5 Balance between work, family life, and care responsibilities			
103-2	The management approach and its components	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.5 Balance between work, family life, and care responsibilities			
103-3	Evaluation of the management approach	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.5 Balance between work, family life, and care responsibilities			
401	Employment				
401-1	New employee hires and employee turnover	8.6 Employee data	As the vast majority of DZ BANK's employees (95.5 percent) are employed in Germany, employee metrics are not being presented broken down by region.		

GRI CONTENT INDEX

GRI indicator	Source	Omission/comment	SDG	UNGC
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	8.5 Balance between work, family life, and care responsibilities	The benefits provided to employees depend on the country, region, and jurisdiction in which they are employed. As a result, not all benefits are available to every employee.		
401-3 Parental leave	8.5 Balance between work, family life, and care responsibilities	DZ BANK currently discloses the total number of employees in Germany who have taken parental leave, broken down by gender.		
402 Labor/management relations				
402-1 Minimum notice periods regarding operational changes	8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG)			
404 Training and continuing professional development				
404-1 Average hours of training per year per employee	8.6 Employee data			
404-2 Programs for upgrading employee skills and transition assistance programs	8.1 HR strategy and employer branding			
404-3 Percentage of employees receiving regular performance and career development reviews	8.1 HR strategy and employer branding	All employees of DZ BANK are entitled to an annual staff appraisal interview. The company does not collect data on the number of interviews being conducted.		
Material topic: Diversity and equal opportunity				
103-1 Explanation of the material topic and its boundaries	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.4 Diversity and equal opportunity			
103-2 The management approach and its components	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.4 Diversity and equal opportunity			
103-3 Evaluation of the management approach	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG) 8.4 Diversity and equal opportunity			
405 Diversity and equal opportunity				1, 2, 6
405-1 Diversity of governance bodies and employees	8.4 Diversity and equal opportunity 8.6 Employee data			
405-2 Ratio of basic salary and remuneration of women to men	8.1 HR strategy and employer branding 8.2 Codetermination and rights of participation under the German Works Council Constitution Act (BetrVG)	Information concerning the salary of individual employees is classified as confidential and its disclosure is restricted accordingly by DZ BANK.		

GRI CONTENT INDEX

GRI indicator	Source	Omission/comment	SDG	UNGC
406 Non-discrimination				1, 2, 6
406-1 Incidents of discrimination and corrective actions taken	7.2 Human rights due diligence 8.4 Diversity and equal opportunity			
Voluntary disclosure: Operational ecology				
103-1 Explanation of the material topic and its boundaries	9.1 Targets and measures 9.2 Resource consumption			
103-2 The management approach and its components	9.1 Targets and measures 9.2 Resource consumption			
103-3 Evaluation of the management approach	9.1 Targets and measures 9.2 Resource consumption			
301 Materials				7, 8, 9
301-1 Materials used by weight or volume	9.2 Resource consumption			
301-2 Recycled input materials used	9.2 Resource consumption			
302 Energy				7, 8, 9
302-1 Energy consumption within the organization	9.2 Resource consumption			
302-3 Energy intensity	9.2 Resource consumption			
302-4 Reduction of energy consumption	9.2 Resource consumption			
303 Water and waste water				7, 8, 9
303-1 Interactions with water as a shared resource	9.2 Resource consumption	Because of the low materiality of this topic, DZ BANK does not have a specific approach for determining the impact of its waste water.		
303-2 Management of water discharge-related impacts	9.2 Resource consumption			
303-5 Water consumption	9.2 Resource consumption			
305 Emissions				7, 8, 9
305-1 Direct (Scope 1) GHG emissions	9.2 Resource consumption			
305-2 Energy indirect (Scope 2) GHG emissions	9.2 Resource consumption			
305-3 Other indirect GHG emissions (Scope 3)	9.2 Resource consumption			
305-4 GHG emissions intensity	9.2 Resource consumption			
305-5 Reduction in GHG emissions	9.2 Resource consumption			
306 Effluents and waste				7, 8, 9
306-2 Waste by type and disposal method	9.2 Resource consumption			

UN PRB index

UN PRB INDEX

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
PRINCIPLE 1: ALIGNMENT		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and, where relevant, the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>The strategic focus at DZ BANK follows the guiding principle of fulfilling the role of a network-oriented central institution and financial services group. Business activities are centered on the local cooperative banks and their customers. The objective of this strategic approach is to consolidate the positioning of the cooperative financial network as one of the leading financial services providers in Germany on a long-term basis. The partnership between the cooperative banks and the entities in the DZ BANK Group is built on the principles of subsidiarity, decentralization, and regional market responsibility.</p> <p>DZ BANK did not need to significantly adjust its strategic focus as a result of the COVID-19 pandemic. Nevertheless, the entities in the DZ BANK Group responded to the changed market conditions by taking various measures and adapting their product ranges. Nearly all sales activities were moved to digital channels owing to the social distancing requirements introduced in connection with the crisis. Within the DZ BANK Group, precautionary measures were coordinated and implemented to ensure operational stability. The technical options for working from home were extended across the group. During the crisis, DZ BANK's committees were kept up to date on the latest situation and were able to make decisions at all times by holding virtual meetings, including extra meetings added to the usual schedule. Changes that have been initiated, such as the accelerated digitalization of sales and back-office processes, and the introduction of different ways of collaborating, will continue to have an effect on the DZ BANK Group's business activities even when the COVID-19 pandemic has passed.</p> <p>At DZ BANK, the strategic initiatives designed to ensure the bank's future competitiveness are brought together in Verbund First 4.0, a strategic program launched in 2018. The program is aimed at improvements in three key areas: market offering, control and production processes, and corporate culture. Under the program, DZ BANK is working on various measures based on defined action areas. A positive impact on employee satisfaction from the changes instigated under the Verbund First 4.0 strategy was already evident in the reporting year. Results from a staff survey in the middle of 2020 showed that satisfaction had risen and that employees strongly identified with DZ BANK's current corporate strategy and values.</p>	<p>DZ BANK AG 2020 Annual Financial Statements and Management Report – business model and strategic focus</p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Subsidiarity, decentralization, regional market responsibility, and sustainability are the central principles of the DZ BANK Group's strategy. Sustainability constitutes a core element of its corporate management activities and a dedicated implementation package has been created on this topic. In March 2020, the decision was made to treat the sustainability strategy as a priority topic for all strategic dialogs of DZ BANK and the DZ BANK Group. The subject was therefore addressed in the strategic dialogs of the Corporate Banking, Capital Markets (including Treasury), and Transaction Banking business lines at DZ BANK and in the strategic dialogs with the subsidiaries of the DZ BANK Group, and the status of current sustainability activities as well as further planned activities were assessed against the backdrop of changing regulatory and market conditions. This process was concluded with the adoption of the updated business strategy by the Supervisory Board in September.</p> <p>When it comes to implementation, the focus is on the SDGs and the Paris climate agreement. In April 2020, DZ BANK also published its own position paper on climate change, in which it describes the steps it is taking to improve its own environmental footprint, scale up its low-carbon business portfolio, and support the transformation of carbon-intensive industries and activities. In addition, DZ BANK uses a sustainability checklist in the lending process and made progress in refining and expanding its rejection criteria in 2020.</p>	<p>4.2 Sustainability in our corporate strategy 4.3 Key areas of action 6.1.3 Financing portfolio</p>

UN PRB INDEX

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
	<p>As part of the Advancing Sustainability project, DZ BANK also worked hard to create a classification system for its credit portfolio and allocated its credit exposures to relevant SDGs in order to provide transparency and lay the foundations for the definition of focused areas of action.</p> <p>Moreover, the Group Coordination Committee made the decision at group level in December 2020 that the 17 UN sustainable development goals should be used as a classification framework for all group entities, and it determined which goals should be pursued as a priority.</p> <p>The business strategy of the DZ BANK Group is geared toward ten focus SDGs: 02 Zero hunger, 03 Good health and well-being, 07 Affordable and clean energy, 08 Decent work and economic growth, 09 Industry, innovation and infrastructure, 10 Reduced inequalities, 11 Sustainable cities and communities, 12 Responsible consumption and production, 13 Climate action, and 15 Life on land.</p>	
PRINCIPLE 2: IMPACT AND TARGET SETTING		
<p>2.1 Impact analysis</p>	<p>In 2020, SDG and technology mapping processes were conducted to create transparency about DZ BANK's credit portfolio, and an initial impact analysis was carried out that took account of the factors scope, scale of exposure, context, relevance, and scale and intensity/salience of impact.</p> <p>The impact analysis showed that five significant sustainability impact areas primarily affect the following SDGs: 02 Zero hunger, 06 Clean water & sanitation, 07 Affordable and clean energy, 09 Industry, innovation and infrastructure, 13 Climate action, 14 Life below water, and 15 Life on land.</p> <p>The five significant areas into which impacts can be grouped cover the following topics: climate, environmental pollution and ecosystems, water consumption, access to food, and critical infrastructure.</p> <p>As part of the technology mapping process, positive, adverse, and neutral sustainability aspects were identified from a climate perspective. The following four categories were used to describe the future viability of a particular technology from a climate change perspective: technologies of the future, transition technologies, indispensable technologies, and outdated technologies. The technology mapping process identified that technologies of the future and transition technologies currently outweigh outdated and indispensable technologies in the credit portfolio.</p> <p>By creating this transparency, DZ BANK has enabled itself to define focused areas of action in the future and provide management input that helps to further reduce negative impacts while strengthening positive contributions.</p>	<p>4.2 Sustainability in our corporate strategy 4.3 Key areas of action 6.1.3 Financing portfolio</p>
<p>2.2 Target setting</p>	<p>A total of two quantitative goals were defined for DZ BANK in relation to the business portfolio.</p> <p>The first goal is to ensure that at least two-thirds of the lending volume of DZ BANK as at December 31, 2021 has a positive impact on the UN SDGs.</p> <p>Moreover, DZ BANK wants to increase its financing activities in the field of renewable energies to €6 billion by the end of 2022.</p>	<p>4.2 Sustainability in our corporate strategy 4.3 Key areas of action 4.4 Selection of goals 6.1.3 Financing portfolio</p>
<p>2.3 Plans for target implementation and monitoring</p>	<p>Target achievement and implementation are being monitored on an ongoing basis as part of the Sustainability Task Force project. The sustainability steering committee, whose members include the two Co-Chief Executive Officers of DZ BANK, is updated on the state of progress at regular intervals.</p>	<p>4.2 Sustainability in our corporate strategy 4.3 Key areas of action 4.4 Selection of goals 6.1.3 Financing portfolio</p>

UN PRB INDEX

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
<p>2.4 Progress on implementing targets</p>	<p>Information on progress with achieving the targets for the 2021 reporting year will be set out in the next Sustainability Report and as part of the next PRB self-assessment.</p>	<p>4.3 Key areas of action 4.4 Selection of goals 6.1.3 Financing portfolio</p>
PRINCIPLE 3: CLIENTS AND CUSTOMERS		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale, and, where possible, the results thereof.</p>	<p>To us, responsible marketing means putting our values into practice in our products, communications, and sales activities in a way that benefits the environment, society, and customers.</p> <p>In line with the principle of the cooperative advisory process, as defined by the cooperative banks themselves and to which we are also committed, we always aim to market our products and services in accordance with the following guidelines:</p> <ul style="list-style-type: none"> – We communicate openly and honestly and always point out the risks as well as the opportunities. – We communicate in a way that is understandable and treat customers as equal partners, always focusing on their needs. – We communicate and act credibly – always with the aim of building long-term customer satisfaction and loyalty. – As a matter of course, we check that the content and messages of our advertising communications are in compliance with the law. Product prospectuses in segments that are subject to legal requirements – for example, in the securities business – are reviewed by our legal department prior to publication. – We observe the requirements of the GDPR as well as other laws that relate to data protection. Our privacy policy and contact details for our data protection officers can be viewed at any time on our website www.dzbank.com. – We check for and observe copyrights and other rights of use. <p>For 2021, the plan is to develop and define a set of sustainability criteria for DZ BANK's marketing that are to be implemented by 2023 at the latest. Compliance with these criteria will then be subject to regular review.</p>	<p>6.0 Business portfolio 7.1 Customer focus</p>
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>We have developed the sustainability portal www.wertewelt.dzbank.de as a central platform through which we communicate our sustainability activities, e.g. to customers. This platform provides access to published Sustainability Reports, examples that showcase DZ BANK's sustainable business practices, and details of our contact persons for sustainability matters at DZ BANK.</p> <p>Because we deliver many of our services indirectly through the cooperative banks, which are our sales partners, we endeavor to regularly train and update their employees so that they are familiar with the features and risks of our financial products. In doing so, we want to ensure that they can promote and communicate them to their customers in a responsible manner.</p>	<p>6.0 Business portfolio 7.1 Customer focus</p>

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Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
PRINCIPLE 4: STAKEHOLDERS		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated, or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>We maintain an ongoing dialog with our key stakeholders. These include NGOs, current and prospective employees, labor unions, representatives from politics, charitable foundations, trade associations and interest groups, and other market participants from the financial sector. We are also members of important organizations in the fields of science and sustainability, including:</p> <ul style="list-style-type: none"> – E-Finance Lab – Partner der Mannheimer Betriebswirtschaftslehre e.V. [partners of the Mannheim Business School] at the University of Mannheim – Institut für Bank- und Finanzgeschichte e.V. [Institute for Banking and Financial History Research] – Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU) [German Association for Environmental Management and Sustainability in Financial Institutions] – Forum Nachhaltige Geldanlagen (FNG) [Sustainable Investment Forum] – Climate Bond Initiative <p>We conduct stakeholder surveys at regular intervals in connection with our materiality assessment. In our Sustainability Report, we address material aspects raised by our stakeholders and present relevant results.</p>	5.2 Stakeholder dialog
PRINCIPLE 5: GOVERNANCE & CULTURE		
<p>5.1 Describe the relevant governance structures, policies, and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The Group Corporate Responsibility Committee (Group CRC) is a forum for discussion and a management committee. Its members include the sustainability coordinators in the management units and at ReiseBank, and it serves as a platform for sharing specialist information throughout the group about the latest sustainability-related trends and activities.</p> <p>The Group CRC focuses on working together on key sustainability matters while taking account of the individual business models of the group entities. Topics for the Group CRC are selected and prioritized on the basis of the focus issues of the individual group entities' areas of action, current political and regulatory developments, and feedback from stakeholders such as rating agencies. The head of the Group CRC regularly reports to the DZ BANK Co-Chief Executive Officer responsible for sustainability. He or she also reports annually and on an ad hoc basis to the Group Coordination Committee, the most senior decision-making body of the DZ BANK Group.</p>	5.1 Corporate governance
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management, and leadership communication, amongst others.</p>	<p>The entities of the DZ BANK Group provide regular training for their employees on compliance, prevention of money laundering and terrorist financing, fraud prevention, the General Data Protection Regulation, information security, and prevention of market manipulation. DZ BANK's code of conduct contains various measures to prevent fraud (e.g. guidelines for dealing with gifts, a whistleblowing system, training, and written procedures for fraud prevention, including measures to tackle corruption and market price manipulation).</p> <p>We also use an online training course on sustainability in the lending process that is mandatory for all employees who handle financing inquiries. The aim of the course is to make our employees more aware of the relevance of this subject and, at the same time, to provide specific assistance in how to assess financing inquiries for sustainability. Our training on sustainability in the lending business also covers the subject of human rights.</p> <p>DZ BANK, along with four other leading financial institutions, undertook to promote an ethical basis for management remuneration in a joint policy paper published in July 2013. The aim is to design remuneration systems to be transparent, eliminate misguided incentives, and consider the long-term conditions for lasting success in business.</p>	5.3.2 Prevention of money laundering and fraud 6.0 Business portfolio 8.0 Employees

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Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
<p>5.3 Governance structure for implementation of the principles</p>	<p>At DZ BANK, the subject of sustainability management was organizationally reassigned to the Strategy & Group Development division in 2020. Previously, it had been part of the remit of the Communications & Marketing division. The new Sustainability organizational unit, which forms part of the Group Strategy department, acts as a central sustainability management hub and oversees five primary areas of responsibility:</p> <ul style="list-style-type: none"> – Further development of the sustainability strategy of DZ BANK – Further development of an effective sustainability governance concept – Transparency and engagement with interest groups through sustainability dialog with relevant stakeholders – Coordination and cross-project management of bank-wide sustainability activities at DZ BANK – Internal and external sustainability reporting <p>The Advancing Sustainability project, which was launched in 2019, was expanded into a Sustainability Task Force in 2020. The Sustainability Task Force is responsible for the overall coordination of DZ BANK's priority topics: the sustainability ambition (including targets and voluntary commitments), sustainability communication and reporting, the sustainability impact classification for greater transparency about the impact of the credit portfolio, and the sustainability risk classification. Over the course of the year, the remit of the task force was expanded to include the sub-modules 'sustainability risk management' and 'sustainability in the lending business'.</p> <p>The task force also coordinates cross-divisional sustainability activities and sustainability matters at group and network level. The project results are presented to and discussed by a steering committee at regular intervals. The steering committee is made up of the Co-Chief Executive Officers and two further members of the Board of Managing Directors of DZ BANK, and the heads of the relevant organizational units.</p> <p>The Group CRC, which is coordinated by DZ BANK and whose members include the sustainability coordinators in the management units and at ReiseBank, is a platform for sharing specialist information throughout the group about the latest sustainability-related trends and activities. The committee identifies key issues relevant to the whole of the group and initiates joint projects. The head of the Group CRC reports to the DZ BANK Co-Chief Executive Officer responsible for sustainability. He or she also reports annually and on an ad hoc basis to the Group Coordination Committee. In 2020, the decision was made to turn the Group CRC into a committee with board-level representation.</p>	<p>5.1 Corporate governance</p>
<p>PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY</p>		
<p>6.1 Progress on implementing the principles for responsible banking</p>	<p>The Advancing Sustainability project, which was launched in 2019, was expanded into a Sustainability Task Force in 2020. The Sustainability Task Force is responsible for the overall coordination of DZ BANK's priority topics: the sustainability ambition (including targets and voluntary commitments), sustainability communication and reporting, the sustainability impact classification for greater transparency about the impact of the credit portfolio, and the sustainability risk classification. Over the course of the year, the remit of the task force was expanded to include the sub-modules 'sustainability risk management' and 'sustainability in the lending business'.</p> <p>In 2020, significant progress was achieved especially with regard to the classification of DZ BANK's credit portfolio based on the UN SDGs and a 'technology mapping' process (for details, see > section 6.1.3 Financing portfolio), the further development of sustainability reporting, a systematic sustainability stocktake in the context of risk management, and initial qualitative and quantitative goals as part of the definition of an overarching sustainability ambition.</p> <p>DZ BANK's sustainability-related activities are founded on best practices such as the Equator Principles, to which the bank signed up in 2013.</p>	<p>4.3 Key areas of action 4.4 Selection of goals 5.1 Corporate governance 6.1.3 Financing portfolio</p>

11.3 List of abbreviations

ABC weapons	Atomic (nuclear), biological, and chemical weapons	FTE	Full-time equivalent	MSC	Marine Stewardship Council
AGG	German General Equal Treatment Act	GBP	Green Bond Principles	NAP	German National Action Plan for Business and Human Rights
AGI	Working Group of Institutes for Co-operative Studies	GDPR	General Data Protection Regulation	NGO	Non-governmental organization
BDI	Federation of German Industries	GFG	Volksbanken Raiffeisenbanken cooperative financial network	NPDE	No peat, no deforestation, no exploitation
BEM	Return-to-work and disability management	GHG	Greenhouse gas	OECD	Organisation for Economic Co-operation and Development
BVI	German Investment Funds Association	GIZ	German Society for International Cooperation	PEP	Politically exposed person
BVR	National Association of German Cooperative Banks	GRI	Global Reporting Initiative	PET	Polyethylene terephthalate
CBI	Climate Bond Initiative	GRI SRS	GRI Sustainability Reporting Standards	PPA	Power purchase agreement
CFS	Center for Financial Studies	GSFCG	Green and Sustainable Finance Cluster Germany e.V.	PPP	Public-private partnership
CIPB	Confédération Internationale des Banques Populaires	GwG	German Anti-Money Laundering Act	PRB	Principles for Responsible Banking
CITES	Convention on International Trade in Endangered Species	HfMDK	Frankfurt University of Music and Performing Arts	PRI	Principles for Responsible Investment
CO₂	Carbon dioxide	HGB	German Commercial Code	RFI	Radiative Forcing Index
COVID-19	2019 novel coronavirus disease	HR	Human resources	RSPO	Roundtable on Sustainable Palm Oil
DDV	German Derivatives Association	ICC	International Chamber of Commerce	S&P	Standard & Poor's Global Ratings
DGNB	German Sustainable Building Council	ICC	ICC Commission on Environment & Energy	SDGs	The United Nations' sustainable development goals
DIN	German Institute for Standardization	ICMA	International Capital Markets Association	SI check	Sustainable investment checks
EACB	European Association of Cooperative Banks	IFC	International Finance Corporation	SPB	Social Bond Principles
EBA	European Banking Authority	ILO	International Labour Organization	TCF	Totally chlorine free
ECB	European Central Bank	ISAE	International Standard on Assurance Engagements	TCFD	Task Force on Climate-related Financial Disclosures
ECF	Elemental chlorine free	ISO	International Organization for Standardization	UNEP FI	United Nations Environment Programme – Finance Initiative
EHS Guidelines	World Bank Group Environmental, Health and Safety Guidelines	ISS	Institutional Shareholder Services	UNGC	United Nations Global Compact
EP	Equator Principles	JST	Joint Supervisory Team	UN Guiding Principles	The United Nations' Guiding Principles on Business and Human Rights
ESG	Environment, social, (corporate) governance	KfW	Germany's KfW development bank	VfU	German Association for Environmental Management and Sustainability in Financial Institutions
EU	European Union	LEED	Leadership in Energy and Environmental Design	VÖB	Association of German Public Banks
EU taxonomy	EU classification system for sustainable economic activities	MaComp	Minimum Requirements for the Compliance Function	WCD	World Commission on Dams
FIU	Financial Intelligence Unit	MAD	Market Abuse Directive	ZIA	German Property Federation
FNG	Sustainable Investment Forum	MAR	Market Abuse Regulation		
FSC	Forest Stewardship Council	MaRisk	Minimum Requirements for Risk Management		

11.4 Independent auditor's limited assurance report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the DZ BANK Non-financial Report 2020. The following text is a translation of the original German Independent Assurance Report.

To DZ BANK AG, Frankfurt am Main

We have performed a limited assurance engagement on the non-financial report of DZ BANK AG (hereafter the Company) according to §§ 340a in conjunction with 289b HGB ("Handelsgesetzbuch": German Commercial Code), which is combined with the non-financial report of the group according to §§ 340i in conjunction with 315b HGB and the section "DZ BANK Group fundamentals" in the Group Management Report being incorporated by reference, consisting of the text segments highlighted by a grey background within the sustainability report, for the reporting period from 1 January 2020 to 31 December 2020 (hereafter non-financial report). Our engagement did not include any disclosures for prior years.

A. Management's responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial report in accordance with §§ 340a in conjunction with 289c to 289e HGB and §§ 340i in conjunction with 315c HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial report that is free from material misstatement, whether due to fraud or error.

B. Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

C. Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan

and perform the assurance engagement to obtain limited assurance about whether the non-financial report of the Company has been prepared, in all material respects, in accordance with §§ 340a in conjunction with 289c to 289e HGB and §§ 340i in conjunction with 315c HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2020 and March 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees and inspection of relevant documentation regarding the selection of topics for the non-financial report, the risk assessment and the concepts of DZ BANK AG and of DZ BANK Group for the topics that have been identified as material,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the non-financial report, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial report,
- Identification of likely risks of material misstatement in the non-financial report,

- Inspection of relevant documentation of the systems and processes for compiling, aggregating and validation of data in the relevant areas e.g. compliance and employees in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures in the non-financial report,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data and
- Evaluation of the presentation of disclosures in the non-financial report.

D. Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial report of DZ BANK AG for the period from 1 January 2020 to 31 December 2020 has not been prepared, in all material respects, in accordance with §§ 340a in conjunction with 289c to 289e HGB and §§ 340i in conjunction with 315c HGB.

E. Intended use of the assurance report

We issue this report on the basis of the engagement agreed with DZ BANK AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

F. Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations

towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn/Frankfurt am Main, 5 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Elfriede Eckl
Wirtschaftsprüferin
(German Public Auditor)

Hans-Georg Welz
Wirtschaftsprüfer
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11.5 Editorial information

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Thomas Ullrich

Chairman of the Supervisory Board:
Henning Deneke-Jöhrens

This Sustainability Report is available
in electronic form on our website at
www.reports2020.dzbank.com.

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