



2021 Sustainability Report

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1.0 About this report

This Sustainability Report relates to the 2021 financial year (January 1 to December 31, 2021). It comprises the separate combined group non-financial report ('non-financial report') for the DZ BANK Group and DZ BANK AG and the Sustainability Report for DZ BANK AG.

Consolidated entities

The non-financial report, as defined by section 340a (1a) and section 340i (5) of the German Commercial Code (HGB) in conjunction with section 289b (3) HGB and section 315b (3) HGB, and article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088), covers the following management units of the DZ BANK Group:

- Bausparkasse Schwäbisch Hall AG (Bausparkasse Schwäbisch Hall)
- R+V Versicherung AG (R+V)
- Union Asset-Management Holding (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)

The business activities of DVB Bank are being scaled back and the entity is to be integrated into DZ BANK by way of a merger in 2022. DVB Bank is included in this non-financial report as a separate entity. However, the report does not provide detailed information about its activities.

The 'DZ BANK Group fundamentals' chapter in the 2021 group management report contains further information on the management units of the DZ BANK Group and their business models.

Most management units of the DZ BANK Group publish their own sustainability reports. The management units also provide sustainability-related information on their websites.

Applied frameworks

The non-financial report is partially guided¹ by the sustainability reporting standards of the Global Reporting Initiative (GRI). With regard to the sustainability reporting of DZ BANK AG, this report was prepared in accordance with the GRI SRS 'core' option (see [GRI content index](#)). 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. The disclosures required from DZ BANK AG as a signatory of the UN Principles for Responsible Banking (PRB) are also covered by this report (see [UN PRB index](#)).

Editor's note and publication schedule

Unless otherwise indicated, the statements made in this report relate to the DZ BANK Group including DZ BANK AG (DZ BANK AG is referred to as 'DZ BANK' below). Where a statement relates exclusively to DZ BANK or individual entities of the DZ BANK Group, this is explicitly indicated in the text. The publishing deadline for the GRI reporting of DZ BANK AG was February 21, 2022. Particularly relevant events have been included up to this date. The Sustainability Report is published annually. The next report will be published in March 2023.

Assurance engagement

An independent assurance engagement was conducted by the auditing firm PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft GmbH, Frankfurt am Main (Germany), 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 the annex (see [section 10.3](#)). The information that was reviewed as part of the external assurance engagement in respect of the separate non-financial report is presented with a gray background in this document. Information that is presented without a gray background is additional content that is provided on a voluntary basis.

¹ Close alignment with GRI SRS 102 and 103

2.0 Foreword

Dear reader,

Sustainability has been a prominent topic of public debate for a long time and is also of great relevance to our industry. The DZ BANK Group has placed it at the top of its strategic agenda. We recognize the need for change and the opportunities that this could bring. The investment effort required to achieve the goals of the Paris climate agreement and the UN sustainable development goals is enormous, but it will also make our economy and our society better equipped for the future.

This transformation is a monumental task. We see our role as that of an important strategic partner for the real economy and we want to shape the future together with our customers. Fortunately, we are exceptionally well placed to do so. Over the past two years, we have taken significant steps to embed sustainability as an interdisciplinary approach in all lines of business, in all processes, and in every discussion with customers.

The fruits of our labor can increasingly be seen in our results: We are providing ever greater levels of transition support for customers and ESG-related business is steadily growing. To quote just two highlights: DZ BANK has doubled the volume of supported transactions in connection with sustainable issues in its capital markets business; in funds business, Union Investment is one of the market leaders with €125.6 billion of sustainable assets under management. The other entities of the DZ BANK Group have also made relevant progress in the field of sustainability.



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

Our business model and the close collaboration within the cooperative financial network are the foundations that underpin our success. Corporate social responsibility has always been central to the way we work, as reflected in our shared values and our commitment to the United Nations Global Compact. This is the basis from which we will continue to drive forward our sustainability efforts.

This Sustainability Report describes the concepts we are pursuing and the outcomes we have achieved. Alongside business model-specific sustainability measures, the entities in the DZ BANK Group also work together on a broad range of sustainability topics. Among these was the revision of our group-wide climate strategy in 2021, which sets out how we intend to meet our responsibility to reduce the carbon emissions of our own operations. Under this strategy, all group entities have committed to becoming carbon-neutral by 2045 at the latest.

The Sustainability Report also includes disclosures for the 2021 financial year that have become mandatory for the first time under the European Union's

Taxonomy Regulation, which came into effect on January 1, 2022. Using this classification system, the EU aims to make a significant contribution to directing the flow of capital toward environmentally sustainable economic activities in order to help achieve the European climate targets set out in the Green Deal.

We hope that you will enjoy reading this report and we look forward to continuing our dialogue with you.

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

Uwe Fröhlich
Co-Chief Executive Officer

Dr. Cornelius Riese
Co-Chief Executive Officer

Corporate social responsibility has always been central to the way we work, as reflected in our shared values and our commitment to the United Nations Global Compact.

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 Volksbanken Raiffeisenbanken cooperative financial network, which includes around 770 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, Frankfurt-based DZ BANK functions as the central institution and is responsible for supporting the business of the cooperative banks in their regions. It also operates as a corporate bank and acts as the holding company for the DZ BANK Group. As at December 31, 2021, DZ BANK had 5,512 employees working at 23 offices in Germany and around the world and its total assets amounted to €336.8 billion. Its range of products and services extends from classic and innovative financial products, structured finance, and capital market issues, to trading and sales in the equity and bond markets. DZ BANK also supports companies and institutions that need a nationwide banking partner.

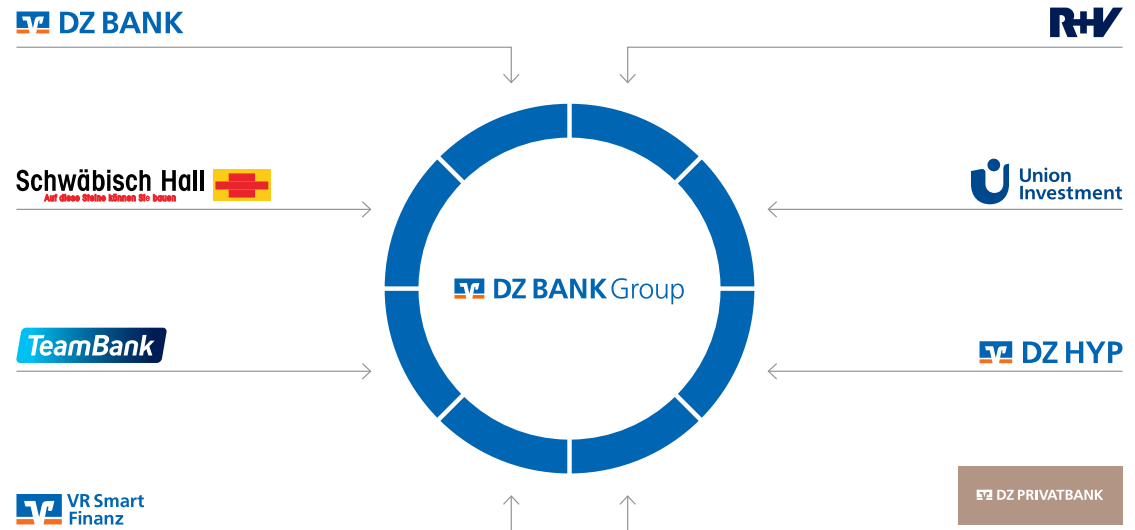
Further entities in the DZ BANK Group include Bausparkasse Schwäbisch Hall, DVB Bank, DZ HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, Union Investment, VR Smart Finanz, and various other specialized institutions. With their strong brands, the entities in the DZ BANK Group constitute key pillars in the range of financial products and services offered by the cooperative financial network, which comprises banking, insurance, home savings, and investment solutions. The business of all entities in the DZ BANK Group is primarily focused on the German market. The 'DZ BANK Group fundamentals'

chapter in the 2021 group management report contains further information on the individual entities and their business models.

The sustainability rating agency Institutional Shareholder Services Inc. (ISS) has awarded the DZ BANK Group a 'prime' rating. This status is awarded to companies whose performance regarding environmental, social, and corporate governance (ESG) aspects is assessed as above the average for their industry. An overview of the current sustainability ratings of the DZ BANK Group and DZ BANK AG is included in the [annex](#) to this report.

DZ BANK GROUP – KEY FIGURES

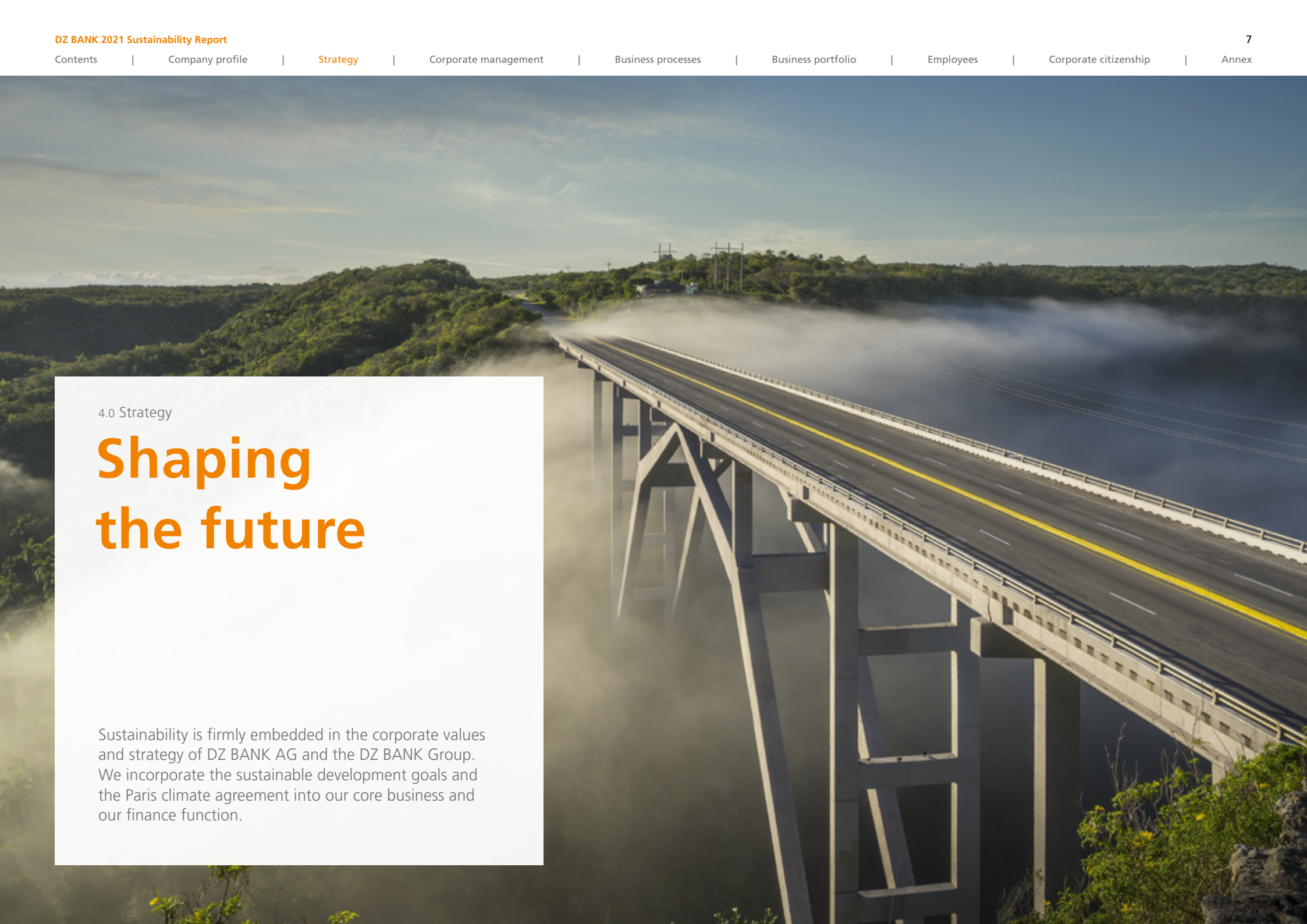
€ million	2021
PROFIT BEFORE TAXES	3,096
TAXES	920
NET PROFIT	2,176
TOTAL ASSETS	627,273
EQUITY	28,661
WAGES AND SALARIES	1,692
PENSION AND OTHER POST-EMPLOYMENT BENEFIT EXPENSES	101
AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR	32,271



4.0 Strategy

Shaping the future

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.



4.1 Strategy and goals

Sustainability has been embedded in the strategy of the DZ BANK Group at several different levels: as a priority topic for the strategic planning process, as a groupwide area of potential, and as a self-contained implementation package under the Verbund First 4.0 initiative of DZ BANK.

Sustainability in the strategic planning process

As part of the annual strategic planning process (SPP), the group entities define their business strategy including the strategic direction, objectives, and measures. These plans are discussed in strategic dialogue sessions at the level of the Board of Managing Directors and then taken forward 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. Sustainability has to be treated as a key topic in all strategic dialogues within the DZ BANK Group and evaluated against the backdrop of the changing regulatory and market conditions. The subject is discussed in terms of opportunities and risks, for example as part of the strategic dialogues with the Corporate Banking, Capital Markets, and Transaction Banking business lines at DZ BANK.

In 2021, the SPP was also used to identify the key sustainability issues applicable to each of the group entities, as the priorities vary according to business model. For example, DZ BANK plans to further expand its sustainability expertise and ESG-related activities in its capital markets business with institutional clients. Union Investment aims to support the sustainability efforts of clients in its institutional asset management business and continues to expand its product range

with a focus on sustainability-oriented institutional mutual funds. In addition, 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.

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

Sustainability is one of currently seven areas of potential that will be used to further strengthen the future competitiveness and profitability of the DZ BANK Group. These areas of potential are being coordinated at group level by the Strategy & Group Development division of DZ BANK for the purposes of the SPP. This area of potential is being sponsored at the most senior level of management, namely by the two Co-Chief Executive Officers of DZ BANK AG along with members of the Boards of Managing Directors of DZ BANK Group entities representing other areas of the financial sector (Union Investment for asset management and R+V for insurance). The Group Coordination Committee is updated regularly on progress with the implementation of measures in the areas of potential. This committee is the highest-level management and coordination committee in the DZ BANK Group. The members of the Group Coordination Committee comprise the Board of Managing Directors of DZ BANK and the chief executive officers of Bausparkasse Schwäbisch Hall, DZ HYP, DZ PRIVATBANK, R+V, TeamBank, Union Investment, and VR Smart Finanz.

In 2020, the 17 sustainable development goals (SDGs) of the United Nations (UN) were determined as the standard clas-

sification framework for the business activities of DZ BANK Group entities. This is consistent with the objectives of the cooperative financial network, which regards the SDGs as a core component of its sustainability strategy.

In addition, the approach of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR) [National Association of German Cooperative Banks] for the identification of SDGs of particular relevance to the cooperative financial network was used by the DZ BANK Group as a reference point. An inhouse analysis identified the business model-specific impact of the entities in the DZ BANK Group on an indicative basis. The findings were then combined with the SDGs prioritized by the BVR.

This analysis showed that the entities in the DZ BANK Group and the cooperative financial network, which comprise a wide range of business models, have the greatest positive impact on the following ten SDGs:

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

In 2020, DZ BANK used a proprietary classification approach to further enhance the initial indicative, cross-organizational analysis. This approach has since been applied in the corporate customer lending business and was expanded to further portfolio areas in 2021 (see > [section 7.1 Impact transparency](#)).

Verbund First 4.0 initiative of DZ BANK

The Verbund First 4.0 initiative, which was launched in 2018, aims to further develop the role of DZ BANK as the leading financial services provider for the Volksbanken Raiffeisenbanken cooperative financial network. Subsidiarity, decentralization, regional market responsibility, and sustainability are the central principles of the strategy. The strategic program, which is designed to ensure DZ BANK’s resilience for the future, focuses on improving the market offering, control and production processes, and the corporate culture. Its implementation has been structured in 24 implementation packages, including one package dedicated specifically to sustainability topics. The aim of this package is to create transparency about the current level of sustainability by means of a classification in order to provide a solid basis for strategic decisions about the future focus of sustainability activities. An additional objective is to better coordinate the sustainability activities of DZ BANK, the DZ BANK Group, and the BVR.

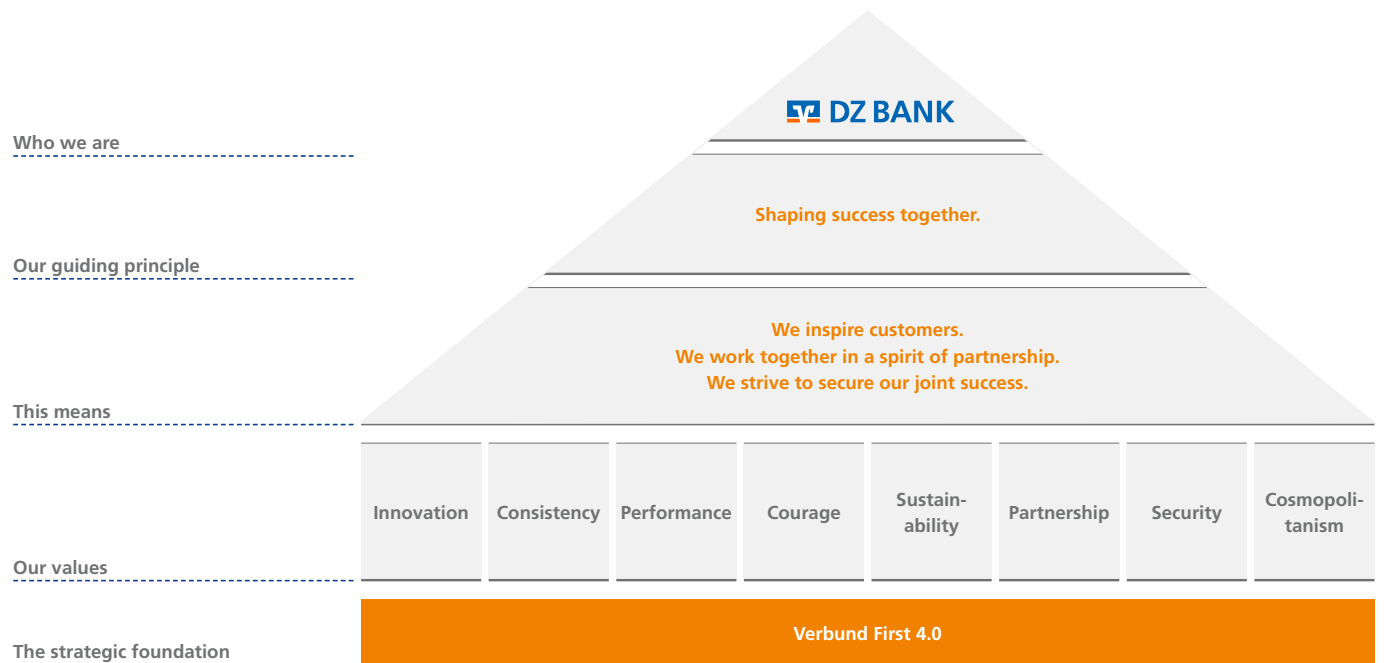
Voluntary commitments

The implementation of voluntary commitments promotes the integration of sustainability in the corporate strategy of the DZ BANK Group. By signing up to the United Nations

Global Compact in 2008, the DZ BANK Group committed to ten universally accepted principles of responsible conduct in relation to human rights, labor standards, environmental protection, and the fight against corruption. These principles continue to provide a central framework for the business activities of the DZ BANK Group and form the basis of the groupwide code of conduct.

In April 2020, DZ BANK signed the Principles for Responsible Banking (PRB), thereby committing to greater sustainability and transparency. The Principles for Responsible Banking were developed by the United Nations Environment Programme Finance Initiative (UNEP FI). They comprise six principles – alignment, impact and target-setting, clients and customers, stakeholders, governance and culture, transpar-

VERBUND FIRST 4.0 – THE STRATEGIC FOUNDATION OF OUR MARKET POSITION



The strategic foundation



DZ BANK signed the voluntary climate commitment of the German finance industry in 2021.

ency and accountability – and provide all signatories with a standardized framework for the integration of sustainability in their business. The PRB also help companies to align their business strategy with societal endeavors such as meeting the targets of the Paris climate agreement and achieving the SDGs.

By signing the voluntary climate commitment of the German finance industry in 2021, DZ BANK undertook to align its credit and investment portfolios with the goals stipulated in the Paris climate agreement. The signatories have agreed to develop mutually accepted methods for measuring the climate impact of their portfolios by the end of 2022 and to subsequently implement these. By measuring and disclosing the amount of carbon emissions generated by its own business activities and setting targets to reduce these, DZ BANK seeks to contribute to the mitigation of climate change and promote the sustainable and forward-looking transformation of the economy. DZ BANK also joined the Net Zero Banking Alliance Germany – a coalition of seven German banks led by the Green and Sustainable Finance Cluster – in 2021. The alliance focuses on putting in place the technical infrastructure and methods that will help banks to manage their portfolios in accordance with national and international climate goals.

Union Investment signed the United Nations' Principles for Responsible Investment (PRI), a globally accepted set of standards for responsible investment, in 2010. R+V and DZ PRI-VATBANK followed suit in 2020 and 2021 respectively. The

PRI require signatories to integrate ESG criteria in the investment process, advocate sustainable practices and transparency on sustainability, and disclose information about their own sustainability activities. Union Investment undergoes a PRI assessment on an annual basis. In addition, R+V signed the UN Principles for Sustainable Insurance (PSI) in 2021.

Selected goals

DZ BANK has formulated a variety of sustainable development goals that are used in the performance assessment of the Board of Managing Directors (see [section 5.1 Governance](#)). Among the performance targets of the Board of Managing Directors, the subset relating to ESG aspects has been given a weighting of around 20 percent. This includes ongoing efforts to further explore sustainability in relevant project work and in the operational collaboration within the bank. In addition, quantitative goals are defined that will be enhanced and supplemented over time as further processes and methods are established. The Board of Managing Directors and the Supervisory Board are updated regularly on progress with the achievement of these goals. As of now, six

quantitative targets have been defined that can be allocated to the categories 'business portfolio', 'external assessment by sustainability rating agencies', and 'operational ecology'.

The sustainability rating agency ISS ESG has awarded the DZ BANK Group a 'prime' rating (see the [annex](#)). 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. In addition, DZ BANK has set itself the goal of maintaining a rating of AA (on a scale from AAA to CCC) from MSCI ESG Research in the years to come.

At group level, another goal has been set in relation to operational ecology. In autumn 2021, the DZ BANK Group completed the revision of its climate strategy (see [section 6.5 Operational ecology](#)). According to the materiality assessment on which this report is based (see [section 4.3 Materiality assessment](#)), operational ecology is not a material topic under the provisions of the HGB. Nonetheless, the entities in the DZ BANK Group deem it highly important to ensure that their own business practices are environmentally responsible in order to set a positive example for employees and customers.

A total of three quantitative goals were defined in relation to the business portfolio. The first goal was to ensure that at least two-thirds of the lending volume of DZ BANK as at

December 31, 2021 had a positive impact on the UN SDGs. In 2021, the proportion of the lending volume that generated a positive impact on the UN SDGs increased to around 65 percent and was thus only marginally below the target figure (see > section 7.1 Impact transparency). Moreover, DZ BANK wants to increase its financing activities in the field of renewable energies to €6 billion by the end of 2022.

As at December 31, 2021, the lending volume in this field stood at €5.97 billion (see > section 7.3.3 Lending).

The third quantitative goal applies to Union Investment, which seeks to position itself as a leading sustainable asset manager in Germany. To this end, it formulated a priority topic 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. The target figures for 2022 that were adopted in autumn 2021 had already been exceeded as at the end of 2021. In the securities business, the volume of assets invested in accordance with the requirements of articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR) rose to €88.1 billion (December 31, 2020: €61.2 billion). This total included open-ended real estate funds that Union Investment has managed as products pursuant to article 8 SFDR since November 1, 2021. At the end of the reporting year, these funds comprised assets worth €37.5 billion, meaning that Union Investment held a total of €125.6 billion in sustainably managed assets (see > section 7.4 Asset management).

OVERVIEW OF SELECTED GOALS

Category	Goal	Actual 2021	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 (2021 et seq.)
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	€5.97 billion at end of 2021	€6.0 billion by end of 2022
	Increase Union Investment's sustainably managed assets under management to €81 billion by end of 2022	€88.1 billion at end of 2021	€81 billion by end of 2022
Management of operations (operational ecology)	Reduce the DZ BANK Group's aggregate carbon emissions by at least 65 percent by 2030 (relative to 2009 as a reference year) and expand the scope to emissions caused by commuting, events, postal shipping, and working from home	-63.8 % ² achieved by 2020	-65% by 2030 carbon-neutral by 2045

1 On a rating scale from A+ to D-.
 2 Including expanded scope of emissions.

4.2 Vision and cooperative values

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 roots and values and from an open and transparent culture.

The idea of forming cooperatives to benefit from collective protection against risks and create a link between financial success and social welfare has been around for more than 170 years, and yet, it has never been more relevant. Cooperatives operate in a sustainable and responsible manner. They help to put innovative ideas into practice, support their members, and are firmly rooted in their region. The cooperative financial network's sustainability guidelines highlight

All entities in the DZ BANK Group have been committed to the principles of the UN Global Compact since 2008.

the positive impact of cooperative practices on society in the context of the current challenges of sustainable development and complement the existing body of corporate values that the group entities uphold. Since 2008, this body of values has included the principles of the UN Global Compact, which forms the basis for the groupwide code of conduct that requires all executives and employees of the DZ BANK Group to act in compliance with the law and ethical standards.

In 2019, DZ BANK developed eight values that serve as guiding principles for the further development of its corporate culture. These include innovation, consistency, performance, courage, partnership, security, cosmopolitanism, and also sustainability as a hallmark of long-term thinking and responsible conduct. Upholding this value means always making decisions in consideration of their consequences for the bank and its environment.

Most group entities also have their own corporate principles and values that are typically rooted in the cooperative values. Further details can be found in the sustainability reports and on the websites of the individual group entities.



4.3 Materiality assessment

A materiality assessment was conducted in 2021 in collaboration with the group entities in order to determine topics of material importance for the sustainability reporting of the DZ BANK Group. This assessment focused on the criteria 'relevance to the business' and 'impact on the environment, people, and society', as required under section 289c HGB, and on the relevance of topics to stakeholders as required by the standards of the Global Reporting Initiative (GRI).

The first step of the materiality assessment was the preparation of a list of 18 potentially material topics. This shortlist was created on the basis of an analysis of various sources such as internal meeting minutes, the results of the 2020 materiality assessment, discussions with church banks, and requirements of rating agencies and non-governmental organizations (NGOs). A three-step process was then used to assess the potentially material topics based on the aforementioned criteria:

Stakeholder relevance: To assess this aspect, an online survey was conducted among stakeholders of the group entities in which a total of 1,049 representatives of different stakeholder groups (employees, retail customers, corporate customers, suppliers, service providers, investors, rating agencies, policymakers, NGOs, academia) participated.

Impact: The assessment of the impact that business activities have on the environment, people, and society in con-

nection with the individual topics was discussed and determined by the sustainability coordinators of the group entities during a workshop.

Relevance to the business: Experts from DZ BANK's Strategy & Group Development division conducted a workshop during which they assessed the relevance of the topics to the proper understanding of the business performance, results, and position of the DZ BANK Group and validated the outcomes of the previous two steps of the process.

None of the 18 topics was excluded from this Sustainability Report. However, only ten of the topics are material pursuant to section 289c HGB because they are relevant or highly relevant to the business and because business activities relating to them have a medium to high impact on the environment, people, and society. The presentation of the management concepts for these topics takes a groupwide approach, is partially based on the GRI standards, and makes up the non-financial report that constitutes the core of this Sustainability Report. Information from the non-financial report is presented with a gray background.

Three further topics (management of environmental and climate factors in operations, work-life balance, occupational health and safety) are material only under the GRI standards because business activities have a high impact on these areas and/or the topics are highly relevant to stakeholders,

but they are not highly relevant to the business. Reporting on these topics focuses primarily on DZ BANK because this report also functions as DZ BANK's GRI sustainability report. Nonetheless, management approaches, consolidated key figures, and examples from other group entities are also provided in order to offer the reader a holistic view of sustainability in the DZ BANK Group. The same applies to five topics that have been voluntarily included in this report as they were found to be of medium to low relevance in all three dimensions (corporate citizenship, financial literacy, public policy, sustainable supplier management, performance-based remuneration and codetermination).

Alongside the ten topics that were identified as material, this report also provides information on corporate management/governance, the sustainability strategy and organization, risk management, the dialogue with stakeholders, the human resources strategy, and human rights in accordance with section 289c (3) HGB and the requirements of the GRI standards. These aspects are relevant to the management of the DZ BANK Group irrespective of the results of the materiality assessment. The following figure shows the topics identified as material for the non-financial report as well as their assignment to non-financial reporting criteria pursuant to section 289c HGB and the sections of this Sustainability Report.

MATERIAL TOPICS AND THEIR ASSIGNMENT TO NON-FINANCIAL 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
COMPLIANCE	5.2.1 Compliance function 5.2.2 Prevention of money laundering and fraud 5.2.3 Socioeconomic and environmental compliance	Anti-corruption and bribery matters
DATA PROTECTION AND INFORMATION SECURITY	6.2 Data protection and information security	Social matters, employee matters
COOPERATIVE PRINCIPLES AND VALUES	4.2 Vision and cooperative values 6.1 1 Customer satisfaction surveys 6.1.2 Quality management and complaints handling 6.1.3 Protection against over-indebtedness	Social matters
CUSTOMER FOCUS AND CUSTOMER SATISFACTION	6.1.1 Customer satisfaction surveys 6.1.2 Quality management and complaints handling 6.1.3 Protection against over-indebtedness	Social matters
EMPLOYEE SUPPORT AND DEVELOPMENT	8.2 Employee development	Employee matters
SUSTAINABLE LENDING	7.2 Rejection criteria and sectoral rules 7.3.3 Lending	Environmental matters, social matters, human rights, anti-corruption and bribery matters
SUSTAINABLE INVESTMENT AND ASSET MANAGEMENT	7.2 Rejection criteria and sectoral rules 7.4 Asset management	Environmental matters, social matters, human rights, anti-corruption and bribery matters
SUSTAINABILITY CRITERIA IN REAL ESTATE FINANCE	7.2 Rejection criteria and sectoral rules 7.3.3 Lending	Environmental matters, social matters, human rights, anti-corruption and bribery matters
SUSTAINABILITY CRITERIA IN THE INSURANCE BUSINESS	7.2 Rejection criteria and sectoral rules 7.5 Insurance	Environmental matters, social matters, human rights, anti-corruption and bribery matters
DIVERSITY AND EQUAL OPPORTUNITY	8.3 Diversity and equal opportunity	Employee matters, human rights
SUSTAINABILITY STRATEGY	4.0 Strategy	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
CORPORATE MANAGEMENT/GOVERNANCE	5.1 Governance	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
STAKEHOLDER DIALOGUE	5.4 Stakeholder dialogue	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
RISK MANAGEMENT	5.3 Risk management	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
HUMAN RIGHTS DUE DILIGENCE	6.3 Human rights due diligence	Human rights
HR STRATEGY	8.1 HR strategy	Employee matters



5.0 Corporate management

Embedding sustainability

The entities in the DZ BANK Group manage risks and opportunities in connection with climate change and sustainable development. Compliance and integrity are fundamental principles that underlie all activities.

5.1 Governance

All entities in the DZ BANK Group use a dual management system with a Board of Managing Directors as the management body and a Supervisory Board as a monitoring body. The requirements for the Board of Managing Directors and the Supervisory Board of DZ BANK with regard to the responsible and transparent management of the company are set out in applicable legislation, especially the German Stock Corporation Act (AktG), and have been implemented in the governance framework of DZ BANK. This applies, in particular, with regard to the composition of both bodies and the way in which they perform their respective duties. The same is true for the group entities in accordance with the legislation applicable to them.

The Group Governance Policy (GGP) provides the fundamental framework for the management and monitoring of the DZ BANK Group. To this end, the GGP comprises standards for good corporate governance and group management. The provisions of this policy apply to the entire DZ BANK Group.

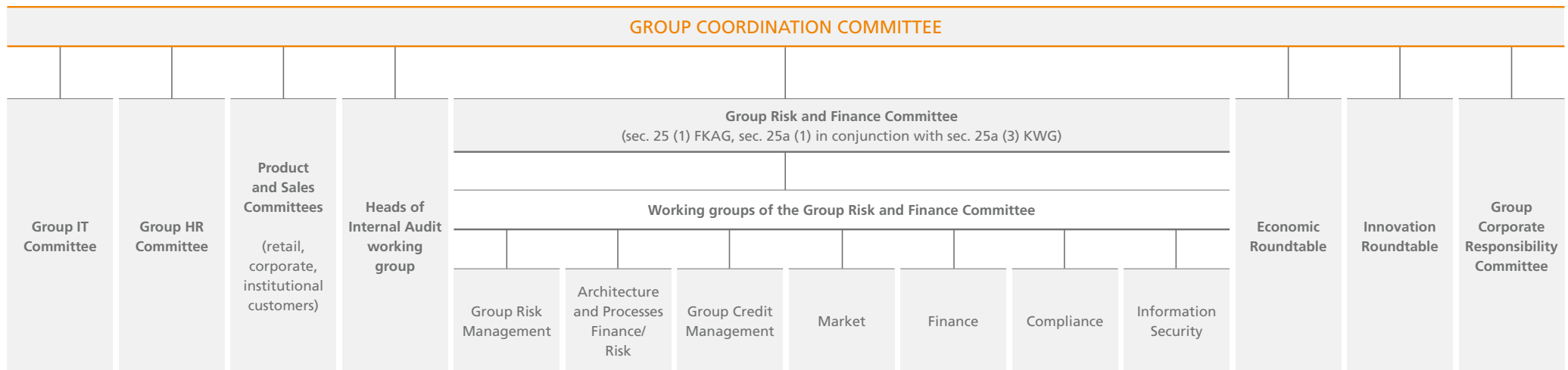
Supervisory Board

The Supervisory Board of DZ BANK appoints, monitors, and advises the Board of Managing Directors and is directly involved in decisions of fundamental importance for the company. The activities of the Supervisory Board are coordinated by the Chairman of the Supervisory Board. The Supervisory Board of DZ BANK and the Supervisory Boards of the group entities have adopted rules of procedure for themselves that govern the activities of the Supervisory Board and its committees.

As a monitoring body, the Supervisory Board of DZ BANK scrutinizes all important business strategies of the bank as well as the business performance and the risk management of the DZ BANK Group in the interest of the shareholders. In order to ensure that it can discharge its responsibilities efficiently, the Supervisory Board has formed the following standing committees: an Audit Committee, a Remuneration Control Committee, a Nominations Committee, and a Risk Committee. Information on the composition of the committees can be found in the 2021 Annual Report of the DZ BANK Group.

The Supervisory Board of DZ BANK has 19 member of the Supervisory Board and one chairman, and comprises equal numbers of employee representatives and shareholder repre-

DZ BANK GROUP MANAGEMENT COMMITTEES



sentatives in accordance with the German Codetermination Act (MitbestG). The board positions occupied by employee representatives must be allocated to non-clerical staff, clerical staff, and senior managers in a manner that reflects the relative proportions of these groups in the overall workforce. This ensures that the interests of employee representatives, which may include employees as well as labor union representatives, are represented directly on the Supervisory Board. The majority of shareholder representatives on the Supervisory Board of DZ BANK are members of the Boards of Managing Directors of cooperative banks. The current composition of the Supervisory Board is disclosed in the consolidated financial statements of the DZ BANK Group. The following figure shows the composition of the Supervisory Board, broken down by gender and age.

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

	2021	2020	2019
Total	20	20	20
Of which: male	15	15	15
Of which: female	5	5	5
By age and gender			
30 to 49	1	1	3
Of which: male	1	1	2
Of which: female	0	0	1
50+	19	19	17
Of which: male	14	14	13
Of which: female	5	5	4

Board of Managing Directors

The Board of Managing Directors of DZ BANK is responsible for managing the company. Its members bear this responsibility jointly. The activities of the Board of Managing Directors are coordinated by the two Co-Chief Executive Officers. Rules of procedure govern the activities of the Board of Managing Directors of DZ BANK and the Boards of Managing Directors of the group entities, and the remits of the individual board members are set out in a schedule of responsibilities. The rules of procedure and the schedule of responsibility are typically adopted by the Supervisory Board.

The Board of Managing Directors and the Supervisory Board work in close cooperation for the benefit of their respective entity. The Board of Managing Directors discusses the strategic focus of the entity with the Supervisory Board and updates the Supervisory Board on the implementation status of the strategy at regular intervals. The rules of procedure of the Supervisory Board set out the transactions of fundamental importance that require the approval of the Supervisory Board. The Board of Managing Directors and the Supervisory Board share responsibility for ensuring that the Supervisory Board has access to sufficient information to discharge its duties. Good corporate governance requires open communication between the Board of Managing Directors and the Supervisory Board as well as among the members of each body. Compliance with confidentiality requirements is of paramount importance in this context.

In the interest of good and responsible corporate governance and group management, the members of the Board of Managing Directors of DZ BANK hold seats on the



The variable remuneration for members of the Board of Managing Directors may account for a maximum of 20 percent of the target remuneration.

Supervisory Boards of the entities in the DZ BANK Group. A key priority of this monitoring function is to ensure that the interests of the monitored entity are given due regard in accordance with the provisions of the German Stock Corporation Act. The strategic positioning of DZ BANK and the entities in the DZ BANK Group within the cooperative financial network means that the interests of the entities are typically well aligned.

The Board of Managing Directors of DZ BANK has eight seats that are occupied by six members of Board of Managing Directors and two Co-Chief Executive Officers. The proportion of women on the Board of Managing Directors stands at 12.5 percent.

Remuneration of the Board of Managing Directors and sustainability

Compliance with the regulatory requirements for banks means that the remuneration systems of DZ BANK are already designed in a way that supports a sustainability-oriented culture and strategy at DZ BANK. The remuneration does not incentivize excessive risk-taking in any way.

The variable remuneration for members of the Board of Managing Directors may account for a maximum of 20 percent of the target remuneration. Multi-year targets are used to calculate the variable remuneration of members of the Board of Managing Directors. The variable remuneration is determined in a way that takes due regard of the risk-bearing capacity, multi-year capital planning, and financial performance of the bank and the group. Payment of variable remuneration is contingent on the adequacy of own funds and liquidity and the combined capital buffer requirements being permanently maintained. The determination and payment of deferred variable remuneration is dependent on sustainable share price growth. Variable remuneration for members of the Board of Managing Directors, heads of division, and risk takers is paid out over several years. If the performance assessment on which the determination of a bonus was based is subsequently found to have been inaccurate, deferred variable remuneration may be reduced.

At the level of the members of the Board of Managing Directors, around 20 percent of the targets relate to sustainability criteria. These targets filter through to lower hierarchy levels via a cascading structure. This means that sustainability goals also play a part in the remuneration of employees below the highest management level, which ensures that the interests of decision-makers are also aligned across different levels of management. In addition, managerial staff are advised and trained to agree personal targets with their reports that promote sustainable practices at DZ BANK.

Executive/employee pay ratio

The remuneration for members of the Board of Managing Directors of DZ BANK and the remuneration for DZ BANK employees differed by a factor of 15.3 in 2020. The remuneration data used to determine this figure is based on the regulatory disclosures for the DZ BANK Group for 2020 as published on June 17, 2021 ('2020 remuneration policy disclosures'). This report can be accessed on the website of DZ BANK.

ESG governance and ESG organization

In the reporting year, sustainability was addressed as a matter of even greater priority at all management levels at DZ BANK.

The Supervisory Board of DZ BANK and those of the group entities regularly deliberated on ESG topics. In addition, the Supervisory Board held a special strategy meeting at which it discussed the sustainability strategy of the DZ BANK Group at length. In autumn 2021, the Supervisory Board also received internal training on sustainability matters.

Within the DZ BANK Group, sustainability constitutes an area of potential for which the Co-Chief Executive Officers of DZ BANK have overall responsibility. DZ BANK is also responsible for the groupwide coordination of sustainability as an area of potential. Members of the Boards of Managing Directors of DZ BANK, R+V, and Union Investment 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 4.1 Strategy and goals](#)).



The Group Corporate Responsibility Committee provides a platform for dialogue and collaboration between the group entities' sustainability coordinators.

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 chair of the Group CRC reports to the Co-Chief Executive Officers of DZ BANK and to the Group Coordination Committee.

At DZ BANK, sustainability is being addressed in a dedicated implementation package under the Verbund First 4.0 strategic program; the Board of Managing Directors is responsible for the implementation of this program. The Co-Chief Executive Officers oversee the implementation package dedicated to sustainability, while responsibility for driving its progress lies with the DZ BANK sustainability management team.

SUSTAINABILITY AREA OF POTENTIAL IN THE DZ BANK GROUP



The relevant organizational units are responsible for implementing sustainability aspects in the finance and banking business. The local sustainability coordinators are the primary point of contact and act as multipliers within DZ BANK.

DZ BANK also drives forward sustainability-related efforts under its Sustainability Task Force project. Key corporate management functions such as Risk Controlling, Credit, and Finance were involved even more closely in the project from 2020 against the backdrop of ever-increasing regulatory requirements in the field of sustainability. In 2021, the task force also intensified its collaboration with front-office divisions in order to focus not only on the risks associated with sustainability but also on the opportunities.

In addition, the task force continued to coordinate cross-divisional sustainability activities and sustainability matters at group and network level in 2021. The project results were presented to and discussed by a steering committee at regular intervals. In the reporting year, the steering committee was made up of the Co-Chief Executive Officers and three further members of the Board of Managing Directors of DZ BANK, and the heads of the relevant organizational units.

The sustainability management team forms part of the Strategy & Group Development division and acts as a central function that covers the following primary remit:

- Further development of the sustainability strategy of DZ BANK and an effective sustainability governance concept

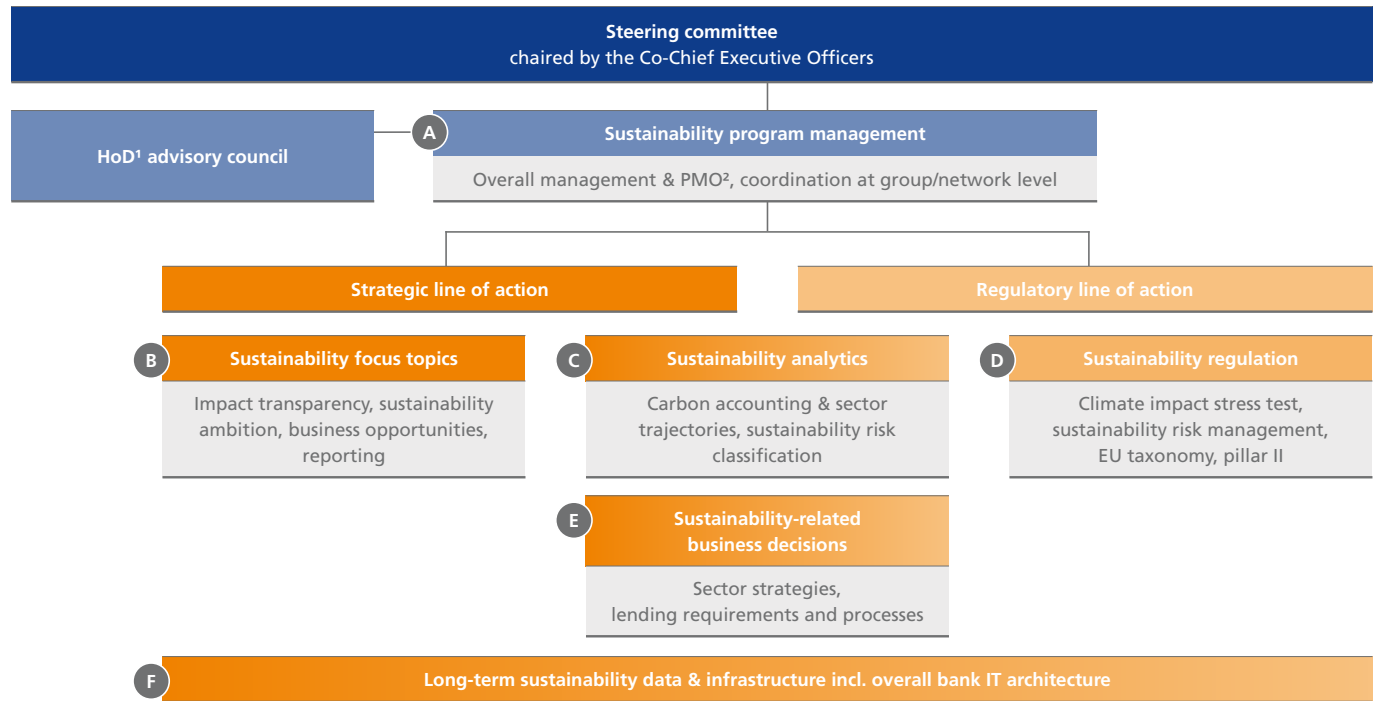
- Transparency and engagement with interest groups through sustainability dialogue with relevant stakeholders
- Coordination and cross-project management of bank-wide sustainability activities at DZ BANK
- Internal and external sustainability reporting

Key deliverables of the task force in 2021 included the adoption of the sustainability strategy along with the definition of relevant targets, the further development of the rejection criteria, the application of the SDG classification and the technology mapping process to additional portfolios of DZ BANK (see > section 7.1 Impact transparency), and the publication

of a Sustainability Report for the DZ BANK Group. Moreover, a structured review of sustainability in the context of risk management was conducted and the transition risks of DZ BANK’s credit portfolio were analyzed with a particular focus on the combination of climate-related, environmental, and credit risks.

At the start of 2022, the Sustainability Task Force was amalgamated with the integrated umbrella program Advancing Sustainability. The modules of the task force are incorporated into six different projects. The main objectives of the umbrella program include the further development of the sustainability strategy and the establishment of a target management concept including carbon accounting. In addition, DZ BANK wants to strengthen its employees’ sustainability-related skills and expertise, and make greater use of business opportunities associated with sustainability.

ADVANCING SUSTAINABILITY UMBRELLA PROGRAM OF DZ BANK



Allocation to line of action

1 HoD = heads of division.
2 PMO = project management office.

5.2 Compliance

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.

5.2.1 Compliance function

All entities in the DZ BANK Group that are subject to banking or insurance regulation have established a compliance function. The main tasks of this function are to identify, manage, and mitigate compliance risk in order to protect customers and employees against breaches of legal provisions and requirements. The compliance function is also responsible for monitoring compliance with the legal provisions and requirements. The compliance framework of the DZ BANK Group comprises a compliance policy, which sets out the requirements for the establishment/organization of the compliance functions and details of their duties, and compliance standards to guide the operational implementation of these requirements.

At DZ BANK, 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, and to assist senior management with regard to compliance with these

legal regulations and requirements. The areas of responsibility of the Compliance division include 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 of DZ BANK on national and European regulatory requirements and for ensuring compliance with all securities regulations. The capital market compliance employees also carry out checks in the departments, prepare internal policies, and train employees on relevant national and European provisions.

Corporate compliance is responsible for the compliance standards outside the remit of capital market compliance and for compliance governance at group level. The team advises departments, branches, and group entities with regard to the implementation of relevant requirements and checks whether these are being adhered to while also focusing on risk. It 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 laundering, 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.

In order to meet regulatory requirements regarding a system for the comprehensive monitoring of legal and regulatory norms, 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 process was digitalized at the end of 2019 in order to ensure the even more efficient implementation of statutory requirements and even greater process security.

Once per year, the Compliance division of DZ BANK submits a report to the member of the Board of Managing Directors in charge of compliance, in which it summarizes the activities of the compliance functions of all group entities and



In 2021, DZ BANK established a whistleblowing hotline for the prevention of white-collar crime.

describes any material insights they have gained. The tasks of the Compliance division are based on the requirements of the German Banking Act (MaRisk, money laundering, and criminal offenses), the German Securities Trading Act (MaComp), the Market Abuse Regulation (MAR), the Market Abuse Directive (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 criminal offenses'. The reports and analyses go hand in hand with an ongoing review and further development of the preventive measures implemented within the DZ BANK Group to prevent money laundering, financing of terrorism, and criminal offenses.

5.2.2 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. This includes taking decisive action 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. Supplementary policies for dealing with gifts have been adopted by all DZ BANK Group entities.

To prevent white-collar crime and protect the group's reputation and assets, DZ BANK has put in place a whistleblowing hotline that employees can use to contact an internal or external ombudsman and anonymously report potentially illegal or damaging practices. This mechanism can be used to report suspected inappropriate behavior of employees in a business context as well as suspicions about the violation of laws, sanctions, or embargoes by customers. The reported information is accepted by the ombudsman and passed on to a whistleblower committee in accordance with data protection requirements. The committee evaluates the information and swiftly initiates any required action, including the involvement of investigating authorities where necessary.

In order to ensure good business practices, 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. In 2021, new training mod-

ules on occupational health and safety, outsourcing, and the Minimum Requirements for Risk Management (AT 8.2) were added. All members of the Supervisory Board receive regular training on various topics each year and on an ad hoc basis.

DZ BANK uses web-based training programs that are mandatory for all employees. These programs are tailored to the business activities and specific requirements of DZ BANK and include a test at the end. New hires must complete these programs soon after joining DZ BANK and all employees at all German offices have to refresh them every two years. Employees who have not completed the training within the specified time frame receive an automated reminder from the training tool, giving them 15 days to complete the program in question. The internal reminder system for training modules 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 across all offices in Germany in 2021 was 97 percent (2020: 97 percent). The other DZ BANK Group entities provide anti-money laundering and fraud-prevention training to their employees too. 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 an appointed divisional fraud prevention coordinator. This coordinator is a permanent point of contact who ensures, in collaboration 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.

All sites and group entities are included in the annual compliance risk analysis, which is required by law. No significant risk of corruption was identified in the 2021 analysis.

At DZ BANK, the rules for the handling of potential conflicts of interest are set out in a dedicated policy. The bank informs customers of possible conflicts of interest and inducements, for example in cases where the supply of financial analyses coincides with the provision of banking services. Initiating and monitoring the implementation of such measures falls within the remit of the Compliance division. 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. A dedicated policy governs the handling of gifts and prevents bribery.

As the central institution, DZ BANK manages international payments for many of the local cooperative banks. It therefore falls within its remit to detect suspicious transactions in this context and to notify the central agency for suspicious (money laundering) transaction reports (Financial Intelligence Unit, FIU) of these.

5.2.3 Socioeconomic and environmental compliance

The Compliance division of DZ BANK did not identify any incidents of corruption in the DZ BANK Group in 2021. There were also no incidents or lawsuits filed in relation to anti-competitive behavior, anti-trust practices, and monopoly practices during the reporting period. If such incidents occur, they will be reported in the Annual Financial Statements and Management Report and in the Annual Report of DZ BANK.

For all entities in the DZ BANK Group, complying with environmental laws and legislation is a matter of course. At the same time, the risk of compliance breaches in this area is low for financial institutions. No fines or sanctions were imposed on any group entity during the reporting period for non-compliance with environmental legislation.

5.2.4 Taxes

As part of its overall business strategy, the DZ BANK Group has formulated a tax strategy that characterizes compliance with applicable tax obligations as a crucial requirement for continued social acceptance. The success of the group's

business rests on this social acceptance. The strategy serves as a policy and an expression of values and principles for all entities in the DZ BANK Group. The groupwide 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.

As a legal entity whose headquarters and management are based in Germany, DZ BANK 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 believes in the principle of paying taxes on profits at the place where the associated economic value is generated, in accordance with international transfer pricing guidelines. The bank is also unequivocally committed to meeting its tax obligations in accordance with relevant requirements and complying with national and international tax laws. DZ BANK objects to inappropriate legal structuring practices and tax evasion and instead uses responsible tax planning methods in accordance with the law. DZ BANK does not employ aggressive planning schemes for tax avoidance purposes. Any business activities in countries suspected of promoting tax avoidance practices are not motivated by tax considerations. DZ BANK neither issues nor sells products that are primarily aimed at facilitating aggressive tax planning and does not actively contribute to any structuring activities that serve aggressive tax planning or tax avoidance purposes.

These principles have been enshrined in the code of conduct of DZ BANK and thus apply to all divisions and business activities.

Responsibility for tax compliance lies with the Board of Managing Directors. The bank's tax compliance management system is an integral component of its overall compliance regime and has been certified by an auditing firm. The Head of Group Tax reports directly to the responsible Head of Division and the relevant member of the Board of Managing Directors.

DZ BANK has a variety of measures in place that mitigate tax compliance risks and aim to prevent breaches of tax compliance rules. 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 serves to meet regulatory requirements. The existing whistleblowing system of DZ BANK (see > [section 5.2.2 Prevention of money laundering and fraud](#)) can also be used to report suspicions in relation to tax matters.

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 dialogue with the competent local tax authorities, government finance departments, and federal authorities.

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 at www.dzbank.com/reports

5.3 Risk management



The Group Risk and Finance Committee is the central committee in the DZ BANK Group responsible for risk management.

The objectives of the DZ BANK Group's risk management system are to identify risks at an early stage, assess their financial implications, and implement measures to avoid or mitigate these risks. In the context of sustainability risks, the focus is currently on climate change, which was identified as a material economic risk factor that poses predominantly medium-term and long-term risks for the DZ BANK Group. 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 (see [the risk report included in the 2021 group management report of the DZ BANK Group and in the management report of DZ BANK AG](#)).

The risk management approach of the DZ BANK Group places increasing emphasis on sustainability risks that have an impact on the business activities of the group entities. 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 does not classify sustainability risk as a risk type in its own right. Instead, sustainability-related risks are reflected on the group risk map as facets of established financial and non-financial risk types. Physical and transition risk drivers from the climate-related and environmental, social, and corporate governance sphere materialize in areas such as credit risk, reputational risk, and operational risk. Close collaboration between the departments, the Risk Controlling function

of DZ BANK, and the entities in the DZ BANK Group (e.g. via the Group Risk Management working group) ensures consistent risk management throughout the group. In 2021, a dedicated risk driver analysis for sustainability risks was conducted for the first time and the findings were reported to senior management.

5.3.1 Governance

The Board of Managing Directors lays down the core risk policy guidelines and decisions and bears responsibility for them. It defines the company-wide framework for risk appetite and risk-bearing capacity, as well as the risk management goals and measures to achieve these. The risk strategies adopted by the Board of Managing Directors embed these expectations in the risk management system of the DZ BANK Group and its entities.

The objective of the DZ BANK Group's risk strategy for all activities is for risk to be taken on only to the extent necessary to achieve business objectives and only where there is

an adequate understanding of the risks and the necessary expertise to measure and manage them. Compliance with the risk strategies is monitored on an ongoing basis. The Board of Managing Directors receives frequent updates on the general risk situation in connection with the defined risk appetite, primarily in the form of a monthly overall risk report that comprises economic and regulatory key risk indicators. This report is supplemented with quarterly overall risk reports, reports on adverse stress tests, and reports on specific types of risk. 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 Group Risk and Finance Committee (GRFC), the central risk management committee of the DZ BANK Group, supports the Board of Managing Directors with groupwide finance and liquidity management and with the preparation and implementation of the finance and risk management system. The members of this committee include the relevant executives at DZ BANK responsible for finance, risk, and treasury. The committee members also include executives of various group entities. The GRFC has set up six working groups that focus on addressing specific risk facets.

5.3.2 Sustainability risk

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



In 2021, a dedicated analysis of risk drivers for sustainability risks was conducted for the first time at group level.

- ‘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 climate-related and environmental, social, and corporate governance challenges have on the exposures 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 potentially adverse sustainability implications and mitigate potential risks as much as possible. These include rejection criteria and sectoral rules, as well as documentation supplementing the group credit standards in relation to the consideration of risks associated with ESG factors, and DZ BANK’s sustainability checklist for lending. As part of the credit check process, DZ BANK uses this checklist to assess loan applications in respect of environmental, social, and ethical risks. Large-scale project finance transactions are

subject to the Equator Principles and are assessed for compliance with the World Bank’s IFC Performance Standards (see > section 7.3.3 Lending). In addition, the classification tool based on the sustainable development goals of the United Nations (see > section 7.1 Impact transparency) identifies where business activities have a positive, adverse, and neutral impact on sustainable development. The resulting picture can be used to conduct an initial evaluation of potential associated reputational risks.

Risks relating to environmental and social matters are also examined in the context of procurement activities (see > section 6.4 Supplier management).

The application of the net method, which takes into account any relevant concepts used in the lending, financing, and investment business, did not lead to the identification of any reportable non-financial risks arising from the group’s business activities, business relationships, products, or services in 2021 that are very likely to have a serious negative impact on non-financial aspects in accordance with section 289c (2) HGB.

Outside-in perspective

Sustainability risks or ESG risks are defined as events or circumstances in the environmental, social, or corporate governance sphere, which – if they materialized – would definitely or potentially have a significant adverse impact on the financial position and financial performance and on the reputation of a company. In the environmental sphere, this typically

comprises both physical climate-related and environmental risks – including acute natural and climate disasters such as floods as well as permanent climate change – and transition risks in connection with the switch to more environmentally friendly economic practices with a smaller carbon footprint.

In addition, the Sustainability Task Force also uses the outside-in perspective for the purpose of creating transparency about the sustainability of the group’s banking business. The focus here is primarily on climate-related and environmental risks, against the backdrop of the supervisory expectations issued by the European Central Bank (ECB) in this respect. The task force deals with risk aspects in the modules sustainability risk management, sustainability risk classification, lending processes and governance, and climate stress test.

In the sustainability risk management module, a top-down survey of experts in the DZ BANK Group was conducted in the reporting year as part of the 2021 risk inventory check. The aim was to promote groupwide transparency and assess the level of impact of key risk types across the group, as well as to answer the question of which risk drivers in the environmental, social, and corporate governance spheres affect the DZ BANK Group. In addition, transition risks in the credit portfolio of DZ BANK were analyzed under the sustainability risk classification module, with a particular emphasis on the combination of climate-related, environmental, and credit risks.



Gap analyses regarding the integration of climate-related and environmental risks in risk management processes have highlighted directions for further development.

Based on the project results generated so far by the sustainability risk classification, this lays the foundation for the efficient management of sustainability risk in line with regulatory requirements of the ECB and the European Banking Authority (EBA). Close collaboration with relevant departments is ensured throughout the process, and the sustainability risk management approach will be continuously expanded and developed in greater detail over the coming years.

Physical climate risks primarily affect the lending business of the entities in the DZ BANK Group. They can cause losses in the lending business, for example, if the recoverability of collateral for loan exposures is adversely impacted by climate events. In addition, as a result of transition effects such as the transition 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 Bausparkasse Schwäbisch Hall and DZ HYP) could diminish. 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, for example in connection with the non-availability of buildings or IT systems due to weather or environmental events.

The entities in the DZ BANK Group are already taking account of relevant climate-related aspects. Union Investment, for example, takes risks associated with climate change into consideration in its investment decisions and is driving forward the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its operational and investment processes (see > [section 7.4 Asset management](#)).

One key guideline for the definition of targets and the identification of areas that require action is the ECB's guide on climate-related and environmental risks, which sets out the

regulator's expectations regarding banks' business models, business strategies, corporate governance, risk appetite, risk management, and disclosures. Gap analyses conducted in 2021 regarding the integration of climate-related and environmental risks in the overall risk management process landscape have highlighted directions for further development at conceptual and methodological level that will be pursued over the coming years.

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 (see > [section 7.1 Impact transparency](#)). 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 quantitative goals in the next phase.

5.4 Stakeholder dialogue



Around 35 members from the Boards of Managing Directors of cooperative banks hold seats on the Central Advisory Council and are thus involved in important strategic decisions.

The DZ BANK Group entities actively seek dialogue with their customers and other stakeholders in order to obtain feedback and learn more about their needs and expectations. 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, NGOs, rating agencies, media representatives, and the general public.

A body of particular strategic importance is the DZ BANK Group's Central Advisory Council, which ensures that the cooperative banks are involved in important strategic decisions of the DZ BANK Group. The 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 major group entities. The two meetings that took place during the reporting period focused on the priority topics 'Sustainability' and 'Strategic issues and trends in the Transaction Banking business line'.

The DZ BANK Group regularly conducts groupwide stakeholder surveys. The most recent survey was conducted in 2021 (see [section 4.3 Materiality assessment](#)). Individual group entities such as Bausparkasse Schwäbisch Hall and

Union Investment conduct their own stakeholder surveys. In addition, the DZ BANK Group entities use a wide variety of dialogue formats.

Dialogue 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 dialogue events, including five regional Banking Advisory Councils and the autumn conferences. In addition, DZ BANK organizes an annual sustainability conference for cooperative banks that serves as a platform for information sharing, dialogue, and networking. In 2021, the sustainability conference was held as a virtual event due to the COVID-19 pandemic. The regular dialogue between a number of church banks and DZ BANK's sustainability team was maintained in the reporting year and

a similar dialogue was also established with GLS Gemeinschaftsbank eG.

Alongside the cooperative banks, DZ BANK also maintains a close dialogue with other customer groups. ESG experts from the Capital Markets business line educate institutional investors in Germany and other countries about sustainability and raise their awareness of relevant aspects by giving talks at conferences and by organizing roadshows focused on sustainability. At the annual Sustainability Day, current trends and drivers in the field of sustainable finance are discussed along with recent developments in the markets for sustainable bonds and promissory notes and new regulatory requirements. 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 6.1 Customer focus](#)). Employees are also surveyed periodically about their satisfaction with DZ BANK. Further dialogue formats are used to supplement these measures (see [section 8.1 HR strategy](#)).

In 2021, DZ BANK was approached by NGOs with a number of inquiries and matters that were investigated and addressed. Bilateral talks were held with Facing Finance e.V. and Urgewald e.V. Matters raised by stakeholders in 2021 were focused

on climate change, armaments and weapons, and human rights. In these areas, the DZ BANK Group is expected to apply relevant rejection criteria and policies consistently (see [section 7.2 Rejection criteria and sectoral rules](#)).

Engagement and memberships

The entities in the DZ BANK Group pursue a wide range of engagement activities and are members of a large number of associations and advocacy organizations in order to understand the expectations of stakeholders in a dialogue with representatives from society and politics, and to promote their own interests. All group entities have signed the UN Global Compact and some of them regularly attend the meetings of the German Global Compact network. Six group entities, including DZ BANK, are members of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU) [Association for Environmental Management and Sustainability in Financial Institutions], which promotes dialogue between financial institutions about best practices. The Sustainable Finance project, which was initiated by the BVR in 2019, is supported by representatives from DZ BANK, DZ PRIVATBANK, R+V, TeamBank, and Union Investment. It examines the strategic, economic, and regulatory significance of sustainability for the cooperative banks.

DZ BANK is also an active member of the following associations that promote the cooperative principle across Europe and around the world:

- 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 senior management level

Further organizations of which DZ BANK is a member include:

- National Association of German Cooperative Banks (BVR)
- Bundesverband Öffentlicher Banken Deutschlands (VÖB) [Association of German Public Banks]
- Climate Bonds Initiative (CBI)
- Equator Principles Association
- Genossenschaftsverband – Verband der Regionen [Association of Cooperatives – Association of the Regions]
- Green Bond Principles (GBP)/International Capital Markets Association (ICMA)
- Green and Sustainable Finance Cluster Germany (GSFCG)
- ICC Commission on Environment & Energy (ICC)
- Net Zero Banking Alliance Germany (NZBAG)
- ECOPROFIT club in Frankfurt and Düsseldorf

In addition, a senior employee of DZ BANK once again performed an active role on the German government's Sustainable Finance Committee in 2021. This committee was formed to support the German government in the development and implementation of a sustainable finance strategy. In the reporting year, DZ BANK used its role as a member of Frankfurt Main Finance e. V. to actively contribute to the bid of Frankfurt am Main to become the base for the new International Sustainability Standards Board (ISSB) that was established in 2021. The objective of the ISSB is to set global minimum standards for future application in financial sustainability reporting.

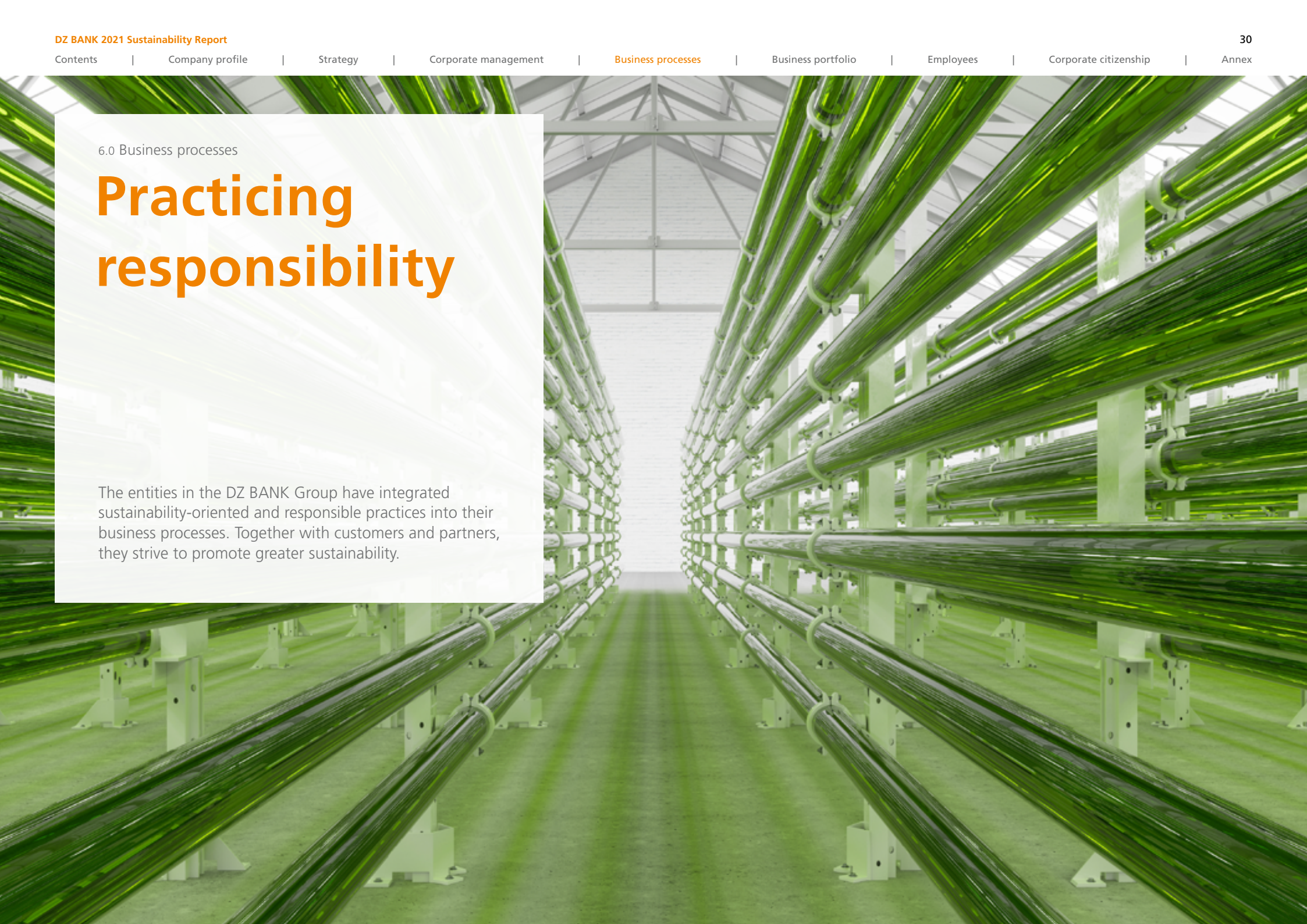
Bausparkasse Schwäbisch Hall is a member of the Stiftung KlimaWirtschaft [German CEO Alliance for Climate and Economy], formerly Stiftung 2° [Foundation 2°], an initiative founded by entrepreneur Michael Otto that aims to rally CEOs, management board members, and owners of family-run businesses to the cause of combating climate change and promoting the responsible use of natural resources. Union Investment pursues engagement activities at international level, e.g. through the Climate Bonds Initiative, at European level, e.g. through the European Sustainable Investment Forum (Eurosif), and also at national level, e.g. through the Forum Nachhaltige Geldanlagen (FNG) [Sustainable Investment Forum].

Details about memberships of other DZ BANK Group entities can be found in the sustainability reports and on the websites of these entities.

6.0 Business processes

Practicing responsibility

The entities in the DZ BANK Group have integrated sustainability-oriented and responsible practices into their business processes. Together with customers and partners, they strive to promote greater sustainability.



6.1 Customer focus



All group entities regularly conduct customer satisfaction surveys.

Satisfied customers are key to establishing and maintaining long-term business relationships and thus to the future viability of the DZ BANK Group. In the group entities, customer focus is firmly embedded in the processes of marketing, product management, and sales functions, and to some extent also in other departments.

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.

6.1.1 Customer satisfaction surveys

DZ BANK surveys the cooperative banks on their customer satisfaction every three years by asking the Boards of Managing Directors of the cooperative banks to complete an online questionnaire that gauges their level of satisfaction with the products and services of DZ BANK. The aim is to determine where collaboration across all business segments can be optimized and to produce recommendations for action to improve customer satisfaction. In addition, a customer satisfaction index is calculated. The data collected as part of the 2021 survey resulted in an index value of 60 points on a scale

from 0 to 100 (2018: 59 points). The next customer satisfaction survey is planned for spring 2024.

Union Investment also routinely surveys its cooperative partner banks on their 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 2021 produced a satisfaction rating of 2.3 on a scale of 1 (top score) to 5 (lowest score), compared with 2.0 in the prior year. VR Smart Finanz surveys the Boards of Managing Directors of cooperative banks as well as the heads of their corporate/business customer units and the heads of sales management on an annual basis. These surveys are supported by a market research institution and are used to calculate an overall satisfaction index. The results are analyzed during workshops involving relevant departments and the findings are used to develop measures to improve customer satisfaction.

Bausparkasse Schwäbisch Hall uses various tools to gauge how satisfied its customers are with its products, processes, and services. Among these are a quarterly measurement of

customer satisfaction based on around 2,000 interviews a year and process-driven customer experience surveys at ten different touchpoints, which generate more than 11,000 feedback submissions every year. The customer feedback is used to calculate the Net Promoter Score (NPS), which determines part of the performance-based remuneration for employees of Bausparkasse Schwäbisch Hall.

TeamBank conducts an annual survey among its cooperative bank partners that reaches out to around 1,500 members of the Boards of Managing Directors, heads of consumer finance, and customer advisors in Germany and Austria by telephone or online. The survey results are discussed with the Board of Managing Directors and serve as a basis for the development of appropriate steps aimed at further improving customer satisfaction. In addition, TeamBank surveys merchants offering the Ratenkauf installment purchase product, contacting more than 1,000 merchants in Germany by telephone or online every two years. TeamBank measures the satisfaction of its end customers using the Net Promoter Score, which gauges the willingness of customers to recommend the bank to others. Data for the NPS is collected over the course of the year and comprises feedback from around 9,000 customers from Germany and Austria per year.

6.1.2 Quality management and complaints handling

The entities in the DZ BANK Group use a variety of concepts to ensure service quality and to record and process customer complaints. How these concepts are designed in detail

depends on the specific business models and activities of the individual entities and their target groups, which differ considerably in some cases. The DZ BANK Group has not issued any centralized guidance on quality assurance and complaints management.

Quality management

The fundamental quality standards for business in financial instruments are set out in the product policy of DZ BANK. This policy applies to all product and customer divisions that are responsible for issuing and selling financial instruments. It is supplemented with more detailed, division-specific rules such as the product guidelines of the Capital Markets Retail Clients division.

DZ BANK ensures that the investment products it develops for retail customers have an adequate risk/return profile and that their complexity is appropriate to the target group. Placements of products for the advisory business of the cooperative banks are systematically aligned with the analyses of DZ BANK's research.

The customer service team of DZ BANK applies internationally accepted quality standards when processing customer inquiries, especially with regard to customer satisfaction, staff availability, and processing times. These criteria form part of the target agreements of customer service employees.

R+V has committed to applying the Code of Conduct for the Distribution of Insurance Products issued by the Gesamtverband der Deutschen Versicherungswirtschaft (GDV) [German Insurance Association]. This code of conduct

puts the interests of customers at the center in order to promote continued improvement of customer service quality and product quality. It comprises eleven principles that provide a framework for fair and needs-based brokerage of insurance products. Independent reviewers check regularly whether the internal sales policies of the company comply with the code of conduct. R+V has adopted internal rules, procedures, and policies that implement the requirements of the code of conduct.

Complaints management

When it comes to product quality and delivering on the value proposition sold to customers, complaints can act as an important indicator if they are recorded, analyzed, and assessed systematically. DZ BANK uses the insights gained in this way to remedy any weaknesses and improve 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. All divisions with direct or indirect contact with customers have a complaints manager who ensures that complaints are dealt with in a customer-focused manner, documents the customer complaints, and provides regular reports to the relevant head of division, Internal Audit, Compliance, Risk Controlling, and a central coordination function. This 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 Board of Managing Directors bears overall responsibility for implementation and for monitoring adherence to the relevant guidelines and processes, and it receives regular reports on complaints management.

The number of complaints received by DZ BANK in the reporting year was once again 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 examine the topics raised in the complaints in order to make continual improvements in the interests of shareholders and customers.

6.1.3 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, various measures have been put in place to help prevent retail customers and small traders in particular from overextending themselves. This includes conducting credit checks and offering loans with flexible terms as well as using transparent communication and plain language.

TeamBank has adopted the Code for Responsible Lending for Consumers issued by the Bankenfachverband e.V. (BFACH) [German Association of Credit Banks]. The bank also provides information on its website, during advisory meetings or calls, upon conclusion of a sale, and in the loan agreement itself to ensure that customers are aware of the

flexible terms of their loan should they have any difficulty making repayments. For example, customers may arrange an extension of the term of the loan in order to reduce or defer the repayments. Important aspects of responsible lending that relate to preventing customers from taking on excessive debt have been included in the lending policy. In addition, all customers receive a summary of the household budget calculation ('financial compass') on which the decision about their loan application was based, along with advisory documentation including explanatory notes on the product. TeamBank also refers customers to a detailed description of the add-ons available for tailoring their easyCredit loan or (in Austria) their 'der faire Credit' loan to their individual circumstances. These offer protection should they face cash flow problems or difficulty in making payments in the future.

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 ten or fewer employees. It offers a low rate of interest and a term of up to ten years, including the option to make interest-only repayments for up to two years.

DZ HYP also does everything it can to prevent its customers from taking on excessive debt. In the commercial real estate finance business, it focuses on the mortgageable value of the properties to be financed or secured, and carefully examines aspects such as the customer's overall assets and liabilities and their cash flow situation. The inclusion of covenants in the loan agreement aims to ensure that customers will be able to service their debt over the term of the loan. These covenants stipulate specific requirements, for example regarding capital adequacy, debt level, liquidity, and/or interest cover, that must be met at all times during the term of the loan. In the retail banking business, the intermediary banks carry out credit checks in accordance with the requirements specified by DZ HYP in order to avoid undue hardship and over-indebtedness on the part of the borrower. The borrower has the option to obtain the right to adjust repayments three times over the course of the fixed-interest period as a means of adapting to temporary liquidity squeezes. In addition, customer-specific arrangements can be made with DZ HYP on a case-by-case basis in the event of financial difficulties.

6.1.4 Marketing and communications

The entities of the DZ BANK Group are committed to upholding the principles of integrity, clarity, and transparency in the messages conveyed by their marketing activities and



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customer communications. The DZ BANK Group's code of conduct provides the overarching framework and reflects the shared cooperative values. All group entities ensure that any information communicated to customers is accurate, clear, and easy to follow. There are no specific products or services for customers with disabilities or those struggling with language barriers, but websites are increasingly being designed with accessibility in mind. The multi-bank VR NetWorld software offered by the cooperative banks also features a variety of support functions for blind and visually impaired users.

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. As the central institution of the cooperative banks in Germany, it bears particular responsibility in this respect. Part of its mission as specified in its Articles of Association is to support these banks and advance their commercial success. The eight values that were developed in 2020 to guide the network's actions, namely innovation, consistency, performance, courage, sustainability, partner-

ship, security, and cosmopolitanism (see [› section 4.2 Vision and cooperative values](#)) thus also serve as anchor points for marketing, communications, and sales.

The following fundamental principles, which will be further developed into practical guideline criteria by 2023, are inspired by the concept of the cooperative advisory process and serve as orientation for the marketing of DZ BANK's products and services:

- 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.
- We avoid misleading, incorrect, and discriminatory statements in our advertising and communications.
- 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 the legal department prior to publication. Compliance with the provisions of the General Data Protection Regulation (GDPR) and other legal requirements regarding data protection, usage rights, and copyrights is ensured in the preparation of these prospectuses.

Because DZ BANK delivers many of its services indirectly through the cooperative banks, it endeavors to regularly train and update their 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. To this end, DZ BANK provides them with information material such as research studies and product information sheets. DZ BANK also uses its membership of the Deutscher Derivate Verband (DDV) [German Derivatives Association], the industry body representing the 16 leading issuers of derivative securities in Germany, to promote product transparency and investor protection. In 2013, all members of the DDV committed to a fairness code, which was supplemented by a [sustainability code](#) in March 2021.

Bausparkasse Schwäbisch Hall provides clear and informative documentation to its advisors that enables them to advise customers on subjects such as government-funded development loans for measures to improve the energy efficiency of existing properties or new builds and makes it easier to motivate customers to tackle such measures. In order to meet the needs of customers with visual impairments or those struggling with language barriers, advisors can read documents out loud and, in some cases, offer advice in additional languages.

DZ HYP's principles for sustainable marketing are set out in an internal policy, which contains basic rules of conduct for the marketing and PR activities undertaken by the relevant

departments and provides a framework for dealing with customer data used for business development and advisory purposes.

One of TeamBank's rules as a brand is to always be mindful of the customer's perspective. One way in which it applies this rule is by reviewing all brand touchpoints to make sure they use clear and simple language. What sets the activities used to market its easyCredit brand and, in Austria, its 'der faire Credit' brand, apart from competitors' advertising is, above all, the absence of special offers, which automatically rules out the use of loss leaders.

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. It has therefore undertaken to comply with the code of conduct of the Bundesverband Investment und Asset-Management (BVI) [German Investment Funds Association] and takes account of the provisions of this code when presenting information on fund performance and on responsible and sustainable investments. Consequently, it uses the label 'sustainable' exclusively for funds that are managed in accordance with sustainability criteria. The names and labels used for financial products are also reviewed and approved by the competent supervisory authority.

6.2 Data protection and information security

Data protection

The data protection standards of the DZ BANK Group apply to all group entities. They reflect the data protection principles enshrined in article 5 GDPR: lawfulness, fairness, and transparency; purpose limitation; data minimization; accuracy; storage limitation; integrity and confidentiality.

All group entities have appointed data protection officers who are responsible for the organizational aspects of data protection. These data protection officers are not bound by instructions regarding the exercise of their tasks, in line with the requirements of the GDPR. According to 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 GDPR,

- 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 GDPR, and consulting, where appropriate, with regard to any other matter.

Employees of all entities in the DZ BANK Group receive regular updates on current data protection law to ensure that they have the knowledge they need to adhere to the statutory data protection requirements that are relevant to their work. The data protection officers of the group entities are responsible for ensuring conformity with the law and are the primary contact point 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 GDPR requirements, 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. Employees responsible for data protection matters are in charge of performing risk-oriented monitoring activities. They report to the Board of Managing Directors of DZ BANK at least once per year in the compliance report, and throughout the year in separate reports as required.

All group entities have appointed data protection officers who are responsible for the organizational aspects of data protection.

DZ BANK provides training to employees via a web-based tool that requires staff to complete a mandatory test at the end of a training module. Employees at all locations must complete these programs soon after joining the organization and repeat them every year. The introductory 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. Subject-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.



Any data protection incident, such as a potential breach of the protection of personal data, must be reported internally to the data protection team of DZ BANK via the email address for a central inbox that is communicated to all employees. If the risk assessment of an incident concludes that it is necessary to inform the data protection supervisory authority and, potentially, the affected data subjects, appropriate notifications are issued in accordance with the provisions of the GDPR.

R+V uses the Code of Conduct for the Handling of Personal Data by the German Insurance Industry as additional guidance on data protection matters. The code of conduct was developed by the GDV in collaboration with consumer advice centers and the commissioners for data protection of Germany's federal states. TeamBank introduced a consent management platform in the reporting year through which it can obtain consent from data subjects regarding the processing of their data for the purposes of various advertising channels in a manner that complies with data protection provisions. This ensures that tracking technology is not enabled until consent has been given.

In 2021, 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.

Information security

The aim of information security is to implement appropriate security measures to safeguard the confidentiality, integrity, authenticity, and availability of the data and information used in business processes and to protect this data and information against unauthorized access, disclosure, or modification, and against loss and theft. To manage these information security risks, a groupwide information security management system (Group ISMS) was established in the DZ BANK Group. This system defines groupwide minimum requirements that are based on the ISO/IEC 27001:2013 standard. The entities in the DZ BANK Group each design their own ISMS in accordance with these minimum requirements. In addition, all group entities are required to appoint a Chief Information Security Officer (CISO) who is responsible for creating the framework for the definition of roles and responsibilities, procedures, processes, and requirements in relation to information security. The Information Security working group, which comprises the CISOs of all group entities, is the central steering committee for information security matters in the DZ BANK Group. The working group develops groupwide requirements and reports existing information security risks to the Group IT Committee and the Group Risk and Finance Committee.

At DZ BANK, the framework for the definition of roles and responsibilities, procedures, processes, and requirements is set out in the information security policy. This policy is supplemented by further detailed rules that take account of

the latest technological advances. The measures that have been implemented in relation to IT systems (actual status) are compared against the target catalog of measures on a regular basis using specific risk criteria. Deviations from the target requirements are assessed with regard to potentially resulting information security risks, and focused measures are implemented to address such risks. Control and monitoring processes have been implemented in order to check the appropriateness and effectiveness of information security measures. In addition, the technical and organizational security measures that have been put in place undergo regular internal and external reviews.

The responsibilities of the Chief Information Security Officer of DZ BANK include, for example, the preparation and continuous updating of target requirements for information security, and the coordination of training measures and initiatives to raise awareness of the subject. All employees of DZ BANK have to complete a mandatory web-based information security training module upon being hired and have to refresh the course at least every two years. The course covers topics such as safe practices for email and internet use, educates employees about common cyber risks (protection against malware, etc.), and provides recommendations for what actions can be taken to appropriately manage these risks. In addition, information is shared on the intranet on an ad hoc basis to make employees aware of new phishing methods or other cyber risks.

6.3 Human rights due diligence

As a signatory of 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. Together with the DZ BANK Group's code of conduct, these principles form a binding frame of reference for the practices of the group entities. The DZ BANK Group's code of conduct is a commitment to democratic values, tolerance, equality of opportunity, and the protection of 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](#), the [lending process at DZ BANK](#), and [portfolio management at Union Investment](#).

The code of conduct provides a binding frame of reference for the practices of the entities in the DZ BANK Group.

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 managers. Furthermore, the code of conduct obliges employees to respect human rights. 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 2021, no formal complaints regarding violations of human rights or working practices were made via DZ BANK's whistleblowing system or compliance hotline.

For Union Investment, human rights due diligence has been an important topic for many years. The company's first sustainably managed fund, which was launched in 1990, explicitly excluded investments in issuers suspected of supporting the apartheid regime that was in power in South Africa at the time. In portfolio management, exclusion criteria – i.e. ethical minimum standards – have been systematically applied to analyses since 1995. The introduction of the proprietary digital research platform SIRIS in 2013 meant that external data was systematically linked with internal research carried out by inhouse analysts, including to examine aspects related to human rights. In summer 2020, Union Investment's sustainability steering committee commissioned a comprehensive internal analysis of human rights due diligence. The analysis identified where Union Investment has an impact on human rights, what due diligence is already being carried out, and where there is potential for improve-



ment. The results showed that Union Investment can have an impact on human rights both in its function as an asset manager and in its role as an employer and client.

The next step was an analysis of the most significant human rights-related risks and a comparative assessment of existing processes in this area. It found that Union Investment had already implemented a large number of measures in many areas to take account of human rights aspects. One example is the ESG team's engagement with the potential exploitation of Uighur forced laborers in the Chinese region of Xinjiang. Upon request by Union Investment, companies set out what they were doing to ensure compliance with human rights

along their value chain. During this process, some companies terminated potentially problematic supplier relationships.

In 2021, Union Investment formulated and adopted a human rights policy statement as part of a company-wide process. This policy statement draws on various existing processes and guidelines. Through this statement, Union Investment has created transparency about its implementation of human rights due diligence requirements and thus conforms with one of the central provisions of the German Supply Chain Due Diligence Act, which was signed into law in 2021 and becomes effective for companies with more than 3,000 employees on January 1, 2023.

The assessment of whether the methodology used by Union Investment would provide a suitable basis for a groupwide approach, which had been announced in the 2020 Sustainability Report, was not conducted in the reporting year. Instead, the group entities are now preparing for the implementation of the Supply Chain Due Diligence Act. DZ BANK formed a working group of representatives from different departments at the start of 2022, who have been tasked with identifying areas in which action will be required in response to the act and developing appropriate measures.

6.4 Supplier management



A working group with members from across the group has developed a new sustainability questionnaire for supplier-related information in line with new statutory requirements.

When selecting service providers and suppliers and when purchasing goods and services, the entities in the DZ BANK Group pay careful attention not only to criteria such as quality and price but also to sustainability and the minimization of risk, for example in the context of data protection and compliance. 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 economic, social, and environmental standards whose scope also covers aspects relating to human rights and fair working practices. With the exception of DVB, all group entities require their suppliers to comply with minimum standards as specified in the 'Sustainability requirements for suppliers to the DZ BANK Group'. These requirements are based on sources such as the principles of the UN Global Compact in relation to human rights, labor standards, environmental protection, and the fight against corruption, as well as on the code of conduct issued by the Bundesverband Materialwirtschaft, Einkauf und Logistik e. V. (BME) [German Association for Supply Chain Management, Procurement and Logistics] and the widely accepted conventions of the International Labour Organization (fundamental conventions of the ILO). A breach of the sustainability requirements may ultimately result in a supplier being suspended.

As part of their proactive supplier management approach, DZ BANK, DZ HYP, R+V, Union Investment, and VR Smart Finanz classify suppliers according to their sustainability relevance. 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 sustainability aspects such as environmental protection concepts and relevant certification. 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, Bausparkasse Schwäbisch Hall, Union Investment, and VR Smart Finanz hold annual development meetings with suppliers and service providers that are relevant in the context of sustainability. At these meetings, they discuss sustainability-related progress and measures in order to assess whether any targeted steps need to be initiated to promote further development.

The processes and targets that relate to sustainability in procurement are updated on an ongoing basis by a working group that comprises the sustainability coordinators from the

procurement departments of the group entities. The working group has developed a new sustainability questionnaire in line with new statutory requirements, which will allow the group entities to share relevant sustainability-related information about suppliers with one another in a manner that ensures compliance with the law. Ecovadis was selected as a software tool for the assessment of suppliers. This tool will initially be implemented at DZ BANK, DZ HYP, DZ PRIVAT-BANK, R+V, and Union Investment.

DZ BANK procures goods and services in the following areas (in descending order of purchasing volume in 2020): transaction banking, IT consulting, consulting on technical and procedural matters, software and related services, information services/trading systems, facility management services from providers within the cooperative financial network, workplace equipment/telecommunications, real estate, strategy consulting, hardware and related services, marketing, HR services, transportation, office furniture and equipment, and logistics.

Most of the suppliers (primarily service providers, consultants, developers, and agencies) are based in Germany, with the exception of certain suppliers of market data and software products that are based outside Germany. Based on the focus and the product group structure of DZ BANK, it is reasonable to assume that no goods and services are purchased from providers that are associated with practices or goods that are controversial from an ethical or social perspective.

6.5 Operational ecology



The climate strategy of the DZ BANK Group was amended in October 2021 to align it with the German government's new climate change mitigation targets.

For the entities in the DZ BANK Group, running their own operations in an environmentally responsible manner is also a matter of setting a positive example for employees and customers. 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 CEE coordinates the implementation of the climate strategy through the existing yearly processes for recording and analyzing data and initiating appropriate action. It comprises the employees of the DZ BANK Group entities who are responsible for environmental matters and it reports to the Group CRC. Its objective is to standardize the entities' environmental data and the resulting carbon footprint. A jointly developed outline paper sets out the parameters for the collection of this data.

6.5.1 Climate strategy

Compared with the base year of 2009, the DZ BANK Group – which employs more than 30,000 staff in total – had already cut its carbon emissions by 63.8 percent by the end of 2020. Key drivers of this reduction were the switch to green electricity and efficiency improvements in the generation and distribution of heat, as well as a reduction in business travel, the transition to electric-powered vehicles in the company fleet, a shift toward online and hybrid events instead of in-person events, and a reduction in emissions attributable to commuting as more people worked from home. The restrictions implemented in response to the COVID-19 pandemic in 2020 and 2021 also led to a marked decline in emissions caused by commuting, travel, and

events. It is therefore likely that emissions from these sources will rise again as the pandemic subsides, irrespective of the measures taken to reduce carbon emissions.

The climate strategy that was published by the DZ BANK Group in early 2018 was amended in October 2021 to align it with the German government's new climate change mitigation targets. The group entities have set themselves even more ambitious targets for the further reduction of greenhouse gas emissions from their operations. They are aiming to lower the aggregate volume of greenhouse gas emissions at group level by 65 percent by 2030 compared with the base year of 2009. All group entities have committed to becoming carbon-neutral by 2045 at the latest. This deadline constitutes the groupwide minimum target. The group entities can try to achieve this emissions reduction more quickly on a voluntary basis. In addition, the group will include further sources of carbon emissions in the calculation of its carbon footprint going forward, thereby raising the ambition level of its target.

The DZ BANK Group calculates the greenhouse gas emissions of its operations primarily by using the emissions factors included in the calculation tool provided by the VfU for the financial sector. It presents the resulting data in accordance with the requirements of the Greenhouse Gas Protocol (GHG). The process covers emissions that arise directly from burning fuels, including fuel consumption of fleet vehicles and loss of coolant (Scope 1), emissions arising from the use of electricity and district heating (Scope 2), and emissions arising from upstream and downstream activities in the value chain in connection with business travel, commuting, paper consumption, waste generation, and water consumption (Scope 3). The data for the 2021 greenhouse gas footprint was not available by the publishing deadline for this report. It is scheduled to be made available on the DZ BANK sustainability portal www.wertewelt.dzbank.de in July 2022.

GREENHOUSE GAS EMISSIONS OF THE DZ BANK GROUP

Tonnes (t) of CO ₂ equivalents	2020
Total Scope 1	19,193.11
Scope 1 per FTE ¹	0.64
Total Scope 2	7,142.28
Scope 2 per FTE	0.24
Total Scope 3	29,781.23
Scope 3 per FTE	1.00
Total	56,116.63
FTE ¹	29,772

¹ FTE = full-time equivalent (total workforce capacity converted into full-time employees).

6.5.2 Environmental management

All group entities have an appointed environmental officer who is responsible for environmental protection and for the implementation of climate targets in business operations. These environmental officers often have a team to support them. Some entities in the DZ BANK Group use environmental management systems that have been certified externally. The systems of R+V and Union Investment have been certified in accordance with the international standard ISO 14001 while the system used by TeamBank is certified under the Eco-Management and Audit Scheme (EMAS).

DZ BANK also has an environmental officer who is responsible for matters relating to operational ecology. With support from the environmental team, the environmental officer records relevant environmental data generated by DZ BANK's own operations – i.e. the operation of business premises, the vehicle fleet, and travel – and calculates a carbon footprint on this basis. 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. Since 2021, emissions resulting from postal shipping and events have also been included in the carbon footprint that measures DZ BANK's operational ecology performance.

Energy

DZ BANK mainly uses district heating to heat its premises. All major offices of DZ BANK AG, including Frankfurt, Düs-

seldorf, Berlin, Hannover, and Stuttgart, use electricity that is generated exclusively from renewable sources. In the reporting year, the total energy consumption from electricity, heat, gas, and fuel (diesel and gasoline, including diesel for emergency power generators) came to 224,788 gigajoules (2020: 207,517 GJ), which equates to an energy intensity level of 47 GJ per FTE (2020: 43 GJ).

Electricity consumption at our offices was once again reduced significantly compared with the previous year. This was partially attributable to the fact that employees spent more time working from home due to the pandemic, but was also driven by a significant improvement in the efficiency of computing centers thanks to the replacement of outdated hardware, the optimization of technical configurations, and cooler weather conditions. In order to reduce the use of electricity and district heating even further in the future, the focus remains on the efficiency of buildings. A range of upgrades were made at the Frankfurt office in 2021, 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 continued on various office floors in 2021, including replacing old technology for new (e.g. switching over to LED lighting).

Emissions

In 2021, DZ BANK generated 9,226 tonnes of greenhouse gas emissions (including emissions that had already been offset by upstream suppliers). The increase of 142 tonnes compared with 2020 is mainly attributable to the following factors:

- District heating: The pandemic limited the extent to which warm exhaust air could be used to heat fresh air, which led to much greater use of district heating for this purpose.
- Events and postal shipping: These sources of emissions were included in the calculation for the first time in 2021 as a result of expanding the scope.

ENERGY CONSUMPTION OF DZ BANK

	2021	2020	2019
Kilowatt hours			
Electricity	29,957,824	33,093,498	33,104,461
of which green electricity	28,948,995	32,227,890	32,782,553
Energy consumption per FTE	6,246	6,906	7,116
District heating	24,984,586	18,015,789	18,964,126
Consumption of district heating per FTE	5,209	3,760	4,077
Fuel consumption	7,164,893	6,254,942	8,076,708
of which gasoline	401,245	231,394	164,263
of which diesel	6,763,648	6,023,548	7,912,445

GREENHOUSE GAS EMISSIONS OF DZ BANK

	2021 ¹	2020	2019
Tonnes (t) of CO ₂ equivalents			
Scope 1	2,236	2,543	3,490
Scope 1 per FTE	0.466	0.531	0.750
Scope 2	2,935	2,075	2,203
Scope 2 per FTE	0.612	0.433	0.473
Scope 3	4,056	4,376	8,461
Scope 3 per FTE	0.846	0.913	1.819
Scope 1–3	9,226	8,993	14,154
Per FTE	1.924	1.877	3.042

¹ Events and postal shipping included for the first time.



40.9 percent of employees at DZ BANK used public transport to travel to and from work in 2021.

DZ BANK's greenhouse gas emissions are included in the greenhouse gas footprint of the DZ BANK Group (see > page 40) and stated separately below.

For a number of years, DZ BANK has also been working toward the goal of reducing carbon emissions through its business travel policy, which is regularly updated and amended, most recently in January 2022. Business trips in general, and especially domestic flights in Germany, are approved only if they are demonstrably necessary. In addition, DZ BANK's company car policy stipulates that only the most modern, clean vehicles should be used in order to protect the environment. A rapid charging point for electric vehicles has been available at the Frankfurt office since 2014. In 2018, DZ BANK started to engage more intensively with electric-powered transportation. Across all German offices, 26 charging points have now been installed for employees. An additional 50 charging points will be added in the coming years. At the end of 2021, the vehicle fleet of DZ BANK included 33 fully electric and hybrid vehicles. A further 50 vehicles have already been ordered or reserved.

DZ BANK encourages its employees to make greater use of public transportation by offering job tickets (subsidized travel cards for local transportation or national rail services) or a travel subsidy in regions where job tickets are not available. In the reporting year, 40.9 percent of employees used public transport to travel to and from work. DZ BANK began recording carbon emissions from commuter travel for the first time in 2019, based on statistical figures from the Statistisches Bundesamt [German Federal Statistical Office] and the calculation logic developed by the VfU. In 2021, these

emissions amounted to 982 tonnes (2020: 1,394 tonnes). Since September 2020, DZ BANK has also been offering the DZ Rad scheme, which allows employees to lease a bike through salary sacrifice. So far, 450 agreements have been concluded under this scheme. This means that there are now more company bicycles under lease than company cars.

Natural resources and waste

Paper accounts for the largest proportion of the consumables used at DZ BANK. Only paper that is FSC-certified (Forest Stewardship Council) is used in photocopiers. For a number of years now, DZ BANK has been mainly using goods bearing the FSC Mix label for brochures and office paper. Since 2011, it has also been recycling the toner and ink cartridges used in its printers. And since 2018, DZ BANK has almost exclusively been using multifunction devices for printing and copying.

BUSINESS TRAVEL

	2021	2020	2019
'000 kilometers/%			
Total business travel ('000km)	14,063	14,194	32,039
Individual business travel ('000km per FTE)	2.9	3.0	6.9
Of which by train (%)	15	23	38
Of which by air (%)	2	9	16
Of which by private car (%)	5	3	2
Of which by company car (%)	75	62	40
Of which by rental car (%)	3	3	3

USE OF PUBLIC TRANSPORTATION

	2021	2020 ²	2019
Total no. of employees, Germany ¹	5,264	5,219	5,204
of which commuting by public transport (%)	40.9	63.0	68.5
As travel subsidy recipients (%)	6.4	10.9	8.5
As users of a local job ticket (%)	33.7	51.2	54.6
As users of a DB job ticket (%)	0.9	0.9	5.3

¹ Including trainees; annual average figures per capita.

² Key figure has been corrected retrospectively as the original calculation was made collectively for employees in Germany and outside Germany.

PAPER CONSUMPTION

Tonnes	2021	2020	2019
100% recycled paper	20.3	33.4	64.0
Chlorine-free paper	48.3	67.0	135.8
Chlorine-bleached paper	1.3	0.03	0.04
Total	69.9	100.4	199.9
Per FTE	0.015	0.021	0.043

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. The total volume of waste declined further year on year to 908.6 tonnes (down by 3.9 percent compared with 2020). 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 regarded as hazardous waste in the broadest sense.

VOLUME OF WASTE BY TYPE

Tonnes (t)	2021	2020	2019
Total paper	375.376	467.130	536.951
Per FTE	0.078	0.097	0.115
Total electrical/toner/lighting	8.541	3.390	6.101
Per FTE	0.002	0.001	0.001
Total mixed packaging	80.314	73.825	79.504
Per FTE	0.017	0.015	0.017
Total non-recyclable	173.533	180.473	217.831
Per FTE	0.036	0.038	0.047
Total commercial waste	242.730	186.095	226.020
Per FTE	0.051	0.039	0.049
Total kitchen waste	28.083	34.471	47.620
Per FTE	0.006	0.007	0.010
Total waste	908.577	945.384	1,114.027
Per FTE	0.189	0.197	0.239

VOLUME OF WASTE BY METHOD OF DISPOSAL

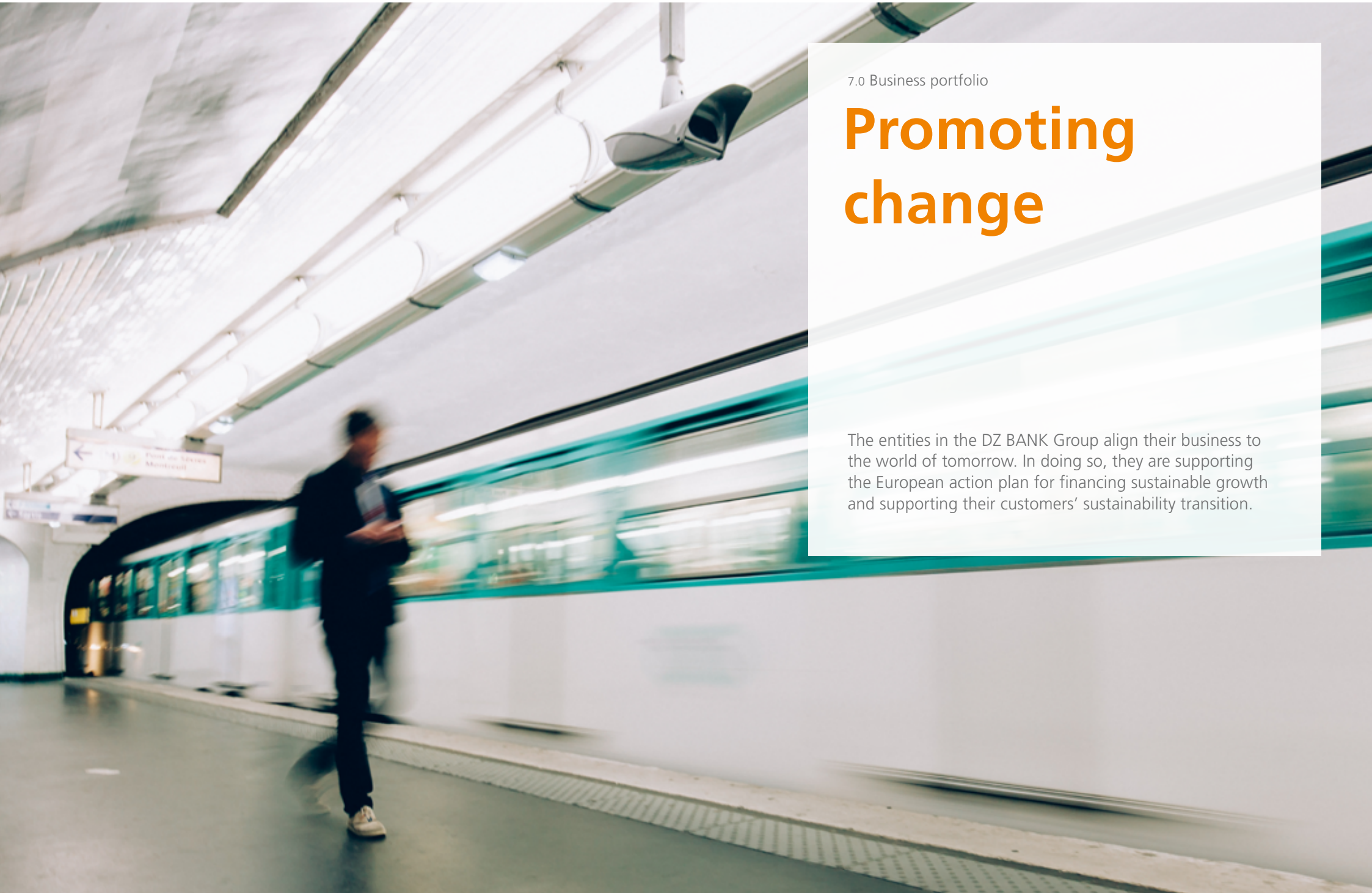
Tonnes (t)	2021	2020	2019
Landfill	0.60	35.33	62.87
Incineration	235.19	180.72	179.46
Recovery	672.59	728.24	871.54
Other (specialist)	0.20	1.09	0.16
Total	908.58	945.38	1,114.03

Water and waste water

All drinking water used in the offices of DZ BANK is obtained through the local supply network. This does not cause any material impact and DZ BANK is therefore not pursuing any particular goals or measures in this respect. DZ BANK generally only produces waste water that is comparable with household effluents. It is not reused or recycled. The waste water is returned to the water cycle via the local water supplier's sewer system.

WATER CONSUMPTION

Megaliters	2021	2020	2019
Total	73,604	78,621	101,057
Per FTE	15	16	22



7.0 Business portfolio

Promoting change

The entities in the DZ BANK Group align their business to the world of tomorrow. In doing so, they are supporting the European action plan for financing sustainable growth and supporting their customers' sustainability transition.

7.1 Impact transparency

The DZ BANK Group believes it is important to measure and manage the impact of its business activities in order to make a targeted contribution to sustainability. In 2020, the 17 UN sustainable development goals (SDGs) were specified as the standardized framework for classifying the activities of DZ BANK Group entities. DZ BANK has developed its own methodologies on this basis in the form of SDG classification and technology mapping and is initially applying these to its credit portfolio. Other methods of classifying and evaluating activities with regard to their sustainability impact include carbon accounting and the sustainability risk classification (see > section 5.3 Risk management) as well as the taxonomy developed by the European Union (EU).

SDG classification

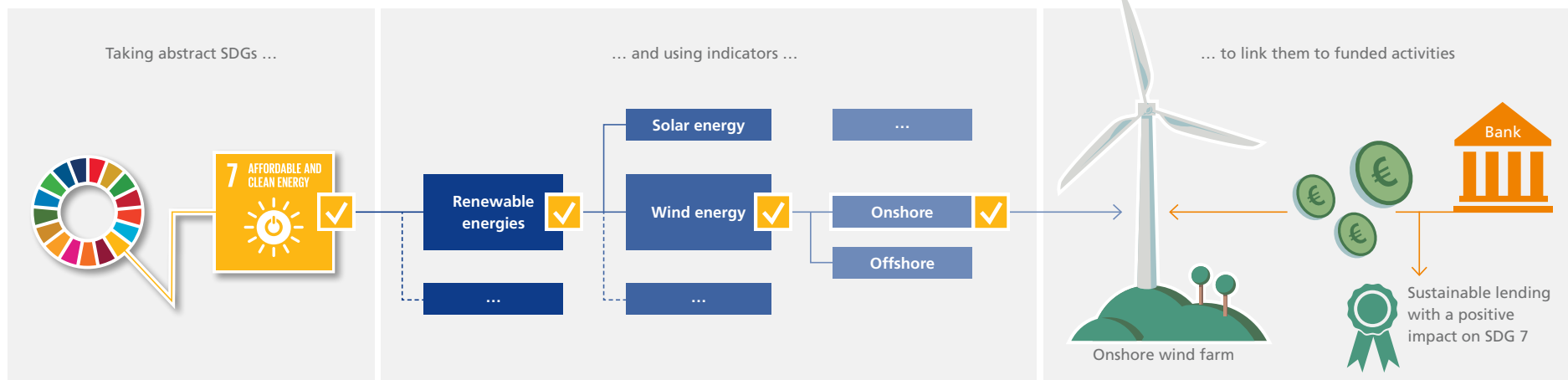
SDG classification analyzes the contribution to the 17 SDGs made by business activities such as lending. Based on extensive research of relevant literature and deep industry expertise, a system of indicators at sector and subsector level was developed that makes it possible to assign a meaningful sustainability rating (positive, neutral, or adverse impact) to classifiable items. The classification always takes into account the economic activities being financed. This means, for example, that project finance for a wind farm is classified as a wind power generation activity. General finance for an electricity producer, however, is split proportionally – provided that the necessary information is available – in

accordance with the power generation mix (e.g. renewables, gas, nuclear) and then classified accordingly. The end result is that a single economic activity can have one or more impacts, both positive and adverse, on various SDGs. This reflects the complex and diverse reality of SDG impacts.

Technology mapping

The technology mapping approach aims to identify positive, adverse, and neutral impacts from a climate perspective and builds on the SDG classification and the splitting that is carried out there. Here, the focus is placed on the technology on which the financed economic activity is based. The underlying assumption is that the technology used to

SDG INDICATOR APPROACH FOR IMPACT CLASSIFICATION



carry out an economic activity materially affects that activity's climate impact. There are four possible categories: (1) technology of the future (e.g. wind energy), (2) transition technology (e.g. certain types of gas-fired power station), (3) indispensable technology (e.g. aircraft), and (4) outdated technology (e.g. coal-fired power plants).

Working groups then refined the methods for SDG classification and technology mapping in consultation with all relevant departments and with sector experts. The results for all sectors were presented and fully documented in the form of indicator trees. The technology mapping approach is applied to the same portfolios as the SDG classification.

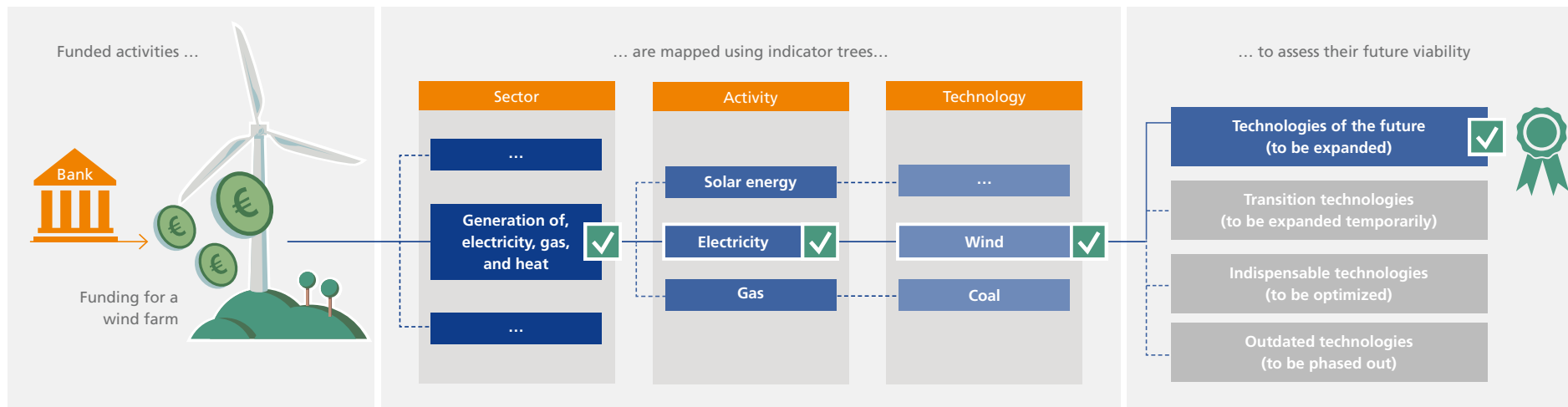
Classification of DZ BANK's business activities

In 2020, SDG classification and technology mapping were used to conduct an initial analysis of the sustainability impact of the corporate customer lending business. This analysis was carried out again in respect of the loan volume of €69.4 billion as at December 31, 2021. As in the prior year, transactions of less than €1 million were excluded from the analysis where an excessive amount of manual classification work would have been necessary. The analysis was also extended to the loan volumes, as at December 31, 2021, of individual segments of the own-account security investments in the banking book (e.g. corporate bonds and bank bonds) and of the securitization portfolio in a total amount

of €7.5 billion and to the issuance volume of €123 billion in the corporate bond business (debt capital markets, DCM) in which DZ BANK acted as manager, bookrunner, or mandated lead arranger in 2021. COVID-19-related transactions were not taken into account in the DCM business because of the one-off items associated with these.

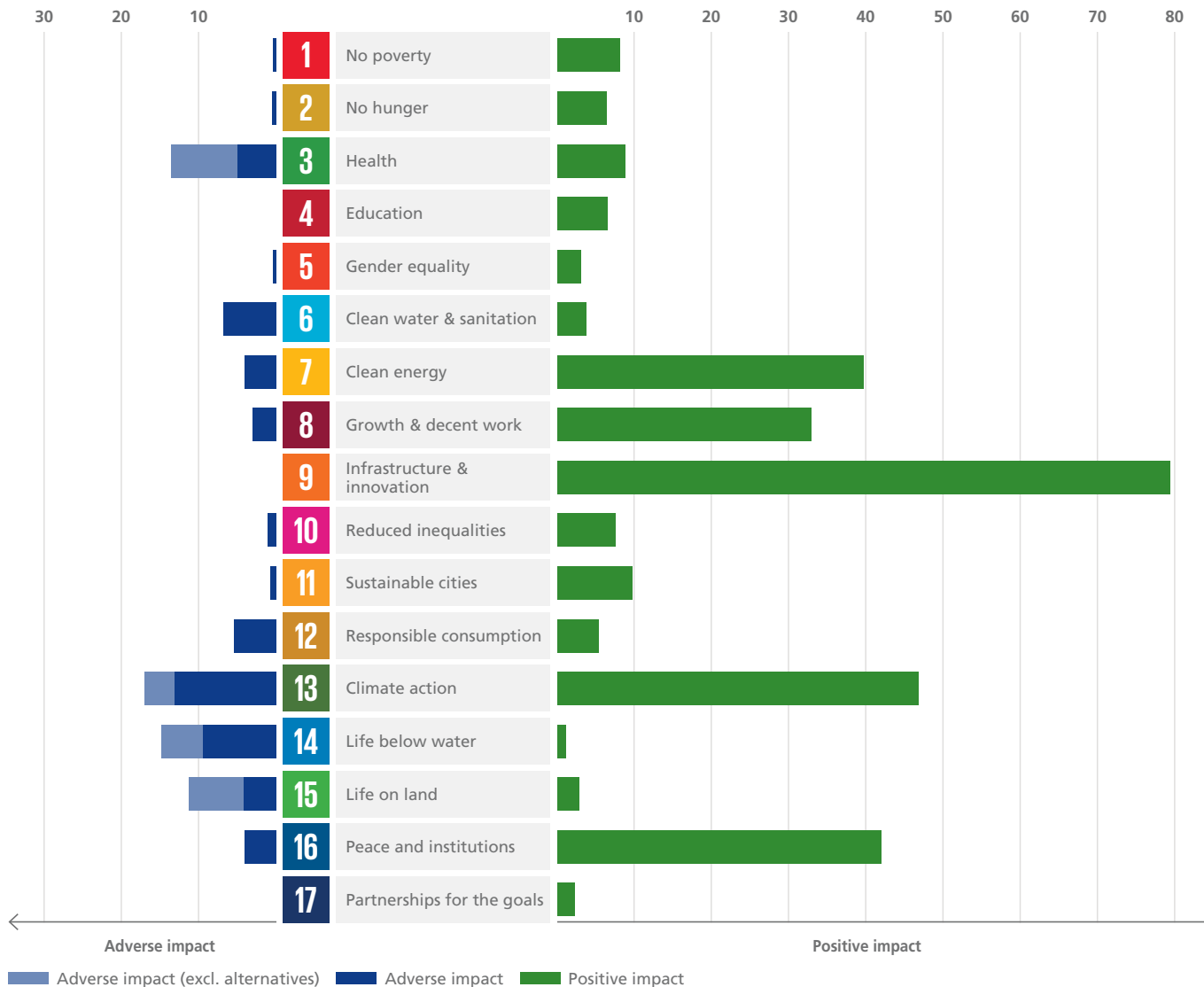
This approach found that the portfolios had a largely positive impact in respect of the SDGs. As at December 31, 2021, around 66 percent of the analyzed loan volume (approx. €131 billion) generated at least one positive impact. In the lending business, the figure was 65 percent (around €45 billion), which was 1 percentage point higher than as

TECHNOLOGY MAPPING APPROACH FOR IMPACT CLASSIFICATION FROM A CLIMATE PERSPECTIVE



IMPACTS OF THE PORTFOLIOS ON THE 17 UN SDGs

€ billion (as at Dec. 31, 2021)



Reference date: December 31, 2021 | SDGs = sustainable development goals | Figures are not cumulative, as loans may generate positive and negative impacts at the same time

at December 31, 2020. Only around 14 percent (approx. €28 billion) was found to have one or more adverse SDG impacts, while roughly 27 percent (€55 billion) had neither a positive nor an adverse SDG impact and was therefore neutral. These percentages do not add up to 100 percent because the way that an economic activity is classified may mean it has both positive and adverse SDG impacts.

Positive impacts result, in particular, from the strengthening of critical infrastructure (SDG 9) through the financing of, for example, public corporations or companies that play a role in securing the energy supply. In addition, a broad spectrum of financing related to renewable energies makes a positive contribution to climate action (SDG 13). Positive impacts are also shown to be generated by trade finance, which drives economic growth (SDG 8).

Adverse impacts result mainly from business activities related to the automotive and transportation sector. The fact that combustion engines still power a very high proportion of this industry is taking its toll on the climate and, due mainly to particulate emissions, on people's health.

DZ BANK analyzes the adverse impacts on an ongoing basis and plans to actively support customers with the transformation processes they are undergoing to prevent such impacts. The adjacent figure shows the aggregated positive and adverse impacts that the four analyzed portfolios have on the 17 SDGs.

The classification under the technology mapping approach found that a volume of around €55 billion of the DZ BANK's

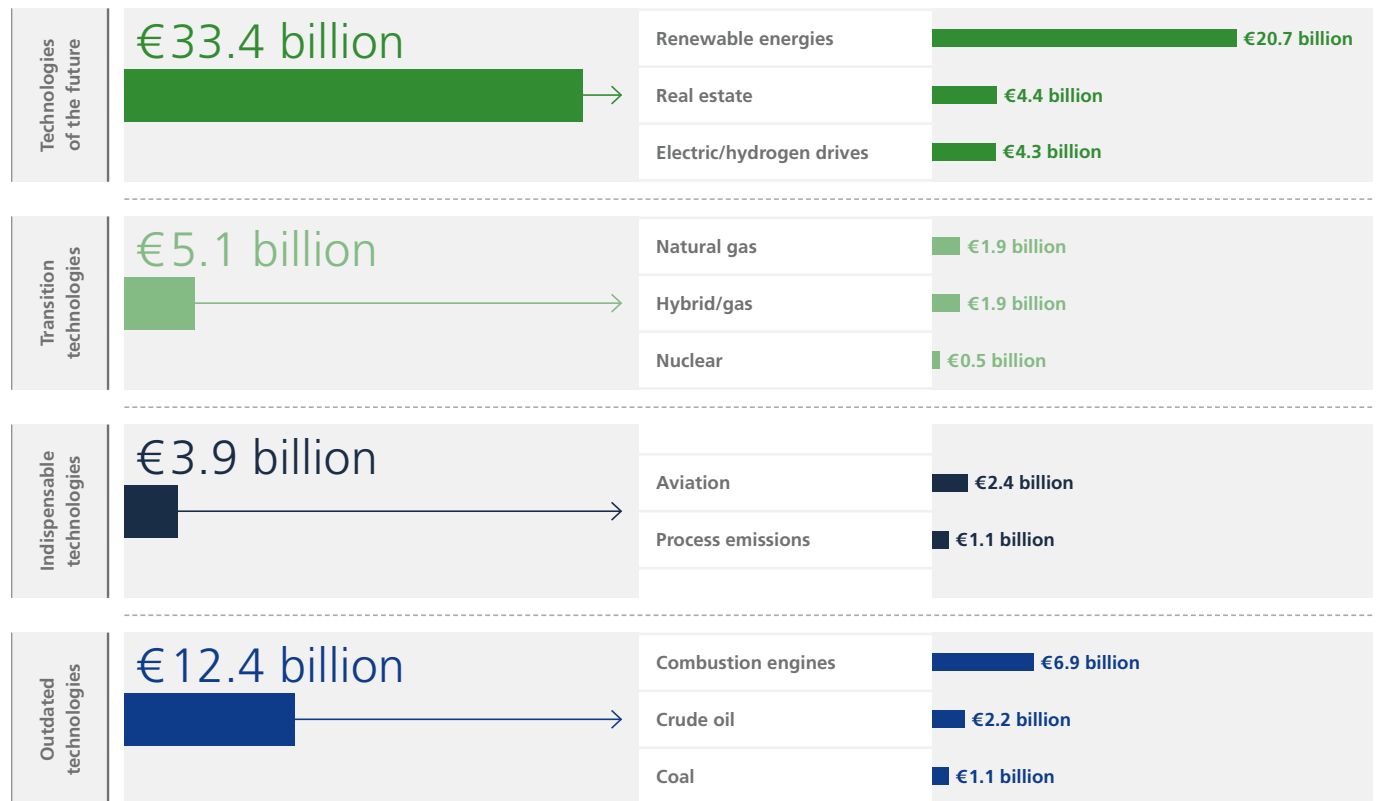
portfolio is linked to climate-related business activities. More than half of this volume (over €38.5 billion) is already attributable to technologies of the future and transition technologies. Among the technologies of the future, the generation of electricity from renewable energies is the dominant driver with a contribution of €21 billion. This figure mainly comprises project finance for wind and solar energy and the accompanying issuance of green bonds to fund expansion of renewable energy use.

Finance for natural gas projects that serve as bridging solutions makes up the bulk of the transition technologies figure (€5.1 billion). However, natural gas qualifies as transition technology only under very specific circumstances. This would be the case, for example, if a gas-fired power plant replaced a coal-fired power plant.

The contributions to indispensable technologies (€3.9 billion) originate from the aviation and chemicals sectors. The combustion engine is being overtaken by other solutions and is the largest contributor to outdated technology (€12.4 billion).

The adjacent figure maps the parts of the portfolio that have an impact on the climate (aggregated across the four sub-portfolios) to the four technology types.

LENDING ACTIVITIES LINKED TO CLIMATE-RELATED TECHNOLOGIES



Reference date: December 31, 2020 | figures have been rounded

SDG classification piloted with cooperative banks

Analysis of the sustainability impacts of the lending business is also attracting the interest of the local cooperative banks, which consider this matter to be of high relevance. In 2021, SDG classification was pre-piloted with two local cooperative banks, which applied it to parts of their credit portfolios. The objective was to examine the viability of the classification approach for local cooperative banks.

EU taxonomy

The goal of the EU action plan for financing sustainable growth, published in March 2018, is to channel capital flows toward activities that are environmentally sustainable. A common understanding of what counts as an environmentally sustainable activity is an essential part of this. There also need to be verifiable criteria that enable an activity to be classified as environmentally sustainable. The EU Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088), which came into force on January 1, 2022, sets out to create this framework by defining criteria to determine which economic activities qualify as environmentally sustainable and by specifying relevant disclosure requirements (in article 8). Climate change mitigation and climate change adaptation are the two environmental objectives being pursued here.

The requirement for a delegated act to establish technical screening for each of the total of six environmental objectives is specified in articles 10(3), 11(3), 12(2), 13(2), 14(2),

and 15(2) of the EU Taxonomy Regulation. Currently, only the environmental objectives of climate change mitigation and climate change adaptation have had technical screening criteria established for them. The entities in the DZ BANK Group are engaging with the EU Taxonomy Regulation and its underlying objectives based on their business models.

At the level of DZ BANK AG, a specific reference to the EU Taxonomy Regulation was created even before the regulation came into force. The EU taxonomy was one of a total of five relevant sources of requirements that form the basis of the target vision for SDG-based classification. The next stage in expanding the classification is to develop an approach based on the EU Taxonomy Regulation in order to cover these requirements as well.

In 2021, in the context of the EU Taxonomy Regulation, the DZ BANK banking group and R+V engaged with the requirements of the taxonomy and the processes for determining the relevant key indicators. December 31, 2023 will be the first time that it is possible to disclose a green asset ratio calculated on the basis of a granular assessment of the individual financed activities. This is because the customers of the DZ BANK banking group and R+V are required to report the necessary data for this for the first time in 2022. It will therefore not be possible until further down the line to conduct an internal analysis of the extent to which economic activities that meet the requirements of the EU taxonomy are to be financed by the DZ BANK banking group and R+V in the future, potentially in a targeted manner.

The following information relates exclusively to the two environmental objectives of climate change mitigation and climate change adaptation.

EU taxonomy, DZ BANK banking group

Legal reporting requirements on the basis of the EU Taxonomy Regulation

The EU taxonomy requires DZ BANK to disclose certain quantitative information in its non-financial report.

The scope of this quantitative information is being increased over a period of several years as part of a phase-in process set out by the European Union that begins with the reporting for the year ending December 31, 2021. A green asset ratio calculated on the basis of a granular analysis of individual activities is required for the first time for the year ending December 31, 2023. Other reporting requirements will come into effect in stages after this.

In accordance with the delegated acts that have already been published, banks must report information for the period ending December 31, 2021 at the highest level of regulatory consolidation. For DZ BANK, this is the DZ BANK banking group, in which the R+V subgroup is accounted for using the equity method.

In accordance with the legislation, the R+V subgroup is exempt from having to produce a separate report because of the reporting obligations of its parent company DZ BANK. In the interests of transparency, however, this report voluntarily includes information from R+V that is relevant to the EU taxonomy.

Article 10 of the delegated act supplementing article 8 of the EU Taxonomy Regulation (EU/2021/2178) stipulates that quantitative information in the form of specified KPIs shall form the main focus of mandatory reporting for banks for the period ending December 31, 2021.

The proportion of taxonomy-eligible assets reveals the share of assets that were classified as eligible for the EU taxonomy on the basis of the previously published requirements because the application of technical screening criteria found that the financed activities were economic activities covered by the EU Taxonomy Regulation.

The proportion of taxonomy-eligible assets is only truly meaningful when used in conjunction with the other KPIs, as these explain which other assets are excluded from the taxonomy eligibility test on the basis of the previously published requirements.

In addition to the quantitative information, disclosures have to be made of the qualitative information referred to in Annex XI of the delegated act supplementing article 8 of the EU Taxonomy Regulation (EU/2021/2178).

Mandatory disclosures for the DZ BANK banking group under the EU taxonomy for the year ending December 31, 2021

Assessment of eligibility for the taxonomy

The DZ BANK banking group classified consumer home finance and commercial real estate finance as taxonomy-eligible

if it was possible to match the financing purpose agreed with the customer with the activities classified as taxonomy-eligible in accordance with the EU Taxonomy Regulation.

For other forms of finance, no further classification was carried out on the basis of the matching of the economic activities classified as taxonomy-eligible in the EU compass with the main activity of the counterparties (sector), as this would be an estimate. These forms of finance are therefore all classified as taxonomy-non-eligible.

Operationalization of the KPIs required by the EU Taxonomy Regulation

At the time this report was prepared, not all questions of interpretation in respect of the balance sheet KPIs required by the EU Taxonomy Regulation had been answered.

In particular, there has been discussion about whether the balance sheet KPIs required by the EU Taxonomy Regulation should use all assets for the denominator or, alternatively, only selected parts of the assets. The first interpretation results in a more conservative picture with lower ratios; the latter results in higher ratios. The DZ BANK banking group adhered strictly to the wording of the legislation and used all assets as the denominator for the required ratios. It is imperative that this is taken into account when making comparisons using these figures.

In addition, it was not clear whether the two KPIs labelled 10.3b in the table of results on the following page should

have been presented separately or as a single KPI. This was also the case for the two KPIs labelled 10.3 in the table of results on the following page. The DZ BANK banking group opted for the more granular of the presentation variants that were discussed.

The item 'Other assets excluded in accordance with the requirement' was voluntarily added to the table of results in order to explain all the components that make up total assets and the balance sheet KPI for taxonomy-non-eligible assets that is labelled 10.3a and that is required by the EU Taxonomy Regulation. The item contains 'cash and cash-related assets' and 'other assets (e.g. goodwill, commodities)'.

Presentation of the balance sheet structure

The DZ BANK banking group operationalized the balance sheet structure for the KPIs required by the EU Taxonomy Regulation in accordance with the structure of the financial reporting requirements (FINREP) implemented in the DZ BANK banking group. The following disclosures are made in this context.

Results

Applying the approach described, 29.1 percent of the assets of the DZ BANK banking group were approved for assessment as taxonomy-eligible as at December 31, 2021 in accordance with the requirements that had previously been published by the European Union. The remaining 70.9 percent of the assets were excluded from the assessment of tax-

onomy eligibility in accordance with the requirements that had previously been published by the European Union.

The 29.1 percent of the assets approved for assessment as taxonomy-eligible can be broken down into 14.1 percent that were classified as taxonomy-eligible as at December 31, 2021 using the approach described above and approximately 15.0 percent that were not classified as taxonomy-eligible.

Explanatory notes

In accordance with the EU Taxonomy Regulation, the assets were recognized at their gross carrying amounts. As is the case with FINREP, the exposure to central, regional and

local governments, central banks, and supranational organizations does not include any public-sector finance. 'Cash held at central banks' is also part of this item. With regard to KPI 10.3b on derivatives required by the EU Taxonomy Regulation, held-for-trading derivatives were removed from held-for-trading assets and reported under the item 'derivatives'. This item also includes derivatives held for hedging purposes.

The FINREP structure is also replicated for held-for-trading assets, with the exception of derivatives, which are removed.

The NFRD requirement was operationalized on the legal basis of the CSR Directive Implementation Act (CSR-RUG), which in 2017 transposed the Non-financial Reporting Directive (NFRD – Directive 2014/95/EU) into German law. The NFRD requirement of a counterparty was always applied using the applicable size criteria, regardless of whether there were exempting circumstances. The line item 'companies that are not required to publish non-financial information pursuant to article 19a or 29a of Directive 2013/34/EU' also contains the exposures to non-EU companies.

Short-term interbank loans include loans and advances to banks that are repayable on demand.

EU TAXONOMY RESULTS DATA FOR THE DZ BANK BANKING GROUP AS AT DECEMBER 31, 2021

Balance sheet structure	KPIs			
	Gross carrying amount (€ million)	Taxonomy-eligible (% of assets)	Taxonomy-non-eligible (% of assets)	KPIs pursuant to articles in Delegated Act
Total assets	504,555	14.1	85.9	10.3a
approved for assessment of taxonomy eligibility in accordance with the requirement	146,616	14.1	15.0	10.3a
excluded from assessment of taxonomy eligibility in accordance with the requirement	357,939		70.9	voluntary disclosure
Exposures to central, regional and local governments, central banks, and supranational organizations	104,639		20.7	10.3b
Derivatives	16,600		3.3	10.3b
Exposures to companies that are not required to publish non-financial information in accordance with article 19a or article 29a of Directive 2013/34/EU	181,608		36.0	10.3c
Short-term interbank loans	7,311		1.4	10.3
Financial assets held for trading	30,510		6.0	10.3
Other assets excluded in accordance with the requirement	17,270		3.4	voluntary disclosure

Voluntary disclosures of the insurance subsidiary R+V under the EU taxonomy for the year ending December 31, 2021

R+V is not required to disclose information in accordance with the EU Taxonomy in its non-financial statement as it is not part of the DZ BANK banking group. However, as one of the largest insurers in Germany, R+V has opted to voluntarily publish disclosures in accordance with the EU taxonomy.

Reporting for the investments of R+V in accordance with the EU Taxonomy Regulation

The insurance industry has a key role in play in shaping a climate-friendly and sustainable economy because of its ability

to invest large sums of money over long periods of time and to manage risk.

› [Section 7.5 Insurance](#) details the extent to which R+V's sustainability strategy for its investments contributes to the objective of the EU Taxonomy Regulation, which is to support the transition to an economy that is safe, carbon-neutral, climate-resilient, efficient in its use of resources, and more circular in nature.

The following section provides information on the extent to which R+V's investing activities are associated with environmentally sustainable economic activities as defined by article

8 (1) of the EU Taxonomy Regulation. R+V also reports the specific taxonomy-related KPIs for its portfolio of investments pursuant to Delegated Regulation (EU) 2021/2178 supplementing article 8 of the EU Taxonomy Regulation.

In accordance with the requirements of Disclosure Regulation EU 2019/2088, R+V aims to provide transparency in this reporting, both in respect of the sustainability of its investing activities under the Taxonomy Regulation and in respect of customers through pre-contractual information and product-related reports.

Implementation in respect of R+V's investments of Delegated Regulation (EU) 2021/2178 supplementing article 8 of the EU Taxonomy Regulation

Key figures and procedure

Based on the total volume of exposures on the asset side of R+V's consolidated balance sheet, a waterfall system is used to assign the investments to the following relevant line items in order to meet the requirement of article 10 of Delegated Regulation (EU) 2021/2178.

The gross carrying amount refers to the carrying amount of the exposures in accordance with consolidated financial reporting standards (carrying amount under International Financial Reporting Standards, IFRS).

To determine the ratio of taxonomy eligibility, the following exposures are initially reported separately and excluded from the calculation of the numerator:

OVERVIEW OF THE EU TAXONOMY-RELATED KPIS FOR R+V – INVESTMENTS

Overview	KPIs	Gross carrying amount (€ million)	Share of total exposures (%)
Assets side of balance sheet	Total exposures	138,605.18	100.00
	of which excluded from assessment of taxonomy eligibility	64,801.14	46.75
	of which exposures to central governments, central banks, supranationals	26,761.16	19.31
	of which derivatives	631.07	0.46
	of which exposures to companies not subject to the NFRD	30,233.15	21.81
	of which assets that are not classified as investments	7,175.77	5.18
	of which approved for assessment of taxonomy eligibility	73,681.92	53.16
	of which not included in the taxonomy eligibility assessment	13,734.09	9.91
	of which differences in valuation compared with the financial declaration	122.12	0.09
Taxonomy eligibility	Taxonomy-eligible exposures	17,149.24	12.37
	Taxonomy-non-eligible exposures	0.00	0.00
	Exposures with no available taxonomy data	42,798.59	30.88

Exposures to central governments, central banks, and supranational issuers

With reference to the European Commission's FAQs for Delegated Regulation (EU) 2021/2178 from December 2021, exposures to central governments, central banks, federal state and regional governments, supranational issuers, local authorities, and social security bodies are excluded.

Derivatives

Derivatives are also excluded, based on article 7 no. 2 of Delegated Regulation (EU) 2021/2178. This line item comprises only actual financial instruments, whereby structured financial instruments with embedded options are not included in this category. The exposure is recognized at its carrying amount.

Exposures to companies not subject to the NFRD

This line item comprises exposures to companies that are not required to publish non-financial information in accordance with article 19a or 29a of Directive 2013/34/EU. For holdings of equity investments and of securities such as equities and bonds, a distinction is made between the issuers' reporting obligations under the Non-Financial Reporting Directive (NFRD/Directive 2014/95/EU). Companies that are not subject to the reporting requirement are mainly those based outside the EU or small and medium-sized enterprises.

Assets that are not classified as investments

These assets comprise assets on R+V's consolidated balance sheet that are not recognized under line items 'B. Investments' or 'C. Assets related to unit-linked contracts'. The proportion of balance sheet assets that are not counted as investments is reported separately here so that it can serve as a point of reference with respect to all assets for the first report. Off-balance-sheet exposures and implicit options arising from guarantees are excluded.

A further step involves allocating the exposures that are approved for a taxonomy eligibility assessment (taxonomy scope). These exposures are:

- Exposure to issuers/equity investments
 - Companies that are not subject to a reporting requirement under the NFRD
 - Group subsidiaries with an 'inherited' reporting requirement under the NFRD
- Exposures to individuals and property, plant and equipment
 - Loans secured against real estate
 - Real estate and property companies
- Taxonomy scope of directly held funds and investment holdings of unit-linked life insurance

Funds that are 'non-look-through' due to lack of available data on the part of the fund providers (e.g. mutual funds

and alternative investment funds) are excluded from the taxonomy eligibility assessment as at the reporting date.

Differences in valuation compared with the financial declaration

In relative terms, there is a difference of 0.09 percent between the size of the balance sheet prepared under the taxonomy and the IFRS consolidated balance sheet. This difference in valuation is attributable to the differences in price between the fund holdings for which the 'look-through' approach is used and the investment management company valuations used for the consolidated financial statements.

Assessment of taxonomy eligibility

Finally, taxonomy-eligible and taxonomy-non-eligible exposures and their share of the overall portfolio are identified and classified. In accordance with the EU taxonomy, economic activities are deemed to be taxonomy-eligible if they can contribute to climate change mitigation and climate change adaptation during the reporting period. The EU taxonomy classifies these activities on the basis of the industrial sectors defined under NACE¹ (Commission Delegated Regulation (EU) 2021/2139, annex I and II).

In accordance with the European Commission's FAQs for Delegated Regulation (EU) 2021/2178 from December 2021, the taxonomy KPIs published by financial undertakings must be based on actual information that is provided by their

¹ NACE: Nomenclature statistique des activités économiques dans la Communauté européenne; statistical classification of economic activities in the European Community

financial or non-financial counterparties pursuant to article 8 (4) of Delegated Regulation (EU) 2021/2178. Due to insufficient external data being available for the first reporting period (2021), the taxonomy-eligible exposures exclusively contain information on R+V's own economic activity in the real estate sector, consolidated subsidiaries, and – provided this is available at the reporting date – data from the specialized service providers within the DZ BANK Group. The following section goes into greater detail on the underlying assumptions regarding classification of the businesses involving real estate and loans secured against real estate.

Economic activities linked to direct or fund-based investment in real estate and to real estate finance (loans secured against real estate, commercial real estate finance) can be classified as taxonomy-eligible in accordance with Delegated Regulation (EU) 2021/2139, annex I (7) if they can be assigned to one of the following areas of activity:

- Acquisition and ownership of buildings (purchase of new and existing buildings)
- Refurbishment and full renovation, specific individual measures such as installation, maintenance and repair of energy efficiency equipment, and renewable energies
- Exercising ownership (through operation/generation of rental income and through own use)

The requirement to disclose KPIs for the financing portfolio encompasses residential property or building renovation loans. In R+V's holdings, retail loans secured against real estate are classified as taxonomy-eligible. For commercial

real estate loans, an assessment is carried out of the counterparty's reporting requirement under the NFRD.

Data sources and restrictions

For the calculation of the KPIs, the relevant data for real estate, special real estate funds, and loans secured against real estate is taken from R+V's master data sets. Data that was included from consolidated subsidiaries and specialized service providers in the DZ BANK Group was – provided it was available at the reporting date – obtained directly from the counterparties. For liquid asset classes such as equities and bonds, specific data packages are obtained from the ESG data provider ISS ESG. These are mainly used to determine whether there is a reporting requirement under NFRD.

In accordance with Delegated Regulation (EU) 2021/2178 supplementing article 8 of the EU Taxonomy Regulation, KPIs concerning the taxonomy performance of insurance companies should be reported on a revenue and investment basis. This should take into account the proportions of the portfolio companies' revenue and investments that are considered taxonomy-eligible. These proportions are then weighted with the IFRS carrying amount of the respective exposure and incorporated into the calculation. Due to insufficient data being available on relevant investment volumes of portfolio companies when the report is being prepared, the KPIs described above are revenue-based indicators.

Data-related factors also mean it is not yet possible to follow the stipulation of the Delegated Act to differentiate between the KPIs on the basis of the two environmental targets 1. cli-

mate change mitigation and 2. climate change adaptation, or with regard to a) transitional activities and b) enabling activities. The indicators are therefore recorded on an aggregated basis. The data situation is expected to improve in the coming reporting periods.

Non-life insurance

With premiums of €6,524,069,393 (incl. casualty insurance) in 2021, the R+V Group is one of the biggest non-life insurers in Germany. The overall taxonomy-eligible premium volume comes to €4,331,400,718.

To determine whether the premiums written are taxonomy-eligible, they are first matched with the lines of business (LoBs) and then assessed for their relevance to the climate. If the respective premiums have no climate relevance, they are not evaluated.

For the fire and other property insurance LoB, the technical insurance cover is also included (in line with Commission Delegated Regulation (EU) 2015/35, annex I (A) (7)).

With effect from April 1, 2022, a sustainability manager support function was created in the non-life insurance and outward reinsurance division in order to enable the best possible implementation of Regulation (EU) 2020/852 and also to improve the integration within R+V's non-life insurance division and between the divisions involved in sustainability. Part of this new function involves formulating a sustainability strategy for the non-life insurance division based on R+V's sustainability strategy. As a first step, two workshops were

OVERVIEW OF THE EU TAXONOMY-RELATED KPIS FOR R+V – NON-LIFE INSURANCE

€	Premiums written in 2021	Premiums written in 2021 taking account of climate relevance
(a) Medical expense insurance	-	-
(b) Income protection insurance	-	-
(c) Occupational accident insurance	-	-
(d) Third-party motor vehicle insurance	1,656,942,282	1,638,884,165
(e) Other motor vehicle insurance	1,096,175,977	1,096,175,977
(f) Marine, aviation and transport insurance	202,389,284	163,038,281
(g) Fire and other property insurance	1,525,617,572	1,433,302,295
(h) Assistance cover	22,290,948	0
Total	4,503,416,064	4,331,400,718

OVERVIEW OF THE EU TAXONOMY-RELATED KPIS FOR R+V – REINSURANCE

€	Premiums written in 2021	Premiums written in 2021 taking account of climate relevance
(a) Medical expense insurance	-	-
(b) Income protection insurance	-	-
(c) Occupational accident insurance	-	-
(d) Third-party motor vehicle insurance	978,224,524	978,224,524
(e) Other motor vehicle insurance	61,647,466	60,816,829
(f) Marine, aviation and transport insurance	98,048,100	96,171,877
(g) Fire and other property insurance	1,347,045,262	1,304,830,932
(h) Other	82,746,955	60,730,669
Total	2,567,712,307	2,500,774,832

run within the non-life insurance and outward reinsurance division with the help of external consultants. In addition, ESG criteria are to be written into all the non-life insurance division's new business and underwriting policies by January 1, 2023. Work to identify ESG-related risks of not underwriting certain business will be carried out over the course of 2022 and has already begun.

Reinsurance

R+V Re is one of the 15 biggest non-life reinsurers worldwide, with premiums of €3,020,379 thousand in 2021. Its overall taxonomy-eligible premium volume comes to €2,500,775 thousand.

To determine whether the premiums written are taxonomy-eligible, they are first matched with the LoBs and then assessed for their relevance to the climate. If the respective premiums have no climate relevance, they are not evaluated.

For the fire and other property insurance LoB, the technical insurance cover is also included (in line with Commission Delegated Regulation (EU) 2015/35, annex I (A) (7)).

The nature of their business model means that reinsurers do not originate any products for end customers. Reinsurers are therefore dependent on primary insurers' supply of data

when it comes to obtaining ESG-relevant information. This information is not yet available in a usable level of detail.

To enable the best possible implementation of Regulation (EU) 2020/852 and also to improve the integration within the Inward Reinsurance division and between the R+V Group's divisions involved in sustainability, a working group was set up in the Inward Reinsurance division with effect from January 1, 2022, whose task is to systematically collect analyzable information. It is planned, for example, to develop a system for determining how ESG-relevant questions can be collated together with customers in the future.

EU Sustainable Finance Disclosure Regulation

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation) is – in addition to the EU Taxonomy Regulation – a key instrument in the EU action plan for financing sustainable growth. Since March 2021, financial market participants and financial advisors have been required to disclose information to end investors on the integration of sustainability risks, the consideration of adverse sustainability impacts and sustainable investment goals, and the promotion of environmental or social characteristics when arriving at investment decisions and in the advisory process.

Transparent disclosure of sustainability-related information is intended to make investors better able to gauge how sustainable a financial product is.

Within the DZ BANK Group, DZ BANK, DZ PRIVATBANK, R+V, and Union Investment are affected by the Sustainable Finance Disclosure Regulation, albeit in different ways. Information on the status of implementation can be found on the entities' websites.

7.2 Rejection criteria and sectoral rules

In its sustainable lending guideline, entitled ‘Document supplementing the group credit standards in relation to the consideration of risks associated with ESG factors’, the DZ BANK Group has defined sector-specific rejection criteria that must be applied to every loan application before the loan is approved. The aim of this procedure is to prohibit transactions that do not meet the minimum criteria in relation to environmental, social, and corporate governance (ESG) aspects or that are associated with an increased risk of reputational damage to the DZ BANK Group.

Among the excluded industries are arms trading, arms production, the sex industry, and controversial gambling. In addition, it is prohibited to maintain business relationships with customers if it cannot be ruled out that their businesses breach human rights or environmental standards in a mate-

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

rial way. The DZ BANK Group applies a further rejection criterion specifically for the investment business: DZ BANK Group entities do not offer any investment products based on agricultural commodities. Individual DZ BANK Group entities may apply additional rejection criteria.

DZ BANK integrated the rejection criteria relating to arms, coal, environmental aspects, and human rights that it had further developed in 2020 into the existing specifications and rules for its rejection criteria in 2021. They now provide a clearer picture of the group’s criteria as presented in the table on page 58.

DZ BANK applies further sector-specific requirements – the sectoral rules – for certain, particularly sensitive industries. These 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 together with the sustainability checklist. 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.

The decision made in 2020 to expand the existing sectoral rules for companies and activities linked to palm oil (production, processing, trade) was implemented in the reporting year (see table on page 59).

In order to identify where the rejection criteria and the sectoral rules may need to be adapted because of new developments in science and politics or changing societal norms, DZ BANK set up the rejection criteria working group, which regularly addresses these strategic aspects. Since April 2021, the ad hoc rejection criteria committee has been supporting DZ BANK in the interpretation of rejection criteria and sectoral rules in its lending decisions. It comprises contacts from the Credit, Corporate Banking, and Structured Finance divisions and meets weekly. The committee guarantees a response within two bank working days if it is notified of a time-critical decision. It provides assistance in interpretation but does not make any stipulations for the lending decision.

R+V and Union Investment have specified rejection criteria on the basis of the group policy that are similarly specific to those specified by DZ BANK. R+V uses the database of ISS ESG, one of the world’s leading sustainability rating agencies, to assess ESG criteria and activities in controversial business areas and to exclude the latter from its investments.

Union Investment follows two approaches depending on the format of its sustainably managed product: Armaments and tobacco are excluded from its institutional mutual funds. Its sustainable retail funds, meanwhile, exclude animal testing for non-medical purposes, oil extraction from tar sands and through fracking, genetic engineering, and coal mining where it generates more than 5 percent of total revenue, as

well as bonds issued by countries that have the follow characteristics:

- Lack of freedoms (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 on average over a period of three years)
- Failure to sign up to the Paris climate agreement and the United Nations Convention on Biological Diversity
- Failure to sign the Nuclear Non-Proliferation Treaty

Union Investment’s investment approach for its sustainable investment products is published in its guidelines for responsible investment, which are available online.

REJECTION CRITERIA FOR LENDING ACTIVITIES OF DZ BANK

THERMAL COAL	<ul style="list-style-type: none"> - No funding for coal-fired power plants – whether new or existing - No funding for activities in the thermal coal value chain – especially extraction and trade, and directly associated activities - No funding for companies that operate coal-fired power plants, extract thermal coal, trade in thermal coal, or have a direct association with it. Unless, <ul style="list-style-type: none"> - the possibility of the funding being used in connection with these activities can be ruled out, or - there is a clear willingness to transform, or - thermal coal accounts for less than 5 percent of the business (for operators of coal-fired power plants, this is the proportion of power generation; for others, the share of revenue).
OIL/GAS EXTRACTION	<ul style="list-style-type: none"> - No funding for oil or gas extraction by means of fracking or from oil shale or tar sands
MINING	<ul style="list-style-type: none"> - No funding for mining activities using the mountaintop removal method
TRADING OF ANIMALS AND PLANTS	<ul style="list-style-type: none"> - No trade finance for activities involving the trading of endangered animal or plant species in accordance with the CITES (Convention on International Trade in Endangered Species) list
OTHER THREATS TO THE ENVIRONMENT	<ul style="list-style-type: none"> - No funding for companies or projects that pose significant threats to the environment (e.g. extraction of uranium)
CONTROVERSIAL WEAPONS	<ul style="list-style-type: none"> - No funding for the production or trade of 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. - 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 these activities
ARMS TRADING	<ul style="list-style-type: none"> - No funding for any form of arms trading in/to countries/governments: <ul style="list-style-type: none"> - known to be involved in serious humans rights violations, - for projects outside NATO and/or in areas of conflict, unless a governmental export authorization has been issued
HUMAN RIGHTS	<ul style="list-style-type: none"> - No funding for companies that violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization (ILO), or other internationally accepted standards relating to human rights and labor rights
SEX INDUSTRY	<ul style="list-style-type: none"> - No funding for companies from the pornography industry or similar sectors (sex industry)
CONTROVERSIAL GAMBLING	<ul style="list-style-type: none"> - No funding for companies that are involved in controversial forms of gambling

SECTORAL RULES FOR THE LENDING ACTIVITIES OF DZ BANK

DAMS	<p>DZ BANK acknowledges the recommendations of the World Commission on Dams (WCD) and does not provide funding to any dam projects that do not apply the WCD's recommendations as fully as possible. The customer is required to provide evidence, for example, that it:</p> <ul style="list-style-type: none"> – has secured public acceptance – has undertaken a comprehensive and unbiased review of options – has appropriate measures in place during dam operation – is preserving river ecosystems and the livelihoods associated with these – recognizes the rights of people affected by the dam and equitable sharing of the benefits – adheres to obligations and agreements – facilitates the cross-border use of rivers for the benefit of peace, development, security, and safety
COMMODITIES INDUSTRY	<p>DZ BANK recognizes that special care and precautions need to be taken in the commodities industry because of political, environmental, and social sensibilities. Particularly in the oil and gas sectors and in metals and mining, it is guided by international conventions and takes account of optimum practices. The World Bank and industry associations provide examples of best practice in the context of the regional environment. Financing decisions take particular account of the following aspects:</p> <ul style="list-style-type: none"> – Compliance with human rights – Particular consideration of the interests of indigenous people and local communities – Compliance with the minimum standards for occupational health and safety set out by the International Labour Organization (ILO); no child labor – Pollution of the environment in the process of extracting the commodities (contamination of groundwater, lakes, and rivers; soil and air pollution) – Protection as a designated UNESCO World Heritage site or other protected spaces – Use of toxic substances in the production process – Compliance with laws – Transparency of income streams between companies and state institutions in the affected country as means of precluding corruption <p>DZ BANK only finances such customers if they already fulfill the criteria or are making sustained efforts to fulfill them in the near future.</p>
FORESTRY	<p>DZ BANK recognizes that forestry and the handling of forestry resources play a key role in fighting climate change and protecting biodiversity and ecosystems. We therefore only finance organizations in this industry that have been certified by the Forest Stewardship Council (FSC), to the relevant national standards under the Programme for the Endorsement of Forest Certification (PEFC), or to recognized equivalent standards. DZ BANK's funding decisions are also guided by the revised version of the World Bank standards (WN OP 4.36, 2013) and by the sustainable forestry criteria specified at the Ministerial Conference on the Protection of Forests in Europe, held in Helsinki in 1993 (MCPFE, Forest Europe since 2009).</p>
FISHING	<p>With regard to fishing, DZ BANK recognizes that particular care needs to be taken to preserve biodiversity (e.g. avoidance of overfishing) and therefore to protect people's livelihoods and aquatic ecosystems. As a result, it only finances companies/customer boats that have been certified by the Marine Stewardship Council (MSC) or recognized equivalent standards.</p>
MARITIME INDUSTRY	<p>DZ BANK recognizes that great care must also be taken in the construction and operation of ships. Consequently, it does not provide any funding in connection with ships or their operators that fail to meet the following minimum requirements:</p> <ul style="list-style-type: none"> – Is subject to the rules/regulations of the International Maritime Organization (IMO) – For inland navigation, that the appropriate training has been completed and is evidenced by valid licenses – Shipyard can provide evidence of a suitably positive track record (e.g. not a greenfield shipyard); for funding of existing/second-hand projects, proof of appropriate build/maintenance quality
PALM OIL	<p>When dealing with customers/business with a connection to palm oil, DZ BANK recognizes that special care and precautions are required to avoid adverse sustainability impacts on the environment, climate, or human rights. It therefore links its funding for customers in the palm oil value chain to the following minimum requirements:</p> <ul style="list-style-type: none"> – Membership of the Roundtable on Sustainable Palm Oil (RSPO) or another recognized organization whose standards are at least equivalent to those of the RSPO – NDPE policy (no deforestation, no peat, no exploitation); the scope of the policy encompasses not only proprietary palm oil plantations but also suppliers, purchased palm oil, palm fruit, and intermediate products – By 2030 and for the entire volume of palm oil that is traded, processed, or sold: <ul style="list-style-type: none"> – 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

7.3 Bank

The DZ BANK Group promotes sustainable economic and social development through various sustainability management activities. All entities of the DZ BANK Group have established various products, concepts, and processes that take account of environmental, social, and ethical criteria. This applies to the banking business, asset management, and insurance alike.

7.3.1 Sustainability research

The sustainability assessment offered by DZ BANK Research enables investors to take sustainability aspects into consideration in their investment decisions. It is the result of the proprietary EESG (economic, environment, social, corporate governance) analysis model that is applied across the entire research universe of DZ BANK. The information obtained is primarily aimed at cooperative banks and institutional investors in Germany and abroad that want to examine the sustainability credentials of their investments and product portfolios.

An analytical approach for assessing the ESG credentials of countries, companies, and banks forms the core of DZ BANK's sustainability research. The EESG analysis model that is used for this approach combines the three traditional ESG (environment, social, corporate governance) dimensions with an economic dimension (economic) and classifies the analyzed issuers as either 'sustainable' or 'not sustainable'. The analysis takes account of two dynamic sustainability limits – the average EESG score in the respective sector/

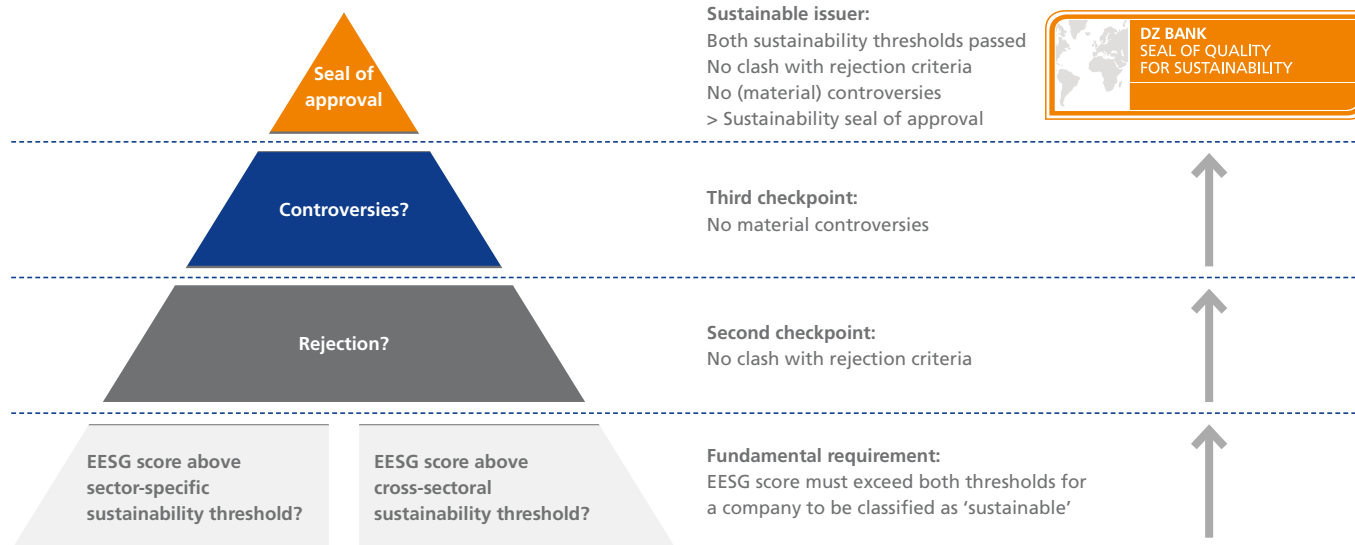
industry and the average EESG score in the overall investment universe – as well as firm and soft rejection criteria and any recent major controversies. Hard rejection criteria such as violations of fundamental human rights automatically result in a classification as 'not sustainable'. In the case of 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. Companies that have been classified as sustainable are awarded

the DZ BANK seal of approval for sustainability and are identified as sustainable issuers in research publications.

Alongside the investment universe of DZ BANK equity and credit research, which covers around 600 issuers, the sustainability research database comprised another 5,000 or so issuers in 2021. Around 40 percent of them were classified as sustainable by the sustainability research team. When evaluating the sustainability of countries relevant to bonds, the experts distinguish between three categories: 'non-sus-

THE EESG ASSESSMENT APPROACH OF DZ BANK

Three requirement levels need to be met



tainable countries', 'transformation countries', and 'sustainable countries'. In 2021, DZ BANK refined its methodology for the sustainability assessment and added coal to the soft rejection criteria.

Cooperative banks can make their own-account investing activities more sustainable by having their individual own-account investments screened for sustainability by DZ BANK Research. Since the beginning of 2020, the own-account investment management system (EGON) has given them direct access to sustainability information on individual issuers that they can use for their investment decisions.

A sustainability package was launched for subscribers of DZ BANK Research in the reporting year. Besides publications on various sustainability topics, it contains the sustainability master list and the ESG finance monitor. The master list, which appears monthly, provides an overview of the sustainability assessment of all issuers covered by DZ BANK Research. The ESG finance monitor is published every two months and provides information on trends, data, and developments in the market for sustainable bonds.

7.3.2 Capital markets

Investment certificates and interest-rate products

In 2021, DZ BANK issued 632 sustainable investment certificates, 22 sustainable credit-linked notes, and 30 sustainable interest-rate products. The assessment of the sustainability of a DZ BANK investment product for retail customers is



In 2021, DZ BANK launched a global sustainability index and a European sustainability index in collaboration with index provider MSCI.

based on the ESG product and transparency standards (www.dzbank-derivate.de/werte) of DZ BANK. For traditional interest-rate products in particular, the sustainability of the product is determined by the sustainability of DZ BANK as the issuer. The sustainability assessment of investment certificates and credit-linked notes also takes into account the sustainability of the underlying company or reference company, or the sustainability of the index used as an underlying instrument for the product in question.

In collaboration with index provider MSCI, DZ BANK launched a global sustainability index and a European sustainability index in the reporting year that meet these requirements. The constituents of these two stock indices are selected using an extensive set of criteria. These include minimum requirements regarding sustainability ratings and valuations of companies, as well as exclusions, for example, for companies that generate more than a certain percentage of their total revenue with problematic business activi-

ties. At the end of 2021, DZ BANK had 61 issues based on these sustainability-focused stock indices in circulation. The total volume of these issues was around €400 million. The total volume of sustainable investment products issued by DZ BANK in 2021 came to more than €3.3 billion.

'Charitable investment certificates' have been issued since 2021. When these instruments are issued, a proportion of the proceeds is used to support a charitable organization. Both DZ BANK and the cooperative banks participating in private-label issues give up a share of their margin. This amount is used to sponsor the selected organizations. At national level, DZ BANK has been supporting the organization SOS Children's Villages in this way since April 2021. Private-label issues are used to support regional organizations such as associations and foundations that are selected by the participating cooperative banks. The total amount of sponsorship raised through charitable investment certificates in 2021 came to more than €380,000.

Sustainable bonds

DZ BANK once again contributed actively to the further development of the global sustainable bond market in 2021 by participating in various projects and committees such as the Climate Bonds Initiative, the Sustainable Investment Forum, and the Sustainable Finance Committee of the German government. In addition, DZ BANK was an early adopter of the Green Bond Principles (GBP) and the Social Bond Principles (SBP), which strengthen the integrity of the market for sustainable bonds by setting out transparency,



As the lead underwriter,
DZ BANK supported green,
social, sustainability, and
sustainability-linked bonds with a total
volume of more than €52 billion.

disclosure, and reporting guidelines. These guidelines support market participants with the disclosure of appropriate information that can help to direct more capital toward sustainable projects. DZ BANK is an active member of two working groups of the GBP and the SBP, the Climate Transition Finance working group and the Sustainability-Linked Bonds working group. Through its participation in these working groups, it helps to standardize, and thereby strengthen, the sustainable bond market. In addition, all green bonds issued by DZ BANK itself were structured in accordance with the Green Bond Principles.

DZ BANK is one of the leading European syndicate banks in the market segment for sustainable bonds. As the lead underwriter, DZ BANK supported green, social, sustainability, and sustainability-linked bonds with a total volume of more than €52 billion in 2021 (2020: €27 billion). Against the backdrop of the continuing COVID-19 pandemic and the EU's Support to mitigate Unemployment Risks in an Emergency (SURE) program, €31 billion of this total volume was attributable to social bond and sustainability bond transactions (2020: €22 billion). In addition, DZ BANK also recorded significant growth in the green bond segment, where the issuance volume rose to more than €20 billion (2020: €5 billion). The application of funds was once again focused on the project categories of renewable energies and green buildings in the environmental sphere and on access to basic social services and job creation and protection in the social sphere.

In the reporting year, DZ BANK was the lead underwriter for the placement of the first-ever 'green Bund', a green German government bond with a maturity period of 30 years and an issuance volume of €6 billion. It also supported Germany's KfW development bank with its first-ever green bond placement in 2021. With an issuance volume of €4 billion, it was the largest initial green bond placement ever made by a non-governmental issuer.

In the social bond segment, DZ BANK once again supported the EU as a lead underwriter for the placement of a €9 billion social bond in March 2021. Just a few weeks later, it assisted with another dual-tranche social bond transaction with a total issuance volume of €13 billion. All in all, DZ BANK thus supported more than a third of the bond volume issued under the SURE program and raised around €36 billion for the EU in the capital markets. Among the

transactions that DZ BANK supported in the sustainability bond segment was the placement of a €2 billion sustainability bond by BNG Bank from the Netherlands, the largest transaction to date by this issuer in the market for sustainability bonds.

Sustainability-linked bonds

DZ BANK was also active in the relatively new market for sustainability-linked bonds in 2021. These products are financing instruments with financial and/or structural features that are tied to the achievement, or failure to achieve, predefined sustainability targets. The issuers of these products thus explicitly commit to improving their sustainability performance within a set period of time. Their sustainability performance is measured using predefined (e.g. environmental and/or social) key performance indicators (KPIs) or an ESG rating. The proceeds from placements of these sustainability-linked bonds are not restricted to a specific use and are therefore available for general corporate financing purposes.

In terms of transactions in 2021, DZ BANK was, for example, the leading joint bookrunner for a €500 million sustainability-linked bond issue by Berlin Hyp. This was the first sustainability-linked bond placement by a bank. The terms of the bond include a potential coupon increase of 25 basis points if Berlin Hyp fails to achieve its target of reducing the carbon intensity of its loan portfolio. DZ BANK also acted as a joint

bookrunner for the placement of a sustainability-linked bond by LANXESS AG with an issuance volume of €600 million. In addition, DZ BANK helped corporate issuers to place a total volume of €1.275 billion of sustainability-linked structured products in the market for promissory notes.

Green bond placement by DZ BANK

By placing its third green bond in November 2021, 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 sustainability profile. Investors are given an opportunity for investment that supports the activities of the bank in the renewable energies sector.

The bond was issued in the format of a senior non-preferred bond with a maturity period of seven years and, for the first time, with an issuance volume of €300 million. The placement generally followed the same concept as in previous years. However, the asset class and the regional focus have been developed further as this green bond mainly focuses on the asset class of offshore wind energy and on locations in the United Kingdom (UK), Germany, the Netherlands, and France. It is therefore aligned with the European Commission's Offshore Renewable Energy Strategy (ORES), which has put offshore wind energy at the center of climate-friendly power supply and estimates that investment of €800 billion will be required to achieve the targets set for 2050. According to the European Commission, offshore wind energy could become Europe's most important source

of power by 2040. This emphasizes that investment in this segment is both sensible and necessary. 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 standards (e.g. climate change mitigation, air quality, and biodiversity), especially in the case of funding projects in Europe.

DZ BANK aligned this bond issue with the generally accepted Green Bond Principles of the ICMA and the core components of these principles, which were updated in June 2021. The high quality of this green bond was confirmed by Standard & Poor's Global Ratings (S&P). In the rating agency's green transaction evaluation, the bond achieved a very high environmental score of 86/100 and a strong score in relation to governance and reporting aspects. The subscribers included not only entities from the cooperative financial network but also high-profile international institutional investors from Germany and other countries. In addition, this was the first placement in which DZ BANK was able to collect a premium for the sustainable design of the bond, known as a 'greenium'. In order to increase the transparency of the allocation process, the bonds were allocated using the ESGLocate tool. The fact that 'dark green investors' – i.e. investors who invest exclusively in paper that meets high sustainability standards – accounted for a significant proportion of the uptake is indicative of the high quality of the placement in terms of its sustainability impact.

In relation to the UN SDGs, the framework conditions of the green bond contribute to the goals of affordable and clean energy (SDG 7) and climate action (SDG 13).

Green asset pool

DZ BANK identified loans for the funding of offshore wind power generation in Europe as appropriate green assets for its third green bond placement. The green asset pool that underlies DZ BANK's green bond was defined with reference to both the tightened green financing guidelines issued by the EBA and the development of the EU taxonomy. The technical screening criteria for the implementation of the EU taxonomy in relation to the environmental objectives of climate change mitigation and climate change adaptation were adopted by way of a delegated act with effect from June 4, 2021.

Against this backdrop, DZ BANK will do its utmost to ensure that the composition of the green asset pool is strictly geared toward climate change mitigation and climate change adaptation and that it also takes account of further ESG criteria such as social responsibility and sustainable corporate governance.

The green funding projects included in the green asset pool aim to make a significant contribution to the EU's climate-related objectives as set out under the taxonomy while also promoting compliance with high minimum social standards and responsible, transparent, and sustainable corporate governance practices.



In July 2021, the DZ BANK Group introduced a new policy that creates a consistent basis for sustainability in the lending business and includes rejection criteria.

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, 2021, the total value of the portfolio stood at €22.4 billion (December 31, 2020: €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 7.2 Rejection criteria and sectoral rules](#)). This helps DZ BANK to ensure that it does not invest in issuers whose activities do not meet the bank's sustainability standards.

In 2021, active portfolio management activities in the individual securities investment segments took account of ESG criteria by means of an integration test. The aim of this approach is to place a greater emphasis on sustainability aspects in the positioning of the securities portfolio.

7.3.3 Lending

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

In July 2021, the DZ BANK Group introduced the 'Document supplementing the group credit standards in relation to the consideration of risks associated with ESG factors' ('Supplementary Document') as a standardized basis for sustainability within the lending business. This replaces the previous policy 'Sustainable lending within the DZ BANK Group'. The new document contains rejection criteria that prohibit lending which does not satisfy the minimum ESG requirements

or entails a greater reputational risk for the DZ BANK Group. Further details on the rejection criteria can be found in > [section 7.2 Rejection criteria and sectoral rules](#). The sustainability assessment also considers positive criteria and checks that the funding has a sustainability-oriented focus. The Supplementary Document also includes a definition of ESG risks and a description of how these should be addressed in the business activities, especially in the granting and monitoring of loans and the valuation of collateral.

Rules and regulations aimed at ensuring that the risks associated with ESG factors are taken into account in lending activities and in the valuation of collateral within DZ BANK were also finalized in 2021. These are primarily based on the EBA guidelines on loan origination and monitoring and the ECB guide on climate-related and environmental risks.

Sustainability checklist

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 checklist that is based on the ten principles of the UN Global Compact.

Containing four main categories – social, environment, anti-corruption, and competition/tax – plus ten subcriteria, the list is designed to ensure that all loan applications



Sustainability checklist is based on the ten principles of the UN Global Compact.

undergo a standardized check for sustainability criteria. Applications are given a score ranging from exemplary (1) to dubious (4). If the overall result produced by adding all the scores together gives a sustainability factor of 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. Nor is the sustainability check used for restructuring because the focus here is on turnaround.

In addition to the sustainability checklist, DZ BANK applies sectoral rules when reviewing loan applications from sensitive industries. These rules are updated and added to on an ongoing basis. Further details can be found in [section 7.2 Rejection criteria and sectoral rules](#).

Inclusion of ESG risks in lending

For transactions with a total exposure above €10 million, DZ BANK has assessed the risks associated with ESG factors separately in its lending decisions since mid-2021. The aim is to assess the potential for medium-term deterioration in the rating of the borrower based on risks associated with ESG factors. In addition, where relevant, risks associated with ESG factors that could affect the value of collateral are included in the first valuation and any subsequent valuation of collateral. Climate and environmental risks in particular could affect the value of collateral. The check is documented as part of the collateral valuation. Joint credit and syndicated loan business headed by other banks is excluded from these checks.

Implementation of the Equator Principles

DZ BANK has subjected 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\$ 50 million to an assessment in accordance with the Equator Principles since it signed up to the principles in 2013. 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 adverse environmental and social impact). Care is taken to ensure compliance with the country-specific legal require-

ments and the standards of the World Bank (IFC Performance Standards). DZ BANK has been applying the fourth iteration of the Equator Principles (EP4) since October 1, 2020. In the year under review, 45 projects assessed according to these criteria were concluded, including 8 A-projects, 10 B-projects, and 27 C-projects.

Sustainability-linked syndicated loans

DZ BANK arranges and participates in syndicated loans. The proportion of syndicated loans that are set up as sustainability-linked loans has increased recently, especially in the traditional corporate lending business. For this form of funding, sustainability principles and company-specific KPIs are developed collaboratively by the arranger(s) and the customer. This requires the customer to disclose the relevant sustainability data either because it is subject to the EU taxonomy legislation or because it voluntarily publishes a sustainability report. The lending conditions are adjusted over the full term of the loan in accordance with the borrower's sustainability performance as measured by the agreed KPIs. Depending on the performance that has been achieved, the interest margin is usually adjusted 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



DZ BANK's loan commitments in the area of renewable energies stood at around €6 billion at the end of 2021.

Association), and Asia (Asia-Pacific Loan Market Association) for reference. These associations have jointly 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.

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. 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 tech-

nology, 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 the structuring of finance for projects such as wind and solar farms of varying sizes, as well as suitable insurance solutions.

At DZ BANK, all activities in the field of renewable energies are carefully evaluated on the basis of commercial and legal criteria. 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.

Loan commitments in the area of renewable energies stood at €5.97 billion (including issuer and replacement risks) as at December 31, 2021, compared with €5.7 billion at the end of 2020. The bulk of these commitments are linked to

wind energy, particularly the construction of onshore wind farms. 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. Development loans account for €2.8 billion of the €5.97 billion lending volume. The engagements in the field of renewable energies also form the basis for the green bonds issued by DZ BANK (see section 7.3.2 Capital market).

The number of new onshore wind turbines erected in Germany increased slightly in 2021. But the approval procedures for wind farms are still slow. Planning objections and legal actions, coupled with the effects of the COVID-19 pandemic, led to considerable project delays. DZ BANK increased its market share to 13 percent from 9.8 percent in 2020, despite intense competition. In 2022, the market share is expected to remain stable based on the number of funding projects that have already been approved (start of operation in 2022).

DZ BANK is preparing to support future renewable energy projects outside the EEG (Renewable Energy Sources Act) grants by means of Power Purchase Agreements (PPAs). These are mostly long-term bilateral electricity supply contracts, generally between an electricity producer (the renewable energy project) and an electricity customer (consumer or electricity trader). This funding format has been used at

LENDING VOLUME BY ENERGY TYPE

€ million	2021	2020	2019
Wind power	4,983.7	4,613.1	4,251.0
Biogas	110.5	99.8	101.2
Biomass	64.9	73.8	59.7
Photovoltaics	721.4	863.1	969.4
Hydropower	59.8	2.8	2.7
Geothermal energy	29.0	0	0
Total funding volume	5,969.3	5,652.6	5,384.0

¹ Definition of lending volume pursuant to section 8.6.1 of the 2021 risk report of the DZ BANK Group and DZ BANK AG

international level for a long time and some initial projects – primarily in the area of photovoltaics – are now being financed on this basis in Germany.

Infrastructure finance

Alongside its activities in the renewable energies sector, DZ BANK also provides project finance for all other forms of energy generation and infrastructure projects. The use of private capital and expertise to deliver public infrastructure projects has become a growth market. Public-private partnerships (PPPs) have proven successful as a funding model for public service projects in recent years. DZ BANK frequently cooperates with its network partners, corporate customers, and the public sector in this area.

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.

Export finance projects benefit from export credit guarantees that the relevant national export credit agency in the exporter's country (such as Euler Hermes in Germany) grants to the bank. For the 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 based on the

mandatory procedures and assessment criteria of the Common Approaches of the Organization for Economic Cooperation and Development (OECD).

To minimize the potentially negative effects of an export finance project, the export finance group subjects the planned project to a standard sustainability check and, if applicable, to an assessment under the Equator Principles and the OECD Common Approaches. The final funding decision is then based on the results of these checks and assessments. The external RepRisk database is used in export finance to assess ESG risks and the risk of reputational damage.

In the interest of sustainable export finance, DZ BANK supports the White Paper produced by the International Chamber of Commerce (ICC) with input from 16 banks and published in 2021. It calls upon the state to use its export credit guarantees to send the right signals so as to continuously increase the proportion of sustainable export finance.

Real estate finance

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. DZ HYP has carried out a sustainability inventory of its commercial real estate finance portfolio and,

based on this, is now preparing the first issue of a Green Pfandbrief for 2022. 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. 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.

On September 1, 2021, DZ HYP launched its 'Sustainability in the Lending Business' project as one of the successor projects to the overall bank initiative 'Strengthening Sustainability Activities'. The project relates to corporate banking and includes aspects such as the integration of a standardized property classification based on energy efficiency data in the bank's legal system and the inclusion of ESG risks in the lending process.

As the market leader in the German building society sector and one of Germany's biggest providers of home finance, Bausparkasse Schwäbisch Hall 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 FuchsKonstantEnergie financing plan is specifically designed for modernization measures and offers customers of Bausparkasse Schwäbisch Hall access to funding at favorable conditions for renovation

work aimed at improving energy efficiency. Home-owners wishing to modernize can apply for the home savings product 'FuchsEco' launched in summer 2021, which offers advantageous interest rates for energy-efficiency measures and a short saving period.

Since 2017, the CO₂ impact of the loans granted by Bausparkasse Schwäbisch Hall 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. The measurement method compares the average energy consumption of a new build (50 kilowatt hours per square meter per year) with the consumption of an average property (169 kilowatt hours per square meter per year). For modernizations and photovoltaic systems, Bausparkasse Schwäbisch Hall uses appropriate conversion factors and can thereby calculate the positive effect of the loan. Bausparkasse Schwäbisch Hall customers avoided more than 500,000 tonnes of carbon emissions in this way in 2021. The total volume of avoided carbon emissions is rising



Bausparkasse Schwäbisch Hall calculates the carbon footprint of the loans provided since 2017.

steadily. The calculation method is currently being developed further based on a classification system that is compliant with the EU taxonomy.

Development lending

Climate change, digitalization, affordable housing – investment is required to tackle the many challenges of the modern age. Development loans create incentives to go ahead with planned projects and make it easier to finance them. In its role as the central institution, DZ BANK supports the cooperative banks in the development lending business and enables them to offer their retail and corporate customers the products and services they need.

The business model of double pass-through in the development loans business proved very robust again in 2021. The total volume of development loans passed-through and processed by DZ BANK was around €19.5 billion. The volume of loan commitments in private housebuilding rose by 6.5 percent year on year to reach €11.5 billion. The commercial finance business portfolio grew by 7.8 percent to €33.3 billion. The volume of funding granted under COVID-19 support programs came to a total of €3 billion in 2021. Although they were used less frequently than in the previous year, these programs remained a focus of lending activities.

The volume of the portfolio increased by 12.4 percent to reach a total of €75.1 billion as a result of new additions. DZ BANK believes that this positive trend will continue. As one of the focal points for 2022, the topic of sustainability will become a central plank of sales activities.

7.4 Asset management

Within the DZ BANK Group, assets are managed by DZ PRIVATBANK and, in particular, Union Investment. Union Investment is one of the largest providers of sustainable investment in Germany, with €125.6 billion of its total €454 billion assets under management invested using sustainability criteria. It offers a broad range of fund and client account solutions that are managed in compliance with sustainability requirements.

Products are classified as sustainable if they are categorized as Article 8 funds (funds with a sustainability strategy) or Article 9 funds (funds that contribute to sustainable development goals) under the EU Sustainable Finance Disclosure Regulation (SFDR). All products identified as sustainable are adapted to ensure they comply with the Regulation's requirements. Funds that promote environmental or social aspects can invest in a broad range of assets, some of which do not necessarily have to be sustainable assets themselves or contribute to the specific environmental or social aspects that the financial product is promoting. Examples of such assets include hedging instruments, assets for diversification purposes, assets for which no reliable data is available, and cash that is held as additional liquidity. By adopting this approach, Union Investment is operating in accordance with the current market standard, which is also used by the German Investment Funds Association (BVI) as evidence of assets being sustainable. In 2020, the definition of sustainable investing used in the BVI Rules of Conduct was used, as the EU SFDR was not in force at that time.

The significant increase in sustainable assets under management as at the end of 2021 is primarily due to six open-ended property funds with a volume of €37.5 billion being converted into Art. 8 funds. This was done in particular against the backdrop of the Manage to Green strategy, which aims to make the property held in the fund climate neutral by 2050, using a broad range of tools.

DZ PRIVATBANK operates in private banking/wealth management and manages around €2.5 billion in sustainability-focused assets – around 22 percent of the entire volume of assets under management.

Both institutions follow a responsible and transparent approach to sustainable investment. At DZ PRIVATBANK, this is the responsibility of the ESG committee in portfolio management while at Union Investment it is the job of the head of the ESG department in portfolio management and the group manager for sustainability in property management.

All investment processes at Union Investment are compliant with its company-specific guidelines for responsible investment, which are based on international and national standards. The following standards and principles are the most important: the UN Global Compact, the UN Principles for Responsible Investment (UN PRI), the Oslo Convention prohibiting the use of cluster munitions, the Ottawa Convention prohibiting the use of landmines, the rules 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 German Property Federation (ZIA).



Union Investment adopted a climate strategy for portfolio management in 2021.

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. In 2021, it adopted a climate strategy for the portfolio management of securities products in which it committed to ensure that all securities are climate neutral before 2050. A transformation rating has been developed and introduced with the aim of supporting the associated transformation process in business and measuring the sustainability of companies. From January 2022, two metrics are relevant for sustainability funds: the ESG score and the transformation rating. To work out the UniESG transformation rating, Union Investment analyzes three aspects of transformation compliance in companies: strategy, capital investment, and corporate governance.

Union Investment applies its climate strategy to its own company as well as in its day-to-day investment business and is making good progress in the implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD):

- **Corporate governance:** An annual review is carried out with the Board of Managing Directors to ensure implementation of the climate strategy. This is based on the Union Investment climate strategy agreed in 2015.
- **Strategy:** Physical climate risks and transition risks are systematically examined in an annual review of the segment and business area strategy. The findings are packaged together by the central sustainability management team and incorporated into the review of the strategic sustainability target.
- **Risk management:** Risk indicators have been identified for sustainability topics and climate aspects and incorporated into the established risk types. Climate risk factors are currently implemented in risk control, but the process is not yet complete.
- **KPIs:** At company level, the KPIs are linked to environmental management data, primarily data relating to the attainment of climate strategy targets. In portfolio management, for example, the KPI is the level of carbon emissions funded. In property management, KPIs include climate factors in the sustainability check for each property and, at an aggregate level, per fund.

ESG aspects are firmly embedded in Union Investment's investment processes. The objective pursued 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 Union Investment

ESG team acts as an interdisciplinary function within the Research & Investment Strategy unit of its portfolio management department and thus spans all relevant asset classes.

As a responsible and active asset manager, Union Investment engages in constructive dialogue with its investee companies. Its primary goal with regard to ESG-related opportunities and risks is to actively exercise influence on the companies and thereby contribute to a sustained increase in shareholder value and to encourage responsible corporate governance. This engagement process includes voting activities at annual general meetings (Union Vote) and constructive dialogue with companies (Union Voice). Union Investment's proxy voting policy provides the framework for its voting activities. The complementary engagement policy provides a guideline for direct dialogue with companies as part of its engagement activities.

Real estate is one of Union Investment's main asset classes, second only to securities. Within the commercial real estate business, Union Investment has embedded ESG aspects along the entire value chain. At the acquisition stage, properties undergo an assessment based on ESG criteria as part of the due diligence process. Union Investment's proprietary sustainable investment check is used to ensure the property meets certain minimum standards related to its intended use. If not, potential improvements have to be identified and taken into account in the profitability calculation. 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. Sustainability aspects are taken into account in leasing, management, and development of the real estate portfolio, and in the selection of property managers. As part of the Manage to Green strategy, which aims to make the commercial real estate portfolio climate neutral by 2050, Union Investment applies a variety of instruments 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. The various instruments were brought together in 2019 to form Union Investment's own sustainability scoring system.

DZ PRIVATBANK specializes in bespoke solutions for high-net-worth individuals. Sustainability criteria can be taken into account by applying different preferences and priorities depending on the individual strategy. Relevant positive and negative criteria are embedded in the investment process. A number of ESG parameters are included in the analysis process, and controversies and rejection criteria can be taken into account in the security selection process on a product-specific basis. To this end, DZ PRIVATBANK works with respected ESG research partners. Customers have the option to apply individual priorities regarding different ESG criteria. DZ PRIVATBANK initiated the relevant processes by signing up to the UN Principles for Responsible Investment (UN PRI) in October 2021. During the reporting year, DZ PRIVATBANK also developed other investment solutions in which ESG aspects are embedded.

7.5 Insurance

Insurance products offer customers an opportunity for long-term capital formation in a private or occupational pension plan or provide a form of financial protection against risk. They thereby contribute to sustainable development from both a social and economic perspective.

As one of Germany's biggest insurance companies, R+V 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). At R+V, responsibility for sustainability rests with the chief executive officer, and Corporate Development is responsible for coordination. R+V is committed to the United Nations Global Compact and has signed up to the Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI).

Safe and solid investing is part of the core business and a core competency of R+V. It is aware that its investment decisions have consequences for the environment and for society. In order to live up to this special responsibility, it further refined and developed its organizational and procedural approach to sustainability in 2021. Alongside the objectives of quality, security, profitability, and liquidity, which are enshrined in law, R+V has expanded the focus of its investment goals to include the transformation of the economy and society toward more sustainable ways of living and doing business. In the investment process, material risks and opportunities associated with sustainability aspects are now

R+V has set itself a target of cutting GHG emissions from investment to net zero by 2050.

taken into account in investment decisions. This includes climate-related risks in the form of physical and transition risks. Sustainability-related opportunities arise in particular through diversification of the investments and new investment opportunities.

Clear rules and rejection criteria have applied to all investment activities of R+V for a number of years. Further details can be found in [section 7.2 Rejection criteria and sectoral rules](#). R+V also applies a coal exclusion that affects companies in relevant portfolios that generate more than 30 percent of their revenue from the extraction or processing and use of coal. 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.

With its new end-to-end ESG integration approach, R+V is going beyond the simple application of predefined rejection criteria. Its multi-dimensional integration approach for securities management examines ESG controversies, ESG

ratings, and the climate target that R+V set for itself in securities management in 2021, i.e. reducing greenhouse gas emissions in investment activities to net zero by 2050. R+V is guided by the Paris Agreement that aims to limit average global temperature rises to a maximum of 1.5 °C above pre-industrial levels. All investments will thus be assessed for compatibility with this target in the future. For R+V to achieve its climate target by 2050, binding interim targets will have to be set at regular intervals. The first interim target is for the carbon footprint for the equities and corporate bonds asset classes to be reduced by 20 percent by 2025, compared to the 2019 level. These two asset classes currently account for the majority of the known CO₂ emissions in investment activities. As there is not yet enough data and uniform measurement methods are not yet available for all investments, R+V aims to gradually integrate further relevant asset classes into the climate target over the next few years.



The end-to-end ESG integration approach provides the basis for the internal sustainability check. R+V works with several independent ESG partners to carry out the sustainability analysis; these partners provide R+V with a broad range of sustainability data. An internal ESG compliance process coupled with the incorporation of ESG aspects into due diligence processes and strict monitoring ensures that the targets and requirements are met. Contentious cases can be escalated to the investment committee, the highest allocation committee in R+V's investment operations.

With a portfolio of 119,199 insured solar power systems, 1,319 wind turbines, and 1,000 biogas installations, R+V is Germany's third-biggest 'tech insurer' and thus 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. R+V operates a broad network of corporate customer advisors and key account managers. Customers can also meet an advisor who can support them with insurance matters at the local cooperative banks. 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: standardized package products for small and medium-sized installations and customized tariffs for large projects.

In addition to the provision of insurance cover for renewable energy installations in Germany, R+V also helps to mitigate environmental and climate-related risk by offering environmental liability and environmental impairment insurance

products, insurance against natural disasters, and advice on risk prevention in these areas. The severe rainfall event suffered by the Ahr Valley in the summer of 2021 vividly illustrated the need for such protection and sparked growing demand for this type of insurance.

The range of fund-linked insurance products has steadily been expanded to include sustainable investment strategies. R+V offers various sustainable Union Investment investment funds. In 2021, the product range was further expanded to include the fund-linked pension insurance R+V Investment-Konzept Duo Invest.

8.0 Employees

Offering prospects

The companies in the DZ BANK Group are responsible employers. They offer their employees a healthy and safe workplace and attractive prospects for individual development.



8.1 HR strategy

As at December 31, 2021, the entities of the DZ BANK Group employed a total of 33,459 employees. The competition for professionals and managerial staff is increasing, so it is important for these companies to offer long-standing employees attractive prospects and also to recruit well-qualified specialists and young people.

All HR-strategy-related activities are based on the business and HR strategies of the cooperative financial network and the DZ BANK Group and their aim is to further develop the group as a leading financial services provider. The DZ BANK Group has identified areas of potential that the group entities can work on together. These include a common remuneration and employer branding strategy, standardized questions in the group entities' staff surveys, regular participation of the entities in important external HR policy audits such as *auditberufundfamilie®* and groupwide dialogue forums aimed at boosting staff retention and supporting succession and career planning.

The Group HR Committee coordinates activities relating to overarching HR issues in order to exploit potential synergies. The members of the Boards of Managing Directors responsible for HR and the HR directors of the 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 2021 group management report. The

HR managers of the group entities also meet in a standing committee to share their experiences. During the year under review, additional conferences were held on current issues, including measures related to the pandemic. At the New Work 2025 workshop, hybrid working, culture, and leadership were defined as key themes that will shape the workplace of the future. The importance of sustainability for HR activities was also discussed in the context of the implementation plan for the groupwide HR strategy.

At the operational level, recent developments in HR within the DZ BANK Group are discussed in various working groups. The groups are organized by HR topic, such as staff development, young professionals, and remuneration, and meet at regular intervals. There are currently six permanent working groups and they meet several times a year. There were 27 working group meetings in total.



The Group HR Committee coordinates relevant HR issues across the group.

HR activities

HR activities within the DZ BANK Group entities are based on the relevant strategic initiatives and/or programs. Core themes such as modern ways of working, talent and succession management, and regulatory requirements are permanently embedded in all entities.

HR activities at DZ BANK also include the targets of DZ BANK's Verbund First 4.0 initiative (see [section 4.1 Strategy and goals](#)). This project-based initiative covers a period of several years and deals with five objectives: 1. strengthening the team and management culture, 2. recruiting and retaining staff successfully, 3. supporting employees and boosting their performance, 4. deploying employees and resources effectively, and 5. communicating transparently and constructively. Individual projects include digitalization of the recruitment strategy and the qualitative HR planning tool. Piloted in 2019, this tool uses defined job clusters to identify staffing surpluses or shortages in the department using staffing level and demand simulations over a five-year period. Taking demographic changes and the age structure of the workforce into account, targeted and sustainable HR measures are developed to recruit and retain young people and to define recruitment and training objectives. The simulation parameters are reviewed and adjusted each year as part of a control process.



The DZ BANK Group entities conduct regular employee surveys.

Against the backdrop of the additional strategic mission 'Addressing the working world of the future', HR activities in 2021 focused on three topics: collaboration and communication, developing the management philosophy, and strengthening digital skills ('digital mindset'). Various units worked together in projects on the NewWork@DZBANK initiative, led by HR. Supporting measures included a company agreement on remote working, the establishment of dialogues with members of management and of the Board of Managing Directors, and the introduction of a management feedback process.

Employer branding

The DZ BANK Group wants to offer its employees a motivating workplace and encourage them to perform well and acquire new skills, and to be an employer of choice for the next generation. The objective of its common employer branding strategy is therefore to position the DZ BANK Group as an employer, to recruit and retain the right employees over the long term, and to safeguard its future viability. The launch of the employer brand in the external job market was accompanied by the launch of a joint careers website including access to a groupwide jobs website and various public relations activities. The measures are supported internally by the intra-group initiative 'Employees recruit employees'. At DZ BANK alone, nearly a third of all hires in 2021 originated from employee recommendations.

After a pandemic-enforced break in 2020, the 'Information days: Experiencing the sense of belonging in the DZ BANK Group' project continued virtually at TeamBank in the third quarter of the reporting year. Before the pandemic, two or three such events took place in different entities each year. These events promote an understanding of particular requirements in other group entities, encourage a greater depth of professional dialogue, and thereby strengthen employee loyalty.

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

DZ BANK carried out an online survey ('pulse check') in 2021 and, for the first time, organized management feedback throughout the bank. The results of the pulse check are a gauge of staff loyalty and satisfaction, and also provide a

basis for division-specific and bank-wide improvements. The Organizational Commitment Index (OCI) measures staff loyalty and satisfaction and is compiled using standardized questions. In 2021, the OCI score was 80 (2020: 78).

As well as providing an appraisal of the corporate culture, employees were also able to give their views on the bank's sustainability strategy and share their experience of and suggestions for remote working. 60 percent of employees took part in the survey in 2021 (2020: 71 percent). The participation rate for the management feedback was 77 percent at the German locations and 60 percent at the locations outside Germany. In Germany, 68 percent of employees used the opportunity to give 'skip-level' feedback – feedback to the next-but-one management level – while the figure for employees in other countries was 42 percent.

The objective of the upward feedback is to further strengthen the feedback culture. It was preceded by various measures such as information events for employees and training courses for managers. All employees were invited to take part, including members of the Board of Management. Participation was voluntary for employees but mandatory for managers. The management feedback process was developed by a team comprising employees' council members and HR experts who will continue to support the process in the future.

8.2 Employee development

Professional and personal development for employees is embedded in the HR activities of every group entity. At Bausparkasse Schwäbisch Hall, the sales division is responsible for the training and development of the field staff. Defined processes and policies are in place at all group entities. At Bausparkasse Schwäbisch Hall and R+V, for example, there are management guidelines; Union Investment has a policy that contains staff development processes and tools; and at TeamBank and VR Smart Finanz there is a company agreement on skills training and professional development. All entities in the DZ BANK Group offer their staff a wide range of internal training and development opportunities.

The DZ BANK Group's Corporate Campus, which was relaunched in 2020, focuses on management development. Since 2021, the two target groups – the 200 or so senior managers of the DZ BANK Group and the 600 or so executives at DZ BANK – have been offered a variety of learning and discussion events from a single source under the banner 'leading, connecting, developing'. The Corporate Campus now also includes the cross-mentoring program, which develops the professional skills of participants, encourages them to establish networks across the group, and strengthens their identification with the bank.

Heads of department (mentees) pair up with heads of division (mentors) and spend a year rotating through the various stations in the program together. In 2021, 15 pairs completed the program, which will continue next year with new pairs.

During the reporting year, DZ BANK pushed ahead with the addition of new professional development courses on modern ways of working, diversity, health, and sustainability. The focus was on innovative, digital formats. Events included livestreams carried out as part of Mental Health Week, where employees could register for onscreen workouts before the start of work. The video-based learning platform 'Masterplan' introduced in February 2020 helps employees to improve their digital skills. The platform was launched at R+V, Bausparkasse Schwäbisch Hall, and Union Investment in 2020 and at TeamBank in 2021, and there are plans to roll it out to other DZ BANK Group entities.

In 2020, DZ BANK moved its training online because of the pandemic. The virtual courses were very well received. In-person training events were able to resume in summer and autumn of 2021, but for the fourth quarter all courses went back online. Despite the pandemic, 95 percent of all scheduled training events were able to take place due to this flexible in-person/online structure. Employees in Germany and internationally can generally choose between 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. 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. The new PFP+ features horizontal as well as vertical development paths. The objective in the new 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 PFP+ program in the first quarter of 2021.

Bausparkasse Schwäbisch Hall offers established staff development programs for young professionals, future managers, newly promoted managers, and heads of department. Similar development programs are available at TeamBank. R+V has packaged its training and development programs together to create the R+V Academy and worked on the development of a new leadership model in 2021. DZ PRIVATBANK is stepping up the development of future managers and has been working on a strategic HR planning project since 2021.

At DZ BANK and other group entities, all employees and managers, irrespective of their gender or job profile, are entitled to an annual appraisal meeting with their direct line managers.

8.3 Diversity and equal opportunity

Not discriminating against people on the basis of their origin, skin color, gender, age, or physical disability is a core principle at the DZ BANK Group and part of its human rights due diligence (see > [section 6.3 Human rights due diligence](#)). Training courses on the German General Equal Treatment Act (AGG) are obligatory for all employees and, in particular, for managers. In 2021, four discrimination cases or complaints under the AGG were registered across the group. One case was settled and a second is currently being heard in court. In two cases, the parties involved are working together at a court of arbitration to settle the dispute amicably.

In a letter of intent signed in 2012, 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. All group entities with the exception of DZ PRIVATBANK have also signed up to the Diversity Charter. Diversity policies are in place at DZ BANK, DZ HYP, DZ PRIVATBANK, DVB Bank, and TeamBank. At Union Investment, a diversity management plan ensures that the topic is enshrined in the company's culture and a resolution to set up a diversity council was adopted in 2021.

Within the DZ BANK Group, the proportion of managerial positions held by women stood at 23.1 percent in the reporting year (2020: 22.5 percent). The proportion of seats on the Board of Managing Directors and senior executive positions held by women in the DZ BANK Group was 16.3 percent. On the basis of contracts already signed, this figure will rise to 22.5 percent in 2022 (information as at December 31, 2021).

DZ BANK has made equal opportunity part of its corporate mindset (see > [section 4.2 Vision and cooperative values](#)). The diversity policy that provides guidance for employees is available to all staff on the intranet. The bank promotes equal opportunities via twice-yearly dialogues in the different areas of board responsibility, when it comes to filling managerial vacancies, and in the selection of candidates for the staff development program for high-potential employees. The issue also forms part of the regular leadership dialogues. The proportion of female managers is steadily growing: a ratio of approximately 50 percent was achieved when filling managerial vacancies in 2021.

In December 2021, the virtual course on mixed leadership culture for executives was offered for the first time. A second date is planned for June 2022. The e-learning program 'Unconscious Bias' was also included in the list of available professional development courses. Quarterly reports document the effectiveness of the measures.

The German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (FührposGleichberG) requires companies with more than 500 employees that are subject to codetermination under German industrial relations legislation to set binding targets for the supervisory board, the board of managing directors, and the first and second levels of management (heads of division and heads of department) and to publish these targets in the management report. In line with the diversity policy adopted, the Supervisory Board of DZ BANK set the following targets on November 29, 2018 for the period up to October 31, 2023: 25 percent for the proportion of women

on the Supervisory Board and 12.5 percent for the proportion of women on the Board of Managing Directors.

The targets set by the bank for the first and second levels of management were exceeded as at December 31, 2021 in the case of first-level management (11.8 percent: target 10 percent) but not met for second-level management (12.9 percent: target 20 percent). The targets set for the period ending December 31, 2026 were 15 percent for first-level management and 21 percent for the second level (see [DZ BANK AG management report](#)).

In the reporting year, women held 19.5 percent of the managerial positions at DZ BANK (2020: 18.5 percent) and 38.2 percent of the places on the staff development program for high-potential employees (2020: 38.9 percent). 52.8 percent (2020: 37.5 percent) of recruits in the vocational training and bachelor degree programs were women. The figure for graduate trainees was 40.9 percent (2020: 42.2 percent).

The permanent integration of people with disabilities in all divisions and at all offices of DZ BANK is part of company policy and is enshrined in a company agreement (Integration Agreement). Last year, the proportion of the workforce with a severe disability was 4.1 percent, which fell just short of the statutory minimum.

No incidents of discrimination were reported at DZ BANK in 2021 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.

8.4 Remuneration and codetermination

The DZ BANK Group entities pride themselves on having good employer-employee relationships. This is expressed in fair, performance-based pay and an active codetermination process that involves the workforce in decision-making.

The entities of the DZ BANK Group, which are subject to the regulatory requirements of the German Regulation Governing Remuneration at Institutions (InstitutsVergV), have adopted a common remuneration strategy at consolidated level which is regularly reviewed. The remuneration policy is also published each year on a consolidated basis in accordance with Art. 450 of EU Regulation 575/2013 in conjunction with section 16 InstitutsVergV. The entities of the DZ BANK Group comply with the German Remuneration Transparency Act (EntgTranspG) that was enacted to ensure equal pay for men and women doing equal or equivalent work, and published their first report on this in 2017. As the law requires companies to report every five years from 2018, the next report will be published with the management report in 2022.

The remuneration of employees of the DZ BANK Group generally consists of a fixed element and a variable element. The level of fixed remuneration is determined by market conditions, the importance of the employee's role, and the employee's personal qualities. Particular care is taken to ensure that all employees who are doing the same job, are of equal merit, and have the same level of experience are paid equally, irrespective of gender, age, origin, or other

Measures are in place to ensure that variable remuneration does not exceed fixed remuneration at the entities in the DZ BANK Group.

characteristics. 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.

Measures are in place to ensure that variable remuneration does not exceed fixed remuneration at the entities in the DZ BANK Group. A departure from this principle is permitted only in justified exceptional cases and requires a resolution. Some group entities have capped variable remuneration at a level well below fixed remuneration. Variable remuneration of employees in control units as defined in the InstitutsVergV (such as Group Risk Controlling or Group Audit), may not exceed 50 percent of their fixed remuneration.

Fair pay

DZ BANK ensures fair remuneration and implements the requirements of the Remuneration Transparency Act. Internal analysis is carried out every year as part of the bonus and pay review in order to uncover any discrimination at an early

stage and enable corrective action to be taken. The analysis looks at criteria such as age and period of service, as well as gender. The employee representatives are informed of all pay rises in advance, in accordance with the company agreement, and are given the opportunity to comment if they suspect arbitrary decisions or discrimination.

The remuneration of employees covered by collective bargaining at DZ BANK is based on the prevailing version of the framework collective agreement (MTV) and the collective pay agreement (VTV) for the local cooperative banks and the cooperative central institution. The employees are banded into the pay groups defined in the collective pay agreement in accordance with the nature of their work and number of years in the role. This process considers the following criteria: skills and expertise, ability to communicate, and responsibility. On December 31, 2021, 24 percent of staff at DZ BANK were covered by collective pay agreements and 76 percent fell within the non-collectively negotiated (NCN) wage sector. For the latter group, pay is also determined on the basis of their duties and qualifications and on the basis of the 'Pay in the NCN wage sector' company agreement.



The DZ BANK remuneration system requires annual meetings to be held for all NCN employees and managers, at which target attainment is reviewed and new targets are set. These are governed by the company agreement on pay.

Codetermination

All entities of the DZ BANK Group at the German locations which, in total, employ more than 90 percent of all staff, are subject to the Works Council Constitution Act (BetrVG). This also governs the relationship between the employer and the employees' council (employee representative body). All employees can also exercise the right of association, which means they can join together in trade unions or associations to achieve their common objectives. DZ BANK and other DZ BANK Group entities covered by collective agreements engage in regular collective negotiations with the employee representatives.

Within the entities of the DZ BANK Group, the spectrum of codetermination ranges from employees' councils and central employees' councils at local level and the group employees' council, to codetermination in the Supervisory Board of DZ BANK (see > section 5.1 Governance). While the employees' councils are responsible for local issues, the central employees' councils deal with regulations affecting multiple locations within an entity.

The DZ BANK Group has company agreements on the key matters that are subject to codetermination law.

The group employees' council gets involved in matters that affect several or all group entities, such as the groupwide 'workplace of the future' project.

Within the DZ BANK Group, company agreements of varying scope cover the key matters that are subject to codetermination law as well as employee benefits that are provided voluntarily. They apply either to all group entities (groupwide agreements) or all operations of one entity (company-wide agreements), or only to individual locations (local company agreements).

The employee representatives have an important role to play when companies are planning staff cutbacks. Although DZ BANK Group has been largely able to avoid compulsory redundancies, where targeted, socially responsible cutbacks have been unavoidable, they have always been made on the

basis of a reconciliation of interests and social compensation plans drawn up in consultation with the employees' councils. A reconciliation of interests describes the specific measures planned, in order to create maximum transparency, while a social compensation plan sets out arrangements to mitigate the effects of such measures.

The representative committee for employees with severe disabilities established within the DZ BANK Group also operates at local, company-wide, and groupwide level. Its task is to look after the interests of people whose (earning) abilities are severely limited, for example by making sure they are provided with special equipment. If disciplinary action is taken, the representative committee for employees with severe disabilities has a special protective function and must be consulted before any dismissals, for example.

Another body that deals with employee concerns is the complaints office for discrimination under the German General Equal Treatment Act (AGG).



8.5 Work-life balance

To encourage a good work-life balance, the entities of the DZ BANK Group (with the exception of VR Smart Finanz) undergo the 'berufundfamilie' audit which certifies companies with family-focused or life-stage-oriented HR policies. The auditberufundfamilie® quality seal has to be renewed every three years and is contingent on specific measures. In 2021, the majority of group entities were certified by auditberufundfamilie®. DZ BANK has regularly been awarded the certificate since 2007. 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. Across the group, just under 20 percent of employees work part-time.

The law gives all DZ BANK Group 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 who have been with the DZ BANK Group for five years or more (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 2021, a total of 275 of DZ BANK's employees took parental leave (2020: 306). Of these, 202 were women (2020: 219) and 73 men (2020: 87).

DZ BANK has adopted nine guiding principles ('Working together for a diverse corporate culture') that set out mandatory policies and the expectations of both employer and

employee with regard to flexible working conditions, diversity, work-life balance, and family responsibilities. Flexibility helps to ensure long-term satisfaction and commitment among employees, particularly those who are parents or carers. In addition to flexible working hours, the bank's staff benefit from various part-time working models and the option to work remotely. Internal company agreements govern other options such as semi-retirement and sabbatical leave.

To enable employees to combine work with home life, DZ BANK in Frankfurt offers a day-care center close to the bank, helps with finding places at suitable day nurseries and kindergartens, and subsidizes childcare costs. 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.

Additional benefits

In addition to appropriate remuneration, the entities of the DZ BANK Group also offer many voluntary benefits that make them an attractive place to work and promote a good work-life balance. Measures such as unpaid leave and life-time working accounts in almost all group entities support more flexible working hours and life planning.

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

All DZ BANK employees can also access the nationwide pme Familienservice services, which include emergency childcare (with ten free hours a year), and a concierge service that can run errands or find tradespeople.

8.6 Occupational health and safety

The DZ BANK Group entities offer a wide range of health management services in order to boost their employees' motivation and performance. These range from company sports groups to flu jabs and coronavirus vaccinations, and special preventive healthcare courses. HR is generally responsible for this. There is no groupwide guideline, although in Germany, the legislative provisions provide a certain minimum level of uniformity.

All group entities have appointed company doctors and occupational health and safety specialists and carry out regular workplace inspections to identify ergonomic weaknesses, for example. The same importance is attached to mental health risk assessments, which are already regularly carried out in some group entities. Employees returning to work after a lengthy period of illness receive assistance via the company return-to-work and disability management program.

Healthcare

A company agreement on workplace design (Frankfurt) is in place at DZ 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. The health and preventive healthcare services include various company sports

ranging from badminton to volleyball and preventive courses to manage stress. Mental health is also covered on some management training courses. Employees facing difficult situations at work or at home can call upon support from two independent social counselors who can help with burn-out and, if necessary, quickly refer employees to specialists.

Since the start of the COVID-19 pandemic, DZ BANK employees have been able to call on the social counselors for additional advice and support on remote working and the personal challenges they have faced as a result of the pandemic.

Through the inhouse CPD program, they have been able to access training on specific topics such as 'actively dealing with stress', 'online teamwork', and 'active breaks' since mid-2020. 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. This also helped to reduce stress and create a sense of security for employees working from home.

DZ BANK carries out a mental health risk assessment at all its German locations with the involvement of the line managers, the employees, and the employees' council. The objective is to prevent psychological stress. The pro-

cess starts with an online employee survey and interviews carried out in small groups. The results are analyzed and action steps required to reduce these stresses are developed in workshops. Anonymity and confidentiality are guaranteed throughout the process. Checks carried out to assess the effectiveness of the measures introduced so far show that they have been targeted and successful. In 2021, the assessment of working conditions was expanded to include potential psychological stress caused by remote working. DZ BANK's mental health risk assessment is an ongoing process in which around 1,200 employees take part each year.



All group entities have appointed company doctors and health and safety officers and conduct regular workplace inspections.

Safety at work

DZ BANK complies with the legal requirements and technical standards for health and safety at work at all its German locations. The whole workforce, including heads of department, is represented on the official employer-employee committee for health and safety at work. DZ BANK also appoints company doctors and health and safety officers as required by the German Health & Safety at Work Act. They advise employees on safety in the workplace and check individual workstations

During the reporting year, the health and safety experts at DZ BANK provided advice to 99 employees. Participation in the 'Health and safety at work' training is mandatory for staff at all branches and a nationwide service provider ensures that medical care is always available and that employees can make appointments for personal consultations at every location in Germany. Employees can have free, regular eye examinations. If needed, they will be provided with free custom glasses for screen work.

Employees of DZ BANK do not have jobs that put them at higher risk of illness or accident. In 2021, the accident at work rate at the locations in Germany was 0.4 percent. There were no work-related deaths in 2021 and no known breaches of health and safety regulations. The sickness rate was 3.2 percent.

8.7 Employee data

OVERALL NUMBER OF EMPLOYEES (AS AT DEC. 31)

by headcount	2021	2020	2019
Total	5,512	5,524	5,442
Germany	5,265	5,276	5,195
Outside Germany	247	248	247

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

by headcount	2021	2020	2019
Permanent	5,297	5,271	5,206
Of which: male	3,084	3,074	3,002
Of which: female	2,213	2,197	2,204
Fixed-term	58	53	60
Of which: male	32	31	30
Of which: female	26	22	30

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

EMPLOYEES BY REMUNERATION TYPE¹

by headcount	2021	2020	2019
Employees who are not subject to collective pay agreements	4,170	4,136	4,090
Of which: male	2,708	2,697	2,670
Of which: female	1,462	1,439	1,420
Employees who are subject to collective pay agreements	1,342	1,388	1,352
Of which: male	502	533	475
Of which: female	840	855	877
By seniority			
Managers (excluding members of the Board of Managing Directors)	631	634	642
Employees (excl. managers)	4,881	4,890	4,800

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)

%	2021	2020	2019
Flexible working hours	100.0	100.0	100.0
Full-time	79.1	78.9	78.9
Of which: male	93.1	93.3	93.9
Of which: female	59.7	58.6	58.4
Part-time	20.9	21.1	21.1
Of which: male	6.9	6.7	6.1
Of which: female	40.3	41.4	41.6
Virtual offices ¹	11.5	13.3	13.2
On sabbatical	0.0	0.0	0.0
Semi-retirement	2.3	2.0	1.8

¹ Teleworking irrespective of number of hours worked

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

by headcount	2021	2020	2019
DZ BANK AG (total)	5,512	5,524	5,442
Germany, total	5,265	5,276	5,195
Frankfurt	3,530	3,505	3,389
Düsseldorf	835	839	848
Karlsruhe	31	31	32
Stuttgart	284	288	295
Münster	79	81	86
Koblenz	16	17	16
Hannover	165	175	180
Hamburg	80	80	78
Oldenburg	15	16	16
Berlin	28	30	34
Dresden	2	2	2
Leipzig	10	10	10
Munich	156	166	174
Nuremberg	34	36	35
Outside Germany, total	247	248	247
International branches	230	231	231
London	50	53	50
New York	71	71	74
Hong Kong	54	52	51
Singapore	55	55	56
Representative offices	17	17	16
Moscow	3	3	3
Istanbul	3	3	3
São Paulo	1	1	1
Beijing	4	4	3
Mumbai	3	3	3
Jakarta	3	3	3

NEW HIRES BY AGE AND GENDER

	2021	2020	2019
by headcount			
Total	212	261	236
Of which: male	132	173	151
Of which: female	80	88	85
By age and gender			
under 30	46	80	57
Of which: male	25	49	31
Of which: female	21	31	26
30 to 49	140	144	144
Of which: male	91	102	97
Of which: female	49	42	47
50+	26	37	35
Of which: male	16	22	23
Of which: female	10	15	12

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

	2021	2020 ²	2019 ³
Days			
Germany	14,775.6	12,393.9	12,318.6
By gender and level			
Male	8,807.9	7,370.0	7,486.2
Of which: managers	1,696.5	1,580.6	
Female	5,967.5	5,023.9	4,832.4
Of which: managers	578.6	424.4	
Per employee	2.8	2.7	2.4
By gender and level⁴			
Male	2.9	2.4	-
Of which: managers	3.5	3.3	-
Female	2.7	2.3	-
Of which: managers	5.5	4.2	-
Professional development costs per employee (€)	1,170.3	1,077.9	-

¹ Employees in Germany (incl. trainees).

² E-learning, Masterplan, and compulsory training included for the first time in 2020. Differences from year-end figures for 2020 due to technical adjustments.

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: 2,372.7 and CPD days for employees in 2019: 9,945.9).

⁴ Days per employee.

In 2021, DZ BANK's employees attended a total of 14,775.6 training days (2020: 12,393.9). This is equivalent to 118,204.8 hours based on an eight-hour day (2020: 99,151.2).

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

	2021	2020	2019
%			
Heads of Division	11.8	11.8	6.1
Heads of Department	12.9	12.7	15.4
Heads of Group	22.4	21.3	20.4

¹ Number of employees worldwide.

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

	2021	2020	2019
%			
Total	41.8	41.5	42.2
Management positions	19.5	18.6	18.4

¹ Number of employees worldwide.

In 2021, the staff turnover rate at DZ BANK was 4.6 percent (2020: 4.5 percent). The resignation rate was 1.9 percent (2020: 1.6 percent).

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

by headcount	2021	2020	2019
Total	5,512	5,524	5,442
Of which: male	3,210	3,230	3,145
Of which: female	2,302	2,294	2,297
By age and gender			
under 30	527	537	485
Of which: male	280	293	249
Of which: female	247	244	236
30 to 49	2,564	2,653	2,685
Of which: male	1,435	1,491	1,493
Of which: female	1,129	1,162	1,192
50+	2,421	2,334	2,272
Of which: male	1,495	1,446	1,403
Of which: female	926	888	869

AVERAGE AGE (AS AT DECEMBER 31)

Years	2021	2020	2019
Total	45.8	45.4	45.4
Germany	45.7	45.3	45.3
Outside Germany	48.3	48.3	47.0

EMPLOYEE DATA FOR THE DZ BANK GROUP

(Number as at December 31, including trainees)	2021	2020	2019 ¹
Total	33,459	33,188	32,001
Employees	32,262	31,962	30,812
Trainees	1,197	1,226	1,189
Proportion of trainees (%)	3.6	3.7	3.7
Germany	30,561	30,224	29,036
Outside Germany	2,898	2,964	2,965
Male	18,313	18,140	17,506
Female	15,146	15,048	14,495
Total proportion of women (%)	45.3	45.3	45.3
Total number of managers	3,413	3,394	3,336
Proportion of female managers (%)	23.1	22.5	21.9
Full-time	26,829	26,548	25,478
Part-time	6,630	6,640	6,523
Proportion of part-time (%)	19.8	20.0	20.4
Period of service (years)	12.9	12.6	12.5
Staff turnover (%)	8.9	8.1	10.5
Resignations (%)	4.6	3.4	4.3
Professional development days per employee	2.5	2.1	2.9

¹ The figures from 2019 for Germany/outside Germany have been corrected; the previous figures did not include trainees.

9.0 Corporate citizenship

Enabling development

The DZ BANK Group entities are committed to promoting the common good. They support a wide range of corporate citizenship activities in their communities through donations, foundations, and employee initiatives.

9.1 Financial literacy



More than 90,000
young people benefited
from financial literacy
workshops.

DZ BANK Group believes that financial literacy should be placed high on the agenda as a matter of public interest. It is also an area where there is room for improvement, especially in Germany. As this is the primary market for all the group entities, they consider it their responsibility to educate and inform people on this subject. The need to understand and be able to deal with financial products is becoming increasingly important – not only so that people can ensure their own individual financial provision, but also for the implementation of the European action plan on financing sustainable growth through the financial sector, which aims to channel more private funding into sustainable projects.

In 2007, TeamBank founded Deutschland im Plus, a charitable and independent public foundation that focuses on preventing individuals from getting into too much debt and on improving financial literacy among young people. It supports the foundation with an annual donation and by seconding staff to manage the foundation. TeamBank employees are also given time off to run information events in schools as certified instructors on behalf of the foundation. More than 90,000 young people in Germany and Austria have already benefited from workshops provided in partnership with the local cooperative banks, debt advisory services, and other organizations. There is also a peer-to-peer program that was

set up in 2016 to support young refugees. Since its inception, the foundation has collaborated with the Institute for Financial Services (iff) to produce the debt report, which looks into causes and aspects of over-borrowing and provides academic insights that are used to continuously update and improve the teaching modules. All teaching modules are now available in a digital format and are increasingly used by schools for online teaching.

In 2020, Union Investment launched the MoneyCoaster module – a 90-minute financial literacy package for use in schools to help young people learn how to use money and digital payment solutions and to raise awareness of the risks of over-borrowing. A guideline provides the instructors with ideas and inspiration and helps them to deliver the teaching module. Via the MoneyCoaster quiz app, pupils can also

take part in an annual regional competition, with prizes for the best classes. Union Investment offers this module to all companies within the cooperative financial network. It also uses regular reports and surveys to improve the availability and reliability of empirical data and to encourage public discussion on the subject of financial literacy. In 2021, another survey of 18 to 29-year-olds was carried out to assess their financial knowledge and their needs. Union Investment also stages an annual CPD event for financial literacy experts from the cooperative financial network. Seventy people took part in 2021.

The VR Smart Guide from VR Smart Finanz offers small businesses and the self-employed a digital solution for simple financial planning and bookkeeping. In addition, the company's own blog, which is free of charge to anyone who is interested, provides information on various everyday financial matters – from cash book to tax returns – and thereby actively contributes to the financial literacy of the target group. DZ HYP provides a similar service for students by supporting the Hanseatischer Börsenkreis, an association for students at the University of Hamburg with an interest in stock exchanges and the capital markets.

9.2 Social and cultural activities



The DZ BANK Group entities donated a combined total of around €500,000 to flood victims in Rhineland-Palatinate in summer 2021.

The DZ BANK Group combines commercial success with commitment to the common good. Almost all group entities have corporate citizenship guidelines. The focus differs depending on business activity: from young people, education, and culture to social cohesion, regional projects, and charitable purposes. Responsibility for these activities lies mostly with the communications team or in Central Services.

Some group entities have set up charitable foundations. The Schwäbisch Hall foundation 'bauen – wohnen – leben' promotes initiatives relating to homes and home-building, the R+V foundation focuses on civic engagement, the Deutschland im Plus foundation established by TeamBank is dedicated to financial literacy, and the Bürgerstiftung Vordertaunus, an initiative of VR Smart Finanz, supports disadvantaged young people in the region. In 2021, Union Investment added environment and sustainability to the list of causes to which it donates, and DZ HYP supports the German society 'Club of Rome'. Together, the DZ BANK Group entities donated €500,000 to flood victims in Rhineland-Palatinate in summer 2021. The companies of the DZ BANK Group donated a combined total of around €4.4 million to social and cultural activities in 2021.

Since 1997, 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 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. One of its special projects is called 'sozialgenial – schoolchildren get involved', and more than 120,000 young people at 800 schools have heeded the call to get involved so far. Examples of their activities include helping senior citizens, reading stories to children in preschool, and working on environmental protection with nature conservation organizations.

DZ BANK and Union Investment support the non-profit Joblinge initiative, which helps disadvantaged teenagers and young adults to enter the labor market. Employees volunteer as mentors for the young people, helping them to find places on training schemes, complete their applications, and prepare for their new jobs. The situation for young people has significantly worsened since the outbreak of the COVID-19 pandemic. Many have neither the laptop nor fixed internet

connection needed for remote learning. Recognizing the problem, a total of 18 DZ BANK employees from a range of departments signed up for mentor training in early 2021. DZ BANK also supports the Joblinge initiative financially.

In May 2019, trainees at DZ BANK set up the corporate volunteering initiative 'LokalSozial'. They regularly help out at the Frankfurt food bank and organize food donations. The bank shows its appreciation of the trainees' commitment by allowing them to volunteer during working hours. Because it was not possible to provide help on the ground for many months during the COVID-19 pandemic, DZ BANK supported the food bank financially and with expertise, for example by redesigning its website.

DZ BANK's total donations in 2021 amounted to €595,805 (2020: €273,233). Recipients included: Aktive Bürgerschaft foundation, Stifterverband für die Deutsche Wissenschaft [German Benefactors' Association for Science and Learning], MMK foundation – Museum für Moderne Kunst, Städelscher

DZ BANK DONATIONS BY AREA

	2021	2020	2019
%			
Academic research & education	71.8	42.5	59.5
Social causes	15.1	25.6	17.7
Arts	4.2	20.3	12.5
Politics	7.6	7.9	6.3
Sport	1.3	3.7	4.1
Total amount donated (€)	595,805	273,233	318,376

Museum-Verein e. V., The Trilateral Commission, and the Deutsche Sporthilfe [German Sport Aid] foundation.

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 particular relevance to sustainability can be found in [section 5.4 Stakeholder dialogue](#). In the area of academic study, DZ BANK is a member of the following organizations: E-Finance Lab, Corporate Partner Association of the business school at the University of Mannheim, Institute for Banking and Financial History Research, and the Center for Financial Studies (CFS). As at December 31, 2021, DZ BANK's membership subscriptions for the year amounted to €2,153,214 (2020: €2,107,680).

Recipients of support in the area of art and culture included: Städel Museum, Frankfurt opera, the Alte Oper concert hall in Frankfurt, Rheingau music festival, Jazzfest/Frankfurt University of Music and Performing Arts, and the culture group within the Federation of German Industries (BDI)

DZ BANK Foundation

The non-profit DZ BANK Foundation, which was established in 1993, has assets of roughly €20 million and provides a six-figure sum in funding every year. This puts it 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 focuses on three areas:

- Promotion of academic study and research: including support for research projects, academic conferences, and guest lecturers with relevance to banking and financial services and the cooperative movement.
- Promotion of university-based education: primarily high-performing and engaged young people studying business, IT, and law.
- Promotion of school-based education: together with its cooperation partner, the Stiftung Polytechnische Gesellschaft [Polytechnic Society Foundation], supporting initiatives such as the 'College for young talents' scholarship program for gifted schoolchildren between the ages of 14 and 18, and the 'DeutschSommer' holiday program for elementary school pupils with language support needs

In 2021, the DZ BANK Foundation provided a total of €200,124 in project funding (2020: €214,388). 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. 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



In 2021, the DZ BANK art collection was placed in the care of a foundation set up specifically for this purpose.

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.

In January 2021, in recognition of the growing importance of the art collection, it was placed in the care of a foundation established specifically for this purpose. Since then, the DZ BANK Art Foundation has been responsible for promoting art and making it accessible to the public in exhibitions and at events. With three exhibitions a year, a number of collaborations with other art institutes, and guided tours and workshops for children, young people, and adults, the DZ BANK Art Foundation provides a space for the public to learn about and enjoy art.

9.3 Political engagement

Most of the group entities do not permit donations to political parties or party-affiliated institutions. However, some group entities are involved in political decision-making in connection with their work in trade associations. The areas of focus differ depending on business activity. All group entities consider themselves represented by the National Association of German Cooperative Banks (BVR).

The donations policy of DZ BANK stipulates that donations to political parties should support Germany's parliamentary system as a whole. This policy allows donations to be 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 also committed to the model of a social market economy and to our democratic principles. 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).

In 2021, political donations accounted for 7.6 percent (€45,000) of our total donations (2020: 7.8 percent). As Germany is the main area of DZ BANK's business activities, the data relates exclusively to Germany.

10.0 Annex

Sustainability ratings

Indices: GRI content index and UN PRB index

Independent auditor's limited assurance report

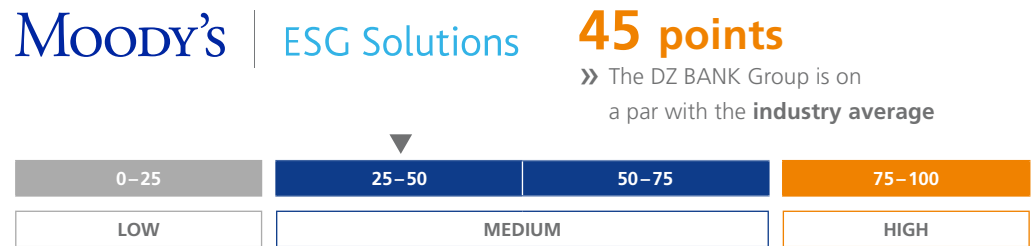
Editorial information

10.1 Sustainability ratings

Sustainability ratings of the DZ BANK Group



- » The DZ BANK Group has held a **C+** 'prime status' rating from ISS ESG since 2011
- » **C+** rating was confirmed in January 2021
- » **Above-average engagement** in the environmental and social spheres



Sustainability ratings of DZ BANK AG



AA rating

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



21.0 points

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



10.2 Indices

GRI content index

In its function as the sustainability report of DZ BANK AG, this document meets the requirements of the 'core' option of the GRI Sustainability Reporting Standards (GRI SRS). It also doubles as the non-financial report for DZ BANK AG and the DZ BANK Group, which is partly guided by the GRI SRS as a reference framework. Consequently, the GRI context index that follows differentiates between the implementation of the GRI SRS by DZ BANK AG and by the DZ BANK Group. In addition, the report serves as the DZ BANK Group's Communication on Progress to the UN Global Compact (UNGC). Content that contributes to this communication is also presented in the GRI content index. The Annual Financial Statements and Management Report of DZ BANK AG and the Annual Report of the DZ BANK Group are available for download at www.dzbank.com/reports.

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
102 General disclosures				
102-1 Name of the organization			DZ BANK AG	
102-2 Activities, brands, products, and services	DZ BANK 2021 Annual Report – business model and strategic focus	X		
102-3 Location of organization's headquarters			Frankfurt am Main, Germany	
102-4 Location of operations	DZ BANK 2021 Annual Report – business model and strategic focus; management of the DZ BANK Group; economic conditions	X		
102-5 Ownership and legal form	DZ BANK 2021 Annual Report – DZ BANK Group fundamentals	X		
102-6 Markets served	DZ BANK 2021 Annual Report – business model and strategic focus; notes: information about geographical areas	X		
102-7 Scale of the organization	DZ BANK 2021 Annual Report – business report DZ BANK 2021 Annual Report – 2021 consolidated financial statements: balance sheet as at December 31, 2021 DZ BANK 2021 Annual Report – notes: segment information, employees	X		
102-8 Information on employees and other workers	8.7 Employee data	(X)	As the vast majority of the employees of the DZ BANK Group (91.3 percent) and of DZ BANK AG (95.5 percent) are employed in Germany, employee metrics are not being presented broken down by region.	6
102-9 Supply chain	6.4 Supplier management	X		

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
102-10 Significant changes to the organization and its supply chain	DZ BANK 2021 Annual Report – consolidated financial statements – scope of consolidation; procedures of consolidation	(X)	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.	
102-11 Precautionary principle or approach	5.3 Risk management	X		
102-12 External initiatives	4.1 Strategy and goals: voluntary commitments 5.4 Stakeholder dialogue	X		
102-13 Membership of associations and interest groups	5.4 Stakeholder dialogue	(X)		
102-14 Statement from the most senior decision maker	2.0 Foreword	X		
102-15 Key impacts, risks, and opportunities	4.3 Materiality assessment 5.3 Risk management DZ BANK 2021 Annual Report – DZ BANK Group and DZ BANK opportunity report, DZ BANK Group and DZ BANK risk report	X		
102-16 Values, principles, standards, and norms of behavior	4.2 Vision and cooperative values	X		1, 2, 3, 4, 5, 6, 7, 8, 10
102-17 Mechanisms for advice and concerns about ethics	5.2.2 Prevention of money laundering and fraud			1, 2, 3, 4, 5, 6, 10
102-18 Governance structure	5.1 Governance DZ BANK 2021 Annual Report – management of the DZ BANK Group	(X)		
102-35 Remuneration policies	5.1 Governance 8.1 HR strategy 8.4 Remuneration and codetermination DZ BANK 2021 Annual Report – consolidated financial statements, notes: remuneration for the Board of Managing Directors and the Supervisory Board of DZ BANK; share-based payment transactions	X	www.dzbank.com/reports	
102-36 Process for determining remuneration	5.1 Governance 8.1 HR strategy 8.4 Remuneration and codetermination		www.dzbank.com/reports	
102-37 Stakeholders' involvement in remuneration	5.1 Governance 8.1 HR strategy 8.4 Remuneration and codetermination		www.dzbank.com/reports	

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
102-40 List of stakeholder groups	5.4 Stakeholder dialogue			
102-41 Collective bargaining agreements	8.4 Remuneration and codetermination			3
102-42 Identifying and selecting stakeholders	5.4 Stakeholder dialogue	X		
102-43 Approach to stakeholder engagement	5.4 Stakeholder dialogue	X		
102-44 Key topics and concerns raised	4.3 Materiality assessment	X		
102-45 Entities included in the consolidated financial statements	1.0 About this report DZ BANK 2021 Annual Report – consolidated financial statements – scope of consolidation	X		
102-46 Defining report content and topic boundaries	4.3 Materiality assessment	X		
102-47 List of material topics	4.3 Materiality assessment	X		
102-48 Restatements of information	1.0 About this report 8.7 Employee data		DZ BANK's professional development days and costs for 2020 were revised in the process of preparing the 2021 Sustainability Report	
102-49 Changes in reporting	4.3 Materiality assessment	X	An update to the materiality assessment means that the list of material topics has changed.	
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	10.4 Editorial information		Sabine Könner, tel. +49 (0)211 778 3413 nachhaltigkeit@dzbank.de	
102-54 Claims of reporting in accordance with the GRI standards	1.0 About this report			
102-55 GRI content index	10.2 Indices			
102-56 External assurance	1.0 About this report 10.3 Independent auditor's limited assurance report DZ BANK 2021 Annual Report – Independent auditor's report			

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
Topic-specific standards				
Material topic: Cooperative principles and values				
103-1	Explanation of the material topic and its boundaries	4.2 Vision and cooperative values	X	
103-2	The management approach and its components	4.2 Vision and cooperative values	X	
103-3	Evaluation of the management approach	4.2 Vision and cooperative values	X	
Material topic: Compliance				
103-1	Explanation of the material topic and its boundaries	5.2 Compliance	X	
103-2	The management approach and its components	5.2 Compliance	X	
103-3	Evaluation of the management approach	5.2 Compliance	X	
205	Anti-corruption			10
205-1	Operations assessed for risks related to corruption	5.2.2 Prevention of money laundering and fraud	X	
205-2	Communication and training about anti-corruption policies and procedures	5.2.2 Prevention of money laundering and fraud 6.4 Supplier management		DZ BANK currently discloses the training completion rate of its employees. The training completion rate is 97 percent or higher in all entities of the DZ BANK Group.
205-3	Confirmed incidents of corruption and actions taken	5.2.2 Prevention of money laundering and fraud	X	
206	Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.2.3 Socioeconomic and environmental compliance	X	
307	Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	5.2.3 Socioeconomic and environmental compliance	X	
412	Human rights assessment			1, 2, 3, 4, 5, 6
412-2	Employee training on human rights policies or procedures	6.3 Human rights due diligence		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.3 Human rights due diligence		
419	Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	5.2.3 Socioeconomic and environmental compliance	X	If such incidents occur, DZ BANK will report these in the Annual Financial Statements and Management Report and in the Annual Report.

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
Material topic: Customer focus and customer satisfaction				
103-1	Explanation of the material topic and its boundaries	6.1 Customer focus	X	
103-2	The management approach and its components	6.1 Customer focus	X	
103-3	Evaluation of the management approach	6.1 Customer focus	X	
417	Marketing and labeling			
417-1	Requirements for product and service information and labeling	6.1.4 Marketing and communications	(X)	
Material topic: Data protection and information security				
103-1	Explanation of the material topic and its boundaries	6.2 Data protection and information security	X	
103-2	The management approach and its components	6.2 Data protection and information security	X	
103-3	Evaluation of the management approach	6.2 Data protection and information security	X	
418	Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.2 Data protection and information security		
Material topic: Sustainable lending				
103-1	Explanation of the material topic and its boundaries	7.2 Rejection criteria and sectoral rules 7.3.3 Lending	X	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
103-2	The management approach and its components	7.2 Rejection criteria and sectoral rules 7.3.3 Lending	X	
103-3	Evaluation of the management approach	7.2 Rejection criteria and sectoral rules 7.3.3 Lending	X	
Material topic: Sustainability criteria in real estate finance				
103-1	Explanation of the material topic and its boundaries	7.2 Rejection criteria and sectoral rules 7.3.3 Lending (DZ HYP and Bauspar- kasse Schwäbisch Hall)		1, 2, 3, 4, 5, 6, 7, 8, 9, 10
103-2	The management approach and its components	7.2 Rejection criteria and sectoral rules 7.3.3 Lending (DZ HYP and Bauspar- kasse Schwäbisch Hall)		

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
103-3 Evaluation of the management approach		7.2 Rejection criteria and sectoral rules 7.3.3 Lending (DZ HYP and Bauspar-kasse Schwäbisch Hall)		
Material topic: Sustainable investment and asset management				1, 2, 3, 4, 5, 6, 7, 8, 9, 10
103-1 Explanation of the material topic and its boundaries		7.2 Rejection criteria and sectoral rules 7.4 Asset management (Union Investment and DZ PRIVATBANK)		
103-2 The management approach and its components		7.2 Rejection criteria and sectoral rules 7.4 Asset management (Union Investment and DZ PRIVATBANK)		
103-3 Evaluation of the management approach		7.2 Rejection criteria and sectoral rules 7.4 Asset management (Union Investment and DZ PRIVATBANK)		
Material topic: Sustainability criteria in the insurance business				1, 2, 3, 4, 5, 6, 7, 8, 9, 10
103-1 Explanation of the material topic and its boundaries		7.2 Rejection criteria and sectoral rules 7.5 Insurance (R+V)		
103-2 The management approach and its components		7.2 Rejection criteria and sectoral rules 7.5 Insurance (R+V)		
103-3 Evaluation of the management approach		7.2 Rejection criteria and sectoral rules 7.5 Insurance (R+V)		

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
Material topic: Management of environmental and climate factors in operations				
103-1	Explanation of the material topic and its boundaries	6.5 Operational ecology	X	
103-2	The management approach and its components	6.5 Operational ecology	X	
103-3	Evaluation of the management approach	6.5 Operational ecology	X	
301	Materials			7, 8, 9
301-1	Materials used by weight or volume	6.5 Operational ecology		
301-2	Recycled input materials used	6.5 Operational ecology		
302	Energy			7, 8, 9
302-1	Energy consumption within the organization	6.5 Operational ecology		
302-3	Energy intensity	6.5 Operational ecology		
302-4	Reduction of energy consumption	6.5 Operational ecology		
303	Water and waste water			7, 8, 9
303-1	Interactions with water as a shared resource	6.5 Operational ecology	DZ BANK does not have a specific approach for determining the impact of its waste water. DZ BANK is a provider of financial services, so it has limited influence on aspects such as water in its own banking operations.	
303-2	Management of water discharge-related impacts	6.5 Operational ecology		
303-5	Water consumption	6.5 Operational ecology		
305	Emissions			7, 8, 9
305-1	Direct (Scope 1) GHG emissions	6.5 Operational ecology	X	
305-2	Energy indirect (Scope 2) GHG emissions	6.5 Operational ecology	X	
305-3	Other indirect GHG emissions (Scope 3)	6.5 Operational ecology	X	
305-4	GHG emissions intensity	6.5 Operational ecology	X	
305-5	Reduction in GHG emissions	6.5 Operational ecology	X	
306	Waste			7, 8, 9
306-1	Waste generation and significant waste-related impacts	6.5 Operational ecology		
306-2	Management of significant waste-related impacts	6.5 Operational ecology		
306-3	Waste generated	6.5 Operational ecology		

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
Material topic: Employee support and development				
103-1	Explanation of the material topic and its boundaries	8.1 HR strategy 8.2 Employee development	X	
103-2	The management approach and its components	8.1 HR strategy 8.2 Employee development	X	
103-3	Evaluation of the management approach	8.1 HR strategy 8.2 Employee development	X	
402	Labor/management relations			
402-1	Minimum notice periods regarding operational changes	8.4 Remuneration and codetermination		
404	Training and continuing professional development			
404-1	Average hours of training per year per employee	8.7 Employee data	X	
404-2	Programs for upgrading employee skills and transition assistance programs	8.2 Employee development	X	
404-3	Percentage of employees receiving regular performance and career development reviews	8.2 Employee development		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	8.3 Diversity and equal opportunity	X	
103-2	The management approach and its components	8.3 Diversity and equal opportunity	X	
103-3	Evaluation of the management approach	8.3 Diversity and equal opportunity	X	
405	Diversity and equal opportunity			1, 2, 6
405-1	Diversity of governance bodies and employees	5.1 Governance 8.3 Diversity and equal opportunity 8.7 Employee data	X	
405-2	Ratio of basic salary and remuneration of women to men	8.1 HR strategy 8.4 Remuneration and codetermination		Information concerning the salary of individual employees is classified as confidential and its disclosure is restricted accordingly by DZ BANK.
406	Non-discrimination			1, 2, 6
406-1	Incidents of discrimination and corrective actions taken	8.3 Diversity and equal opportunity	X	
Material topic: Work-life balance				
103-1	Explanation of the material topic and its boundaries	8.5 Work-life balance	X	
103-2	The management approach and its components	8.5 Work-life balance	X	
103-3	Evaluation of the management approach	8.5 Work-life balance	X	

GRI CONTENT INDEX

GRI indicator		DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
401	Employment				
401-1	New employee hires and employee turnover	8.7 Employee data	(X)	As the vast majority of the employees of the DZ BANK Group (91.3 percent) and of DZ BANK AG (95.5 percent) are employed in Germany, employee metrics are not being presented broken down by region.	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8.1 HR strategy 8.5 Work-life balance		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 Work-life balance		DZ BANK currently discloses the total number of employees in Germany who have taken parental leave, broken down by gender.	
Material topic: Occupational health and safety					
103-1	Explanation of the material topic and its boundaries	8.6 Occupational health and safety	X		
103-2	The management approach and its components	8.6 Occupational health and safety	X		
103-3	Evaluation of the management approach	8.6 Occupational health and safety	X		
403	Occupational health and safety				
403-1	Occupational health and safety management system	8.6 Occupational health and safety	X		
403-2	Hazard identification, risk assessment, and incident investigation	8.6 Occupational health and safety			
403-3	Occupational health services	8.6 Occupational health and safety	X		
403-4	Worker participation, consultation, and communication on occupational health and safety	8.6 Occupational health and safety			
403-5	Worker training on occupational health and safety	8.6 Occupational health and safety			
403-6	Promotion of worker health	8.6 Occupational health and safety			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	8.6 Occupational health and safety			
403-8	Workers covered by an occupational health and safety management system	8.6 Occupational health and safety			
403-9	Work-related injuries	8.6 Occupational health and safety			
403-10	Work-related ill health	8.6 Occupational health and safety			

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
Voluntary disclosure: Sustainable supplier management				
103-1	Explanation of the material topic and its boundaries	6.4 Supplier management	X	
103-2	The management approach and its components	6.4 Supplier management	X	
103-3	Evaluation of the management approach	6.4 Supplier management	X	
308	Supplier environmental assessment			7, 8, 9
308-1	New suppliers that were screened using environmental criteria	6.4 Supplier management	X	Quantitative information cannot be collected at this time.
308-2	Negative environmental impacts in the supply chain and actions taken	6.4 Supplier management	X	Quantitative information cannot be collected at this time.
Voluntary disclosure: Performance-based remuneration and codetermination				
103-1	Explanation of the material topic and its boundaries	8.4 Remuneration and codetermination	X	
103-2	The management approach and its components	8.4 Remuneration and codetermination	X	
103-3	Evaluation of the management approach	8.4 Remuneration and codetermination	X	
Voluntary disclosure: Corporate citizenship				
103-1	Explanation of the material topic and its boundaries	9.0 Corporate citizenship	X	
103-2	The management approach and its components	9.0 Corporate citizenship	X	
103-3	Evaluation of the management approach	9.0 Corporate citizenship	X	
203	Indirect economic impacts			
203-1	Infrastructure investments and services supported	9.0 Corporate citizenship	X	
203-2	Material indirect economic impacts	9.0 Corporate citizenship	X	
Voluntary disclosure: Financial literacy				
103-1	Explanation of the material topic and its boundaries	9.1 Financial literacy	X	
103-2	The management approach and its components	9.1 Financial literacy	X	
103-3	Evaluation of the management approach	9.1 Financial literacy	X	
203	Indirect economic impacts			
203-1	Infrastructure investments and services supported	9.1 Financial literacy	X	
203-2	Material indirect economic impacts	9.1 Financial literacy	X	

GRI CONTENT INDEX

GRI indicator	DZ BANK AG	Groupwide disclosure	Omission/comment	UNGC
Voluntary disclosure: Public policy				
103-1	Explanation of the material topic and its boundaries	9.3 Political engagement	X	
103-2	The management approach and its components	9.3 Political engagement	X	
103-3	Evaluation of the management approach	9.3 Political engagement	X	
415 Public policy				
415-1	Political contributions	9.3 Political engagement		
GRI standards not assigned to a topic				
201 Economic performance				
103-1	Explanation of the material topic and its boundaries	3.0 Company profile	X	
103-2	The management approach and its components	3.0 Company profile	X	
103-3	Evaluation of the management approach	3.0 Company profile	X	
201-1	Direct economic value generated and distributed	3.0 Company profile	X	
201-2	Financial implications and other risks and opportunities due to climate change	5.3 Risk management 7.2 Rejection criteria and sectoral rules 7.3.3 Lending		
201-3	Defined benefit plan obligations and other retirement plans	8.5 Work-life balance DZ BANK AG 2021 Annual Financial Statements and Management Report – 2021 annual financial statements of DZ BANK AG, notes		
201-4	Financial assistance received from government			DZ BANK did not receive any government subsidies in the year under review.

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>DZ BANK focuses its strategy on the local cooperative banks with the objective of consolidating the positioning of the cooperative financial network over the long term as one of the leading financial services providers in Germany. Strengthening the market position of the cooperative banks is the most important prerequisite for their success. The partnership between the cooperative banks and DZ BANK is built on the principles of subsidiarity, decentralization, and regional market responsibility.</p> <p>In addition to the local cooperative banks themselves, the expanded focus of the DZ BANK strategy primarily encompasses corporate customers, retail customers, the public sector, international companies, and banks and institutions both in Germany and abroad.</p> <p>These customers are supported by a broad range of products and services that include traditional financing, solutions for the capital markets, for investment, and for risk management, and transaction banking services (e.g. payments processing, card processing).</p> <p>It is very important to DZ BANK that the proportion of future and transition technologies used in the business activities classified as climate-relevant is, even today, greater than the proportion using outdated and indispensable technologies. This underlines the progress that DZ BANK is making in its general strategic approach of supporting and advising its customers on their transformation journey toward greater sustainability. The specially developed technology mapping method is now coming into play as a means of providing ongoing transparency and targeted management of this strategic approach. It aims to identify positive, adverse, and neutral impacts from a climate perspective, focusing on the underlying technology of the classifiable items and economic activities.</p>	<p>DZ BANK AG 2021 Annual Financial Statements and Management Report – business model and strategic focus</p> <p>5.1 Governance</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. Since the spring of 2020, sustainability has therefore been treated as a key topic in the strategic dialogue within the DZ BANK Group and has been evaluated against the backdrop of the changing regulatory and market conditions. The strategic planning process was used to identify sustainability-related priorities for the individual group entities.</p> <p>DZ BANK developed its SDG classification and technology mapping methodologies in 2020 to add further impetus to its sustainability efforts. They allow the bank to better understand its own impacts on the UN SDGs and the Paris climate goals and to adapt its business practices accordingly.</p> <p>The results of these analyses form the basis for positioning DZ BANK in the market as a facilitator of the shift toward sustainability. Going forward, DZ BANK plans to actively support its customers' transformation processes, helping them to reduce adverse impacts and advancing the transition of the economy and society toward more sustainable ways of living and doing business. In April 2020, in line with this positioning, DZ BANK 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.</p> <p>DZ BANK has also set quantitative sustainability goals in order to align its sustainability strategy more closely to the UN SDGs and the Paris climate agreement: The first goal was to ensure that at least two-thirds of the lending volume of DZ BANK as at December 31, 2021 had a positive impact on the SDGs. 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>4.1 Strategy and goals</p> <p>5.3.2 Sustainability risk</p> <p>7.1 Impact transparency</p>

UN PRB INDEX

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
PRINCIPLE 2: IMPACT AND TARGET SETTING	<p>DZ BANK integrates the SDGs and the Paris climate agreement into its strategy by making voluntary commitments and participating in relevant initiatives. By signing the voluntary climate commitment of the German finance industry in 2021, for example, it undertook to align its credit and investment portfolios with the goals stipulated in the Paris climate agreement. DZ BANK also joined the Net Zero Banking Alliance Germany – a coalition of seven German banks led by the Green and Sustainable Finance Cluster – in 2021. This initiative focuses on putting in place the technical infrastructure and methods that will help banks to manage their portfolios in accordance with national and international climate goals.</p>	
2.1 Impact analysis	<p>In 2021, the SDG classification approach used to conduct an initial analysis in the lending business with corporate customers was extended to further portfolios (e.g. debt capital markets, securitizations, investment book).</p> <p>The analysis showed that the assessed portfolios primarily have a positive impact on SDG 9 industry, innovation and infrastructure, SDG 13 climate action, SDG 16 peace, justice and strong institutions, and SDG 7 affordable and clean energy.</p> <p>As part of the technology mapping process, climate-related technologies that are financed by the bank were assessed with regard to their future viability. There were four possible categories: (1) technology of the future, (2) transition technology, (3) indispensable technology, and (4) outdated technology. As at December 31, 2021, technology mapping identified that the technologies of the future and transition technologies 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 climate-relevant action in the future and point to how they might be managed. This will help to further reduce negative impacts while strengthening positive contributions to the transformation process.</p>	4.1 Strategy and goals 7.1 Impact transparency
2.2 Target setting	<p>In 2020, a total of two quantitative goals were defined for DZ BANK in relation to the business portfolio.</p> <p>The first goal was to ensure that at least two-thirds of the lending volume of DZ BANK as at December 31, 2021 had 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>	4.1 Strategy and goals 7.1 Impact transparency 7.3.3 Lending
2.3 Plans for target implementation and monitoring	<p>Target achievement and implementation are being monitored on an ongoing basis as part of the umbrella program Advancing Sustainability. The 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>	4.1 Strategy and goals 5.1 Governance
2.4 Progress on implementing targets	<p>The proportion of the lending business with at least one positive impact on the SDGs held steady year on year, standing at around 65 percent as at December 31, 2021. A figure of around 66 percent is reached if the debt capital markets business, the investment book, and the securitization portfolio are included.</p> <p>The goal of reaching a funding volume of €6 billion for renewable energies had already nearly been reached by the end of 2021.</p>	4.1 Strategy and goals 7.1 Impact transparency 7.3.3 Lending

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Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
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 programs and actions implemented (and/or planned), their scale, and, where possible, the results thereof.</p>	<p>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.</p> <p>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 principles:</p> <ul style="list-style-type: none"> – DZ BANK communicates openly and honestly and always points out the risks as well as the opportunities. – DZ BANK communicates in a way that is understandable and treats customers as equal partners, always focusing on their needs. – DZ BANK communicates and acts credibly – always with the aim of building long-term customer satisfaction and loyalty. – DZ BANK avoids misleading, incorrect, and discriminatory statements in advertising and communications. – DZ BANK checks that the content and messages of its advertising communications are in compliance with the law. <p>The intention is to turn these principles, which were formulated in 2021, into actionable criteria by 2023.</p> <p>Product prospectuses in segments that are subject to legal requirements – for example, in the securities business – are reviewed by the legal department prior to publication.</p> <p>DZ BANK observes the requirements of the GDPR and other laws that relate to data protection, and respects copyrights and rights of use. The bank's privacy policy and contact details for its data protection officers can be viewed at any time on the website www.dzbank.com.</p> <p>DZ BANK also uses its membership of the Deutscher Derivate Verband (DDV) [German Derivatives Association], the industry body representing the 16 leading issuers of derivative securities in Germany, to promote product transparency and investor protection. In 2013, all members of DDV committed to a fairness code, which was supplemented by a sustainability code in March 2021.</p>	<p>6.1 Customer focus 6.1.2 Quality management and complaints handling 6.1.4 Marketing and communications</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>DZ BANK has developed the sustainability portal www.wertewelt.dzbank.de as a central platform through which it communicates its sustainability activities to customers and other stakeholders. This platform provides access to published Sustainability Reports, examples that showcase DZ BANK's sustainable business practices, and details of its contact persons for sustainability matters.</p> <p>DZ BANK is able to offer a broad range of sustainable products that facilitate sustainable economic activities. Sustainability-oriented products that are available to customers include:</p> <ul style="list-style-type: none"> – Green loans – Social loans – Syndicated ESG-linked loans – Bilateral ESG-linked loans – Green bonds – Social bonds – ESG-linked bonds – Sustainability bonds – ESG-linked promissory notes (target linked and use of proceeds) – ESG-linked M&A – Sustainable investment certificates – Credit cards made from sustainable materials <p>In 2021, DZ BANK also commenced development of a foundation training course in sustainability as well as a training course in sustainability sales in order to build up the sustainability expertise of its own employees.</p> <p>DZ BANK applies a uniform bank-wide credit assessment procedure for lending. This procedure is based on a comprehensive sustainability checklist, sector-specific principles, and rejection criteria. It ensures that the financing of particularly damaging and non-sustainable economic activities is prevented from the outset.</p>	<p>6.1 Customer focus 7.0 Business portfolio 7.3 Bank</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>DZ BANK engages in regular dialogue with its key stakeholders. These include customers, current and prospective employees, NGOs, labor unions, representatives from politics, charitable foundations, trade associations and interest groups, and other market participants from the financial sector. It is also a member of important organizations in the fields of science and sustainability and plays an active role in numerous initiatives and associations:</p> <ul style="list-style-type: none"> –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 senior management level – National Association of German Cooperative Banks (BVR) – Bundesverband Öffentlicher Banken Deutschlands (VÖB) [Association of German Public Banks] – Climate Bonds Initiative (CBI) – Equator Principles Association – Genossenschaftsverband – Verband der Regionen [Association of Cooperatives – Association of the Regions] – Green Bond Principles (GBP)/International Capital Markets Association (ICMA) – Green and Sustainable Finance Cluster Germany (GSFCG) – ICC Commission on Environment & Energy (ICC) – Net Zero Banking Alliance Germany (NZBAG) – ECOPROFIT club in Frankfurt and Düsseldorf <p>DZ BANK conducts stakeholder surveys at regular intervals in connection with its materiality assessment. In its Sustainability Report, it addresses material aspects raised by our stakeholders and presents relevant results.</p> <p>DZ BANK also regularly surveys its customers.</p>	<p>5.4 Stakeholder dialogue 6.1.1 Customer satisfaction surveys</p>
PRINCIPLE 5: GOVERNANCE AND 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 chair of the Group CRC reports to the Co-Chief Executive Officers of DZ BANK and to the Group Coordination Committee, the most senior decision-making body of the DZ BANK Group.</p>	<p>5.1 Governance</p>

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Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
<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 DZ BANK code of conduct requires all executives and employees to act in compliance with the law and ethical standards. The code of conduct is based on the ten globally applicable principles of the UN Global Compact, covering the areas of human rights, labor standards, the environment, and anti-corruption. It also addresses undesirable business practices and makes reference to various fraud prevention tools.</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, data protection and information security, and prevention of market manipulation. In 2021, in order to build up the sustainability expertise of its own employees, DZ BANK commenced development of a foundation training course in sustainability as well as a training course in sustainability sales. In autumn 2021, the Supervisory Board also received internal training on sustainability matters.</p>	<p>5.1 Governance 5.2.1 Compliance function 5.2.2 Prevention of money laundering and fraud</p>
<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 hub for sustainability coordination and management for the bank 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 dialogue 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. At the start of 2022, the Sustainability Task Force was amalgamated with the integrated umbrella program Advancing Sustainability. The modules of the task force are incorporated into six different projects.</p> <ul style="list-style-type: none"> – Program management – Sustainability focus topics – Sustainability analytics – Sustainability regulation – Sustainability-related business decisions – Sustainability data and infrastructure <p>The umbrella program is also used to coordinate 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 three 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 chair of the Group CRC reports to the Co-Chief Executive Officers of DZ BANK and to the Group Coordination Committee, the most senior decision-making body of the DZ BANK Group. In 2020, the decision was made to turn the Group CRC into a committee with board-level representation.</p>	<p>5.1 Governance</p>

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Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/link(s)
PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY		
6.1 Progress on implementing the principles for responsible banking	<p>The Advancing Sustainability project, which was launched in 2019, was expanded into a Sustainability Task Force in 2020. At the start of 2022, the Sustainability Task Force was amalgamated with the integrated umbrella program Advancing Sustainability. The modules of the task force are incorporated into six different projects.</p> <ul style="list-style-type: none"> – Program management – Sustainability focus topics – Sustainability analytics – Sustainability regulation – Sustainability-related business decisions – Sustainability data and infrastructure <hr/> <p>In 2021, the following activities were among those that progressed the bank's sustainability projects:</p> <ul style="list-style-type: none"> – The sustainability classification system (SDG classification and technology mapping) was extended to debt capital markets, the securitization portfolio, and the investment book, ensuring that an impact analysis is also carried out for other relevant business areas and not just the lending business: – SDG classification was piloted with cooperative banks – The rejection criteria applied in sustainable lending were revised – The bank began to focus on addressing business opportunities from a sustainability perspective – The bank commenced development of sustainability training courses (foundation and sales) – Sustainability reporting for DZ BANK AG and the DZ BANK Group was enhanced – A structured sustainability review in the context of risk management was carried out – Specific qualitative and quantitative targets were pursued with regard to defining an overarching sustainability ambition 	<p>4.1 Strategy and goals 5.1 Governance 7.1 Impact transparency 7.2 Rejection criteria and sectoral rules</p>

10.3 Independent auditor's limited assurance report

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹

To DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

We have performed a limited assurance engagement on the combined separate non-financial report of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, (hereinafter the "Company") for the period from 1 January 2021 to 31 December 2021 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, which are marked as unassured.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to

facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in sections "EU Taxonomy" and "EU Taxonomy, DZ BANK banking group" of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their inter-

pretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in sections "EU Taxonomy" and "EU Taxonomy, DZ BANK banking group" of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungs-

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Combined Separate Non-financial Report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

standard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpreta-

tion by the executive directors disclosed in sections "EU Taxonomy" and "EU Taxonomy, DZ BANK banking group" of the Combined Separate Non-financial Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report

- Reconciliation of selected disclosures with the corresponding data in the annual and consolidated financial statements and management report and group management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Combined Separate Non-financial Report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January 2021 to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the

Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in sections “EU Taxonomy” and “EU Taxonomy, DZ BANK banking group” of the Combined Separate Non-financial Report. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the afore-

mentioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 4 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Ralf Schmitz
Wirtschaftsprüfer
(German public auditor)

ppa. Petra Fischer
Wirtschaftsprüfer
(German public auditor)

10.4 Editorial information

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Dr. Christian Brauckmann
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Michael Speth
Thomas Ullrich

Chairman of the Supervisory Board:
Henning Deneke-Jöhrens

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