

Press Release

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DZ BANK expands ESG targets

- Expansion of environmental, social and corporate governance objectives
- Decarbonisation pathways for five emissions-intensive industries
- Good starting position due to already high CO₂ efficiency in the portfolio
- Reduction of CO₂ intensity compatible with the 1.5 degree target of the Paris climate agreement

DZ BANK AG
Deutsche Zentral-
Genossenschaftsbank

Press Office

DZ BANK today published further ESG targets as part of its Group-wide sustainability report. The objectives include Group-wide and company-specific targets in the areas of environment, social affairs and corporate governance for the coming years. In particular, DZ BANK AG has set specific climate targets and decarbonisation pathways in five CO₂-intensive industries that account for a significant share of global CO₂ emissions. In setting its targets for the energy, automotive, steel, cement and aviation sectors, DZ BANK is building on a good starting base: The sectors under review currently account for around 13 percent of the total lending volume of the cooperative central institution. At the end of fiscal 2022, the CO₂ intensity of the business portfolio in the five sectors was also 62 percent lower than the corresponding reference value based on the International Energy Agency's Net-Zero calculations (IEA NZE) - thanks in part to a high proportion of renewables in the bank's portfolio.

Building on this, DZ BANK AG aims to further reduce the CO₂ intensity of its lending business and of its own investments in the sectors under consideration, and to reduce it almost completely by 2050 at the latest. To this end, the bank has also set itself interim targets for the next few years: Across all five sectors, DZ BANK aims to reduce CO₂ intensity by a total of 14 percent by 2025 and 36 percent by 2030. The targets are part of the sustainability strategy of the cooperative central institution, which is aligning its business portfolio with the 1.5-degree target of the Paris Climate Agreement and thus making an important contribution to achieving a net-zero future.

Sector specific climate targets at DZ BANK AG:

The targets are based on the International Energy Agency's Net Zero scenarios. To derive the targets and decarbonisation pathways, DZ BANK analysed the focus sectors in fiscal year 2022 in terms of their current emissions, market developments, potential risk factors, and transformation pathways.

The targets in detail:

- **Energy:** Reduce portfolio CO₂ intensity by 15 percent by 2025; by 38 percent by 2030; aim to reduce CO₂ intensity by 100 percent by 2040
- **Automotive:** Reduce portfolio CO₂ intensity by 11 percent by 2025; by 30 percent by 2030; by 86 percent by 2040; by 2050, reduce CO₂ intensity by 99 percent
- **Steel:** Reduce portfolio CO₂ intensity by 5 percent by 2025; by 18 percent by 2030; by 69 percent by 2040; by 2050, reduce CO₂ intensity by 92 percent

- **Cement:** Reduce portfolio CO₂ intensity by 5 percent by 2025; by 15 percent by 2030; by 57 percent by 2040; by 2050, reduce CO₂ intensity by 97 percent
- **Aviation:** Reduce portfolio CO₂ intensity by 7 percent by 2025; by 17 percent by 2030; by 59 percent by 2040; by 2050, reduce CO₂ intensity by 88 percent

The bank supports the move toward a low-carbon economy by assisting its customers with the transformation and financing measures taken by the economy on the way to net-zero emissions. Business activities in the energy sector already exemplify this strategic approach. Thus, the majority of the portfolio consists of project financing for renewable energies. At the end of fiscal 2022, the volume of loans committed there amounted to €6.5 billion (2021: 5.8 billion EUR). DZ BANK intends to further expand its commitment to renewable energies and increase its financing volume to €7.1 billion by 2026 (Dec. 31, 2022: €6.5 billion).

Further Group-wide targets published

In addition to the specific climate targets for DZ BANK AG, other targets for the DZ BANK Group were also announced or updated in this year's Sustainability Report. For example, Union Investment's sustainable assets under management are expected to reach €89.7 billion¹ by the end of 2023 (Dec. 31, 2022: €81.2 billion).

In addition, targets were also published in the areas of social affairs and corporate governance. Among other things, the DZ BANK Group aims to achieve a Group-wide proportion of women on the Board of Managing Directors of 30 percent by 2030. Currently, the proportion of women is 23 percent.

The Sustainability Report with a detailed presentation of DZ BANK AG's decarbonisation paths and all other targets are available on the Internet at www.dzbank.de/berichte.

You can also find more information at www.nachhaltigkeit.dzbank.de.

About the methodology: For the detailed analyses of the five focus sectors conducted in fiscal year 2022, DZ BANK used the methodology of the Paris Agreement Capital Transition Assessment (PACTA). Thus, the physical emission intensity was determined for each of the energy, automotive, steel, cement and aviation sectors (also referred to here as CO₂ intensity) in order to set sector-specific decarbonisation targets on this basis. The five published focus sectors relate to DZ BANK AG's corporate portfolio and project financing as of the reporting date of 31 December 2022, based on the banking book. All transactions of a financing nature relevant to the balance sheet were considered, e.g. loans with payments drawn down or bonds. The fossil fuel and shipping sectors are still being analysed and will be published next year. In the fossil fuels sector, DZ BANK AG has a portfolio with a low volume (< 1 percent of total lending volume). In addition, strict exclusion criteria on coal mining are already in place. The chemical sector will be considered as soon as a methodology has been specified by PACTA.

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¹ Sustainable investments include funds that have sustainability features in accordance with Articles 8 and 9 of the Disclosure Regulation and additionally meet Union Investment's minimum sustainable standards.