



Volksbanken Raiffeisenbanken  
cooperative financial network

# 2022 Sustainability Report

 **DZ BANK** Group



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# 1.0 About this report

This Sustainability Report relates to the 2022 financial year (January 1 to December 31, 2022). 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)

The non-financial report relates to the companies consolidated for the purposes of commercial law; the disclosure

requirements pursuant to Art. 8 of the EU Taxonomy Regulation relate to the companies consolidated for regulatory purposes ([› section 7.2 Mandatory disclosures for the DZ BANK banking group under the EU taxonomy](#)).

Following an entry in the commercial register on August 12, 2022, DVB was retrospectively merged into DZ BANK with effect from January 1, 2022 and therefore is no longer a management unit. The 'DZ BANK Group fundamentals' chapter in the 2022 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 and provide sustainability-related information on their websites.

## Applied frameworks

The non-financial report is partially guided 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 standards ([› GRI content index](#)). The disclosures required from DZ BANK AG as a signatory to the UN Principles for Responsible Banking (PRB) are also covered by this report ([› UN PRB index](#)). In addition, this report is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures for the first time ([› TCFD index](#)). The report on progress regarding implementation of the UN Global Compact (UN GC) is no longer part of the report and will instead be published separately in the second quarter of 2023.

## Editor's note and publication schedule

Unless otherwise indicated, the statements made in this report apply 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 key figures in [› section 8.5 Operational ecology](#) relate to 2021 because the data for 2022 was not available by the publication date. The data will be made available later on [DZ BANK's website](#).

The publishing deadline for the GRI reporting of DZ BANK was February 17, 2023. Particularly relevant events have been included up to this date. The Sustainability Report is published annually. The next report will be published in March 2024.

## 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 ([› section 11.2 Independent auditor's limited assurance report](#)). 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 content that is provided on a voluntary basis.

# 2.0 Foreword

## Dear reader,

2022 was largely shaped by the lingering effects of the pandemic and Russia's invasion of Ukraine, an event that has caused unimaginable suffering. Yet even – or perhaps especially – in this geopolitical climate, the development of our economy and society toward greater sustainability is of crucial importance.

Within the DZ BANK Group, we recognize the need for change and the opportunities that this could bring. The Paris climate action targets and the United Nations' sustainable development goals show us the way. DZ BANK aims to work with our customers to support the transformation of the economy toward greater sustainability. We are actively working on solutions to bring our portfolio into line with the 1.5 °C target and the vision of a 'net-zero future'.

This is illustrated in our business through figures: Loan commitments in the area of renewable energies grew in 2022 to around €6.5 billion. In the capital markets, we supported placements of green, social, sustainability, and sustainability-linked bonds with a total volume of more than €43.4 billion. In funds business, Union Investment is one of the market leaders with €122.4 billion of sustainable assets under management in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR). And in the case of R+V's unit-linked life insurance and pension insurance policies, the proportion of new business in funds classified as sustainable pursuant to SFDR amounted to around 63 percent in 2022.



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

To ensure an effective approach to this work, we set up the Group Sustainability Committee on January 1, 2023 as a steering committee at the level of the Board of Managing Directors of the DZ BANK Group. We have set ambitious new sustainability objectives and created sector-specific decarbonization pathways. The results show that DZ BANK is starting from a good position in key emissions-intensive sectors, with relatively carbon-efficient portfolios.

Climate risks are also financial risks. That is one of the reasons why we signed up to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) last year, as they help to create greater transparency in dealing with these risks.

It is important to us to be transparent about what we do. Transparency is the basis for the trust of customers and society, and trust is what makes the cooperative financial network strong.

We will continue translating our shared values and our sustainability goals into action and reporting on the results. This report provides a comprehensive insight into our sustainability activities in 2022. This year, for the first time, we have also had the highlighted disclosures of the Principles for Responsible Banking Index (UN PRB) independently reviewed.

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

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for the trust of customers and society,  
and trust is what makes the cooperative  
financial network strong.

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

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## 3.0 Executive summary

The DZ BANK Group is one of the leading financial services providers in Germany and is part of the Volksbanken Raiffeisenbanken cooperative financial network.

### Strategy

Sustainability is firmly embedded in the business model of the DZ BANK Group as a value and a strategic goal. Its entities have committed to the principles of the United Nations Global Compact and support its sustainable development goals (SDGs), agreed in 2015. Depending on their particular line of business, the entities have also signed up to the UN Principles for Responsible Investment, Responsible Banking, or Sustainable Insurance. The group's corporate strategy supports the transformation of the economy to a future that is compatible with the 1.5 degree target. In 2022, DZ BANK became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD); Union Investment has been a supporter since 2018. A materiality assessment was carried out in order to determine key areas of action for sustainability activities.

### Corporate governance

The Group Governance Policy sets the standards for good and responsible corporate governance. This includes ensuring legally compliant action as described in the DZ BANK Group's code of conduct, and a functioning system of risk management that includes sustainability risks. The Group Coordination Committee, the Group's most senior steering committee, is responsible for coordinating sustainability

activities across the Group. Since January 2023, the Group Sustainability Committee (GSC) at the level of the Board of Managing Directors has provided a platform for the sharing of information across the Group, with the aim of integrating sustainability even more closely into the core business. With this purpose in mind, an integrated umbrella program was launched in early 2022. Some of the individual projects that form part of the program involve collaboration between different Group entities.

### Business portfolio

Key objectives of the DZ BANK Group for the core business include lasting impact within the meaning of the SDGs, the decarbonization of the credit portfolio, and the management of climate risks. To implement these objectives, DZ BANK created its own SDG classification approach for assessing its business activities in 2020. In 2022, sector-specific decarbonization targets were developed for use in lending and investment. DZ BANK follows the standards of the Partnership for Carbon Accounting for Financials (PCAF) and the methodology of the Paris Agreement Capital Transition Assessment (PACTA) when calculating the absolute funded emissions.

These approaches supplement the long-established rejection criteria and sectoral rules. The DZ BANK banking group and R+V Versicherung have been making detailed disclosures under the EU taxonomy since 2021. The asset management companies also make disclosures on the share of sustainable fund products in accordance with the SFDR.

### Business processes

Customer focus is a core commitment for all entities in the DZ BANK Group. For some of them, this also includes protecting customers against overextending themselves financially. The entities have an environmental management policy and pursue a shared climate strategy to reduce their greenhouse gas emissions. Data protection and information security are governed by groupwide policies.

### Employees

Attracting, retaining, and developing employees is the focus of the groupwide HR strategy, which also includes a common remuneration and employer branding strategy, and a shared understanding of leadership. In a letter of intent published in 2012, the group entities committed to supporting the advancement of women in their careers.

### Corporate citizenship

The DZ BANK Group entities engage in a wide variety of corporate citizenship activities, including the promotion of financial literacy. Many have set up foundations to make a lasting contribution to social development, and all make donations to social and cultural causes. In 2022, the focus across the group was on aid for Ukraine.

# 4.0 Company profile

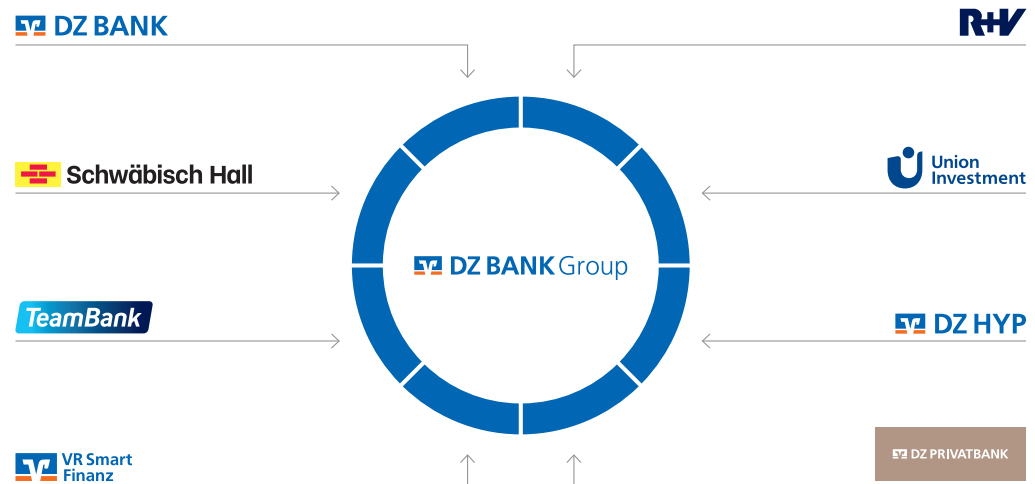
The DZ BANK Group forms part of the Volksbanken Raiffeisenbanken cooperative financial network, which includes more than 700 cooperative banks and is one of Germany's largest private-sector financial services organizations measured in terms of total assets.

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, 2022, DZ BANK had 5,599 employees working at 25 offices in Germany and around the world and its total assets amounted to €362.9 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, 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 2022 group management report contains further information on the individual entities and their business models.

DZ BANK GROUP – KEY FIGURES		
€ million	2022	2021
<b>PROFIT BEFORE TAXES</b>	<b>1,797</b>	3,096
<b>INCOME TAXES</b>	<b>724</b>	920
<b>NET PROFIT</b>	<b>1,073</b>	2,176
<b>TOTAL ASSETS</b>	<b>627,041</b>	627,273
<b>EQUITY</b>	<b>23,076</b>	28,661
<b>WAGES AND SALARIES</b>	<b>1,726</b>	1,692
<b>PENSION AND OTHER POST-EMPLOYMENT BENEFIT EXPENSES</b>	<b>107</b>	101
<b>AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR</b>	<b>32,985</b>	32,271

## STRONG BRANDS – STRONG PARTNERS







## 4.1 Sustainability ratings

The DZ BANK Group has held a ‘prime’ rating from sustainability rating agency Institutional Shareholder Services Inc. (ISS) since 2011. This prime status is awarded to companies whose performance regarding environmental and social aspects is assessed as above the average for their industry. DZ BANK has also consistently held an AA rating from rat-

ing agency MSCI ESG Research since 2015, making it one of the leaders when it comes to dealing with ESG risks and opportunities. Other sustainability ratings awarded to the DZ BANK Group are testament to its strong sustainability performance.

### Sustainability ratings of the DZ BANK Group

### Sustainability ratings of DZ BANK AG Last revised: February 27, 2023

Rating agency				
Current rating/score	<b>C+</b>	<b>45</b>	<b>AA</b>	<b>21.0</b>
2021	C+	45	AA	22.6
2020	C+	43	AA	19.2
Scale	A+ to D-	0 to 100	AAA to CCC	0 to 40+
Industry average	D	n/a	A	26.9





5.0 Strategy

# Firm focus

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

## 5.1 Strategy and goals

Sustainability is 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.

The strategic positioning of the overall bank and the role of the divisions in supporting customers' transformation was discussed at DZ BANK in 2022 as part of the strategic dialogues with the Corporate Banking, Capital Markets, and Transaction Banking business lines. In 2022, 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 environmental, social,

and corporate governance (ESG) activities in its capital markets business with institutional clients. The range of sustainable investment products on offer in the securities business with retail customers is also to be extended.

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, it intends to broaden its offering of sustainability-oriented products for retail customers. DZ PRIVATBANK also offers various solutions for sustainability-minded customers. Going forward, it wants to increase the extent to which sustainability factors are taken into account in its asset management activities and integrate these factors more tightly into selection processes.

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

Sustainability is one of currently seven areas of potential that are to 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 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, the highest-level management and coordination committee in the DZ BANK Group, is updated regularly on progress with the implementation of measures in the areas of potential. ([➤ section 6.1 Governance](#)).

In 2020, the 17 sustainable development goals (SDGs) of the United Nations (UN) were determined as the overarching classification framework for the business activities of the 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. DZ BANK has developed a proprietary SDG classification method for analyzing business activities in respect of their contribution to the 17 SDGs. The plan is to make SDG classification available to the entire cooperative financial network ([➤ section 7.1 Impact transparency](#)).

The work in the sustainability area of potential in 2022 focused on transforming the Group Corporate Responsibility Committee (GCRC) – the group's existing committee for sustainability matters, whose members are drawn from the operating business – into a Group Sustainability Committee (GSC) at the level of the Board of Managing Directors. It will become operational in 2023 ([➤ section 6.1 Governance](#)).

### 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. Subsid-





## ISS ESG has awarded the DZ BANK Group a 'Prime' rating.

arity, 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. In 2022, its implementation was structured in 23 implementation packages; one package is dedicated specifically to sustainability topics. The aims include satisfying regulatory requirements relating to sustainability, creating transparency in order to provide a basis for strategic decisions about the future focus of sustainability activities, and continually improving the coordination of sustainability activities between DZ BANK, the other management units of the DZ BANK Group, and other partners of the cooperative financial network, including the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks]. For the most part, implementation of the related measures has been taking place as part of the Advancing Sustainability umbrella program since 2022 ([section 6.1 Governance](#)).

### ESG goals

DZ BANK has formulated a variety of sustainability goals that are used in the performance assessment of the Board of Managing Directors and others ([section 6.1 Governance](#)). This includes quantitative goals as well as improving the quality of every aspect of ESG within the organization. The Board of Managing Directors and the Supervisory Board are updated regularly on progress with the achievement of these goals.

The ESG goals were achieved in 2022. Financial services provider MSCI confirmed DZ BANK's MSCI ESG Research rating of AA (on a scale from AAA to CCC). The DZ BANK Group's 'prime' rating from sustainability rating agency ISS ESG continues to apply. It is also on schedule with reducing the aggregate carbon emissions of its operations.

DZ BANK made good progress toward achieving its goals in relation to the business portfolio. For example, the lending volume in the field of renewable energies increased to €6.48 billion as at December 31, 2022, which was substantially higher than the target figure of €6 billion ([section 7.4.3 Lending](#)). The proportion of the lending volume that generated a positive impact on the UN SDGs in DZ BANK's corporate banking business increased to 66 percent (up from 65 percent in 2021) ([section 7.1 Impact transparency](#)) and was therefore only slightly below the target of two-thirds. The volume of assets invested by Union Investment in accordance with the requirements of articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR) rose to €122.4 billion by the end of 2022 (December 31, 2021: €125.6 billion). Of this, €81.2 billion (target: €81 billion) was invested sustainably in accordance with the minimum ESG requirements that Union Investment has set for itself ([section 7.5 Asset management](#)).





The ESG goals will continue to be updated. The targets and the results achieved as at December 31, 2022 are shown in the overview of ESG goals on the next page. This overview also contains the new ESG goals defined in 2022 with respect to climate alignment and decarbonization, employee satisfaction, and women in managerial positions. To provide structure, each goal will be assigned to one of four dimensions going forward: environment (E), social (S), corporate governance (G), and ESG in general.

In 2022, DZ BANK set itself the goal of managing its business portfolios in accordance with the Paris climate agreement (environment dimension). This requires it to measure and report on greenhouse gas emissions intensity in the economic sectors that are relevant to decarbonization ('focus sectors') and manage them using sector-specific goals. In 2022, sector sprints were conducted to develop roadmaps for reduction ([section 7.1 Impact transparency, sub-section Climate alignment](#)).

A new goal in the social dimension is ensuring lasting employee satisfaction. DZ BANK has set itself the goal of maintaining its OCI (Organizational Commitment Index) score, measured by the annual staff surveys, at 70 percent or above. In the corporate governance dimension, the DZ BANK Group wants to increase the proportion of women on the Boards of Managing Directors across the group to 30 percent by 2030. On December 31, 2022, the share was 22.9 percent.



QUANTITATIVE GOALS: OVERVIEW OF CURRENT, UPDATED, AND NEW SUSTAINABILITY GOALS OF DZ BANK FROM 2023 ONWARD

E, S or G	Subject	Goal	Actual Dec. 31, 2022	Target value	Target year
 <b>General</b>	Portfolio (DZ BANK AG)	Expand positive SDG impacts <sup>1</sup>	65.6%	2/3	2026
	Rating	Maintain current ISS-ESG and MSCI rating	ISS C+ (Group) MSCI AA (DZ BANK AG)	maintain	permanently
 <b>Environment (E)</b>	Portfolio (DZ BANK AG)	<b>New</b> General: Align portfolio <sup>2</sup> with the 1.5 degree target and a net zero future <sup>3</sup>	on the target pathway	≤ 0% deviation from sectoral goals	2023/30/40/50
		Energy <sup>3</sup>	125 kg CO <sub>2</sub> e/MWh	107   78	2025   2030
		Automotive <sup>3</sup>	0.153 kg CO <sub>2</sub> e/km	0.136   0.107	
		Steel <sup>3</sup>	1.11 kg CO <sub>2</sub> e/kg	1.05   0.92	
		Cement <sup>3</sup>	0.63 kg CO <sub>2</sub> e/kg	0.60   0.53	
		Aviation <sup>3</sup>	0.094 kg CO <sub>2</sub> e/pkm	0.088   0.078	
	Portfolio (Union Investment)	Increase renewable energies funding volume	€6.48 billion	€7.1 billion	
	Operations (DZ BANK Group)	Sustainable assets under management <sup>4</sup>	€81.2 billion	€89.7 billion	2023
	Lower operational CO <sub>2</sub> emissions <sup>5</sup>	62.38% <sup>5</sup>	Reduction of 65% relative to 2009   climate-neutral	2030   2045	
 <b>Social (S)</b>	Operations (DZ BANK AG)	<b>New</b> Employee satisfaction: Organizational Commitment Index	79%	> 70%	permanently
 <b>Corporate governance (G)</b>	Operations	<b>Updated</b> Proportion of women on management bodies			
		• DZ BANK AG Board of Managing Directors	25%	25%	2023
		• DZ BANK AG Supervisory Board	25%	25%	2023
		• DZ BANK AG all levels	20.7%	25%	2030
		• DZ BANK Group Board of Managing Directors	22.9%	30%	2030

1 Corporate customer lending business > €1 million

2 Banking book for non-financial corporates

3 Not assessed

4 Actual, December 31, 2022, based on new calculation method pursuant to Union Investment's sustainability ambition level

5 Actual December 31, 2021

### Voluntary commitments

The implementation of voluntary commitments also helps to promote 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, the environment, and anti-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](#), which was updated in 2022.

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 PRIVATBANK 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 an annual PRI assessment. In addition, R+V signed the UN Principles for Sustainable Insurance (PSI) in 2021.

DZ BANK has been one of the signatories to the Principles for Responsible Banking (PRB) since April 2020 ([UN PRB index in the annex](#)). 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, and transparency and accountability – and provide all signato-

ries 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.

As well as being committed to the PRB, DZ BANK is involved in other initiatives and working groups at national and international level aimed at helping to stem climate change. DZ BANK is a member of the Net Zero Banking Alliance Germany (NZBAG), a coalition of eight German financial institutions led by the Frankfurt-based Green and Sustainable Finance Cluster, and has undertaken to manage its lending and investment portfolios in accordance with the targets of the Paris climate agreement. It is underpinned by the voluntary climate commitment of the German finance industry, which DZ BANK signed in 2021. The signatories report on their progress on the [voluntary climate commitment website](#) (for DZ BANK [section 5.1 Strategy and goals, sub-section ESG goals](#) and [section 7.1 Impact transparency, sub-section climate alignment](#)).

In April 2022, DZ BANK became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD aims to identify and disclose information that investors, lenders and insurers need to be able to adequately assess climate-related risks and opportunities. To this end, the TCFD published non-binding recommendations relating to governance, strategy, risk management, and metrics and targets in 2017. In this report, DZ BANK AG has published TCFD-relevant content in an index for the first time ([TCFD](#)

index in the annex). Union Investment became a supporter of the TCFD in 2018. Since then, it has been integrating climate aspects into its investment-related operating business and into its general strategic, risk, and management processes ([section 7.5 Asset management](#)).

The table below shows the DZ BANK Group’s most important voluntary commitments. Information on other initiatives and memberships with particular relevance to sustainability can be found in the section on stakeholder dialogue ([section 6.4 Stakeholder dialogue](#)).

#### VOLUNTARY COMMITMENTS

Global	
UN sustainable development goals	DZ BANK Group
UN Global Compact	DZ BANK Group
Principles for Responsible Banking	DZ BANK
Principles for Responsible Investment	DZ PRIVATBANK, R+V, Union Investment
Principles for Sustainable Insurance	R+V
Task Force on Climate-related Financial Disclosures	DZ BANK, Union Investment
Net Zero Asset Managers Initiative	Union Investment
Green Bond Principles ICMA	DZ BANK
Equator Principles	DZ BANK
National	
Collective commitment to climate action of the German financial sector	DZ BANK
Net Zero Banking Alliance Germany	DZ BANK
German Sustainability Code	DZ PRIVATBANK

## 5.2 Vision and cooperative values

The sustainability guidelines developed by and for the Volksbanken Raiffeisenbanken cooperative financial network in 2020 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 – such as solidarity, partnership, and trust – 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

**Groupwide code of conduct  
requires all executives and employees  
to act in compliance with  
the law and ethical standards.**

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. This body of values includes the groupwide code of conduct, which requires all executives and employees of the DZ BANK Group to act in compliance with the law and ethical standards.

In 2019, DZ BANK defined 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 these values means always taking the consequences for the bank and its environment into consideration when making decisions.

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





## 5.3 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.

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

**Relevance to the business:** Sustainability 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.

The analysis found that 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. 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. This is because these topics have a high impact but are not highly relevant to the business. Five topics (corporate citizenship, financial literacy, public policy, sustainable supplier management, and performance-based remuneration and codetermination) were found to be of medium to low relevance in all dimensions.

In 2022, DZ BANK's Strategy & Group Development division reviewed the results of the 2021 groupwide materiality assessment in light of the latest developments and confirmed that it was still valid for the reporting year.

The following therefore applies to this report:

- The presentation of the management concepts for the ten topics that are material pursuant to section 289c

HGB takes a groupwide approach and is partly based on the GRI standards. It makes up the non-financial report, which constitutes the core of this Sustainability Report. It is supplemented with information on corporate management/governance, the sustainability strategy and sustainability organization, risk management, the dialogue with stakeholders, the human resources strategy, and human rights because these aspects are relevant to the management of the DZ BANK Group irrespective of the results of the materiality assessment. Information from the non-financial report is presented with a gray background.

- The reporting on the three topics that are material under the GRI standards 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.
- Five further topics are included on an entirely voluntary basis, focusing mainly on DZ BANK, in order to provide as comprehensive a picture of sustainability activities as possible.

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
<b>COMPLIANCE</b>	6.2.1 Compliance function 6.2.2 Prevention of money laundering and fraud 6.2.3 Socioeconomic and environmental aspects	Anti-corruption and bribery matters
<b>DATA PROTECTION AND INFORMATION SECURITY</b>	8.2 Data protection and information security	Social matters, employee matters
<b>COOPERATIVE PRINCIPLES AND VALUES</b>	5.2 Vision and cooperative values 8.1.1 Customer satisfaction surveys 8.1.2 Quality management and complaints handling 8.1.3 Protection against over-indebtedness	Social matters
<b>CUSTOMER FOCUS AND CUSTOMER SATISFACTION</b>	8.1.1 Customer satisfaction surveys 8.1.2 Quality management and complaints handling 8.1.3 Protection against over-indebtedness	Social matters
<b>EMPLOYEE SUPPORT AND DEVELOPMENT</b>	9.2 Employee development	Employee matters
<b>SUSTAINABLE LENDING</b>	7.3 Rejection criteria and sectoral rules 7.4.3 Lending	Environmental matters, social matters, human rights, anti-corruption and bribery matters
<b>SUSTAINABLE INVESTMENT AND ASSET MANAGEMENT</b>	7.3 Rejection criteria and sectoral rules 7.5 Asset management	Environmental matters, social matters, human rights, anti-corruption and bribery matters
<b>SUSTAINABILITY CRITERIA IN REAL ESTATE FINANCE</b>	7.3 Rejection criteria and sectoral rules 7.4.3 Lending	Environmental matters, social matters, human rights, anti-corruption and bribery matters
<b>SUSTAINABILITY CRITERIA IN THE INSURANCE BUSINESS</b>	7.3 Rejection criteria and sectoral rules 7.6 Insurance	Environmental matters, social matters, human rights, anti-corruption and bribery matters
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>	9.3 Diversity and equal opportunity	Employee matters, human rights
<b>SUSTAINABILITY STRATEGY</b>	5.0 Strategy	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
<b>CORPORATE MANAGEMENT/GOVERNANCE</b>	6.1 Governance	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
<b>STAKEHOLDER DIALOGUE</b>	6.4 Stakeholder dialogue	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
<b>RISK MANAGEMENT</b>	6.3 Risk management	Environmental matters, social matters, employee matters, human rights, anti-corruption and bribery matters
<b>HUMAN RIGHTS DUE DILIGENCE</b>	8.3 Human rights due diligence	Human rights
<b>HR STRATEGY</b>	9.1 HR strategy	Employee matters



6.0 Corporate management

# Transparent management

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.



# 6.1 Governance

The fundamental framework for the management and monitoring of the DZ BANK Group is set out in the Group Governance Policy (GGP), which contains standards for good corporate governance and group management. The GGP underlines the obligation of the Board of Managing Directors and Supervisory Board to ensure the continued existence of DZ BANK, the DZ BANK Group, and the cooperative financial network as going concerns through long-term value creation in accordance with the provisions of company law and regulatory requirements. The Supervisory Boards of DZ BANK and the group entities therefore regularly deliberate on ESG topics.

## 6.1.1 Supervisory and management bodies

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 principles of corporate responsibility and their implementation, the processes for eliminating negative impacts, and the processes for advising on and expressing concerns are described in this report (› [section 6.4 Stakeholder dialogue](#), › [section 8.1.2 Quality management and complaints handling](#), › [section 8.3 Human rights due diligence](#), and › [section 9.4 Remuneration and codetermination](#)).

### 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

### DZ BANK GROUP STEERING COMMITTEES



The Group Corporate Responsibility Committee (Group CRC) was renamed the Group Sustainability Committee (GSC) in 2023

group entities have adopted rules of procedure for themselves that govern the activities of the Supervisory Board and its committees.

DZ BANK’s Supervisory Board has 19 members plus a chairman. It comprises equal numbers of employee representatives and shareholder representatives 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, who may include labor union representatives as well as employees, are represented directly on the Supervisory Board. According to the bank’s Articles of Association, only members of the managing body of a cooperative enterprise that is a shareholder of the bank

may be elected as shareholder representatives on DZ BANK’s Supervisory Board. The BVR has the right to delegate one member of its Board of Managing Directors to the Supervisory Board. The current composition of the Supervisory Board is disclosed in the [consolidated financial statements](#) of the DZ BANK Group. The figure shows the composition of the Supervisory Board, broken down by gender and age.

As a monitoring body, the Supervisory Board of DZ BANK scrutinizes all relevant 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 2022, the Supervisory Board of DZ BANK reviewed the non-financial report. For the second time, the Supervisory Board received internal training on sustainability matters in summer 2022. The topics covered were the sustainability strategy, sustainability in the lending process, carbon accounting, impact classification, the climate stress test of the European Central Bank (ECB), and sustainability reporting. In addition, all Supervisory Board members undergo regular training on matters such as compliance and anti-money laundering each year and on an ad hoc basis. To ensure that it can discharge its responsibilities efficiently, the Supervisory Board of DZ BANK has formed the following standing committees: the Nominations Committee, the Audit Committee, the Risk Committee, the Remuneration Control Committee, and the Mediation Committee. Information on the composition of the committees can be found in the [DZ BANK Group’s Annual Report](#).

The report of the Supervisory Board, which contains information on the tasks carried out by the Supervisory Board



## 25 percent of the targets for the Board of Managing Directors focus on sustainability.

that are assigned to it by law, the Articles of Association, and rules of procedure, is also published in the Annual Report. It provides information on fundamental and far-reaching conflicts of interests, on collaboration with the auditor, and on the nomination and appointment of new members of the Board of Managing Directors and Supervisory Board. The Supervisory Board’s remuneration is described in the [report disclosing the remuneration policy](#).

### 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 responsibilities are signed off by the Supervisory Board. Responsibility for sustainability at DZ BANK lies with the two Co-Chief Executive Officers. Climate risks and environmental risks are overseen by the member of the Board of Managing Directors responsible for risk control and risk management.

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

	2022	2021	2020
<b>Total</b>	<b>20</b>	<b>20</b>	<b>20</b>
of which male	15	15	15
of which female	5	5	5
<b>By age and gender</b>			
<b>30 to 49</b>	<b>0</b>	<b>1</b>	<b>1</b>
of which male	0	1	1
of which female	0	0	0
<b>50+</b>	<b>20</b>	<b>19</b>	<b>19</b>
of which male	15	14	14
of which female	5	5	5



## The proportion of women on the Board of Managing Directors of DZ BANK stands at 25 percent.

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.

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 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.

As of January 1, 2023, the Board of Managing Directors of DZ BANK consists of two Co-Chief Executive Officers and six other members. The proportion of women on the Board of Managing Directors currently stands at 25 percent. The entities in the DZ BANK Group generally publish information on the experience and expertise of the members of their Boards of Managing Directors on their websites.

### Remuneration of the Board of Managing Directors

The remuneration systems of DZ BANK are designed in a way that supports the sustainability-oriented culture and strategy at DZ BANK. The remuneration does not incentivize excessive risk-taking in any way. This is defined in the report [disclosing the remuneration policy](#), which is published annually.

The variable remuneration of the members of the Board of Managing Directors accounts for 20 percent of their 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.

At the level of the members of the Board of Managing Directors, 25 percent of the targets are based on sustainability criteria. These targets filter through to lower hierarchy levels via a cascading structure. For heads of division, at least

12.5 percent of the targets relate to sustainability (ESG). Sustainability is also a criterion for determining bonuses and is therefore a factor in the remuneration of all employees in the non-collectively negotiated (NCN) wage sector. In addition, managerial staff are advised and trained to agree personal targets with their reports that promote sustainable practices at DZ BANK.

The remuneration for members of the Board of Managing Directors of DZ BANK and the remuneration for DZ BANK employees (management-worker pay ratio) differed by a factor of 15.3 in 2022 (2021: 15.3). The remuneration data used to determine this figure is based on the 2021 report disclosing the remuneration policy pursuant to article 450 of Regulation (EU) No. 575/2013 in conjunction with section 16 of the German Regulation Governing Remuneration at Institutions (InstitutsVergV) for DZ BANK AG and subordinated companies, which was published on June 21, 2022. The report disclosing the remuneration policy for 2022 will be available on DZ BANK's website from mid-2023.

### 6.1.2 ESG governance and ESG organization

Overall responsibility for DZ BANK's sustainability strategy lies with the Co-Chief Executive Officers. The Bank's sustainability management team is part of the Group Strategy & Sustainability department within the Strategy & Group Development division. The team was expanded in 2022. Since May 2022, the two groups Sustainability Strategy & Methods and Sustainability Reporting & Stakeholder Management have acted as a central coordination function and initiator of new ideas, with the following primary remit:





## A Group Sustainability Committee was established at the level of the Board of Managing Directors.

- 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
- Internal and external sustainability reporting

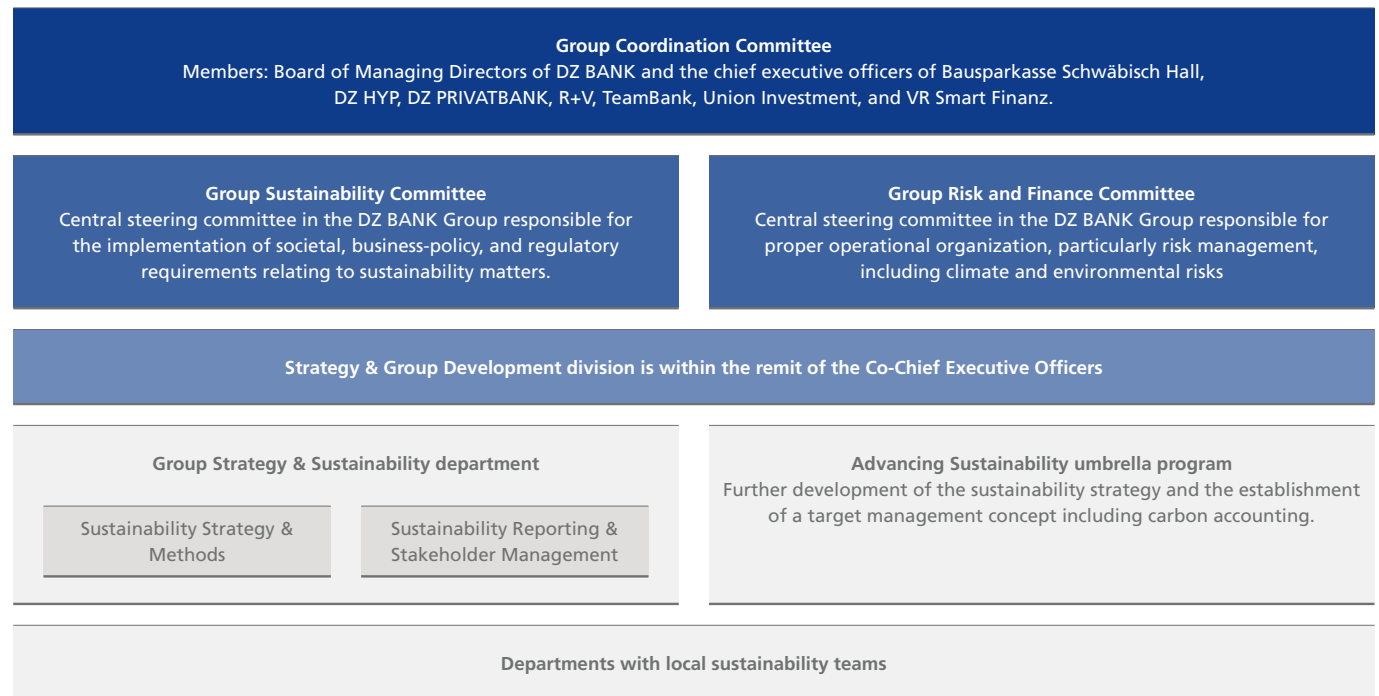
The relevant organizational units are responsible for implementing sustainability aspects in the finance and banking business. The local sustainability officers, sustainability coordinators, and sustainability champions are the primary point of contact and act as multipliers within DZ BANK.

### Steering committee

Since January 2023, the Group Sustainability Committee (GSC) at the level of the Board of Managing Directors has focused on the implementation of sustainability in the DZ BANK Group and, going forward, will be the central steering committee within the DZ BANK Group. It replaces the Group Corporate Responsibility Committee (GCRC).

The former GCRC, whose members included the sustainability coordinators of the management units, has now become

### DZ BANK GROUP SUSTAINABILITY-RELATED STEERING COMMITTEES



the sustainability coordination committee, a platform for the sharing of information on sustainability-related developments and activities across the group. Led by DZ BANK, the sustainability coordination committee identifies key issues relevant to the whole of the group, initiates joint projects, and prepares decisions to be made by the GSC.

The GSC reports regularly to the Group Coordination Committee, the highest-level management and coordination committee in the DZ BANK Group, whose members 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.

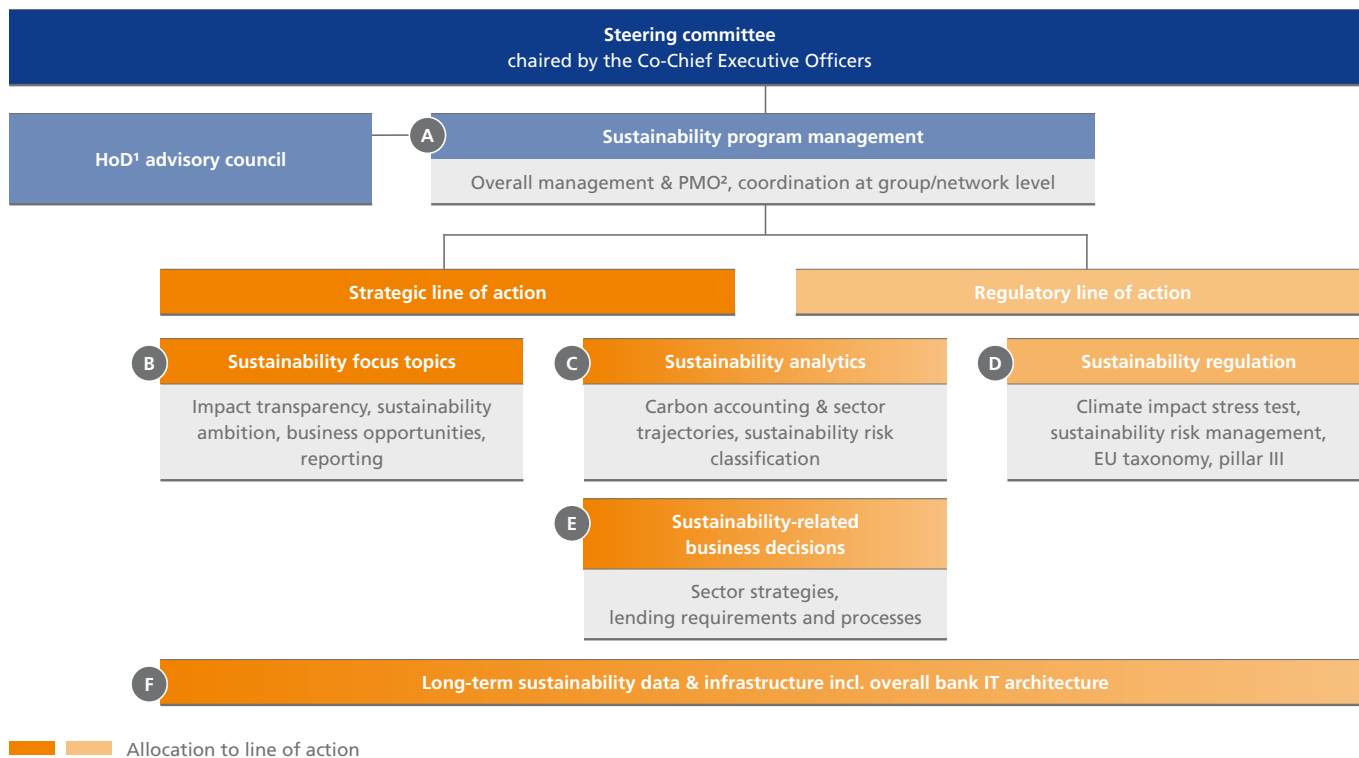
Alongside the GSC, the sustainability area of potential (› section 5.1 Strategy and goals) also works on sustainability. It is headed by the two Co-Chief Executive Officers of DZ BANK and includes members of the Boards of Managing Directors of R+V and Union Investment. The rules of procedure for the new GSC were drawn up in the sustainability area of potential in 2022. They were then signed off by the Group Coordination Committee and a roadmap was prepared that sets out the key topics of relevance to the DZ BANK Group that are to be addressed by the GSC in the future. The sustainability area of potential will be completely subsumed into the GSC in 2023.

### Advancing Sustainability umbrella program

At the start of 2022, the Sustainability Task Force was amalgamated with the integrated Advancing Sustainability umbrella program to steer DZ BANK's cross-functional sustainability activities. The aim of the program is to develop sustainability at a strategic and operational level and to enshrine it in the organization in order to strengthen the role of DZ BANK and the DZ BANK Group in supporting customers' transformation and satisfy regulatory requirements. The Advancing Sustainability umbrella program is also an important part of the sustainability implementation package for DZ BANK's 'Verbund First 4.0' initiative (› section 5.1 Strategy and goals).

The Strategy & Group Development division of DZ BANK oversees the program. Other participants are the Credit, Group Risk Management & Services, Group Risk Controlling, Central Corporate Banking, Structured Finance, Group Finance, Group Financial Services, and IT divisions.

#### ADVANCING SUSTAINABILITY UMBRELLA PROGRAM OF DZ BANK



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

The main objectives of the program include the further development of the sustainability strategy and the establishment of a target management concept including carbon accounting. The structure of the program is intended to facilitate the management of interdependencies between individual projects and make it possible to leverage synergies

in implementing the IT infrastructure and coordinate the communication of progress. In consultation with the entities in the DZ BANK Group and the BVR, action is also being taken under the program to refine the collaboration on sustainability within the cooperative financial network.

The content covered by the program was divided into five task areas in 2022:

- Sustainability focus topics: Strategic and overarching topics (including external reporting and stakeholder management)
- Sustainability analytics: Methods relating to greenhouse gases and ESG risks
- Sustainability regulation: Expectations of the regulatory authorities and EU taxonomy, for example
- Sustainability-related business decisions: Integration of sustainability into the lending process
- Sustainability data and IT infrastructure

The program has made a great deal of progress in implementing sustainability:

- Implementation of sector sprints for carbon-intensive sectors as the basis for identifying sustainability-related business opportunities
- Determination of decarbonization targets for five sectors and the development of a plan to achieve them

- Development of a plan to integrate transition risks and physical ESG risks into the lending process and trialing of an ESG risk scorecard in the lending process for two sectors
- Creation of sustainability base data and establishment of the related calculation options for financed greenhouse gas emissions and for physical emissions intensity, and development of a suitable carbon accounting tool
- Implementation of SDG classification by means of an automated set of rules in a specially developed tool

Further work on all of these topics will take place in 2023. In addition, decarbonization targets are to be drawn up for the relevant carbon-intensive sectors in the DZ BANK Group. Going forward, further projects will be added to the program to establish centralized collection of sustainability data.

## 6.2 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. Compliance management is therefore crucial to the integrity of the financial system and underpins both economic growth and social stability.

### 6.2.1 Compliance function

All entities in the DZ BANK Group that are required by law or regulation to establish a compliance function have done so. The main tasks of this function are to identify, manage, and mitigate compliance risk in order to protect the entity and its employees and customers 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. The core principles are also laid down in the DZ BANK Group's code of conduct, which was published at the end of 2022.

At DZ BANK, the compliance function ensures that effective procedures for complying with the legal regulations and requirements that are material to the bank are implemented and the relevant controls are carried out. The areas of responsibility of the Compliance division include anti-money laundering and fraud prevention, capital market compliance and corporate compliance, and the MaRisk compliance function. The data protection officers and their staff are also part of the Compliance division.

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 monitor the departments, prepare internal policies, and train employees on relevant national and European provisions.

The MaRisk and group compliance team is responsible for all aspects of compliance governance at the level of the DZ BANK Group. It also advises departments, branches, and group entities with regard to the implementation of these requirements, monitors adherence to the compliance framework, and carries out compliance risk analysis at DZ BANK. The MaRisk and group compliance team is furthermore responsible for implementing and monitoring legal standards at DZ BANK. The 'Central Inventory of Laws and Regulations' has been created for this purpose for the DZ BANK Group, as part of the compliance framework.

Once per year, and on an ad hoc basis as required, the Compliance division of DZ BANK reports to the Board of Managing Directors on the activities of the compliance functions of all group entities and 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 member of the Board of Managing Directors with responsibility for compliance, 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.

All group entities have established a whistleblowing system that enables employees to report compliance breaches anonymously and thus protect themselves against disciplinary measures or other action. The ombudspersons appointed in six group entities, to whom breaches can also be reported, are bound by confidentiality in order to protect whistleblowers. All group entities provide mandatory compliance train-



ing for employees; the proportion of employees undergoing such training in the entities ranges from 97 to 100 percent.

### 6.2.2 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. Rules for dealing with gifts and hospitality are contained in the group's 'Acceptance and Granting of Benefits' policy.

In the context of anti-money laundering and fraud prevention at DZ BANK, a central function develops and implements safeguards against money laundering, the financing of terrorism, and other criminal offenses. These include implementing the German Anti-Money Laundering Act and other legislation relevant to money laundering at DZ BANK, including the foreign branches, and formulating and monitoring rules aimed at preventing criminal offenses at the bank. Regular training for all employees is a key part of these preventive measures.



## Standardized guidelines to prevent money laundering and fraud are being developed.

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. A central point of contact has been established in the DZ BANK Compliance division in order to bring together all information concerning anti-money laundering and fraud prevention.

At DZ BANK and other group entities, employees and third parties (such as customers, suppliers, and external staff) can submit a report using the whistleblowing system or contact an internal or external ombudsperson if they wish to flag up 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 information received by the ombudsperson is 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. DZ BANK received eight reports in 2022 and further action was taken in seven of them. One report was submitted by the group entities that led to further action.

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. Regular training on occupational health and safety and outsourcing is also provided.

Web-based programs are used for this training and include a mandatory test for employees at the end. Employees must complete these programs soon after joining the organization. Follow-up courses have to be completed every two years. Employees who fail to participate in the training receive an automated reminder to complete the program within the next 15 days. 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.

Every division of DZ BANK has appointed someone to deal with fraud prevention. This person ensures, in collaboration

with Internal Audit and the Compliance division, that the necessary measures are integrated into work processes effectively and 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 and aimed at preventing money laundering, the financing of terrorism, and other criminal offenses. No significant risks were identified in the analysis in 2022.

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 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 report them to Germany's central agency for analyzing financial transactions, the Financial Intelligence Unit (FIU).

Union Investment began to implement a new money laundering prevention system in 2022, primarily with the aim of digitalizing anti-money laundering measures and the monitoring of sanctions.

### 6.2.3 Socioeconomic and environmental aspects

The Compliance division of DZ BANK did not identify any incidents of corruption in the DZ BANK Group in 2022. There were also no incidents or lawsuits filed in relation to anti-competitive behavior, anti-trust practices, and monopoly practices during the reporting period.

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. In 2022, no group entity became aware of fines or sanctions imposed due to non-compliance with environmental legislation.

### 6.2.4 Taxes

Under its overall strategy, the DZ BANK Group has formulated a tax strategy that characterizes compliance with applicable tax obligations as part of its corporate responsibility. The strategy serves as a policy and an expression of values and principles for all entities in the DZ BANK Group. The principles laid down in the strategy also form part of the group's code of conduct. The 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. Responsibility for tax compliance lies with the Board of Managing Directors of the relevant group entity.

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 has limited tax liability in respect of its international branches and their local income. DZ BANK believes in the principles of paying taxes on profits at the place where the associated economic value is generated in accordance with international transfer pricing guidelines, always duly fulfilling its tax obligations, and complying with national and international tax laws at all times. Furthermore, DZ BANK rejects inappropriate legal structuring practices and tax evasion and

explicitly does not employ aggressive business practices for tax avoidance: It 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. Any business activities in countries suspected of promoting tax avoidance practices are not motivated by tax considerations.

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 the Group Tax department reports directly to the responsible Head of Division and the relevant member of the Board of Managing Directors.

A variety of measures mitigate tax compliance risks and aim to prevent breaches of tax compliance rules. These include

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 need to update the aforementioned measures. A reporting line to the Compliance Office serves to meet regulatory requirements. The existing whistleblowing system of DZ BANK ([section 6.2.2 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 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. The Supervisory Board's Audit Committee and the competent Joint Supervisory Team (JST) of the supervisory authorities receive information on particularly important tax matters.

#### **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](https://www.dzbank.com/reports).

## 6.3 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 this context, sustainability risks that impact on the business activities of the group entities are becoming increasingly important. For example, climate-related and environmental, social, and corporate governance risks (ESG risks) have been identified as material overarching factors that pose predominantly medium-term and long-term risks to the DZ BANK Group. The focus is currently on climate-related and environmental risks resulting from climate change. These risks comprise both physical risks, such as more occurrences of natural disasters and floods, and transition risks, which can arise particularly as a result of legislative initiatives and changes in consumer behavior (see [the risk report included in the 2022 group management report of the DZ BANK Group and in the 2022 management report of DZ BANK AG](#)).

Based on regulatory recommendations such as the Guidance Notice on Dealing with Sustainability Risks issued by BaFin, 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 risks from the climate and environmental sphere materialize in areas such as credit risk, reputational risk, operational risk, and actuarial risk. Close collaboration between the departments, Group Risk Management at DZ BANK, and the entities in the DZ BANK Group (e.g. via the Group Risk Man-

agement working group) ensures that risks are managed consistently throughout the group.

#### 6.3.1 Governance

DZ BANK's 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 objective of the risk strategies adopted by DZ BANK's Board of Managing Directors for all activities is that risk should 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. The group entities' 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 the relevant divisions and affected group entities.

The Group Risk and Finance Committee (GRFC), the central risk management committee of the DZ BANK Group, supports DZ BANK's Board of Managing Directors with group-wide 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 at various group entities. The GRFC has set up eight working groups that focus on addressing specific risk facets.

#### 6.3.2 Sustainability risk

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

- 'Inside-out' perspective: Analysis of the effects that the business activities of DZ BANK and the DZ BANK Group have on the environment and society
- 'Outside-in' perspective: Analysis of the impact that ESG-related challenges have on the risk position of DZ BANK and the DZ BANK Group



### Inside-out perspective

With regard to sustainability-related risks arising from their own business activities, the entities in the DZ BANK Group use various concepts in the lending, financing, and investment business that are designed to minimize potentially adverse sustainability impacts and mitigate potential risks. These include rejection criteria and sectoral rules, the group credit standard on 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 International Finance Corporation (IFC) Performance Standards ([section 7.4.3 Lending](#)). In addition, the classification tool based on the sustainable development goals of the United Nations ([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 ([section 8.4 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 2022 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 climate-related and environmental, social, or corporate governance spheres that, if they materialized, would definitely or potentially have a significant adverse impact on the financial position and financial performance, liquidity situation, and 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 the effects of irreversible climate change – and transition risks (e.g. new statutory requirements or changes to consumer behavior) in connection with the switch to more environmentally sustainable economic practices with a smaller carbon footprint.

In close collaboration with the relevant departments, the foundations were laid for the efficient management of sustainability risk in line with the regulatory requirements of the European Central Bank (ECB) and the European Banking Authority (EBA). This approach will be progressively expanded and defined in greater detail over the coming years.

The outside-in perspective, particularly with regard to climate-related and environmental risks against the backdrop of the ECB's expectations in this context, is a focus of DZ BANK's Advancing Sustainability umbrella program. Under the program, procedures for the new risk aspects are developed that cover lending processes, climate stress tests and ESG scorecards, statutory disclosure requirements, and the ECB's specific expectations regarding the management of climate-related and environmental risks.

As part of the annual group risk inventory check conducted by the Group Risk Management & Services division, a survey is carried out among experts in the DZ BANK Group with the aim of promoting transparency and assessing the level of impact of key risk types across the group. The survey is also intended to reveal the impact on the individual business models. Since 2021, the group risk inventory check has included an analysis of the ESG risk drivers in order to assess each year which potentially material risk drivers in the climate-related and environmental, social, and corporate governance spheres the DZ BANK Group is exposed to. The analysis was refined and backed up by quantitative data in 2022. Potentially material ESG risk drivers were identified for the risk types credit risk, operational risk, reputational risk, and actuarial risk. A supplementary analysis of the transition risks for DZ BANK's credit portfolio was conducted as part of the Advancing Sustainability umbrella program.

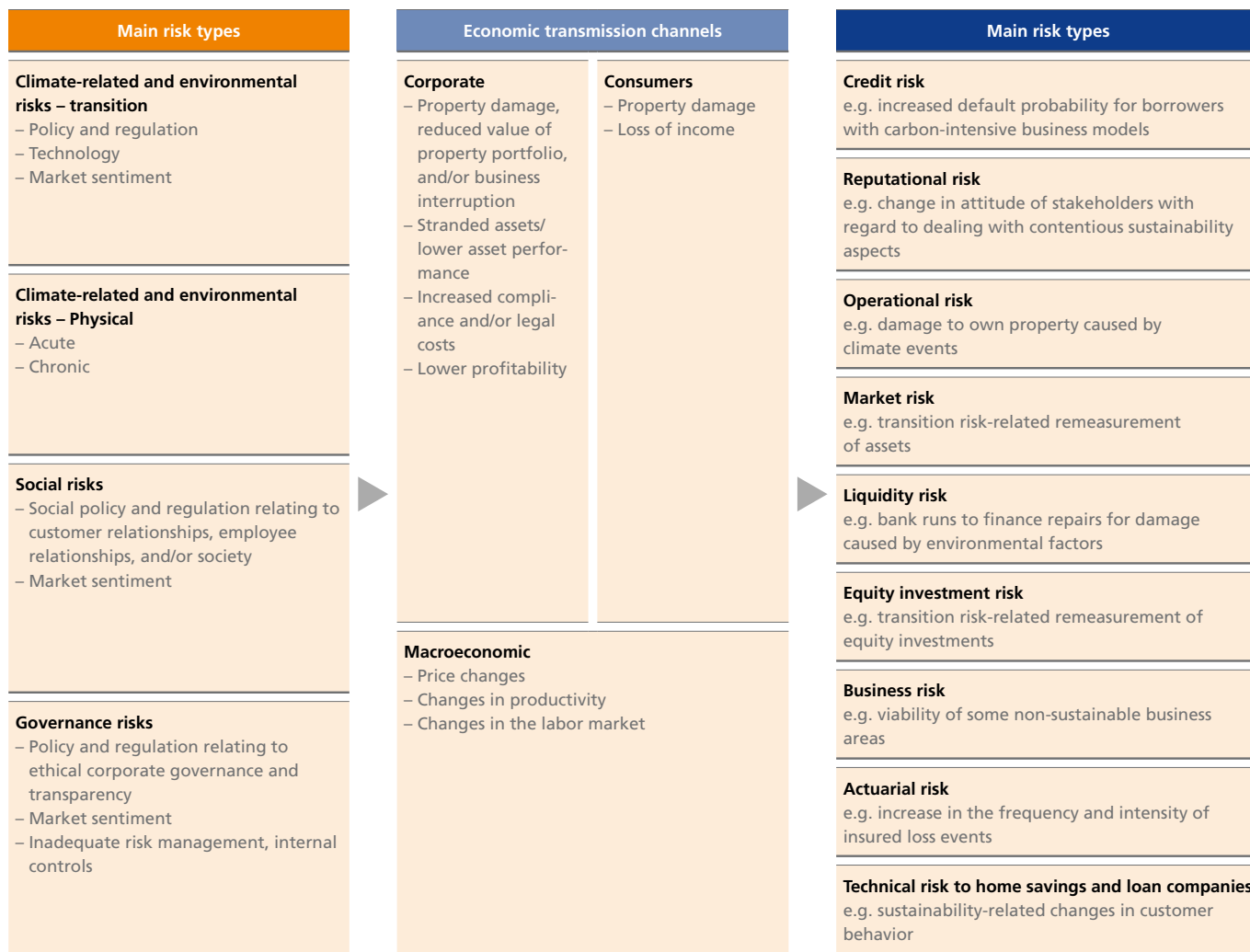
### Climate risks

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 climate-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 DZ BANK Group's Insurance sector, non-life actuarial 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. Moreover, Union Investment signed off a climate strategy for securities portfolios in 2022 (➔ [section 7.5 Asset management](#)).

POSSIBLE CHANNELS FOR THE TRANSMISSION OF SUSTAINABILITY RISK DRIVERS TO THE EXISTING RISK CATEGORIES



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 supervisory authority's expectations regarding banks' business models, business strategies, corporate governance, risk appetite, risk management, and disclosures. In 2022, DZ BANK took part in the supervisory authority's thematic review, in which it reported to the banking regulator on current practices regarding climate-related and environmental risks and presented its plans for improving their management in the coming year. DZ BANK's plans for further development in 2023 include the management of climate and environmental risks.

DZ BANK also participated in the ECB's climate stress test in 2022, which was run as a joint learning exercise. Rather than focusing on the absolute quantitative results of the test, the priority was to enhance the data and processes for climate stress tests. Since 2022, DZ BANK has also been conducting phased internal climate stress tests across the group. The first internal report on exploratory scenario analysis for assessing selected physical and transition climate risks was produced at the end of the year.

## 6.4 Stakeholder dialogue

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. Representatives of companies and organizations that influence the DZ BANK Group's activities at an economic, environmental, or social level or are impacted by its activities, are considered to be important stakeholders. They 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.

### Dialogue with cooperative banks

The cooperative banks constitute the most important customer group of the DZ BANK Group, and they are also the owners of DZ BANK. A body of particular strategic importance, therefore, 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 officeholders 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 the group entities. The two meetings that took place during the reporting period focused on the priority topics 'Support from the DZ BANK Group in retail customer business, corporate customer business, and own-account investing' and 'The banking business of tomorrow'.

DZ BANK facilitates communication and information sharing with the cooperative banks through various dialogue events, such as a virtual spring conference and in-person 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. 2022 also saw four regional banking dialogue events on sustainability take place at various locations, which received positive feedback. The regular dialogue between a number of church banks and DZ BANK's sustainability teams was maintained in 2022, and the dialogue with GLS Gemeinschaftsbank eG on sustainability matters was stepped up.

### Stakeholder surveys and discussion formats

The DZ BANK Group regularly conducts groupwide stakeholder surveys (▶ [chapter 5.3 Materiality assessment](#)). Individual group entities such as Bausparkasse Schwäbisch Hall and Union Investment also conduct their own stakeholder surveys. Regular surveys are conducted at individual group entities to enable the systematic measuring of customer satisfaction (▶ [section 8.1 Customer focus](#)). All DZ BANK Group entities conduct their own regular staff surveys (▶ [section 9.1 HR strategy](#)). In addition, the DZ BANK Group entities use a wide variety of discussion formats to engage in dialogue with national and international stakeholders.

At the UN's 2022 climate conference (COP27), DZ BANK held a panel discussion on carbon markets with key players for the first time. The event took place at the International Chamber of Commerce pavilion during the conference's

Finance Day. In addition, ESG experts from the Capital Markets business line regularly educate institutional investors in Germany and other countries about sustainability and raise their awareness of relevant aspects by giving talks at conferences and 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 2022, DZ BANK was approached by non-governmental organizations (NGOs) and media representatives with a number of inquiries and matters that were investigated and addressed. Matters raised by stakeholders in 2022 predominantly focused on climate change and decarbonization as a result of the transition away from fossil fuels and on human rights.

### Initiatives 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, business, and politics, and



to promote their own interests. 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.

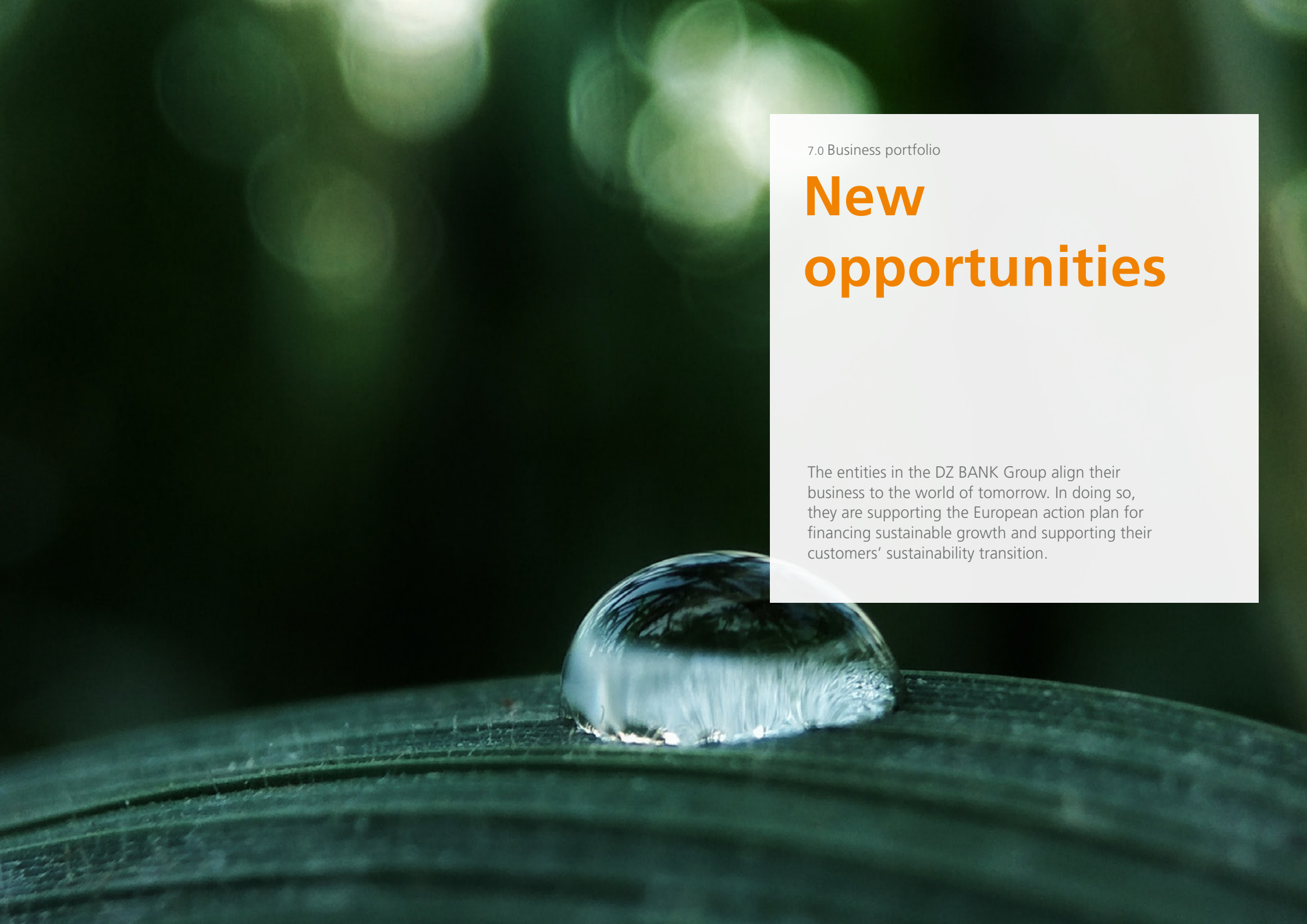
DZ BANK is also an active member of the following associations that promote the cooperative principle across Europe and around the world:

- Confédération Internationale des Banques Populaires (CIBP) – an association that supports networking and the sharing of best practice among cooperative banks around the world and provides a shared forum for learning
- 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
- Unico Banking Group – an association that facilitates networking and the sharing of experiences in working groups and at senior management level

The table below shows the DZ BANK Group's most important memberships of organizations with particular reference to sustainability. For further information on initiatives and memberships, please see the sustainability reports or websites of the group entities (for DZ BANK, see also [section 10.2 Social and cultural activities](#) and [section 10.3 Political engagement](#)).

#### MEMBERSHIP OF SELECTED ORGANIZATIONS

Global	
CDP (formerly Carbon Disclosure Project)	DZ BANK, Union Investment
Climate Bonds Initiative (CBI)	DZ BANK, Union Investment
ICC Commission on Environment and Energy (ICC)	DZ BANK
Transition Pathway Initiative	Union Investment
National	
Forum Nachhaltige Geldanlagen [Sustainable Investment Forum]	DZ BANK, Union Investment
Green and Sustainable Finance Cluster Germany (GSFCG)	DZ BANK
Nachhaltigkeitsrat des Genossenschaftsverbands [Sustainability Council of the Association of Cooperatives]	DZ BANK
ÖKOPROFIT®club Frankfurt am Main	R+V, Union Investment, VR Smart Finanz
Stiftung KlimaWirtschaft [German CEO Alliance for Climate and Economy]	Bausparkasse Schwäbisch Hall, Union Investment
Sustainable Finance Committee of the German government	DZ BANK
Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU) [Association for Environmental Management and Sustainability in Financial Institutions]	DZ BANK, DZ HYP, Bausparkasse Schwäbisch Hall, TeamBank, DZ PRIVATBANK, R+V, Union Investment
VÖB [Association of German Public Banks] Sustainable Finance Commission	DZ BANK



7.0 Business portfolio

# New opportunities

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

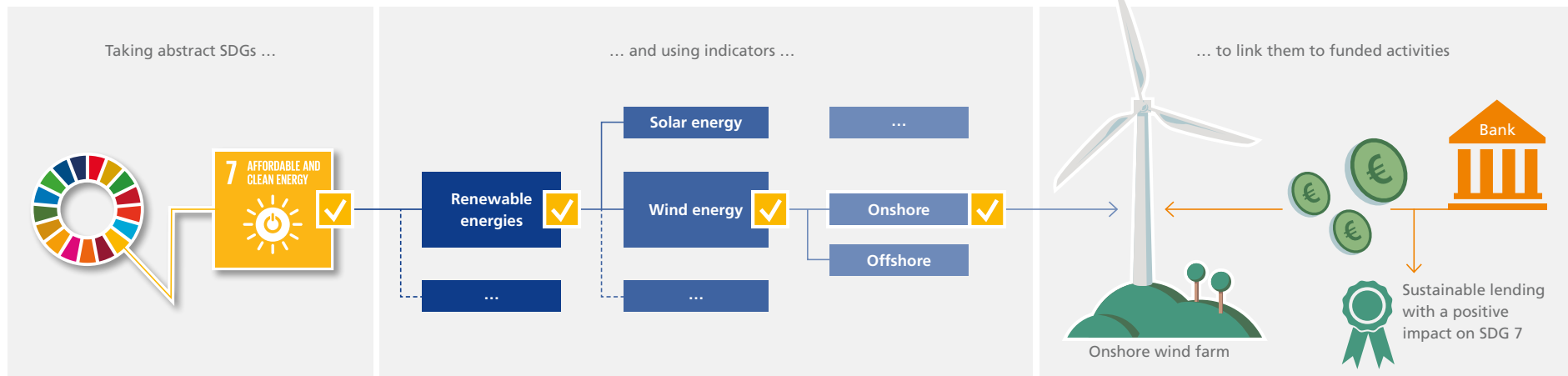
The DZ BANK Group believes it is important to measure and manage the impact of its business activities in order to make a targeted contribution to sustainability. In 2020, the 17 UN sustainable development goals (SDGs) were specified as the standardized framework for classifying the activities of DZ BANK Group entities. DZ BANK has developed its own methodologies on this basis in the form of SDG classification and technology mapping, and now regularly applies these to various (sub-)portfolios. Other methods of classifying and evaluating activities with regard to their sustainability impact include carbon accounting and the sustainability risk classification (➤ section 6.3 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 aim is for the system to cover a broad range of sustainability impacts across the entire ESG spectrum. The classification basically addresses the question of which customer activities are funded by DZ BANK, or which activities the customer carries out using the liquidity provided. In the case of funding for a specific purpose, such as project finance for a wind farm, only the directly funded

activity is classified – in this case the generation of electricity from wind power. Where funding is not provided for a specific use, i.e. the customer may use the liquidity provided in any way it chooses, the customer is assessed as a whole, based on all its activities. In the case of general finance for an electricity producer, this means that the customer 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. Consequently, an economic activity may have both positive and adverse impacts for different SDGs and may thus also vary in terms of the volume of renewable energies reported (➤ section 5.1 Strategy and goals). This reflects the complex and diverse reality of SDG impacts.

### SDG INDICATOR APPROACH FOR IMPACT CLASSIFICATION



### Technology mapping

Technology mapping builds on SDG classification (including the splitting that this involves) and aims to create transparency about particularly relevant climate impacts. 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 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 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 for SDG classification.

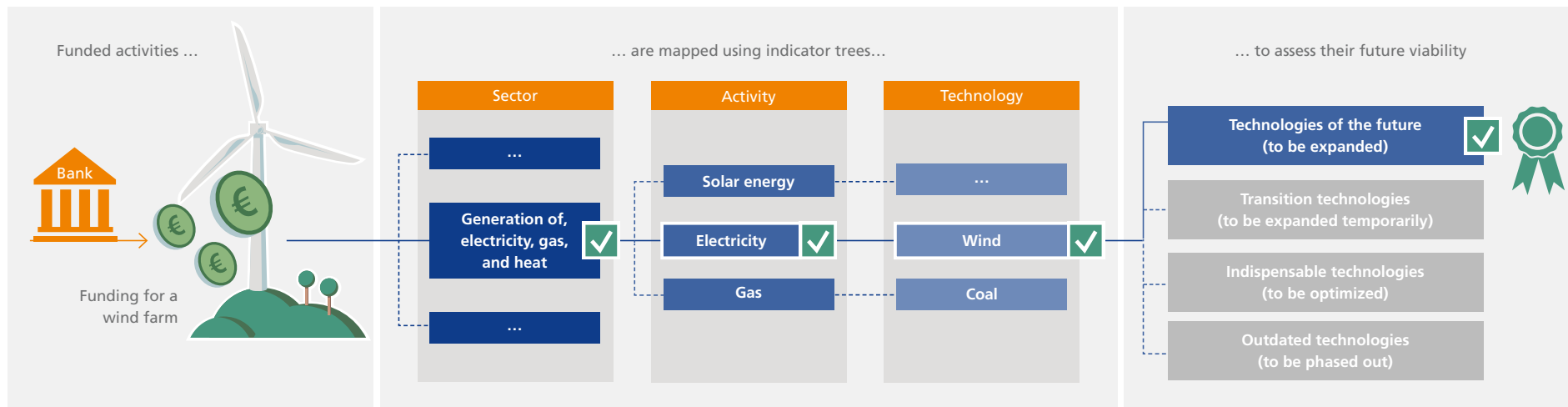
### Classification of DZ BANK's business activities

SDG classification and technology mapping were applied at DZ BANK for the first time in 2020. They were used to analyze the corporate customer lending business (referred to below as analyzed classification portfolio) from the corporate banking and structured finance relationship management units, which includes working capital finance and project finance and thus represents only a selection of all DZ BANK

assets. A particular focus when selecting the portfolio was longevity, as it is a core aspect of sustainability. On this basis, transactions that are usually of a short-term nature (e.g. money market loans) were excluded, although overdraft facilities were an exception to this rule. Transactions where DZ BANK is not directly involved as the funding partner (e.g. pass-through loans) were also excluded.

As at December 31, 2022, the analysis was carried out again in respect of the loan volume of the analyzed classification portfolio of €78.6 billion (December 31, 2021: €69.4 billion). Transactions of less than €1 million were not classified where an excessive amount of manual classification work would have been necessary.

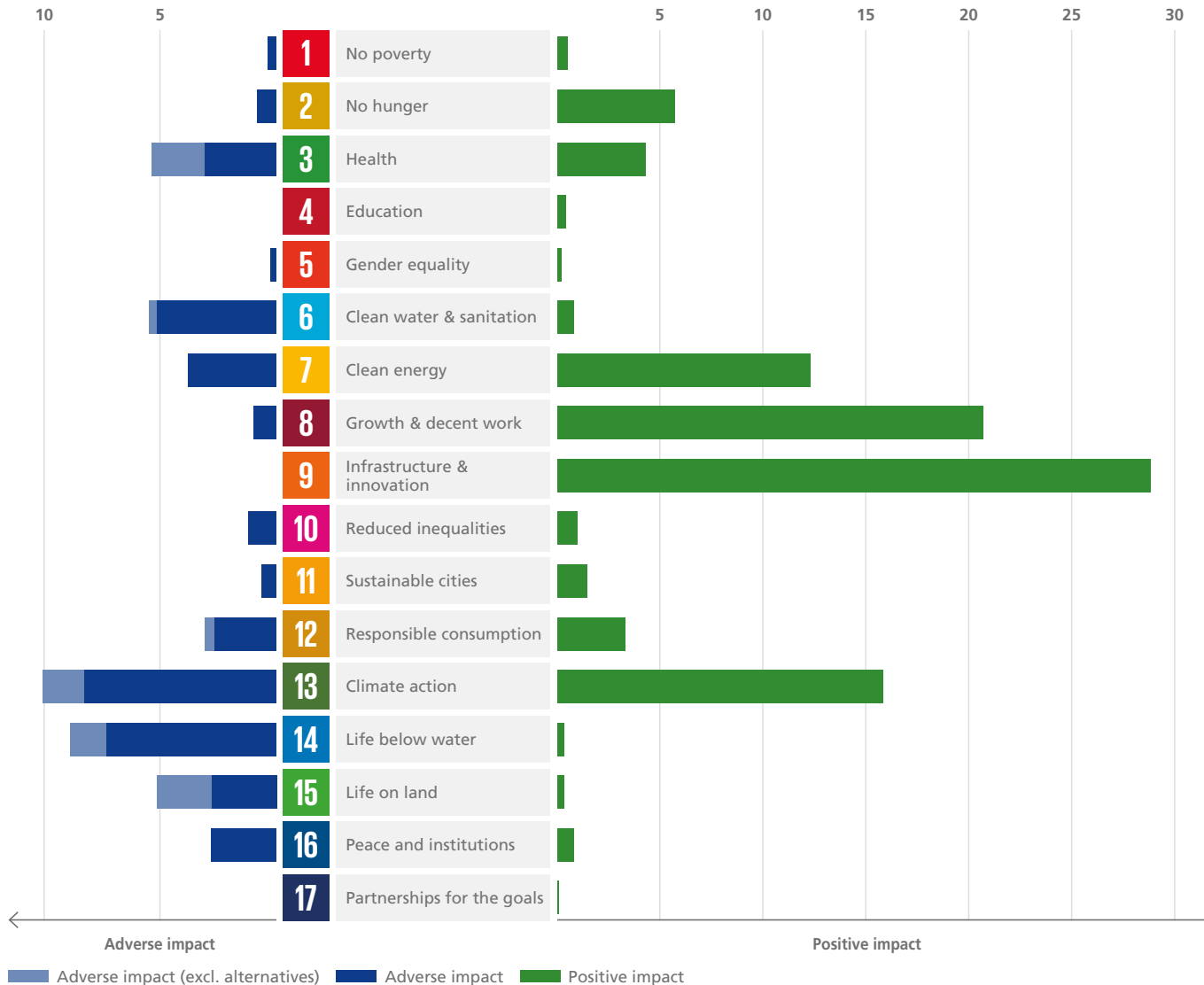
#### TECHNOLOGY MAPPING APPROACH FOR IMPACT CLASSIFICATION FROM A CLIMATE PERSPECTIVE





IMPACTS OF THE PORTFOLIOS ON THE 17 UN SDGs

€ billion (as at Dec. 31, 2022)



The analyzed classification portfolio had a largely positive impact in respect of the SDGs. As at December 31, 2022, around 66 percent (€51.5 billion) of the volume examined within the analyzed classification portfolio generated at least one positive impact (December 31, 2021: around 65 percent or €45.1 billion). A further 23 percent or €18.3 billion (December 31, 2021: 24 percent or €16.6 billion) generated at least one adverse impact on the SDGs. Around 26 percent or €20.1 billion (December 31, 2021: around 25 percent or €17.2 billion) generated neither a positive nor an adverse SDG impact and can thus be classified as neutral. These percentages (and volumes) 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<sup>1</sup> (SDG 9), for example through the funding of power companies or wholesalers and retailers (particularly in the food sector). Positive impacts are also shown to be generated by trade finance, which drives economic growth and thus adds to global prosperity (SDG 8). The financing of renewable energies and of natural gas<sup>2</sup> generates a positive impact in the fight against climate change (SDG 13).

Adverse impacts result mainly from financing related to the automotive and transportation sector (especially shipping). The proportion of combustion engines remains high within these sectors, which has an adverse impact on the climate

Corporate customer lending business (analyzed classification portfolio) | Reference date December 31, 2022 | SDGs: sustainable development goals | Figures are not cumulative, as loans may generate positive and adverse impacts at the same time

<sup>1</sup> Critical infrastructure according to the Federal Office for Civil Protection and Disaster Assistance (BBK)  
<sup>2</sup> Natural gas may in some circumstances be classified as a transition technology if predefined criteria are met (e.g. replacement of an older coal-fired power plant)

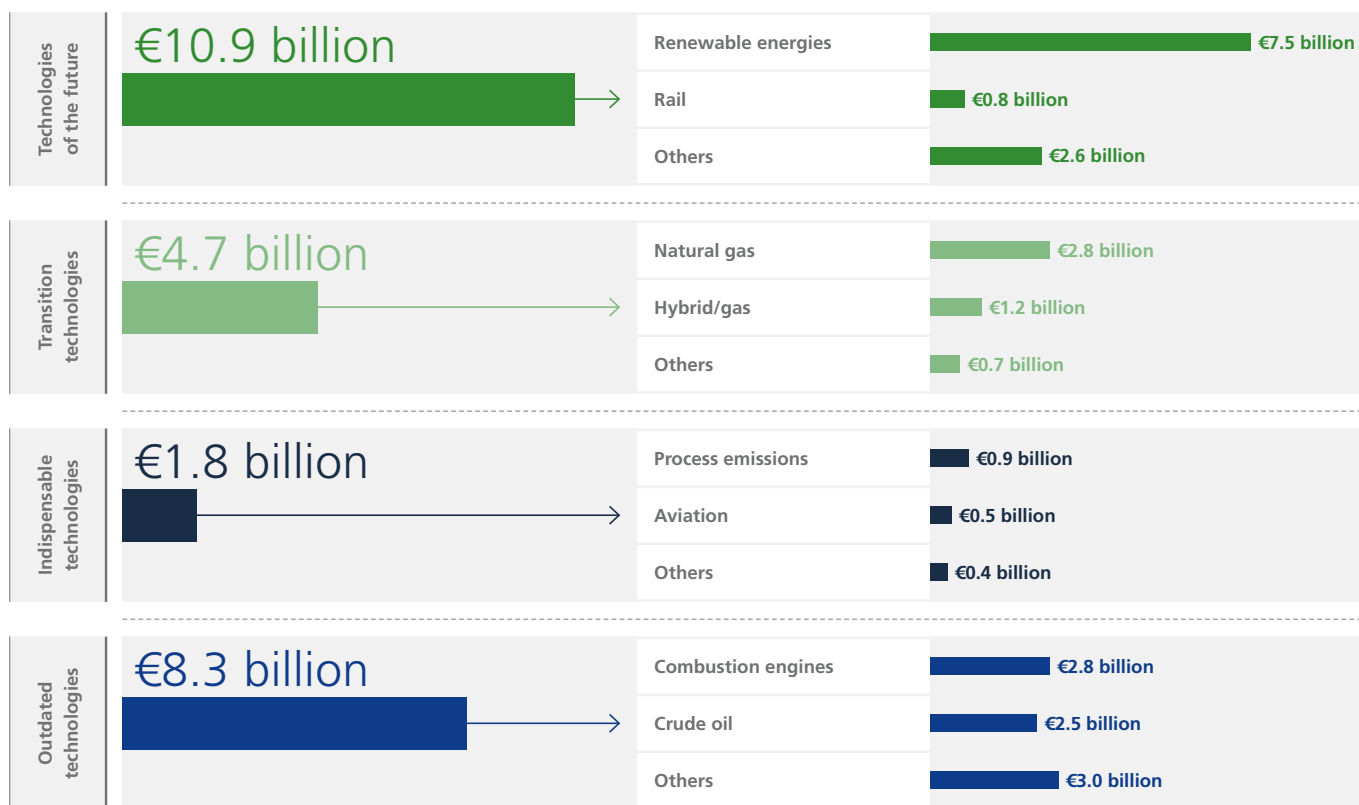
(SDG 13). Other adverse impacts are generated by thermal power stations that use large quantities of water for cooling (SDG 6) and from cooling water being fed back into waterways, which adversely affects marine ecosystems (SDG 14).

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 figure on the previous page shows the aggregated positive and adverse impacts of the analyzed classification portfolio on the 17 SDGs.

The classification under the technology mapping approach found that a volume of around €25.6 billion of DZ BANK's analyzed classification portfolio is linked to climate-related business activities (December 31, 2021: €22,6 billion). More than half of this volume (over €15.6 billion) is already attributable to technologies of the future and transition technologies (December 31, 2021: €13.7 billion). Among the technologies of the future, the generation of electricity from renewable energy sources is the dominant driver with a contribution of €7.5 billion (December 31, 2021: €6.9 billion). This figure mainly comprises project finance for wind and solar energy .

Finance for natural gas projects that serve as bridging solutions makes up the bulk of the transition technologies figure (€4.7 billion; December 31, 2021: €4.1 billion). However, natural gas qualifies as transition technology only under very specific circumstances. This might be the case, for example, if a gas-fired power plant replaced a coal-fired power plant.

LENDING ACTIVITIES LINKED TO CLIMATE-RELATED TECHNOLOGIES



Corporate customer lending business (analyzed classification portfolio) | Reference date December 31, 2022 | Figures rounded

The contributions to indispensable technologies of €1.8 billion (December 31, 2021: €1.7 billion) originate from the aviation and chemicals sectors. The technology of combustion engines is becoming obsolete and they are the largest con-

tributor to outdated technology (€2.8 billion; December 31, 2021: €2.6 billion). The above figure maps the parts of the analysed classification portfolio that have an impact on the climate to the four technology types.

### Application of the classification to other sub-portfolios

In 2021, in addition to the corporate customer lending business (analyzed classification portfolio), DZ BANK applied the classifications to individual segments of the own-account security investments in the banking book (e.g. corporate bonds and bank bonds), to individual segments of the securitization portfolio, and to the issuance volume in the corporate bond business (debt capital markets, DCM) in which DZ BANK acted as manager, bookrunner, or mandated lead arranger during 2022. This was done to ensure greater transparency and the detailed findings for all four portfolios were published in aggregated form in the 2021 sustainability report. For the purpose of transparency, this approach was also applied on December 31, 2022. Together, the four portfolios have a total volume of €231.6 billion (December 31, 2021: €200 billion). 57 percent (December 31, 2021: 66 percent) of the volume generates a positive impact on at least one SDG, 12 percent (December 31, 2021: 14 percent) has an adverse impact on at least one SDG, and 37 percent (December 31, 2021: 27 percent) was assessed as neutral.

To date, goals have only been set for the corporate customer lending business (analyzed classification portfolio) of DZ BANK (› [section 5.1 Strategy and goals](#)) which is why no aggregated set of detailed results for all four portfolios has been published this year.

### Climate alignment

DZ BANK is aware that the finance sector has an important role to play in aligning the economy with the Paris climate targets. It will therefore bring its portfolio into line with the 1.5 °C target and the 'net-zero future' principle. To implement these aims, the industry sectors that are particularly relevant for decarbonization, known as focus sectors, were analyzed in 2022 with regard to their climate impact, market opportunities, and ESG risks. DZ BANK then used the findings as a basis to set specific climate targets (› [section 5.1 Strategy and goals](#)).

DZ BANK has used the methodology in the Paris Agreement Capital Transition Assessment (PACTA) to provide a detailed analysis of five focus sectors. The physical emissions intensity of each focus sector – energy, automotive, steel, cement, and aviation – was calculated so that they can be managed in the future via sector-specific decarbonization targets. The Net Zero Emissions by 2050 pathways of the International Energy Agency (IEA) provide the reference for the physical emissions intensity of the DZ BANK portfolio and thus for its conformity with the 1.5 degree target. Climate alignment focuses on the parts of the value chain that exert the greatest leverage effect in terms of decarbonization.

The fossil fuel and shipping sectors are currently still being analyzed; targets cannot be published yet due to insufficient

data. The chemical sector will only be analyzed when PACTA publishes a method for doing so. With regard to coal mining, DZ BANK is already pulling out of the coal industry and is focusing on supporting (energy supply) companies in their transformation<sup>4</sup>.

Beyond the climate alignment of the focus sectors, DZ BANK is working on the calculation of the cross-sectoral carbon footprint in accordance with the standard of the Partnership for Carbon Accounting for Financials (PCAF). The financed emissions of the whole portfolio will be published at a later date.

### Challenges in the context of sustainability

Sustainability is a complex and rapidly changing subject area where standards are still being developed. It is therefore often difficult for companies to collect climate-related data and data is not always available at the necessary level of granularity to enable modeling by data providers. For this reason, DZ BANK partly relies on proxy figures.

DZ BANK publishes its climate targets on the basis of the currently available data and methodology. It is expected that methodological standards will continue to develop and data quality will improve over time, so DZ BANK's analysis and setting of climate targets will remain an ongoing process and results may be updated.

<sup>3</sup> The basis for the climate alignment of the focus sectors consists of finance in the banking book (corporate and project finance). All on-balance-sheet transactions of a finance nature are included, e.g. loans with payments drawn down and bonds. A detailed description of the methods is published as part of the regulatory risk report.

<sup>4</sup> See rejection criteria of the DZ BANK Group: The DZ BANK does not provide funding to any company that generates more than 5 percent of its revenue or of its power from the extraction of or trade in thermal coal unless the company can demonstrate a clear will to transform or can prove that it will not use the funds for these activities. Nor does DZ BANK provide lending for existing coal-fired power plants or to build new ones.

SECTOR BRIEFING: ENERGY

VALUE CHAIN

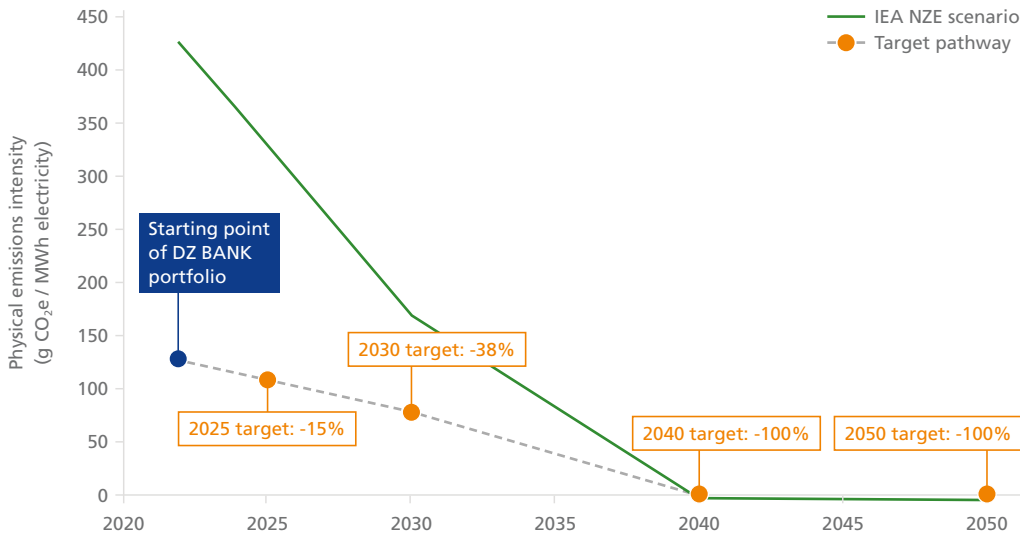
The focus within the energy sector is on power generation, as it is at this stage of the value chain that most emissions are produced.



LENDING VOLUME

€9.07 billion

DECARBONIZATION TARGETS



Energy

The energy sector is critical for achieving the global 1.5 degree target. The emissions of the energy sector, particularly power generation, account for around 35 percent<sup>5</sup> of global greenhouse gas emissions.

To reduce these emissions, industry and consumers must move rapidly to low-carbon and renewable energy sources. Green power generation is also the key to decarbonization of other sectors (such as automotive and steel). Suppliers face the further challenge of guaranteeing energy security and providing energy sources such as gas as bridging technology.

DZ BANK’s portfolio in the power generation sector is very well positioned. The initial analysis placed it well below the IEA’s reference pathway for net zero emissions (NZE), at minus 70 percent. The reason is that the direct financing of renewable energies already accounts for over two-thirds of the DZ BANK portfolio. DZ BANK aims to proactively expand its funding of renewable energies. It has therefore set itself a decarbonization target of minus 38 percent by 2030.<sup>6</sup>

<sup>5</sup> IEA World Energy Outlook 2022, power generation excluding heat generation  
<sup>6</sup> The stated decarbonization target for all sectors relates to the baseline year 2022.



SECTOR BRIEFING: AUTOMOTIVE

**VALUE CHAIN**

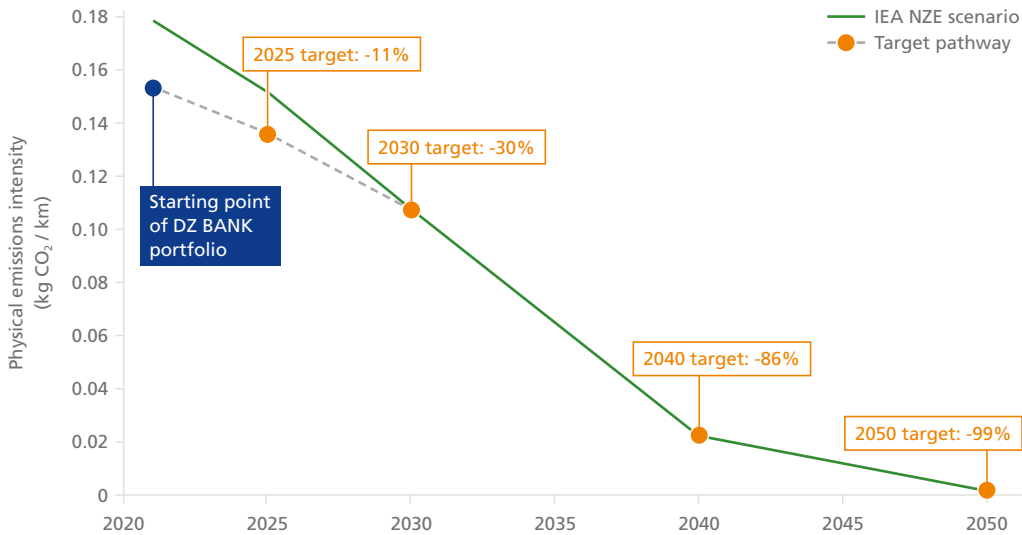
The focus within the automotive sector is on original equipment manufacturers (OEMs). They are responsible for the drive technology used.



LENDING VOLUME

€905.7 million

DECARBONIZATION TARGETS



**Automotive**

The automotive sector generates around 8 percent of global greenhouse gas emissions<sup>7</sup>. The focus here is on vehicle manufacturers.

New drive technologies will be key to accelerating decarbonization within the sector, particularly hybrid and all-electric vehicles. In the medium and long term, other drive systems such as fuel cells may also be an option, although these currently lag far behind battery-powered electric drives when it comes to market readiness.

DZ BANK has a solid basis on which to build in the automotive sector, and is currently 14 percent below the IEA reference pathway. By 2030, physical emissions intensity is expected to fall by 30 percent. DZ BANK is supporting its business partners in their efforts to decarbonize.

<sup>7</sup> IEA World Energy Outlook 2022

SECTOR BRIEFING: STEEL

VALUE CHAIN

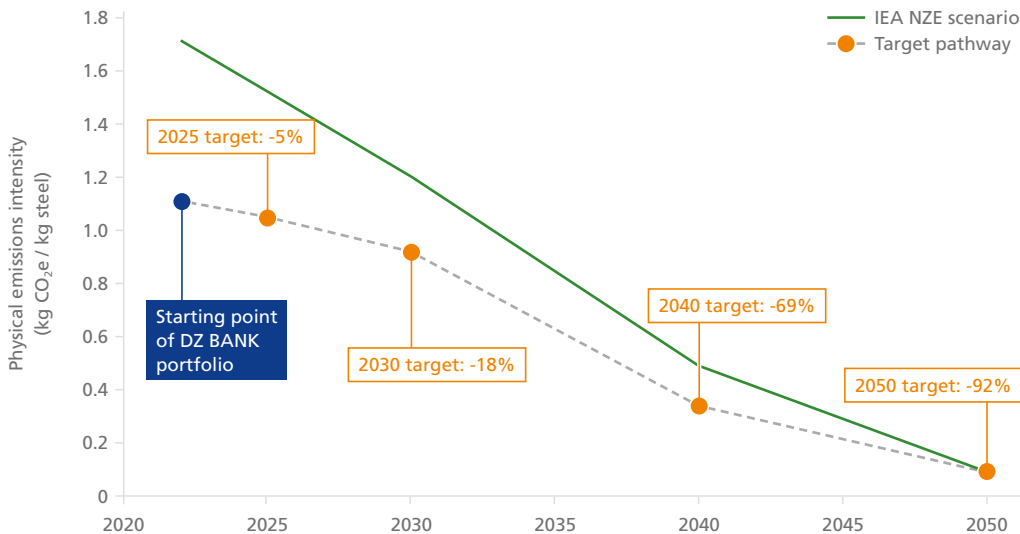
The focus within the steel sector is on steel production. Most emissions are produced at this stage of the value chain.



LENDING VOLUME

€229.6 million

DECARBONIZATION TARGETS



Steel

There is an enormous need to decarbonize in the steel sector, due to the very high emissions generated in production. The steel industry is responsible for around 8 percent<sup>8</sup> of global greenhouse gas emissions.

Significant savings in CO<sub>2</sub> cannot be achieved through short-term process optimization alone. Structural changes are cost-intensive, but in the long-term will be unavoidable for the sector's net zero transformation. The focus is on the switch to electric arc furnaces, which are powered with natural gas or hydrogen rather than coal. DZ BANK is positioning itself here as a reliable partner to its business partners and is supporting them in switching to the lower-emission electric arc furnace production route.

DZ BANK is starting from a strong position of 35 percent below the IEA reference pathway. One reason for this is that many of DZ BANK's business partners already use lower-emission electric arc furnaces. Against this background, DZ BANK has set itself the target of reducing physical emissions intensity by 18 percent by 2030.

<sup>8</sup> IEA World Energy Outlook 2022

SECTOR BRIEFING: CEMENT

VALUE CHAIN

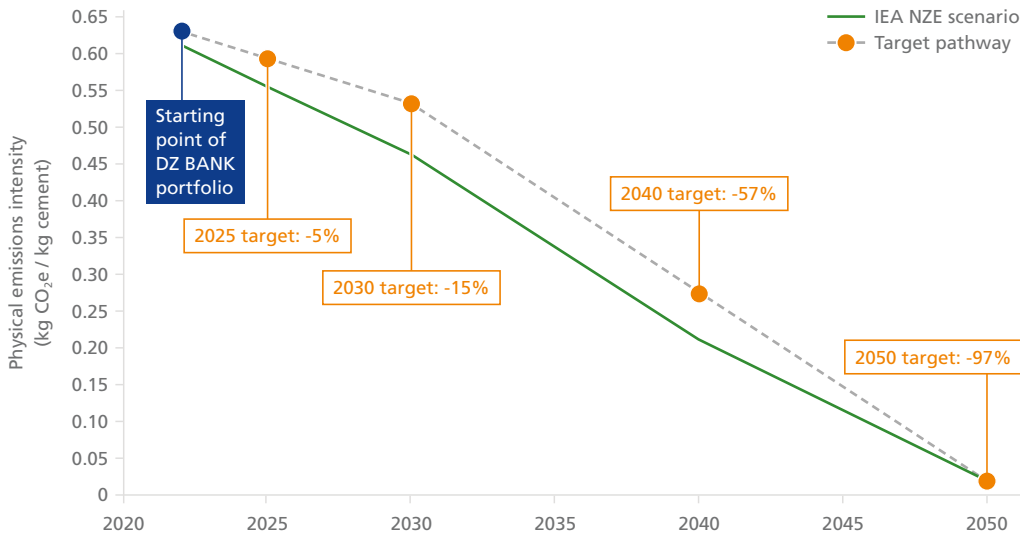
The focus within the cement sector is on the manufacture of cement. It is at this stage of the value chain that most emissions are produced.



LENDING VOLUME

€147.3 million

DECARBONIZATION TARGETS



Cement

The cement sector is currently responsible for about 7 percent of global greenhouse gas emissions.<sup>9</sup>

The decarbonization of the cement sector presents a number of major challenges for this market. This is because a large proportion of the emissions are generated by calcination during cement production and are unavoidable. These are what are known as process emissions. Research is ongoing into solutions, such as reducing the so-called clinker factor. CCUS solutions (carbon capture, utilization, and storage) will be extremely important for decarbonizing the sector. In Germany, the regulatory framework for these technologies as a prerequisite for decarbonization of the sector is currently in the final stages of preparation.

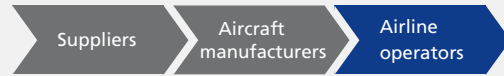
DZ BANK’s starting point in the cement sector is good, and only just above the IEA reference pathway (3 percent). In line with its efforts to achieve net zero, DZ BANK has set itself the target of reducing the physical emissions intensity in the cement sector by 15 percent by 2030.

<sup>9</sup> IEA World Energy Outlook 2022

SECTOR BRIEFING: AVIATION

VALUE CHAIN

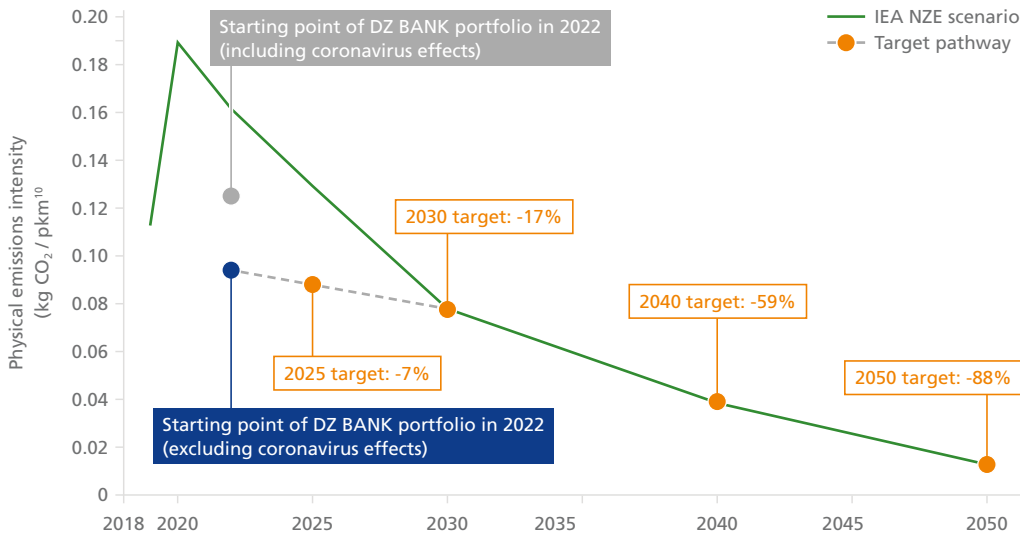
The focus in the aviation sector is on airline operators, as they are responsible for the majority of flights carried out and therefore for the majority of emissions.



LENDING VOLUME

€178.5 million

DECARBONIZATION TARGETS



Aviation

Direct emissions from aviation account for around 2 percent of global greenhouse gas emissions. The majority is produced in flight operations through the combustion of kerosene jet fuel.

In the short term, technical and operational efficiency improvements can lower these emissions. These include the use of more efficient fleets, operations scheduling, and air traffic management. In the medium term, sustainable aviation fuels (SAFs), which are produced without the use of fossil fuels, will be available. Airline companies in the DZ BANK portfolio are innovative and are already trialing the use of SAFs. Hydrogen-based approaches are potentially a solution for the long term.

DZ BANK has a good position to build on in the aviation sector. The physical emissions intensity of its portfolio in 2022 was 44 percent below the reference pathway of the IEA<sup>11</sup>, as a large proportion of its business partners already operate efficient fleets.

Decarbonization targets must take account of the effects of the COVID-19 pandemic. Airline capacity utilization fell over this period and utilization efficiency also contracted dramatically. Corrected for COVID, DZ BANK is 44 percent below the reference pathway. On this basis, DZ BANK has set itself the target of reducing physical emissions intensity by 17 percent by 2030.

10 Physical emissions intensity 1 kg CO<sub>2</sub>e/pkm (pkm = Passenger, km = kilometer) multiplied by the number of passengers carried (not number of seats)

11 IEA World Energy Outlook 2022

## 7.2 Mandatory disclosures for the DZ BANK banking group under the 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. Verifiable criteria that enable an activity to be classified as environmentally sustainable are also needed. The EU Taxonomy Regulation, 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).

Each of the envisaged total of six environmental objectives is set out in more detail pursuant to articles 10 (3), 11 (3), 12 (2), 13 (2), 14 (2), and 15 (2) of the EU Taxonomy Regulation through technical screening criteria, which are dealt with in delegated acts.

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 ended December 31, 2021. Currently, only the environmental objectives of climate change mitigation and climate change adaptation have had technical screening criteria established for them. A green asset ratio (GAR) calculated on the basis of a granular analysis of individual activities is required for the first time for the year ended December 31, 2023. Other reporting requirements will come into effect in stages after this.

In addition to the quantitative information, disclosures have to be made of the qualitative information referred to in

Annex XI of Delegated Regulation (EU) 2021/2178 supplementing article 8 of the EU Taxonomy Regulation.

In the development of a target vision for the sustainability classification at the level of DZ BANK AG, the EU Taxonomy Regulation was taken into consideration even before it came into force. The EU taxonomy is one of a total of five relevant sources of requirements that formed the basis of the target vision for the sustainability classification. The SDG classification marked the first step in DZ BANK's ambition to develop and technically implement the target vision. The next stage in expanding the sustainability classification is to develop an approach based on the EU Taxonomy Regulation in order to cover this requirement as well.

In 2021 and 2022, 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 2022 is the first financial year for which the corporate customers of the DZ BANK banking group and R+V are required to report the necessary data. It will therefore not be possible until a later date to conduct an internal analysis of the extent to which economic activities that are aligned with 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 EU Commission amended the EU taxonomy regulation (EU/2021/2178) with Delegated Regulation (EU) 2022/1214

of March 9, 2022. It includes disclosure obligations relating to economic activity in the nuclear and gas sectors, which since January 1, 2023, now have to be published. However, at the time this report was prepared, no information was available from customers of the DZ BANK banking group that could be used as the basis for meaningful information as required by the regulatory authority for mandatory disclosures on EU-taxonomy eligibility.

### **The relevant group of consolidated entities for mandatory disclosures is the DZ BANK banking group**

The EU taxonomy requires DZ BANK to disclose certain information in its sustainability report. Voluntary disclosures within the mandatory disclosures are not permitted and, so far as they are made, the two categories must be clearly segregated.

In accordance with the delegated acts that have already been published, banks must publish disclosures in the context of the EU taxonomy 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 under the equity method rather than as an insurance subsidiary.

### **No mandatory disclosures for the insurance subsidiary R+V**

As a result, in accordance with the legislation, the R+V insurance subsidiary is exempt from having to produce a separate report in the context of the EU taxonomy because of the reporting obligations of its parent company DZ BANK. In the interests of transparency, however, this report includes voluntary disclosures from R+V that are relevant to the EU taxonomy in a different section.



### Explanatory notes on the balance sheet presentation in the tables of results of the DZ BANK banking group

In accordance with the EU Taxonomy Regulation, DZ BANK presented the assets at their gross carrying amounts.

The balance sheet structure for the KPIs required by the EU Taxonomy Regulation was operationalized 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.

The European Commission introduces the term 'GAR assets' in its requirements for EU taxonomy reporting. These are assets which, in the future calculation of the green asset ratio, are used for the denominator or for the denominator and the numerator. In contrast, the 'other assets' are not included in the future calculation of the green asset ratio.

### Results of the DZ BANK banking group and comparison with the prior year

As measured by the GAR assets applying the revenue-based customer ratios of taxonomy eligibility, the DZ BANK banking group's ratio of taxonomy eligibility stood at 22 percent as at December 31, 2022 (December 31, 2021: 19 percent).

As measured by the GAR assets applying the CapEx-based customer ratios of taxonomy eligibility, it also stood at 22 percent as at December 31, 2022 (December 31, 2021: 19 percent).

As at December 31, 2022, 67 percent of the GAR assets had to be excluded from the taxonomy eligibility review on the basis of stipulations made by the regulator (December 31, 2021: 60 percent).

Based on the total assets of the DZ BANK banking group, this gives a taxonomy eligibility ratio as at December 31, 2022 of 16 percent when applying the revenue-based customer ratios of taxonomy eligibility (December 31, 2021: 14 percent) and a taxonomy eligibility ratio also of 16 percent when applying the CapEx-based customer ratios of taxonomy eligibility (December 31, 2021: 14 percent).

As at December 31, 2022, 76 percent of total assets had to be excluded from the taxonomy eligibility review on the basis of stipulations made by the regulator (December 31, 2021: 71 percent).

### Explanatory notes on the EU taxonomy KPIs of the DZ BANK banking group

Article 10 of Delegated Regulation (EU) 2021/2178 supplementing article 8 of the EU Taxonomy Regulation stipulates that quantitative information in the form of specified KPIs shall form the main focus of mandatory reporting for banks for the period ended December 31, 2022.

The proportion of taxonomy-eligible assets form the main focus of the reporting. 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.

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, including the proportion of taxonomy-eligible assets, should use all assets for the denominator or, alternatively, only the GAR assets. The first interpretation results in a more conservative picture with lower ratios of taxonomy eligibility; the latter results in higher ratios of taxonomy eligibility. The DZ BANK banking group decided to disclose both ratios in the reporting as at December 31, 2022. It is imperative that this is taken into account when making comparisons using these figures.

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

**EU TAXONOMY OF THE DZ BANK BANKING GROUP – CUSTOMER TAXONOMY-ELIGIBILITY KPIS REVENUE-BASED**

Balance sheet structure	As at Dec. 31, 2021					As at Dec. 31, 2022				
	Total GAR assets		Total assets			Total GAR assets		Total assets		
	taxonomy-eligible	taxonomy-non-eligible	taxonomy-eligible	taxonomy-non-eligible	KPIs pursuant to articles in Delegated Act	taxonomy-eligible	taxonomy-non-eligible	taxonomy-eligible	taxonomy-non-eligible	KPIs pursuant to articles in Delegated Act
<b>Total assets</b>			14%	86%	10.3a			16%	84%	10.3a
<b>Total GAR assets</b>	19%	81%			10.3a	22%	78%			10.3a
approved for assessment of taxonomy eligibility in accordance with the requirement	19%	20%	14%	15%	10.3a	22%	11%	16%	8%	10.3a
excluded from assessment of taxonomy eligibility in accordance with the requirement		60%		44%	voluntary disclosure		67%		50%	voluntary disclosure
Derivatives		4%		3%	10.3b		6%		4%	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		49%		36%	10.3c		53%		39%	10.3c
Short-term interbank loans		2%		1%	10.3		2%		2%	10.3
Other GAR assets excluded in accordance with the requirement		5%		3%	voluntary disclosure		6%		5%	voluntary disclosure
<b>Other assets</b>				27%	voluntary disclosure				26%	voluntary disclosure
Exposures to central, regional and local governments, central banks, and supranational organizations				21%	10.3b				21%	10.3b
Financial assets held for trading				6%	10.3				5%	10.3

**EU TAXONOMY OF THE DZ BANK BANKING GROUP – CUSTOMER TAXONOMY-ELIGIBILITY KPIS CAPEX-BASED**

Balance sheet structure	As at Dec. 31, 2021					As at Dec. 31, 2022				
	Total GAR assets		Total assets			Total GAR assets		Total assets		
	taxonomy-eligible	taxonomy-non-eligible	taxonomy-eligible	taxonomy-non-eligible	KPIs pursuant to articles in Delegated Act	taxonomy-eligible	taxonomy-non-eligible	taxonomy-eligible	taxonomy-non-eligible	KPIs pursuant to articles in Delegated Act
<b>Total assets</b>			14%	86%	10.3a			16%	84%	10.3a
<b>Total GAR assets</b>	19%	81%			10.3a	22%	78%			10.3a
approved for assessment of taxonomy eligibility in accordance with the requirement	19%	20%	14%	15%	10.3a	22%	11%	16%	8%	10.3a
excluded from assessment of taxonomy eligibility in accordance with the requirement		60%		44%	voluntary disclosure		67%		50%	voluntary disclosure
Derivatives		4%		3%	10.3b		6%		4%	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		49%		36%	10.3c		53%		39%	10.3c
Short-term interbank loans		2%		1%	10.3		2%		2%	10.3
Other GAR assets excluded in accordance with the requirement		5%		3%	voluntary disclosure		6%		5%	voluntary disclosure
<b>Other assets</b>				27%	voluntary disclosure				26%	voluntary disclosure
Exposures to central, regional and local governments, central banks, and supranational organizations				21%	10.3b				21%	10.3b
Financial assets held for trading				6%	10.3				5%	10.3

### Explanatory notes on determining which customers are required to report under NFRD

The NFRD requirement is governed by EU law and the national laws implementing the EU law. No central source has yet been established for customers who are required to report under NFRD. The directive has not been uniformly implemented at national level. The NFRD requirement was operationalized on the legal basis of the CSR Directive Implementation Act (CSR-RUG), which in 2017 implemented the Non-financial Reporting Directive (NFRD – Directive 2014/95/EU) in German law.

Against this background, screening is carried out on the basis of the following cumulative criteria to determine whether customers of the DZ BANK banking group are subject to an NFRD requirement for the purposes of EU taxonomy-related reporting:

1. More than 500 employees on average over the past two years
2. Total assets of at least €20 million or net revenues of €40 million
3. Capital market orientation

The list of customers produced by this screening process was reviewed as part of the review of taxonomy eligibility and corrected if individual customers were found to be exempt within the meaning of Article 19a or Article 29a of Directive 2013/34/EU.

Entities that meet the screening criteria for an NFRD obligation but are exempt from separate reporting because

they are part of a group of companies, are treated for the purposes of this EU taxonomy reporting as not subject to a reporting obligation. The DZ BANK banking group did not treat these customers as being the same as their NFRD-liable parent company, i.e. it did not assign them the EU taxonomy ratios from the parent company.

The reasons for this approach lie in the details of the requirements of the EU Taxonomy Regulation with its reference to EU Regulation 575/2013, according to which reporting should be structured according to direct customers. At the same time, for the reporting date of December 31, 2022, there is already a requirement to base the structuring of the results data on the results presentation table for GAR that is mandatory from December 31, 2023. In this table, receivables from non-finance companies that are not subject to a separate reporting requirement under NFRD are to be disclosed in an area where there can be no further information on any EU taxonomy eligibility or conformity.

### Explanatory notes on the quantification of taxonomy eligibility using the KPI method

Using the KPI method, i.e. the approach of applying the ratios of taxonomy eligibility disclosed by the individual customers, the DZ BANK banking group classified the relevant proportion of funding that did not have a specified purpose and was approved for assessment of taxonomy eligibility as taxonomy-eligible for the year ended December 31, 2022.

Not all customers are yet able to provide all the necessary information; there is no central, standardized availability.

Similarly, the information is presented differently by the customers and in some cases is not complete.

For example, the EU Taxonomy Regulation requires relevant customers to disclose ratios of taxonomy eligibility based on revenue and capital expenditure (CapEx). Where both ratios were specified by the customer, they were used to calculate the relevant results for the DZ BANK banking group. If, however, only one non-specified value was disclosed by the customer, this was used to calculate both results. This was the case for finance companies in the reporting as at December 31, 2022.

For a very small proportion of assets approved for the assessment of EU taxonomy eligibility, the customer data necessary for the review was not available.

### Explanatory notes on the review of taxonomy eligibility in the case of funding for a specified purpose

For the year ended December 31, 2022, the DZ BANK banking group classified funding that had a specified purpose and was approved for assessment of taxonomy eligibility as taxonomy-eligible where the funding constituted consumer home finance or commercial real estate finance (as it had also done as at December 31, 2021).

The DZ BANK banking group also classified funding as taxonomy-eligible if, under the EU Taxonomy Regulation, the funding purpose agreed with the customer could be assigned to taxonomy-eligible activities pursuant to Delegated Regulation (EU) 2021/2139.

### Explanatory notes on individual line items on the balance sheet

The balance sheet line item 'excluded from the taxonomy eligibility assessment in accordance with the requirement' was voluntarily included as a sub-total line item of the GAR assets in the results tables, for which the assessment of taxonomy eligibility is excluded in accordance with the requirement.

As in 2021, the balance sheet line item 'Derivatives' contains derivatives held for trading purposes in addition to the derivatives held for hedging purposes. For the purposes of EU taxonomy reporting, these were removed from the held-for-trading assets. In 2021, this approach was still considered mandatory by the regulatory authorities; as of the current reporting date it will be continued for the sake of comparability. Next year, the derivatives held for trading purposes will be left in the line item provided for held-for-trading assets.

The balance sheet line item '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' primarily includes receivables from entities whose registered office is outside the EU and from small and medium-sized enterprises (SMEs) within the EU.

The balance sheet line item 'Short-term interbank loans' includes loans and advances to banks that are repayable on demand.

The line item 'Other GAR assets excluded in accordance with the requirement' was also voluntarily added to the table of results in order to explain all the components that make up the total GAR assets. As in the prior year, this item contains 'cash and cash-related assets' and 'other assets (e.g. goodwill, commodities)'. As at the reporting date on December 31, 2022, the item also includes other receivables from local public authorities. As at the reporting date on December 31, 2021, these assets were still included in the line item 'approved for taxonomy eligibility assessment in accordance with requirement'.

The sub-total line item 'Other assets' was voluntarily added to the table of results in order to report the proportion of total assets that do not fall under GAR assets, in accordance with the requirement.

The balance sheet line item 'exposure to central, regional and local governments, central banks, and supranational organizations' also includes 'cash held at central banks'. As is the case with FINREP, public-sector finance is not part of this item.

The FINREP structure is also replicated for the balance sheet line item 'held-for-trading assets', with the exception of derivatives, which are removed as described above.

### 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 the associated risk.

Section [7.6 Insurance](#) details the extent to which R+V's sustainability strategy for its investments takes account of 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 (EU 2020/852). 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 are also reported.

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.



## OVERVIEW OF THE TAXONOMY ELIGIBILITY KPIS (REVENUE-BASED)

Overview	KPIs	Gross carrying amount (€ million)	Share of total exposures (%)
<b>Assets side of balance sheet</b>	<b>Total exposures</b>	<b>118,321</b>	<b>100.00</b>
	of which excluded from assessment of taxonomy eligibility	58,682	49.6
	of which exposures to central governments, central banks, supranationals	21,934	18.5
	of which derivatives	-47	0.0
	of which exposures to companies not subject to NFRD	26,348	22.3
	of which assets that are not classified as investments	10,446	8.8
	of which approved for assessment of taxonomy eligibility	59,631	50.4
	of which not included in the taxonomy eligibility assessment	11,364	9.6
	of which differences in valuation compared with the financial declaration	8	0.0
Taxonomy eligibility	Taxonomy-eligible exposures (climate change mitigation and adaptation)	22,420	18.9
	Taxonomy-non-eligible exposures	23,003	19.4
	Exposures with no available taxonomy data	2,843	2.4

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

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

### 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. 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 the investment portfolio, a distinction is made with regard

to 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 SMEs.

### 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. 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:

- Exposures to issuers/equity investments
  - Entities with NFRD reporting obligations
  - Group subsidiaries that contribute to the taxonomy report
- 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

There is a non-material difference between 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 or climate change adaptation during the reporting period. The EU taxonomy classifies these activities on the basis of the industrial sectors defined under NACE (annexes I and II of the delegated climate regulation (EU) 2021/2139). The above KPIs for taxonomy-eligible and taxonomy-non-eligible exposures relate to the revenue shares of the invested entities.

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 financial or non-financial counterparties pursuant to article 8 (4) of Delegated Regulation (EU) 2021/2178. Now, in the second period of reporting, the taxonomy-eligible exposures include investments in real estate, consolidated subsidiaries, data from the specialized service providers within the DZ BANK Group and – where available – exposures to issuers subject to NFRD reporting and taxonomy-eligible fund units. 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).

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.

The increase in the ratio of taxonomy-eligible exposures, from 12.37 percent in 2021 to 18.95 percent in 2022, is largely due to the improved data coverage for companies and funds.

### 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 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 also used to determine whether there is a reporting requirement under the NFRD. For relevant counterparties without available provider data, the data was collected independently. Available information from the fund providers for externally managed funds and direct investee companies is also included in the data collection.

### Non-life insurance

With premiums of €6,735.6 million (including casualty insurance) in 2022, the R+V Group is one of the biggest non-life insurers in Germany.

The overall taxonomy-eligible premium volume comes to €4,466.5 million.

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.

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

€ million	Premiums written in 2022	Taxonomy-eligible premiums written in 2022
(a) Medical expense insurance	–	–
(b) Income protection insurance	–	–
(c) Occupational accident insurance	–	–
(d) Third-party motor vehicle insurance	1,659.5	1,640.4
(e) Other motor vehicle insurance	1,099.8	1,099.8
(f) Marine, aviation and transport insurance	211.3	168.4
(g) Fire and other property insurance	1,659.8	1,558.0
(h) Assistance cover	23.6	0.0
<b>Total</b>	<b>4,654.1</b>	<b>4,466.5</b>

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

€ million	Premiums written in 2022	Premiums written in 2022 taking account of climate relevance
(a) Medical expense insurance	–	–
(b) Income protection insurance	–	–
(c) Occupational accident insurance	–	–
(d) Third-party motor vehicle insurance	752.0	752.0
(e) Other motor vehicle insurance	80.1	79.2
(f) Marine, aviation and transport insurance	84.1	82.2
(g) Fire and other property insurance	1,377.4	1,330.9
(h) Other	105.7	77.3
<b>Total</b>	<b>2,399.3</b>	<b>2,321.5</b>

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

On April 1, 2022, a sustainability management support function was created 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. A further support function focusing on legal affairs already exists and has been filled.

By April 1, 2023, non-underwriting criteria are to be integrated into the general underwriting requirements in the area of non-life insurance. The relevant requirements have already been drawn up and are currently being implemented in operations.

#### Reinsurance

The reinsurance business of R+V Versicherung AG is one of the 15 biggest non-life reinsurers worldwide, with premiums of €2,958.0 million in 2022.

The overall taxonomy-eligible premium volume comes to €2,321.5 million.

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, 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

The EU regulation on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, SFDR) 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 retail investors on the integration of sustainability risks, the consideration of adverse sustainability impacts (principle adverse impacts, PAIs) 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. Under the SFDR, investment products must be allocated to the following categories and designated accordingly:

- Financial products pursuant to article 6 are not specifically deemed sustainable, but a disclosure is required on whether, and in what manner, sustainability risks are taken into account.
- Financial products pursuant to article 8 take account of environmental and/or social aspects.
- Financial products pursuant to article 9 explicitly pursue sustainability objectives (known as 'impact products').

Within the DZ BANK Group, [DZ BANK](#), [DZ PRIVAT-BANK](#), [R+V](#), and Union Investment are affected by the SFDR, albeit in different ways. The entities provide informa-

tion on their implementation of the SFDR on their websites. Union Investment has also posted a list of funds pursuant to article 8 [online](#). Information on how sustainability criteria and adverse sustainability impacts are taken into account can primarily be found in sections [7.1 Impact transparency](#), [7.3 Rejection criteria and sectoral rules](#), [7.5 Asset Management](#), and [7.6 Insurance](#).

## 7.3 Rejection criteria and sectoral rules

In its group credit standard on the consideration of risks associated with ESG factors in the DZ BANK Group, 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 material way. Individual DZ BANK Group entities may apply additional rejection criteria.

DZ BANK applies further sector-specific requirements – the sectoral rules – for certain industries that are particularly vulnerable from a sustainability perspective. 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.

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 strategic aspects. Since 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. Its members are points of contact for the Credit, Corporate Banking, Structured Finance, and Strategy & Group Development divisions and meet 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 regarding the lending decision.

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

R+V and Union Investment have specified rejection criteria on the basis of the group credit standard that are similarly specific to those defined by DZ BANK. R+V does not invest in companies whose business activity is directly associated with anti-personnel mines, nuclear (outside the Nuclear Non-Proliferation Treaty), biological and chemical weapons, or cluster munitions. Financial products for agricultural commodities are also excluded. Nor does R+V invest in companies that generate 30 percent or more of their revenue from the mining, treatment, or use of coal.

The rejection criteria apply to all asset classes – particularly equities, interest-bearing securities, loans, and real estate – over which R+V's portfolio managers have a direct influence. In 2022, these criteria were extended to include parts of the portfolio that are managed by external asset managers. It is planned that R+V will continue gradually adding to its rejection criteria in 2023 in line with the requirements of the ESG target market concept of the BVR and other associations. The ESG target market concept relates to the sale of investment-focused financial products.

DZ PRIVATBANK has an internal policy that ensures that each asset management product avoids speculative trading in food products and direct investment in companies that generate a significant proportion of their revenue in the weapons industry. In addition, corporate issuers that are continually in serious breach of the UN Global Compact principles and show no signs of improvement are excluded from all asset management mandates.



In respect of product formats managed pursuant to articles 8 and 9 SFDR, the following sectors are also excluded from Union Investment’s institutional mutual funds: armaments, tobacco, tar sands, and fracking. Retail funds, meanwhile, also exclude animal testing for non-medical purposes, genetic engineering, and coal mining where these areas of business account for more than 5 percent of total revenue, as well as bonds issued by countries that have the following 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

Customer-specific rejection criteria may be defined for special funds. 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	
<b>THERMAL COAL</b>	<ul style="list-style-type: none"> <li>– No funding for coal-fired power plants – whether new or existing</li> <li>– No funding for activities in the thermal coal value chain – especially extraction and trade, and directly associated activities</li> <li>– 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"> <li>– the possibility of the funding being used in connection with these activities can be ruled out, or</li> <li>– there is a clear willingness to transform, or</li> <li>– 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).</li> </ul> </li> </ul>
<b>OIL/GAS EXTRACTION</b>	– No funding for oil or gas extraction by means of fracking or from oil shale or tar sands
<b>MINING</b>	– No funding for mining activities using the mountaintop removal method
<b>TRADING OF ANIMALS AND PLANTS</b>	– 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
<b>OTHER THREATS TO THE ENVIRONMENT</b>	– No funding for companies or projects that pose significant threats to the environment (e.g. extraction of uranium)
<b>CONTROVERSIAL WEAPONS</b>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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</li> </ul>
<b>ARMS TRADING</b>	<ul style="list-style-type: none"> <li>– No funding for any form of arms trading in/to countries/governments:                             <ul style="list-style-type: none"> <li>– known to be involved in serious human rights violations,</li> <li>– for projects outside NATO and/or in areas of conflict, unless a governmental export authorization has been issued</li> </ul> </li> </ul>
<b>HUMAN RIGHTS</b>	– 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
<b>SEX INDUSTRY</b>	– No funding for companies in the pornography industry or similar sectors (sex industry)
<b>CONTROVERSIAL GAMBLING</b>	– No funding for companies that are involved in controversial forms of gambling

## SECTORAL RULES FOR THE LENDING ACTIVITIES OF DZ BANK

<b>DAMS</b>	<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"> <li>– has secured public acceptance</li> <li>– has undertaken a comprehensive and unbiased review of options</li> <li>– has appropriate measures in place during dam operation</li> <li>– is preserving river ecosystems and the livelihoods associated with these</li> <li>– recognizes the rights of people affected by the dam and equitable sharing of the benefits</li> <li>– adheres to obligations and agreements</li> <li>– facilitates the cross-border use of rivers for the benefit of peace, development, security, and safety</li> </ul>
<b>COMMODITIES INDUSTRY</b>	<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"> <li>– Compliance with human rights</li> <li>– Particular consideration of the interests of indigenous people and local communities</li> <li>– Compliance with the minimum standards for occupational health and safety set out by the International Labour Organization (ILO); no child labor</li> <li>– Pollution of the environment in the process of extracting the commodities (contamination of groundwater, lakes, and rivers; soil and air pollution)</li> <li>– Protection as a designated UNESCO World Heritage site or other protected spaces</li> <li>– Use of toxic substances in the production process</li> <li>– Compliance with laws</li> <li>– Transparency of income streams between companies and state institutions in the affected country as means of precluding corruption</li> </ul> <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>
<b>FORESTRY</b>	<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>
<b>FISHING</b>	<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>
<b>AGRICULTURE</b>	<p>Through our role in supporting customers' transformation, we take responsibility for people, animals, nature and the environment. We recognize that farmers find themselves in a difficult position having to balance the need to ensure food security with social expectations regarding the way in which food is produced. We therefore support all farmers who adhere to the following sectoral principles – irrespective of whether they farm conventionally or organically:</p> <ul style="list-style-type: none"> <li>– No conversion of peat bogs into agricultural land</li> <li>– Purchase of land in regions with an indigenous population only in accordance with the principles of free prior and informed consent (FPIC)</li> <li>– Compliance with the requirements of the national fertilizer legislation (Fertilizer Regulation)</li> <li>– Compliance with the Plant Protection Act and the Plant Protection Implementing Regulations</li> <li>– Reduction of water consumption as far as possible</li> <li>– Compliance with the Animal Welfare Livestock Husbandry Regulation, for example not keeping laying hens in cages, and the responsible use of antibiotics</li> <li>– Concentrating support on those farms that operate in accordance with the conditionality requirements of the EU's common agricultural policy and are eligible for support.</li> </ul> <p>In this context, we are committed to the preservation of biodiversity and the reduction of greenhouse gases, and we support companies that pursue the principle of a circular economy, e.g. by recycling agricultural waste into bioenergy</p>

## SECTORAL RULES FOR THE LENDING ACTIVITIES OF DZ BANK

### MARITIME INDUSTRY

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:

- 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

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:

- 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 all traded, processed, or converted palm oil:
  - complete traceability of the palm fruits back to the plantation of origin ('traceability to plantation') and
  - full RSPO certification or recognized certification with at least equivalent standards

## 7.4 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 products, concepts, and processes that take account of environmental, social, and ethical criteria. This applies to the banking business, asset management, and insurance alike.

### 7.4.1 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.

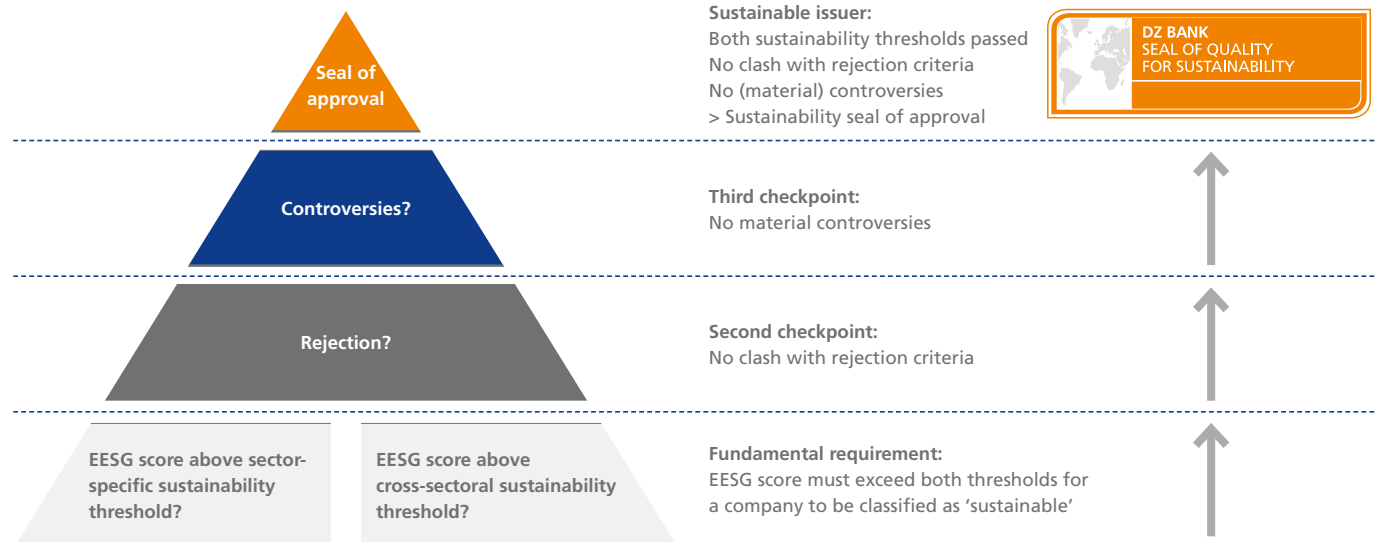
An analytical approach for assessing the ESG credentials of countries, companies, and banks forms the core of DZ BANK’s sustainability research. The EESG analysis model that is used for this approach combines the three traditional ESG (environment, social, corporate governance) dimensions with an economic 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 invest-

ment 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 includes almost 600 issuers, the sustainability research database comprised more than 5,000 issuers in 2022. Around 42 percent of all issuers were classified as sustainable. When evaluating the sustainability of countries relevant to bonds, the experts distinguish between three categories: ‘non-sustainable countries’, ‘transformation countries’, and ‘sustainable countries’. Coal had been added to the rejection criteria in 2021.

#### THE EESG ASSESSMENT APPROACH OF DZ BANK

Three requirement levels need to be met





## The volume of sustainable investment products issued by DZ BANK in 2022 stood at more than €5.48 billion.

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 has been sent to DZ BANK Research subscribers since 2021. 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 that DZ BANK Research has included in its fundamental equity and fixed-income analysis. The ESG finance monitor is published every two months and provides information on trends, data, and developments in the market for sustainable bonds.

### 7.4.2 Capital markets

#### Investment certificates and interest-rate products

In 2022, DZ BANK issued 736 investment certificates, 46 credit-linked notes, and 131 interest-rate products that address sustainability aspects. The assessment of the sustainability of a DZ BANK investment product for retail customers is based on the ESG product and transparency standards ([www.dzbank-derivate.de/werte](https://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.

DZ BANK has introduced a global sustainability index and a European sustainability index in collaboration with index provider MSCI that satisfy 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 activities. At the end of 2022, DZ BANK had 208 issues based on these sustainability-focused stock indices in circulation. The total volume of these issues was around €670 million. The total volume of sustainable investment products issued by DZ BANK in 2022 came to more than €5.48 billion. This equates to approximately 67 percent of the total volume.

'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. In mid-June 2022, we also began supporting the local cooperative banks' climate initiative 'Morgen kann kommen' (we're ready for tomorrow). A national focus of this initiative is on the replanting of Germany's native woodland. 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 2022 came to €584,260.74, from an issue volume of around €100 million.

Since August 2, 2022, regulations have been in place that require investment advisors to address sustainability preferences when advising on financial instruments. In addition to it being a regulatory requirement, Volksbanken Raiffeisenbanken cooperative financial network sees the implementation of sustainability aspects in the banking business of its members as a means of unlocking important strategic opportunities.

#### Sustainable bonds

DZ BANK actively contributes to the further development of the global sustainable bond market 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. It 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, disclosure, and reporting guidelines. 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 which it is helping to standardize and thereby strengthen the sustainable bond market. DZ BANK has structured all of the green bonds that it has issued 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 €43.4 billion in 2022 (2021: €52.8 billion). Most of the financial assistance available under the EU program ‘Support to mitigate Unemployment Risks in an Emergency’ (SURE) has already been disbursed and the necessary funding raised in the capital markets, while the EU’s green bond program NextGenerationEU (NGEU) is ongoing, bringing environmental protection back to the forefront once again. As a result, the volume of green bonds issued where DZ BANK was the lead underwriter grew to almost €30.4 billion (2021: €20.4 billion). By contrast, the volume of social and sustainability bonds declined to just over €12.6 billion (2021: €31.0 bil-

lion). The application of funds was focused on the categories energy efficiency and green buildings in the environmental sphere and on access to basic social services, the provision of affordable housing, and job creation and protection in the social sphere.

VOLUME OF SUSTAINABLE BONDS			
	2022	2021	2020
<b>Total volume (€ billion)</b>	<b>43.4</b>	<b>52.8</b>	<b>27.4</b>
of which green bonds	30.4	20.4	4.6
of which social and sustainability bonds	12.6	31.0	22.8
of which sustainability-linked bonds	0.4	1.4	–

In 2022, DZ BANK was the lead underwriter for the first time for the EU’s €5 billion green bond under the NextGenerationEU program. Once again, it was a joint bookrunner for the placement of a ‘green Bund’ (a green German government bond) that had a maturity period of five years and an issuance volume of €5 billion. It was also involved in updating the ‘Green Bonds – Made by KfW’ framework of Germany’s KfW development bank and provided support for the issuance of the green bond. For the first time, DZ BANK acted as a joint bookrunner for a green bond transaction of Volkswagen, which consisted of three tranches and had a total issuance volume of €2.5 billion.

In the social bond segment, DZ BANK supported NRW BANK with its €1 billion social bond transaction and was the lead underwriter for a US\$ 1 billion social bond placed

by the Council of Europe Development Bank. Among the transactions that DZ BANK supported in the sustainability bond segment were the placement of a €1 billion bond by BNG Bank from the Netherlands and the issue of a €2 billion sustainable development bond by the International Development Association.

DZ HYP issued its first green mortgage Pfandbrief in 2022. Its Green Bond Framework is based on the latest market standards and gives investors the opportunity to invest specifically in the sustainable development of the real estate sector. DZ BANK contributed to the framework by providing structuring advice.

### Sustainability-linked bonds

DZ BANK was also active in the market for sustainability-linked bonds in 2022. 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 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 2022, DZ BANK was the lead underwriter for the placement of Südzucker AG’s first sustainability-linked bond,

which had a volume of €400 million and a five-year maturity period. The bond's repayment amount will increase by 50 basis points if, by 2026, the company does not manage to reduce its direct absolute greenhouse gas emissions (scopes 1 and 2) by at least 32 percent compared with 2018 levels. In addition, DZ BANK helped corporate issuers to place a total volume of more than €1.7 billion of sustainability-linked structured products in the market for promissory notes during 2022.

### Green bond placement by DZ BANK

The three green bonds placed by DZ BANK between 2018 and 2021, with a combined issuance volume of €800 million, underline the bank's sustainability credentials and the strategic importance of a sustainable value chain, from project finance for renewable energies to funding in the capital markets. Investors are thus given an investment opportunity that also supports the activities of the bank in the renewable energies sector. This opportunity is taken up not only by entities in the cooperative financial network but also by high-profile international institutional investors from Germany and other countries.

Drawing on its comprehensive experience in the capital markets and expertise in the sustainability field, DZ BANK conducts its green bond transactions itself and structures them in line with the principles of the International Capital Market Association (ICMA). DZ BANK achieves a high standard of quality for the portfolios by deliberately selecting projects for the green asset pool in which sustainability is clearly defined in accordance with internationally recognized standards. It

also ensures all-round transparency for its investors, with regular reports describing how funding is allocated and what positive effects it is having on the environment. In October 2022, for example, the investor reports published for 2021 showed that the net issue proceeds for all three of the green bonds issued so far were fully allocated to the green asset pool and were contributing to a significant annual reduction in greenhouse gases. As a result, the first two bonds achieved the highest possible score from Standard & Poor's Global Ratings (S&P), while the 2021 placement received a very good environmental score and scored well on governance and reporting.

### Green asset pool

As at the issue date for its green bond loans, DZ BANK identifies suitable assets for each individual green bond. So far, the assets have related to renewable electricity generation using wind power and, once selected, they form the green asset pool. DZ BANK currently has three different green asset pools, whose positive influence on the climate is communicated to investors as part of the annual impact reporting. The green asset pool is aligned with the development of the EU taxonomy and with the publications of the European Banking Authority (EBA) on green financing. The technical screening criteria for the two EU environmental objectives – climate change mitigation and adaptation – came into force on January 1, 2022. Since then, DZ BANK has continued to ensure that the composition of the green asset pool is firmly aligned with these two objectives and takes account of further ESG 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, 2022, the total value of the portfolio stood at €19.8 billion (December 31, 2021: €22.4 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 ([section 7.3 Rejection criteria and sectoral rules](#)).

In 2022, 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.

### 7.4.3 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. This is reflected in the objectives of scaling up the low-carbon business portfolio and supporting the transformation of carbon-intensive industries and activities.

The existing sustainable lending guideline for the DZ BANK Group was updated in 2022, elevating it from a supplementary document to a group credit standard. The document contains rejection criteria that prohibit lending that 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 7.3 Rejection criteria and sectoral rules](#). The sustainability assessment also considers positive criteria and checks that the funding has a sustainability-oriented focus. In addition, the group credit standard 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.

To provide its corporate customers with targeted support as they adopt more sustainable business practices, DZ BANK offers a tailored advisory service for sustainable finance

in which it advises on structuring a bespoke sustainability product and offers suitable sustainable finance products. DZ BANK also occasionally helps its customers to make their company more sustainable. A comprehensive customer survey identified the demand for such a service.

DZ BANK introduced rules and regulations in 2021 with the aim of ensuring that the risks associated with ESG factors are taken into account in lending activities and in the valuation of collateral. In July 2022, it added further regulations on taking account of these risks in credit control. The rules on taking account of ESG aspects in lending processes are continually refined as part of the sustainability program ([section 6.1 Governance](#)). Employees working in front-office divisions and credit analysis are kept up to date on any changes.

#### 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 undergo a standardized check for sustainability criteria. Applications are given a score ranging from exemplary (1) to



### Group credit standard for sustainable lending established.

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 7.3 Rejection criteria and sectoral rules](#).

#### ESG risks in loan origination and monitoring

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 analyzed and documented in the first valuation and any subsequent valuation of collateral. Joint credit and syndicated loan business headed by other banks is excluded from this. So far, DZ BANK has only rejected loans on the basis of the rejection criteria and not in view of sustainability aspects (➤ [section 7.3 Rejection criteria and sectoral rules](#)). Since July 2022, risks associated with ESG factors have also had to be included in regular and ad hoc credit control, where relevant.

As part of the sustainability program, the tools for assessing sustainability aspects and ESG risks are being refined and supplemented with quantitative methods. The ESG risk scorecard currently being developed, plus the integrated ESG questionnaire, was trialed by customers in selected pilot sectors at the end of 2022.

### 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 requirements 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 2022, 32 projects assessed according to these criteria were concluded, including 1 A-project, 10 B-projects, and 21 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 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 technology, and other advances. The DZ BANK Group's range of products covering renewable energies extends from finance for energy-saving solutions in construction and renovation projects to support for small and medium-sized enterprises using wind power, biomass, or solar energy, and the structuring of finance for projects such as wind and solar farms of varying sizes, as well as suitable insurance solutions.



## DZ BANK's loan commitments in the area of renewable energies stood at around €6.48 billion at the end of 2022.

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 €6.48 billion (including issuer and replacement risks) as at December 31, 2022, compared with €5.97 billion at the end of 2021. The bulk of these commitments are linked to wind energy, particularly the construction of onshore wind farms. The renewable energies portfolio is set to grow to €7.1 billion by 2026. 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 €3.15 billion of the €6.48 billion lending volume. The engagements in the field of renewable energies also form the basis for the green bonds issued by DZ BANK (› section 7.4.2 Capital market).

The number of new onshore wind turbines erected in Germany increased moderately in 2022. But the approval procedures for wind farms are still slow. Planning objections and legal actions, coupled with the effects of the war in Ukraine, led to considerable project delays.

In 2022, DZ BANK supported the first renewable energy projects outside the scope of the grants under the German Renewable Energy Sources Act (EEG). Instead, it supported them through power purchase agreements (PPAs). These are long-term bilateral electricity supply contracts, generally between an electricity producer and an electricity customer. This funding format has been used at international level for a long time. The supported projects involve funding for photovoltaics with bespoke and complex structures.

### Infrastructure finance

Alongside its activities in the renewable energies sector, DZ BANK also provides project finance for 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 partners in the cooperative financial network, 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 Organisation for Economic Co-operation and Development (OECD).

#### LENDING VOLUME<sup>1</sup> BY ENERGY TYPE

€ million	2022	2021	2020
Wind power	5,515.6	4,983.7	4,613.1
Biogas	98.5	110.5	99.8
Biomass	57.4	64.9	73.8
Photovoltaics	745.5	721.4	863.1
Hydropower	34.8	59.8	2.8
Geothermal energy	28.7	29.0	0
<b>Total funding volume</b>	<b>6,480.5</b>	<b>5,969.3</b>	<b>5,652.6</b>

<sup>1</sup> Definition of lending volume pursuant to › section 9.6.1 of the risk report within the 2022 (Group) management report of the DZ BANK Group and DZ BANK AG



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.

### Real estate finance

The real estate sector has a key role to play in the achievement of the targets in the Paris climate agreement. The relevant entities in the DZ BANK Group are DZ HYP and Bausparkasse Schwäbisch Hall, which are both working on minimizing greenhouse gas emissions in their value chain while supporting the social objective of increasing the stock of affordable housing.

As one of Germany's leading real estate banks, DZ HYP feels duty-bound to help to make the real estate industry more sustainable. Overarching responsibility for this area lies with the Board of Managing Directors to ensure that it is given sufficient importance within the company. Since mid-2021, it has been mandatory to obtain energy performance certificates and other documentation when pursuing new business in the area of commercial real estate finance. Where

required under the German Buildings Energy Act (GEG), energy performance certificates have been a prerequisite for loan disbursements in new business with retail customers since the end of 2022. To increase the transparency of the portfolio, the sustainability data collected is entered in a core bank system so that automated sustainability classification can take place. This is based on the decision-making criteria set out in DZ HYP's Green Bond Framework. In the housing sector, DZ HYP offers financing for the provision of homes that remain affordable for large parts of the population over the long term.

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. Responsibility for sustainability lies with the Board of Managing Directors. Strategic sustainability matters are managed by the sustainability coordination committee at operational level. This committee comprises employees from the Risk Controlling, Corporate Strategy, and Central Services departments, plus the sustainability coordinator. Cross-departmental dialogue on sustainability is facilitated by a sustainability board, which includes employees from almost 20 different departments.

Bausparkasse Schwäbisch Hall's home savings and home finance products, which focus on residential properties, con-

tribute 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. Homeowners wishing to modernize can apply for the FuchsEco home savings product, which was launched in 2021 and offers advantageous interest rates for energy-efficiency measures and a short saving period.

Since 2017, the CO<sub>2</sub> 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. The system compares the average energy consumption of a new build (50 kilowatt hours per square meter per year) with the consumption of an average existing property (169 kilowatt hours per square meter per year). For modernizations and photovoltaic systems, appropriate conversion factors are used to calculate the effect of the loan. The calculations show that the financing activities in areas such as new buildings, modernization, and photovoltaics are reducing the carbon emissions of the financed properties significantly. Bausparkasse Schwäbisch Hall customers avoided around 600,000 tonnes of carbon emissions in this way in 2022.

### Development lending

In its role as the central institution and the center of excellence for development lending business within the cooperative financial network, DZ BANK supports the cooperative banks in the phased implementation of the omnichannel strategy. Developments in this respect focus in particular on instruments to support the sales activities of retail and corporate customers.

The streamlining and digitalization of processes and the grouping of tasks by DZ BANK in the development lending business have again confirmed the robustness of the double pass-through business model – even in unusual market situations.

2022 was dominated by the impact of the war in Ukraine and the lasting effects of the COVID-19 pandemic. Despite these difficult market conditions, the volume of loan com-

mitments recorded by DZ BANK's development lending business totaled €14.3 billion (2021: €19.5 billion). Taking into account the significant decline in federal government funding for efficient buildings (BEG), the volume of loan commitments in private housebuilding amounted to €7.3 billion (2021: €11.5 billion). The commercial finance business portfolio almost maintained the high level of the prior year, at €32.5 billion (December 31, 2021: €33.3 billion).

In view of the many challenges, sales activities in 2023 will focus on climate-friendly construction and modernization, renewable energy, start-ups, innovation, and digitalization.

## 7.5 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 sustainable investment providers in Germany. Of its total €413.1 billion assets under management, €122.4 billion (2021: 125.6 billion) were invested sustainably in accordance with articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). €81.2 billion of this was invested in sustainable assets in accordance with its self-imposed ESG minimum requirements. DZ PRIVATBANK operates in private banking and wealth management, managing sustainability-focused investments pursuant to article 8 SFDR of around €2.4 billion.

Both institutions follow a responsible and transparent approach to sustainable investment. At DZ PRIVATBANK, this is the responsibility of the CIO Board, although the three centers of excellence also factor sustainability aspects into portfolio management. At Union Investment, the ESG Committee in the portfolio management department has this responsibility. Furthermore, the 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. Union Investment has also established an interdisciplinary sustainability team for real estate investment.

ESG aspects are firmly embedded in the investment processes of both entities. All investment processes at Union Investment are compliant with its [company-specific guidelines for responsible investment](#). These are based on international standards and principles, primarily the principles of 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 anti-personnel mines, the rules of conduct of the BVI, the BVI's guidelines for sustainable real estate portfolio management, and the sustainability code of the Zentraler Immobilien Ausschuss (ZIA) [German Property Federation]. As well as following the principles of the UN Global Compact and checking for adverse impacts on sustainability, DZ PRIVATBANK incorporates social aspects into its investment process and generally excludes countries that are classified as 'not free' according to the index compiled by Freedom House. Mandatory minimum criteria of the internal policy must be applied across all investments at DZ PRIVAT-

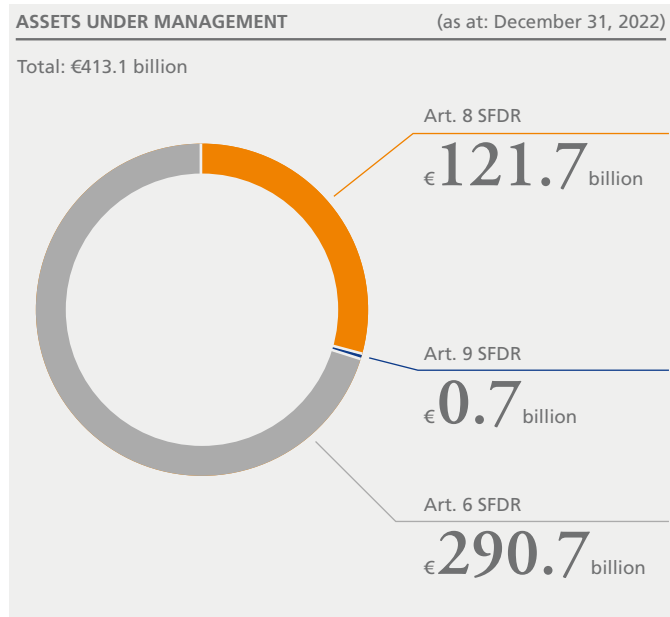


### Strategy aims to achieve climate neutrality in the real estate portfolio by 2050.

BANK. In its securities business, Union Investment pursues the objective of analyzing the financial implications of ESG aspects on companies and countries in order to be able to make better investment decisions.

#### Strategies for sustainability

Union Investment considers risks associated with climate change when making its investment decisions and has adopted a climate strategy for the portfolio management of securities products in which it has committed to reducing financed greenhouse gas emissions by 50 percent compared with 2019 levels by 2030 and achieving climate neutrality by 2050. To this end, Union Investment engages with companies in a focused, systematic manner. This is because it can have the biggest influence on the companies that, measured in terms of the emissions financed by the assets, are among the biggest polluters. Applying this focused approach, Union Investment is currently targeting three-quarters of all emissions financed by the corporate bonds and equities held. The climate strategy will be expanded to cover all other material asset classes by 2030. Major issuers are called upon to define long-term, medium-term, and short-term emissions reduction targets, along with the implementation and capital expenditure plans needed to achieve them, so that Union Investment can monitor progress with reducing emissions.



Issuers that do not meet these requirements by the specified deadlines are gradually excluded from the securities portfolios. By 2040 at the latest, companies need to be taking the right steps to reduce their emissions or to have already become climate-neutral.

Union Investment has integrated climate-related aspects not only into its day-to-day investment business but also into the general strategic, risk, and management processes in its own organization:

- **Corporate governance:** Relevant climate aspects are considered in the context of existing structures throughout the company. An annual review is carried out with the Board of Managing Directors to ensure implementation of the climate strategy.
- **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:** Climate risks have been comprehensively factored into a wide range of risk management processes at company level and core business level. Sustainability risks are viewed as drivers of the classic financial and non-financial risk types. They are therefore integrated into existing risk control systems.

– **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 real estate management, KPIs include climate factors in the sustainability check for each property and, at an aggregate level, per fund.

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 an increase in shareholder value and encourage responsible corporate governance. This engagement process includes speaking and voting at annual general meetings and maintaining a constructive dialogue with companies. Union Investment's proxy voting policy provides the framework for its voting activities. The complementary engagement policy provides guidelines for direct dialogue with companies.

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 S.A. and DZ PRIVATBANK (Schweiz) AG initiated the relevant processes by signing up to the UN Principles for Responsible Investment (UN PRI) in October 2021.

The sustainable investment process was redesigned in 2022 in order to implement regulatory requirements and develop further ESG-related investment solutions. The entire investment process for investment briefs with sustainability characteristics is covered, and evidence that pledges made have been kept is provided in the periodic regulatory ESG reporting in accordance with the SFDR. Under the process, the ESG criteria will be expanded in stages, starting with the inhouse policy, the minimum corporate governance score for all corporate issuers, and the minimum standards for all collective investments in sustainable investment products, followed by minimum standards for corporate issuers and government issuers for investments with other environmental or social characteristics, as well as further eligibility criteria for sustainable and taxonomy-aligned investments.

#### Investment products for sustainability

Funds promoting environmental or social characteristics that are categorized as article 8 funds (funds with a sustainability strategy) or article 9 funds (funds that contribute to sustainability objectives) under the SFDR 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 characteristics 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. Union Investment and DZ PRIVAT-



## Union Investment aims to reduce its financed greenhouse gas emissions by 50 percent by 2030.

BANK are following the current market standard with this approach.

In order to meet market demands for industry standards for financial investments that take ESG factors into account while also providing greater transparency about the level of sustainability in the various products, Union Investment has further standardized its internal guidelines for sustainable products and extended the statistics pertaining to them (overview of assets under management). A distinction is made between products that are categorized under articles 8 and 9 of the Sustainable Finance Disclosure Regulation (SFDR), and products that meet its own self-imposed minimum ESG requirements. These are requirements such as specific investment strategies, or investment or rejection criteria that sustainable products must meet or exceed from the perspective of Union Investment. The minimum standards are based on regulatory requirements and the sustainability preferences of the customers.

The minimum requirements for sustainable securities products include active engagement and value-enhancing and sustainable corporate governance. This includes not investing in companies or countries to which the following criteria apply:

- Serious violations of UN GC principles, proscribed or controversial weapons (>0 percent)
- ESG controversies
- Coal-based power generation (>25 percent), coal mining (>5 percent), armaments (>10 percent), tobacco (>5 percent), fracking and tar sand (>5 percent) (in each case proportion of the company's revenue)
- Countries: unfree countries, countries with a high level of corruption (the bottom 20 percent in the Corruption Perceptions Index – CPI), countries with high greenhouse gas intensity (the worst-performing 20 percent)
- Consideration of the Principal Adverse Impact indicators (PAI) in accordance with article 7 SFDR.

At DZ PRIVATBANK, around 20 percent of the entire volume of assets under management are managed as sustainable investments within the meaning of article 8 SFDR. The other 80 percent are conventional investments that have been declared as article 6 products pursuant to SFDR and fulfill the minimum standards of DZ PRIVATBANK's internal guidelines.

Real estate is one of Union Investment's main asset classes, second only to securities, which is why it has embedded ESG aspects along the entire value chain in its real estate business. 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 ascertains whether 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. As part of the Manage to Green strategy, which aims to make the real estate portfolio climate-neutral by 2050, Union Investment wants to improve the sustainability performance of real estate 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. This applies to the funds actively managed by Union Investment, with the exception of the Zentral Boden Immobilien (ZBI) Group. Union Investment has no influence over service mandates carried out for third parties.

Union Investment's portfolio also includes products that follow an impact-based investment approach. In 2022, for example, the UniInstitutional SDG Equities fund was switched to an approach in accordance with article 9 of the SFDR and a new UniZukunft Welt fund was launched. For both of these funds, environmental, social, and ethical rejection criteria rules are applied. The remaining investment universe is then examined in terms of the business activities of the individual companies and from a commercial perspective. Companies are only included if all of their business activities make a positive contribution to the UN SDGs or at least 50 percent of their revenue is generated from products or services in SDG-related business sectors.



## 7.6 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 segments personal insurance (health and life insurance, including pension, endowment, and risk insurance) and non-life insurance (e.g. vehicle, liability, property, credit, casualty, and legal expenses insurance). At R+V, responsibility for sustainability rests with the Chief Executive Officer, and Corporate Development is responsible for coordination.

In its investment activities, R+V maintained its focus on sustainability in 2022, despite the many challenges in the real economy and the financial system (disruption to supply chains, war in Ukraine, energy crisis, inflation). In response to climate change and to cope with the growing number of EU regulatory reporting requirements, R+V introduced a new strategy that clearly sets out its ambitions in the area of sustainability.

Investments now have to meet minimum standards with regard to environmental, social, and corporate governance aspects (ESG aspects). The new strategy also confirms R+V's self-imposed target of carbon neutrality for its investment portfolio by 2050, with ambitious interim targets. The investing activity should thus be actively used to ensure that investments are designed sustainably.

To achieve its self-imposed targets and to manage its regulatory reporting duties, R+V is already rapidly expanding its existing operational measures.

The operational measures are divided into four thematic pillars:

- Focus on international standards and initiatives
- Use of rejection criteria
- Integration of ESG aspects into investment
- Pursuit of the goal of climate neutrality (net zero) by 2050

### Focus on international standards and initiatives

As one of Germany's leading insurers, R+V is a supporter of the United Nations Principles for Responsible Investment (UN PRI). The aim of the international investor network of asset managers, banks, and insurance companies from more than 80 countries is to contribute to the development of a more sustainable global financial system. R+V is also clearly committed to upholding the UN Global Compact.

### Use of rejection criteria

We have been applying general rejection criteria to our investments for a number of years, and we are continuously refining them. They are applied at an early stage of the investment review process ([▶ section 7.3 Rejection criteria and sectoral rules](#)).

### Integration of ESG aspects into investment

The ESG integration approach goes beyond the application of predefined rejection criteria. It provides the basis for the internal sustainability check and informs the portfolio managers whether a new investment is right for R+V from a sustainability perspective. For publicly traded securities, the ESG integration approach examines ESG controversies, ESG ratings, and a climate score, based on data from external providers.

The assessment of ESG controversies involves examining whether there are any controversial sustainability issues associated with the investment. The ESG ratings compare individual securities based on a number of ESG KPIs to produce R+V's own sustainability score. The climate score quantifies physical and, above all, transition risks through illustrative calculations based on various climate scenarios. It thus provides a gauge for the risks to the issuer of the security caused by climate change. Companies with controversial business practices or the lowest scores are examined by the ESG task force, R+V's internal ESG risk controlling body.

In addition to the assessment of new investments, an automated review of the existing portfolio is carried out at regular intervals based on relevant indicators. This process examines the level of ESG compliance of the portfolio. Controversial cases are escalated to the investment committee, the highest-level decision-making body in the finance department. The committee decides on appropriate action, which may include increased monitoring, contact with the

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

company, underweighting, a halt on new investments, or even divestment.

R+V works with ESG data providers ISS ESG and MSCI to carry out the sustainability analysis; these partners provide R+V with a broad range of sustainability data. An internal ESG assessment process coupled with the incorporation of ESG aspects into due diligence processes and strict monitoring ensures that the targets and requirements are met.

### Climate neutrality (net zero) by 2050

Reducing CO<sub>2</sub> emissions is a binding target for R+V investment. R+V therefore set itself a science-based climate target in 2021 for its investment activity, which includes cutting greenhouse gas emissions (measured in CO<sub>2</sub> equivalents) from investment activities to (net) zero by 2050. R+V is guided by the agreement to limit average global temperature rises to a maximum of 1.5 °C above pre-industrial levels. The climate target also allows R+V to promote its product lines as eco-friendly.

The climate target relates primarily to the equities of large European companies and corporate bonds in the non-financial sector. 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.

To achieve the goal of net zero by 2050, R+V will have to set binding interim targets at regular intervals. The first interim target is for the carbon footprint (scope 1 and 2 emissions and enterprise value including cash (EVIC)) for the equities of large European companies and corporate bonds in the non-financial sector to be reduced by 20 percent by 2025, compared with 2019 levels. These two asset classes account for a substantial proportion of the known CO<sub>2</sub> emissions in investment activities. To achieve its climate target and for the ongoing monitoring and implementation of the relevant requirements necessary for this, R+V established a carbon task force process in its ESG risk controlling department in 2022.

### Products for sustainability

Since August 2, 2022, there has been a requirement during the advisory process to ask policyholders whether, and to what extent, they wish to incorporate sustainability aspects into the planned investment. The preferences that they express determine whether a product can be recommended without qualification or not.

Thanks to the careful consideration of sustainability risks and the climate target defined for the investment process (reducing greenhouse gas emissions (measured in CO<sub>2</sub> equivalents) in investment activities to net zero by 2050), retail and corporate customers in the life and pension insurance segments are contributing to the transition to a climate-neutral economy through their investment in the collateral assets. R+V also offers unit-linked life insurance and pension insurance policies in which customers can, depending on their preferences, select sustainability-oriented funds for which not only financial decision-making criteria but also environmental, social, and ethical aspects play a role. Moreover, R+V customers interested in occupational disability insurance can elect for opportunity-oriented use of the excess, where the excess is invested in sustainability-oriented funds. In the case of R+V's unit-linked life insurance and pension insurance policies, the proportion of new business in funds classified as sustainable pursuant to article 8 or article 9 of the SFDR amounted to around 63 percent in 2022.



With a portfolio of 119,653 insured photovoltaic systems, 1,304 wind turbines, and 979 biogas installations (as at December 31, 2022), R+V is Germany's third-biggest provider of engineering insurance and is contributing to the success of the country's switch to renewable energy sources. In order to be able to provide tailored solutions, R+V has created a center of excellence for renewable energies and operates a broad network of corporate customer advisors. Customers can also turn to the local cooperative banks for support on insurance matters. Farmers and energy cooperatives are often the ones to implement wind power, solar power, or biogas projects with funding from their principal cooperative bank.

In addition to the provision of insurance cover for renewable energy installations, 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.

R+V has also been playing its part in the shift toward cleaner transportation for some time. Since 2018, for example, owners of electric and hybrid vehicles have been able to obtain significantly extended insurance cover. One of the enduring key features of accident and breakdown cover is that an electric car can be towed to the nearest charging point if it breaks down due to an empty battery. The benefits in R+V's comprehensive motor insurance also include premium-free insurance for mobile charging devices (up to €1,000) and for charging cables and cards (up to €100) if, for example, they

are stolen. Under a partnership with Mer, R+V offers free advice to customers with a fleet of 50 or more vehicles and approximately 200 employees to help them switch to electric vehicles.

Products with a positive social impact include employee insurance and health insurance policies: As costs are covered both for an insured event and for medical check-ups, the protection against financial risks is always in line with the principle of improving general healthcare.



8.0 Business processes

# Integrated planning

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.



## 8.1 Customer focus

Satisfied customers are key to establishing and maintaining long-term business relationships and thus to the future viability of the DZ BANK Group. Focusing on the needs of customers is therefore the responsibility of all employees. In the group entities, collating relevant KPIs, initiating improvement processes, and setting out the specific requirements are tasks assigned to the marketing, product management, and sales functions or, in some cases, to other departments or an interdisciplinary centralized function.

In addition to talking to customers individually, almost all entities in the DZ BANK Group regularly survey their customers to identify their needs, gauge how satisfied they are with products and services, and find out whether improvements are required. The quality and complaints management systems in place, 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.

### 8.1.1 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 2022 produced a satisfaction rating of 2.3 on a scale of 1 (top score) to 5 (lowest score), unchanged from the prior year. VR Smart Finanz carries out annual surveys of the Boards of Managing Directors of the cooperative banks as well as the heads of their corporate/business customer units and the heads of sales management. 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 generated more than 20,000 feedback submissions in 2022. 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. The NPS for 2022 was 29 points (four points higher than in 2021). The feedback and results are made available to the departments so they can help to find further optimization potential.

TeamBank conducts an annual survey among its cooperative bank partners. In 2022, it reached out online to around 1,800 members of the Boards of Managing Directors, heads of consumer finance, and customer advisors in Germany and Austria. 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 carries out surveys every other year among merchants offering the Ratenkauf installment purchase product. In 2022 it contacted 150 of the 1,000 or so merchants in Germany by telephone. Based on the findings, suggestions for improving the product were examined and the available technical options for shortening the payout period for the merchants are now being reactivated and communicated. 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. The findings are used in information documents for the partner banks and for product development.

## 8.1.2 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. However, all but one of the group entities have established quality management procedures.

### 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 dialogue center at 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 employees working in the customer dialogue center.

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 further improve the quality of the advice and products offered. 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. All entities in the DZ BANK Group have therefore established procedures for handling complaints.

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

For the majority of complaints received by DZ BANK, fundamental changes to processes or organizational measures are rarely required. The highly individual nature of the reasons for complaints underscores that there are few systematic problems in the business. Nevertheless, the departments do examine the issues raised in the complaints in order to make continual improvements in the interests of shareholders and customers. As in the last two years, the number of complaints received by DZ BANK in 2022 was in the low hundreds.



Complaints management is organized on a decentralized basis at R+V but is overseen by a central, cross-company committee. The complaints management function bears responsibility for complying with guidelines, avoiding conflicts of interest when handling complaints, and reporting to BaFin.

### 8.1.3 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. Almost every entity in the group has therefore taken steps with the aim of helping to prevent customers 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.

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. Regular reviews of this data, particularly in relation to the financed assets, and the addition of covenants to the loan agreement aim

to ensure that customers will be able to service their debt over the term of the loan. In retail customer 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. Furthermore, the borrower can be granted an option at the time of signing the agreement that allows repayments to be adjusted three times over the course of the fixed-interest period as a means of adapting to temporary liquidity squeezes. In restructuring and workout cases too, DZ HYP is committed to treating borrowers fairly and implementing any compulsory measures with due care. This is ensured by issuing appropriate procedural instructions to employees.

At R+V, the premium collections department and R+V subsidiary Unternehmens-Managementberatungs GmbH – a service provider for receivables management – have together defined processes for dealing with customers who are facing payment difficulties. The focus is on finding solutions collaboratively so that outstanding receivables can be paid and the insurance policies can thus continue.

### 8.1.4 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 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



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.

any information communicated to customers is accurate, clear, and easy to follow. Some of them deliberately avoid the use of small print in their communications. Another important element of responsible marketing is transparency with regard to the risks and costs associated with products. The majority of the group entities have committed to this.

DZ BANK plans to implement a multi-stage process to make its websites more user-focused. Optimizing key aspects of accessibility will be a priority. This includes, for example,, making the sites easier to navigate, ensuring the consistent use of alternative text, and a more contrast-rich design. The multi-bank VR NetWorld software offered by the cooperative banks also features a variety of support functions for blind and visually impaired users. These range from the use of symbols rather than colors to special security features for sight-impaired users and a dedicated navigation menu.

In line with the principle of the cooperative advisory process, DZ BANK always strives for accuracy, general clarity, respect, and sustainability in the form and message of its marketing. It markets its products and services in accordance with the following principles, which were incorporated into the DZ BANK code of conduct in 2022:

- We avoid misleading, incorrect, and discriminatory statements in our advertising and communications.
- We use a clear design and imagery that are understandable and free of any content-related or formal discrimination.
- The design principles are developed for longevity in order to minimize the production of new marketing materials.

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. At monthly web conferences, employees of the cooperative banks also receive analyses from DZ BANK Research and the latest information on new investment solutions for use in their meetings with customers. DZ BANK uses its membership of the Deutscher Derivate Verband (DDV) [German Derivatives Association], the industry body representing the 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. Products are designed in such a way that the contributions and premiums to be paid by customers can be dealt with flexibly subject to specific conditions. Cost and fee information is provided along with the contract documents. Details are available [online](#).

There are strict rules on information in the insurance business. Life insurance, for example, is subject to statutory information requirements, for example with regard to details of the premiums and costs to be paid. These include not only acquisition costs but also other costs, such as the administrative charges for a policy. Customers of R+V thus have complete transparency about the costs that will be deducted during the term of their policy.

TeamBank reviews all brand touchpoints to make sure that information is formulated clearly and simply for customers. It is currently developing a new process for this that will be launched in 2023. The activities used to market the easy-Credit brand in Germany and the 'der faire Credit' brand in Austria stand out from competitors' advertising primarily

due to the absence of special offers, which automatically rules out the use of loss leaders. In 2022, TeamBank paid particular attention to the accessibility and user-friendliness of its online presence.

As a trustee for more than five million investors, Union Investment has undertaken to comply with the rules of conduct of the BVI and it takes account of these rules when presenting information on fund performance and on responsible and sustainable investments. The names and labels used for financial products are also reviewed and approved by the competent supervisory authority. Union Investment is helping sales partners to start ascertaining customers' sustainability preferences in accordance with the SFDR by means of training programs, bank guidelines, and online conferences.

## 8.2 Data protection and information security

Data protection and information security are the bedrock of a functioning business and underpin the trust of customers, business partners, and society. The DZ BANK Group must protect data in accordance with statutory requirements and is fully aware that all measures taken in this regard also serve to protect its own business.

### 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.

Where mandatory under data protection requirements, 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 assign-

ment 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 and senior management 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 conduct compliance checks and report directly 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.

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 this program soon after joining the organization and take follow-up courses every three years. The training tool was completely updated in 2022. 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.

In 2022, three breaches of data protection took place at DZ BANK that had to be reported to the data protection supervisory authority. However, there was no loss of customer data and no fines were imposed. There were no substantiated complaints about data protection breaches.

### Information security

The aim of information security is to safeguard the confidentiality, integrity, authenticity, and availability of the data and information used in business processes. Suitable measures must be taken to adequately protect this data and information against unauthorized access, disclosure, or modification and against loss or theft.

To manage information security, the DZ BANK Group has established a groupwide information security management system (Group ISMS) based on ISO/IEC 27001:2013. Every entity in the group must incorporate the minimum requirements defined therein into the design of their own information security management systems. DZ BANK is aiming to obtain certification in the medium term.

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.

A total of eight information security guidelines apply throughout the group, including the guidelines on managing information security management documents, on the DZ BANK Group's cyber risk radar, on the minimum requirements for information security management, on managing information security risks, and on performing IT risk assessments.

At DZ BANK, the framework for the definition of roles and responsibilities, procedures, processes, and requirements is set out in the information security policy. It 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 are assessed with regard to any resulting information security risks, and



## A groupwide information security management system has been established.

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 continual updating of target requirements for information security and the coordination of training measures. 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 recommends what action 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.

## 8.3 Human rights due diligence

The upholding of human rights provides the foundations for sustainable development. Any violation in a company's own business operations or in those of its suppliers results in reputational damage and a loss of confidence. The DZ BANK Group recognizes the Universal Declaration of Human Rights proclaimed by the United Nations General Assembly and the European Convention on Human Rights and is committed to the ten globally applicable principles of the UN Global Compact, 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 the binding frame of reference for the practices of the group entities. In its code of conduct, the DZ BANK Group makes 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, origin, nationality, religion, political opinions, worldview, disability, or sexual identity. The DZ BANK Group also strictly rejects any form of child labor or forced labor and recognizes the right of all employees to form unions and employee representative bodies on a democratic basis within

### Human rights guidelines were developed for the DZ BANK Group in 2022.

the framework of national legislation. The fundamental conventions of the International Labour Organization (ILO) apply in full to all employees in the DZ BANK Group. 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.

As an employer, DZ BANK respects and supports the human rights of its employees, the majority of whom work in Germany. It has also expressly committed to doing so by signing the UN Global Compact and has included relevant principles in its own [code of conduct](#). To add further detail to the sections of its code of conduct that deal with human rights, [group guidelines on human rights](#) were published in 2023. They are based on the ILO fundamental conventions, the Universal Declaration of Human Rights, and the European Convention on Human Rights.

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. Employees of DZ BANK and stakeholders wishing to report issues relating to human rights or suspected breaches of human rights can do so anonymously using the whistleblowing system or by contacting Compliance or the employees' council ([section 6.2.2 Prevention of money laundering and fraud](#)). The measures used to exercise the duty of care regarding human rights are described with respect to the group itself in [section 9.0 Employees](#), with respect to workers in the supply chain in [section 8.4 Supplier management](#), and with respect to the banking business in [section 7.3 Rejection criteria and sectoral rules](#) and [section 7.4 Bank](#). In 2022, no formal complaints regarding violations of human rights or working practices were made via DZ BANK's whistleblowing system or compliance hotline.





In portfolio management, Union Investment has been systematically applying rejection criteria to analyses since 1995. Potential breaches of human rights are addressed during engagement activities and may lead to companies being excluded from portfolios. Companies are also evaluated on social aspects by means of S-scores that are determined using the SIRIS research platform ([> section 7.5 Asset management](#)).

DZ BANK, Bausparkasse Schwäbisch Hall, and R+V prepared in 2022 to implement the German Supply Chain Due Diligence Act (LkSG) with effect from January 1, 2023, while TeamBank will implement it with effect from January

1, 2024. At the start of 2022, DZ BANK formed a working group of representatives from different departments, who were tasked with identifying areas in which action is required in response to LkSG and developing a plan of action. In July 2022, these activities were transferred to a subproject under the sustainability program. DZ BANK will conduct risk analyses for suppliers and its own business operations over the course of 2023 and will publish its first report in accordance with LkSG in 2024. A [sustainability commitment](#) published in 2022 summarizes DZ BANK's main standards and underlines the level of ambition with which it intends to implement LkSG.

## 8.4 Supplier management



### The guidance on sustainability in procurement applies to all group entities.

Risks may arise in the supply chain that could have an adverse impact on the environment and society as well as jeopardize the supplier relationship. When selecting service providers and suppliers and when purchasing goods and services, the entities in the DZ BANK Group therefore pay careful attention not only to criteria such as quality and price but also to sustainability criteria and the minimization of risk. In accordance with the Sustainability in Procurement guidelines, which are based on the principles of the UN Global Compact and apply to all group entities, 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. A working group that comprises the sustainability coordinators from the procurement departments of the group entities updates the processes and targets that relate to sustainability in procurement on an ongoing basis.

All entities in the DZ BANK Group require their suppliers to comply with minimum standards as specified in the 'Sustainability requirements for suppliers to the DZ BANK Group'. These are aligned with sources such as the principles of the UN Global Compact, 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 fundamental conventions of the ILO. To ensure the group entities take a consistent approach, the working group for sustainability in procurement has developed a minimum standard for assessing suppliers and established a procedure for its implementation.

This includes a multi-stage escalation process that can ultimately result in a supplier being excluded.

Applying this standard, the majority of the group entities – including DZ BANK – classify their suppliers according to their sustainability risks. 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. 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.

In accordance with new statutory requirements, the working group for sustainability in procurement is developing a sus-

tainability questionnaire for capturing sustainability-related information for those suppliers that cannot be assessed using a sustainability rating platform. Ecovadis was selected as the platform for assessing suppliers and is now in use at DZ BANK, Bausparkasse Schwäbisch Hall, DZ HYP, DZ PRI-VATBANK, R+V, TeamBank, and Union Investment.

DZ BANK procures goods and services in the following areas (in descending order of purchasing volume in 2022): transaction banking, IT consulting, specialist/process consulting, software and related services, facility management, information services/trading systems, goods and services from providers within the cooperative financial network, workplace equipment, telecommunications, real estate, hardware and related services, marketing, HR services, strategy consulting, transportation, logistics, and office furniture and equipment. Most of the suppliers (primarily service providers, consultants, developers, and agencies) are based in 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.

In 2022, Union Investment's purchasing and contract management function successfully underwent an on-site audit to obtain BME certification as a sustainable procurement organization.

## 8.5 Operational ecology

Protecting the environment in the context of business operations contributes to the careful and efficient use of resources and can help to reduce costs. For the entities in the DZ BANK Group, however, 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, in 2022, reported to the Group Corporate Responsibility Committee (GCRC).

One of its objectives is to standardize the entities' environmental data and the resulting carbon footprint. A jointly developed outline paper sets out the parameters for calculating carbon emissions: All group entities record their greenhouse gas emissions in CO<sub>2</sub> equivalents in accordance with the international standard based on the Greenhouse Gas Protocol (GHG), distinguishing between scope 1 (direct emissions), scope 2 (indirect emissions), and scope 3 (emissions in the value chain: business travel, commuting, paper consumption, waste generation, and water consumption).

### 8.5.1 Climate strategy of the DZ BANK Group

The DZ BANK Group's climate strategy is focused on the reduction of greenhouse gases in business operations. The goal is 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 climate-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 emissions in the calculation of its carbon footprint going forward, thereby raising the ambition level of its target.

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 62.4 percent by the end of 2021 thanks to various action steps. The main steps taken were the switch to green electricity and efficiency improvements in the generation and distribution of heat, a reduction in business travel, the partial 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. Although these emissions are expected to increase again after the pandemic, the group entities are taking firm action to counteract this effect. In 2022, R+V and TeamBank were designated as cycling-friendly employers and at the start of 2022, Union Investment launched a CO<sub>2</sub> calculator with which managers can monitor and manage the monthly travel-related carbon emissions in their area of responsibility (e.g. resulting from employees' business trips).

The DZ BANK Group reports the greenhouse gas emissions of its operations in CO<sub>2</sub> equivalents. These are primarily calculated using the emissions factors included in the calculation tool provided by the Association for Environmental Management and Sustainability in Financial Institutions (VfU) for the financial sector. 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 quantitative disclosures for scope 3 do not include emissions funded by financial products, although by definition they belong under this scope and also account for the largest share (▶ [section 7.1 Impact transparency](#)). The data for the 2022 greenhouse gas footprint was not available by the publishing deadline for this report. The data is due to be available on [DZ BANK's website](#) from July 2023.

#### GREENHOUSE GAS EMISSIONS OF THE DZ BANK GROUP

	2021	2020
Tonnes (t) of CO <sub>2</sub> equivalents		
Scope 1	19,944	19,193
Scope 1 per FTE <sup>1</sup>	0.66	0.64
Scope 2	9,030	7,142
Scope 2 per FTE	0.30	0.24
Scope 3	29,311	29,781
Scope 3 per FTE	0.98	1.00
<b>Scopes 1–3</b>	<b>58,285</b>	<b>56,117</b>
FTE <sup>1</sup>	30,104	29,772

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

## 8.5.2 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, Düsseldorf, Berlin, Hannover, and Stuttgart, use electricity that is generated exclusively from renewable sources. Electricity consumption at the bank's offices reduced significantly in 2020 and 2021. This was partly attributable to employees working from home more 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 and the optimization of technical configurations. In order to reduce the use of electricity and district heating even further in the future, the focus remains on the efficiency of buildings.

#### ENERGY CONSUMPTION OF DZ BANK

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

### Emissions

DZ BANK's greenhouse gas emissions are included in the greenhouse gas footprint of the DZ BANK Group ([page 85](#)) 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 2018, DZ BANK started to engage more intensively with electric-powered transportation, installing charging points at its sites and switching the company fleet over to all-electric and hybrid vehicles. In addition, DZ BANK's company car policy stipulates that only

#### GREENHOUSE GAS EMISSIONS OF DZ BANK

Tonnes (t) of CO <sub>2</sub> equivalents	2021 <sup>1</sup>	2020	2019
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
<b>Scopes 1–3</b>	<b>9,226</b>	<b>8,993</b>	<b>14,154</b>
Per FTE	1.924	1.877	3.042

<sup>1</sup> Events and postal shipping included for the first time.

## BUSINESS TRAVEL

	2021	2020	2019
'000 kilometers/%			
<b>Total business travel ('000km)</b>	<b>14,063</b>	<b>14,194</b>	<b>32,039</b>
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 <sup>1</sup>	2019
Total no. of employees, Germany <sup>2</sup>	5,265 <sup>3</sup>	5,219	5,204
<b>of which commuting by public transportation (%)</b>	<b>40.9</b>	<b>63.0</b>	<b>68.5</b>
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

<sup>1</sup> Key figure has been corrected retrospectively as the original calculation was made collectively for employees in Germany and outside Germany.

<sup>2</sup> Including trainees; annual average figures per capita.

<sup>3</sup> Key figure has been corrected retrospectively

the most modern, clean vehicles should be used in order to protect the environment.

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. Since 2019, DZ BANK has been calculating carbon emissions from commuter travel based on statistics from the Statistisches Bundesamt [German Federal Statistical Office] and the calculation methodology developed by the VfU. Since September 2020, DZ BANK has also been offering the DZ Rad scheme, which allows employees to lease a bike through salary sacrifice.

## 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.

## PAPER CONSUMPTION

	2021	2020	2019
Tonnes (t)			
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
<b>Total</b>	<b>69.9</b>	<b>100.4</b>	<b>199.9</b>
Per FTE	0.015	0.021	0.043

## VOLUME OF WASTE BY TYPE

	2021	2020	2019
Tonnes (t)			
<b>Total paper</b>	<b>375.376</b>	<b>467.130</b>	<b>536.951</b>
Per FTE	0.078	0.097	0.115
<b>Total electrical/toner/lighting</b>	<b>8.541</b>	<b>3.390</b>	<b>6.101</b>
Per FTE	0.002	0.001	0.001
<b>Total mixed packaging</b>	<b>80.314</b>	<b>73.825</b>	<b>79.504</b>
Per FTE	0.017	0.015	0.017
<b>Total non-recyclable</b>	<b>173.533</b>	<b>180.473</b>	<b>217.831</b>
Per FTE	0.036	0.038	0.047
<b>Total commercial waste</b>	<b>242.730</b>	<b>186.095</b>	<b>226.020</b>
Per FTE	0.051	0.039	0.049
<b>Total kitchen waste</b>	<b>28.083</b>	<b>34.471</b>	<b>47.620</b>
Per FTE	0.006	0.007	0.010
<b>Total waste</b>	<b>908,577</b>	<b>945.384</b>	<b>1,114.027</b>
Per FTE	0.189	0.197	0.239

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 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
<b>Total</b>	<b>908.58</b>	<b>945.38</b>	<b>1,114.03</b>

#### 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
<b>Total</b>	<b>73,604</b>	<b>78,621</b>	<b>101,057</b>
Per FTE	15	16	22





9.0 Employees

# Attractive 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.

## 9.1 HR strategy

As at December 31, 2022, the entities of the DZ BANK Group employed a total of 34,355 employees (December 31, 2021: 33,459). 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. In 2022, the DZ BANK Group expanded the nine guiding principles of the groupwide HR strategy – which also encompasses a joint remuneration and employer branding strategy and a shared management philosophy – to include sustainability aspects.

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 2022 group management report. The

HR managers of the group entities also meet regularly in a standing committee to share their experiences. During 2022, two workshops on current issues were held in addition to the HR managers' conferences.

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. They met several times in 2022, which meant that 27 working group meetings took place in total.

### HR activities

HR activities within the DZ BANK Group entities are based on the relevant strategic initiatives and guiding principles. Core themes such as modern ways of working, talent and succession management, and regulatory requirements are permanently embedded in all entities. The ILO fundamental conventions provide a basis for HR activities in all entities, because complying with them is essential to decent work and to maintaining a good relationship between an employer and its employees.

HR activities at DZ BANK are based on the targets of DZ BANK's Verbund First 4.0 initiative (› section 5.1 Strategy and goals). In 2021, most of the measures from the five core 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) were completed and successfully implemented. In 2022, four core topics were defined as the basis for further work on strategically relevant areas

- Promoting cultural change across all divisions
- Supporting mobile and modern ways of working
- Encouraging diversity through targeted management
- Overarching special topics, e.g. retention of young professionals

Supporting measures included continuation of the dialogues with members of the Board of Managing Directors and managers, continuation of the NewWork@DZBANK initiative, the signing of a groupwide agreement on inclusivity, and the development of suitable ways to retain young staff.



## Common employer-branding strategy positions the DZ BANK Group as an employer.

### Employer branding

The entities in the DZ BANK Group want to offer their 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 their 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. A joint careers website, various public relations activities, and employer branding campaigns are used to position the employer brand in the external job market.

The measures are supported by the intragroup initiative 'Employees recruit employees'. At DZ BANK alone, just over a third of all hires in 2022 originated from employee recommendations. In addition, career scouts advise employees on career opportunities in the DZ BANK Group, and a group-wide virtual career scout talk was offered again in 2022. Like the 'Information days: Experiencing the sense of belonging

in the DZ BANK Group' project, which now takes place as a virtual event, the career scout talks promote an understanding of the particular features of other group entities, encourage a greater depth of professional dialogue, and strengthen employee loyalty.

All 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 again carried out an online survey ('pulse check') in 2022, in which it used standardized questions to measure staff loyalty and satisfaction. The Organizational Commitment Index (OCI) score stood at 79 (2021: 80). 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 insights and experience of diversity at DZ BANK and in their immediate working environment. 65 percent of employees took part in the survey in 2022 (2021: 60 percent).

To position itself as an employer of choice for IT professionals, Bausparkasse Schwäbisch Hall revamped its social media presence in 2022. DZ HYP and VR Smart Finanz also updated their employer-related social media presence. VR Smart Finanz conducts an employee survey as part of the Great Place to Work initiative in order to ascertain employee satisfaction levels.

## 9.2 Employee development

Professional and personal development for employees is embedded in the HR department at each group entity. At Bausparkasse Schwäbisch Hall and R+V, the sales division is responsible for the training and development of field staff. Defined processes and policies are in place at all group entities. At DZ BANK, for example, there is a company agreement on vocational training and individual skills training; at Bausparkasse Schwäbisch Hall and R+V, 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. They each define training objectives based on their needs and the focus of their HR strategies, communicate these objectives, offer continuing professional development (CPD) to all employee groups, and record key figures and the number of CPD days for all their employees. The group entities evaluate the training activities regularly, and the findings are communicated to the HR department and published.

The DZ BANK Group's Corporate Campus 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 – can access a variety of learning and discussion events under the banner 'leading, connecting, developing'. The Corporate Campus 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 entities. Under this program, heads of department (mentees) pair up with heads of division (mentors). In 2022, 17 pairs completed the program. Under DZ BANK's reverse mentoring program, the traditional roles are deliberately reversed: Managers pair up with young employees to learn more about Generation Z and about using social media, digital platforms, and collaborative tools. There were 24 such pairings in 2022.

DZ BANK offered a good balance of online and classroom-based training in 2022. Team-specific training courses were offered in greater number too. There was also a rise in demand for health-related courses, which tend to be orga-

nized as online events. The video-based learning platform 'Masterplan', which helps employees to improve their digital skills, is used by almost all group entities and caters very well to the general trend for needs-based learning. Employees in Germany and internationally can choose between courses offered as part of the inhouse CPD program, division-specific training, and individual external seminars.

R+V expanded its CPD offering in 2022, for example in the areas of new ways of working, leadership, collaboration, agility, and health. The training is increasingly being structured as a blended learning format, a model combining computer-based learning with traditional teaching methods. Employees can also access a broad range of video-based learning programs on a learning platform, including basic training on consumer protection. TeamBank also trains its employees on consumer protection and on protecting customers against over-indebtedness. VR Smart Finanz offers training courses on digital megatrends and courses providing specialist skills development, with a combination of both digital and classroom-based formats.

At most group entities, a systematic talent management program prepares high-potential employees and executives for taking on demanding roles. As part of 'Verbund First 4.0', DZ BANK launched a new version of the development program for high-potential employees (PFP+) in 2020 that facilitates both vertical and horizontal development paths, encourages participants to spend time in different parts of the business, and establishes alternatives to the conventional management career path. 39 employees began the PFP+ program in 2022.

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, in 2022, developed a new model for leadership and collaboration. DZ PRIVATBANK is stepping up its development activities for future managers and has also launched a support program for women aimed at increasing the proportion of female managers.

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.



## 9.3 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 (▶ section 8.3 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 a letter of intent signed in 2012, the entities of the DZ BANK Group committed to actively supporting women in their career development, giving them the same pay and conditions as men in comparable positions, and treating them equally when selecting managers. Almost all group entities have also signed up to the Diversity Charter; DZ PRIVATBANK plans to sign up in 2023. Most of the group entities have their own diversity policy. A women’s network was established at Bausparkasse Schwäbisch Hall in 2022, while Union Investment has set up a diversity council. VR Smart Finanz encourages debate about diversity in society and in organizations by offering regular CPD activities and discussion formats.

In 2022, women made up 46.0 percent of the total DZ BANK Group workforce (2021: 45.3 percent). The proportion of managerial positions held by women within the DZ BANK Group stood at 24.0 percent in 2022 (2021: 23.1 percent). The proportion of seats on the Board of Managing Directors and senior executive positions held by women in the DZ BANK Group was 22.9 percent (2021: 16.3 percent). In the corporate governance dimension, the DZ BANK Group wants to increase the proportion of women

on the Boards of Managing Directors across the group to 30 percent by 2030 (▶ section 5.1 Strategy and goals). Bausparkasse Schwäbisch Hall appointed a woman to the Board of Managing Directors for the first time in 2022. At VR Smart Finanz, women and men are already equally represented on the Board of Managing Directors.

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 approved diversity policy, 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. Both targets were met as of January 1, 2023, with women making up 25 percent of each board.

The internally set targets for the first and second levels of management were not met as at December 31, 2022 for either first-level management (8.8 percent: target 10 percent) or second-level management (15.6 percent: target 20 percent). At the third level of management, women accounted for 23.5 percent of the total in 2022 (2021: 22.4%). The targets set for the period ending December

%	2022	2021	2020
<b>Total</b>	<b>46.0</b>	<b>45.3</b>	<b>45.3</b>
Executives	24.0	23.1	22.5
Members of the Board of Managing Directors or senior management team*	22.9	16.3	–

\* Figure was included in the report for the first time in 2021.

%	2022	2021	2020
<b>Total</b>	<b>42.1</b>	<b>41.8</b>	<b>41.5</b>
Board of Managing Directors*	22.2	–	–
Supervisory Board	25.0	25.0	25.0
Management positions	20.7	19.5	18.6
Heads of division	8.8	11.8	11.8
Heads of department	15.6	12.9	12.7
Heads of group	23.5	22.4	21.3
In development programs for high-potential employees**	46.2	38.2	–

\* Figure was included in the report for the first time in 2022; actual figure as at January 1, 2023 = 25%  
 \*\* Program did not run in 2020

%	2022	2021	2020
in management positions	66.7	62.5	45.5
in trainee programs	52.2	40.9	42.2
in vocational training or bachelor degree programs	48.7	52.8	37.5



31, 2026 were 15 percent for first-level management and 21 percent for the second level ([DZ BANK AG management report](#)).

At DZ BANK, 42.1 percent of employees in 2022 were women. For managers, the figure was 20.7 percent (2021: 19.5 percent) and for new appointments to management positions 66.7 percent (2021: 62.5 percent). 48.7 percent of the places on the vocational training and bachelor degree programs were taken by women (2021: 52.8 percent), and the figure for graduate trainees was 52.2 percent (2021: 40.9 percent).

DZ BANK has made equal opportunity part of its corporate mindset ([section 5.2 Vision and cooperative values](#)). The diversity policy that provides guidance for employees is avail-

able to all staff on the intranet. The bank promotes equal opportunities via annual 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.

In 2021, the e-learning program 'Unconscious Bias' was added to the list of CPD courses and a virtual course on mixed leadership culture was offered for the first time. The latter was repeated exclusively for managers in June 2022 and then for a wider group of participants in December 2022 in order to reach more people with an interest in this subject.

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). The proportion of the workforce with a severe disability was 3.95 percent (2021: 4.1 percent), which fell just short of the statutory minimum.

In all group entities, breaches of AGG can be reported anonymously using the whistleblowing system or to an ombudsperson. In 2022, no discrimination cases or complaints under AGG were registered across the group.

## 9.4 Remuneration and codetermination

The DZ BANK Group entities pride themselves on having good employer-employee relationships. This is expressed in an active codetermination process that involves the workforce in decision-making and in fair, performance-based pay that is enshrined in policy at all entities. The institutions of the DZ BANK Group, such as DZ BANK, Bausparkasse Schwäbisch Hall, DZ HYP, and TeamBank, are subject to the German Regulation Governing Remuneration at Institutions (InstitutsVergV) and have adopted a common remuneration strategy that is regularly reviewed. The remuneration policy is published on a consolidated basis each year in accordance with InstitutsVergV and the EU Capital Requirements Regulation (CRR). The institutions are also bound by the further-reaching regulatory requirements in InstitutsVergV.

The entities in the DZ BANK Group comply with the German Remuneration Transparency Act (EntgTranspG), which 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 their gender, age, origin, or other characteristics. Depending on the remuneration system of the group entity, the level of variable remuneration reflects the employee's personal performance, the entity's success, and the success of the division in which the employee works.

At the institutions in the DZ BANK Group, measures are in place to ensure that variable remuneration does not exceed fixed remuneration. A departure from this rule is permitted only in justified exceptional cases and requires a resolution to be adopted. Some group entities have capped variable remuneration at a level well below fixed remuneration. Variable remuneration of employees in control units as defined in 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 German Remuneration Transparency Act. Internal analysis is carried out every year as part of the bonus and pay review in order to uncover any discrimination – such as a gender pay gap – 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. There is increasing debate about reducing the gender pay gap through regulation, and the entities of the DZ BANK Group are holding discussions on this subject. It is the wish of all group entities – as reflected in their efforts to date – to design their remuneration systems in a way that is not influenced by gender.

At DZ BANK, the remuneration of employees covered by collective bargaining 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, 2022, 23.3 percent of staff at DZ BANK were covered by collective pay agreements and 76.7 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

Employees of all entities in the DZ BANK Group have freedom of association and a right to collective bargaining. At their German sites, where more than 90 percent of all staff are based, the entities are subject to the German Works Council Constitution Act (BetrVG). This also governs the relationship between the employer and the employees' council (employee representative body) and is established at all entities in the DZ BANK Group. All entities in the DZ BANK Group notify their employees about collective pay bargaining and wage settlements via the intranet, which is freely accessible to every employee, and implement the agreements reached. At DZ BANK, for example, these agreements are reached between the Arbeitnehmerverband der Deutschen Volksbanken und Raiffeisenbanken (AVR) [Employee Association for the German Local Cooperative Banks], of which DZ BANK is a member, and the relevant labor unions, such as the Deutscher Bankangestellten Verband (DBV) [German Bank Employees' Association]. At the German sites, the individual employee representative bodies also ensure that employees receive relevant information. As a minimum, the entities apply the ILO fundamental conventions at their sites in other countries if the local statutory requirements are less strict or do not exist at all. There is no risk to the right to freedom of association or to collective bargaining at any of the DZ BANK Group's permanent establishments.

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 employ-

## The spectrum of codetermination ranges from local employees' councils and the group employees' council to the Supervisory Board.

ees' council, to codetermination in the Supervisory Board of DZ BANK (▶ [section 6.1 Governance](#)). While the employees' councils are responsible for local issues, the central employees' councils deal with regulations affecting multiple locations within an entity. The 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 is mostly able to avoid compulsory redundancies, if targeted, socially responsible cutbacks are unavoidable, they are always made on the basis of a recon-

ciliation 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 and the employee representative body have a special protective function and must be consulted before any dismissals, for example.



## 9.5 Work-life balance

To encourage a good work-life balance, DZ BANK and other group entities undergo berufundfamilie gGmbH's 'berufundfamilie' audit, which certifies companies with family-focused or life-stage-oriented HR policies. 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 at all group entities. Across the group, just under 20.9 percent of employees worked part-time in 2022 (2021: 19.8 percent).

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 2022, a total of 272 of DZ BANK's employees took parental leave (2021: 275). Of these, 196 were women (2021: 202) and 76 men (2021: 73).

DZ BANK follows nine guiding principles ('Working together for a diverse corporate culture') that set out policies and the expectations of both employer and employee with regard to flexible working conditions, diversity, work-life balance, and family responsibilities. In addition to flexible working hours, the bank's staff benefit from various part-time working models and the option to work remotely. They can

also opt for semi-retirement or take sabbatical leave. These options are governed for all employees by internal company agreements. Rules and mechanisms for remote and flexible working have been established in all group entities and include new workspace and leadership concepts. In 2022, a new company agreement came into force at Union Investment that provides for greater flexibility as the company transitions to new ways of working. DZ HYP has set out new arrangements for flexitime and trust-based working hours in a company agreement. At VR Smart Finanz, employees and managers also have a variety of options for planning their working hours flexibly and, for example, can gain up to 22 additional days of leave through salary sacrifice.

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 free childcare at a nationwide 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.

All entities in the DZ BANK Group offer group accident insurance and an occupational pension scheme to their employees. As well as the basic old-age pension and sick pay enshrined in law in Germany, DZ BANK and the entities of the DZ BANK Group provide other employee benefits, some of which also apply to our locations abroad. In addition, they comply with the statutory requirements of the German Labor Leasing Act (AÜG), according to which temporary employees are also entitled to employee benefits.

The following employee benefits are offered by most group entities: company sports activities, long-service awards, childcare, emergency assistance, special leave, and subsidies for gyms and the inhouse cafeteria. Higher pay for working on Saturdays, Sundays, and public holidays is guaranteed at DZ BANK, Bausparkasse Schwäbisch Hall, R+V, TeamBank, and VR Smart Finanz, which also allow their employees to build up time off in lieu as a result of working overtime. Subsidized travel cards and travel subsidies are commonly offered by the group entities. DZ BANK, Union Investment, DZ HYP, Bausparkasse Schwäbisch Hall, and VR Smart Finanz run bike leasing schemes. DZ BANK, Bausparkasse Schwäbisch Hall, and VR Smart Finanz offer subsidies for privately arranged CPD.

All DZ BANK employees can access the nationwide pme Familienservice services, including a concierge service that can help with running errands, etc.

## 9.6 Occupational health and safety

The DZ BANK Group entities offer a wide range of health management services in order to boost their employees' performance. These range from company sports groups to flu jabs, COVID-19 vaccinations, and special preventive healthcare courses. HR is generally responsible for this. There is no groupwide guideline, although there are laws governing workplace health and safety in Germany that stipulate minimum standards and thereby provide a certain level of uniformity.

All group entities have appointed company doctors or entered into a partnership to obtain such services. They have also all appointed occupational health and safety specialists who carry out regular workplace inspections, for example to identify ergonomic weaknesses. The experience gained from two years of remote working has had an influence on health management services, and mental health risk assessments are now a greater priority for all group entities. Some entities already conduct such assessments regularly, while R+V and VR Smart Finanz have company agreements in this area. In all group entities, employees returning to work after a lengthy period of illness receive assistance as part of the 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, preventive courses aimed at protecting physical and mental health, and partnerships with gyms at various locations. 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 them to deal with personal job-related or family-related challenges or with burn-out. If necessary, they can also quickly refer employees for professional advice.

Even after the COVID-19 pandemic, DZ BANK employees can still call on the social counselors for advice and support on remote working and on the personal challenges they face. Since mid-2020, they have been able to access training on topics such as 'actively dealing with stress', 'online

teamwork', and 'active breaks' through the inhouse CPD program. Other group entities offer similar services so that they can equip their employees for the changed world of work and tackle any negative effects. Union Investment, for example, put the program 'Healthy sleep and mental health' on the agenda for 2022. R+V has its own gym and provides employees with a network that offers both digital and analog health programs.



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

DZ BANK carries out a mental health risk assessment at all its German locations with the involvement of line managers, employees, and the employees' council in order to prevent psychological stress. The objective of the risk assessment is to structure the working environment in such a way that it both protects and promotes health at all times. The process 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. DZ BANK's mental health risk assessment is an ongoing process in which around 1,200 employees take part each year. Up to the end of 2022, the working environment had been improved for over two-thirds of employees by taking appropriate measures. In 2022, a bank-wide information campaign was

launched to make employees aware of the importance of the mental health risk assessment in the context of occupational health and safety.

### **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.

In 2022, the health and safety experts at DZ BANK provided advice to 98 employees and carried out 114 workplace assessments. 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 2022, the accident at work rate at the locations in Germany was 0.8 percent (2021: 0.4 percent). There were no work-related deaths in 2022 and no known breaches of health and safety regulations. The sickness rate was 4.6 percent (2021: 3.2 percent).



## 9.7 Employee data

### OVERALL NUMBER OF EMPLOYEES (AS AT DEC. 31)

by headcount	2022	2021	2020
<b>Total</b>	<b>5,599</b>	<b>5,512</b>	<b>5,524</b>
Germany	5,331	5,265	5,276
Outside Germany	268	247	248

### EMPLOYEES BY CONTRACT TYPE (AS AT DEC. 31)<sup>1</sup>

by headcount	2022	2021	2020
<b>Permanent</b>	<b>5,394</b>	<b>5,297</b>	<b>5,271</b>
of which male	3,129	3,084	3,074
of which female	2,265	2,213	2,197
<b>Fixed-term</b>	<b>66</b>	<b>58</b>	<b>53</b>
of which male	39	32	31
of which female	27	26	22

<sup>1</sup> Core staff excluding trainees, apprentices, doctoral candidates, and student workers

### EMPLOYEES BY REMUNERATION TYPE<sup>1</sup>

by headcount	2022	2021	2020
<b>Employees in the non-collectively-negotiated wage sector</b>	<b>4,297</b>	<b>4,170</b>	<b>4,136</b>
of which male	2,762	2,708	2,697
of which female	1,535	1,462	1,439
<b>Employees in the collectively-negotiated wage sector</b>	<b>1,302</b>	<b>1,342</b>	<b>1,388</b>
of which male	480	502	533
of which female	822	840	855
<b>By seniority</b>			
Managers (excluding members of the Board of Managing Directors)	641	631	634
Employees (excluding managers)	4,958	4,881	4,890

<sup>1</sup> Employees incl. trainees and inactive staff (inactive: on maternity, parental, or long-term sick leave).

### EMPLOYEES BY WORKING TIME ARRANGEMENT (AS AT DEC. 31)

%	2022	2021	2020
Flexible working hours	100.0	100.0	100.0
<b>Full-time</b>	<b>78.7</b>	<b>79.1</b>	<b>78.9</b>
of which male	92.9	93.1	93.3
of which female	59.0	59.7	58.6
<b>Part-time</b>	<b>21.3</b>	<b>20.9</b>	<b>21.1</b>
of which male	7.1	6.9	6.7
of which female	41.0	40.3	41.4
Virtual offices <sup>1</sup>	8.8	11.5	13.3
On sabbatical	0.0	0.0	0.0
Semi-retirement	3.4	2.3	2.0

<sup>1</sup> Teleworking irrespective of number of hours worked

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

by headcount	2022	2021	2020
<b>DZ BANK AG (total)</b>	<b>5,599</b>	<b>5,512</b>	<b>5,524</b>
<b>Germany, total</b>	<b>5,331</b>	<b>5,265</b>	<b>5,276</b>
Frankfurt	3,639	3,530	3,505
Düsseldorf	811	835	839
Karlsruhe	31	31	31
Stuttgart	282	284	288
Münster	77	79	81
Koblenz	11	16	17
Hannover	165	165	175
Hamburg	79	80	80
Oldenburg	15	15	16
Berlin	31	28	30
Dresden	2	2	2
Leipzig	9	10	10
Munich	144	156	166
Nuremberg	35	34	36
<b>Outside Germany, total</b>	<b>268</b>	<b>247</b>	<b>248</b>
<b>International branches</b>	<b>251</b>	<b>230</b>	<b>231</b>
London	66	50	53
New York	71	71	71
Hong Kong	49	54	52
Singapore	57	55	55
Amsterdam <sup>1</sup>	8	-	-
<b>Representative offices</b>	<b>17</b>	<b>17</b>	<b>17</b>
Moscow	3	3	3
Istanbul	3	3	3
São Paulo	1	1	1
Beijing	4	4	4
Mumbai	3	3	3
Jakarta	3	3	3

<sup>1</sup> Former DVB location until December 31, 2022

NEW HIRES BY AGE AND GENDER<sup>1</sup>

by headcount	2022	2021	2020
<b>Total</b>	<b>212</b>	<b>212</b>	<b>261</b>
of which male	119	132	173
of which female	93	80	88
<b>By age and gender</b>			
<b>under 30</b>	<b>50</b>	<b>46</b>	<b>80</b>
of which male	31	25	49
of which female	19	21	31
<b>30 to 49</b>	<b>137</b>	<b>140</b>	<b>144</b>
of which male	75	91	102
of which female	62	49	42
<b>50+</b>	<b>25</b>	<b>26</b>	<b>37</b>
of which male	13	16	22
of which female	12	10	15

<sup>1</sup> Excluding management trainees

In 2022, the staff turnover rate at DZ BANK was 7.5 percent (2021: 4.6 percent). The resignation rate was 2.7 percent (2021: 1.9 percent).

PROFESSIONAL DEVELOPMENT DAYS AND COSTS (AS AT DEC. 31)<sup>1</sup>

Days	2022	2021	2020 <sup>2</sup>
<b>Germany</b>	<b>15,437.0</b>	<b>14,775.6</b>	<b>12,393.9</b>
<b>By gender and level</b>			
Male	8,737.5	8,807.9	7,370.0
of which managers	1,625.9	1,696.5	1,580.6
Female	6,699.5	5,967.5	5,023.9
of which managers	573.1	578.6	424.4
<b>Per employee</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>
<b>By gender and level<sup>3</sup></b>			
Male	2.8	2.9	2.4
of which managers	3.4	3.5	3.3
Female	3.1	2.7	2.3
of which managers	5.4	5.5	4.2
<b>Professional development costs per employee (€)</b>	<b>1,575.0</b>	<b>1,170.3</b>	<b>1,077.9</b>

<sup>1</sup> Employees in Germany (including trainees).

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

<sup>3</sup> Days per employee.

In 2022, DZ BANK's employees attended a total of 15,437.0 training days (2021: 14,775.6).

This is equivalent to 123,496.0 hours based on an 8-hour day (2021: 118,204.8).

## DZ BANK GROUP | PROPORTION OF WOMEN (AS AT DECEMBER 31, BY HEADCOUNT)

%	2022	2021	2020
<b>Total</b>	<b>46.0</b>	<b>45.3</b>	<b>45.3</b>
Executives	24.0	23.1	22.5
Members of the Board of Managing Directors or senior management team*	22.9	16.3	–

\* Figure was included in the report for the first time in 2021.

## DZ BANK AG | PROPORTION OF WOMEN (AS AT DECEMBER 31, BY HEADCOUNT)

%	2022	2021	2020
<b>Total</b>	<b>42.1</b>	<b>41.8</b>	<b>41.5</b>
Board of Managing Directors*	22.2	–	–
Supervisory Board	25.0	25.0	25.0
Management positions	20.7	19.5	18.6
Heads of division	8.8	11.8	11.8
Heads of department	15.6	12.9	12.7
Heads of group	23.5	22.4	21.3
In development programs for high-potential employees**	46.2	38.2	–

\* Figure was included in the report for the first time in 2022 ; actual figure as at January 1, 2023 = 25%  
\*\* Program did not run in 2020

## DZ BANK AG | PROPORTION OF NEW HIRES WHO ARE WOMEN

%	2022	2021	2020
in management positions	66.7	62.5	45.5
in trainee programs	52.2	40.9	42.2
Vocational training or bachelor degree programs	48.7	52.8	37.5

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

by headcount	2022	2021	2020
<b>Total</b>	<b>5,599</b>	<b>5,512</b>	<b>5,524</b>
of which male	3,242	3,210	3,230
of which female	2,357	2,302	2,294
<b>By age and gender</b>			
<b>under 30</b>	<b>520</b>	<b>527</b>	<b>537</b>
of which male	266	280	293
of which female	254	247	244
<b>30 to 49</b>	<b>2,549</b>	<b>2,564</b>	<b>2,653</b>
of which male	1,431	1,435	1,491
of which female	1,118	1,129	1,162
<b>50+</b>	<b>2,530</b>	<b>2,421</b>	<b>2,334</b>
of which male	1,545	1,495	1,446
of which female	985	926	888

#### AVERAGE AGE (AS AT DEC. 31)

Years	2022	2021	2020
Total	46.0	45.8	45.4
Germany	45.9	45.7	45.3
Outside Germany	48.0	48.3	48.3

#### EMPLOYEE DATA FOR THE DZ BANK GROUP

(Number as at December 31, including trainees)	2022	2021	2020
<b>Total</b>	<b>34,355</b>	<b>33,459</b>	<b>33,188</b>
Employees	33,138	32,262	31,962
Trainees	1,217	1,197	1,226
Proportion of trainees (%)	3.5	3.6	3.7
Germany	31,479	30,561	30,224
Outside Germany	2,876	2,898	2,964
Male	18,552	18,313	18,140
Female	15,803	15,146	15,048
Total proportion of women (%)	46.0	45.3	45.3
Total number of managers	3,394	3,413	3,394
Proportion of female managers (%)	24.0	23.1	22.5
Proportion of women on the Board of Managing Directors or in the senior management team <sup>1</sup>	22.9	16.3	–
Full-time	27,183	26,829	26,548
Part-time	7,172	6,630	6,640
Proportion of part-time (%)	20.9	19.8	20.0
Period of service (years)	12.8	12.9	12.6
Staff turnover (%)	7.7	8.9	8.1
Resignations (%)	4.5	4.6	3.4
Professional development days per employee	2.8	2.5	2.1

<sup>1</sup> Figure was included in the report for the first time in 2021.

The background of the entire page is a close-up photograph of a wood surface, showing the intricate, wavy patterns of the grain in various shades of brown and tan. The texture is highly detailed, with fine lines and larger, sweeping curves.

10.0 Corporate citizenship

# For the common good

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.

## 10.1 Financial literacy



### Our activities focus on teenagers and young adults.

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, many of them 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 foundation that focuses on preventing individuals from getting into too much debt and on improving financial literacy among young people. Since then, the bank has supported the foundation with an annual donation. The foundation trains TeamBank employees as instructors and they are given time off work to run information events in schools. More than 90,000 young people in Germany and Austria have already benefited from workshops provided in partner-

ship with the local cooperative banks, debt advisory services, and other organizations. There is also a peer-to-peer program that was set up in 2018 to support young refugees. Since its inception, the foundation has collaborated with the Institut für Finanzdienstleistungen (iff) [Institute for Responsible Finance] to publish the over-indebtedness report, which looks into causes and aspects of over-borrowing and provides academic insights that are used to continually 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 2022, Union Investment continued to offer 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. Web-based training provides the instructors with ideas and inspiration and helps them to deliver the teaching module. On the MoneyCoaster quiz app, schoolchildren can also obtain a ‘financial literacy driver’s license’ and thus qualify to participate in an annual Germany-wide competition run by Union Investment, with prizes awarded to the best classes in the country. Union Investment offers the free financial literacy program to all entities in the cooperative financial network. Furthermore, Union Investment employees undertake placements in schools in order to promote financial literacy.

The VR Smart Guide from VR Smart Finanz offers small businesses and the self-employed a digital solution for simple invoicing 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.



## 10.2 Social and cultural activities



Donation of  
€500,000 for the  
people of Ukraine.

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. These activities are mostly overseen by the organizational unit responsible for communications or in Central Services.

A number of group entities have their own charitable foundations. The Schwäbisch Hall foundation ‘bauen – wohnen – leben’ promotes initiatives relating to homes and home-building and provides fresh ideas on subjects such as infill development and intergenerational cohesion. The R+V foundation focuses on civic engagement, young people, and education. Deutschland im Plus, the foundation established by TeamBank, is dedicated to financial literacy, while the Union Investment foundation concentrates on education, community, climate action, and sustainability. The Vorder-Taunus citizens’ foundation, an initiative of VR Smart Finanz, supports disadvantaged young people in the region.

The entities in the DZ BANK Group donated a combined total of around €5.6 million to social and cultural activities in 2022 (2021: €4.4 million). They also made substantial individual donations to support people affected by the war in Ukraine and contributed to the €500,000 donation made in the name of the cooperative financial network. Union Investment granted special leave to employees personally affected by the war and worked with a partner to provide

accommodation for Ukrainian refugees in Warsaw and other Polish towns and cities. A number of group entities support the local cooperative banks’ climate action initiative ‘Morgen kann kommen’ (we’re ready for tomorrow), which runs Germany-wide projects to protect forests and woodland in cooperation with the Schutzgemeinschaft Deutscher Wald e.V. and Stiftung Zukunft Wald charitable organizations.

Since 1997, DZ BANK and other entities in the DZ BANK Group – including DZ HYP and VR Smart Finanz – 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. 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.

DZ BANK and Union Investment support the non-profit initiative Joblinge e.V., 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. In 2022, a total of 26 employees from a range of departments at DZ BANK helped out as mentors. DZ BANK also supports the Joblinge initiative financially.

DZ BANK DONATIONS BY AREA

	2022	2021	2020
%			
Academic research and education	30.4	71.8	42.5
Social causes	53.1	15.1	25.6
Arts	0.0	4.2	20.3
Politics	9.5	7.6	7.9
Sport	4.4	1.3	3.7
Climate and environmental protection <sup>1</sup>	2.6	-	-
<b>Total amount donated (€)</b>	<b>357,448</b>	<b>595,805</b>	<b>273,233</b>

<sup>1</sup> The ‘Climate and environmental protection’ category was reported for the first time in 2022 so no prior-year figures are available.



DZ BANK's total donations in 2022 (as at December 31, 2022) amounted to €357,448 (2021: €595,805). Recipients included Aktive Bürgerschaft, Stifterverband für die Deutsche Wissenschaft [German Benefactors' Association for Science and Learning], MMK foundation – Museum für Moderne Kunst, Städtischer Museum-Verein e. V., Deutsche Friedrich-Wilhelm-Raiffeisen-Gesellschaft [German Friedrich Wilhelm Raiffeisen Association], ikf Institut für Kredit- und Finanzwirtschaft e.V. [ikf Institute for the Banking and Financial Sectors], Ruhr University Bochum, The Trilateral Commission, and Stiftung Deutsche Sporthilfe [German Sport Aid Foundation]. DZ BANK also made an initial donation toward the setting up and establishment of the International Sustainability Standards Board (ISSB) in Frankfurt am Main, underlining its support for the development of global sustainability reporting standards.

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 6.4 Stakeholder dialogue](#). As at December 31, 2022, DZ BANK's membership subscriptions for 2022 amounted to €1,826,660 (2021: €2,153,214).

DZ BANK is a member of various organizations in the area of academic research and education, including Akademie Deutscher Genossenschaften (ADG) [Academy of German Cooperatives], Center for Financial Studies (CFS), CEP – Zentrum für Europäische Politik [Center for European Policy], E-Finance Lab, efl – The Data Science Institute, Gesellschaft zur Förderung des Instituts für Genossenschaftswesen an

der Universität Marburg [Society to Support the Institute for Cooperatives at the University of Marburg], Frankfurt Main Finance, Frankfurter Institute für Risikomanagement und Regulierung [Frankfurt Institute for Risk Management and Regulation], Institut für Bank- und Finanzgeschichte e. V. [Institute for Banking and Financial History Research], International Capital Market Association (ICMA), and Partner der Mannheimer Betriebswirtschaftslehre e. V. [Corporate Partner Association of the business school at the University of Mannheim].

As in previous years, the institutions receiving 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 Bundesverband der Deutschen Industrie (BDI) [Federation of German Industries].

#### **DZ BANK Foundation**

The non-profit DZ BANK Foundation, which was established in 2004, has assets of roughly €27 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 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 2022, the DZ BANK Foundation provided a total of €415,510 in project funding (2021: €200,124).

#### **DZ BANK Art Foundation**

DZ BANK supports the exploration of societal themes in art and culture, viewing art as a living element of its corporate culture. The bank's art collection is one of the biggest collections of its kind, with nearly 10,000 works of art by more than 950 international artists. It has been managed by the DZ BANK Art Foundation since 2021. The foundation's remit is to support contemporary artists, exhibit the DZ BANK art collection, and invite the public to engage with the collection's content through a wide-ranging learning program.

## 10.3 Political engagement

The majority of the group entities do not permit donations to political parties or party-affiliated institutions. However, this is not the case at DZ BANK, R+V, and Union Investment. Almost all of the group entities have appropriate policies in place that contain rules on donations, including to political parties; R+V follows DZ BANK's donations policy.

### Fees and memberships

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).

DZ BANK is involved in political decision-making in connection with its work in trade associations and membership of organizations. The relevant organizations of which it is a member are the BVR, Genossenschaftsverband – Verband der Regionen [Association of Cooperatives – Association of the Regions], Stiftung Marktwirtschaft [Market Economy Foundation], Bundesverband Öffentlicher Banken Deutschlands e.V. (VÖB) [Association of German Public Banks], and Wirtschaftsrat Deutschland [Economic Council]. DZ BANK is also a supporting member of the Deutscher Bauernverband (DBV) [German Farmers' Association] and the Bundesverband Mittelständische Wirtschaft Unternehmerverband Deutschlands e.V. (BVMW) [German Association for Small and Medium-sized Businesses].

In 2022, DZ BANK donated €30,000 to political parties. At the request of a guest speaker at the 'Unternehmergespräche 2022' event, it also made a donation to the Pforzheim/Enzkreis local association of the FDP party instead of paying the speaker a fee. As Germany is the main area of DZ BANK's business activities, the data relates exclusively to Germany.

### Principles for lobbying

Under the German Lobbying Register Act (LobbyRG), which came into force on January 1, 2022, all individuals and legal

entities who/that establish contact with members of the Bundestag (first chamber of the German parliament) or the German federal government in order to influence political processes, or who/that engage others to carry out such activities, must enter themselves in the Bundestag's lobbying register if their activity exceeds the materiality threshold defined in the act and there are no relevant exemptions in the act. Furthermore, the act stipulates that annual financial expenditure on the representation of interests, government allowances and grants, and gifts from third parties must be disclosed in the lobbying register.

In accordance with LobbyRG, DZ BANK disclosed the required information in the lobbying register by the deadline and ensures that this information is kept up to date.

# 11.0 Annex

Indices: – GRI content index  
– UN PRB index  
– TCFD index

Independent auditor's limited assurance report

Editorial information

## 11.1 Indices

### GRI content index

As the sustainability report of DZ BANK AG, this document has been prepared 'in accordance with' the requirements of the GRI Sustainability Reporting Standards (GRI SRS) 2021. 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. 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](https://www.dzbank.com/reports).

Statement of use	DZ BANK has reported in accordance with the GRI Standards for the 2022 financial year, i.e. for the period from January 1 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard(s)	–

#### GRI CONTENT INDEX

GRI disclosure	DZ BANK AG	Groupwide disclosure	Omission/comment
2-1 Organizational details	1.0 About this report 4.0 Company profile 9.7 Employee data DZ BANK 2022 Annual Report – DZ BANK Group fundamentals; business model and strategic focus; notes: information about geographical areas	(X)	DZ BANK AG Frankfurt am Main, Germany
2-2 Entities included in the organization's sustainability reporting	1.0 About this report 7.2 Mandatory disclosures for the DZ BANK banking group under the EU taxonomy DZ BANK 2022 Annual Report – consolidated financial statements – scope of consolidation	X	
2-3 Reporting period, frequency, and contact point	1.0 About this report		Sabine Könner, Tel. +49 211 778 3413 nachhaltigkeit@dzbank.de
2-4 Corrections or restatements of information	1.0 About this report		There are no significant corrections or restatements of information relating to the 2022 financial year.
2-5 External assurance	1.0 About this report 11.2 Independent auditor's limited assurance report		
2-6 Activities, value chain and other business relationships	1.0 About this report 4.0 Company profile 8.4 Supplier management DZ BANK 2022 Annual Report – business model and strategic focus; notes: information about geographical areas	X	

## GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
2-7	Employees	4.0 Company profile 9.7 Employee data	(X)	As the vast majority of the employees of the DZ BANK Group and of DZ BANK AG are employed in Germany, employee metrics are not being presented broken down by region.
2-8	Workers who are not employees	9.7 Employee data		We cannot report on workers who are not employees as this data is not available.
2-9	Governance structure and composition	6.1.1 Supervisory and management bodies DZ BANK 2022 Annual Report – management of the DZ BANK Group; notes: Board of Managing Directors, Supervisory Board	X	
2-10	Nomination and selection of the highest governance body	DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-11	Chair of the highest governance body	6.1.1 Supervisory and management bodies DZ BANK 2022 Annual Report – notes: Supervisory Board	X	
2-12	Role of the highest governance body in overseeing the management of impacts	6.1.1 Supervisory and management bodies 8.3 Human rights due diligence	X	
2-13	Delegation of responsibility for managing impacts	6.1.1 Supervisory and management bodies	X	
2-14	Role of the highest governance body in sustainability reporting	6.1.1 Supervisory and management bodies DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-15	Conflicts of interest	6.2.2 Prevention of money laundering and fraud DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-16	Communication of critical concerns	6.4 Stakeholder dialogue 8.3 Human rights due diligence DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-17	Collective knowledge of the highest governance body	6.1.1 Supervisory and management bodies DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-18	Evaluation of the performance of the highest governance body	DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-19	Remuneration policies	6.1.1 Supervisory and management bodies	X	
2-20	Process for determining remuneration	6.1.1 Supervisory and management bodies DZ BANK 2022 Annual Report – Report of the Supervisory Board	X	
2-21	Annual total compensation ratio	6.1.1 Supervisory and management bodies		
2-22	Statement on sustainable development strategy	2.0 Foreword	X	
2-23	Policy commitments	8.3 Human rights due diligence 8.4 Supplier management 9.1 HR strategy 9.4 Remuneration and codetermination	X	

GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
2-24	Embedding policy commitments	8.3 Human rights due diligence 8.4 Supplier management 9.1 HR strategy 9.4 Remuneration and codetermination	X	
2-25	Processes to remediate negative impacts	8.3 Human rights due diligence 8.4 Supplier management	X	
2-26	Mechanisms for seeking advice and raising concerns	6.2.1 Compliance function 6.2.2 Prevention of money laundering and fraud 8.3 Human rights due diligence 8.4 Supplier management	X	
2-27	Compliance with laws and regulations	6.2.3 Socioeconomic and environmental aspects	X	If such incidents occur, DZ BANK will report these in the Annual Financial Statements and Management Report and in the Annual Report.
2-28	Membership of associations and interest groups	6.4 Stakeholder dialogue	X	
2-29	Approach to stakeholder engagement	6.4 Stakeholder dialogue	X	
2-30	Collective bargaining agreements	9.4 Remuneration and codetermination		
3-1	Process to determine material topics	5.3 Materiality assessment	X	
3-2	List of material topics	5.3 Materiality assessment	X	
3-3	Management of material topics	5.2 Vision and cooperative values	X	
3-3	Management of material topics	6.2 Compliance	X	
<b>205</b>	<b>Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	6.2.2 Prevention of money laundering and fraud	X	
205-2	Communication and training about anti-corruption policies and procedures	6.2.2 Prevention of money laundering and fraud 8.4 Supplier management		DZ BANK currently discloses the training completion rate of its employees.
205-3	Confirmed incidents of corruption and actions taken	6.2.3 Socioeconomic and environmental aspects	X	
<b>206</b>	<b>Anti-competitive behavior 2016</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.2.3 Socioeconomic and environmental aspects	X	
3-3	Management of material topics	8.1 Customer focus	X	
<b>417</b>	<b>Marketing and labeling 2016</b>			
417-1	Requirements for product and service information and labeling	8.1.2 Quality management and complaints handling 8.1.4 Marketing and communications	(X)	
3-3	Management of material topics	8.2 Data protection and information security	X	



## GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
<b>418</b>	<b>Customer privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	8.2 Data protection and information security		
3-3	Management of material topics	7.1 Impact transparency 7.3 Rejection criteria and sectoral rules 7.4.3 Lending	X	
3-3	Management of material topics	7.3 Rejection criteria and sectoral rules 7.4.3 Lending (DZ HYP and Bausparkasse Schwäbisch Hall)	X	
3-3	Management of material topics	7.3 Rejection criteria and sectoral rules 7.5 Asset management (Union Investment and DZ PRIVATBANK)	X	
3-3	Management of material topics	7.3 Rejection criteria and sectoral rules 7.6 Insurance (R+V)	X	
3-3	Management of material topics	8.5 Operational ecology	X	
<b>301</b>	<b>Materials 2016</b>			
301-1	Materials used by weight or volume	8.5.2 Environmental management		
301-2	Recycled input materials used	8.5.2 Environmental management		
<b>302</b>	<b>Energy 2016</b>			
302-1	Energy consumption within the organization	8.5.2 Environmental management		
302-3	Energy intensity	8.5.2 Environmental management		
302-4	Reduction of energy consumption	8.5.2 Environmental management		

The data for the 2022 greenhouse gas footprint was not available by the publishing deadline for this report. The data is likely to be available on DZ BANK's website from July 2023.

The data for the 2022 greenhouse gas footprint was not available by the publishing deadline for this report. The data is likely to be available on DZ BANK's website from July 2023.

GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
<b>303</b>	<b>Water 2018</b>			The data for the 2022 greenhouse gas footprint was not available by the publishing deadline for this report. The data is likely to be available on DZ BANK's website from July 2023.
303-1	Interactions with water as a shared resource	8.5.2 Environmental management		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	8.5.2 Environmental management		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.
303-5	WATER CONSUMPTION	8.5.2 Environmental management		
<b>305</b>	<b>Emissions 2016</b>			
305-1	Direct (scope 1) GHG emissions	8.5 Operational ecology	X	
305-2	Energy indirect (scope 2) GHG emissions	8.5 Operational ecology	X	
305-3	Other indirect (scope 3) GHG emissions	8.5 Operational ecology	X	
305-4	GHG emissions intensity	8.5 Operational ecology	X	
305-5	Reduction in GHG emissions	8.5 Operational ecology	X	
<b>306</b>	<b>Waste 2020</b>			The data for the 2022 greenhouse gas footprint was not available by the publishing deadline for this report. The data is likely to be available on DZ BANK's website from July 2023.
306-1	Waste generation and significant waste-related impacts	8.5.2 Environmental management		
306-2	Management of significant waste-related impacts	8.5.2 Environmental management		
306-3	Waste generated	8.5.2 Environmental management		
3-3	Management of material topics	9.1 HR strategy 9.2 Employee development	X	

GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
<b>404</b>	<b>Training and education 2016</b>			
404-1	Average hours of training per year per employee	9.7 Employee data	X	
404-2	Programs for upgrading employee skills and transition assistance programs	9.2 Employee development	X	
404-3	Percentage of employees receiving regular performance and career development reviews	9.2 Employee development	(X)	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.
3-3	Management of material topics	9.3 Diversity and equal opportunity 9.4 Remuneration and codetermination		
<b>405</b>	<b>Diversity and equal opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	6.1.1 Supervisory and management bodies 9.3 Diversity and equal opportunity 9.7 Employee data	X	
405-2	Ratio of basic salary and remuneration of women to men	9.3 Diversity and equal opportunity 9.4 Remuneration and codetermination		We do not report on the ratio of basic salary and remuneration of women to men for confidentiality reasons. Information concerning the salary of individual employees is classified as confidential and its disclosure is restricted accordingly by DZ BANK.
<b>406</b>	<b>Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	9.3 Diversity and equal opportunity	X	
	<b>Material topic: Work-life balance</b>			
3-3	Management of material topics	9.5 Work-life balance	X	
<b>401</b>	<b>Employment 2016</b>			
401-1	New employee hires and employee turnover	9.7 Employee data	(X)	As the vast majority of the employees of the DZ BANK Group and of DZ BANK AG are employed in Germany, employee metrics are not being presented broken down by region. We cannot report on employee turnover by gender and age as this data is not available. We are currently developing a process for collecting this data.

GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	9.1 HR strategy 9.5 Work-life balance	X	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	9.5 Work-life balance		DZ BANK currently discloses the total number of employees in Germany who have taken parental leave, broken down by gender. We cannot report on return-to-work rates or retention rates after return from parental leave as this data is not available. We are currently developing a process for collecting this data.
3-3	Management of material topics	9.6 Occupational health and safety	X	
<b>403 Occupational health and safety 2018</b>				
403-1	Occupational health and safety management system	9.6 Occupational health and safety	X	
403-2	Hazard identification, risk assessment, and incident investigation	9.6 Occupational health and safety	(X)	
403-3	Occupational health services	9.6 Occupational health and safety	X	
403-4	Worker participation, consultation, and communication on occupational health and safety	9.6 Occupational health and safety		
403-5	Worker training on occupational health and safety	9.6 Occupational health and safety		
403-6	Promotion of worker health	9.6 Occupational health and safety		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	9.6 Occupational health and safety		
403-8	Workers covered by an occupational health and safety management system	9.6 Occupational health and safety		
403-9	Work-related injuries	9.6 Occupational health and safety		We cannot report on high-consequence work-related injuries as this data is not available. We are currently developing a process for collecting this data.
403-10	Work-related ill health	9.6 Occupational health and safety		
3-3	Management of material topics	8.4 Supplier management	X	

GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
<b>308</b>	<b>Supplier environmental assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	8.4 Supplier management	X	Quantitative information cannot be collected at this time. From 2023, existing and new suppliers will have to undergo an analysis or rating by EcoVadis, to assess environmental impact.
308-2	Negative environmental impacts in the supply chain and actions taken	8.4 Supplier management	X	Quantitative information cannot be collected at this time. From 2023, existing and new suppliers will have to undergo an analysis or rating by EcoVadis, to assess environmental impact.
3-3	Management of material topics	9.4 Remuneration and codetermination		
<b>402</b>	<b>2016: Labor/management relations 2016</b>			
402-1	Minimum notice periods regarding operational changes	9.4 Remuneration and codetermination	X	
3-3	Management of material topics	10.0 Corporate citizenship	X	
<b>203</b>	<b>Indirect economic impacts 2016</b>			
203-1	Infrastructure investments and services supported	10.0 Corporate citizenship	X	
203-2	Material indirect economic impacts	10.0 Corporate citizenship	X	
3-3	Management of material topics	10.1 Financial literacy	X	
<b>203</b>	<b>Indirect economic impacts 2016</b>			
203-1	Infrastructure investments and services supported	10.1 Financial literacy	X	
203-2	Material indirect economic impacts	10.1 Financial literacy	X	
3-3	Management of material topics	10.3 Political engagement	X	
<b>415</b>	<b>Public policy 2016</b>			
415-1	Political contributions	10.3 Political engagement		

GRI CONTENT INDEX

GRI disclosure		DZ BANK AG	Groupwide disclosure	Omission/comment
<b>201</b>	<b>Economic Performance 2016</b>			
3-3	Management of material topics	4.0 Company profile	X	
201-1	Direct economic value generated and distributed	4.0 Company profile	X	
201-2	Financial implications and other risks and opportunities due to climate change	6.3 Risk management 7.1 Impact transparency 7.3 Rejection criteria and sectoral rules 7.4.3 Lending	X	
201-3	Defined benefit plan obligations and other retirement plans	9.5 Work-life balance DZ BANK AG 2022 Annual Financial Statements and Management Report – 2022 annual financial statements of DZ BANK AG, notes	X	



# UN PRB index

## UN PRB INDEX

### PRINCIPLE 1: ALIGNMENT

We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the sustainable development goals, the Paris climate agreement and relevant national and regional frameworks.

#### Business model

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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

#### DZ BANK’s response:

The DZ BANK Group forms part of the Volksbanken Raiffeisenbanken cooperative financial network, which includes more than 700 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.

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.

In addition to the local cooperative banks, 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.

These customers are supported by a broad range of products and services that include traditional financing, capital markets services, solutions for the capital markets, for investment, and for risk management, and transaction banking services (payments processing, card processing).

Although DZ BANK has customers in all 88 NACE sectors, around 50 percent of corporate customer lending is in the power generation, financial services, wholesale, retail, engineering, automotive, and food production sectors. 86 percent of the DZ BANK Group’s revenue was generated in Germany.

#### References:

DZ BANK AG 2022 Annual Financial Statements and Management Report – business model and strategic focus

DZ BANK Group 2022 Sustainability Report

4.0 Company profile

6.1 Governance

7.4 Bank

7.5 Asset management

7.6 Insurance

[Country-by-country reporting](#)

[Regulatory risk report](#)

UN PRB INDEX

<p><b>Strategy alignment</b></p> <p>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the sustainable development goals (SDGs), the Paris climate agreement, and relevant national and regional frameworks.</p> <p>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</p> <p><input checked="" type="checkbox"/> UN Guiding Principles on Business and Human Rights <input checked="" type="checkbox"/> International Labour Organization fundamental conventions <input checked="" type="checkbox"/> UN Global Compact <input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples <input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD <input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Equator Principles, Supply Chain Due Diligence Act <input type="checkbox"/> None of the above</p>	<p>DZ BANK's response:</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. 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.</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 ESG goals are shown in the figure 'Quantitative goals: Overview of current, updated, and new sustainability goals of DZ BANK from 2023 onward' in section 5.1 of the 2022 Sustainability Report. This overview also contains new ESG goals defined in 2022 with respect to climate alignment and decarbonization, employee satisfaction, and women in managerial positions. The first goal was to ensure that at least two-thirds of the corporate customer lending volume (loans above €1 million) of DZ BANK as at December 31, 2022 generated a positive impact on the UN SDGs. Moreover, DZ BANK wants to increase its financing activities in the field of renewable energies to €7.1 billion by the end of 2026.</p> <p>As climate change mitigation is one of the most pressing sustainability issues, DZ BANK has made this a particular focus of its activities in 2022. Through the use of 'sector sprints', DZ BANK has closely examined sustainability risks, decarbonization pathways, and the associated opportunities in climate-related sectors. The 2022 Sustainability Report (section 7.1 Impact transparency – decarbonization pathways in the energy, automotive, steel, cement, and aviation sectors, and climate alignment) and the 2022 regulatory risk report contain decarbonization targets for these sectors based on the findings of this analysis.</p> <p>As DZ BANK regards frameworks such as the United Nations Guiding Principles on Business and Human Rights, International Labour Organization fundamental conventions, and the United Nations Global Compact as essential for business relationships, the requirements of these frameworks have been integrated into DZ BANK's rejection criteria and sectoral rules.</p> <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>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report</p> <p>5.1 Strategy and goals 6.3.2 Sustainability risks 7.1 Impact transparency 7.3 Rejection criteria and sectoral rules 8.5.1 Climate strategy of the DZ BANK Group</p> <p><a href="#">Rejection criteria, sectoral rules, and sustainability check</a> <a href="#">Regulatory risk report</a></p>
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PRINCIPLE 2: IMPACT AND TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

<p><b>2.1 Impact analysis (key step 1)</b></p> <p>Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):</p> <p><b>a) Scope:</b> What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/ services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</p>	<p>DZ BANK’s response:</p> <p>DZ BANK AG carried out an analysis of significant impacts in 2020 in accordance with the PRB specifications, as shown under c). The analysis was based on the SDGs with the greatest positive and adverse sustainability impacts on the basis of the sustainability impact classification.</p> <p>Outcome: Five areas of significant sustainability impact (climate, environmental pollution &amp; ecosystems, water consumption, access to food, and critical infrastructure) affecting seven selected focus SDGs (2, 6, 7, 9, 13, 14, 15). On the basis of these, a goal was set to expand the funding of renewable energies. A second goal is currently being developed. DZ BANK used its proprietary SDG classification system and a technology mapping process to carry out the impact analysis. These are routinely applied to the classic corporate customer lending business for loans over €1 million as well as the debt capital markets business, securitization, and the investment book. Lending to corporate customers, the traditional core business of DZ BANK, is the „main focus.</p> <p>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 aim is for the system to cover the full breadth of sustainability impacts across the entire ESG spectrum. The classification basically addresses the question of which customer activities are funded by DZ BANK, or which activities the customer carries out using the liquidity provided. In the case of funding for a specific purpose, such as project finance for a wind farm, only the directly funded activity is classified – in this case the generation of electricity from wind power. Where funding is not provided for a specific use, i.e. the customer may use the liquidity provided in any way it chooses, the customer is assessed as a whole, based on all its activities. In the case of general finance for an electricity producer, this means that the calculation for the customer – provided that the necessary information is available – is split proportionally in accordance with the power generation mix (renewables, gas, nuclear, etc.) and then classified accordingly. The end result is that an economic activity can have both positive and adverse impacts on various SDGs and therefore also vary in terms of the volume of the renewable energies reported (› section 5.1 Strategy and goals). This reflects the complex and diverse reality of SDG impacts.</p>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report</p> <p>5.1 Strategy and goals</p> <p>7.1 Impact transparency</p>
<p><b>b) Portfolio composition:</b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors &amp; industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/ or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.</p>	<p>DZ BANK’s response:</p> <p>SDG classification and technology mapping were introduced at DZ BANK in 2020. These approaches were used to analyze the corporate customer lending business (referred to below as analyzed classification portfolio) from the corporate banking and structured finance relationship management units, which includes working capital finance and project finance and thus represents only a selection of all DZ BANK assets. A particular focus when selecting the portfolio was longevity, as it is a core aspect of sustainability. On this basis, transactions that are usually of a short-term nature (e.g. money market loans) were excluded, although overdraft facilities were an exception to this rule, Transactions where DZ BANK is not directly involved as the funding partner (e.g. pass-through loans) were also excluded.</p> <p>In developing the SDG classification, DZ BANK initially focused on the largest sectors in terms of volume, as well as the sectors that typically have the most significant sustainability impacts. The classification was then extended to all other sectors to give DZ BANK a complete picture of the sustainability impacts financed by the portfolio. Details of the portfolio’s composition are shown under Principle 1 and the adjacent references.</p> <p>A percentage breakdown of impacts by sector and product/service is currently being developed and is expected to be published in 2023.</p>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report</p> <p>7.1 Impact transparency</p>

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<p><b>c) Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p>	<p>DZ BANK's response:</p> <p>In addition to the volume-related angle, the analysis of significant impact is based on three central perspectives:</p> <ol style="list-style-type: none"> <li>1) Sustainability challenges and priorities of the countries in which DZ BANK operates. The data from the UNEP FI impact tool is used for this</li> <li>2) Sustainability challenges and priorities of the DZ BANK stakeholders. This draws on the materiality assessment carried out as part of the sustainability reporting</li> <li>3) Sustainability challenges and priorities of the general public. Here, DZ BANK has drawn on expert estimates and empirical values</li> </ol> <p>The biggest challenges identified are climate change and supporting the transformation of the economy toward decarbonization.</p>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report 5.3 Materiality assessment 6.4 Stakeholder dialogue</p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.</p>	<p>DZ BANK's response:</p> <p>Based on the findings of the SDG classification and the findings of the impact analysis, DZ BANK has identified the following significant positive or adverse impacts or SDG impacts in the credit portfolio: climate change mitigation, environmental pollution and ecosystems, water consumption, access to food, and critical infrastructure.</p> <p><b>Climate (SDG 7, 13):</b> Positive/adverse climate impacts through funding in particular of renewable energies/fossil fuels, combustion engines, energy efficiency, emissions intrinsic to processes, train/bus/public transport</p> <p><b>Environmental pollution and ecosystems (SDG 6, 14, 15):</b> Pollution of ecosystems through the funding, in particular, of shipping, microplastic emissions, agriculture (over-fertilization, pesticides, etc.), mining, deforestation/controversies</p> <p><b>Water consumption (SDG 6, 14):</b> Financing of water-intensive manufacturing processes (such as paper, livestock farming) and plant and machinery with high cooling requirements (e.g. chemicals industry)</p> <p><b>Access to food (SDG 2):</b> esp. healthy food; impact via financing of agriculture, manufacturing or trade</p> <p><b>Critical infrastructure (SDG 9):</b> Financing of e.g. electricity, transport, food, telecommunications (so far as there are no adverse sustainability impacts)</p> <p>Of the most significant impact areas, DZ BANK has prioritized climate change mitigation. This is significant both because of the volume and because of its relevance for the general public, the stakeholders, and the countries affected.</p> <p>To build on the positive significant impacts and reduce the adverse ones, DZ BANK has prioritized "All other significant impacts" such as labor and good corporate governance alongside "climate change mitigation".</p> <p>The focus on climate change mitigation and on all other significant impacts can also be seen in DZ BANK AG's ESG goals (see Sustainability Report section 5.1 Strategy and goals).</p>	<p>References:</p> <p>Sustainability Report of the DZ BANK Group 7.1 Impact transparency 5.1 Strategy and goals</p>

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<p><b>d)</b> For these (min. two prioritized impact areas): <b>Performance measurement:</b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health &amp; inclusion as your most significant impact areas, please also refer to the applicable indicators in the annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p>	<p>DZ BANK's response:</p> <ul style="list-style-type: none"> <li>– Climate change mitigation: Power generation is the largest individual sector in DZ BANK's portfolio and accounts for the overwhelming majority of funding for renewable energies. DZ BANK has therefore decided to set objectives for the expansion of funding for renewable energies.</li> <li>– Other significant impacts: These are attributable to a wide range of impacts from different sectors. DZ BANK has therefore decided to make increasing the positive SDG impacts in the lending business a goal.</li> </ul> <p>We are currently working on an ESG management report so that we can regularly quantify the sustainability impacts and targets. We plan to develop a goal for an additional significant impact area in 2023.</p>	<p>References:</p> <p>Sustainability Report of the DZ BANK Group 7.1 Impact transparency 5.1 Strategy and goals</p>
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**Self-assessment summary:**

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:  Yes  In progress  No

Portfolio composition:  Yes  In progress  No

Context:  Yes  In progress  No

Performance measurement:  Yes  In progress  No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

See point c)

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication  Up to 18 months prior to publication

Up to 12 months prior to publication  Longer than 18 months prior to publication

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**2.2 Target setting (key step 2)**

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** Which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate sustainable development goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

DZ BANK's response:

The Paris climate agreement and the sectoral transformation pathways of the Net Zero 2050 scenario of the International Energy Agency (IEA NZE) are of relevance for the significant and prioritized impact area of 'climate change mitigation'. Physical CO<sub>2</sub>e intensities and the associated alignment with the IEA NZE scenarios are particularly relevant here, along with volumes in more climate-friendly technologies (especially renewable energies). The UN SDGs are the central benchmark for the significant and prioritized impact area 'Other significant impacts'. Here, the percentage share of the total lending volume of the corporate customer lending business (for loans > €1 million) of DZ BANK generating a positive impact on the SDGs is the central indicator, with the target set at at least 2/3. We plan to develop a goal for an additional significant impact area in 2023.

DZ BANK's response:

Impact area climate change mitigation:

- Indicator 'Total lending volume in renewable energies': baseline values (annual actuals) are shown in the Sustainability Report

Impact area 'Other significant sustainability impacts':

- Indicator 'percentage share of the total lending volume with at least one positive SDG impact': baseline values are shown in the Sustainability Report

For climate alignment, DZ BANK calculates the physical emissions intensities of the economic sectors and defines goals on the basis of these. The Net Zero Emissions by 2050 pathways of the International Energy Agency (IEA) provide the reference for the physical emissions intensity of the DZ BANK portfolio and thus for its conformity with the 1.5 degree target.

The basis for calculating operational ecology KPIs is shown in section 8.5.1 Climate strategy of the DZ BANK Group.

References:

Sustainability Report of the DZ BANK Group  
7.1 Impact transparency

References:

DZ BANK Group 2022 Sustainability Report  
5.1 Strategy and goals  
7.1 Impact transparency  
8.5.1 Climate strategy of the DZ BANK Group



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<p><b>c) SMART targets</b> (including key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	<p>DZ BANK's response:</p> <ul style="list-style-type: none"> <li>– Climate change mitigation: DZ BANK has set itself the goal of increasing the total lending volume for renewable energies to €7.1 billion by 2026. Sector-specific decarbonization/climate alignment targets have also been developed.</li> <li>– All other impacts: To expand the positive impacts, DZ BANK set itself the goal of increasing the positive impacts of the corporate customer lending business (for loans &gt; €1 million) for at least one SDG to 2/3 of the volume.</li> <li>– Additional ESG goals were agreed, which are described in section 5.1 under ESG goals. We plan to develop a goal for an additional significant impact area in 2023.</li> </ul>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report 5.1 Strategy and goals 7.1 Impact transparency</p>
<p><b>d) Action plan:</b> Which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	<p>DZ BANK's response:</p> <p>To achieve the goals it has set, DZ BANK has established a regular monitoring process as part of the sustainability program. Action is taken as and when required.</p> <p>The SDG classification shows the various positive and adverse SDG impacts of the activities funded by DZ BANK. This also means that positive and adverse SDG impacts of one and the same activities are classified separately from one another. DZ BANK is thus able to identify any possible interactions.</p> <p>In addition to the ESG goal set out in the Sustainability Report concerning the expansion of financing for renewable energies (positive contribution to the 'Climate' impact area), the 2/3 target we have set in the corporate customer lending business (volume of lending that should generate a positive impact on the UN SDGs) should increase the positive impacts and reduce the negative impacts on the climate.</p>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report 5.1 Strategy and goals 7.1 Impact transparency 7.3 Rejection criteria and sectoral rules</p>

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)
	Climate change	Other significant sustainability impacts
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

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<p><b>2.3 Target implementation and monitoring (key step 2)</b></p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2. Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</p>	<p>DZ BANK's response:</p> <p>We are currently working on an ESG management report to enable the regular quantification of the sustainability impacts and targets. In the meantime, the goals of DZ BANK serve to create transparency.</p> <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> <p>We will increase our focus on climate management in 2023. The progress on achieving the sustainability goals is disclosed in DZ BANK's regular sustainability reports.</p>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report 5.1 Strategy and goals 6.1 Governance</p>
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PRINCIPLE 3: CLIENTS AND CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p><b>3.1 Client engagement</b></p> <p>Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?  <input checked="" type="checkbox"/> Yes   <input type="checkbox"/> In progress   <input type="checkbox"/> No</p> <p>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?  <input checked="" type="checkbox"/> Yes   <input type="checkbox"/> In progress   <input type="checkbox"/> No</p> <p>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. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.</p>	<p>DZ BANK's response:</p> <p>DZ BANK uses a range of dialogue formats to share ideas and information on sustainability with its customers. These include an annual sustainability conference for cooperative banks and an annual Sustainability Day for institutional and corporate customers.</p> <p>Sustainability aspects are integrated into discussions with customers in a number of ways. For example, a discussion guideline has been developed for customer relationship managers and the results of the SDG classification are used. DZ BANK has also developed training programs on sustainability for its employees. These will be published in 2023.</p> <p>The sustainability portal is a central source of sustainability-related information for the cooperative banks. It is divided into three key content areas: the sustainability cockpit (for determining maturity level), network services (support services for the partners in the cooperative financial network), and the best-practice exchange (best-practice examples from other local cooperative banks).</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>References:</p> <p>DZ BANK Group 2022 Sustainability Report 6.4 Stakeholder dialogue 7.4.3 Lending <u>Rejection criteria, sectoral rules, and sustainability check</u></p>
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<p><b>3.2 Business opportunities</b></p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	<p>DZ BANK’s response:</p> <p>Opportunities in the context of sustainability arise in particular from our role as a reliable funding partner, supporting customers on their transformation journey.</p> <p>DZ BANK can point to a broad range of sustainable products. Sustainability-oriented products that are available to customers include:</p> <ul style="list-style-type: none"> <li>– Green loans</li> <li>– Social loans</li> <li>– Syndicated ESG-linked loans</li> <li>– Bilateral ESG-linked loans</li> <li>– Green bonds</li> <li>– Social bonds</li> <li>– ESG-linked bonds</li> <li>– Sustainability bonds</li> <li>– ESG-linked promissory notes (target linked and use of proceeds)</li> <li>– ESG-linked M&amp;A</li> <li>– Sustainable investment certificates</li> <li>– Credit cards made from sustainable materials</li> </ul>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report</p> <p>7.0 Business portfolio</p> <p>7.4 Bank</p>
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PRINCIPLE 4: STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

<p><b>4.1 Stakeholder identification and consultation</b></p> <p>Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?</p> <p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> In progress   <input type="checkbox"/> No</p> <p>Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.</p>	<p>DZ BANK’s response:</p> <p>DZ BANK actively seeks dialogue with its customers and other stakeholders in order to obtain feedback and learn more about their needs and expectations. Representatives of companies and organizations that influence DZ BANK’s activities at an economic, environmental, or social level or are impacted by its activities, are considered to be important stakeholders. They 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.</p> <p>DZ BANK is also a member of important organizations in the fields of science and sustainability and plays an active role in numerous initiatives and associations, including:</p> <ul style="list-style-type: none"> <li>– Climate Bonds Initiative (CBI)</li> <li>– Equator Principles Association</li> <li>– Green Bond Principles (GBP)/International Capital Markets Association (ICMA)</li> <li>– Green and Sustainable Finance Cluster Germany (GSFCG)</li> <li>– ICC Commission on Environment &amp; Energy (ICC)</li> <li>– Net Zero Banking Alliance Germany (NZBAG)</li> </ul> <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 conducts regular customer satisfaction surveys.</p>	<p>References:</p> <p>DZ BANK Group 2022 Sustainability Report</p> <p>6.4 Stakeholder dialogue/Initiatives and memberships</p> <p>8.1.1 Customer satisfaction surveys</p>
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PRINCIPLE 5: GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

**5.1 Governance structure for implementation of the principles**

Does your bank have a governance system in place that incorporates the PRB?

Yes    In progress    No

Please 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 the effective implementation of the Principles. This includes information about

- • which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- • details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- • remuneration practices linked to sustainability targets.

DZ BANK's response:

Overall responsibility for DZ BANK's sustainability strategy lies with the Co-Chief Executive Officers.

DZ BANK's sustainability management team is part of the Group Strategy and Sustainability department within the Strategy and Group Development division. The team was expanded in 2022. Since May 2022, the two groups Sustainability Strategy and Methods and Sustainability Reporting and Stakeholder Management have acted as central coordination function and initiators of new ideas, with 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

The relevant organizational units are responsible for implementing sustainability aspects in the finance and banking business.

Since early 2022, cross-divisional sustainability activities at DZ BANK are managed through its Advancing Sustainability umbrella program. The aim of the program is to develop sustainability at a strategic and operational level and to enshrine it in the organization in order to strengthen the role of DZ BANK and the DZ BANK Group in supporting customers' transformation and satisfy regulatory requirements.

The Strategy & Group Development division of DZ BANK oversees the program; other participants are the Credit, Group Risk Management & Services, Group Risk Controlling, Central Corporate Banking, Structured Finance, Group Finance, Group Financial Services, and IT divisions. The project results are presented to and discussed by a steering committee at regular intervals. The steering committee is made up of both Chief Executive Officers and three further members of the Board of Managing Directors of DZ BANK, and the heads of the relevant organizational units.

At the level of the members of the Board of Managing Directors, 25 percent of the targets are based on sustainability criteria. These targets filter through to lower hierarchy levels via a cascading structure. For heads of division, at least 12.5 percent of the targets relate to sustainability (ESG). Sustainability is a criterion for determining bonuses and thus also plays a part in remuneration. In addition, managerial staff are advised and trained to agree personal targets with their reports that promote sustainable practices at DZ BANK.

[With regard to monitoring targets, see 2022 Sustainability Report section 6.3 Risk management and, with regard to the impact of the targets on pay, also section 6.1.1 Supervisory and management bodies.]

References:

DZ BANK Group 2022 Sustainability Report  
6.1 Governance

UN PRB INDEX

**5.2 Promoting a culture of responsible banking:**

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

DZ BANK's response:

The DZ BANK Group is committed to the UN Global Compact's ten universally accepted principles of responsible conduct in relation to human rights, labor standards, the environment, and anti-corruption. These principles provide a central framework for the business activities of the DZ BANK Group and form the basis of the groupwide code of conduct.

In its code of conduct, the DZ BANK Group makes 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 code of conduct addresses undesirable business practices, makes reference to various fraud prevention tools, and provides a binding framework guiding the actions of all employees.

DZ BANK provides regular training for its employees on compliance, prevention of money laundering and terrorist financing, fraud prevention, data protection and information security, and prevention of market manipulation.

In order to build up the sustainability expertise of its own employees, DZ BANK has developed a foundation training course in sustainability as well as a training course in sustainability sales. The Supervisory Board received further internal training on sustainability matters in 2022.

DZ BANK ensures that its employees are paid fairly. 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.

Sustainability plays a part in the remuneration of the members of the Board of Managing Directors at DZ BANK through targets. 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.

References:

- DZ BANK Group 2022 Sustainability Report
- 5.1 Strategy and goals/Voluntary commitments
- 8.3 Human rights due diligence
- [DZ BANK Group code of conduct](#)
- [DZ BANK AG code of conduct](#)
- 6.2.1 Compliance function
- 6.2.2 Money laundering and fraud prevention
- 6.1 Governance
- 9.4 Remuneration and codetermination

**5.3 Policies and due diligence processes**

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

DZ BANK's response:

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.

With regard to sustainability-related risks arising from its own business activities, DZ BANK uses various concepts that are designed to minimize potentially adverse sustainability impacts and mitigate potential risks. These include rejection criteria, sectoral rules, the group credit standard on the consideration of risks associated with ESG factors, and the 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. The SDG classification tool highlights positive, adverse, and neutral impacts of business activities on sustainable development. The resulting picture can be used to conduct an initial evaluation of potential associated reputational risks.

Since July 2022, risks associated with ESG factors have also had to be included in regular and ad hoc credit control, where relevant. As part of the sustainability program, the tools for assessing sustainability aspects and ESG risks are being refined and supplemented with quantitative methods. The ESG risk scorecard currently being developed, plus the integrated ESG questionnaire, was trialed by customers in selected pilot sectors at the end of 2022.

Since 2021, the group risk inventory check has included an analysis of the ESG risk drivers in order to assess each year which potentially material risk drivers in the climate-related and environmental, social, and corporate governance spheres the DZ BANK Group is exposed to. A supplementary analysis of the transition risks for DZ BANK's credit portfolio was conducted as part of the umbrella program Advancing Sustainability.

References:

- [DZ BANK Group code of conduct](#)
- [DZ BANK AG code of conduct](#)
- 6.3.2 Sustainability risks
- 7.4.3 Lending

UN PRB INDEX

**Self-assessment summary**

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected negative impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

**PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

**6.1 Assurance**

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes  Partially  No

If applicable, please include the link or description of the assurance statement.

DZ BANK's response:

An independent assurance engagement was conducted by the auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (Germany),

References:

DZ BANK Group 2022 Sustainability Report  
1.0 About this report/Assurance  
Annex/Independent auditor's limited assurance report

**6.2 Reporting on other frameworks**

Does your bank disclose sustainability information in any of the listed below standards and frameworks?  GRI

SASB  
 CDP  
 IFRS Sustainability Disclosure Standards (to be published)  
 TCFD  
 Other: ...

DZ BANK's response:

This sustainability report contains reporting in accordance with these standards.

References:

DZ BANK Group 2022 Sustainability Report

**6.3 Outlook**

What are the next steps your bank will undertake in the next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

DZ BANK's response:

Key next steps with relevance for the Principles for Responsible Banking in 2023 including developing a target for an additional significant impact area and further operationalization of the target control process.



## UN PRB INDEX

**6.4 Challenges**

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |                                                                                                 |                                                          |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Embedding PRB oversight into governance                                | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                            | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning? | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis                                          | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                    | <input type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies             | <input type="checkbox"/> Reporting                       |
| <input checked="" type="checkbox"/> Setting targets                                             | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...                                                             | <input type="checkbox"/> Prioritizing actions internally |

# TCFD index

In 2022, DZ BANK joined the Task Force on Climate-related Financial Disclosures (TCFD) as a supporter. The Bank is therefore reporting in accordance with the TCFD recommendations for the first time for the 2022 financial year. The index below cross-references the TCFD recommendations with the relevant content in this Sustainability Report and in the Pillar III ESG disclosure, which will be published in the second quarter of 2023.

## TCFD INDEX

Subject area	TCFD recommendations	Section in the Sustainability Report	Sections in accordance with the structure of the regulatory risk report
<b>GOVERNANCE</b>			
Disclose the organization's governance around climate-related risks and opportunities	a) Describe the oversight of climate-related risks and opportunities by the management board and supervisory board	Section 6.1.1	Section 14.2.2.1 Section 14.2.1
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Section 6.1.2	Section 14.2.1
<b>STRATEGY</b>			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Section 6.3.2	Section 14.2.2.1 Section 14.2.2.2 Section 14.2.3.1
	b) Describe the impact of climate-related risks and opportunities on the organization's business model, strategy, and financial planning.		Section 14.2.2.1 Section 14.2.2.2 Section 14.2.3.1
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		Section 14.2.2.1 Section 14.2.2.2 Section 14.2.3.1
<b>RISK MANAGEMENT</b>			
Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks.	Section 6.3.1 Section 6.3.2	Section 14.2.3.1
	b) Describe the organization's processes for managing climate-related risks.	Section 7.3 Section 7.4.3	Section 14.2.1 Section 14.2.3.1
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		Section 14.2.3.1

TCFD INDEX

Subject area	TCFD recommendations	Section in the Sustainability Report	Sections in accordance with the structure of the regulatory risk report
<b>METRICS AND TARGETS</b>			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose (climate-related metrics other than scopes 1-3) the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes		Section 14.2.1 Section 14.2.3.1 Section 14.3.1 Section 14.3.2 Section 14.3.3 Section 14.3.4 Section 14.3.5
	b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks.		Section 14.3.1 Section 14.3.3
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Section 5.1	Section 14.3.3

## 11.2 Independent auditor's limited assurance report

### Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1</sup>

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

We have performed a limited assurance engagement on the combined separate non-financial report, which consists of the disclosures with a grey background contained in the "Mandatory disclosures for the DZ BANK banking group under the EU taxonomy" of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, (hereinafter the "Company") for the period from 1 January 2022 to 31 December 2022 (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 section "Mandatory disclosures for the DZ BANK banking group under the EU taxonomy" 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 interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Mandatory disclosures for the DZ BANK banking group under the EU taxonomy" 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

<sup>1</sup> 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.

Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 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, 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 section "Mandatory disclosures for the DZ BANK banking group under the EU taxonomy" 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 (consolidated) financial statements 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 2022 to 31

December 2022 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 section “Mandatory disclosures for the DZ BANK banking group under the EU taxonomy” 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, which are marked unassured.

### 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 aforementioned. 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, 3 March 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Ralf Schmitz  
Wirtschaftsprüfer  
[German public auditor]

Nicolle Pietsch  
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## 11.3 Editorial information

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Chairman of the Supervisory Board:  
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[www.berichte2022.dzbank.de](http://www.berichte2022.dzbank.de).

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