

2019 GRI data of DZ BANK AG

GRI content index

2019 GRI Disclosures of DZ BANK AG

DZ BANK AG's report on its sustainability activities in 2019 under the standards of the Global Reporting Initiative (2016 version plus individual disclosures in the 2018 version) is prepared using the 'in accordance with Core' option. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The review was carried out for the German version of the report.



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Note: The topics marked in bold are those that have been identified as material in this report

102-45, 102-48, 102-49

This Sustainability Report covers the essential developments in, and progress made by, DZ BANK AG in the area of sustainability for the reporting year 2019. It builds on the GRI disclosures for 2018 and is intended for all our stakeholders. Since 2008, DZ BANK AG has been using its Sustainability Reports to provide regular updates on the progress it is making in terms of financial performance, the environment, and corporate citizenship. The key performance indicators we have used are based on the period January 1 to December 31, 2019 but for especially significant events the period has been extended up to the publishing deadline of April 30, 2020. Qualitative and quantitative data has been collected locally at departmental level and analyzed by the Communication & Marketing division. DZ BANK AG and its activities are the exclusive subjects of this report. Where any content refers to groupwide activities, this is made clear in the text. The 2019 management report (p. 171 et seq.) contains a list of DZ BANK's shareholdings and principal shareholdings (subsidiaries and joint ventures) (see [https://www.dzbank.de/content/dzbank_de/de/home/unsere_profil/investorrelations/berichte/2019.DownloadLink.download.html?download=9VJrEyDqQfoEnfnmYpc8QFy9k6dQjkeFjP14JAiFXLWA194dPXkZOqfTzc6YH_xR8O_iJ\]zpwL2HrHemysipr_sJJTG6o58m_XbQt4bb96XmOiq_AD-1joQLkG98xFa99bsaFDkyKrn](https://www.dzbank.de/content/dzbank_de/de/home/unsere_profil/investorrelations/berichte/2019.DownloadLink.download.html?download=9VJrEyDqQfoEnfnmYpc8QFy9k6dQjkeFjP14JAiFXLWA194dPXkZOqfTzc6YH_xR8O_iJ]zpwL2HrHemysipr_sJJTG6o58m_XbQt4bb96XmOiq_AD-1joQLkG98xFa99bsaFDkyKrn)). Employee data in the report relates to all DZ BANK AG locations. In this report, environmental data is reported more transparently in accordance with scopes 1 and 2, but also on the basis of the indicators of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU) [German Association for Environmental Management and Sustainability in Financial Institutions]. We report on our coverage of the environmental KPIs accordingly. This report was prepared in accordance with the GRI Standards: Core option. We used a materiality analysis to identify the material topics. This was based on a stakeholder questionnaire about our sustainability engagement carried out at group level in 2019, which in turn built on the 2015 survey. There were no restatements of information in the reporting year. The 2019 report is published online. There was also no change in reporting in comparison with previous reports. In the interests of readability, we have not written out the bank's full legal name. The next Sustainability Report is scheduled to appear in 2021.

1 GRI 102: General disclosures 2016

1.1 Organizational profile

102-1 Name of the organization

DZ BANK AG Deutsche Zentral-Genossenschaftsbank

102-2 Activities, brands, products, and services

DZ BANK is the second-largest commercial bank in Germany and the central institution in the Volksbanken Raiffeisenbanken cooperative financial network. It is the central institution for all cooperative banks in Germany, which number around 850 and between them hold the majority of its shares. Under the tagline 'DZ BANK. Die Initiativbank', it supports the business of the independent cooperative banks in their regions with the aim of strengthening their competitiveness. DZ BANK's range of products and services extends from classic and innovative products, structuring, and issues, to trading and sales in the equity and bond markets. DZ BANK also acts as a corporate bank for businesses and institutions. It maintains branches and representative offices in key economic regions around the globe, helping businesses to further their international activities. DZ BANK also acts as a holding company for the entities in the DZ BANK Group, which have their own strong brands. These constitute key pillars in the range of financial products and services offered by the Volksbanken Raiffeisenbanken cooperative financial network which – measured in terms of total assets – is one of Germany's largest private-sector financial services organizations. The DZ BANK Group includes Bausparkasse Schwäbisch Hall, DZ HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, the Union Investment Group, VR Smart Finanz, and various other specialized institutions. The DZ BANK Group supports the cooperative banks by providing extensive financial products and services in the Retail Banking, Corporate Banking, Capital Markets, and Transaction Banking business lines. This ensures that cooperative banks are able to offer their clients a complete portfolio of excellent financial services

102-3 Location of organization's headquarters

Frankfurt am Main, Germany

102-4 Location of operations

In addition to its headquarters in Frankfurt, DZ BANK is represented at thirteen other locations in Germany (Berlin, Dresden, Düsseldorf, Hamburg, Hannover, Karlsruhe, Koblenz, Leipzig, Munich, Münster, Nuremberg, Oldenburg, Stuttgart). It also operates branches in the financial centers London, New York, Hong Kong, and Singapore and has representative offices in São Paulo, Istanbul, Moscow, Beijing, Mumbai, and Jakarta.

102-5 Ownership and legal form

DZ BANK is a stock corporation (Aktiengesellschaft, AG) under German law. Cooperative banks hold 94.7 percent of the shares in DZ BANK. Other cooperative organizations hold a further 4.8 percent, while private individuals and other shareholders own 0.5 percent.

102-6 Markets served

DZ BANK's markets correspond to its customer groups:

- Cooperative banks within the territory
- Large corporate customers
- Institutional customers
- Independent retail investors (financial experts who put together their own portfolios)

Our primary market is Germany. We also provide advice and support to our customers in other countries via our international offices.

102 -7 Scale of the organization

In 2019, DZ BANK had an average of 5,288 employees working at its offices in Germany and around the world and its total assets amounted to €284.3 billion as at December 31, 2019. Operating profit for the year came to €375 million; equity stood at €10,576 million. Deposits from banks and deposits from customers totaled €135.8 billion and €33.6 billion respectively. All key financials can be found in the 2019 Annual Financial Statements and Management Report.

102-8 Information on employees and other workers**NUMBER OF EMPLOYEES (AS AT DECEMBER 31)**

	Germany	Outside Germany	Total
2019	5,195	247	5,442
2018	5,234	240	5,474
2017	5,298	244	5,542

WORKFORCE BY CONTRACT TYPE (AS AT DECEMBER 31)*

	2019	2018
Permanent	5,206	5,258
Of which: female	2,204	2,228
Of which: male	3,002	3,030
Fixed-term	60	57
Of which: female	30	21
Of which: male	30	36

* Core staff excl. trainees

USE OF WORKING-TIME MODELS (AS AT DECEMBER 31)

(%)	2019	2018	2017
Flexible working hours	100.0	100.0	100.0
Full-time	78.9	79.9	80.8
Of which: female	58.4	59.9	
Of which: male	93.9	94.6	
Part-time	21.1	20.1	19.2
Of which: female	41.6	40.1	
Of which: male	6.1	5.4	
Virtual offices	13.2	12.8	12.9
Sabbatical	0.0	0.0	0.0
Semi-retirement (Altersteilzeit)	1.76	1.68	1.8

NUMBER OF EMPLOYEES BY LOCATION

	2019	2018
DZ BANK AG (total)	5,442	5,474
Germany, total	5,195	5,234
Frankfurt	3,389	3,397
Düsseldorf	848	868
Karlsruhe	32	28
Stuttgart	295	302
Münster	86	91
Koblenz	16	17
Hannover	180	182
Hamburg	78	75
Oldenburg	16	16
Berlin	34	32
Dresden	2	2
Leipzig	10	9
Munich	174	181
Nuremberg	35	34
International, total	247	240
Branches	231	224
London	50	51
New York	74	71
Hong Kong	51	48
Singapore	56	54
Representative offices	16	16
Moscow	3	3
Istanbul	3	3
São Paulo	1	1
Beijing	3	3
Mumbai	3	3
Jakarta	3	3

EMPLOYMENT TYPE (AS AT DECEMBER 31)*

	2019	2018	2017
Employees who are not subject to collective pay agreements	4,090	3,850	3,887
Of which: female	1,420	1,273	
Of which: male	2,670	2,577	
Employees who are subject to collective pay agreements	1,352	1,624	1,655
Of which: female	877	1,044	
Of which: male	475	580	
By seniority			
Managers (excluding members of the Board of Managing Directors)	642	658	660
Employees (incl. trainees and inactive staff)	4,800	4,816	4,882

* Number of employees worldwide

102-9 Supply chain

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

DZ BANK buys goods and services from the following product groups (in descending order of procurement volume):

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

All suppliers sign up to a sustainability agreement for suppliers to the DZ BANK Group and undertake to comply with it. The stipulations set out in the agreement are based on the principles of the UN Global Compact and the requirements of the International Labour Organization. All suppliers must, as a minimum, comply with statutory provisions.

In addition to the usual criteria of quality and price, minimization of risk (e.g. data protection and compliance), together with environmental impact and sustainability are important when purchasing goods and services.

Most of the suppliers (primarily service providers, consultants, developers, and agencies) are based in Germany, with the exception of suppliers of market data and software products whose manufacturers are headquartered outside Germany.

Because of the focus and the product group structure, no goods and services are purchased from providers that operate in the low-wage sector or are associated with practices and goods which are controversial from an ethical or social perspective.

102-10 Significant changes to the organization and its supply chain

There were no significant changes to the organization and its supply chain in the year under review.

102-11 Precautionary principle or approach

Responsible lending is an integral element of DZ BANK's business model. The aim is to ensure that, when granting loans, all relevant sustainability aspects are addressed systematically. A requirement to check all loan applications (e.g. traditional loans, project finance, and trading limits) to ensure that they comply with sustainability criteria was introduced in March 2009. We use our inhouse sustainability checklist for this. Loans to cooperative banks and to entities in the DZ BANK Group are exempt from the checks, as are exposures that are being restructured. Further exemptions apply to certain product types in the joint credit business with the cooperative banks, to loans under blanket approval agreements, and to exposures that are below the rating threshold. We have been capturing the results since July 2011.

Furthermore, we have been applying the Equator Principles in project finance business since 2013. And in 2014 and 2017, we introduced rejection criteria for loan applications. Since 2017, all employees who handle financing inquiries have been required to complete our new online training course on sustainable lending. For a detailed overview of opportunity and risk management, see page 34 et seq. in the 2019 Annual Financial Statements and Management Report of DZ BANK AG.

102-12 External initiatives

We signed the United Nations Global Compact in 2008, thereby committing to ten universally accepted principles, which include respecting human rights and employee rights, protecting the environment, and preventing bribery and corruption. These principles are an important guide for our behavior. We support them and apply them throughout DZ BANK.

In March 2020, DZ BANK AG signed the United Nations Principles for Responsible Banking, thereby committing to greater sustainability and transparency. The voluntary initiative was launched by the UN Environment Programme Finance Initiative (UNEP FI) and covers six principles that describe how banks should integrate sustainability into their core activities.

As one of the 380 original signatories to the 'Joint declaration on the family as a success factor' in May 2008, we are firmly committed to a family-friendly HR policy.

We signed the diversity charter presented by the German government and German industry in November 2011 and, in 2014, the Charter for the Compatibility of Work and Care in Hessen, which was created as part of the Hessen-based Compatibility of Work and Care initiative. The Hertie Foundation recognizes companies with family-friendly and life-stage-oriented HR policies by awarding the *auditberufundfamilie*[®] certificate, which has to be renewed every three years. DZ BANK has held the certificate since 2007.

DZ BANK is a founding member of the Deutscher Derivate Verband (DDV) [German Derivatives Association] and actively works with other issuers to promote greater transparency in the securities business for the retail market. In 2013, the members of the DDV published a fairness code, a voluntary commitment regarding business activities in relation to the structuring, issuance, marketing, and trading of structured securities such as investment certificates and warrants. Based on the statutory provisions, the code sets out guidance on treating investors' capital responsibly and respecting the trust they have placed in us. It applies to structured securities offered publicly to private individuals in Germany.

DZ BANK, along with four other leading financial institutions, undertook to promote an ethical basis for management remuneration in a joint policy paper published in July 2013. The aim is to design remuneration systems to be transparent, eliminate misguided incentives, and consider the long-term conditions for lasting success in business.

In January 2013, DZ BANK made a commitment to implement the Equator Principles for managing social and environmental risk in project finance and to report on its activities in this regard.

102 -13 Membership of associations and interest groups

We express our voice as a financial institution by engaging in dialog with political bodies and with society at large. We primarily do this via the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks]. Our representative office in Berlin also engages in political and social dialog on our behalf.

DZ BANK joined Frankfurt's ECOPROFIT club at the end of 2014, having previously been awarded ECOPROFIT certification from the City of Frankfurt. ECOPROFIT, the ECOlogical PROject For Integrated environmental Technology, aims to encourage companies to systematically take steps that protect the environment but also reduce costs.

In June 2011, we joined the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU) [German Association for Environmental Management and Sustainability in Financial Institutions], which facilitates the sharing of knowledge and experience in the sector.

We are also a member of European bodies that are dedicated to promoting the cooperative principle in Europe and around the world, such as the European Association of Cooperative Banks (EACB) and the Unico Banking Group.

The Brussels-based Confédération Internationale des Banques Populaires (CIBP) provides us with a further platform. The CIBP is a non-governmental organization that represents banks, financial institutions, and bank associations whose common objective is to support the development of small and medium-sized enterprises and individual customers. It serves as a forum for dialog and collaborative activities.

We also engage with politicians at local level. In 2019, for example, we again participated in the Frankfurt Main Finance initiative, which aims to boost Frankfurt's appeal as a financial center.

To provide guidance for customers, the issuers, investors, and environmental associations have drawn up guidelines that set out a model issuance process for green bonds. These include the Green Bond Principles (GBP), which contain voluntary procedural rules for issuers and underwriters that recommend transparency and are designed to ensure the integrity of the green bond market. To date, more than 100 issuers, underwriters, and investors have signed up to the GBP, including DZ BANK.

DZ BANK is a founding member of the Deutscher Derivate Verband (DDV) [German Derivatives Association] and actively works with other issuers to promote greater transparency in the retail banking market. The German Derivatives Association (DDV) is the body representing the 16 leading issuers of derivatives in Germany. Its objectives include enhancing the clarity and transparency of products and protecting investors. It lays down guidelines for structuring, issuing, marketing, and trading in derivatives, thus providing minimum standards that are designed to offer investors security and cement their trust in issuers' offers. In October 2013, for example, the DDV adopted a fairness code aimed at making products and costs transparent for investors. This new fairness code contains much stricter guidance for structured securities than the previous derivatives code.

DZ BANK is also a member of the Green & Sustainable Finance Cluster Germany, the Climate Bonds Initiative (CBI), the Sustainable Investment Forum (FNG), the ICC Commission on Environment & Energy, and the German federal government's Sustainable Finance Committee.

Notable memberships of academic organizations:

- German Benefactors' Association for Science and Learning
- Center for Financial Studies (CFS)
- Market Economy Foundation
- Frankfurt Institute for Risk Management and Regulation
- German Equities Institute
- E-Finance Lab

- Institute for Banking and Financial History Research
- German Historical Information Center for the Cooperative Movement

Membership of cultural organizations:

- Städel Museum
- Frankfurt University of Music and Performing Arts
- Alte Oper
- Oper Frankfurt

MEMBERSHIP COSTS

€	2019	2018	2017
Banking organizations	1,398,557	1,619,579	1,731,872
Academic and other organizations	678,419	676,948	677,023
Total costs	2,076,976	2,296,527	2,408,895

1.2 Strategy

102-14 Statement from senior decision maker

Dear reader,

The financial industry plays a central role in the reshaping of our economy and society into more sustainable models. As the representative of the cooperative organization, we take this process very seriously. Individual corporate responsibility is as firmly rooted in the cooperative banks as responsibility for society at large. After all, most customers of a cooperative bank are also its members. The ambition to do business sustainably is thus part of our DNA.

We firmly believe that factoring sustainability aspects into our business decisions helps us both to manage risks more effectively and to seize opportunities. We want to make a difference. This is also reflected in the Principles for Responsible Banking – initiated by the United Nations and signed by us – that require us to measure the impact of our actions against the UN's development goals.

Our positioning as a bank that operates sustainably has become a central theme in the dialogue with our customers and owners. As the central institution of the cooperative banking network, we conduct intensive dialog with many cooperative banks with a special strategic focus on sustainability. This is another of the reasons why we started addressing ESG issues at a very early stage. ESG considerations are now a decisive factor in business decisions for many institutional and corporate clients – sometimes as important as economic aspects. We see this for example in the primary market business for sustainable bonds.

Every one of the DZ BANK Group's business segments shares responsibility for the sustainability profile of the whole bank. A key task is to think strategically about sustainability management and make it part of a cohesive organization-wide approach. At DZ BANK, we have therefore integrated sustainability management into the strategy function. One of the main tasks currently facing us is taking a groupwide inventory of all sustainability-related activities and creating a system for sustainability classification that is as standardized as possible.

This report provides a comprehensive insight into DZ BANK AG's sustainability engagement in 2019.

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

1.3 Ethics and integrity

102-16 Values, principles, standards, and norms of behavior

Acting responsibly is a key corporate objective for DZ BANK and is part of its identity as a cooperative institution. In early 2020, our central guiding principle became ‘Shaping success together’. Translated into action, this means: We inspire customers – we work together in a spirit of partnership – to secure our joint success. Partnership, cosmopolitanism, performance, security, sustainability, innovation, consistency, and courage are the values that inspire and guide DZ BANK.

A code of conduct for DZ BANK AG was introduced in 2012. In addition, the representatives of the individual compliance functions have worked with the various sustainability coordinators in the DZ BANK Group to produce a code of conduct for the group. This came into force in May 2014 and applies to the entire DZ BANK Group.

By joining the United Nations Global Compact in 2008, we also committed to ten universally accepted principles of responsible conduct that we report on regularly. In the area of compliance, regulatory developments are regularly transposed into internal policies (e.g. conflict of interest policy, gift policy, rules on employee transactions) and are brought together in a compliance handbook. The credit risk strategy provides the framework for our lending. Analysis of economic, environmental, and social aspects already forms an integral part of this. We are also guided by international standards such as the Equator Principles in our project finance and lending businesses, and even our own sector-specific principles make reference to internationally recognized standards.

In 2012, DZ BANK set up a working group on policies and standards as part of the DZ BANK Group’s sustainability market initiative. The aim was to establish groupwide standards for sustainable supplier relationships. Also that year, the working group drew up a common framework that specified economic, environmental, and social aspects applicable across the group for a sustainable supplier relationship.

1.4 Corporate governance

102-18 Governance structure

Our eight-person Board of Managing Directors manages the company and is responsible for the development of corporate strategy. It is monitored by DZ BANK’s Supervisory Board. Of the shareholder representatives who sit on the Supervisory Board, nine are elected by the Annual General Meeting and one is appointed by the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks]. In accordance with the German Codetermination Act (MitbestG), the members of the Supervisory Board also include ten employee representatives. The Supervisory Board and its committees work closely with DZ BANK’s Board of Managing Directors, including in an advisory capacity. The Board of Managing Directors notifies the Supervisory Board of any relevant developments at the earliest possible stage. Overall responsibility for sustainability activities at DZ BANK lies with the two Co-Chief Executive Officers, Uwe Fröhlich and Dr. Cornelius Riese. Dr. Christian Brauckmann, member of the Board of Managing Directors responsible for IT and Organization & Services, is in charge of environmental matters, while employee-related matters are the remit of Thomas Ullrich, member of the Board of Managing Directors responsible for Human Resources and Transaction Banking. DZ BANK’s integral position within the cooperative financial network means that it has a special relationship with its owners, which are also its most important customers. Numerous committees and events, such as the autumn conferences and the Central Advisory Council, are used to integrate them into our communications and strategic decision-making.

1.5 Stakeholder engagement

102-40 List of stakeholder groups

Together with the local cooperative banks, which are both our owners and our customers, our stakeholders include customers, employees, business partners, analysts, and investors as well as trade associations, the media, political decision makers, and academia. We also hold regular discussions with various non-governmental organizations so that we can address their questions and concerns.

102-41 Collective bargaining agreements

As at December 31, 2019, DZ BANK in Germany had 4,090 employees who are not subject to collective pay agreements (75.2 percent) and 1,352 employees whose pay is collectively negotiated (24.8 percent).

We use our remuneration structure to provide each employee with incentives for personally implementing DZ BANK's strategic goals and those of his or her own division. Our standard starting salaries are based on local practice in the countries where our offices are located. Women and men who are of equal merit, who have the same level of experience, and who are doing the same job are paid equally. The remuneration structure at DZ BANK is based on performance, not on gender. Variable components reward the performance of motivated staff and allow them to share in the bank's success. A common, standardized remuneration system was introduced in 2018, two years after the merger of DZ BANK and WGZ BANK.

In 2014, DZ BANK and the entities in the DZ BANK Group approved a common remuneration strategy for the DZ BANK Group that is subject to regular review. This enables us to meet the regulatory requirements and also to achieve the planned level of transparency regarding the remuneration systems within the group entities. The entities that are subject to reporting requirements under the German Remuneration Transparency Act meet these requirements and published a report on equality and equal pay for the first time in 2017. Under this legislation, reporting is required every five years from 2018. The next report will appear in 2023 and will cover the period 2018 to 2022.

102-42 Identifying and selecting stakeholders

To manage our bank as effectively as possible, we need the deepest possible understanding of our stakeholders' social, environmental, and economic expectations. To this end, DZ BANK defined stakeholders that are of particular relevance to us as part of its materiality analysis.

In choosing which stakeholders to survey, we took account of their diversity and their relevance for us as a bank. The following key points emerged:

- Among our most important stakeholders are the cooperative banks, which are both our customers and our owners, and the employees of DZ BANK and the DZ BANK Group.
- Suppliers and service providers as well as trade associations and investors are highly relevant to us from a commercial perspective.
- We also listened to critical opinions from non-governmental organizations and rating agencies as well as from academia and politics.

102-43 Approach to stakeholder engagement

The Annual General Meeting takes place once a year and is when resolutions are adopted. Shareholders are eligible to vote if they are entered and registered in the share register. Various formats facilitate dialog and communication with the cooperative banks, which are both our owners and our customers. The Autumn conferences and meetings of the regional Banking Advisory Councils have a particular strategic significance in this context. Many established dialog formats with the cooperative banks are being continued or optimized. The founding of the DZ BANK Group's Central Advisory Council in 2018 is of particular strategic importance. The Central Advisory Council aims to ensure that the cooperative banks are involved in the DZ BANK Group's important strategic decisions (to the extent permitted by the German Stock Corporation Act). The Central Advisory Council comprises around 35 members from the Boards of Managing Directors of cooperative banks plus other important representatives from within the cooperative financial network. The purpose of the Central Advisory Council is to facilitate in-depth discussion and dialog on key strategic issues in the DZ BANK Group. It also addresses the design of new products and services and the way these are marketed to cooperative banks and their customers. The Central Advisory Council is able to make recommendations to the Board of Managing Directors of the DZ BANK Group.

Last year, we again stepped up the level of dialog with the Volksbanken Raiffeisenbanken – the local cooperative banks – on sustainability-related matters. In November 2019, for example, DZ BANK organized a sustainability

workshop highlighting examples of best practice at individual cooperative banks. This was the fifth time such an event had been held.

The cooperative banks are surveyed – generally every three years – on their overall satisfaction. The most recent survey was conducted in spring 2018. The number of customers who are ‘extremely’ or ‘very’ satisfied with DZ BANK has doubled since the first survey in 2007, and is now at 41 percent. The next survey is scheduled for 2021.

Our analysts bring sustainability to the attention of institutional investors in Germany and other countries by giving talks at conferences and by organizing roadshows focused on sustainability. These events take place several times a year.

Regular online employee surveys, so-called ‘pulse checks’, provide important information and input.

In addition, employees of the cooperative banks are offered fact-finding trips and visitor programs for them to learn more about DZ BANK. We also regularly meet with political representatives to discuss matters such as the Frankfurt Main Finance initiative, which aims to make the city a more attractive financial hub, including through dialog with the Hessen regional government. In sum, we enter into dialog with all of our stakeholders, aiming to address each and every one of them in equal measure by means of our reporting cycle.

See 102-46 for information on how stakeholders are involved in the preparation of the report.

102-44 Key topics and concerns raised

Of key importance to DZ BANK are the needs of the cooperative banks as its customers and owners. Their requirements relating to sustainable practices and to responsible and sustainability-focused financial products and services are addressed in the development of strategies and products.

In 2018, our priorities were to:

- conduct a second groupwide stakeholder survey
- professionalize sustainability-related data management across the Group
- devise a new work program for the Group Corporate Responsibility Committee
- review the rejection criteria for lending (internal restructuring meant this objective had to be postponed)
- involve the offices outside Germany in our training in sustainable lending (internal restructuring meant this objective had to be postponed)

For 2020, we have undertaken to:

- restructure and expand the organization of sustainability management
- sign up to the UNEP FI Principles for Responsible Banking
- develop strategic positioning on focus themes
- introduce a coherent sustainability classification system (initial focus will be on DZ BANK AG)
- coordinate sustainability in more depth for the DZ BANK Group (field potential analysis for sustainability)
- integrate sustainability into the strategic planning process
- investigate the possibility of extending the climate-related financial reporting.

In the fourth quarter of 2019, DZ BANK conducted the ‘Advancing Sustainability’ project. The objective was to gain an overview of the many external requirements, analyze potential business opportunities and risks, and draw up a list of measures to implement and advance sustainability. A new central unit within the Strategy & Group Development division will now be responsible for sustainability management at DZ BANK and will gradually take over full coordination of this matter for the bank. The Communications & Marketing division remains responsible for stakeholder communication and sustainability reporting. Sustainability ratings will in the future be the responsibility of Investor Relations. Almost all departments are required to implement various measures

in respect of the advancement of sustainability and will report regularly on their progress to the Board of Managing Directors.

Since 2005, DZ BANK's lending guidelines have set out how to deal with sensitive industries. In 2014, we translated these guidelines into criteria for rejecting loan applications, which the customer relationship managers use for guidance and which they take into account when assessing loan applications. The criteria currently apply to arms trading, pornography, gambling, significant breaches of environmental regulations, and human rights abuses. In the autumn of 2017, the Board of Managing Directors also decided to reject all future project financing applications for coal-fired power plants.

DZ BANK uses a quality management system to develop products, monitor product specifications, and measure customer satisfaction. The aim of this quality management system is to ensure customers of both DZ BANK and the cooperative banks receive the best possible service. In addition to product development, customer service processes in the Capital Markets Retail Clients division have been regularly monitored since 2011. Customer service in this division has set itself ambitious quality standards for dealing with customer inquiries in terms of staff availability and processing times.

Dealing with complaints is a fundamental aspect of quality management in the Capital Markets Retail Clients division. DZ BANK deals with all complaints promptly, whether they are made by telephone, letter, email, or in person. All divisions with direct or indirect contact with customers have complaints managers who ensure complaints are dealt with in a customer-focused manner. Customer complaints are documented and are reported on regularly.

The DZ BANK Group has not offered products based on agricultural commodities since spring 2013. This decision was made by the bank in consultation with stakeholders in the cooperative financial network.

We also regularly feature the latest news about sustainability at DZ BANK on our sustainability website www.wertewelt.dzbank.de.

1.6 Reporting practice

102-45 Entities included in the consolidated financial statements

DZ BANK is part of the DZ BANK Group and also functions as the group's holding company. The DZ BANK Group includes Bausparkasse Schwäbisch Hall, DZ HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, the Union Investment Group, VR Smart Finanz, and various other specialized institutions. Within the cooperative financial network, DZ BANK AG functions as the central institution and is responsible for supporting the business of the cooperative banks in their regions and strengthening their competitiveness. It also operates as a corporate bank and acts as the holding company for the DZ BANK Group. The DZ BANK AG 2019 management report (p. 171 et seq.) contains a list of DZ BANK's shareholdings and principal shareholdings (subsidiaries and joint ventures) (see https://www.dzbank.de/content/dzbank_de/de/home/unsere_profil/investorrelations/berichte/2019.DownloadLink.download.html?download=9VJrEyDqQfoEnfjmYpc8QFy9k6dQikeFjP14JAiFXLWA194dPXkZOqfTz6YH_xR8O_i1Jzpl2HrHcmysipr_sJITG6o58m_XbQt4bh96XmOiq_AD-1joQLkG98xFa99bsaFDkyKro) (see also p. 4).

102-46 Defining report content and topic boundaries

The preferences of our stakeholders and what they expect of us are fundamental to our sustainability approach and strategy and also provide the framework for the content of this yearly report.

To effectively manage sustainability at DZ BANK, we need to have as deep an understanding as possible of our stakeholders' social, environmental, and economic interests as well as their experiences and expectations. The second groupwide stakeholder survey on our sustainability activities, conducted in 2019, provided us with key information in this regard. This online survey of the DZ BANK Group entities builds on the DZ BANK survey that we carried out in 2015. It was conducted in addition to the ongoing dialog in which we engage with our stakeholders.

The 2019 groupwide stakeholder survey was based on the GRI standards of the Global Reporting Initiative (GRI). Our sustainability team used these standards to first establish the topics that were relevant in terms of sustainability and also of relevance to our stakeholders. The 2019 online survey covered five areas of action, each broken down into various topics, and was based on analyses of the prevailing social sustainability trends. In addition, a workshop was held to assess which of DZ BANK's sustainability topics have a significant impact on its environment. With a response rate of 56 percent, the stakeholder survey provided valuable input for core areas of our work and reporting systems.

Our stakeholders' opinions again underlined how important it is to strategically integrate sustainability into DZ BANK's core business across all the areas of action. The respondents assigned the greatest relevance to sustainable corporate management and to sustainable products and services. Within these areas, they gave the highest scores to 'cooperative principles and values' and 'corporate strategy and success'.

Together with the local cooperative banks, which are both our owners and our customers, our stakeholders include customers, employees, business partners, analysts, and investors as well as trade associations, the media, political decision makers, and academia. We also hold regular discussions with various non-governmental organizations so that we can address their questions and concerns. We try to ensure that we maintain a balance of internal and external stakeholders, with whom we have a strong mutual relationship.

For reasons of comparability and transparency, the Sustainability Report has been prepared in accordance with the GRI Standards.

102-47 List of material topics

Material topics and boundaries

The following topics were identified as material in the 2019 stakeholder survey:

GRI Standards 2016	Disclosure
Corporate culture and cooperative principles and values	
GRI 102: General disclosures	102-16 Values, principles, standards, and norms of behavior
Customer satisfaction/retention	
GRI 102: General disclosures	102-43 Approach to stakeholder engagement
Corporate strategy	
GRI 103: Management approach	103-1 Explanation of the material topics and their boundaries 103-2 The management approach and its components 103-3 Evaluation of the management approach
GRI 201: Economic performance	201-1 Direct economic value generated and distributed 201-2 Financial implications and other risks and opportunities due to climate change 201-3 Defined benefit plan obligations and other retirement plans 201-4 Financial assistance received from government
Compliance management	
GRI 103: Management approach	103-1 Explanation of the material topics and their boundaries 103-2 The management approach and its components 103-3 Evaluation of the management approach
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken
Work-life balance and managers' behavior	
GRI 103: Management approach	103-1 Explanation of the material topics and their boundaries 103-2 The management approach and its components 103-3 Evaluation of the management approach
GRI 401: Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave
Staff development	
GRI 103: Management approach	103-1 Explanation of the material topics and their boundaries 103-2 The management approach and its components 103-3 Evaluation of the management approach
GRI 404: Training and education	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews
Human rights	
GRI 103: Management approach	103-1 Explanation of the material topics and their boundaries 103-2 The management approach and its components 103-3 Evaluation of the management approach
GRI 412: Human rights assessment	412-2 Employee training on human rights policies or procedures 412-3 Significant investment agreements and contracts that include human rights clauses or that undergo human rights screening
Sustainable lending (corporate customers) and sustainable investment (institutional customers)	
GRI 103: Management approach	103-1 Explanation of the material topics and their boundaries 103-2 The management approach and its components 103-3 Evaluation of the management approach
Product portfolio	FS6 Percentage of the portfolio for business lines by specific region, size and by sector FS8 Monetary value of products and services designed to deliver a specific environmental benefit

102-48 Restatements of information

There were no restatements of information in the reporting year (see also p. 4).

102-49 Changes in reporting

In 2018, there were no changes in reporting in comparison with previous reports. (see also p. 4).

102-50 Reporting period

We have included events with particular relevance to the 2019 Sustainability Report up to the publishing deadline of April 30, 2020, but the key figures mentioned essentially relate to the 2019 financial year (January 1 to December 31, 2019).

102-51 Date of most recent report

The 2018 Sustainability Report was published in June 2019.

102-52 Reporting cycle

The Sustainability Report is published annually. The next Sustainability Report will appear in 2021.

102-53 Contact point for questions regarding the report

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102-54 Claims of reporting in accordance with the GRI standards

This report was prepared in accordance with the GRI Standards: Core option.

102-55 GRI content index

The GRI content index provided is the detailed version.

102-56 External assurance

The 2019 Sustainability Report has not been audited by a third party.

2 GRI 200: Economic standards

2.1 GRI 201: Economic performance 2016

GRI 103: Management approach 2016

103-1 Explanation of the material topics and their boundaries

Our aim is to generate long-term, stable earnings – in the interest of our customers, employees, and society. This takes priority over the pursuit of short-term profits. We adhere to this policy even in turbulent times by focusing on our core activities and constantly expanding the range of products we offer to the cooperative banks. Our role is to enhance the competitive position of the many independent cooperative banks in the German market. We – and the DZ BANK Group – adopt the principle that risk should be incurred only to the extent required to achieve strategic goals, and only if the risk appears manageable.

For information on economic performance, see 201-1 and page 14 et seq. of the 2019 Annual Financial Statements and Management Report of DZ BANK AG.

103-2 The management approach and its components

DZ BANK faces considerable challenges in the market and in the competitive landscape for banks, requiring a shift in DZ BANK's role as the central institution and corporate bank on the one hand and as the holding company on the other. We have launched the 'Verbund First 4.0' strategic program to tackle these challenges. The objectives of the Verbund First 4.0 program are to consolidate and expand the position of the Volksbanken Raiffeisenbanken cooperative financial network, decentralize the network and devolve more market

responsibility to the regions, increase sustainability, and add value through both the core business and complementary services.

The focus is on culture and HR matters, as well as topics relating to market presence, management, and production. The program aims to strengthen our culture of focusing on customers, efficiency, and service, to intensify staff development and talent management throughout the group, and to manage the challenges of demographic change. DZ BANK has introduced a total of 28 implementation packages to facilitate the implementation of Verbund First 4.0.

In October 2019, DZ BANK also initiated the ‘Advancing Sustainability’ project at the behest of the Board of Managing Directors. In the context of growing customer expectations and the ever greater demands made by investors, competitors, supranational bodies, industrial organizations, regulatory authorities and ratings agencies, the objective of the project was to examine these external demands, analyze the associated risks and opportunities, and develop a plan to address the issue. The focus was on the creation of structures that would safeguard the bank’s future viability. In a manual entitled ‘Advancing Sustainability’, overarching action plans were created and an implementation plan drawn up. These will be worked on in the relevant departments from 2020. A central sustainability unit has been set up within Strategy & Group Development to coordinate the implementation and take on additional tasks. In early 2020, the Board of Management also adopted a strategic position paper on the subject of climate change. The paper is guided by market standards and forms the basis for the structured advancement of sustainability within DZ BANK. This positioning also serves to define the first quantitative goals in the next phase.

103-3 Evaluation of the management approach

The creation of a central sustainability unit ensures that the bank will maintain a holistic approach to sustainability aspects within the strategy of the DZ BANK and incorporate sustainability targets into its strategic planning.

201-1 Direct economic value generated and distributed

MAIN FINANCIAL KPIS OF DZ BANK AG (HGB)

€ million	2019	2018	2017
Operating profit	375	499	598
Profit before taxes	460	310	320
Taxes	-66	12	250
Net income for the year	394	322	570
Total assets	284,305	258,548	251,998
Equity	10,576	10,504	10,504
Tier 1 capital ratio (%)	16.7	16.3	17.3
Wages and salaries	549	535	550
Occupational pension provision and other benefits	87	101	93

DZ BANK donated a total of €318,376 in 2019. Approximately 59.5 percent of our donations went to academic research and education. 6.3 percent of the donations were made to political organizations.

BREAKDOWN OF DONATIONS BY AREA

(%)	2019	2018	2017
Academic research & education	59.5	68.4	43.8
Social causes	17.7	18.6	21.7
Arts	12.5	5.7	25.2
Politics	6.3	5.3	6.3
Sport	4.1	1.9	3.0
Total amount donated (€)	318,376	656,851	657,304

201-2 Financial implications and other risks and opportunities due to climate change

In 2014, the entities in the DZ BANK Group set up a standing committee, the Group Corporate Responsibility Committee (Group CRC). The committee is made up of the sustainability coordinators from the various entities and meets six times a year. The Group CRC reports to the Co-Chief Executive Officer responsible for sustainability. He or she also reports annually and on an ad hoc basis to the Group Coordination Committee.

The Group CRC is a platform for sharing information throughout the group about the latest sustainability-related trends and activities. The committee identifies key issues relevant to the whole of the group and initiates joint projects. Outcomes from these activities have included, for example, the introduction of groupwide supplier standards, a common database structure, and a joint climate strategy, which was adopted at the beginning of 2018. We signed the UN Global Compact on behalf of the entire DZ BANK Group.

Climate change and environmental protection are key concerns for DZ BANK. That is why our engagement in this area goes beyond the statutory requirements. This applies not only to the bank and its employees but also to our service providers and suppliers – because DZ BANK considers sustainable purchasing to be important, too. By all working with the same objectives in mind, we can implement our plans more efficiently. Our target is to lower DZ BANK AG's total CO₂ emissions across all sites by 15 percent by 2020 (compared with the base year 2012) and progressively make DZ BANK carbon neutral. Furthermore, the entities of the DZ BANK Group have set a target under the groupwide climate strategy of reducing total CO₂ emissions of the group entities by at least 80 percent by 2050 (compared with the base year 2009).

And at the start of 2020, DZ BANK also published its own position paper on the subject of climate change in which it describes the steps it is taking to improve its own environmental footprint, scale up its low-carbon business portfolio, and support the transformation of carbon-intensive industries and activities.

DZ BANK and the DZ BANK Group have a comprehensive risk management system. Information on the risks can be found in the 2019 combined opportunity and risk report of DZ BANK AG (p. 34 onward) and DZ BANK Group (p. 60 onward).

Lending and project finance are the main areas where we encounter risk. Our lending process includes a sustainability check, which considers not only environmental standards but also social and ethical principles. The investigations that we carry out in sensitive areas are particularly thorough, and we have implemented sectoral rules for forestry, extractive industries, dam projects, and maritime industries that we regularly improve and update. DZ BANK's sustainability checklist, which has been in use since 2009, is based on the ten principles of the United Nations Global Compact and the Equator Principles. We use the list to assess all the factors relevant to a loan that may affect ecological or social risk. The assessments conducted by our experts look at business partners, customers, suppliers, sector, commercial focus, and other aspects.

In January 2013, DZ BANK made a commitment to implement the Equator Principles, a set of guidelines drawn up by international project finance institutions, and to report on its activities in this regard. By signing up to this voluntary undertaking, we have shouldered our responsibility for the environment and society. Furthermore, we adopted an internal policy in 2017 that provides a uniform standard for sustainability in the lending business of the DZ BANK Group.

But climate change is not only a consideration in our internal processes; it also affects product development. The cooperative financial network as a whole is one of the key funding partners for the shift in German energy policy. Through their commitment to the development of renewable energies, DZ BANK and the cooperative banks are making a considerable contribution to the success of the energy transition in Germany. Our total lending volume in this sector in 2019 was around €5.4 billion.

At the end of September 2018, DZ BANK placed the very first issue of its own green bond, with a volume of €250 million. The design of the bond complies with the Green Bond Principles of the International Capital Markets Association (ICMA) and was given the highest overall score of E1 by sustainability experts from

Standard & Poor's Global Ratings. The capital raised by the placement will be used to finance onshore wind power projects in Germany. A pool of 60 projects in need of funding is linked to the green bond. These projects should reduce harmful CO₂ emissions by around 790,000 tonnes per year. DZ BANK has been active in the sustainable bonds segment since 2013 and is one of the leading European underwriters for these assets. In 2019, the total volume of bond issues with green, social, and sustainable objectives that were supported by DZ BANK as the lead underwriter amounted to around €10.05 billion. Issuance activity is focused on investment projects in the areas of renewable energies and climate change.

When it comes to development lending, DZ BANK supports the cooperative banks with marketing solutions and specialist knowledge, mainly in the form of development loans in the areas of environmental protection and sustainability. Investing in improved energy efficiency is becoming increasingly important for retail and corporate customers alike. Another focus is on action plans for coping with demographic change, including socially oriented programs that encourage the adaptation of housing and other buildings for older people. These themes, alongside innovation and digitalization, will continue to be a mainstay of our sales activities for development lending in 2020.

In 2019, DZ BANK's development lending amounted to just under €9.1 billion, which was roughly the same as the 2018 level. This was primarily due to continuing strong demand for home loans. The volume of new business generated by DZ BANK and the cooperative banks for development loans from Germany's KfW development bank came to €6.5 billion. With a share of 22.2 percent of all loans made by KfW, DZ BANK was again the development bank's biggest single customer. Measured by volume with KfW, DZ BANK has a 14.8 percent market share of the commercial environmental sector and a 29.9 percent share of the retail sector. Above all, this performance was driven by public-sector programs for energy-efficient construction and renovation work. The state development banks also performed strongly in 2019. The cooperative banks increased their share of the business conducted by the Bavarian state development bank, the LfA, by just under 4 percent to 33.5 percent, while in North Rhine-Westphalia there was an increase in market share of 5 percent to 27 percent.

201-3 Defined benefit plan obligations and other retirement plans

More than 90 percent of our employees are based in Germany and by law are well protected by a social security net when they retire or if they fall ill. In addition, DZ BANK provides numerous voluntary benefits, some of which are also available to employees in our locations outside Germany (London, New York, Hong Kong, and Singapore). We offer a range of voluntary benefits to employees in Germany, including a pension scheme, a subsidized local travel card or travel allowance, a subsidy for child day-care costs, contingency benefits, group accident insurance, and financial support for surviving dependants. All company benefits are available to full-time and part-time staff alike.

Staff expenses amounted to €636 million in 2019. A total of €549 million was spent on wages and salaries. Social security, post-employment, and other employee benefit expenses came to €87 million in 2019. Of this amount, €17 million was explicitly attributable to pension provision.

The most important voluntary benefit provided by DZ BANK continues to be occupational pension provision, which also matters greatly to our employees. In 2019, 77 percent of employees took the opportunity to pay some of their salary directly into the occupational pension scheme. In the current pension scheme, which has been in place since 2004, full-time and part-time employees as well as employees on fixed-term contracts receive contributions to their occupational pension. The contributions made by DZ BANK go into a reinsured occupational pension scheme. If employees make contributions as well, these are paid into a pension fund. DZ BANK will continue to grant direct pension entitlements that are managed by DZ BANK Pension Trust e.V.

201-4 Financial assistance received from government

DZ BANK did not receive any government subsidies in the year under review.

2.2 GRI 203: Indirect economic impacts 2016

203-1 Infrastructure investments and services supported

DZ BANK provides project finance to the infrastructure and energy sectors as well as to public-private partnerships (PPPs). The use of private capital and expertise to deliver public infrastructure projects has become a growth market.

In a number of European countries, partnerships between public and private investors, known as public-private partnerships (PPP), have become a successful model for funding socially important projects in recent years. DZ BANK often works with other partners in the cooperative financial network and the public sector to finance the construction of roads and other transport infrastructure, schools, hospitals, and administrative buildings.

The DZ BANK microfinance fund was established by employees in the year 2000 with the aim of supporting microfinance institutions, mainly in African countries, through bank guarantees. The guarantees are issued by DZ BANK and backed by the DZ BANK microfinance fund. DZ BANK's guarantees allow or make it easier for the microfinance institutions to access refinancing loans from local commercial banks. These institutions then grant microloans to economically active individuals who run small businesses but do not have access to conventional banks. Since 2015, the DZ BANK microfinance fund has also held shares in Oikocredit International, a company that funds global microfinance institutions through loans and private equity.

DZ BANK's microfinance fund, which previously operated under the legal structure of a partnership under the German Civil Code (GmbH), has been a cooperative since 2012. The DZ BANK microfinance fund is managed on a voluntary basis: We use the total fund volume for its designated purpose without applying any administrative charges. Since it was established, our microfinance fund has supported a total of seven projects in various African countries, generally in partnership with a non-governmental organization such as FIDES or Brücke Le Pont in Fribourg, Switzerland. During the course of 2017, the collaboration between the DZ BANK microfinance fund and two microfinance institutions in Tanzania and Togo was ended. A further project in Ghana for microloans in Accra did not come to fruition. The search for new projects in Africa became increasingly difficult in 2018 because the funding sums requested significantly exceed the capacity of our microfinance fund at the present time (fund volume at the end of 2019: €260,000). In the first few years after it was established, the DZ BANK microfinance fund played a role as the whole sector was still in its infancy and we were able to support the small microfinance organizations in Africa by providing guarantees of between €25,000 and €50,000 for local funding facilities, quickly and with the minimum of bureaucracy. This area is now covered on a very different scale by other, far larger microfinance funds.

At the last Annual General Meeting in October 2019, a resolution was adopted to wind up the DZ BANK microfinance fund by January 1, 2020 because the small scale of our fund means that we no longer see any scope for us to operate in any meaningful way within the microfinance sector. At the end of 2019, the DZ BANK microfinance fund had 246 members. DZ BANK's total contributions to the initiative since it was set up have reached roughly €40,000.

The key areas in which we donate are educational, academic, cultural, and social causes. Besides local activities in and around Frankfurt, we support projects near our other sites throughout Germany. In exceptional cases, we also make donations to international causes. DZ BANK donated €318,376 in 2019.

The Aktive Bürgerschaft [active citizenship] foundation features heavily in corporate social responsibility activities across the cooperative financial network. DZ BANK also supports this foundation and is a member of its advisory council. 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.

The initiative encourages people and organizations to take an active role in society, for example by making endowments, donating, or volunteering. Another of its aims is to promote the development of civic engagement, both in theory and in practice. Since the end of 2014, the foundation has been continuing the work of the Aktive Bürgerschaft association, which was set up in 1997. One of the Aktive Bürgerschaft's special projects is called 'sozialgenial – schoolchildren get involved'. It was launched in 2009 on the initiative of the former WGZ BANK to promote educational opportunities among young people and to encourage them to support social causes. Examples including helping senior citizens, reading stories to children in preschool, and getting involved in environmental protection work with nature conservation organizations. At school, participants combine their civic engagement with topics covered in subjects such as politics, German, or biology. Now, more than 100,000 schoolchildren at 770 schools are involved in a large number of sozialgenial projects. A cooperation agreement is in place with the federal states of Hessen and North Rhine-Westphalia, which are represented by the Hessen Ministry of Culture and the North Rhine-Westphalia Ministry for Schools and Education.

203-2 Significant indirect economic impacts

With its commitment to the development of renewable energies, DZ BANK, together with the 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 facilities. 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. Through our criteria for lending and project finance, we also promote adherence to minimum standards of sustainability among our customers.

We also make a positive contribution to economic development by acting as a financing partner for development loans (see 201-2)

2.3 GRI 205: Anti-corruption 2016

GRI 103: Management approach 2016

103-1 Explanation of the material topics and their boundaries

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

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

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

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

103-2 The management approach and its components

Implemented in 2016, the compliance policy for the DZ BANK Group and the associated compliance standards form a standardized groupwide compliance framework for handling legal rules and requirements. DZ BANK now has a groupwide compliance management system in place.

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

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

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

103-3 Evaluation of the management approach

The Compliance division reports once a year to the Board of Managing Directors and the Supervisory Board on all matters relating to the compliance function of DZ BANK AG and its subsidiaries. In addition to this annual compliance report, the Compliance division also carries out a separate risk assessment each year for the Board of Managing Directors and Supervisory Board, entitled "Prevention of money laundering, terrorist financing, and other criminal offenses". The reports and analyses include an ongoing review and further development of the preventive measures implemented within DZ BANK to prevent money laundering, financing of terrorism and other criminal offenses.

205-1 Operations assessed for risks related to corruption

Each division of DZ BANK has appointed a permanent point of contact who, in cooperation with the Audit division and the Compliance division, ensures that the necessary action steps are effectively integrated into the division's processes and applied.

DZ BANK's code of conduct, introduced in 2012, contains various measures to prevent fraud. These include guidelines for dealing with gifts, a whistleblowing hotline, training, and written procedures for fraud prevention, including measures to tackle corruption and market price manipulation.

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

We include all sites and subsidiaries in the annual risk analysis, which we are required to carry out by law. No significant risk of corruption was identified in the 2019 risk analysis.

Our staff at all locations receive regular compulsory training in banking compliance, anti-money laundering, the ban on market price manipulation, fraud prevention, information security, and the General Data Protection Regulation. This compliance training also covers how to fight corruption. In 2019, the bank introduced a new training tool on sanctions and embargoes. All Supervisory Board members receive regular training on anti-corruption topics too. The average rate of participation in training is 99 percent. We also offer seminars on specific topics, such as investment advice and the management of conflicts of interest. In 2012, we introduced a software program that examines all trades for market price manipulation. In addition, a multi-level process within DZ BANK ensures that employees adhere to the statutory requirements aimed at preventing insider trading.

We introduced follow-up courses on fraud prevention for employees and managers in April 2014.

205-2 Communication and training about anti-corruption policies and procedures

COMPLIANCE TRAINING

Total number of participants	2019	2018	2017
Prevention of money laundering (incl. follow-up courses)	362	2,082	3,206
Ban on market price manipulation (incl. follow-up courses)*	494	351	468
Fraud prevention for managers (incl. follow-up courses)	169	447	125
Fraud prevention for employees (incl. follow-up courses)	1,153	3,920	728

* The training course about the ban on market price manipulation was launched in August 2011 and is aimed at staff in trading or trading-related units. Training courses and follow-up courses are not always held annually. Participant numbers vary from year to year, depending on when staff are required to take the courses.

All employees of DZ BANK are required to use the compliance and money-laundering hotline to report any potential wrongdoing directly to the Compliance division.

205-3 Confirmed incidents of corruption and actions taken

In 2007, DZ BANK introduced a conflict of interests policy setting out how to handle potential conflicts of interest. The bank uses it to inform customers of possible conflicts of interest and inducements. Specific conflicts of interest are disclosed to recipients of financial analyses who are simultaneously making use of other banking services, for example. The Compliance division is also responsible for initiating and monitoring the action steps. DZ BANK's comprehensive gift policy came into effect on July 1, 2010 with the aim of preventing acts of bribery by means of gifts, benefits, or other inducements. To help guard against white-collar crime and protect employees from undue influence, a whistleblowing hotline is available to employees to anonymously report their suspicions to either an internal or external ombudsman. This information is passed on to a whistleblower committee in accordance with data protection requirements. The committee then evaluates the suspicions and initiates the necessary action steps.

In its role as central institution, DZ BANK processes international payments for many local cooperative banks. One of the services that we offer as part of this remit is identifying and reporting any suspicious transactions that arise. The suspicious transactions reports are delivered to the central agency for suspicious (money laundering) transaction reports (FIU).

There were no confirmed incidents of corruption in 2019.

2.4 GRI 206: Anti-competitive behavior 2016

206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

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

3 GRI 300 Environmental standards

3.1 GRI 301: Materials 2016

301-1 Materials used by weight or volume

Since 2014, consumption data for all offices in Germany has been included in our environmental database. This base data enables us to determine total paper consumption. 200 tonnes of paper were used across all sectors in 2019.

Paper for the printers and photocopiers accounts for the largest proportion of consumables used at DZ BANK AG. In 2019, the total weight of all the printer and copier paper that we used came to 103 tonnes. Only paper that is FSC®-certified (Forest Stewardship Council) is used in photocopiers. At least 50 percent of the fiber for this paper is from responsibly managed forests.

Each FTE used an average of around 22kg of printer and copier paper in 2019, which is roughly 7kg less than in 2018. The decline is largely due to the further optimization of employees' individual printing habits and the ongoing process of digitalization.

In 2014, we also began to track consumption of other types of paper (e.g. envelopes, greeting cards, sympathy cards, hygiene paper). This came to a total of 97 tonnes in 2019. Each FTE consumed an average of 21kg of these in the reporting year, which was also a significant reduction compared to 2018.

To reduce the consumption of resources, we introduced an electronic document management system at the start of 2012 and the MyHR software in 2015, which offers a paperless means of handling payroll, certificates, leave requests, and time sheets. The electronic travel expense report was implemented in 2017. Outgoing post was digitalized in early 2020. Outgoing post is now centrally managed and dispatched, which also reduces the use of paper.

We have been mainly using goods bearing the FSC® Mix label for brochures and office paper for a number of years now. In 2011, we also switched to FSC®-certified products for standard copier paper and now only use paper from responsibly managed sources instead of chlorine-free paper. In the same year, we began using an external service provider that keeps our printers supplied with toner and ink cartridges and recycles the empty ones cleanly and efficiently. This enables us to save valuable resources. Since 2018, we have almost exclusively been using multifunction printers (two-sided printing and monochrome printing is set as the default). And in the reporting year we also further optimized the stock-keeping of hygiene paper on the office floors at the Frankfurt head office, which has led to an additional reduction in consumption.

301-2 Recycled input materials used

Since 2011, we have exclusively been using paper bearing the FSC® Mix label (100 percent) for standard photocopying. When we are purchasing office supplies, we pay special attention to environmentally friendly product features, such as products that are made from renewable resources or those that use returnable systems. We give preference to them if it is justifiable from a cost perspective.

We are unable to provide a percentage breakdown of the recycled input materials that we use as these are not separately recorded.

3.2 GRI 302: Energy 2016

302-1 Energy consumption within the organization

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

Last year, 16,492 liters of gasoline were used to fuel company cars (2018: 31,518 liters) along with 885,061 liters of diesel (2018: 858,725 liters). This amounted to 8,987,798 kWh in fuel consumption, equivalent to 32,134 GJ.

Since 2010, all major offices of DZ BANK AG, including Frankfurt, Berlin, Hannover, and Stuttgart, have used electricity generated from renewable sources. The offices in Düsseldorf and Koblenz have been using electricity generated from renewable sources since 2017. Moreover, our offices are mainly heated with district heating, which further reduces our impact on the environment and climate. We are looking to reduce our total CO₂ emissions even further in the future. Our target is to lower them by a further 15 percent by 2020 (compared with the base year 2012).

ELECTRICITY AND HEATING CONSUMPTION

Kilowatt hours (kWh)	2019	2018	2017
Electricity consumption			
Total electricity consumption	33,104,461	33,035,150	32,208,132
of which green electricity	32,782,553	33,005,705	32,036,926
Individual electricity consumption (kWh per FTE)	7,116	7,000	6,734
District heating consumption			
Total district heating consumption	18,964,126	18,124,104	18,563,309
Individual heating consumption (kWh per FTE)	4,077	3,841	3,881

We use the conversion values of the Association for Environmental Management and Sustainability in Financial Institutions (VfU) as a basis for our calculations so that we are also able to factor in upstream and downstream processes.

302-3 Energy intensity

In 2019, our total energy consumption from electricity, heat, and fuel came to 220,835 GJ.

This resulted in an energy intensity level of 47 GJ per FTE.

302-4 Reduction of energy consumption

In 2019, there was a year-on-year increase of 0.2 percent in the electricity consumed, to 33,104,461 kWh.

Electricity consumption per FTE came to 7,116 kWh.

District heating consumption rose slightly from 18,124,104 kWh in 2018 to 18,964,126 kWh in 2019.

We encourage our employees to make greater use of low-emission public transport for their commute to work. We offer them a financial incentive in the form of a subsidized travel card (regional public transport network and national rail network) or a travel subsidy, depending on regional availability.

USE OF PUBLIC TRANSPORTATION

	2019	2018	2017
Number of employees, Germany*	5,204	5,298	5,549
Users (total)	3,562	3,643	3,627
Travel subsidy recipients	443	763	471
Regional travel card users	2,842	2,616	2,917
Deutsche Bahn travel card users	277	236	239
Public transport users (%)	68.45	68.79	65.36

* DZ BANK employees in Germany, including trainees.

BUSINESS TRAVEL

'000 kilometers/%	2019	2018	2017
Total business travel ('000km)	32,039	32,766	36,644
Individual business travel ('000km per FTE)	6.9	6.9	7.7
Of which by train (%)	38	39	42
Of which by air (%)	16	16	16
Of which by private car (%)	2	3	3
Of which by company car (%)	40	39	37
Of which by rental car (%)	3	3	3

The carbon emissions from commuter travel were included for the first time in 2019, based on statistical figures. They amounted to 3,249 tonnes and are based on data supplied by the German Federal Statistical Office for the distribution of commuter traffic and the calculation methods of the VfU.

3.3 GRI 303: Water and effluents 2018**303-1 Interactions with water as a shared resource**

DZ BANK AG only uses drinking water provided by regional suppliers. Our water consumption does not have any significant impact on water sources.

303-2 Management of water discharge related impacts

We generally only produce waste water that is comparable with household effluents. It is not reused or recycled.

303-5 Water consumption**WATER CONSUMPTION**

cubic meters (m ³)	2019	2018	2017
Total water consumption	101,057	96,293	94,022
Individual water consumption (m ³ per FTE)	22	20	20

3.4 GRI 305: Emissions 2016**305-1 Direct (Scope 1) GHG emissions**

DZ BANK AG's total volume of direct greenhouse gas emissions (GHG) from Scope 1 came to 3,490t CO₂ in 2019. Direct GHG emissions therefore amounted to 750kg per FTE. In our calculations, we use the conversion values of the VfU.

Since 2011, we have also been collecting data on the CO₂ emissions from our employees' business travel. Direct greenhouse gas emissions in this area include those produced by company cars, which amounted to 2,440 tonnes of CO₂ (Scope 1 only) in 2019 (2018: 2,404t).

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

CO₂ EMISSIONS FROM ELECTRICITY AND DISTRICT HEATING

Kilograms (kg)	2019	2018	2017
Total CO ₂ emissions: Electricity	385,193	235,319	418,482
Individual CO ₂ emissions: electricity (kg per FTE)	83	50	87
CO ₂ emissions: District heating	2,727,635	2,631,789	3,601,282
Individual CO ₂ emissions: district heating (kg per FTE)	586	558	753

305-2 Energy indirect (Scope 2) GHG emissions

DZ BANK AG's total volume of direct greenhouse gas emissions (GHG) from Scope 2 came to 2,203t CO₂ in 2019. Indirect GHG emissions therefore amounted to 473kg per FTE. In our calculations, we use the conversion values of the VfU.

We have set ourselves the goal of reducing our electricity consumption and therefore also our CO₂ emissions related to energy use. All our major offices therefore use carbon-free electricity generated from renewable sources. Since 2013, we have recorded data for all offices, adopting the conversion values of the VfU. By way of explanation, the VfU conversion values also factor in the upstream and downstream processes involved in the use of green electricity.

305-3 Other indirect (Scope 3) GHG emissions

DZ BANK AG's total volume of direct greenhouse gas emissions (GHG) from Scope 3 came to 8,461t CO₂ in 2019. Indirect GHG emissions therefore amounted to 1.819kg per FTE.

Since 2011, we have also been collecting data on the CO₂ emissions from our employees' business travel. The total in 2019 was 3,865 tonnes (2018: 2,668 tonnes) CO₂ (Scope 3 travel incl. company cars).

CO₂ EMISSIONS SCOPE 3 FROM BUSINESS TRAVEL (KILOGRAMS (KG))

	2019	2018
Company cars	1,177,951	1,162,063
Total by rental car/private car	537,721	590,929
Total by rail	45,722	47,804
Total by air*	2,103,706	867,678

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

For a number of years, we have been trying to reduce CO₂ emissions through our business travel policy, which is regularly updated and amended, most recently in January 2020. The aim is to promote eco-friendly travel. Under this policy, business trips are only permitted if their business purpose cannot be achieved by other means, e.g. by telephone or video conference. Flights within Germany are only approved if they are essential for scheduling reasons or if they are cheaper than traveling by train. In addition, public transport should be used in preference to the car. Besides the business travel policy, DZ BANK AG's company car policy is helping make business travel more environmentally friendly by stipulating that only the most modern, clean vehicles are used. We are also pushing ahead with e-mobility: A rapid charging point for electric vehicles has been available to customers and visitors at our Frankfurt office since 2014. In 2018, we launched an electric vehicles pilot project at the Frankfurt office. In a first step, a total of twelve hybrid company cars have been ordered. The charging points have already been installed in the underground car park of our Cityhaus II building. To encourage our employees to use public transport, we offer them a financial incentive in the form of a subsidized travel card or a travel subsidy, depending on regional availability. Employees who live too far away to take local public transport can also travel by train at discounted prices thanks to our framework agreement with Deutsche Bahn. Around 68 percent of our employees used public transport to get to and from work in 2018.

305-4 GHG emissions intensity

Taking into account Scope 1 to Scope 3 GHG emissions, our GHG emissions intensity stood at 3,042 CO₂ per FTE in 2019.

305-5 Reduction of GHG emissions

The electricity used at our sites in Frankfurt, Düsseldorf, Berlin, Hannover, and Stuttgart is obtained solely from renewable sources such as hydropower, wind power, and photovoltaics. This means that almost 99 percent of the electricity used at our German sites now comes from renewable sources. After the merger with WGZ BANK in 2016, CO₂ emissions rose substantially, but they have come down a long way every year since then. In 2019,

the emissions from electricity rose slightly, as our leased office in Munich could not be supplied exclusively with green electricity (electricity in total: 2019: 385 t, 2018: 235 t; district heating in total: 2019: 2,728 t, 2018: 2,632 t). In 2019, there was a slight increase (0.2 percent) in electricity consumption. Individual electricity consumption per FTE rose from 7,000 kWh to 7,116 kWh, due to the smaller number of FTEs. District heating consumption rose slightly from 18,124,104 kWh to 18,964,126 kWh. The slight increase in electricity consumption is mainly due to the expansion of the office space in the building at Westend 1 in Frankfurt (complete use of side building) and to the addition of extra IT systems in the computing centers. The additional heat consumption is also due to the expansion of the offices in Frankfurt.

In order to reduce our CO₂ emissions and our use of electricity and district heating even further in the future, we are focusing on the efficiency of our buildings. In 2018, the staff restaurant in the Cityhaus II building was modernized and upgraded. The lights in the technical rooms in the basements were replaced with LEDs. Work also began in the Cityhaus II building on the updating of the fire protection equipment and the air conditioning system. In Westend 1, the control system for the elevators was replaced and optimized in 2018. At our Düsseldorf office, ceiling lights were replaced with LEDs during the initial phase of refurbishment. LEDs are also being progressively installed on further floors.

As far as possible, we try to avoid or offset the CO₂ emissions that we can only influence indirectly.

3.5 GRI 306: Effluents and waste 2016

306-2 Waste by type and disposal method

In order to facilitate recycling, in 2011 we developed a solution with which to standardize waste management throughout Germany. Since the beginning of 2012, we have been recording waste volumes at our offices in Germany – not just for paper, non-recyclable waste, and plastic but also for additional categories such as lighting, glass and hazardous waste. Since 2014, this process has included all DZ BANK AG sites.

We collect data not only for paper but also for non-recyclable waste, commercial waste, mixed packaging, and electrical/toner/lighting. The overall volume of waste remained the same as the prior year at 1,114 tonnes.

VOLUME OF WASTE

Kilograms (kg)	2019	2018	2017
Total paper	536,951	583,314	666,774
Individual paper (kg per FTE)	115	124	139
Total electrical/toner/lighting	6,101	10,244	19,814
Individual electrical/toner/lighting (kg per FTE)	1	2	4
Total mixed packaging	79,504	65,412	75,049
Individual mixed packaging (kg per FTE)	17	14	16
Total non-recyclable	217,831	174,650	164,945
Individual non-recyclable (kg per FTE)	47	37	34
Total commercial waste	226,020	234,123	198,230
Individual commercial waste (kg per FTE)	49	50	41
Total kitchen waste	47,620	46,870	45,615
Individual kitchen waste (kg per FTE)	10	10	10
Total waste	1,114,027	1,114,613	1,170,427
Total individual waste (kg per FTE)	239	236	245

3.6 GRI 307: Environmental compliance 2016

307-1 Non-compliance with environmental laws and regulations

We comply with environmental laws and legislation as a matter of course. DZ BANK AG does not manufacture any products, so it is not subject to the same challenges as companies that do.

No fines or sanctions were imposed on DZ BANK AG during the reporting period for non-compliance with environmental legislation.

3.7 GRI 308: Supplier environmental assessment 2016

308-1 New suppliers that were screened using environmental criteria

In 2010, DZ BANK updated the existing standards to include new minimum social and environmental standards and integrated them into its purchasing processes. These standards, which apply to all entities in the DZ BANK Group, provide a framework that specifies the financial, environmental, and social characteristics needed for a supplier relationship to be sustainable, for example with regard to human rights and working practices. Since 2010, we have also been using a sustainability agreement that requires all suppliers to comply with DZ BANK's minimum standards, the principles of the United Nations Global Compact, and the requirements of the International Labour Organization.

Proactive supplier management provides the basis for DZ BANK's sustainable procurement operations. For example, we classify suppliers according to their sustainability relevance for DZ BANK. Since the beginning of 2013, suppliers that are considered to be particularly relevant to sustainability because of their specific activity, or the volume of orders we place with them, or country-specific risks have been asked more searching questions about the sustainability of their core business. These cover certification, approaches aimed at minimizing environmental impacts, and other areas. We take reasonable steps to verify whether and to what extent our suppliers are meeting the sustainability obligations that are stipulated in their contracts.

308-2 Negative environmental impacts in the supply chain and actions taken

In 2019, we did not identify any actual or potential adverse impacts of a significant nature on the environment, human rights, or society, or in regard to working practices.

4 GRI 400 Social standards

4.1 GRI 401: Employment 2016

GRI 103: Management approach 2016

103-1 Explanation of the material topics and their boundaries

Employees are the most valuable asset of any company. That is especially true for us as a financial services provider. We show appreciation, respect, and openness in our conduct toward each other.

To live by our mission statement of 'Shaping success together' and the associated values, our employees have to be able to identify with it and play an active role in putting it into practice. We want to offer our employees a motivational, healthy, and secure workplace, encourage them to perform well and acquire new skills, and be an employer of choice for the next generation.

We have been pressing ahead with our efforts in the areas of staff recruitment, staff retention, and staff motivation for a number of years now with the aim of positioning the DZ BANK Group as an employer of choice in the labor market.

103-2 The management approach and its components

DZ BANK strives to offer its employees a working environment that takes account of the changing requirements of the age and family structures of its workforce. The idea is to make it as easy as possible for them to combine their professional and private commitments at every stage of their lives. In 2015, with this in mind, DZ BANK adopted eight guiding principles that set out mandatory policies and the expectations of both employer and employee with regard to flexible and family-friendly working hours. Flexibility helps to ensure long-term satisfaction and commitment among employees, particularly those who are parents or carers. The bank also has its own childcare center in Frankfurt, which opened on July 1, 2016. To enable employees to balance work with family life, DZ BANK helps them to find places at suitable day nurseries and kindergartens and subsidizes childcare costs. We even offer a solution for times when childcare is unexpectedly unavailable: Parents are entitled to emergency childcare at a nationwide partner care provider for up to ten days a year. Employees also have access to a concierge service, which provides assistance by running errands or finding tradespeople, for example.

103-3 Evaluation of the management approach

DZ BANK periodically surveys its staff in order to find out as much as possible about employees' wishes, expectations, and needs, to identify areas where action needs to be taken, and to initiate any necessary changes. The results of these 'pulse checks' are a gauge of staff loyalty and satisfaction, and also provide a basis for division-specific and bank-wide improvements.

Employees and managers have a basic entitlement to an annual appraisal and development meeting with their direct line managers. The DZ BANK remuneration system also requires that annual meetings are held for all employees and managers at which target attainment is reviewed and new targets are set. Both tools are enshrined in agreements between management and the works council.

401-1 New employee hires and employee turnover

NEW HIRES BY AGE AND GENDER*

	2019	2018
Total	186	196
Of which: male	101	122
Of which: female	85	74
By age and gender		
age 29 or under	57	43
Of which: male	31	24
Of which: female	26	19
30 to 49	144	134
Of which: male	97	89
Of which: female	47	45
50+	35	19
Of which: male	23	9
Of which: female	12	10

* Figures collected for the first time in 2018

In 2019, the staff turnover rate at DZ BANK AG was 5.8 percent (2018: 6.2 percent). The resignation rate was 2.5 percent (2018: 2.4 percent).

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Benefits apply to all employees of DZ BANK, regardless of type of employment or location. As well as the basic old-age pension and sick pay enshrined in law in Germany, we provide other employee benefits, some of which also apply to our locations abroad. DZ BANK also complies with the statutory requirements of the Labour Leasing Act (AÜG), according to which temporary employees are also entitled to employee benefits.

DZ BANK employee benefits

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

In addition to flexible working hours, our staff benefit from teleworking and various part-time working models.

USE OF WORKING-TIME MODELS (AS AT DECEMBER 31)*

(%)	2019	2018	2017
Flexible working hours	100.0	100.0	100.0
Full-time	78.9	79.9	80.8
Of which: female	58.4	59.9	
Of which: male	93.9	94.6	
Part-time	21.1	20.1	19.2
Of which: female	41.6	40.1	
Of which: male	6.1	5.4	
Virtual offices	13.2	12.8	12.9
Sabbatical	0.0	0.0	0.0
Semi-retirement (Altersteilzeit)	1.76	1.68	1.8

* Number of employees worldwide

Internal company agreements govern other options such as semi-retirement and sabbatical leave.

DZ BANK helps its employees to find places at suitable day nurseries and kindergartens and subsidizes childcare costs. It even offers a solution for times when childcare is unexpectedly unavailable: Parents are entitled to emergency childcare at a partner care provider for up to ten days a year. There are also parent-child offices at five locations.

DZ BANK's inhouse daycare center at the Frankfurt office opened on July 1, 2016, expanding the range of services on offer to parents. The 45 places are taken by children aged between eleven months and six years.

As part of our health management system, we offer our employees in Germany all kinds of attractive sports activities, ranging from badminton to volleyball. We also offer anti-stress programs and preventive classes featuring activities such as orthopedic back exercises, meditation, yoga, and autogenic training. Talks, workshops, and training courses on diet, stress management, and other specialist topics complete the program. Preventive courses on stress management help employees to deal with mental health problems.

HEALTHCARE MEASURES (AS AT DECEMBER 31) INCL. COMPANY SPORTS ACTIVITIES*

Number of employees	2019	2018	2017
Total participants	784	991	1,061
Total for company sports activities	554	683	740
Total for sickness/injury prevention courses	230	308	321
Average health rate for the year (%)	95.3	95.3	96.5

* Employees in Germany (incl. trainees)

Staff who need support with difficult situations at work or at home can also use the services of an independent social counselor. A second social counselor has been covering the Düsseldorf, Koblenz, and Münster offices since May 2017. As trained psychologists and psychotherapists, they advise employees on how to cope with challenges and problems and provide information about preventive measures. They are also the point of contact for burnout issues and, if necessary, can quickly arrange an appointment with a specialist.

401-3 Parental leave

During the course of 2019, a total of 348 employees (232 women and 116 men) took parental leave.

4.2 GRI 402: Labor/management relations 2016

402-1 Minimum notice periods regarding operational changes

We inform staff and the employee representatives promptly about new developments and comply with the statutory requirements such as those of the German Works Council Constitution Act (BetrVG) regarding codetermination. All material issues and voluntary benefits are covered by company agreements. In addition, two or three works meetings take place annually at the individual sites. Local rules and standards apply to the branches in London, New York, Hong Kong, and Singapore.

4.3 GRI 403: Occupational health and safety 2016

403-1 Workers representation in formal joint management-worker health and safety committees

DZ BANK complies with the legal requirements and technical standards for health and safety at work at all its German offices. There is representation for the workforce as a whole on the official employer-employee committee for health and safety at work. The departmental managers also participate in this committee. DZ BANK also appoints company doctors and health and safety officers as required by the German Health & Safety at Work Act. These experts help to prevent accidents by teaching employees about occupational safety and inspecting where they work. Advising our employees on ergonomics was a key focus again in 2019. Occupational health and safety experts talked to 800 employees either at their workplace or over the phone. Participation in the 'Health and safety at work' training is mandatory for staff at all DZ BANK's offices.

403-2 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

No one who works at DZ BANK has a job that puts them at higher risk of illness or accident. In 2019, the accident at work rate at the locations in Germany was 0.9 percent. There were no work-related deaths in 2019 and no known breaches of health and safety regulations.

403-3 Workers with high incidence or high risk of diseases related to their occupation

The risk to health is low for all employees because the vast majority of their work is office-based. This applies to all staff.

Alongside the preventive measures such as courses on stress management and resilience, DZ BANK also offers a reintegration program to help employees who have come through a long period of sickness to re-enter working life. All German employers have been required to offer a return-to-work and disability management program since 2004. Mental health is also covered on some training courses for managers. As part of our health management

system, we offer our employees in Germany all kinds of attractive sports activities, ranging from badminton to volleyball.

Since 2008, employees who are faced with difficult situations at work or at home have also been able to call on the support of an independent social counselor. A second social counselor has been covering the Düsseldorf, Koblenz, and Münster offices since May 2017.

An addictions policy has been drawn up to help employees with addiction problems. It was developed in a joint project between the social counselor and the health management team with the aim of providing professional advice and support to employees and managers who are dealing with addiction.

The health and safety officers help to improve workplace safety and prevent accidents at work by carrying out health and safety inspections at each workplace and by providing employees with relevant information.

The Health and Safety at Work Act (ArbSchG) stipulates that risk assessments must also take account of mental stress at work. DZ BANK carries out the mental health risk assessment at its German locations with the involvement of the line managers, the employees, and the employees' council. The bank is advised and supported in this by a healthcare expert. If necessary, protective measures will be implemented in the workplace.

403-4 Worker participation, consultation, and communication on occupational health and safety. DZ BANK has company agreements on 'Workplace design' (Frankfurt) and 'Risk assessment' (Frankfurt, Stuttgart, Hannover) as well as various policies whose purpose is to protect employees' health. These include the addictions policy for employees struggling with addiction problems.

4.4 GRI 404: Training and education 2016

GRI 103: Management approach 2016

103-1 Explanation of the material topics and their boundaries

Employees are the most valuable asset of any company. That is especially true for us as a financial services provider. We show appreciation, respect, and openness in our conduct toward each other.

To live by our mission statement of 'Shaping success together' and the associated values, our employees have to be able to identify with it and play an active role in putting it into practice. We want to offer our employees a motivational, healthy, and secure workplace, encourage them to perform well and acquire new skills, and be an employer of choice for the next generation.

103-2 The management approach and its components

DZ BANK's CPD program offers employees courses on a wide variety of topics, from specialist subjects such as business management and banking, to preventative healthcare and personal coaching. In 2019, new modules were added in areas such as 'Innovation, digitalization and agility' and in 2020 the focus will be on innovative digital learning formats.

In the first quarter of 2020, a new video-based learning platform ('Masterplan') was launched. One of the objectives of this platform is to enable employees to improve their digital skills. The bank plans to roll Masterplan out to further DZ BANK Group entities.

103-3 Evaluation of the management approach

Agreements between management and the employees' council have been concluded for all programs. At DZ BANK, CPD should preferably be carried out during working hours. Employees can access the new digital learning programs directly from their desks. Managers are asked to give their employees the time they need for this. The launch of the new video-based learning platform was communicated by the Board of Managing Directors on the intranet, which can be accessed by all employees.

404-1 Average hours of training per year per employee

In 2019, our employees attended a total of 12,319 training days. This is equivalent to 98,552 hours based on an eight-hour day.

PROFESSIONAL DEVELOPMENT DAYS AND COSTS (AS AT DECEMBER 31)*

Days	2019	2018	2017
Germany	12,318.6	14,321.0	15,646.0
By gender and level			
Female	4,832.4	5,400.5	6,740.5
Of which: managers		479.0	563.5
Male	7,486.2	8,920.5	8,905.5
Of which: managers		2,120.0	2,044.0
Per employee	2.4	2.7	2.9
By gender and level			
Female		2.5	2.9
Of which: managers		4.7	5.3
Male		2.9	2.8
Of which: managers		4.1	4.0
Professional development costs per employee (€)		1,222.0	1,274

* Employees in Germany (incl. trainees)

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

404-2 Programs for upgrading employee skills and transition assistance programs

DZ BANK employees in Germany and internationally can attend courses offered as part of the inhouse CPD program, division-specific training, and individual external seminars. We also use external trainers and training providers to ensure that we are in line with the markets in terms of methods and topics. DZ BANK's CPD experts advise specialist employees and managers on selecting training courses to meet their individual needs.

A new learning platform incorporating a variety of functions has been available since the beginning of 2017. This includes the consolidated continuing professional development (CPD) program, which was digitalized along with existing processes, meaning it is now possible for employees to make and cancel bookings online, check at any time what training they have booked, and find out which courses are available and when.

Since 2014, our staff have also been able to obtain certification from the Frankfurt School of Finance and Management for the two training series Basic Personal and Communication Skills and Advanced Personal and Communication Skills. In 2014, new training courses for project managers were added to the range of targeted CPD activities for our employees. One of the ways in which we determine our employees' requirements for professional development is by holding regular meetings with the divisions. Through the Navigator Programs, we offer divisional managers a targeted development scheme featuring tailored management programs as well as training and coaching.

There is also an 18-month professional development program that prepares high-potential employees and executives for taking on demanding roles with additional responsibilities. In addition, we offer a systematic two-year development program for department and group managers.

In 2010, the DZ BANK Group launched the Corporate Campus for Management & Strategy, a platform for managerial development and strategy work that is aimed at the group's approximately 180 executive managers.

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

technology with the managers, who benefit by strengthening their digital skills. Sixteen pairs also took part in the 2018 program

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

404-3 Percentage of employees receiving regular performance and career development reviews

All employees and managers, irrespective of their gender or employee category, have an entitlement (as specified in a company agreement) to an annual appraisal meeting with their direct line managers. The DZ BANK remuneration system also requires that annual meetings are held for all employees and managers at which target attainment is reviewed and new targets are set.

4.5 GRI 405: Diversity and equal opportunity 2016

405-1 Diversity of governance bodies and employees

We signed the diversity charter presented by the German government and German industry in November 2011. In 2019, we continued to provide new staff members and managers with training on the German General Equal Treatment Act (AGG) and we complied with our internal company agreement on the integration of people with disabilities. We signed a letter of intent in 2011 acknowledging our obligation to actively support women in their career development, to give them the same pay and conditions as men in comparable positions, and to treat them equally when selecting managers. DZ BANK complies with the requirements of the German law for the equal participation of women and men in managerial positions in the private and public sectors, and publishes the current targets each year in the human resources report in the DZ BANK AG Annual Financial Statements under '1 Corporate governance declaration'. The targets published for the proportion of women by December 31, 2021 were as follows: Target for first-level management: 10 percent Target for second-level management: 20 percent.

As one of the 380 original signatories to the 'Joint declaration on the family as a success factor' in May 2008, we are firmly committed to a family-friendly HR policy. The non-profit-making Hertie Foundation awarded us the 'berufundfamilie' work and family certificate back in 2007 and we have held it since then, following a number of successful reaudits.

At the end of 2018, the Supervisory Board adopted policies to implement the EBA (European Banking Authority) Guidelines on the assessment of the suitability of members of the management body (EBA/GL/2017/12) for DZ BANK AG.

SUPERVISORY BOARD BY GENDER AND AGE (AS AT DECEMBER 31)

	2019	2018	2017
Total	20	20	20
Of which: male	15	15	15
Of which: female	5	5	5
By age and gender			
30 to 49	3	3	2
Of which: male	2	2	1
Of which: female	1	1	1
50+	17	17	18
Of which: male	13	13	14
Of which: female	4	4	4

In line with the diversity policy adopted, the Supervisory Board of DZ BANK set the following targets on November 29, 2018 for the proportion of women on the Board of Managing Directors and on the Supervisory Board for the period up to October 31, 2023. Target for the Supervisory Board: 25 percent. Target for the Board of Managing Directors: 12.5 percent.

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

PROPORTION OF WOMEN IN MANAGERIAL POSITIONS*

(%)	2019	2018	2017
Heads of Division	6.1	5.9	6.3
Heads of Department	15.4	15.0	15.3
Heads of Group	20.4	20.4	21.4

*Number of employees: worldwide

PROPORTION OF WOMEN (AS AT DECEMBER 31)*

(%)	2019	2018	2017
Total	42.2	42.3	42.0
Management positions	18.4	18.2	19.1

*Number of employees: worldwide

DZ BANK firmly believes in not discriminating against people on the basis of their origin, skin color, gender, age, or physical disability. Training courses on the German General Equal Treatment Act (AGG) are obligatory for all employees and, in particular, for managers. In accordance with the EBA Guidelines, the Board of Managing Directors also adopted a diversity policy for its workforce in October 2018. This is available to all employees on the Bank's intranet and provides a summary of the Bank's basic position.

In 2019, the proportion of the workforce with a severe disability was 4.5 percent, which was just below the minimum level (5 percent) required by German law.

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

	2019	2018	2017
Total	5,442	5,474	5,542
Of which: male	3,145	3,157	3,214
Of which: female	2,297	2,317	2,328
By age and gender			
Under 30	485	471	483
Of which: male	249	229	233
Of which: female	236	242	250
30 to 49	2,685	2,825	2,926
Of which: male	1,493	1,594	1,657
Of which: female	1,192	1,231	1,269
50+	2,272	2,178	2,133
Of which: male	1,403	1,334	1,324
Of which: female	869	844	809

AVERAGE AGE (AS AT DECEMBER 31)

Years	2019	2018	2017
Total	45.4	45.2	45.0
Germany	45.3	45.1	45.0
Outside Germany	47.0	46.8	46.6

405-2 Ratio of basic salary and remuneration of women to men

We use our remuneration structure to provide each employee with incentives for personally implementing DZ BANK's strategic goals and those of his or her own division.

Our standard starting salaries are based on local practice in the countries where our offices are located. Women and men who are of equal merit, who have the same level of experience, and who are doing the same job are paid equally. The remuneration structure at DZ BANK is based on performance, not on gender. Variable components reward the performance of motivated staff and allow them to share in the bank's success. The remuneration system of the former WGZ BANK was continued temporarily in parallel to the remuneration system of DZ BANK. A common, standardized remuneration system was introduced in 2018.

In 2014, DZ BANK and the entities in the DZ BANK Group approved a common remuneration strategy for the DZ BANK Group that is updated annually. This enables us to meet the regulatory requirements and also to achieve the planned level of transparency regarding the remuneration systems within the group entities. The entities that are subject to reporting requirements under the German Remuneration Transparency Act meet these requirements and have published a report on equality and equal pay in the Federal Gazette as required by law.

4.6 GRI 406: Non-discrimination 2016**406-1 Incidents of discrimination and corrective actions taken**

Equality of opportunity is one of DZ BANK's core principles, which we also acknowledged publicly when we signed the diversity charter in November 2011. For us, equality of opportunity means treating and advancing all employees in the same way, regardless of their origin, skin color, gender, age, or physical ability. DZ BANK's commitment to zero tolerance of discrimination goes beyond the statutory requirements. In 2019, we continued to provide new staff members and managers with training on the German General Equal Treatment Act (AGG) and we complied with our company agreement on the integration of people with disabilities. Last year, the proportion of the workforce with a severe disability was 4.5 percent, which fell just short of the statutory minimum. In 2019, no complaints about our compliance with the AGG were recorded.

4.7 GRI 412: Human Rights Assessment 2016

GRI 103: Management approach 2016

103-1 Explanation of the material topics and their boundaries

DZ BANK is committed to democracy, tolerance, equal opportunities, and human rights. These are in keeping with the cooperative values that are at the heart of our business: mutuality, partnership, and social responsibility.

As the central institution for the cooperative banks in Germany, we play a key role in ensuring a functioning financial system. We are conscious of our particular responsibility to customers, business partners, shareholders, employees, and society, and so the matter of which commercial activities we focus on and how we run these activities is of great importance.

103-2 The management approach and its components

By joining the United Nations Global Compact in 2008, we committed to support the protection of international human rights and to uphold ten universally accepted principles of responsible conduct. These include respecting human rights and employee rights, protecting the environment, and preventing bribery and corruption. These principles are an important guide for our behavior. We support them and apply them throughout DZ BANK.

DZ BANK conducts a sustainability check, which includes ensuring human rights are respected, on its own investments and on the loans and finance that it offers. In our lending business and in project finance, we have been working with a sustainability checklist since 2009 that is based on the United Nations Global Compact and the Equator Principles. We use this list to assess all the factors relevant to a loan that may affect ecological or social risk, which includes ensuring that human rights are respected. DZ BANK does not lend to companies that contravene internationally accepted standards of human rights and labor. Our training on sustainability in the lending business also covers the subject of human rights.

When selecting suppliers and service providers, respect for and protection of human rights play a major role for DZ BANK. All procurement processes incorporate social and ecological standards that cover aspects relating to human rights and working practices. DZ BANK has a sustainability agreement that requires its suppliers to comply with the DZ BANK Group's minimum standards, the principles of the United Nations Global Compact, and the fundamental conventions of the International Labour Organization (ILO). A breach of this agreement may ultimately result in a supplier being suspended.

As an employer, DZ BANK respects and supports the human rights of its employees. The majority of its employees work in Germany, where compliance with human rights is essentially protected by legislation. In addition to this, we have a code of conduct that commits our employees to respect human rights. Training courses and briefings on this subject are mandatory. We do not tolerate any discrimination against employees or third parties on the basis of age, gender, ethnic background, nationality, religion, political views, worldview, race, disability, or sexual identity.

103-3 Evaluation of the management approach

Stakeholders or whistleblowers wishing to report issues relating to human rights or suspected breaches of human rights can turn to the DZ BANK Compliance Office, the ombudsman, or the employees' council. In 2019, there were no formal complaints regarding breaches of human rights or working practices.

412-2 Employee training on human rights policies or procedures

The code of conduct has applied to the entire DZ BANK Group since 2014. It was revised in 2019, and includes a section on human rights.

This code of conduct formulates our philosophy of integrity and an ethics-based corporate culture. It combines internal principles with external market standards and reinforces our commitment to sustainability. DZ BANK's code of conduct provides its employees with principles and rules on how to behave properly and responsibly, particularly in their dealings with customers, business partners, and colleagues.

DZ BANK posts information about the code of conduct on a variety of platforms, including its compliance portal, the internal portal for written procedures, and the welcome page for new starters on the intranet. We have also integrated the code of conduct into existing training programs.

By training all employees and managers on the German General Equal Treatment Act (AGG), we fulfill our statutory duty to provide information.

In addition, we have developed an online training course on sustainability in the lending process. Launched in 2017, it is mandatory for all employees who handle financing inquiries. The aim of the course is to make our employees more aware of the relevance of this subject and, at the same time, to provide specific assistance in how to assess financing inquiries for sustainability.

It is not currently possible to provide information on the exact number of training hours. We keep a record of the training courses attended but not the number of hours spent on human rights or employee rights training. The measurement method used by DZ BANK AG therefore differs from the reporting requirement.

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

DZ BANK signed up to the Equator Principles in 2013. Since then, project finance with a total investment volume of more than US\$ 10 million and project-specific corporate finance with an investment volume of more than US\$ 100 million has been subject to an environmental and social impact assessment in accordance with these principles. Depending on their level of environmental and social sustainability, DZ BANK assigns funding projects to one of the following categories: A (potentially significant adverse environmental and social impact), B (potentially limited adverse social and environmental impact), or C (low or no environmental and social impact). This helps to ensure that environmental and social risks are managed in line with country-specific statutory requirements and that the standards of the World Bank (IFC Performance Standards) are adhered to as a minimum. In the year under review, 33 projects assessed in this way reached financial close, including 2 A-projects, 9 B-projects, and 22 C-projects.

Since signing up to the Equator Principles, DZ BANK has provided appropriate training to its employees working in project finance. They also have access to handbooks, questionnaires, and other internal documentation on how to apply the Equator Principles in project finance business. The departments involved also look at the ongoing development of the principles, which are voluntary.

4.8 GRI 413: Local communities 2016

413-1 Operations with local community engagement, impact assessments, and development programs

We combine commercial success with commitment to the common good and a functioning social market economy. Because we are headquartered in Frankfurt and feel closely associated with it, we have a particular responsibility toward the city and the surrounding Rhine-Main region. However, we also want to contribute to sustainable development wherever it is possible to do so.

DZ BANK has a beneficial impact on the local community, not only as an employer but also by donating to good causes (see 203-2). In 2019, DZ BANK's donations totaled €318,376 (2018: €656,851). Our corporate

citizenship activities are focused on education, academic research, and social causes, with support for children and young people in need being the primary focus.

Art plays an important role at DZ BANK. Photography from 1945 to the present day is at the heart of the international art collection. Pieces of photographic art can be admired not only in our public exhibition spaces, but also everywhere else in our buildings – along the corridors and in the offices. The notion of getting employees within the company to engage in a dialog with art was a key objective when the collection was first started. The collection is also a central element in our long-standing cultural engagement. For many years, we have had a particularly close collaborative relationship with Frankfurt's Städel Museum. In 2019, we mounted three exhibitions in our 300m² ART FOYER exhibition space, which is open to the public. Each of the exhibition openings was attended by around 200 people and the exhibitions were accompanied by workshops for children and school groups, and more than 120 guided tours for all age groups. All in all, our collection attracted around 4,650 visitors in 2019.

Since 1997, DZ BANK and other entities in the DZ BANK Group have backed 'Aktive Bürgerschaft', a foundation that promotes the concept of citizens' foundations in Germany. One of the Aktive Bürgerschaft's special projects is called 'sozialgenial – schoolchildren get involved'. It was launched in 2009 on the initiative of the former WGZ BANK to promote educational opportunities among young people and to encourage them to support social causes. Examples including helping senior citizens, reading stories to children in preschool, and getting involved in environmental protection work with nature conservation organizations. At school, participants combine their civic engagement with topics covered in subjects such as politics, German, or biology. More than 100,000 schoolchildren at 770 schools are now involved in numerous sozialgenial projects. A cooperation agreement is in place with the federal states of Hessen and North Rhine-Westphalia, which are represented by the Hessen Ministry of Culture and the North Rhine-Westphalia Ministry for Schools and Education.

Since April 2013, we have also been supporting the non-profit Joblinge initiative, which helps teenagers and young adults who have previously found it difficult to find work to enter the labor market. The initiative was launched in 2007 by BMW's Eberhard von Kuenheim Foundation and The Boston Consulting Group together with experts from politics, business, and the non-profit sector. Our employees involved in Joblinge act as mentors for the young people, helping them to find a place on a training scheme and prepare for their new job. Each year, an average of ten to 20 employees volunteer in this capacity.

In May 2019, DZ BANK launched the new corporate volunteering program 'LokalSozial', initiated by our trainees. DZ BANK trainees regularly help out at the Frankfurt food bank, and the company gives them time off work to do so.

413-2 Operations with significant actual and potential negative impacts on local communities

DZ BANK's activities as a financial services provider do not have any adverse effects on community life, as would potentially be the case if it had manufacturing operations, for example. Consequently, there are no programs for evaluating such effects.

4.9 GRI 415: Public policy 2016

415-1 Political contributions

Our donations policy, drawn up in 2010, specifies that donations to political parties should support the parliamentary system as a whole. Under this policy, donations are made to all parties that are active throughout Germany, are represented in the German Bundestag, and are committed to the Basic Law of the Federal Republic of Germany and to the model of a social market economy.

In 2019, political donations accounted for 6.3 percent (€20,000) of our total donations (2018: 5.3 percent). As Germany is the main location for DZ BANK's business activities, the data relates only to the German-speaking countries.

4.10 GRI 417: Marketing and labeling 2016

417-1 Requirements for product and service information and labeling

As DZ BANK is a financial services provider, it does not offer any products or services with risks for health and safety. This indicator is therefore not relevant.

417-2 Incidents of non-compliance concerning product and service information and labeling

See 417-1.

If such incidents occur, we report on them in our Annual Financial Statements and Management Report and in our Annual Report.

4.11 GRI 418: Customer privacy 2016

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

DZ BANK has introduced suitable precautions to ensure that it complies with data protection provisions. This has involved, in particular, creating the function of data protection officer and issuing standard data protection principles.

Our staff adhere to all statutory data protection requirements relevant to their work, and we regularly update them on current data protection law. We protect our customers' data and only pass it on to third parties with the customer's consent or if we are legally permitted or required to do so. Our data protection officer is responsible for ensuring conformity with the law and is the primary contact for our customers, business partners, and staff.

In 2019 there was one data protection complaint, which was resolved.

4.12 GRI 419: Socioeconomic compliance 2016

419-1 Non-compliance with laws and regulations in the social and economic area

As the central institution of the cooperative financial network, DZ BANK bears particular responsibility for guaranteeing good business practices in its own operations. The bank's centralized Compliance division acts as an interface to the other banking functions. It reports directly to the Board of Managing Directors and advises managerial staff and business units on the implementation and monitoring of legal requirements. The Compliance division also checks adherence to the provisions of the German Securities Trading Act (WpHG), the ban on insider trading, and the rules on employee transactions.

If such incidents occur, we report on them in our Annual Financial Statements and Management Report and in our Annual Report.

5 Financial services sector disclosures

5.1 Product portfolio

GRI 103: Management approach 2016

103-1 Explanation of the material topics and their boundaries

As part of its sustainability management activities, DZ BANK has spent many years looking at how ESG risks can be limited in the bank's core business and how financial products can be used to develop the economy in a sustainable way. This is an ongoing process which incorporates suggestions from the cooperative financial network, ratings agencies, NGOs, and other stakeholders. For DZ BANK, sustainable finance is about reputation management as well as risk management. In the light of greater transparency requirements and growing interest from society at large, sustainable finance also offers attractive market opportunities. Institutional investors in particular are showing increased interest in sustainable investment opportunities.

103-2 The management approach and its components

Since March 2009, we have been checking all lending (e.g. traditional loans, project finance, and trading limits) to ensure that it complies with sustainability criteria. The sustainability check is carried out using an internal sustainability checklist which is based on the ten principles of the United Nations Global Compact. Loan applications may be rejected on the basis of the results of our checks.

Containing four main categories – social, environment, anti-corruption, and competition/tax – plus ten subcriteria and, if applicable, an additional criterion, the sustainability checklist ensures that all loan applications undergo a standardized check for social, ecological, and ethical aspects. Applications are given a score ranging from exemplary (1) to dubious (4). A sustainability factor is then derived from the overall results. If this factor is 3.5 or worse, the loan application is rejected. The sustainability checklist is used to set the limits for traditional loans, project finance, and trading transactions. Lending to our shareholders – the cooperative banks – is not subject to the sustainability check. Certain standardized financial products with a low risk volume undergo an appropriate risk analysis rather than the sustainability check. In addition, we do not use the sustainability check for restructuring because these cases are aimed at turnaround.

We have drawn up sectoral rules for particularly sensitive industries, such as forestry, dam construction, commodities, and maritime. They were signed off in June 2011 and provide employees involved in lending decisions with additional clear guidance alongside the sustainability checklist.

DZ BANK signed up to the Equator Principles in 2013. Since then, project finance with a total investment volume of more than US\$ 10 million and project-specific corporate finance with an investment volume of more than US\$ 100 million has been subject to an environmental and social impact assessment in accordance with these principles. This helps to ensure that environmental and social risks are managed in line with country-specific statutory requirements and that the standards of the World Bank (IFC Performance Standards) are adhered to as a minimum (further information: www.equator-principles.com).

Special country expertise for countries specifically subject to worldwide monitoring (for political or other reasons) is maintained by the people responsible for those countries in the bank's economics department.

The rejection criteria that have applied since 2014 cover arms trading, pornography, gambling, significant breaches of environmental regulations, and human rights abuses. In autumn 2017, DZ BANK stopped participating in project financing transactions for new coal-fired power plants. It also applies appropriate rejection criteria when developing sustainable investment products.

Since 2011, DZ BANK Research has been providing a specific type of sustainability research that subjects traded equities to systematic analysis based on sustainability criteria. Sustainability research today forms an important part of DZ BANK's research spectrum. The analysis is used by institutional investors in Germany and abroad,

local cooperative banks, and DZ PRIVATBANK. At the start of 2017, we also introduced sustainability screening for the own-account investing activities of companies within the cooperative financial network. This screening service enables the cooperative banks to make their own-account investments more sustainable.

The individual processes are the responsibility of the specific departments. Overarching responsibility lies with the Board of Managing Directors of DZ BANK.

103-3 Evaluation of the management approach

In late 2019, DZ BANK conducted the ‘Advancing Sustainability’ project, which included analyzing potential business opportunities in respect of products and services. The departments are exploiting these opportunities step by step, and report regularly on their progress to the Board of Managing Directors.

FS6 Percentage of the portfolio for business lines by specific region, size and by sector

We report on our business model and business lines in our 2019 Annual Financial Statements and Management Report (p. 6 et seq.).

LENDING VOLUME BY ENERGY TYPE

€ million	2019	2018	2017
Wind power	4,251.0	3,463.2	3,683.3
Biogas	101.2	103.2	82.6
Biomass	59.7	28.8	12.9
Photovoltaics	969.4	895.2	1,004.1
Hydropower	2.7	8.3	8.8
Total	5,384.0	4,498.7	4,791.7

DEVELOPMENT LENDING

€ billion	2019	2018	2017
New business volume	9.1	9.0	11.1
Of which: KfW new business volume	6.5	6.3	8.1

FS7 Monetary value of products and services designed to deliver a specific social benefit

DZ BANK does not have contact with retail customers because it is the central institution for the cooperative banks. Examples of products that we consider to have a clear social benefit are KfW development loans and infrastructure projects that benefit the public at large.

In 2019, DZ BANK’s development lending amounted to €9.1 billion, which was roughly the same as the 2018 level. This was primarily due to continuing strong demand for home loans. The volume of new business generated by DZ BANK and the cooperative banks for development loans from Germany’s KfW development bank came to €6.5 billion. With a share of 22.2 percent of all loans made by KfW, DZ BANK was again the development bank’s biggest single customer. Measured by volume with KfW, DZ BANK has a 14.8 percent market share of the commercial environmental sector and a 29.9 percent share of the retail sector. The trend in the retail sector toward programs for energy-efficient building and renovations continued. The state development banks also performed strongly in 2019. The cooperative banks increased their share of business conducted by the Bavarian state development bank, the LfA, by just under 4 percent to 33.5 percent, while in North Rhine-Westphalia there was an increase in market share of 5 percent to 27 percent.

More detailed information in respect of this indicator cannot be provided at the moment.

FS8 Monetary value of products and services designed to deliver a specific environmental benefit

We mainly offer products and services designed to deliver an environmental benefit in our Corporate Banking business line. However, it is not always possible to clearly distinguish them from other transactions.

DZ BANK's project finance business focuses on energy generation and distribution, including renewable energies, and infrastructure/public-private partnerships (PPPs). At the end of 2019, the volume of project finance credit limits approved by DZ BANK for wind, solar, and biogas/biomass came to around €5.4 billion. As a result of the 2017 reform of the German Renewable Energy Sources Act (EEG), the ongoing political debate about the German government's climate package, the lack of new planning permissions granted, and a large number of objections to planned projects, the expansion of renewable energies in 2019 fell sharply across Germany. This also adversely affected the manufacturers of this technology. Nevertheless, DZ BANK was able to substantially increase its market share of financing transactions for new wind turbines. Loans in the renewable energies sector rose by around 20 percent year on year. We are already preparing for future renewable energy projects outside the EEG grants by means of Power Purchase Agreements (PPAs). These forms of finance are already well established in other countries, and will now also be used to finance projects in Germany.

LENDING VOLUME BY ENERGY TYPE

€ million	2019	2018	2017
Wind power	4,251.0	3,463.2	3,683.3
Biogas	101.2	103.2	82.6
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Hydropower	2.7	8.3	8.8
Total	5,384.0	4,498.7	4,791.7

At the end of September 2018, DZ BANK placed the very first issue of its own green bond, with a volume of €250 million. The design of the bond complies with the Green Bond Principles of the International Capital Markets Association (ICMA) and was given the highest overall score of E1 by sustainability experts from Standard & Poor's Global Ratings. The capital raised by the placement will be used to finance onshore wind power projects in Germany. A pool of 60 projects in need of funding is linked to the green bond. These projects should reduce harmful CO₂ emissions by around 790,000 tonnes per year. In October 2019, the annual Green Bond Investor Report for 2018 was published, which describes in detail the allocation and the impact of the green bond. DZ BANK has been active in the sustainable bonds segment since 2013 and is one of the leading European underwriters for these assets. In 2019, the total volume of bond issues with green, social, and sustainable objectives that were supported by DZ BANK as the lead underwriter amounted to around €10.05 billion. Where environmental projects were concerned, the application of funds was focused on climate protection, while for social projects the focus was on homebuilding and education.

At the end of 2019, DZ BANK had 13 issues of sustainable investment certificates with a volume of around €40 million.

5.2 Audit

Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures (previously FS9)

Risk management in the banking industry is different from risk management in other sectors. The main activities are the control and monitoring of trading risk, issuer risk, country risk, and credit risk. DZ BANK – and the DZ BANK Group as a whole – adopts the principle that risk should be incurred only to the extent required to achieve strategic goals, provided the risk appears manageable. To incorporate future developments in our strategic planning, we operate an opportunity and risk management system that applies to the whole DZ BANK Group. The system is continually monitored by our risk control and internal audit departments, and also reviewed by the Supervisory Board.

Responsible lending is an integral element of DZ BANK's business model. The aim is to ensure that, when granting loans, all relevant sustainability aspects are addressed systematically. Since as long ago as March 2009, we have been checking all lending (e.g. traditional loans, project finance, and trading limits) to ensure that it complies with sustainability criteria. We use our own sustainability checklist for this. Loans to cooperative banks and to entities in the DZ BANK Group are exempt from the checks, as are exposures that are being restructured. Further exemptions apply to certain product types in the joint credit business with the cooperative banks, to loans under blanket approval agreements, and to exposures that are below the rating threshold.

5.3 Active ownership

Voting policy/policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote or advises on voting (formerly FS12)

This indicator is not relevant because DZ BANK AG does not exercise any direct voting rights. Instead, Union Investment actively exercises voting rights within the DZ BANK Group.

FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues

In June 2011, DZ BANK Research launched its own sustainability scoring system on the market. It enables institutional investors, asset managers, and cooperative banks to balance expected returns with sustainability aspects when making investment decisions. The scoring system is used for DZ BANK's entire research universe. DZ BANK Research is also proactive in approaching potential investors.

In 2019, we examined 2,273 loan applications in respect of environmental and social criteria.

We maintain an ongoing dialog with the cooperative banks – our main customer group – and with our corporate customers through various committees and events as well as through direct contact. This provides an opportunity to discuss the latest topics and developments, including sustainability matters. The number of sustainability-related contacts is not currently recorded.

FS11 Percentage of assets subject to positive and negative environmental or social screening

Since 2011, as part of its sustainability research activities, DZ BANK has offered a comprehensive audit and consultancy service for investments in equities. In 2015 and 2016, the experts at DZ BANK Sustainable Investment Research introduced a sustainability scoring system for states and SSAs (supranationals, sub-sovereigns, agencies) and extended the corporate scoring to include companies that only issue bonds. Our experts therefore successfully implemented the plans to factor in sustainability aspects in the fixed-income asset class.

The sustainability research service is primarily aimed at cooperative banks and institutional investors in Germany and other countries that, due to regulatory requirements and growing customer demand, are increasingly having to evaluate their investments and product portfolios using sustainability criteria.

DZ BANK Research's sustainability scores are based on an integrated EESG analysis approach (economic, environmental, social, governance) and enable institutional investors, asset managers, and cooperative banks to balance expected returns with sustainability aspects when making investment decisions.

Issuers that our analysts classify as 'sustainable' are awarded the DZ BANK seal of approval for sustainability and are identified as such in research publications. The seal of approval is also mentioned in what is known as the master list, which the Volksbanken Raiffeisenbanken (the local cooperative banks) use as an advisory tool. In addition to the equity and bond universe of DZ BANK Research, which includes around 350 issuers, the sustainability research database comprises another 5,000 or so issuers. Around 40 percent of these securities have been classified as sustainable by the sustainability research team. After evaluating countries' sustainability, the experts categorize them as 'non-sustainable countries', 'transformation countries', or 'sustainable countries'.

In 2019 we also extended individual sustainability screening for the own-account investing activities of companies within the cooperative financial network. This screening service enables the cooperative banks to make their own-account investments more sustainable. The sustainability information from the DZ BANK sustainable investment research service is also used in the own-account management system (EGON) for the local cooperative banks.

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