



Volksbanken Raiffeisenbanken  
cooperative financial network

# 2013 SUSTAINABILITY REPORT

 **DZ BANK**  
Bank on Germany

# ABOUT THIS REPORT

---

This Sustainability Report covers the essential developments in, and progress made by, DZ BANK AG in the area of sustainability for the reporting year 2013. It builds on the Sustainability Report for 2012 and is intended for all our stakeholders. Since 2008, DZ BANK 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, 2013 but for especially significant events the period has been extended up to the publishing deadline of March 31, 2014.

Qualitative and quantitative data has been collected locally at departmental level, amalgamated in a central database, and analyzed by the Communication and Marketing division. There were no material changes in the period under review. DZ BANK AG and its activities are the exclusive subjects of this report. 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 German Association for Environmental Management and Sustainability in Financial Institutions (VfU). We report on our coverage of the environmental KPIs accordingly.

The Sustainability Report for 2013 was produced in accordance with Global Reporting Initiative (GRI) guidelines and the additional guidelines given in the supplement for the financial services sector. The topics it addresses were determined with reference to a materiality analysis carried out in 2012. A summary of the content relevant to the GRI guidelines can be found at the end of this report (SR 48). The report achieved GRI application level A. In 2014, in addition to the Sustainability Report, a separate progress report ('communication on progress') was issued detailing the progress made by the DZ BANK Group on implementing the ten principles of the UN Global Compact.

In the interests of readability, we have omitted gender-specific repetitions and we have not written out the bank's full legal name. This report is available in German and English. The next Sustainability Report is scheduled to appear in 2015.



The DZ BANK Group has held prime status from oekom research since 2011. This status is given by oekom research AG to companies that stand out from the crowd because of their above-average environmental and social commitment.



DZ BANK AG is regularly awarded a sustainability rating from Sustainalytics. In its most recent assessment, Sustainalytics ranked DZ BANK AG 68 out of 363 companies.



imug rates the issuers of bank bonds on the basis of their sustainability. In 2013, DZ BANK was in the top third of the 40 German financial institutions in the issuer sustainability ranking.

# CONTENTS

---

04 FOREWORD

06 A PORTRAIT OF DZ BANK AG

---

10 SUSTAINABLE BUSINESS

24 ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

32 RESPONSIBILITY FOR EMPLOYEES

40 CORPORATE CITIZENSHIP

---

46 SUSTAINABILITY PROGRAM

48 GRI CONTENT INDEX

50 GRI CONFIRMATION

51 EDITORIAL INFORMATION

*“Sustainability is an integral part of the values we embody as a cooperative organisation.”*

WOLFGANG KIRSCH,  
CHIEF EXECUTIVE OFFICER



played their part. Last year, we achieved our group's shared objective of all group entities becoming a member of the UN Global Compact. We collaborate closely on the issues that are important to us. To this end, we have established a permanent committee, the Group Corporate Responsibility Committee, whose aims for 2014 include drawing up a joint climate strategy.

Climate change, environmental protection, and energy efficiency are not simply matters of strategy. They are issues that have always motivated us, above all in our day-to-day business with the local cooperative banks. One example is renewable energies. To date, more than one third of all photovoltaic power installations and one third of all energy-efficient houses have been financed by a cooperative bank. In the renewable energies sector, DZ BANK AG itself currently provides lending of around €2 billion to fund the expansion and renewal of infrastructure. This close collaboration also extends to development lending, the volume of which stood at over €7 billion in 2013. Our strong performance in this area was mainly driven by public-sector programs for energy-efficient construction and renovation work and for the expansion of renewable energies.

We are in close contact with the major sustainability rating agencies on all these matters and are delighted that they recognize our efforts. For example, oekom research has awarded us prime status in its sustainability rating in view of our above-average environmental and social commitment. The rating agencies Sustainalytics and imug also measure our progress on sustainability each year, and we always score highly.

Looking back, we can see that we have achieved a great deal. And the prerequisites for tackling the challenges of sustainability in the cooperative financial network are in place. But we want to continue to improve, which is why we will again be addressing issues with future relevance this year. Besides drawing up a groupwide climate strategy and defining exclusion criteria for lending decisions, our plans include incorporating electromobility into our vehicle fleet. The focus on sustainability is and will remain an integral aspect of the values that we hold in our cooperative organization and will continue to influence how our processes and our core business develop going forward.

I hope you enjoy reading the report.

Wolfgang Kirsch

*Dear Shareholders,*

What does sustainability mean for companies? Is it enough that they design their processes to be eco-friendly and take on more responsibility in the quest to resolve social issues? Or is it more a question of sustainability in their core business? For us, sustainability means all of this. Of course it is important that we design our business processes to be as green as possible. But we can make more of a difference by examining all loan applications in terms of their sustainability and defining exclusion criteria for lending decisions. And by being one of the main providers of funding for the switch to renewable energy sources. And by the fact that we stopped offering investment products based on agricultural commodities in spring 2013. Furthermore, we signed up to the Equator Principles last year and have applied them in our lending business ever since. Against this backdrop, I am pleased to present to you in this report how we, as a central institution for the local cooperative banks, are creating lasting added value and how we have enshrined sustainable thinking and behavior in our cooperative culture.

First and foremost, we do business sustainably – and that is fundamental to our success and our credibility as regards sustainability. This can be seen by our exceptional performance in 2013, which we achieved despite continuing challenges in the regulatory environment. We registered a further substantial gain in profit before taxes, which rose to €2.2 billion – the highest level ever in the history of the DZ BANK Group. All entities in the DZ BANK Group, which includes Bausparkasse Schwäbisch Hall, Union Investment, and R+V Versicherung,

# A PORTRAIT OF DZ BANK AG

With some 4,000 employees and total assets of approximately €238 billion, DZ BANK AG is one of Germany's leading banks. As a central institution of the cooperative financial network, it is an important partner to more than 900 cooperative banks.

# 90%

of our owners  
are cooperative  
banks.

## 82.3%

LOCAL COOPERATIVE BANKS

## 6.7%

WGZ BANK AG

## 6.9%

OTHER COOPERATIVES

## 4.1%

PRIVATE INDIVIDUALS AND  
OTHER SHAREHOLDERS

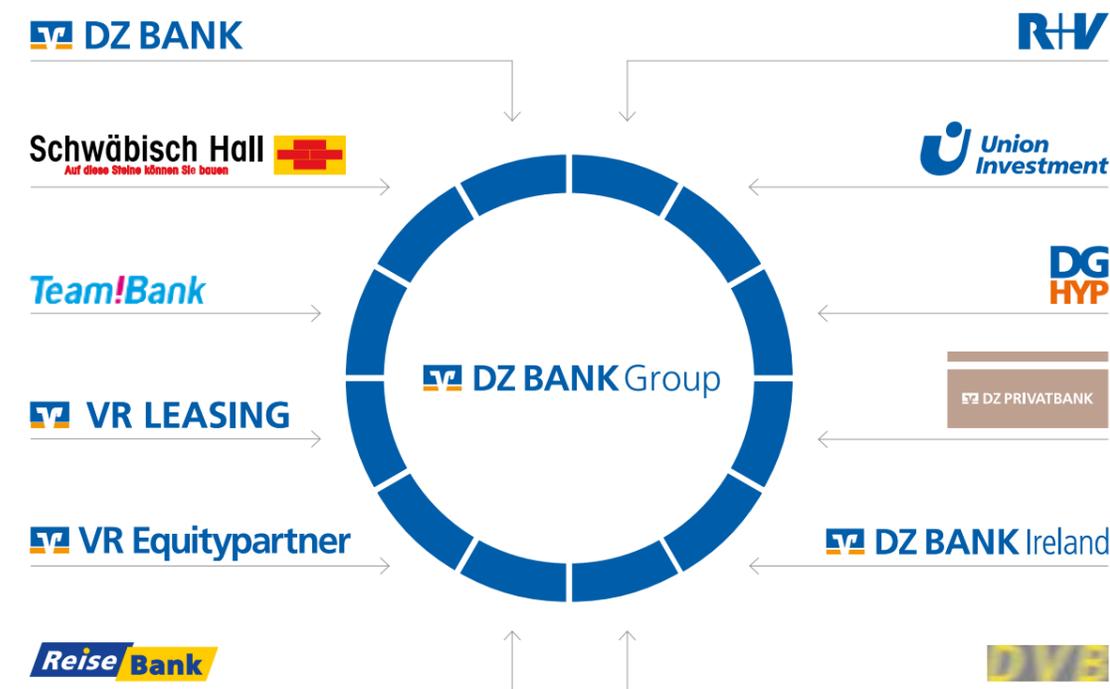
As a central institution, DZ BANK AG is responsible for supporting the business of the independent cooperative banks and strengthening their competitiveness. It also acts as a corporate bank for companies and institutions that need a nationwide banking partner. Its range of products and services extends from classic and innovative products, structuring, and issues, to trading and sales in the equity and bond markets. Together with Bausparkasse Schwäbisch Hall, Union Investment, Teambank, R+V Versicherung, and other specialist providers, it forms part of the DZ BANK Group, of which it is the holding company. Cooperation between the entities is characterized by shared success and the cooperative principle. Mutuality, partnership, and social responsibility are the values guiding the entities

that make up the DZ BANK Group. The principles established by cooperative pioneers Friedrich Wilhelm Raiffeisen, Hermann Schulze-Delitzsch, and Wilhelm Haas are today more relevant than ever.

## DZ BANK GROUP

With their well-established brands, the entities that make up the DZ BANK Group – from Bausparkasse Schwäbisch Hall, R+V Versicherung, and the Union Investment Group to VR LEASING and various other specialized institutions – constitute key pillars in the range of financial products and services offered by the cooperative financial network. Their role is to

## THE STRONG BRANDS IN THE DZ BANK GROUP



use their products to enhance the competitive position of cooperative banks in the German market. With total assets of €387 billion, the DZ BANK Group is one of Germany's largest financial services providers.

## THE COOPERATIVE FINANCIAL NETWORK AS A MODEL FOR SUCCESS

The DZ BANK Group itself is part of the cooperative financial network. With around 1,100 cooperative banks and 13,350 branches, the Volksbanken Raiffeisenbanken cooperative financial network is Europe's largest consolidated banking group, providing its customers with a comprehensive one-stop shop for financial services and advice. Over 30 million customers, half of whom are members and therefore the owners of their cooperative, attest to the success of the cooperative financial network.

## FINANCIAL PERFORMANCE

DZ BANK AG had total assets of approximately €238 billion as at December 31, 2013. Despite growing regulatory requirements, its business performed

extremely positively. In particular, DZ BANK can look back on 2013 as a good year for its corporate banking business. The volume of approved loans to corporate customers increased by more than 20 percent to €9.9 billion. In corporate banking, the group's combined marketing efforts in the German SME sector have borne fruit. In particular, the financing of renewable energies projects has seen significant growth. However, investors' nervousness was clearly a factor in retail banking. Against this background, sales of investment certificates and structured securities totaled €4.0 billion compared to €4.3 billion the previous year. DZ BANK also performed well in transaction banking, with the number of payments processed rising by 5.8 percent to a record 4.5 billion. This positive trend could also be seen in the results for the DZ BANK Group as a whole: profit before taxes improved from €1.32 billion in 2012 to €2.22 billion in 2013. This encouraging earnings performance enabled the DZ BANK Group to further strengthen its capital situation, ending the year with a core Tier 1 equity ratio of 9.2 percent.

## DZ BANK AG – WORKING LOCALLY AND GLOBALLY FOR OUR CUSTOMERS



As well as its headquarters in Frankfurt, DZ BANK AG has ten further offices in Germany. Outside Germany, DZ BANK AG has branches in London, New York, Hong Kong, and Singapore and five further representative offices in Asia and South America. DZ BANK AG employs 4,156 employees around the world.

SUSTAINABILITY MARKET INITIATIVE  
OF THE DZ BANK GROUP

The sustainability market initiative launched in 2010 bundles the DZ BANK Group entities' activities and focuses on the shared goal of exploiting market opportunities and avoiding risk while enhancing corporate citizenship. Since then, the entities in the DZ BANK Group have worked together on sustainability. Dr. Matthias Metz, Chief Executive Officer of Bausparkasse Schwäbisch Hall, is the initiative's sponsor. The first strategic review and the implementation of specific measures in the entities have already borne fruit. In 2013, the focus was on working together on key areas. This included developing and implementing sustainability standards for suppliers and service providers. An internal climate study in 2012 laid down the basic principles for the development of a new

climate strategy in the DZ BANK Group. A systematic database structure is one of the components in the development of a groupwide information-sharing system. This database structure was created by a working group during 2012 and used for the first time in 2013. The entities that make up the DZ BANK Group will continue to work closely together on this in the future, setting up a permanent committee, the Group Corporate Responsibility Committee, in 2014. The committee is made up of the sustainability coordinators and communications managers from the various entities. Another of the initiative's goals for 2014 is to draw up a joint climate strategy. Since 2011, respected sustainability ratings agency oekom research has categorized the DZ BANK Group as prime status.



## HIGHLIGHTS: SUSTAINABLE BUSINESS

# 96

### PERCENT

*OF PARTICIPANTS IN THE  
CUSTOMER SATISFACTION  
SURVEY WERE SATISFIED  
WITH DZ BANK.*

# 79

### MULTIPLIERS

attended training courses  
on sustainable lending between  
2011 and 2013 as part of  
DZ BANK's general professional  
development program.

# 300

### COMPANIES

ARE COVERED BY DZ BANK  
RESEARCH.

## SUSTAINABLE BUSINESS

### Working together for a sustainable future

#### SUSTAINABILITY MANAGEMENT

Conducting our business responsibly is a key corporate objective for us. That is why overall responsibility for sustainable development at DZ BANK lies directly with our Chief Executive Officer, Wolfgang Kirsch. Environmental and employee-related matters are the remit of Thomas Ullrich, member of the Board of Managing Directors responsible for IT, Organization, HR, and Operation/Services.

In order to do justice to the multi-faceted nature of this area, in 2008 we assigned the coordination of sustainability activities to the Communication and Marketing division. This division assesses the opportunities and risks of sustainable development at a strategic level and communicates them to the departments in the bank. The head of the division reports regularly to the Chief Executive Officer on the progress being made in specific areas. On January 1, 2014, Delia Kaiser was appointed to the new position of sustainability coordinator at DZ BANK AG. In this role, she is responsible for all aspects of sustainability management at the bank.

#### SUSTAINABILITY MANAGEMENT STRUCTURE AT DZ BANK

The goals and proposals arising from consultation with entities in the DZ BANK Group and other stakeholders are conveyed to the bank via its Communication and

Marketing division and discussed with a working group of representatives from various divisions of the bank. This permanent working group supports the Communication and Marketing division in day-to-day sustainability management. The objectives of the sustainability program are formulated jointly (SR 46).

#### FOCAL POINTS, STANDARDS, AND DIALOG PROCESSES

In addition to contributing to the sustainability program, the working group provides input on the measures to be taken in the various departments.

Our sustainability work focused on the following areas in 2013:

- » groupwide introduction of a code of conduct
- » implementation of supplier standards (SR 28)
- » cross-departmental implementation of the Equator Principles (SR 19)
- » groupwide introduction of the UN Global Compact
- » sharing of expertise with external bodies such as the VfU and the German Global Compact Network (SR 46)
- » extension of internal and external communication on sustainability.

#### PLANNED PROJECTS AND PARTNERSHIPS

By the end of 2014, we want to be using our existing channels for inhouse and external sustainability news even more effectively. We have also set ourselves the goal of improving our internal policies and standards. In addition, we plan to manage sustainability data more professionally across the group (SR 46).

“CUSTOMERS ARE INTERESTED IN SUSTAINABILITY.”



KONRAD BUCKEL (RIGHT), CHIEF EXECUTIVE OFFICER, AND PETER UNGELNENK (LEFT), DEPUTY CHIEF EXECUTIVE OFFICER, RAIFFEISENBANK HOLZKIRCHEN-OTTERFING EG

“We have focused on sustainability matters for a long time now. Although we apply sustainable principles in our day-to-day business as a result of our local and cooperative remit, it has become clear that the term should be understood much more widely.

The momentum for devoting more energy to these topics has come from our customers: our investment and wealth advisors have noticed a growing interest in sustainable investment options when talking to customers. What’s more, customers increasingly want to know how we manage the money that they entrust to us and where we invest it.

The consequence of this is that we have defined further action areas that we want to investigate on a project basis over the coming months so that we can devise suitable sustainability targets for our bank. At the same time, we are holding discussions with other entities in the cooperative financial network as a way of obtaining further ideas. We believe that sustainability can become another significant trademark of our organization.”

### METHODICAL SELECTION OF AREAS OF ACTION

To manage our bank as effectively as possible, we need the deepest possible understanding of our stakeholders’ social, ecological, and economic expectations. In 2012, we therefore carried out our first ever online survey of a group of internal and external stakeholders regarding DZ BANK’s commitment to sustainability.

### RESPONSIBLE CORPORATE MANAGEMENT

Doing business sustainably means making good corporate governance a reality. For us, this principally means compliance, risk management, reputation management, and transparent processes.

As a central institution for the cooperative banks, we have embedded the values of partnership and solidarity into our corporate culture. Our core values are drive, integrity, and trust. When setting the remuneration for the Board of Managing Directors, we followed the recommendations made by the Financial Stability Board. And we structured the remuneration system of the Board of Managing Directors in accordance with the requirements of the German Regulation Governing Remuneration at Institutions (InstitutsVergV).

### THE CODE OF CONDUCT AS AN OVERALL FRAMEWORK FOR DZ BANK REGULATIONS

As a responsibly managed company, we provide our employees with guidance on how to behave properly and respectfully in their dealings with customers, business partners, and other members of staff. In order to gather all the different directives and guidelines in one place, our Compliance Office has developed a code of conduct in collaboration with the departments. This came into force on December 3, 2012.

#### Communicating the code of conduct

When the code of conduct came into force, DZ BANK started to communicate it to all employees through various channels, including the compliance portal, the internal portal for written procedures, and the welcome page for new starters on the intranet.

As part of our sustainability program, we aimed to embed the code of conduct into employee behavior

by the end of 2013, using information initiatives and existing training programs to do so. We have fully accomplished this aim.

### GROWING ACCOUNTABILITY IN COMPLIANCE MANAGEMENT

Compliance plays an important role in the financial sector. Governments are calling on the finance industry for support in the battle against insider trading, market manipulation, corruption, and other criminal behavior, and for the imposition of financial embargoes. Additional rules have been brought in that regulate transactions and subject institutions to disclosure and stringent inspection. This increasingly restrictive statutory environment has a fundamental effect on the way we do business as a bank. Lawmakers have made increasing demands on banks compliance departments in the past few years. The German Federal Financial Supervisory Authority (BaFin) has augmented the regulations contained in the German Securities Trading Act (WpHG), particularly with regard to investor protection and the implementation of European regulatory guidelines, by setting out Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organization and Transparency (MaComp). In so doing, it has considerably increased the remit of compliance departments. For example, compliance departments must now get involved in the early stages of any new product launch or publication and must assess, among other considerations, whether customers’ interests are sufficiently protected.

### COMPLIANCE AT DZ BANK

As a central institution of the cooperative financial network, DZ BANK bears particular responsibility for guaranteeing good business practices. It was back in the 1990s that, in accordance with international standards, DZ BANK first introduced a central Compliance Office to interact with its other banking functions. In line with legal requirements, the Compliance Office’s main responsibilities are capital markets compliance, the prevention of money laundering, and the new compliance function pursuant to the Minimum Requirements for Risk Management (MaRisk). It is also the main body responsible for preventing other criminal activity. The office advises managers and staff as well as the bank’s business units on the implementation and monitoring of legal

requirements. It also checks compliance with the provisions of the WpHG, the ban on insider trading, and the rules on employee transactions and ensures that the bank does not become involved in money laundering or the funding of terrorism. The head of the Compliance Office is the designated compliance officer, anti-money-laundering officer, and group anti-money-laundering officer, reporting directly and regularly to the Board of Managing Directors and the Supervisory Board.

### FRAUD PREVENTION MEASURES

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

#### Approach to risk

The Compliance Office works closely with the Group Operational Risk function in the Risk Control division, and others, in order to collect data on money laundering risk and fraud risk for the annual risk analysis. Through the use of standardized tools for the collation of operational risk data and by using feedback from money laundering risk and fraud risk analysis, we can be sure that the bank recognizes and controls the risks involved and thereby minimizes or avoids the risk of losses at an early stage.

#### Whistleblowing hotline

To identify irregularities at an early stage, we offer our staff the opportunity to report in the strictest confidence. In addition to a compliance and money-laundering hotline, we operate a whistleblowing hotline that allows our staff to anonymously report signs of suspected criminal activity to the bank. The internal contact for this procedure is the head of the Compliance Office, who guarantees the whistleblower’s anonymity as part of client confidentiality, including vis-à-vis public bodies. The information provided is checked confidentially by a committee. This system helps DZ BANK ensure it complies with legal obligations and avoid reputational damage or financial loss.

#### Compliance training

Our staff receive regular compulsory training in banking compliance, the prevention of money laundering, the ban on market price manipulation, and fraud prevention. Our goal of training over

# 25 SUSPECTED CASES

of money laundering were reported by DZ BANK to the prosecuting authority in 2013.

In its role as a central institution, DZ BANK processes international payments for many local cooperative banks. One of the services that it offers as part of this remit is identifying and reporting any suspicious transactions that arise.

90 percent of staff required to undergo training in fraud prevention by the end of 2013 was exceeded ahead of schedule in 2012 with coverage rates of 97 to 99 percent (SR 23). In addition to the training measures, in 2012 we introduced a software program that examines all trades for market price manipulation.

#### Data protection

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.

#### CUSTOMER DIALOG

For DZ BANK, customer satisfaction is of the utmost priority. The most important customer group comprises the cooperative banks, which are also DZ BANK's owners. We therefore feel particular solidarity and a sense of partnership with this group. But we also want to offer the highest levels of customer service to institutional investors and the customers of the cooperative banks.

#### Dialog ensures customer satisfaction

We actively seek dialog with our customers and other stakeholders and wish to engage them in our business processes to our mutual advantage.

Every three years, we undertake a customer satisfaction survey among the cooperative banks measuring not just overall satisfaction with DZ BANK but also attitudes to the individual departments. The 2013 survey showed that 96 percent of those asked were satisfied with DZ BANK, the highest number since the survey began. Alongside customer surveys of the cooperative banks, we also use regular surveys of the SME sector in order to predict trends. In addition to conventional events with opportunities for dialog, we use a quality management system to ensure customer satisfaction (SR 18). Like the awards we receive from independent organizations, it helps our customers to build trust in the quality of our services.

#### Dialog with cooperative banks

Using various dialog formats, we aim for two-way communication and in particular the participation of the cooperative banks, who are our customers and owners. Meetings of the regional Banking Advisory Councils and of the Financial Services Advisory Council have a particular strategic significance in this process.

#### Investment Dialog event on demographic change

Investment Dialog, our largest customer event, welcomed some 1,000 participants in 2013 – primarily members of the Boards of Management and other managers from the cooperative banks and their most important customers. This year's theme was Young, Old, Diverse – Demography as an Opportunity.

#### SME STUDY DELIVERS TREND ANALYSIS

The twice-yearly SME study (spring and autumn) is used by DZ BANK to inform its customers of current trends in the sector. In it, we ask about SMEs' expectations of the financial sector, customer satisfaction, and their views on the performance of the economy. As we have been conducting the survey since the 1990s, we make sure we use meaningful time series to classify the results. The results of the SME analyses and surveys of the National Association of Local Cooperative Banks (BVR), DZ BANK, and WGZ BANK were evaluated together for the first time in autumn 2013. In addition, representative flash polls are conducted as a quick way of gauging the current

# 1,000

PARTICIPANTS

again attended our largest customer event in 2013.



mood among SMEs. Flash polls have been carried out alongside the established spring and autumn surveys since 2012.

#### Quality management and dealing with complaints

It is important to us that we handle complaints professionally. That is why we use a quality management system for product-related processes that, among other things, allows us to provide good service to customers of the cooperative banks. DZ BANK was the first issuer to have its entire product development process inspected and certified by the TÜV SÜD product standards regulator. The seal of approval issued in the form of industry standard ISO 9001 guarantees comprehensive quality management from initial product idea through to measurement of customer satisfaction. In addition to product development, 2011 saw the first customer service inspection undertaken in the Capital Markets Retail division, which had set itself ambitious quality standards for dealing with customer inquiries in terms of staff availability and processing times.

DZ BANK adheres to the fairness code of the German Derivatives Association (DDV). 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.

Complaints managers in all divisions with direct or indirect contact with customers are also responsible for customer-focused case management. All complaints, whether they are made by telephone, letter, email, or in person, are dealt with promptly.

#### SKILLS FOR FUTURE-FOCUSED BUSINESS

DZ BANK ensures that its products and services always meet sustainability criteria. This means added value for customers, the environment, and society and contributes to the success of our business.

#### FINANCE ALONG SUSTAINABLE LINES

We see it as our duty to make responsible lending decisions. When granting loans, one of the aspects that we examine is the sustainability of the borrower or funding project. At the start of 2013, we signed up to the Equator Principles (SR 19), which define international sustainability criteria for project finance. And since 2003, renewable energies have been an important growth area for cooperative network business with the cooperative banks (SR 20).

#### SUSTAINABILITY RESEARCH CREATES INVESTMENT IDEAS

In response to regulatory requirements and increasing customer demand, the cooperative banks and institutional investors at home and abroad are increasingly evaluating their investments and portfolios using

sustainability criteria. Since 2011, DZ BANK's sustainability research has offered these investors a comprehensive audit and consultancy service for investments in equities. Our sustainability research not only analyzes DZ BANK's entire equities investment portfolio, it is also combined with analysis and work by other departments to translate sustainability trends into practical investment ideas (SR 21).

### FINANCIAL AND REPUTATIONAL RISK

Risk management in the banking industry is different from risk management in other sectors. The main issues 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.

### DEALING WITH REPUTATIONAL RISK

The evaluation of reputational risk includes applying a sustainability checklist as part of the credit check. Our sector-specific competency centers ensure that the necessary expertise is always available to carry out credit ratings and to assess the quality and risk structure of loans to companies in different industries.

The sustainability market initiative working group works to ensure that the issues relevant to DZ BANK are coordinated and communicated across the DZ BANK Group. Sensitive issues are communicated to the departments via the working group and are worked on jointly.

### SUSTAINABLE LENDING

Corporate social responsibility is a central part of DZ BANK's business model. As a risk-conscious lender, DZ BANK assesses loan applications systematically against relevant sustainability criteria.



To this end, it uses a uniform bank-wide application assessment procedure based on a comprehensive sustainability checklist as well as sector-specific principles.

### SUSTAINABILITY CHECK FOR ALL LOANS

As part of the loan checking procedure, all loan applications (setting of limits for conventional loans, project finance, and trading limits) are assessed using our own sustainability checklist. The list, 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 it to assess all the factors relevant to that loan that may affect ecological or social risk. This includes an assessment of business partners, customers, suppliers, industry sector, and commercial focus.

Since July 2011, we have been systematically capturing the results of the sustainability checks across the company: in 2013, 1,433 applications that underwent a sustainability check were approved.

### HOW THE SUSTAINABILITY CHECK WORKS

The sustainability checklist is based on a four-stage traffic light system with levels ranging from exemplary (green = 1) to dubious (red = 4). It contains eleven inspection criteria:

- » **Ecological:** environmental protection; insurance in case of environmental damage; products; previous usage of company land
- » **Social:** working conditions; respect for human rights; protection of heritage, property, sites of cultural or historical interest, and neighboring residential areas
- » **Anti-corruption:** the combating of corruption in all its forms, including extortion and bribery
- » **Competition/tax:** provisions of competition law and tax law; prevention of tax evasion; any other applicable criteria

As part of the sustainability check, each individual criterion is allocated a value. The overall rating for the loan is obtained by taking the average of the values. If this figure exceeds 3.5, no loan is granted. Loans to cooperative banks and entities in the DZ BANK Group, as well as certain standard low-risk loan products and restructuring loans, are exempt from the checks.

### SECTORAL RULES FOR SENSITIVE INDUSTRIES

For the assessment of loan applications from sensitive industries, DZ BANK uses what are known as sectoral rules in addition to the sustainability check. These serve as a frame of reference for lending decisions. Processing in accordance with sectoral rules is an integral part of the sustainability check.

### DZ BANK NO LONGER OFFERS PRODUCTS BASED ON AGRICULTURAL COMMODITIES

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.

Separately from its retail banking products and services, DZ BANK, with its long tradition of serving the agriculture sector, will continue to help its corporate customers to hedge prices through the use of standardized products.

### TRAINING MULTIPLIERS IN SUSTAINABLE LENDING

Since 2011, DZ BANK has been providing training in the application of sustainability criteria for lending. The training teaches those employees involved in lending about DZ BANK's concept of sustainability, and the theoretical and practical application of that concept to the loans business. The instruction modules are designed to enable course participants to become multipliers so that they can go on to support their departmental colleagues in using the sustainability checklist.

A total of 79 multipliers attended training courses on sustainable lending between 2011 and the end of 2013 as part of DZ BANK's general professional development program. We are continuing to offer these training courses in 2014.

### A PARTNER FOR DEVELOPMENT LENDING

When it comes to development lending, DZ BANK can provide the cooperative banks with marketing solutions and specialist knowledge. Development loans in the environmental sector and action plans for coping with demographic change play a significant role here. For retail and commercial customers alike, investment in energy efficiency – whether through

new builds or renovations – is becoming increasingly important. The same applies to socially oriented programs such as adapting buildings for older residents. These themes will form the focus of our sales activities for development lending in 2014.

# 1,433

## LOAN APPLICATIONS

with a sustainability check were examined and approved as sustainable by DZ BANK staff in 2013. The checks took into account social and ecological criteria such as human rights and environmental protection.

### DEVELOPMENT LENDING

In 2013, DZ BANK's development lending amounted to €7.1 billion, slightly below the 2012 level of €7.3 billion. The volume of business generated by DZ BANK and the cooperative banks just for development loans from Germany's KfW development bank came to €4.9 billion. With a share of 15 percent of all loans made by KfW, DZ BANK was the development bank's biggest single customer. Measured by volume with KfW, DZ BANK has a 15 percent market share of the commercial environmental sector and a 20 percent share of the retail sector. In particular, this performance was driven by public-sector programs for energy-efficient construction and renovation work and for the expansion of renewable energies.

### DEVELOPMENT LENDING PRIZE FOR COOPERATIVE BANKS

In 2013, DZ BANK awarded its annual development lending prize to a total of 64 cooperative banks. The prize honors institutions – irrespective of their region and total assets – that have achieved significant growth in their development lending and whose development loans constitute an extremely large share of their lending business.

### PROJECT FINANCE

Project finance describes one-off, commercially and legally self-contained capital investment projects. As a rule, the borrower is a project company set up specifically for the implementation of the project. The debt is serviced exclusively from the cash flow of the investment asset, which serves as collateral for the project finance. At DZ BANK, the term 'project finance' encompasses renewable energies projects, other energy projects, public-private partnerships (PPPs), and infrastructure finance.

DZ BANK makes its comprehensive expertise in project finance available to the institutions of the cooperative financial network. The focus is in the following two areas:

- » energy generation & distribution and renewable energies
- » infrastructure/public-private partnerships (PPPs).

### SUSTAINABLE STANDARDS FOR PROJECT FINANCE

On January 1, 2013, DZ BANK officially recognized the Equator Principles. In signing up to this voluntary undertaking, the bank was formalizing its already long-established practice of taking sustainability standards into account in project finance transactions. This creates the framework for a proactive system of risk management and recognizes the bank's responsibility for the environment and society. All the departments involved worked closely together in the run-up to signing the Equator Principles, proving that sustainability is a company-wide concern that affects all aspects of DZ BANK's business.

The Equator Principles comprise ten guidelines introduced in 2003 for all new project finance transactions involving a net investment of over US\$ 10 million. The total volume of a project determines how it is categorized; the portion invested by DZ BANK itself may be lower. Since the introduction of the Principles, 79 financial institutions from 35 countries, including some of the world's leading project finance banks, have signed up to them. Together, they represent over 70 percent of the total project finance volume worldwide.

### PROJECT FINANCE FOCUS IN 2013

Project finance focused on renewable energies in Germany last year, as it had in 2012. At the end of 2013, the volume of project finance credit limits approved by DZ BANK for wind, solar, and biogas/biomass came to around €2 billion. This equates to a rise of some 300 percent since 2009. The biggest renewable energy source is wind power, which had a volume of approximately €0.9 billion at the end of 2013.

### FIRST REPORT ON IMPLEMENTATION OF THE EQUATOR PRINCIPLES (EP)

Once financial institutions have officially signed up to the Equator Principles, they are obliged to evaluate and categorize each new project to be financed – as stipulated by the first of the ten principles. We use a questionnaire to categorize project finance transactions on a scale of A to C based on the possible environmental and social risks. This categorization provides an approximate value that is verified in a subsequent qualitative assessment. The overarching aim of our questionnaire is to evaluate the possible environmental and social risks associated with planning, setting up, and running a project and then to assign the project to a preliminary category. The categories are based on the environmental and social performance standards set by the International Finance Corporation (IFC) and the World Bank's environmental, health, and safety guidelines.

The Equator Principles cover the following areas: working conditions, resource efficiency and prevention of pollution, community health and

safety, land acquisition and involuntary resettlement, biodiversity conservation and sustainable management of resources, and protection of indigenous peoples and cultural heritage. The outcome of the qualitative analysis of these areas, which is documented in the questionnaire before the start of the project, affects the project's categorization. The selected category determines the scope of the external checks and the monitoring and reporting mechanisms used for the project. An additional external check of the possible environmental and social impact is obligatory for projects with a medium to high risk. This check also includes suggestions for improvement that are appropriate for the type of project. The borrower must then produce an environmental management plan that describes how the identified environmental and social risks will be mitigated and managed as well as set up a management system that monitors compliance with the standards. Anyone affected must then be informed about the project and any objections collected and dealt with. The borrower is contractually obliged to adhere to the environmental management plan and submit progress reports to the bank. An independent expert monitors the entire process.

As a signatory to the Equator Principles, DZ BANK is obliged to check projects with a total lending volume of more than US\$ 10 million. The check assesses social and environmental relevance and classifies social and environmental impact as 'high', 'moderate' or 'low' risk. This classification takes place as part of the standard lending process. DZ BANK introduced specific clauses in the loan agreements for the affected financing as part of its implementation of the Equator Principles.

In our first year of implementing the Equator Principles at DZ BANK, we trained project finance employees on how to carry out the checks. We also published handbooks, questionnaires, and other internal documentation on how to apply the Equator Principles in project finance business. The affected departments also looked at the ongoing development of the principles.

## RENEWABLE ENERGIES: A GROWTH AREA

The political decision to implement the shift in German energy policy, combined with public interest in energy generation from renewable sources, have resulted in continuous growth in the market for renewable energies for a number of years.

It was ten years ago that DZ BANK declared the renewable energies sector to be one of its key growth areas. The bank's total lending volume in this sector is now around €2 billion.

DZ BANK expects the wind power sector to continue to grow, despite substantial cuts in payments as a result of the 2014 version of the German Renewable Energy Sources Act (EEG). Working alongside the cooperative banks, DZ BANK is striving to increase its already significant market share in this sector over the coming years.

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. In the future, business will be concentrated on the funding of wind turbines. 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 (SR 18).

Today, the cooperative model has proved its worth in both the expansion of renewable energies and the increase in energy efficiency. To date, more than one third of all photovoltaic installations and one third of all energy-efficient houses have been financed by a cooperative bank.

### DIVERSE APPROACHES TO FINANCE IN THE ENERGY SECTOR

With the cooperative banks working locally and the DZ BANK Group in the background, the cooperative financial network brings together the substantial commercial potential of the renewable energies and energy efficiency market segments. The spectrum of

energy-related business initiatives at DZ BANK is therefore extremely diverse, ranging from project finance for the construction and repowering of wind, solar and biogas facilities, to the financing of energy cooperatives, and helping SMEs to invest in energy efficiency improvements. The cooperative banks can play an important role in this process, thanks to their network of local contacts.

### AGRICULTURE, NATURE, AND ENERGY TEAM

In the renewable energies sector, the cooperative banks are supported by the experts on DZ BANK's Agriculture, Nature, and Energy (ANE) team, whose members are drawn from different parts of the bank. Investments in renewable energies – and in agriculture – are managed by the ANE team in conjunction with the local cooperative banks. One of the ANE team's strengths lies in its understanding of local circumstances and close cooperation with the local cooperative banks in the management of project finance.

As in 2012, we used the VR Mittelstands Dialog (SR 14) to make the cooperative banks' corporate banking relationship managers aware of the advice and solutions offered in the field of renewable energies. During these events, which were held at five different locations, experts from DZ BANK discussed current trends in corporate banking with a total of around 700 decision-makers from the cooperative banks. One of the main themes was the cooperative financial network's funding of renewable energies, especially wind power projects – a cornerstone of the shift in German energy policy. A focus of the discussion was the joint funding of large-capacity wind farms by the local cooperative banks and DZ BANK.

## SUSTAINABILITY RESEARCH

### SUSTAINABILITY RESEARCH CREATES INVESTMENT IDEAS

In response to regulatory requirements and increasing customer demand, the cooperative banks and institutional investors at home and abroad are increasingly having to evaluate their investments and product portfolios using sustainability criteria. Since 2011, DZ BANK's sustainability research has offered them

a comprehensive audit and consultancy service for investments in equities. Our sustainability research not only analyzes DZ BANK's entire equities investment portfolio, it is also combined with fundamental analysis and work by other departments to generate practical investment ideas from sustainability trends.

DZ BANK's sustainability rating is based on a holistic investment approach and enables institutional investors, investment managers, and cooperative banks to combine expected returns with sustainability when making investment decisions. The methodology for the rating is initially based exclusively on the equity market.

# €2 billion

was the volume of project finance credit limits approved by DZ BANK for wind, solar, and biogas/biomass at the end of 2013. This equates to a rise of some 300 percent since 2009. The biggest renewable energy source is wind power, which had a volume of approximately €900 billion at the end of 2013.

Companies that our analysts classify as 'sustainable' are awarded the DZ BANK Research seal of approval for sustainability and they are identified as such in the unit's publications.

Since 2012, the DZ Bank Research seal of approval has been used in the whole range of equity research publications. It is also mentioned in what is known as the master list, which is used by the local cooperative banks as an advisory tool. Along with comprehensive market information, this list now also provides sustainability-related information on the companies covered by equity research.

The ratings are used for the almost 300 individual securities in the DZ BANK equity universe. Around 30 percent of these securities are classified as sustainable and have therefore been awarded the DZ BANK Research seal of approval for sustainability.

### DISCUSSING THE RESEARCH

The sustainability research team talks to all customer groups and is the impetus for intensive networking aimed at marketing relevant products and embedding sustainability as an investment theme.

In 2013, DZ BANK Sustainable Investment Research assisted Deutsche Börse AG with producing guidelines on sustainability reporting, working alongside other delegates from the Issuer Markets Advisory Committee (IMAC). A total of seven recommendations – including one from DZ BANK's sustainability research team – were drawn up for comprehensive sustainability communications aimed at the capital markets. The recommendations are backed by the Federal Association of German Fund Management Companies (BVI), the German Equities Institute, the German Investor Relations Association (DIRK), and the Society of Investment Professionals in Germany (DVFA). The guidelines set out the benefits of voluntary and more comprehensive investor-oriented reporting and provide practical instructions on how to achieve it. They contain numerous examples of corporate sustainability communications that have been recognized as best practice by mainstream and sustainability-focused investors in Germany and elsewhere.

In 2013, the total number of events run by the sustainability research team was around 15 percent higher than in the previous year.

### QUALITY AND SECURITY OF INVESTMENT PRODUCTS

DZ BANK is a founding member of the German Derivatives Association (DDV) and actively works with other issuers to promote greater transparency in the retail banking 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

# 722

## INSTITUTIONAL INVESTORS

with assets under management of US\$ 87 trillion were signatory investors as at February 1, 2013. On their behalf, the sustainability research team produced the 2013 climate change report of the Carbon Disclosure Project (CDP) for Germany, Austria, and Switzerland.

of structured securities. This new code means that the investment certificates sector now leads the way in Europe in terms of the understandability and transparency of its products. The new voluntary commitment should also help to ensure proper and targeted regulation that actually offers genuine added value for retail investors.

The quality of our investment products is reflected in the TÜV certification achieved for our investment performance (SR 15).

### ANLAGE ZUKUNFT PRODUCT LINE

In order to ensure the quality and security of our sustainable investment products, we have put a range of precautions in place. We work closely with our inhouse sustainability research team to select the underlying instruments for investment certificates in the Anlage Zukunft product line. We examine companies from the fast-growing environment & resources, infrastructure & transportation, welfare & education, nutrition & quality of life, and healthcare markets, and subject them to stringent selection criteria. Since November 2011, we have based our selection on the DZ BANK Research sustainability rating.

Nonetheless, owing to investors' overall caution in relation to sustainable investments, it was not possible to reach the goals we set in 2009 – to increase the proportion of securities sales accounted for by sustainable investment certificates and to improve market penetration – by the end of 2013 (SR 46).

As a result of the financial crisis and the subsequent collapse of confidence, retail investors place high expectations on the security of investment certificates. DZ BANK is a member of the protection scheme operated by the BVR, which is obliged by its charter to protect investors' deposits. Customers holding investment certificates issued by DZ BANK (bearer bonds) are among those who are provided with unlimited protection by the scheme.

## KEY PERFORMANCE INDICATORS: SUSTAINABLE BUSINESS

KPIs are a basic requirement for evaluating the success of the projects, processes, and strategies we implement. The following KPIs relate to sustainable business.

DEVELOPMENT LENDING				MAIN FINANCIAL KPIS			
€ billion	2013	2012*	2011	€ million	2013	2012*	2011
New business volume	7.1	7.3	6.1	Operating profit	508	1,100	558
Of which: KfW new business volume	4.4	4.7	4.4	Profit/loss before taxes	242	-317	152
				Taxes	-76	445	-92
				Net income	166	128	60
Overall, the volume of development lending declined slightly in 2013. A similar trend is predicted for 2014.				Total assets / total equity and liabilities	217,898	238,504	245,412
				Volume of business*	238,779	260,657	268,356
				Equity	6,461	6,417	6,350
				Tier 1 capital	10,107	9,087	7,817
				Tier 1 capital ratio (%)	20.5	17.7	12.6
				Staff expenses	-472	-447	-418
				<b>Long-term rating</b>			
				Standard & Poor's	AA-	AA-	AA-
				Moody's Investor Service	A1	A1	Aa3
				Fitch Ratings	A+	A+	A+
				* Total equity and liabilities including contingent liabilities and other obligations.			

The growth trend in lending for renewable energies remains strong. 2013 again saw a sharp year-on-year rise in lending for all energy types.

### COMPLIANCE TRAINING IN 2013

	2013	Percentage of employees for whom training is compulsory	2012	Percentage of employees for whom training is compulsory	2011	Percentage of employees for whom training is compulsory
Total number of participants						
Compliance for banks	227	97.36% (221)	3,856	99.4% (3,878)	3,673	98.7% (3,625)
Compliance for banks – follow-up course 1	184	97.28% (179)	3,356	99.1% (3,386)	3,223	98.3% (3,168)
Compliance for banks – follow-up course 2	2,950	98.47% (2,905)				
Prevention of money laundering	305	96.39% (294)	4,044	99.0% (4,087)	3,659	98.3% (3,597)
Prevention of money laundering – follow-up course 1	212	97.64% (207)	3,287	98.7% (3,329)	3,122	97.7% (3,050)
Prevention of money laundering – follow-up course 2	2,792	98.71% (2,746)				
Ban on market price manipulation*	17	88.24% (15)	1,111	98.3% (1,130)	998	89.9% (897)
Ban on market price manipulation* – follow-up course	838	99.64% (835)				
Fraud prevention for managers**	26	100% (26)	437	97.1% (450)	218	50.9% (111)
Fraud prevention for employees**	179	94.41% (169)	3,404	97.8% (3,482)	1,665	50.5% (841)

\* 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 in fraud prevention were introduced in December 2011.

Nearly 100 percent of the employees required to undergo the training attended a relevant CPD course in 2013. The goal of providing the fraud prevention training introduced in 2011 to more than 90 percent of staff by the end of 2013 was in fact reached by the end of 2012.

## HIGHLIGHTS: ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

# 15

**PERCENT**

IS THE PROPORTION  
OF OUR CO<sub>2</sub> EMISSIONS  
THAT WE AIM TO CUT  
BY 2020.

# 84

**PERCENT**

OF EMPLOYEES USED PUBLIC  
TRANSPORTATION TO GET TO  
WORK IN 2013.

# 2013

was the year oekom research AG's international sustainability rating for financial services providers confirmed that we are on the right track in terms of sustainable business.

# 2,100

**LETTERS**

ARE SENT BY DZ BANK  
IN A CARBON-NEUTRAL  
WAY TO RECIPIENTS  
WORLDWIDE.

## ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

### Protecting the environment together

It is not just in our lending that we take account of ecological criteria. We are also trying to reduce the environmental impact of our offices.

#### CLIMATE PROTECTION AND ENERGY EFFICIENCY

Our aim is to keep our environmental impact to a minimum. We have particularly identified opportunities to reduce it at our headquarters in Frankfurt. DZ BANK's environmental management program represents a concerted effort to realize these opportunities. In so doing, it is helping to reduce not only our environmental impact, but also costs. The measures we are taking to protect the environment are intended to show our colleagues, customers, and other stakeholders just what improvements are possible. In our updated climate strategy, we are setting ourselves new targets aimed at making us more efficient.

#### IMPROVED COLLATION OF ENVIRONMENTAL KPIS

Last year, we also took the opportunity to improve how we collate KPIS. Since 2013, we have collected data for all German offices, including those that were previously excluded on the basis of their size. As a result, we have achieved almost 100 percent coverage for our environmental KPIS in Germany.

We have also changed how we calculate CO<sub>2</sub> emissions and, since 2013, have used the VfU's conversion values for all KPIS. This has enabled us to considerably improve the conversion accuracy and we can set a clear benchmark for ourselves. As a result of this change, we now also calculate our impact on the climate in accordance with the Greenhouse Gas

Protocol (GHG), scopes 1, 2, and 3. This calculation helps us to show the volume of indirect CO<sub>2</sub> emissions produced by our business activities.

#### CO<sub>2</sub> EMISSIONS – REDUCTION ALREADY ACHIEVED AND NEW TARGET

Our goal of achieving a 30 percent reduction in CO<sub>2</sub> emissions was achieved in 2011. Since 2010, all our major offices, including Frankfurt, Berlin, Hannover, Karlsruhe, Stuttgart, and Munich – have obtained electricity generated from renewable sources. Moreover, our offices are heated with district heating, which further reduces our impact on the environment and climate. We are taking a number of steps to reduce our CO<sub>2</sub> emissions even more in the future: our target is to lower them by an additional 15 percent by 2020.

Where we are only able to exert influence indirectly, we try to avoid environmental harm to the greatest extent possible or to offset it by acquiring certificates. Since 2010, we have been offsetting the CO<sub>2</sub> emissions produced by one of our most important major events – Investment Dialog – through emissions certificates for financing the Yunttag wind farm in Turkey.

#### EFFICIENT BUILDING TECHNOLOGY

A cornerstone of our energy management strategy is the modernization of technical facilities in our buildings. In 2013, we continued to modernize the way the air conditioning is powered and initiated new measures such as replacing the heating distributor. We also have the long-term goal of obtaining Green Office Building certification for GENO-Haus, our office in Stuttgart. Other long-term goals have been set for Cityhaus 1 in Frankfurt, where we intend to replace the cooling towers by the end of 2017 and completely update the induction units for the office air conditioning system by the end of 2021. In our project to build the new Pavillon Cityhaus II in Frankfurt, we are taking environmental aspects into consideration in the planning.

## DZ BANK AG'S CLIMATE CHANGE STRATEGY

Acting responsibly is a central element of good corporate governance for DZ BANK AG. One of the most important aspects is protecting the climate and environment. 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 procurement to be important, too. Together, we can all pull in the same direction, enabling us to put our plans into practice more efficiently. After all, our target is to achieve a CO<sub>2</sub> reduction of 15 percent by 2020 – at all our offices.

### RESPONSIBILITY AT BOARDROOM LEVEL

Ultimate responsibility for sustainability lies directly with the Chief Executive Officer of DZ BANK AG, Wolfgang Kirsch. Environmental and employee-related matters are the remit of Thomas Ullrich, member of our Board of Managing Directors responsible for IT, Organization, HR, and Operation/ Services. Since 2013, Kurt Friebertshäuser has been DZ BANK's environmental management officer and is primarily responsible for coordinating all environmental activities and achieving the climate target.

### ENVIRONMENTAL PROTECTION: A MATTER FOR ALL DIVISIONS

DZ BANK aims to apply the principles of climate protection in every one of its divisions. The specific areas of action are the energy efficiency of our buildings, employees' paper consumption, business travel, the use of local produce in our cafeterias, and the recycling by ReFood of organic waste to generate clean energy. We are also continually working on models to reduce water consumption throughout the bank.

The overarching objectives for environmental protection in the bank include optimizing the consumption of resources, making greater use of renewable energies and, as a result, reducing direct and indirect CO<sub>2</sub> emissions. Where it is not possible to avoid CO<sub>2</sub> emissions, we want to increasingly offset them in order to minimize our environmental footprint. The chart below shows how we do this. We have set ourselves the target of reducing the CO<sub>2</sub> emissions of the group as a whole by 15 percent by 2020 (compared with the base year 2012) and progressively making DZ BANK carbon neutral.

But climate change is not simply a consideration in our internal processes, it also affects product development. We see ourselves as a provider of funding for the switch to renewable energy sources and have included products and advisory services in our portfolio that reflect this self-image. DZ BANK's current lending volume in the renewable energies segment is approximately €2 billion. The cooperative financial network as a whole is one of the main funding partners for the energy transition in Germany.

### CONTINUOUS IMPROVEMENT

We are endeavoring to improve our environmental performance and environmental management on an ongoing basis. Based on specific environmental targets, the environmental management system enables us to determine meaningful data and therefore undertake continuous monitoring of environmental pollution. For example, we set ourselves medium-term targets as part of our sustainability program that help us to improve our environmental footprint.

### ENVIRONMENTAL PROTECTION IN THE LENDING PROCESS

Our lending process includes a sustainability check, which considers environmental standards as well as social and ethical principles. The investigations in sensitive areas are particularly thorough, and we have implemented sectoral rules for forestry, extractive industries, and dam projects that we regularly improve and update. Special investment certificate products cater to those of our customers who wish to invest specifically in sustainability.

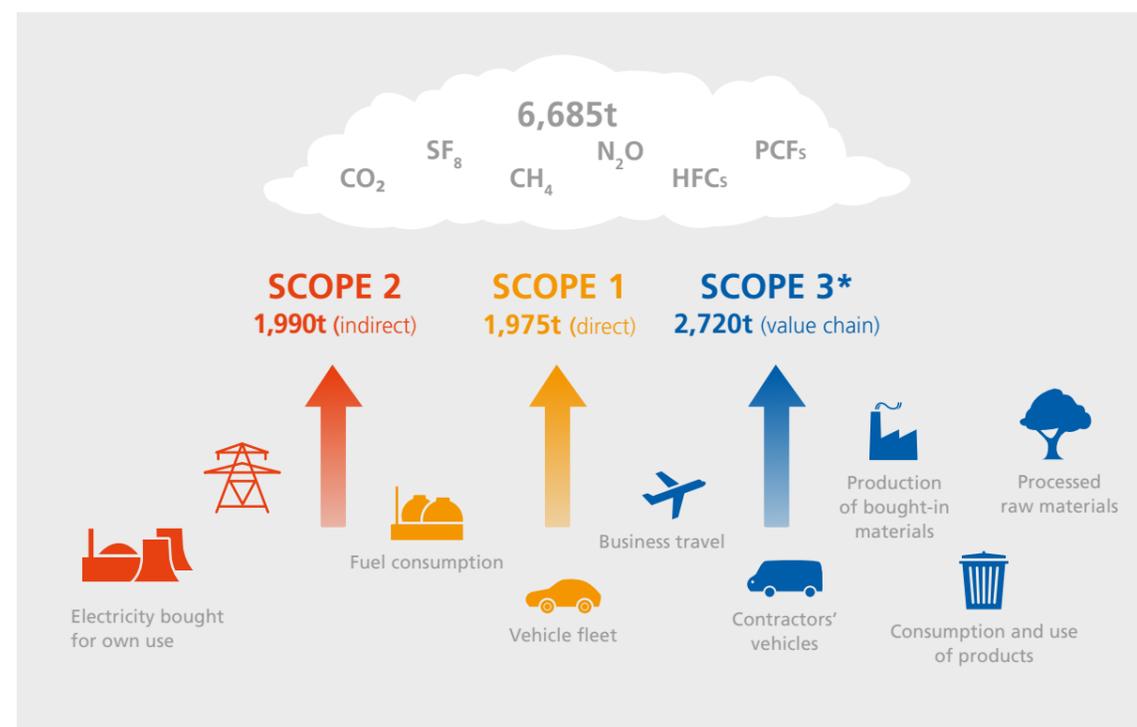
### INCREASING AWARENESS OF CLIMATE PROTECTION

The involvement of our employees, customers, and suppliers is critical to the achievement of our targets. Only if everyone understands

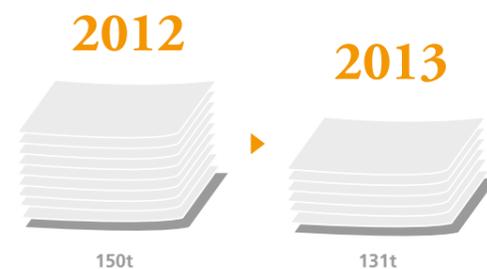
why climate protection has such a high priority at DZ BANK can we work together toward our targets. That is why we regularly pass on environmental tips to our employees, insist that our service providers are disciplined in protecting the environment, and show our customers what climate change means for us by engaging in relevant activities.

In 2013, oekom research AG's international sustainability rating for financial services providers confirmed that we are on the right track in terms of sustainable business. The DZ BANK Group has been awarded prime status in recognition of its above-average social and environmental performance.

### DZ BANK AG'S CARBON FOOTPRINT IN 2013



\* Scope 3 includes consumption of resources in connection with paper, water, waste, and business travel.



Compared with 150 tonnes of paper in 2012, we only used 131 tonnes in 2013. Our paper saving per employee (FTE) was therefore 5kg.

#### ECOPROFIT FRANKFURT

In 2013, we incorporated Frankfurt's ECOPROFIT program into our environmental management system and used the program to help us initiate new environmental measures and define consumption targets. ECOPROFIT stands for 'ecological project for integrated environmental technology' and involves local companies becoming environmentally compliant and making a significant contribution to achieving Green City status for Frankfurt. Through active environmental management, ECOPROFIT Frankfurt is contributing to long-term reductions in environmental impact and costs. Alongside ecological and economic aims, the program emphasizes social aspects such as motivating staff and raising their awareness of environmental protection. This program, which enjoys the support of Frankfurt's city authorities, aims to build a local network and establish long-term partnerships in corporate environmental management.

#### ENVIRONMENTALLY FRIENDLY TRANSPORTATION

Travel is essential to our work. As a central institution, we support more than 900 independent cooperative banks – which includes making on-site visits. In 2013, our employees covered a total of around 24 million kilometers on business trips, down by some 1.7 million kilometers compared with the previous year. In the future, we want to avoid trips with a large carbon footprint even more and make increasing use of train travel and video conferences.

DZ BANK subsidizes all staff who take public transport to work by providing a travel allowance. At most of our major offices, we offer our employees a subsidized travel card for the local public transport network. We also have an agreement with Deutsche Bahn under which employees who live outside local public transport zones can travel to work by train, and therefore with reduced environmental impact, at reduced rates. In 2013, 84 percent of our staff used public transportation to travel to work.

#### RESOURCE AND WASTE MANAGEMENT

Paper for the printers and photocopiers accounts for the largest proportion of the consumables used at DZ BANK. Paper production uses a large amount of resources. In order to reduce this consumption, we have been using an e-document management system since the start of 2012. We also switched to more lightweight paper in 2013 in order to conserve resources. The effect is reflected in our 2013 consumption. Compared with 150 tonnes of paper in 2012, we only used 131 tonnes in 2013, representing a saving per employee (FTE) of 5kg.

#### NEW SYSTEM FOR ASCERTAINING THE VOLUME OF WASTE

In order to facilitate recycling, in 2011 we developed a solution with which to standardize waste management throughout Germany. In 2012, we produced less commercial waste than in the previous year. At our Frankfurt office, this was achieved through improved waste separation.

We are also working to reduce water usage at our offices. In 2013, water consumption rose to 84,985 cubic meters (2012: 72,697 cubic meters). The reason for the increase in our overall water consumption last year was due to data being captured for more offices and growth in headcount at the Frankfurt office.

#### SUSTAINABLE PROCUREMENT

DZ BANK's sustainable procurement operations are based on proactive supplier management. The minimum social and environmental standards that we expect our suppliers to comply with were developed in 2010 and are integrated into our purchasing processes. A working group has developed a framework for the entities in the DZ BANK Group that is based on the existing standards at DZ BANK and lays down the financial, environmental, and social

standards needed for a supplier relationship to be sustainable.

We now use a sustainability agreement requiring both new and existing 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.

We classify our suppliers according to their sustainability relevance for DZ BANK. Since the beginning of 2013, suppliers who are categorized as particularly relevant to sustainability because of the volume of orders we place with them, their specific activity or country-specific risks have been asked more searching questions about the sustainability of their core business. This includes certification and schemes for minimizing environmental impact. We base any further action to be taken on the data we collect. Since 2013, our suppliers' sustainability performance data has been stored in a new database.

#### ENVIRONMENTAL SUSTAINABILITY IN PROCUREMENT

Naturally, we also apply the demands we make of our suppliers to our own procurement. 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. When we are purchasing electrical equipment, we check its energy efficiency just as closely as its other features.

We only use paper bearing the FSC® Mix label for copying and for printing brochures. At least 50 percent of the fiber for this paper is from responsibly managed forests. Since 2013, we have been buying paper weighing 75g instead of 80g in order to conserve resources.

#### ECO-FRIENDLY MAIL DISPATCH

Our mail room has been using carbon-neutral services to send parcels and letters since May 1, 2013, when all DZ BANK offices switched to the eco-friendly GoGreen service from Deutsche Post and DHL. Every day, around 80 courier deliveries and 2,100 letters leave DZ BANK and reach their recipients all over the world without a carbon footprint.

“DZ BANK'S ENVIRONMENTAL MANAGEMENT IS IMPECCABLE.”



ROSEMARIE HEILIG, HEAD OF THE CITY OF FRANKFURT'S ENVIRONMENT AND HEALTH DEPARTMENT

“I was delighted to see the great dedication with which DZ BANK participated in the latest ECOPROFIT session. Three points really stood out for me: their environmental management extends far beyond facility management, they monitor the carbon footprint from printing and computing centers, and – most recently – they have begun using an electric vehicle for messenger services.

DZ BANK is a shining example for its affiliated cooperative banks and therefore can make a huge difference.

Above all, though, it involves its own employees in exemplary fashion. Many of the city authorities' departments that took part in ECOPROFIT 2013/2014 picked up a lot of interesting ideas from DZ BANK.

Sustainability has been embedded in cooperative institutions from day one. I firmly believe that, over the long term, it will pay off for companies to design their entire business strategy along sustainable lines. That is why I see DZ BANK as a strong and innovative partner in Frankfurt's efforts to become a Green City.”

## KEY PERFORMANCE INDICATORS: ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

KPIs are a basic requirement for evaluating the success of the action we are taking in the area of environmental protection and climate change. The following KPIs relate to this area. Since 2013, we have collected environmental data for all German offices, including those that were previously excluded on the basis of their size. As a result, we have achieved almost 100 percent coverage for our 2013 environmental KPIs in Germany.

### ELECTRICITY AND HEATING CONSUMPTION

Kilowatt hours (kWh)	2013**	2012*	2011
<b>ELECTRICITY CONSUMPTION</b>			
Total electricity consumption	27,969,761	26,849,329	27,349,821
of which green electricity	27,815,961	26,843,659	27,348,821
Individual electricity consumption (kWh per FTE)	7,787	8,128	8,311
<b>HEATING CONSUMPTION</b>			
Total heating consumption	15,316,858	13,122,621	11,202,717
Individual heating consumption (kWh per FTE)	4,264	3,973	3,404

\* In Germany, the level of coverage per full-time equivalent (FTE) excluding temporary staff and trainees was 93 percent as at December 31, 2012, a year-on-year increase in coverage of 2 percent.

\*\* The coverage of our 2013 environmental KPIs in Germany is 100 percent. We have changed how we calculate CO<sub>2</sub> emissions and, since 2013, have used the VFU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO<sub>2</sub>-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

Our electricity and district heating consumption was up in 2013 owing to more data being captured and increased headcount at our Frankfurt office.

### USE OF PUBLIC TRANSPORTATION

Number of employees	2013*	2012	2011
Travel subsidy recipients	588	589	2,334
Regional travel card users	2,487	2,479	5.9
Deutsche Bahn travel card users	170	168	177
Public transportation users (%)	83.7	83.9	79.4

\* DZ BANK employees including trainees as at December 31, 2013.

Use of public transportation remained at a high level in 2012, with around 84 percent of our employees travelling to work on public transport.

### CO<sub>2</sub> EMISSIONS FROM ELECTRICITY AND HEATING

Kilograms (kg)	2013**	2012*	2011
<b>Total CO<sub>2</sub> emissions: electricity</b>	<b>482,820</b>	<b>557.9</b>	<b>98.4</b>
Individual CO <sub>2</sub> emissions: electricity (kg per FTE)	134	168.9	0.03
<b>CO<sub>2</sub> emissions: heating</b>	<b>1,507,177</b>	<b>2,753,279</b>	<b>2,235,072</b>
Individual CO <sub>2</sub> emissions: heating (kg per FTE)	420	833.49	679

\* The level of coverage per full-time equivalent (FTE) excluding temporary staff and trainees was 93 percent as at December 31, 2012, a year-on-year increase in coverage of 2 percent.

\*\* The coverage of our 2013 environmental KPIs in Germany is 100 percent. We have changed how we calculate CO<sub>2</sub> emissions and, since 2013, have used the VFU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO<sub>2</sub>-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

The reason for the increase in our electricity consumption in 2013 was due to more data being captured and growth in headcount at the Frankfurt office. Because the VFU's conversion factors include CO<sub>2</sub> from the green electricity used by upstream and downstream processes, the CO<sub>2</sub> values are much higher than in previous years. The VFU factors were also applied in measuring the impact of district heating.

### PRINTER AND COPIER PAPER CONSUMPTION

Kilograms (kg)	2013*	2012*	2011
<b>Total paper consumption</b>	<b>131,113</b>	<b>150,221</b>	<b>140,235</b>
Individual paper consumption (kg per FTE)	37	43	41
Proportion of FSC-certified paper (%)**	100	100	100
Proportion of chlorine-free paper (%)	-	-	-

\* The level of coverage per full-time equivalent (FTE) excluding temporary staff and trainees was 84 percent as at December 31, 2012/2013, while coverage for Germany was 100 percent.

\*\* Retrospective reporting of the proportion of FSC-certified paper used in 2010 was not possible.

Paper consumption declined significantly in 2013 owing to the introduction of a paperless document management system and the purchasing of more lightweight paper.

### BUSINESS TRAVEL

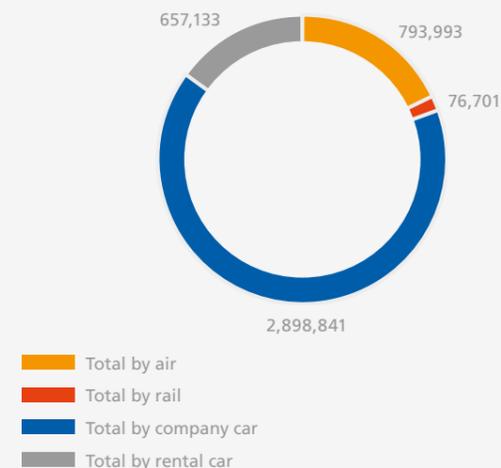
'000 kilometers / %	2013**	2012*	2011
<b>Total business travel ('000 km)</b>	<b>23,974</b>	<b>25,675</b>	<b>21,424</b>
Individual business travel ('000 km per FTE)	6.7	7.5	5.9
Of which by train (%)	25	26	28
Of which by air (%)	22	24	22
Of which by private car (%)	3	3	4
Of which by company car (%)	44	37	
Of which by rental car (%)	7	10	

\* The level of coverage for all full-time equivalents (FTEs) excluding temporary staff and trainees was 100 percent as at December 31, 2012.

\*\* The coverage of our 2013 environmental KPIs in Germany is 100 percent. We have changed how we calculate CO<sub>2</sub> emissions and, since 2013, have used the VFU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO<sub>2</sub>-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

We saw a decline in business travel for the first time in three years. Both the total number of kilometers and the number of kilometers per employee went down. The proportion attributable to company cars has risen owing to the increase in the number of company cars used.

### CO<sub>2</sub> EMISSIONS FROM BUSINESS TRAVEL\* (KILOGRAMS (KG)) IN 2013



\* Data on CO<sub>2</sub> emissions generated by travel has been collected since 2011. The classification system used in 2011, when data on company cars and rental cars was collected for the first time, has been changed and the figures have been restated.

\*\* The level of coverage for all full-time equivalents (FTEs) excluding temporary staff and trainees was 100 percent as at December 31, 2012/2013.

\*\* The coverage of our 2013 environmental KPIs in Germany is 100 percent. We have changed how we calculate CO<sub>2</sub> emissions and, since 2013, have used the VFU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO<sub>2</sub>-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

Data on CO<sub>2</sub> emissions attributable to our business travel was collected for the first time in 2011. The data collected the following year showed an increase because there was a rise in the number of business trips.

### VOLUME OF WASTE

Kilograms (kg)	2013**	2012*	2011
<b>Total paper</b>	<b>338,823</b>	<b>340,255</b>	<b>286,853</b>
Individual paper (kg per FTE)	94	104	92
<b>Total mixed packaging</b>	<b>4,662</b>	<b>237,397</b>	<b>252,915</b>
Individual mixed packaging (kg per FTE)	5	72	81
<b>Total non-recyclable</b>		<b>218,840</b>	<b>220,501</b>
Individual non-recyclable (kg per FTE)		67	70
<b>Total commercial waste</b>	<b>27,970</b>	<b>74,439</b>	<b>97,162</b>
Individual commercial waste (kg per FTE)	8	23	33

\* The level of coverage per full-time equivalent (FTE) excluding temporary staff and trainees as at December 31, 2012 was 92 percent for waste paper, packaging, and non-recyclable waste (December 31, 2011: 86) and 92 percent for commercial waste (December 31, 2011: 80).

\*\* The coverage of our 2013 environmental KPIs in Germany is 100 percent. We have changed how we calculate CO<sub>2</sub> emissions and, since 2013, have used the VFU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO<sub>2</sub>-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

Overall, we managed to reduce the volume of waste in 2013. We generated less commercial waste, partly due to improved separation of waste, including packaging.

### WATER CONSUMPTION

Cubic meters (m <sup>3</sup> )	2013**	2012*	2011
<b>Total water consumption</b>	<b>84,984</b>	<b>79,513</b>	<b>73,663</b>
Individual water consumption (m <sup>3</sup> per FTE)	24	24	22

\* The level of coverage for all full-time equivalents (FTEs) excluding temporary staff and trainees at offices in Germany was 84 percent as at December 31, 2012.

\*\* The coverage of our 2013 environmental KPIs in Germany is 100 percent.

DZ BANK's water consumption was around 85,000 cubic meters in 2013. The increase was due to more data being recorded at offices in Germany. Consumption per employee remained constant at 24 cubic meters.

## HIGHLIGHTS: RESPONSIBILITY FOR EMPLOYEES

# 10,000

### *DAYS OF TRAINING*

were completed by our employees in the two training series Basic Personal and Communication Skills and Advanced Personal and Communication Skills.

# 13.2

## YEARS

*IS THE AVERAGE PERIOD  
THAT EMPLOYEES WORK AT  
DZ BANK.*

# 96.8

### *PERCENT*

WAS THE HEALTH RATE AT  
DZ BANK IN 2013.

# 180°

## FEEDBACK

is one of the initiatives resulting from the 2009 DZ MeinungsSpiegel survey and was introduced as a management tool across all hierarchy levels throughout the bank in 2011.

## RESPONSIBILITY FOR EMPLOYEES

### EMPLOYER OF CHOICE

DZ BANK attaches great importance to supporting all its employees in their professional and personal development, and it does so in all kinds of ways. These include a wide range of continuing professional development (CPD) opportunities offered both inhouse and externally.

### UNLOCKING POTENTIAL THROUGH CPD

Last year, DZ BANK's general professional development program accounted for the largest share of CPD activities (approximately 40 percent) and covered 121 different topics. The general program offers basic employee training courses, such as Sustainability in the Lending Business, and courses on current issues, e.g. Fundamentals of Banking Regulation. A significant new opportunity in 2014 is the chance 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. DZ BANK employees completed a total of more than 10,000 days of training in 2013.

The emphasis in the management training programs remained on practical relevance. Three new programs were launched that focus on the specific needs of managers and have direct application to their everyday management activities. The topics covered in practical workshops included Dealing with Challenging Management Situations, Change Management, and Leading Teams. We give particular priority to supporting new managers, who receive coaching so that they quickly assimilate into their new role, recognize team structures, and establish key relationships.

But this is not the only CPD that we offer: we also provide special training courses for project managers, division-specific courses, and a whole range of external training opportunities. At Management Forum and Knowledge Forum events, a brief speech is followed by a discussion on all kinds of topics, including banking matters, management issues, economic trends, CPD news, and health.

### NEW FOCUS FOR THE CAPITAL MARKETS DIVISIONS

In 2013, DZ BANK AG successfully carried out extensive restructuring in its capital markets divisions. The reasons for the change were the stronger focus on the cooperative financial network in our business strategy and the rapidly evolving conditions in the capital markets business, particularly the increase in regulatory requirements regarding capital adequacy and processes. The existing capital markets organization has been adapted to reflect the cooperative financial network's guiding principle of customer focus instead of product focus and the reduction of complexity. To this end, sales will be divided into a capital markets division that concentrates on the cooperative banks, institutional clients, and corporate customers and another division dedicated to retail customers. Around 90 posts were lost as a result of the restructuring, above all due to efficiency measures and the elimination of particular functions. To mitigate the effects of the reduced number of workplaces, internal transfers have been arranged and further procedures and action plans have been developed for minimizing the social impact, in addition to the existing social plan framework. From a human resources perspective, the aim of the project was to put the new structure in place on time and preferably without any compulsory redundancies. We achieved this objective.

However, we also created new jobs last year to help deal with the new regulatory requirements and the growth initiatives in corporate banking and private banking. Furthermore, DZ BANK Polska S.A. Warsaw was integrated into the bank as a foreign branch. The total number of employees at DZ BANK rose by 231 year on year (2012: 4,156 employees).



A total of 63 trainees (35 women and 28 men) started their career at DZ BANK in 2013.

#### WIDE RANGE OF OPTIONS FOR YOUNG PROFESSIONALS JOINING DZ BANK

The competition for highly qualified professionals and managerial staff is increasing in the financial sector, as it is elsewhere. So it is important for DZ BANK not only to offer established employees attractive prospects but also to recruit well qualified young people. We offer school leavers a variety of opportunities to train for qualifications in areas such as banking or office communications as well as four courses combining work and study in the areas of business informatics, business administration, banking, and applied IT. University graduates are able to join DZ BANK as trainees who undergo on-the-job training in specialist areas.

A total of 63 trainees (35 women and 28 men) started their career at DZ BANK in 2013. Last year, 87 percent of apprentices and trainees were taken on permanently at the end of their training, and the ratio of trainees to total employees was 3.1 percent.

#### PERFORMANCE-RELATED PAY AND SOCIAL SECURITY

Performance-related pay with variable components is one of DZ BANK's key management tools. 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. Variable components are used to reward the performance of motivated staff. We also offer our staff a wide range of employee benefits such as a travel allowance or subsidized travel card, group accident insurance, and various CPD subsidies. However, occupational pension provision remains the most important voluntary employee benefit.

#### REMUNERATION FOR THE BOARD OF MANAGING DIRECTORS AND RISK TAKERS

At DZ BANK, members of the Board of Managing Directors and employees who are permitted to assume significant risks ('risk takers') are rewarded in the form of variable remuneration paid over several years. The amount of variable remuneration depends on the achievement of agreed targets. Of the total variable remuneration, 80 percent is deferred over a period of up to four years from when the amount of variable remuneration is determined (grant date). During this time, the amount of variable remuneration is pegged to the share price. This ensures that remuneration reflects the bank's long-term performance.

#### POLICY PAPER ON AN ETHICAL BASIS FOR MANAGEMENT REMUNERATION

DZ BANK, along with four other leading financial institutions, has undertaken to promote an ethical basis for management remuneration in a joint policy paper developed in cooperation with the Wittenberg Center for Global Ethics (WCGE). The aim is to design remuneration systems to be transparent, eliminate misguided incentives, and consider the long-term conditions for lasting success in business. DZ BANK has thus committed itself to a system of governance that is value-driven and geared to success.

#### AWARDS

- » 2014 Top German Employer (Top Employers Institute)
- » 2012 award for fair and career-enhancing trainee program (Absolventa GmbH in cooperation with the Institute for HR Management at the Ludwig Maximilian University in Munich)

- » Germany's Top 100 Employers 2013 (trendence Absolventenbarometer graduates survey)
- » Logib-D certification (Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2012)
- » audit berufundfamilie® work and family audit certificate, since 2007 (non-profit-making Hertie Foundation)

#### DZ MEINUNGSSPIEGEL SURVEY OF EMPLOYEES' VIEWS

The DZ MeinungsSpiegel staff survey is both a tool for measuring staff loyalty and satisfaction (Organizational Commitment Index, OCI) and the basis for division-specific or groupwide initiatives. A working group known as the SoundingBoard develops, collates, and handles these initiatives. DZ BANK will conduct its third employee survey in 2014.

The 180° Feedback process is one of the initiatives resulting from the 2009 DZ MeinungsSpiegel survey and was introduced as a management tool across all hierarchy levels throughout the bank in 2011. 180° Feedback provides managers with feedback about their performance both from employees who report to them and from their superiors. Supplemented by self-assessment, the process helps to create a more professional managerial style and plays a key role in strengthening DZ BANK's corporate and management culture. The next 180° Feedback round is scheduled for 2015.

#### PROMOTING EQUAL OPPORTUNITIES

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. We continued to train new employees and managers on the German General Equal Treatment Act (AGG) in 2013.

The integration of people faced with particular challenges into the world of work is only possible by establishing a collaborative partnership between everyone involved. One of the goals of our integration agreement, which we signed with the representative committee for employees with severe disabilities and the employee representatives for the entire workforce, is to protect the health of people with a disability or those faced with another challenge. In 2013, 4.4 percent of the workforce had a severe disability, which was slightly below the minimum level required by German law of 5 percent.

#### ADVANCEMENT OF WOMEN

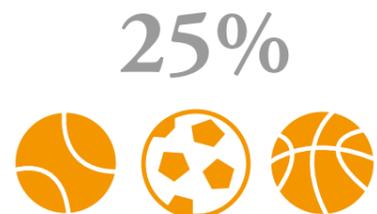
The Vielfalt@DZ BANK (Diversity@DZ BANK) project was launched in 2012 with the aim of increasing the number of female experts and managers at all hierarchy levels within the organization. Currently, there is one female member out of a total of 20 on the DZ BANK Supervisory Board; 16 of the 118 departmental heads are female, as are 63 of the 346 group leaders. A wide-ranging action plan has been drawn up as part of this project in order to bring about a lasting increase in the proportion of female managers at DZ BANK.

The action steps implemented during 2013 included the introduction of diversity targets into the target agreements of managers and a discussion guideline for managers and staff on parental leave aimed at supporting the advancement of women. The proportion of women on career development programs was increased, with female staff now making up 50 percent of the participants on development programs for high-potential employees (PFP). The training course launched in 2012, Success Strategies for Women, is aimed at women with career ambitions. The feedback received so far has been extremely positive. A second open day for female students was held in 2013. From the pool of participants from the previous year, the bank has

## 2011 DIVERSITY CHARTER

We publicly acknowledged our commitment to equal opportunities 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.

recruited one management trainee and three interns. DZ BANK also attended a number of trade fairs with the specific aim of reaching out to female students, graduates, and professionals.



25%  
of our staff in Germany took part in company sports activities and attended sickness/injury prevention courses in 2013.

#### BALANCING WORK AND FAMILY LIFE

A key objective of our HR policy is to maintain employee satisfaction and commitment over the long term, so we create the conditions in which a balance can be created between work and family in different life situations.

In addition to flexible working hours, our employees benefit from teleworking and various part-time working models. In 2013, 16.5 percent of employees worked part time, 9.1 percent worked at least some of the time from home by way of teleworking, and 188 employees, 134 women and 54 men, took parental leave. Internal company agreements govern other options such as preretirement part-time employment and sabbatical leave.

#### SERVICES FOR OUR EMPLOYEES

DZ BANK has developed various services to make work and family life more compatible – some of them in cooperation with external service providers. For example, we help our employees to find places at suitable day nurseries and kindergartens and we subsidize childcare costs. We even make allowances for times when childcare is unexpectedly unavailable: parents are entitled to emergency childcare at a partner care provider for ten days a year. We also provide parent-child offices at four locations. Since 2011, a contractual supplement has enabled

employees to have access to a concierge service, which includes running errands and finding tradespeople.

#### SUPPORT FOR CARERS

Employees who are also carers can share information via the inhouse carer network, attend a seminar supported by DZ BANK and other Frankfurt-based companies about home care and care of the elderly, and make use of relevant external advisory and support services (e.g. help with finding carers) provided by an external cooperation partner. The bank has complied with the legal requirements of the German Care Leave Act (PflegeZG) since it came into force on July 1, 2008. If a family member needs care, employees can take up to six months' unpaid leave from work. In unforeseen cases when care is needed for a relative, employees can take up to ten days of unpaid leave to organize care that meets their needs. We work with managers and staff to find individual solutions that combine work and care in the best possible way.

#### HEALTH MANAGEMENT AND SAFETY AT WORK

Increasing professional and personal pressures, combined with a longer working life, require us to be particularly careful of our employees' health. Our health management is aimed at maintaining employees' ability to perform, which we do by encouraging and supporting responsible behavior.

#### FULLY INTEGRATED HEALTH MANAGEMENT

As part of our corporate health management, we offer employees sports activities such as athletics and cycling as well as preventive classes such as orthopedic back exercise, yoga, and autogenic training. In 2013, around 25 percent of our staff in Germany took part in company sports activities and attended sickness/injury prevention courses. 'Health days' covered topics such as regeneration and exercise. Lectures and workshops on the themes of Fully Energized for the Working Day and Exercise – Feel Better provided employees with a wealth of information.

For five years now, an independent social counselor has offered support for employees faced with difficult situations at work or at home. In addition to meeting employees in person, she also gives talks at our offices throughout Germany. Since 2011, our anti-addiction policy has provided recommendations for dealing with signs of possible cases of addiction. In 2007, we

launched a reintegration program to help employees who have come through a long period of sickness re-enter working life.

#### COMPLIANCE WITH HEALTH AND SAFETY STANDARDS

DZ BANK complies with the legal requirements and technical standards for health and safety at work at all its German offices, and appoints health and safety officers in accordance with the German Health & Safety at Work Act (ASiG). They help to prevent accidents at work by carrying out health and safety inspections at each workplace and by providing employees with relevant information. In 2013, a new process for educating employees was established, backed up by 300 individual workplace-specific inspections. The focus in 2014 is on optimizing first-aid management in the company, carrying out a risk assessment, and improving ergonomics in the trading divisions.

#### ACTIVE DIALOG AND COOPERATION ACROSS THE GROUP

Professional and personal employee development also has a high priority at the individual entities in the DZ BANK Group. The HR divisions of the entities in the DZ BANK Group jointly promote relevant topics and form permanent committees that meet regularly to share information about creating the optimum range of services for employees. The main task in 2013 was to define a joint HR strategy for the DZ BANK Group. This revealed a lot of overlap between the core topics in the individual HR strategies. On this basis, the Group HR Committee (comprising the members of the respective boards of managing directors with responsibility for HR) established guiding principles for the DZ BANK Group's HR strategy and also identified a number of core issues, such as the need for a common employer branding strategy and the requirement to set up a standardized talent and demographics management system. In 2014, the main topics being addressed by the committee are regulatory requirements and remuneration in the individual entities of the DZ BANK Group, together with the development of a remuneration strategy.

The non-profit-making Hertie Foundation recognizes companies with family-friendly and life-stage-oriented HR policies with a certificate that lasts for three years. At the end of this period, companies must undergo

another audit. DZ BANK AG has held the award since 2007. In 2011, the entities in the DZ BANK Group set themselves the goal of all group entities obtaining certification by 2013. This was achieved at the end of 2013.

#### DZ BANK EMPLOYEE BENEFITS

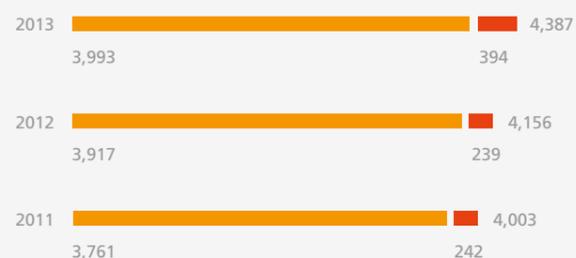
- » Occupational pension provision
- » Inhouse sports activities
- » Study leave
- » Subsidized Deutsche Bahn travel card
- » Company cafeteria or meal vouchers
- » Pay for working on Saturdays, Sundays, or public holidays
- » Travel allowance
- » Subsidy for private CPD
- » Group accident insurance
- » Long-service awards
- » Subsidy for child care costs
- » Contingency benefits
- » Special leave
- » Vacation pay.

#### CORPORATE CAMPUS DEVELOPMENT AND DIALOG PLATFORM

The Corporate Campus for Management & Strategy was set up in 2010 as a development and information-sharing platform for senior management in the DZ BANK Group. In its fourth year, the Corporate Campus successfully grew into a well-established facility for nurturing both strategic group initiatives and management development. In 2013, it provided the framework for a total of 14 events, which were attended by more than 100 members of boards of managing directors and divisional heads from across the cooperative financial network.

## KEY PERFORMANCE INDICATORS: RESPONSIBILITY FOR EMPLOYEES

### NUMBER OF EMPLOYEES\* (AS AT DECEMBER 31)



Germany International

\* Includes active and inactive staff, all works council members, and staff on training and development schemes.

In 2013, the total headcount rose by around 230 to 4,387 employees. The bulk of the increase was accounted for by the integration of DZ BANK Polska S.A. Warsaw (gain of 159 employees).

### AVERAGE YEARS OF SERVICE (AS AT DECEMBER 31)

Years	2013	2012	2011
Total	13.2	12.9	12.7

The stability of our company is reflected by the average years of service of our employees, which rose slightly to 13.2 years, not least due to the increase in international employees. The figure for 2012 had been 12.9 years. In 2013, 188 employees in Germany and abroad celebrated ten, 25, or 40 years of service.

### STAFF TURNOVER (AS AT DECEMBER 31)

Average for the year (%)	2013	2012	2011
Total	3.1	2.9	5.4
Germany	2.8	2.6	4.3
International	6.7	6.2	21.6

At 3.1 percent, staff turnover was up slightly year on year owing to restructuring.

### AVERAGE AGE (AS AT DECEMBER 31)

Years	2013	2012	2011
Total	43.0	42.7	42.3
Germany	43.1	42.6	42.2
International	42.1	43.7	43.3

The average age of our employees was 43.0 years in 2013, slightly higher than in 2012. Around a third of the workforce is 39 or younger.

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

Days	2013	2012	2011
Germany	10,483	11,891	9,487
Per employee	2.6	3.1	2.5
Professional development costs per employee (€)	1,259	1,367	1,118

The average number of professional development days per employee was 2.6. The comparatively high prior-year figure of 3.1 days was due to professional development activities within individual departments and projects (2011: 2.5 days).

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

Number of employees	2013	2012*	2011
Total participants*	961	756	805
Total for inhouse sports*	656	502	539
Total for sickness/injury prevention courses*	305	254	266
Average health rate for the year (%)	96.8	96.7	96.6

\* At the Frankfurt site.

The health rate of almost 97 per cent has remained virtually constant for four years. In 2013, the number of employees participating in company sports activities was recorded at all DZ BANK offices in Germany for the first time. A direct comparison between participation in 2013 and previous years is therefore not possible.

### PROPORTION OF WOMEN (AS AT DECEMBER 31)



The total proportion of women in managerial positions at DZ BANK rose slightly, with 25 percent of departmental head and group leader positions filled by women (eight of 32) in 2013. In the future, we intend to increase further the proportion of women in managerial positions.

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

%	2013	2012	2011
Flexible working hours	100.0	100.0	100.0
Full time+	83.5	82.9	82.4
Part time+	16.5	17.1	17.6
Virtual offices*	9.6	9.1	9.0
Sabbatical*	0.1	0.1	0.2
Preretirement part-time employment*	3.9	4.1	3.5

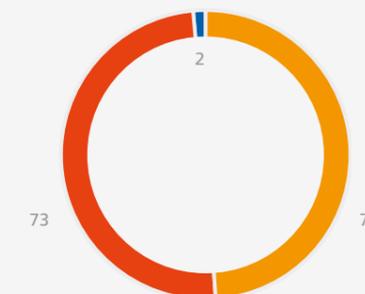
+ All employees (Germany and international, active and inactive);  
\* Active employees in Germany only.

The proportion of part-time employees was slightly lower than in the previous year, while there was a small increase in employees working in virtual offices. Of the employees working from home, 51.5 percent were women and approximately 80 percent were employees on non-collectively negotiated salaries.

### NUMBER OF TRAINEES BY PROGRAM

	2013	2012*	2011
Vocational training or bachelor degree programs	104	93	96
Trainee programs*	31	62	30
Postgraduate students	2	2	2

\* Includes undergraduate trainees.



Vocational training or bachelor degree programs  
Trainee programs\*  
Postgraduate students

\* Includes undergraduate trainees.

As at December 31, 2013, DZ BANK employed 137 trainees (including postgraduate students). After completing their training, 46 of the 53 trainees (87 percent) were offered permanent jobs. The ratio of trainees to total employees was 3.1 percent.

## OUR CORPORATE CITIZENSHIP ACTIVITIES

# 50

### 50 YEARS AGO

THE DZ BANK FOUNDATION  
WAS SET UP.

# 45

### PERCENT

OF DONATIONS GO TO  
ACADEMIC RESEARCH AND  
EDUCATIONAL CAUSES,  
WHICH REMAIN OUR MAIN  
AREA OF SPONSORSHIP.

# 70

### APPLICANTS

In November 2013, a  
seven-strong panel of expert  
judges selected two young  
photographic artists from  
among 70 applicants to  
receive scholarships from the  
DZ BANK art collection.

# €650,000

## DONATION

IN 2013, THE DZ BANK FOUNDATION SUPPORTED  
ONGOING AND NEW PROJECTS.

## CORPORATE CITIZENSHIP

### Reliable partner for a sustainable society

#### DZ BANK FOUNDATION

The DZ BANK Foundation is committed to the long-term advancement of academic study and research, particularly with regard to the cooperative movement and banking. Along with numerous other projects, the foundation has established four endowed professorships for research into banking at private and public universities since 2002. One of them is held by Professor Andreas Hackethal who conducts research into retail investor behavior at the House of Finance at the Goethe University in Frankfurt. Professor Falko Fecht has occupied the DZ BANK Endowed Chair of Financial Economics at the Frankfurt School of Finance and Management since May 2012. He investigates the theory of financial intermediation and analyzes financial systems and financial crises. The DZ BANK Foundation was formed from foundations whose roots go back more than 50 years when they were set up by the bank's predecessor institutions. In 2013, it provided funding totaling some €650,000 for new and existing projects.

#### DZ BANK GROUP CAREER PRIZE

We presented the DZ BANK Group Career Prize for the twelfth time in 2013. With total prize money of €24,000, it is the most generously endowed university prize awarded by a German company and complements the DZ BANK Foundation's research engagement. We award the Career Prize in recognition of outstanding academic dissertations for both bachelor's and master's

degrees with particular practical relevance to banking and finance. Submissions for the award were received from 143 university graduates. In 2013, first place in the master's category was awarded to an interdisciplinary dissertation with significant relevance to financial issues from the Institute for Psychology at the Julius Maximilian University of Würzburg. Andrea Reiter's dissertation, *Ein Blick ins Gehirn von Dagobert Duck: Gier und Entscheidungsverhalten. Behaviorale und neurophysiologische Korrelate* [A glimpse into the mind of Scrooge McDuck: greed and decision-making behavior. Behavioral and neurophysiological correlates] examined how an environment that generates greed encourages corresponding behavior. The panel of judges was very enthusiastic about the current relevance of the dissertation.



#### CAREER PRIZE

A total of €24,000 is awarded to the winners of the DZ BANK Group Career Prize, which is the most generously endowed university prize from a German company.

#### MAIN CAUSES TO WHICH WE DONATE

Our intention in making donations is to provide encouragement, to help to create an open society, and to contribute to a sustainable community. We are

principally committed to academic research, educational, cultural, and social causes. These focal points of our corporate citizenship are enshrined in DZ BANK's donations policy.

We donated a total of around €316,000 to charitable causes in 2013. This year, we will again support the Frankfurt children's office and, together with our employees, make a Christmas donation to help children and young people in need. Overall, social causes accounted for 20 percent of the total donations we made.

For the past five years, DZ BANK employees have supported the Childaid Network, an organization that looks after deprived children in India. DZ BANK employees, and the bank itself, donated a total of €55,000 to the Childaid Network as part of its 2013 Christmas initiative. This sum will be enough to look after 131 children in India for an entire year, including care, accommodation, clothes, food, and schooling or training. A number of actively engaged employees maintain close contact with the children's homes in north-east India.

**PRACTICAL RELEVANCE OF DONATIONS TO ACADEMIC RESEARCH AND EDUCATIONAL CAUSES**  
Academic research and education remained a focal point of our financial assistance and accounted for 45 percent of our donations. Within the research causes, we concentrated on financial studies and the cooperative movement.

# 500



## WORKS OF ART

by more than 80 artists were shown in four exhibitions in our ART FOYER in 2013. Over and above its sponsorship of the arts, DZ BANK's art collection, which predominantly features contemporary photography, is a main area of focus in its long-standing cultural involvement.

### SPONSORSHIP OF THE ARTS

In 2013, approximately 6 percent of our donations went to culture and the arts, which equated to an amount of around €50,000. Over and above its sponsorship of the arts, DZ BANK's art collection, which predominantly features contemporary photography, is a main area of focus in its long-standing cultural involvement. In 2013, we showed over 500 works of art by more than 80 artists in four exhibitions staged in our ART FOYER.

In November 2013, a seven-strong panel of expert judges selected two young photographic artists from among 70 applicants to receive scholarships from the DZ BANK art collection. Ulrich Gebert and Andrej Kremenschouk will each receive €1,000 per month for a year, enabling them to focus on an artistic project. The results will be presented in the ART FOYER at the end of 2014. French artist Émilie Pitoiset, who carried out an art project with employees from DZ BANK, was also invited in 2013. The project resulted in a movie being made, along with 13 movie stills in which the employees are the protagonists.

In 2013, we also sponsored the Frankfurt University of Music and Performing Arts, the only university for music, theater, and dance in Hessen.

### PARTNERSHIP WITH THE DEUTSCHE SPORThILFE FOUNDATION

In the year under review, we maintained our long-standing involvement with the Deutsche Sporthilfe foundation. Having initially started as a citizens' initiative, the institution upholds the values of achievement and fair play. Since its establishment in 1967, it has supported more than 45,000 sportsmen and women, including talented youngsters and those at the top of more than 50 sports. Its mission is also to campaign for integrity in sport and to highlight the importance of sport for peaceful coexistence in our society.

DZ BANK is a partner in the mentoring program of Deutsche Sporthilfe's Springboard for the Future – Sport & Career initiative. This is a long-term commitment and enables the mentors to meet regularly with the athletes whom they mentor. Five executives at DZ BANK have also signed up as mentors.

The program currently comprises 65 mentee/mentor pairings. Executives and other decision-makers from trade and industry act as long-term career advisors and 'sparring partners' for the athletes supported by

"MENTORS CAN MAKE A REAL DIFFERENCE."



JÖRG RICHTER, DZ BANK AG EMPLOYEE,  
ON THE JOBLINGE INITIATIVE

"I had been considering whether to do useful charitable work in my spare time for a long time. When DZ BANK announced its participation in Joblinge, I knew straight away that it was just the thing for me! So far, I've found it exciting to help young people with finding a place on a training scheme, and I think mentors can make a real difference.

Since the start of DZ BANK's involvement, I've supported two young people, one of whom, after completing the training scheme, will have the chance to continue with his development and even go to university. The success of the mentoring also depends to a large extent on the cooperation of the mentee – and of course things don't always turn out as you would expect. That is why it is essential for mentors to have patience. And they certainly need to be able to empathize with people whose family and social background is different from their own."

## JOBLINGE



In April 2013, we began supporting the Joblinge initiative, which assists teenagers and young adults who find it difficult to obtain work.

Deutsche Sporthilfe. They provide advice and assistance on aspects such as choosing a career, gaining practical experience, applying for jobs, and entering the world of work.

### DZ BANK SUPPORTS THE PARLIAMENTARY SYSTEM

DZ BANK's donations to political parties only support the parliamentary system as a whole. Donations are therefore made to parties that are active throughout Germany, are represented in the German Bundestag, and are committed to the German Basic Law and to the model of a social market economy.

### CORPORATE VOLUNTEERING

DZ BANK helps its employees to engage in community work, such as the Social Day, and provides financial support for their voluntary activities. In April 2013, we began supporting the Joblinge initiative, which assists teenagers and young adults who find it difficult to obtain work. Employees at DZ BANK act as mentors for these young people, helping them to find a place on a training scheme and prepare for their new work. The response from employees in the first year has been very strong, with 26 employees volunteering to take part in this project at four locations.

### TRAINEES SUPPORT SENIOR CITIZENS

We have established a tradition of involving our trainees in our corporate citizenship activities. In 2012, 13 trainees and their mentors from Human Resources visited residents at the Bockenheimer old



# 3

## MICROFINANCE INSTITUTIONS

In 2013, the fund – which is managed on a voluntary basis – worked with a total of three microfinance institutions in Tanzania, Togo, and Algeria. DZ BANK's support for these institutions amounts to €250,000.

people's and care home as part of the Social Day organized by the Order of Malta association in Frankfurt. They were building on the tradition of past years as DZ BANK had already taken part in this event seven times. The trainees accompanied the residents on a trip to the Palmengarten botanical gardens in Frankfurt where they visited the harvest festival show and then spent time together over coffee.

### DZ BANK MICROFINANCE FUND HELPS PEOPLE TO HELP THEMSELVES

The DZ BANK microfinance fund was established by employees to provide financial assistance to microfinance institutions in African countries. In 2013, the fund – which is managed on a voluntary basis – worked with a total of three microfinance institutions in Tanzania, Togo, and Algeria. These microfinance institutions grant microloans to economically active people who run small businesses but do not have access to conventional banks. The institutions also accept savings deposits and transfer funds for their customers. All three operate in rural areas and focus on granting microloans to women who run shops/stalls, make food, or work in a skilled trade or agriculture. In 2014, we intend to also start working with microfinance institutions in Ghana and Tanzania.

At the end of the 2013 reporting year, the DZ BANK microfinance fund had 290 members. DZ BANK has supported it with contributions since it was established in 2000.

The DZ BANK microfinance fund was converted into a cooperative in 2012. Previously run as a partnership under the German Civil Code (GbR), the legal form of the microfinance fund was then changed into a registered cooperative (eG), which means that

corporations as well as individuals can now make financial contributions to the fund. DZ BANK joined the cooperative in 2013 and paid in €50,000. It was followed by DG HYP, Hamburg, in April 2014, which paid in €10,000. We expect that other entities in the cooperative financial network and their employees will also become members of the DZ BANK microfinance fund and support it.

### MEMBERSHIP OF ORGANIZATIONS (SELECTION)

#### » German Benefactors' Association for Science and Learning

Identifies structural problems in scientific research and higher education and attempts to find solutions. [www.stifterverband.info](http://www.stifterverband.info)

#### » Marktwirtschaft Foundation

A German free-market economic policy think tank, focuses on issues around the labor market, social security, and taxation. [www.stiftung-marktwirtschaft.de](http://www.stiftung-marktwirtschaft.de)

#### » Frankfurt Institute for Risk Management and Regulation

Funds research and education in risk management and regulation. [www.firm.fm](http://www.firm.fm)

#### » German Equities Institute

Promotes Germany as a financial center and equity as an investment and financing tool. [www.dai.de](http://www.dai.de)

#### » E-Finance Lab

Develops methods for restructuring processes and value chains in the financial services sector. [www.efinancelab.com](http://www.efinancelab.com)

## KEY PERFORMANCE INDICATORS: CORPORATE CITIZENSHIP

KPIs are a basic requirement for evaluating the success of the projects, processes, and strategies we implement. The following KPIs relate to corporate citizenship.

### BREAKDOWN OF DONATIONS BY AREA

%	2013	2012	2011
Academic research & education	44.5	46.2	41.6
Social causes	19.8	17.5	23.1
Arts	16.5	19.2	19.7
Politics	13.9	9.9	10.5
Sport	5.2	7.2	5.1
<b>Total amount donated (€)</b>	<b>316,313</b>	<b>303,497</b>	<b>295,000</b>

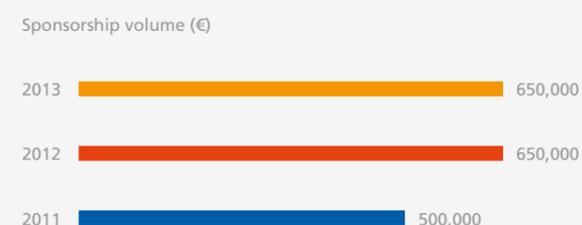
The total amount that we donated in 2013 rose by 4 percent year on year. The main recipients remained academic research and educational causes.

### MEMBERSHIP COSTS

€	2013	2012	2011
Banking organizations	1,501,000	1,403,000	1,385,000
Academic and other organizations	577,000	570,000	512,000
<b>Total costs</b>	<b>2,078,000</b>	<b>1,973,000</b>	<b>1,898,000</b>

Expenses for memberships were up by 5 percent year on year. This is primarily due to increases in the membership subscriptions for national and international cooperative associations, something that is undoubtedly attributable to the sharp rise in regulatory requirements that the associations have to examine and comment on.

### VOLUME OF PROJECTS SPONSORED BY THE DZ BANK FOUNDATION



Despite low interest rates in the capital markets in 2013, the volume of projects sponsored by the DZ BANK Foundation remained at the same level as in 2012.

### CAPITAL HELD BY THE DZ BANK MICROFINANCE FUND



We significantly increased the capital held by the microfinance fund in 2013, enabling us to support additional microfinance institutions and continue with existing projects.

## SUSTAINABILITY PROGRAM

Objective	Action	Deadline		Comment/explanation of status
Sustainable business				
Create a framework for sustainability activities	Implement a groupwide code of conduct	Dec. 2014	NEW	A groupwide code of conduct is being prepared in cooperation with the sustainability coordinators and compliance units in the DZ BANK Group.
	Implement the code of conduct throughout the company by providing information and incorporating it into existing employee training	Dec. 2013	▶	Once the code of conduct had come into force, it was distributed via a number of channels and incorporated into new employee training courses. Other activities to ensure complete coverage followed in 2013.
Intensify stakeholder dialog	Identify suitable communications channels to further raise DZ BANK employees' awareness of all aspects of sustainability; develop suitable formats	Dec. 2013	▲	Sustainability topics were repeatedly featured in existing formats, such as the staff magazine and intranet. New formats were also set up, including a sustainability dialog platform.
	Establish/intensify dialog with non-governmental organizations concerned with banks' responsibilities	Dec. 2015	NEW	
Introduce an environmental management system	Implement an environmental management system based on ISO 14001 for the headquarters in Frankfurt and obtain certification	Dec. 2013	▶	The environmental management system was improved with the support of ECOPROFIT and underwent an external audit. Certification in accordance with ISO 14001 was not obtained during the reporting period.
Conduct special review of sensitive sectors for lending business	Devise a sector-specific guideline for agribusiness	Dec. 2013	▶	Devise a guideline on intensive livestock farming, devise further guidelines by the end of 2015
Increase employees' awareness of product-relevant sustainability issues	Develop a new concept for sustainability training and CPD	Dec. 2014	NEW	
	Give presentations on sustainability at the regional director conferences, which take place several times a year	Dec. 2014	▶	Sustainability issues have been added to the agenda for the next regional director conference.
Increase the proportion of sustainable products	Increase the proportion of securities sales accounted for by sustainable investment certificates from 7 percent to 10 percent (base year: 2009)	Dec. 2013	▼	
	Increase the market penetration of sustainable investment certificates to 50 percent, i.e. increase the proportion of local cooperative banks taking part (base year: 2009)	Dec. 2013	▼	Owing to investors' overall caution, it was not possible to reach the goals we set to increase the proportion of securities sales accounted for by sustainable investment certificates by the end of 2013.
Increase the products and services in the DZ BANK sustainable investment research portfolio	Increase the range of services relating to products and roadshows; extend the sustainability rating	Jan. 2016	▲	
Environmental protection and climate change				
Increase energy efficiency	Implement the GoGreen postal service at all sites across the company	Dec. 2013	▲	GoGreen has been used at all DZ BANK offices since May 2013. Every day, 80 courier deliveries and 2,100 letters are sent in an environmentally friendly manner. Thanks to GoGreen, DZ BANK has reduced its CO <sub>2</sub> emissions by around 15 tonnes.
	Replace the building systems technology in the course of regular maintenance	Dec. 2015	▶	Current example of replacement work at Cityhaus 2, Frankfurt: replacement of cooling tower – use of free cooling results in an annual saving of around 360,000 kWh/year
	Replace the cooling towers at Cityhaus 1 in Frankfurt	Dec. 2017	▲	Current example: decision on the new cooling tower technology with improvement of energy efficiency or use of fewer chemicals and reduction of water consumption
	Expand the Frankfurt site with the new Pavillon building	Jul. 2016	NEW	

Objective	Action	Deadline		Comment/explanation of status
Increase energy efficiency	Obtain Green Office Building certification for GENO-Haus in Stuttgart	Dec. 2019	▲	Our long-term goal is to obtain Green Office Building certification for GENO-Haus in Stuttgart. The modernization work takes financial and environmental aspects into consideration, such as the choice of paint for the exterior and the installation of a new refrigeration machine.
	Implement DG Verlag's E-Mobility concept and set up DZ BANK's first electric charging point at the Frankfurt office	Dec. 2015	NEW	
	Deploy the first electric vehicle (BMW i3) for mail and messenger services at the Frankfurt office	Dec. 2015	NEW	
	Update the induction equipment for the office air-conditioning at Cityhaus 1 in Frankfurt	Dec. 2021	▲	Improve office air-conditioning by using modern ceiling cooling and heating elements (hybrid technology) and significantly reduce electricity needs
Cut CO <sub>2</sub> emissions	Reduce CO <sub>2</sub> emissions (related to energy consumption) by 15 percent (base year: 2012)	Dec. 2020	NEW	
	Develop measures to determine the proportion of eco-friendly means of transportation used for business travel	Dec. 2015	NEW	
	Provide e-bike stations and e-bikes for DZ BANK employees to use around the city	Dec. 2015	NEW	
Climate change	Facilitate communication and dialog on climate change	Dec. 2015	NEW	Membership of Frankfurt's ECOPROFIT club, proactive dialog with the VfU, provision of information on activities and ways of making savings via inhouse communication channels (intranet and staff magazine)
Apply ecological and social criteria to procurement	Enhance and synchronize the sustainability survey for DZ BANK Group suppliers with particular relevance for sustainability	Dec. 2015	NEW	
	Select eco-friendly hotels for business trips wherever possible	Dec. 2015	NEW	Eco-friendly hotels are labeled as such in our travel reservations system, making it easier to make a green choice.
	Set up a site for service providers offering information on the sustainability check	Dec. 2015	NEW	
	Extend minimum standards to the procurement operations of the DZ BANK Group	Jun. 2013	▲	
	Introduce a groupwide sustainability agreement	Dec. 2013	▲	The agreement was approved and communicated to suppliers in 2013.
	Conduct a sustainability survey among suppliers with particular relevance for sustainability	Dec. 2013	▶	Suppliers with particular relevance were surveyed. Depending on the feedback, meetings were then held.
Employees				
Promote a balance between career and family	Undergo a re-audit by the non-profit-making Hertie Foundation	Aug. 2013	▲	Re-audit took place (March 2014).
	audit berufundfamilie®	Dec. 2015	NEW	Enhancement of the work and family communication concept, focusing in particular on regional offices.
	Open a daycare center for employees' children in Frankfurt	Dec. 2015	NEW	A daycare center for employees' children will be set up nearby as part of the extension to DZ BANK's offices.
Ensure a supply of qualified employees	Offer apprenticeships at DZ BANK's regional sites	Dec. 2013	▲	All apprenticeship positions were filled.
	Define and implement a new employer branding concept in the DZ BANK Group	Dec. 2015	NEW	Concepts have been developed for the individual entities. Joint HR marketing activities will be launched in 2014.
Increase employee satisfaction and loyalty	Improve development opportunities by offering activities identified in the DZ MeinungsSpiegel employee survey	Dec. 2015	▲	Improvements have begun at various levels, e.g. targeted communications on development opportunities.
Society				
Expand corporate volunteering	Implement a company-supported volunteering initiative	Dec. 2013	▲	DZ BANK's involvement in the Joblinge initiative at a number of locations is a way for employees to engage in community activities.

# GRI CONTENT INDEX

To ensure that our reporting is clear and understandable, we follow the guidelines issued by the Global Reporting Initiative (GRI) (third version, G3), plus the sector supplement for financial services providers. Our self-assessment of our application level for the GRI G3 guidelines is A, which is the highest application level. The GRI has verified and confirmed this self-assessment (SR 50). The GRI Content Index shown here is a condensed version and indicates the pages in the report where the required information can be found. A detailed statement is available on DZ BANK's sustainability portal at [www.sustainability.dzbank.com](http://www.sustainability.dzbank.com).

GRI indicator	Application level	Page
<b>1. STRATEGY AND ANALYSIS</b>		
1.1 Statement from the most senior decision maker	▲	SR 4 et seq. SR 12 et seq., 17 et seq., 22 et seq.;
1.2 Key impacts, risks, and opportunities	▲	AM 27, 84 et seq.; online
<b>2. ORGANIZATIONAL PROFILE</b>		
2.1 Name of the organization	▲	SR 51
2.2 Brands, products, and/or services	▲	SR 6 et seq.
2.3 Operational structure of the organization	▲	SR 6 et seq.; AM 4 et seq.; online
2.4 Location of organization's headquarters	▲	SR 51
2.5 Countries where the organization operates	▲	SR 8 et seq.
2.6 Nature of ownership and legal form	▲	SR 6; AM 4, 42
2.7 Markets	▲	SR 8
2.8 Scale of the organization	▲	SR 6 et seq.; AM U2
2.9 Significant changes regarding size, structure, or ownership	▲	AM 8, AR 187
2.10 Awards	▲	SR 25; AM 25; AR 22 et seq.
<b>3. REPORT PARAMETERS</b>		
3.1 Reporting period	▲	SR 2
3.2 Publication of most recent previous report	▲	SR 2
3.3 Reporting cycle	▲	SR 2
3.4 Contact	▲	SR 51
3.5 Process for defining report content	▲	SR 2, 12; see 4.14 et seq.
3.6 Boundary of the report	▲	SR 2
3.7 Limitations on the scope of the report	▲	SR 2
3.8 Joint ventures, subsidiaries, outsourced operations	▲	AM 126 et seq.; see 2.9, 3.6
3.9 Data measurement	▲	SR 2
3.10 Re-statement of information provided in earlier reports	▲	SR 2
3.11 Changes in the scope, boundary, or measurement methods applied in the report	▲	SR 2
3.12 GRI Content Index	▲	SR 48 et seq.
3.13 External assurance for the report	▲	
<b>4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>		
4.1 Governance structure of the organization	▲	SR 11; AM 120 et seq.
4.2 Indicate whether the chair of the highest governance body is also an executive officer	▲	AM 120 et seq.; online
4.3 Independent members of the highest governance body	✗	AM 120 et seq.; see 4.1
4.4 Mechanisms for shareholders and employees to provide recommendations to the highest governance body	▲	SR 9, 14 et seq.; AM 90, 120, 150
4.5 Linkage between compensation for members of the highest governance body and the organization's performance	▲	SR 12; AM 120
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	▲	SR 13 et seq.
4.7 Qualifications of the members of the highest governance body regarding sustainability issues	▲	SR 11
4.8 Statements of mission, codes of conduct, and principles	▲	SR 12 et seq., 28 et seq.; see 4.6
4.9 Procedures of the highest governance body for overseeing sustainability performance	▲	SR 11; see 4.7, 4.8, 4.12
4.10 Processes for evaluating the highest governance body's sustainability performance	▲	see 4.5
4.11 Precautionary approach	▲	SR 17 et seq.; AM 32 et seq.
4.12 Externally developed charters, principles, initiatives which the organization endorses or subscribes to	▲	SR 2, 15 et seq., 21 et seq., 34 et seq.
4.13 Membership of organizations	▲	SR 15, 22, 44; online
4.14 Stakeholder groups	▲	SR 14 et seq.
4.15 Basis for selection of stakeholders	▲	SR 2, 12
4.16 Approaches to stakeholder engagement	▲	SR 12 et seq., 35; AM U2; see 3.5, 4.4
4.17 Topics and concerns of stakeholders	▲	SR 15, 17, 35; see 3.5
<b>ECONOMIC PERFORMANCE INDICATORS</b>		
Management approach	▲	SR 6 et seq., 16, 41 et seq.; AM 10 et seq., 88 et seq.; see EC1
EC1 Direct economic value generated and distributed	▲	SR 6 et seq., 23, 40 et seq., 45, AM 88 et seq.
EC2 Financial implications due to climate change	▲	SR 2, 9, 15 et seq., 21 et seq., 27

GRI indicator	Application level	Page
EC3 Coverage of defined benefit plan obligations	▲	SR 34, 36, AM 88 et seq.
EC4 Financial assistance received from government	▲	
EC6 Policy, practices, and proportion of spending on suppliers	▲	SR 9, 11, 28 et seq.
EC7 Procedures for local hiring	▲	SR 35
EC8 Infrastructure investments and services for public benefit	▲	SR 18 et seq., 44
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>		
Management approach	▲	SR 25 et seq.; see EN1 et seq., EN6 et seq. (online), EN21, FS1 et seq. (online)
EN1 Materials used	▲	SR 28 et seq.
EN2 Recycled materials	▲	SR 29 et seq.
EN3 Direct energy consumption	▲	SR 25, 30
EN4 Indirect energy consumption	▲	SR 25, 30
EN8 Total water withdrawal	▲	SR 28, 31
EN11 Land in, or adjacent to, protected areas	✗	
EN12 Impacts on biodiversity	✗	see EN11
EN16 Greenhouse gas emissions	▲	SR 24 et seq., 30
EN17 Other greenhouse gas emissions	▲	SR 26 et seq., 31
EN19 Emissions of ozone-depleting substances	✗	
EN20 NOx, SOx, and other air emissions	✗	
EN21 Water discharge	✗	see 2.5
EN22 Waste by type and disposal method	▲	SR 28, 31
EN23 Significant spills	✗	
EN26 Initiatives to mitigate environmental impacts	▲	see FS1 et seq. (online)
EN27 Packaging materials	✗	
EN28 Sanctions for non-compliance with environmental laws	▲	
<b>SOCIAL PERFORMANCE INDICATORS: LABOR PRACTICES AND DECENT WORK</b>		
Management approach	▲	SR 33 et seq.; see LA10
LA1 Total workforce by employment type, employment contract, and region	▲	SR 38 et seq.; AR 63
LA2 Employee turnover	▲	SR 38; AR 62
LA4 Employees covered by collective bargaining agreements	▲	
LA5 Minimum notice periods regarding operational changes	▲	AR 61 et seq.
LA7 Occupational diseases, lost days, and work-related fatalities	▲	SR 32, 36 et seq.
LA8 Education and training regarding serious diseases	▲	SR 36 et seq.
LA10 Training and development per employee	▲	SR 10, 33, 38
LA13 Composition of governance bodies and breakdown of employees per category	▲	online
LA14 Ratio of basic salary of men to women	▲	SR 34
<b>SOCIAL PERFORMANCE INDICATORS: HUMAN RIGHTS</b>		
Management approach	▲	SR 28 et seq., 35; see HR2, FS1 et seq. (online)
HR1 Investment agreements with human rights clauses	▲	SR 16 et seq., 20
HR2 Suppliers that have undergone screening on human rights	▲	SR 28 et seq.
HR4 Number of incidents of discrimination and actions taken	▲	
HR5 Freedom of association and collective bargaining	▲	SR 19 et seq., 35
HR6 Measures taken to eliminate child labor	▲	SR 19 et seq., 28 et seq.; see FS1 et seq. (online), HR2
HR7 Measures taken to eliminate forced or compulsory labor	▲	SR 19 et seq., 28 et seq.; see FS1 et seq. (online), HR2
<b>SOCIAL PERFORMANCE INDICATORS: SOCIETY</b>		
Management approach	▲	SR 41; see SO2, SO5
SO1 Impacts of operations on communities	▲	SR 41 et seq.; see EC8 et seq. (online)
SO2 Risks related to corruption	▲	SR 13 et seq.
SO3 Training in anti-corruption policies and procedures	▲	SR 13 et seq., 23
SO4 Actions taken in response to incidents of corruption	▲	SR 12 et seq., 14
SO5 Public policy positions and lobbying	▲	online
SO8 Fines and sanctions for non-compliance with laws and regulations	▲	AM, AR
<b>SOCIAL PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY</b>		
Management approach	▲	SR 13 et seq.
PR1 Health & safety impacts on customers	✗	
PR3 Product information required by law	▲	SR 15; see FS15 (online)
PR6 Standards related to advertising	▲	
PR9 Fines for non-compliance with regulations concerning products & services	▲	AM, AR

**LEGEND**

▲ fully applied    ▲ partially applied    ▼ not applied    ✗ not relevant

**REFERENCES**

SR page in 2013 Sustainability Report    AM page in 2013 annual financial statements and management report  
AR page in 2013 Annual Report of the DZ BANK Group  
Online further information available online in the GRI Content Index

## GRI CONFIRMATION



## Statement GRI Application Level Check

GRI hereby states that **DZ BANK AG** has presented its report "Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 June 2014

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 16 June 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

## EDITORIAL INFORMATION

**DZ BANK AG**  
Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main  
Communication & Marketing  
Platz der Republik  
60265 Frankfurt am Main  
Germany

**BOARD OF MANAGING DIRECTORS**  
Wolfgang Kirsch (Chief Executive Officer)  
Lars Hille  
Wolfgang Köhler  
Dr. Cornelius Riese  
Thomas Ullrich  
Frank Westhoff  
Stefan Zeidler

**CONTENT RESPONSIBILITY**  
Martin Roth  
Head of Communication & Marketing

**PROJECT MANAGER AND CONTACT**  
Delia Kaiser  
Sustainability coordinator  
Tel.: +49 (0)69 744 742 147  
Fax: +49 (0)69 744 790 309  
[nachhaltigkeit@dzbank.de](mailto:nachhaltigkeit@dzbank.de)

**CONTACT FOR THE PRESS**  
Friederike Seliger  
Sustainability spokesperson  
Tel.: +49 (0)69 744 742 894  
[Friederike.Seliger@dzbank.de](mailto:Friederike.Seliger@dzbank.de)

**PRESS DATE**  
March 31, 2014

**PHOTO CREDITS**  
Robert Silz  
Corbis

We would like to thank all our staff and everyone else involved for their help with producing this report.

The current report is also available in German.



## FIND OUT MORE ABOUT DZ BANK

**SUSTAINABILITY PORTAL**  
Our sustainability portal provides continually updated information on sustainability-related issues.  
[www.sustainability.dzbank.com](http://www.sustainability.dzbank.com)

**DZ BANK WEBSITE**  
On our website you can find up-to-date information about DZ BANK AG and the DZ BANK Group.  
[www.dzbank.com](http://www.dzbank.com)

The 2013 Annual Report of the DZ BANK Group and the 2013 annual financial statements and management report of DZ BANK AG are available in the Investor Relations section.  
[www.dzbank.com](http://www.dzbank.com) > Investor Relations > Reports



Volksbanken Raiffeisenbanken  
cooperative financial network

 **DZ BANK**  
Bank on Germany