



Genossenschaftliche FinanzGruppe  
Volksbanken Raiffeisenbanken

# Exclusion Criteria **DZ BANK Group**

 **DZ BANK** Gruppe

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# 1. General principle

The DZ BANK Group is part of the Volksbanken Raiffeisenbanken cooperative financial network. As one of the largest private financial services organizations in Germany, the DZ BANK Group<sup>1</sup> is aware of its responsibility for people, the environment and the principles of sustainable corporate governance (ESG: Environmental, Social and Governance). Corporate responsibility and sustainability have a long tradition at cooperative banks. Even the basic cooperative idea was based on the idea of solving economic and social problems together. We are still following this tradition today.

For this reason, the DZ BANK group has adopted strict standards for its business activities.

The exclusion criteria for specific business practices and sectors are an integral element of our commitment to sustainability. They are designed to ensure that the minimum requirements relating to ESG topics are met and to prevent increased risk of damage to the DZ BANK Group's reputation. The groupwide exclusion criteria are reviewed and refined annually to adapt them to changing societal norms and new developments in science and politics.

As a financial services provider, the DZ BANK Group brings different business models together in one group. Depending on the nature of the business, the group entities will have their own ESG priorities. The exclusion criteria shown below are based on one standard that applies across the group. Further criteria may exist or be set for each group entity in relation to its business model.

The DZ BANK Group's exclusion criteria for the **lending business, own-account investing, and special funds** are described below.

1 The DZ BANK Group includes DZ BANK AG, Bausparkasse Schwäbisch Hall, DZ HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, Union Investment and VR Smart Finanz.



## 2. Exclusion criteria

### Lending business and own-account investing

General exclusion criteria apply to lending, own-account investments, and debt capital market business<sup>2</sup> in the DZ BANK Group. Every exposure – including corporate, project, export, foreign trade, acquisition, real estate, leasing, and object finance – must be examined in terms of sustainability matters. These general exclusion criteria are enshrined in the group credit standard of the DZ BANK Group, which provides rules on the consideration of risks associated with ESG factors. Depending on the business model of the group entity concerned, the scope of application or justified exceptions (for example exceptions for cooperative banks, for DZ BANK group companies, where there is credible evidence of the borrower's willingness to transform, or for higher-level decisions in exceptional cases) can be defined.

**TABLE 1: EXCLUSION CRITERIA FOR THE DZ BANK GROUP'S LENDING AND OWN-ACCOUNT INVESTING ACTIVITIES**

<b>Exclusion criteria</b>	
<b>Thermal coal</b>	<p>We do not fund coal-fired power plants – whether new or existing.</p> <p>We do not fund upstream activities in the thermal coal value chain – especially extraction and trade, and directly associated activities.</p> <p>We do not fund companies that operate coal-fired power plants, extract thermal coal, trade in thermal coal, or have a direct association with it, unless</p> <ul style="list-style-type: none"> <li>- the possibility of the funding being used in connection with these activities can be ruled out; or</li> <li>- there is a clear willingness to transform; or</li> </ul> <p>thermal coal accounts for less than 5 percent of the business (for operators of coal-fired power plants, this is the proportion of power generation; for others, the share of revenue).</p>
<b>Oil / gas extraction</b>	<p>We do not fund oil extraction activities (upstream) and oil/gas extraction activities that involve fracking, oil shale / oil sand, Arctic drilling, or deep sea mining.</p> <p>Additional information in connection with climate target management: We do not enter into new business (other than refinancing) that increases the lending volume with companies involved in oil and gas extraction (upstream), unless evidence is provided that the funds are to be used for a purpose other than oil/gas extraction.</p>
<b>Nuclear energy</b>	<p>We do not fund activities connected with the construction, operation, or maintenance of nuclear power stations.</p>
<b>Trading of endangered species of animals and plants</b>	<p>We do not fund activities involving the trading of endangered animal or plant species in accordance with the CITES (Convention on International Trade in Endangered Species) list.</p>
<b>Significant threats to the environment</b>	<p>We do not fund companies or projects that pose significant environmental risks, particularly uranium extraction, mining activities involving the mountain-top removal method, asbestos extraction, projects/assets or activities that pose a high risk of nuclear, biological, or chemical contamination (excluding biogas facilities), and hazardous goods with insufficient measures to minimize risk.</p>
<b>Controversial weapons</b>	<p>We do not fund the production or trade of controversial weapons, i.e. weapons that have indiscriminate effects, are excessively injurious, have a devastating impact on the civilian population, or have been internationally outlawed, including – but not limited to – nuclear, biological, and chemical weapons, land mines, anti-personnel mines, cluster bombs, autonomous weapons, and depleted uranium munitions.</p> <p>We do not fund companies involved in the development, production, maintenance, operation, or trade of controversial weapons or their core components if it cannot be ruled out that the funding may be used for these activities.</p>

<sup>2</sup> DCM = debt capital market: support for customers in structuring and placing bonds on the capital markets.

Exclusion criteria	
<b>Conventional weapons</b>	<p>We do not fund companies that are linked to the development, production, maintenance, or operation of conventional weapons or their material parts, pursuant to the definition in the German Weapons Act (WaffG) and that have their registered office outside NATO or EEA/EFTA countries, unless there is proof that the weapons will be used exclusively by NATO, EEA, or EFTA countries.</p> <p>We do not fund transactions involving the supply of weapons in/to countries outside NATO, the EEA, or EFTA or areas of conflict, unless a government export authorization has been issued.</p>
<b>Violations of human / labor rights</b>	<p>We do not fund companies that demonstrably contravene internationally recognized standards of human rights and labor rights. Internationally recognized standards are the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the fundamental conventions of the International Labour Organization (ILO).</p>
<b>Pornography</b>	<p>We do not fund companies from the pornography industry or similar sectors (sex industry).</p>
<b>Controversial gambling</b>	<p>We do not fund companies that are involved in controversial forms of gambling. Companies involved in controversial forms of gambling are defined as companies whose original business purpose is gambling, except where operated or supervised by public-sector entities.</p>
<b>Trade involving conflict materials</b>	<p>We do not trade activities involving materials extracted in conflict regions by a conflict party in a way that breaches human rights, and which may be used to finance the conflict.</p>
<b>Deforestation</b>	<p>We do not fund activities with a direct link to illegal deforestation, slash-and-burn, and/or the conversion of tropical forests, primary forests, and protected areas.</p>

### 3. Exclusion criteria

#### Special funds

The DZ BANK Group also takes ESG aspects into account in the **management of special funds** consisting of capital paid in by investors in a fund management company. In order to comply with environmental, social, and ethical standards, the group has defined specific exclusion criteria for all funds in which it is responsible for the entire value chain in the investment process. For example, it excludes investments in companies<sup>3</sup> that earn more than 5 percent of their revenue from extracting coal or generate more than 25 percent of their energy from coal and do not have a credible climate strategy. The **investment of policyholders' money** is subject to separate exclusion criteria. In this context, R+V has defined general exclusion criteria for its investment activities that are applied before the investment review process. The criteria, which are updated on an ongoing basis, cover various controversial economic activities. Restricting investments in coal-based business models is a key aspect of climate change mitigation. That is why R+V does not invest in companies that generate 30 percent or more of their revenue from the mining, treatment, or use of coal. R+V's exclusion criteria apply to all asset classes – particularly equities, interest-bearing securities, loans, and real estate – over which R+V's portfolio managers have a direct influence. In 2022, these criteria were extended to include selected parts of the portfolio that are managed by external portfolio managers. This action supports the decarbonization targets for R+V's investments

<sup>3</sup> Does not apply to unit-linked life insurance and occupational pension provision for the account of, and at the risk of, third-parties.

## **Imprint**

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