



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 Group¹ 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 business² 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 evidence of the borrower’s willingness to transform, or for higher-level decisions in exceptional cases) can be defined.

Exclusions are defined for direct and indirect funding. Direct funding is direct, targeted financing of a specific activity or project. Indirect funding is general corporate financing that is not explicitly targeted, for example working capital facilities or the purchase of bonds. Where an exclusion applies to indirect funding, the customer can only be supported if the following requirements are met:

- The borrower can provide credible evidence of a reduction in, or the withdrawal from, excluded activities in order to demonstrate their willingness to transform.
- The possibility of the funding being used in connection with these activities can be ruled out, even for indirect funding products.
- The proportion of revenue accounted for by the excluded activity does not exceed the defined threshold.

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

Exclusion criteria	
Thermal coal	No direct funding for activities connected to thermal coal, such as new or existing coal-fired power plants or activities in the upstream value chain, and no indirect funding for companies involved in activities that are linked to thermal coal (revenue threshold: 5 percent).
Oil / gas extraction	No direct funding for oil extraction activities (upstream), oil and gas extraction involving fracking or oil sands / oil shale, or Arctic drilling and deep sea mining, and no new business (direct or indirect, except refinancing) that increases the lending volume with companies involved in oil and gas extraction (upstream) (revenue threshold: 0 percent).

² DCM = debt capital market support for customers in structuring and placing bonds on the capital markets.

Exclusion criteria	
Nuclear energy	No direct funding for the construction of new nuclear power stations or direct funding for activities connected with the operation or maintenance of nuclear power stations, unless the activity increases security or makes a relevant positive ESG contribution.
Trading of animals and plants	No direct funding for the trading of endangered animal or plant species in accordance with the CITES (Convention on International Trade in Endangered Species) list.
Significant threats to the environment	No direct or indirect funding for companies or projects that pose significant threats to the environment, particularly uranium/asbestos extraction (revenue threshold: 1 percent), mining activities involving the mountain-top removal method, 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.
Conventional weapons	<p>DZ BANK takes great care when funding companies in the conventional weapons segment and reserves the right to exclude specific types of weapons.</p> <p>No direct or indirect funding for 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 whose registered office and majority of business activities are 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>No funding for 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 by the Bundesamt für Wirtschaft und Ausfuhrkontrolle (BAFA) [German Federal Office for Economic Affairs and Export Control] or an equivalent body in an EU, EEA, or EFTA country</p>
Controversial weapons	<p>No direct or indirect funding for companies that are involved in the production or trading of controversial weapons or their core components. Controversial weapons are those that have indiscriminate effects, are excessively injurious, have a devastating impact on the civilian population, or have been internationally outlawed. These currently include anti-personnel mines (under the Ottawa Convention, 1997), cluster bombs (under the Oslo Convention, 2008), biological weapons (under the Biological Weapons Convention [BWC], 1972), chemical weapons (under the Chemical Weapons Convention [CWC], 1993), nuclear weapons for non-nuclear weapon states (under the Treaty on the Non-Proliferation of Nuclear Weapons [NPT], 1968) that are not NATO members, blinding laser weapons (under Protocol IV of the UN Convention on Certain Conventional Weapons [CCW], 1995), and ammunitions containing uranium.</p> <p>No direct or indirect funding for companies involved in the development, production, maintenance, operation, or trade of controversial weapons or their core components if it cannot be ruled out that the funding may be used for these activities</p>
Human rights and labor rights	No direct or indirect funding for 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) (revenue threshold: 0 percent).
Pornography	No direct funding for activities or companies in the pornography industry or similar sectors (revenue threshold: 1 percent).
Controversial gambling	No direct funding for controversial forms of gambling or indirect funding for companies involved in controversial forms of gambling. These are companies whose original business purpose is gambling, except where operated or supervised by public-sector entities (revenue threshold: 1 percent).

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Trade involving conflict materials	No direct funding for 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.
Deforestation	No direct funding of activities with a direct link to illegal deforestation, slash-and-burn, and/or the conversion of tropical forests, primary forests, and protected areas.

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.

The **investment of policyholders' money** is subject to separate exclusion criteria, which support R+V's decarbonization targets in investments. R+V has established binding policies for its investment activities. These are applied upstream of the investment review process and updated regularly. For example, R+V does not invest in companies that generate 20 percent or more of their revenue from the mining, treatment, or use of coal. The exclusion criteria apply to all asset classes – particularly equities, interest-bearing securities, loans, and real estate – where the portfolio managers have a direct influence on the investments. Since 2022, these criteria have also applied to selected parts of the portfolio that are managed by external portfolio managers.

Imprint

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