



Volksbanken Raiffeisenbanken
cooperative financial network

SUSTAINABILITY REPORT 2020

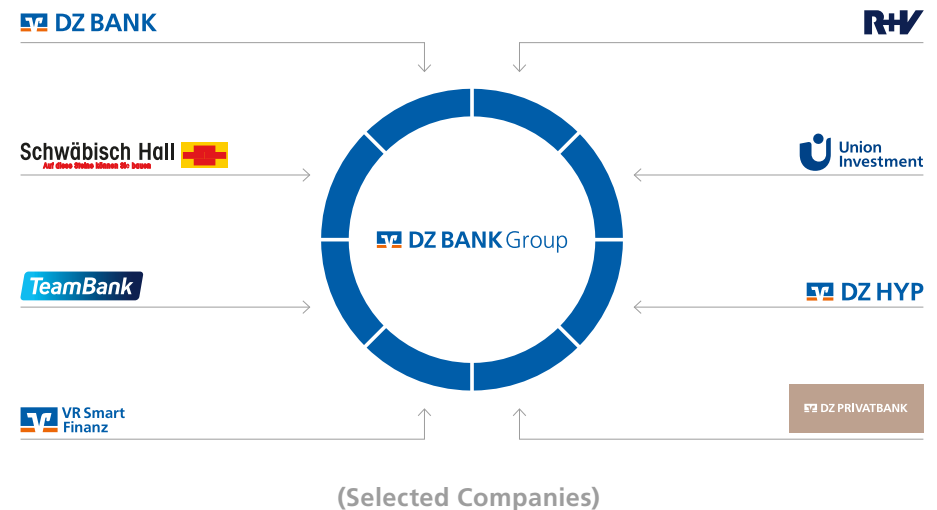
dzhyp.de

DZ HYP – Part of a Strong Group

DZ HYP is part of DZ BANK Group and therefore of the Volksbanken Raiffeisen-banken Cooperative Financial Network, which comprises 814 individual cooperative banks. In terms of total assets, the network ranks among the largest financial services organisations in Germany. Within the Cooperative Financial Network, DZ BANK AG acts as the central institution, tasked with supporting the local cooperative banks' transactions as well as strengthening their competitive position. It also operates as a commercial bank, and exercises the holding entity function for DZ BANK Group.

DZ BANK Group comprises Bausparkasse Schwäbisch Hall building society, DZ HYP, DZ PRIVATBANK, R+V Versicherung insurance, TeamBank, Union Investment Group, VR Smart Finanz as well as various other specialist financial services providers. Together with their strong brands, the entities of DZ BANK Group allow the cooperative financial network to position itself as a one-stop shop for financial products and services. DZ BANK Group has organised its strategy and range of services for the cooperative banks and their clients along the lines of four business segments: Retail Banking, Corporate Banking, Capital Markets and Transaction Banking.

Combining banking services with insurance products, home loan savings and a range of investment services has a long tradition within the German Cooperative Financial Network. The specialist institutions within DZ BANK Group each offer highly competitive and appropriately-priced products in their respective area of expertise. This allows Germany's cooperative banks to offer their clients an end-to-end range of first-class financial services.



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About This Report

This Sustainability Report has been prepared using the reporting format based on the standards of the Global Reporting Initiative (GRI). The chapters in this Report mirror the GRI structure insofar as possible. However, we have adapted the descriptions and order to DZ HYP to improve readability and reflect our key issues.

» For more information see About This Report, p. 58

We are making this Sustainability Report available as a PDF with links. The chapters and subchapters in the Contents as well as in the cross navigation section that can be found at the top of the pages in this Report link to the relevant section in the Report.

More information can also be found by clicking on this » symbol which takes the reader to a page in the Sustainability Report, the 2020 Annual Report, the DZ HYP website or an external website.

The page references in the tables on pages 20, 59 and 60 are also cross-linked.

LETTER FROM THE MANAGEMENT BOARD

Dear readers,

At present, there is probably no other societal megatrend as relevant as that of sustainability. Every company has a responsibility to contribute towards sustainable development. For DZ HYP, we want to find a way to harmonise our profitability goals with our ambitious claim for environmental and socially responsible action.

With this in mind, in the autumn of 2020 DZ HYP launched a Bank-wide project to further refine its sustainability activities. We are working hard on this project to ensure the holistic integration of sustainability throughout every area of the Bank. An important milestone has been the revision of our sustainability strategy, which we plan to start implementing later this year. We are also in the process of creating a green bond framework to issue our own Green Pfandbrief. To this end, we will initially focus on our commercial real estate portfolio.

This year, the ISS ESG rating agency once again awarded DZ HYP with Prime status. In addition, we also welcomed a study that examined the sustainability reports of 119 credit institutions regarding the European Union's sustainability goals. As a result, our 2019 report ranked 9th, making it one of the top performers among the credit institutions surveyed. Furthermore, it confirms that we are already well



The Management Board of DZ HYP
From left to right Sabine Barthauer, Dr Georg Reutter (Chief Executive Officer), Jörg Hermes

on the way to reconciling the ecological, social and economic aspects of our business. We are, however, also aware that we are only at the beginning of this journey. As a leading provider of real estate finance in Germany, we are well placed to make a significant contribution to climate protection, particularly through our lending business. In addition to the Bank's ecological responsibility and social commitment efforts, we also see our future as a financial intermediary in sustainability matters.

Our head offices in Hamburg and Münster have been undergoing renovation and refurbishment works since 2018 and 2019, respectively, which also include energy-efficient measures to modernise the buildings. Building work in Hamburg has already finished, and the first phase of works in Münster was also successfully concluded during the year under review, which saw completion of the DZ HYP Tower. The next step will involve renovating the ground floor. If the project goes to plan, the entire building will be fully modernised by the end of 2021.

2020 presented us all with a host of unforeseen challenges and changes, and we are pleased to have been able to continue the Bank's stable development and forward-looking approach despite the coronavirus pandemic. The key to all of this lies in motivated, content employees and the common will to pull together. According to an employee survey conducted at the end of last year, employee satisfaction levels are high. It is crucial that we ensure that this remains the case in the future. Equally important, however, are our efforts to recruit new talent, particularly the younger generation. Against this backdrop, in 2020 we made a successful start on revamping our employer branding to enhance our attractiveness as an employer. It is our ambition to be well ahead of the competition when it comes to attracting both young talent and experienced specialists and managers.

Sustainability offers us the opportunity to work together towards a positive vision for the future. We at DZ HYP want to see and seize this opportunity. We invite you to join us on our journey.

We hope that you find our report informative reading.

Yours sincerely,



Dr Georg Reutter
(CEO)



Sabine Barthauer



Jörg Hermes

The Management Board
Hamburg/Münster, June 2021

OUR COMPANY

GRI 102: General disclosures

GRI 102-1: Name of the organisation

DZ HYP AG

GRI 102-2: Activities, brands, products, and services

DZ HYP is a leading provider of real estate finance and a major Pfandbrief issuer in Germany, as well as a centre of competence for public-sector clients within the Cooperative Financial Network. The Bank is active in three business segments: Corporate Clients, Retail Customers and the Public Sector. In its business activities, DZ HYP targets direct clients and acts as a partner to cooperative banks in Germany.

The Bank's central business policy role is to anchor real estate financing and public-sector lending in the Cooperative Financial Network, and to realise financing solutions together. To this end, DZ HYP offers the German cooperative banks an extensive and solution-oriented range of products and services, working hand-in-hand with them to cultivate the regional markets.

DZ HYP'S BUSINESS SEGMENTS



Corporate
Clients

Our target group:

Clients investing in real estate **in a commercial capacity and/or for investment purposes**, irrespective of their legal form

Our offer:

- » Individual financings for investors, commercial and residential real estate developers, as well as the housing sector
- » Joint regional market coverage with the cooperative banks, via the IMMO META / META REVERSE / IMMO META REVERSE* product family
- » Core segments: housing, office, retail
Special segments: hotels, logistics properties, real estate for social purposes



Retail
Customers

Our target group:

Consumers (as defined in section 13 of the German Civil Code (BGB)) with financings up to €1 million **for properties of mainly residential use**

Our offer:

- » Standardised private home loan financing, based on a framework agreement within the cooperative "VR-Baufi" product family
- » Efficient processes, with automated lending decision-making for cooperative banks (traffic light system) up to €1 million; 24-hour service level for applications with 'amber' status



Public
Sector

Our target group:

Domestic public-sector entities, their legally dependent **operations**, **special administrative unions** and **institutions under public law**

Our offer:

- » Short-term municipal and public-sector loans

Full market coverage and clear client segmentation – as building blocks for a successful market presence

Within the Corporate Clients segment, DZ HYP is active both as part of its direct business and as a partner to the cooperative banks in Germany, working closely with commercial real estate investors and the housing sector. DZ HYP focuses on financing properties in the German market, and its target clients are investors as well as project and property developers for commercial and residential real estate. As part of the Cooperative Financial Network, DZ HYP works closely with cooperative banks in their business with retail customers. DZ HYP's offering includes initial as well as follow-up financings for new construction, purchase and modernisation/refurbishment. Most of the business is intermediated by cooperative banks. As a centre of competence for public-sector clients within the Cooperative Financial Network, DZ HYP supports cooperative banks in developing their business with regions, towns/cities and local authorities, their legally dependent operations, municipal special public-law administrative unions and public-sector institutions. The core of our business is the granting of short-term public-sector loans and local authority loans.

Other services offered to the Cooperative Financial Network include the rating of commercial real estate clients and a municipal ranking that uses the latest data to provide information on the economic, budgetary and debt situation of the municipalities in the individual business regions.

We also offer property valuations performed by our wholly-owned subsidiary VR WERT. VR WERT appraises real estate for banks, organisations, investors and housing cooperatives. The range of services offered includes market and mortgage lending value appraisals, advice/consultancy on real estate matters and product audits of appraisals performed by German cooperative banks. Depending on what the client requests, mortgage lending values are calculated in accordance with the Regulation on the Determination of the Mortgage Lending Value or the uniform Valuation Directive 3.0 (*Wertermittlungsrichtlinie 3.0*) of the Cooperative Financial Network.

The company values properties financed by DZ HYP with a focus on business with corporate clients, who require a particularly sophisticated and individual case analysis, as well as on privately owned properties.

» Economic performance of VR WERT, p. 14

» Annual Report 2020, pp. 12 et seqq.

GRI 102-3: Location of headquarters

DZ HYP's head offices are in Hamburg and Münster.

Rosenstrasse 2
20095 Hamburg
Germany
Telephone +49 40 3334-0

Sentmaringer Weg 1
48151 Münster
Germany
Telephone +49 251 4905-0

GRI 102-4: Location of operations

DZ HYP is represented nationwide, with two head offices in Hamburg and Münster, six real estate centres in the business hubs of Hamburg, Berlin, Düsseldorf, Frankfurt, Stuttgart and Munich, and a further six regional offices in Hanover, Kassel, Leipzig, Mannheim, Münster and Nuremberg. The decentralised structure gives DZ HYP regional proximity to local cooperative banks and their customers.



GRI 102-5: Ownership and legal form

DZ HYP is a stock corporation under German law. It is part of DZ BANK Group and therefore part of the German Cooperative Financial Network.

GRI 102-6: Markets served

DZ HYP offers the German cooperative banks an extensive and solution-oriented range of products and services, working hand-in-hand with them to cultivate the regional markets. Cooperation is a guarantee for successfully tapping potential in real estate financing and public-sector lending. In this context, both sides benefit from the partnership – DZ HYP from the direct contact with regional clients, and the German cooperative banks from the business relationships arising from developing the market throughout Germany.

» Business segments and services of DZ HYP, p. 6 et seq.

GRI 102-7: Scale of the organisation

DZ HYP is part of DZ BANK Group and therefore part of the German Cooperative Financial Network, which comprises 814 individual cooperative banks.

ECONOMIC INDICATORS (in € thousand)

	2020	2019	2018
Revenue ¹	1,909,017	2,030,245	2,065,519
Value distributed ²	444,057	393,341	423,820

¹ Aggregate figures of the items "Interest income from lending and money market transactions and fixed income securities and debt register claims," "Current income from participations", "Income from profit-pooling, profit transfer and partial profit transfer agreements", "Commission income" and "Other operating income".

² Deviation from the Sustainability Report 2019 due to a manual transmission error.

» GRI 201: Economic performance, p. 13 et seq.

GRI 102-8: Information on employees and other workers

STAFFING INDICATORS

	2020	2019	2018
Headcount (number of employees)¹	819	870	873
Employees (number)			
Temporary	20	25	35
Permanent	799	845	838
Employment type (in %)²			
Full time	74.9	76.3	77.9
Part time	25.1	23.7	22.1

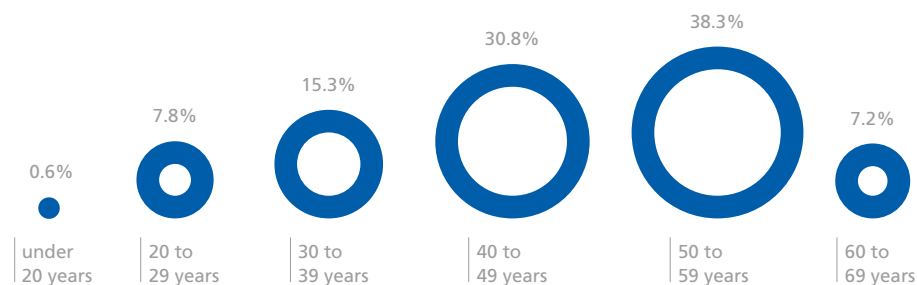
¹ Average for the year.

² Determined on the basis of average figures.

» Other staffing indicators, p. 37 et seq.

» Annual Report 2020, p. 60

EMPLOYEE AGE STRUCTURE



GRI 102-9: Supply chain

DZ BANK Group companies have been bundling their sustainable activities since 2010 with the overarching aim of jointly leveraging market opportunities, avoiding risks and also contributing towards benefitting society. Based on this core value, guidelines on sustainability in purchasing were developed at group level in 2012 to define standard requirements for purchasing. They are laid down in sustainability standards for DZ BANK Group's suppliers.

When it comes to procurement, we give preference to local suppliers and service providers that are located close to one of our offices. This results in short transportation routes and helps reduce CO₂ emissions.

» Suppliers, p. 17 et seq.

GRI 102-10: Significant changes to the organisation and its supply chain

Two years after the successful merger of DG HYP and WL BANK, DZ HYP has restructured its market activities, focusing since 1 July 2020 on three business segments: Corporate Clients, Retail Customers and the Public Sector. In Commercial Real Estate Investors and the Housing Sector, which were previously set up as separate segments, the Bank is working even more intensively with the Cooperative Financial Network within the Corporate Clients segment.

» Business segments and services of DZ HYP, p. 6 et seq.

GRI 102-11: Precautionary principle or approach

Like all members of the German Cooperative Financial Network, DZ HYP believes it has a duty to do business responsibly and sustainably. We apply a conservative risk strategy and we treat our clients and business partners with honesty, trust, and a sense of partnership.

The ability to identify, assess, manage, monitor and communicate risks is a key part of our business activities. We are guided by our principle of assuming risk only to the extent required to achieve the objectives of the respective business policy, and where there is an appropriate level of understanding and expertise at hand for measuring and managing those risks.

» Risk management, p. 24

» Annual Report 2020, pp. 35 et seqq.

GRI 102-12: External initiatives

In 2008, DZ BANK AG became a signatory to the Global Compact of the United Nations, thereby committing itself to implementing the ten internationally acknowledged principles stipulated by the initiative for responsible conduct. In 2013, we followed suit in taking up these principles: they span human rights, labour standards, environmental protection and anti-corruption.

We value the diversity of our employees, and therefore decided to sign the German Diversity Charter in 2012.

When designing internship projects for students and school pupils, we adhere to the Fair Company Code.

In recognition of our family-oriented human resources policy, the non-profit Hertie Foundation awarded us the “audit berufundfamilie®” certificate in 2013 which we still have to this day. The next re-audit process is due in 2021 and it will include both of the merged bank’s registered offices.

» Employees, pp. 37 et seqq.

We have been supporting the CLUB OF ROME schools network with an annual donation since 2013. We were honoured as an educational partner for the schools in 2015, and in this role contribute to the implementation and expansion of the CLUB OF ROME school network at national level. In addition, we serve as the host and financial backer of the annual meeting of the CLUB OF ROME schools.

» Social commitment, pp. 47 et seq.

GRI 102-13: Membership of associations and stakeholder groups

- » Federal Association of German Credit Unions and Rural Banking Cooperatives (BVR)
- » Cooperative Association Weser-Ems
- » Cooperative Association, Regional Association, Frankfurt/Main
- » Cooperative Association Baden-Württemberg
- » Cooperative Association Bavaria
- » German Cooperative and Raiffeisen Confederation (DGRV)
- » Association of German Pfandbrief Banks (vdp)
- » German Property Federation (ZIA)
- » Urban Land Institute (ULI Europe)
- » Association for Environmental Management and Sustainability in Banks (VfU)
- » German Investor Relations Association (DIRK)
- » Federal Association of German Housing and Real Estate Companies (GdW)
- » German Development Assistance Association for Social Housing (DESWOS)
- » European Covered Bond Council (ECBC)

GRI 102-14: Statement from senior decision-maker

» Letter from the Management Board, p. 4 et seq.

GRI 102-15: Key impacts, risks and opportunities

We see ourselves as an active member of society and are aware that the decisions we make significantly influence our environment. That is why we as a bank strive to base our success on a sustainable business model. This includes taking the needs of the employees and society into account while protecting the environment and the climate. In doing so, we agree with the Brundtland Commission Report that we must satisfy the needs of today's generations and offer them fair opportunities for development – without compromising the chances of future generations or threatening our natural livelihood. We believe that an organisation thinking and acting sustainably also means being able to respond flexibly at any time to the changing political and social landscape, dynamic market developments and technological innovations.

Our governing principles are laid down in our sustainability strategy and make clear what our responsibility is – and what we mean when we talk about sustainable development.

» Sustainability Strategy, pp. 19 et seqq.

» Annual Report 2020, pp. 35 et seqq.

The Cooperative Basic Value of Aiding Empowerment

When Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch founded the first financial cooperatives – in Germany, about 160 years ago – little did they know that they were writing the first pages of a tremendous success story. Today, financial cooperatives are deeply rooted in many markets. While they come in different structures, they have one thing in common: their members are owners and clients at the same time. This principle is the main differentiation between cooperatives and other forms of cooperation.

In cooperatives, people unite voluntarily to engage in economic activity together and advance their members' business activities in their own right, i.e. not accepting third-party or governmental support. It is this advancement – and not the distribution of yield – that is given priority.

Fundamental decisions are taken by the general meeting, where every member has one vote, irrespective of their equity stake. This is to protect democratic principles, to avoid individual majority owners dominating and to prevent an unsolicited takeover.

Every cooperative is also a member of an Auditing Association. These associations advise their members where needed, and audit the financial condition as well as the regularity of the management. Against this background, cooperatives have been by far the most bankruptcy-proof legal structure that Germany has to offer for many years.

www.genossenschaften.de (available in German only)

GRI 102-16: Values, principles, standards and norms of behaviour

Good corporate governance requires compliance with legal and regulatory regulations, voluntary commitments and internal guidelines (compliance), the responsible management of risks (risk management), protection of the Bank's reputation, and the implementation of transparent business processes. Our Corporate Governance policy provides a framework that spans all legal concerns and operational principles.

For DZ HYP the cooperative basic values of aiding empowerment, solidarity, partnership and social commitment are the cornerstones of our activity.

As a signatory to the Global Compact of the United Nations, we are committed to implementing the ten internationally acknowledged principles stipulated by the initiative for responsible conduct.

We define responsible corporate governance to include not only adherence to legal standards and requirements, but also to values and principles, together with clear and transparent management.

- » DZ BANK AG's Communication on Progress for the UN Global Compact (available in German only)
- » Responsible corporate governance, p. 15 et seq.

As a leading real estate financier in Germany and competence centre for public-sector clients of the Cooperative Financial Network, we are able to contribute indirectly to the achievement of the Sustainable Development Goals (SDGs) with our loans. For this reason, we have set ourselves the objective of systematically analysing the potential of using SDGs as a benchmark for companies and investors, as well as examining the impact of our own business activity on the future achievement of the goals. We follow the World Green Building Council in our SDGs:



» World Green Building Council

One of the key goals for us is 11: Sustainable Cities and Communities. DZ HYP offers financing solutions for energy-efficient commercial real estate, enabling the cooperative, municipal and church-owned housing companies to provide affordable housing, and also empowering smaller municipalities to invest in public infrastructure in order that the public provision of services is guaranteed.

Our practical understanding of integrity and ethical business is clearly stated in our Code of Conduct. All employees are bound by the Code, which applies throughout the Group.

» Our Code of Conduct

GRI 102-18: Governance structure

At DZ HYP, we apply a model of dual leadership. A Management Board of three leads the company according to existing statutory provisions, ensuring compliance within DZ HYP. In turn, the Supervisory Board and its committees monitor the Management Board. The Bank's internal regulations – for example the Articles of Incorporation and Rules of Procedure – comply with legal requirements.

There were some changes within the Management Board in 2020. Mr Jörg Hermes joined the Management Board on 1 April as a replacement for Dr Carsten Dürkop. At the end of the year, Mr Manfred Salber retired after almost 14 successful years at the Bank. Sabine Barthauer succeeded him on the Management Board with effect from 1 January 2021.

To fulfil its tasks, the Supervisory Board engaged a Nomination Committee, a Remuneration Oversight Committee, an Audit Committee, and a Risk Committee during the 2019 financial year. These committees met several times in 2020 and their respective chairpersons reported to the Supervisory Board on the committees' work on a regular basis.

The self-evaluation carried out by the Supervisory Board itself in the period from April to May 2020 and the evaluation of the DZ HYP Management Board led to the conclusion that the structure, size, composition and performance of the Supervisory Board and the Management Board as well as the knowledge, skills and expertise of the individual members of the Supervisory Board and of the Management Board as well as of both bodies in their entirety are in line with legal requirements and those set out in the Articles of Incorporation.

As set forth in the Articles of Incorporation, the Supervisory Board of DZ HYP consists of 18 members. In accordance with the German Act to Simplify the Election of Employee Representatives to the Supervisory Board (*Drittelbeteiligungsgesetz* – "*DrittelbG*"), it comprises twelve members elected at the Annual General Meeting and six members elected by employees. As of 31 December 2020, there were 17 active members on the Supervisory Board, and one shareholder representative seat remained vacant. Five members stepped down at the end of the 2020 Annual General Meeting. In accordance with the regulations, five new members and one member appointed by the court were elected to the Board. Two of the Board's members left during the year, although one of these members was replaced by the elected successor. As of the reporting date, the percentage of women on the Supervisory Board remained at 22 per cent.

The Supervisory Board convened four times during the 2020 financial year.

» Annual Report 2020, Report of the Supervisory Board, p. 102 et seq.

GRI 201: Economic performance

GRI 201-1: Direct economic value generated and distributed

ECONOMIC INDICATORS (in € thousand)

	2020	2019	2018
Revenues¹	1,909,017	2,030,245	2,065,519
Value distributed²	444,057	393,341	423,820
Other administrative expenses	158,446	154,711	191,938
Wages and salaries	71,806	75,177	78,372
Compulsory social security contributions and expenses for pensions and other employee benefits	14,963	15,576	18,859
Payments to providers of capital ³	72,791	66,089	71,307
Payments to government ⁴	126,051	81,788	63,344

¹ Aggregate figures of the items "Interest income from lending and money market transactions and fixed income securities and debt register claims," "Current income from participations", "Income from profit-pooling, profit transfer and partial profit transfer agreements", "Commission income" and "Other operating income".

² Deviation from the Sustainability Report 2019 due to a manual transmission error.

³ Aggregate figures of the items "Profits transferred under profit transfer agreements" and "Profits transferred under partial profit transfer agreements".

⁴ Primarily tax allocation to the controlling company.

DZ HYP's new business

In the year under review, the coronavirus pandemic affected developments on the real estate markets to varying degrees. While transaction momentum on the investment market tapered off, prices for owner-occupied residential properties continued to rise unabated. Sustained low interest rates were the driving force behind this trend. Overall, DZ HYP generated €10,736 million in new business (2019: €12,885 million).

VOLUMEN (in € million)

	2020	2019
Corporate Clients	8,039	10,327
Retail Customers	2,066	1,841
Public Sector Clients	631	717
Total	10,736	12,885

Given the restructuring of business segments, figures for new business have only been stated for 2019 and 2020.

VR WERT

VR WERT, a wholly-owned subsidiary of DZ HYP, lifted its number of valuations in the 2020 financial year to 6,213 (2019: 3,291) thanks to a larger workforce after employees of DZ HYP and DZ I+T GmbH were transferred at the end of 2019 / beginning of 2020 as part of a partial transfer of operations. Revenues rose to €15.3 million as a result (2019: €11.8 million). Profit of €3.1 million was transferred to DZ HYP in 2020 (2019: €2.6 million).

» Annual Report 2020, pp. 14, 25

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

Every day, we face questions of sustainability in our lending business. The criteria we apply to our real estate projects when making investment decisions comprise

both strict risk and return considerations as well as social and environmental aspects.

Investments in the private real estate portfolios – both in new buildings and renovation measures – ensure an increase in energy efficiency. Sustainable investments such as these will usually be combined with special loans granted by KfW, the German government-owned development bank, as part of one of its promotional programmes.

In a joint climate strategy, the eleven companies of DZ BANK Group committed to reducing their aggregated CO₂ emissions by at least 80 per cent by the year 2050. This is how we intend to support the Federal German Government's Climate Action Plan and the UN's Paris Agreement. In fact, DZ BANK Group has already reduced its CO₂ emissions by 50.7 per cent, (2018: 47.3 per cent) based on 2009 as a reference year.

GRI 201-3: Defined benefit plan obligations and other retirement plans

EMPLOYEE EXPENSES

	2020	2019	2018
Employees with company pensions (in %)	89.2	96.0	97.7
Provisions for pensions and similar obligations (in € thousand)	198,083	185,601	172,447
Wages and salaries (in € thousand)	71,806	75,177	78,372
Compulsory social security contributions and expenses for pensions and other employee benefits (in € thousand)	14,963	15,576	18,859
Of which company pension schemes (in € thousand)	4,691	4,556	6,800
Other social expenses (in € thousand)	10,267	11,000	10,100

» Annual Report 2020, pp. 62 et seqq.

» Other staffing indicators, pp. 37 et seqq.

Responsible Corporate Governance

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

GRI 205: Anti-corruption

GRI 206: Anti-competitive behaviour

GRI 412: Human rights assessment

Sustainable economic management requires compliance with all applicable legal requirements and provisions, regulations, voluntary commitment as well as internal guidelines. As a member of the UN Global Compact, we follow its principles. We are also committed to the 2030 Agenda for Sustainable Development.

Our practical understanding of integrity and ethical business is clearly stated in our Code of Conduct which applies throughout the Group and is binding for all employees. It combines our internal principles with external market standards and reaffirms our commitment to sustainability.

» Our Code of Conduct

As a financial service provider, reputational protection is of particular importance to us. Countering corruption and bribery, and preventing money laundering, terrorist financing and criminal acts are therefore amongst the core principles of our business activity.

DZ HYP's Compliance Office reports directly to the Management Board. It encompasses MaRisk (Minimum Requirements for Risk Management) compliance and capital market compliance, the prevention of money laundering and fraud with Money Laundering Prevention Officer (the Central Unit) as well as Data Protection Officers, information security and business continuity. It is tasked with implementing and further developing bank-wide guidelines, exercising a supervisory function and advising our business entities on implementation and compliance with legal requirements.

For the purposes of MaRisk compliance, the Bank has established a Compliance Board (comprising members of the Management Board and Heads of divisions) as well as a Compliance Committee (comprising representatives from the divisions). The Head of Compliance performs the duties of the MaRisk and WpHG (German Securities Trading Act) compliance officers as well as that of the money laundering prevention officer.

» GRI 205: Anti-corruption, p. 16

The Compliance division also houses our complaints management system that enables us to record any client complaints and manage them systematically. Our clients, cooperative partners and other third parties may submit a complaint by phone, email or in person. All complaints received are reviewed by the responsible divisions in a timely manner. In general, we seek to resolve misunderstandings and difficulties at an early stage and in direct talks – and to find individual solutions.

To prevent white-collar crime and deter unauthorised influence from being exercised on our employees, DZ HYP has also instituted a whistleblower system. Through this system, employees can relay information about non-compliant practices, serious violations or other failings to an internal ombuds office – confidentially, and without their name being disclosed.

As the number of working steps being digitalised and the amount of information provided electronically increase, the need to protect personal data and its use solely for its intended purpose grows. In our ongoing digitalisation campaigns we continuously advance our security measures to remain on top of technological developments. The EU's General Data Protection Regulation is of course being adhered to.

» GRI 418: Protection of Client Data, p. 32

GRI 205: Anti-Corruption

GRI 205-1: Operations assessed for risks related to corruption

As the Money Laundering Prevention Officer / Central Unit, the Head of Compliance ensures that adequate risk management as well as internal protective measures are in place to prevent money laundering, terrorist financing or criminal acts that could endanger the Bank's assets. The Head of Compliance is responsible for compliance with money laundering rules and regulations, as well as for fulfilling the above-mentioned requirements to prevent criminal activities and is supported in this by the Corporate Compliance department / Central Unit. A dedicated monitoring system and other control procedures help us keep watch for suspicious business relationships and transactions throughout the Bank.

Furthermore, our money laundering and fraud prevention department cooperates closely with Risk Controlling's operational risk group to identify, measure and manage risks. With uniform instruments for the identification of operational risks and processing feedback from risk analyses, DZ HYP ensures that the risk of losses is minimised and eliminated at an early stage.

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

When they join the Bank, all employees receive training on legal provisions, internal arrangements as well as the methods applied in money laundering, terrorist financing and criminal activities. They must take refresher courses every two years, or when their duties change. A system for reporting suspicious activities is in place.

GRI 205-3: Confirmed incidents of corruption and actions taken

There were no known cases of corruption for 2020 at DZ HYP.

GRI 206: Anti-competitive behaviour

GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust- and monopoly practices

There were no legal actions against DZ HYP in 2020 concerning anti-trust and monopoly practices.

GRI 412: Human rights assessment

GRI 412-1: Operations that have been subject to human rights reviews or impact assessments

As DZ HYP's business activities are focused on Germany, human rights abuses such as child and forced labour are not an issue. Further topics such as equal treatment, freedom of association and collective bargaining, anti-discrimination or data protection are addressed in internal regulations, prevailing principles and the Group's Code of Conduct.

GRI 412-2: Employee training on human rights policies or procedures

Our employees receive regular training on the German General Equal Treatment Act (*Allgemeines Gleichbehandlungsgesetz – "AGG"*), and the training applies to our executive staff in particular. New employees receive this training at the very start of their career with DZ HYP. In the year under review, no violations or complaints regarding non-compliance with the German General Equal Treatment Act were registered.

Suppliers

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

GRI 308: Supplier environmental assessment

GRI 414: Supplier social assessment

DZ HYP also applies economic, environmental and social criteria when choosing its suppliers, based on Group-wide sustainability standards for suppliers established in 2012. They are based on the principles stipulated by the Global Compact of the United Nations, the Code of Conduct published by the German Association Supply Chain Management, Purchasing and Logistics (BME), as well as on the relevant conventions of the International Labour Organisation (ILO).

DZ BANK Group gives preference to local suppliers and service providers: that means, quite simply, they are located close to one of our offices. All suppliers with an aggregate revenue that exceeds a fixed threshold will be reviewed by Procurement for sustainability criteria and how open they are towards taking further measures to meet or improve upon these criteria. Using a list of criteria based on the above-mentioned principles, codes and conventions and that stretches from critical human rights issues to illicit employment, minimum wage infringement and improper disposal of construction materials, each supplier is assigned a score. A medium score will lead us to request an extensive self-declaration. This allows us to spot risks in the supply chain at an early stage, and react quickly in case of infringements. In this context, we keep a particularly close eye on construction, security and cleaning companies.

For the companies of DZ BANK Group, compliance with their sustainability standards is a must for any business relationship. An incident of non-compliance will lead to a specific action plan being developed together with the supplier in question, including an escalation scheme that – in extreme cases – may lead to the termination of the business relationship.

Based on the lead buyership principle, joint suppliers now only need to present their sustainability activities to one DZ BANK Group company. The results are then shared in the group.

» Sustainability requirements for DZ BANK Group suppliers

GRI 204: Procurement practices

GRI 204-1: Proportion of spending on local suppliers

In the year under review, we sourced more than 98.8 per cent of our products and services from German suppliers (based on our total business volume).

GRI 308: Supplier environmental assessment

GRI 414: Supplier social assessment

GRI 308-1: New suppliers that were screened using environmental criteria

GRI 414-1: New suppliers that were screened using social criteria

DZ HYP requires its suppliers to comply with DZ BANK Group's sustainability standards for suppliers. When it comes to environmental responsibility, we expect our contractors to ensure they are taking reasonable action to protect the environment and to comply with local and national legal requirements at the very least.

Furthermore, they should have an established environmental management system in place to develop and take measures in order to systematically reduce the impact on the environment.

In terms of social criteria, we require contractors to respect human rights, not to tolerate any child and forced labour, to guarantee fair compensation and fair working conditions, to grant employees freedom of association and the right to collective bargaining, to take relevant measures to ensure occupational health and safety in the workplace and to rule out any form of discrimination as well as refrain from engaging in corruption or bribery.

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

GRI 414-2: Negative social impacts in the supply chain and actions taken

No actual or potentially negative repercussions for the environment and/or negative impacts in terms of human rights or society or in terms of working practices were identified in the year under review.

SUSTAINABILITY STRATEGY

For DZ HYP, sustainability is a complex issue that has been growing and evolving constantly over recent years. Going forward, we will continue to watch changes in the political and social landscape, dynamic market developments and technological innovations very closely and then analyse them and integrate them into our business. To satisfy the requirements of policy makers, banking supervisory authorities as well as investors and society as a whole, we launched a Bank-wide sustainability project in the reporting year. Within this context, we are in the process of revising and adapting our current sustainability strategy. We are driven by a desire to integrate sustainability to an even greater extent into our business processes, and this includes redefining our exclusion criteria for lending.

As a member of DZ BANK Group, DZ HYP is committed to the fundamental cooperative concept of responsible business practices. We see ourselves as an active member of society, and are aware that the decisions we make significantly influence the environment in which we move, live and work. That is why we strive to base our success as a bank on a sustainable business model that is in line with the needs of our employees, society and conservation of our natural habitat and climate. In doing so, we agree with the Brundtland Commission Report that we must satisfy the needs of today's generations and offer them fair opportunities for development – without compromising the chances of future generations or threatening our natural livelihood. In this context, the Ten Principles of the UN Global Compact and the United Nations Sustainable Development Goals (SDGs) play a major role for us.

Another point of reference is the German government's sustainability strategy, which was further specified following the adoption of the United Nations 2030 Agenda for Sustainable Development. In an ambitious response to this, the companies of the DZ BANK Group renewed their climate strategy in 2018, and as part of the German government's new target of net zero emissions, we will adjust the Climate Strategy for 2021.

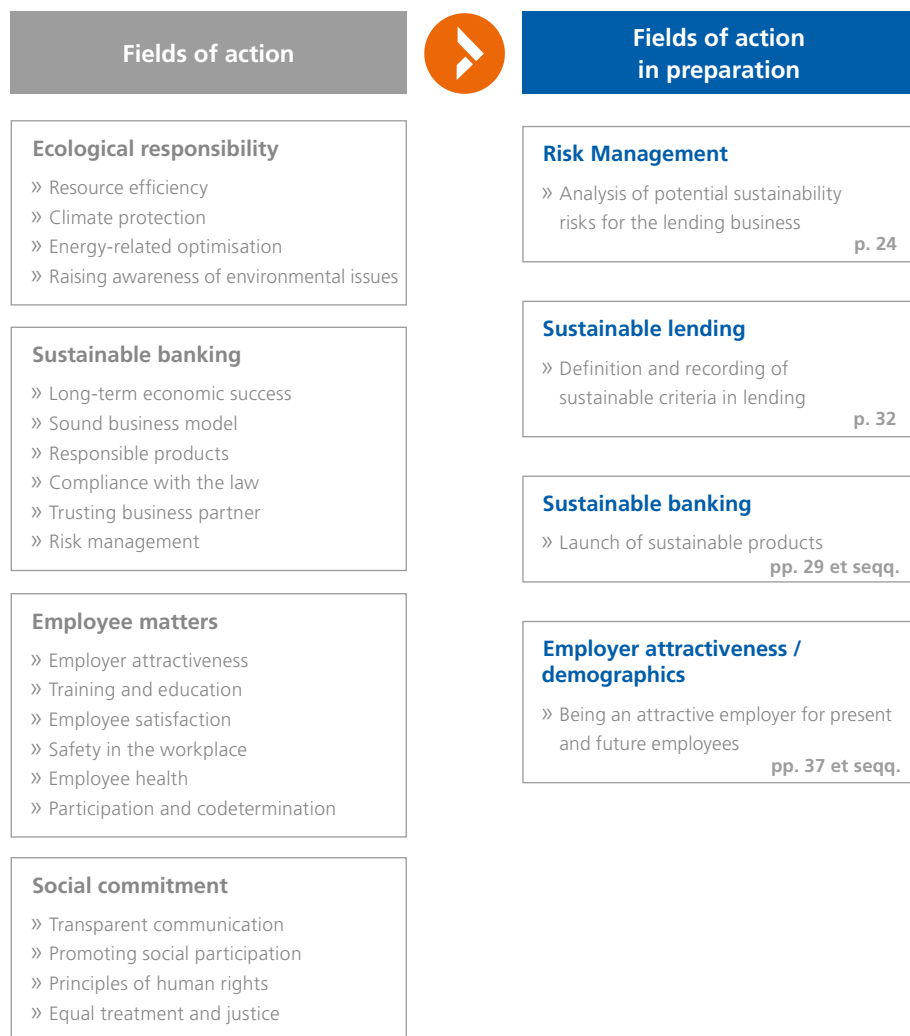
» Climate strategy, p. 49

DZ HYP is closely following the current national and European debate on how to create a more sustainable financial sector. Against this backdrop, in 2019 we started to analyse and revise our sustainability strategy and objectives as well as related processes throughout the Bank. In February 2020, DZ HYP put together a task force, comprising colleagues from the Finance, Treasury, Risk Controlling and Sustainability Management units. Based on the groundwork laid by the task force, a Bank-wide project to further refine our sustainability activities was launched in September 2020.

» GRI 102-44: Key topics and concerns raised, p. 27 et seq.

» GRI 102-46: Defining report content and topic boundaries, p. 58 et seq.

Our sustainability strategy serves as a guide for identifying areas of action and suitable measures for sustainability management. It comprises governing principles and makes clear what our responsibility is – and what we mean when we talk about sustainable development. The fields of action identified in our strategy are listed below.



The figure to the left illustrates the evolution on this basis in our key fields of action. The goals of our existing fields of action of our sustainability programme are continued and further developed by the sponsorships that are in place. More information on this can be found in subsequent chapters.

- » Employee Matters, pp. 37 et seqq.
- » Ecological Responsibility, pp. 49 et seqq.
- » Social Commitment, p. 47 et seq.

In the year under review, we at DZ HYP pursued and implemented various sustainability measures. In 2019, we established our own independent Sustainability Committee, in which all Heads of the Bank's divisions are represented. The body's purpose is to encourage debate on sustainability issues and to assess the opportunities and risks surrounding current developments with the aim of improving DZ HYP's sustainability performance.

- » Sustainability Committee, p. 22

The demographic concept that we adopted in 2019 was elaborated in greater detail in the year under review and individual measures were implemented. The demographic concept focuses on four fields of action: HR planning and recruitment, talent acquisition, staff loyalty and employee health. Due to the far-reaching restructuring measures as part of the "Focus 2020" project, on 3 November 2020, the Management Board re-evaluated and redefined the targets for the proportion of women in F1 and F2 management positions at DZ HYP.

- » Demographic management, p. 37 et seq.

The head offices in Hamburg and Münster have been undergoing renovation work, including energy efficiency modernisation measures, since 2018 and 2019, respectively.

As things stand at the moment, construction work in Münster will be completed on schedule in 2021. All works in Hamburg have been finished in the meantime. As a result of this, modern co-working spaces and quiet retreat areas have been created at both head offices. In Hamburg, the 5th floor has been converted into a full storey with a state-of-the-art conference and boardroom area. As part of the construction measures in Hamburg, the façades have been renovated to improve energy efficiency, a sophisticated window system with smart shading has been installed, and the building now has its own co-generation unit and green roof with photovoltaic panels. These energy-saving measures have led to a significant reduction in energy consumption. With an increase in gross floor area of 2,000 square metres, energy consumption figures for the last quarter of the reporting period indicate a 10 per cent reduction in gas consumption and that the building's own electricity generation will contribute approximately 40 per cent to the building's overall power demand.

» Ecological Responsibility, pp. 49 et seqq.

The first construction phase in Münster was successfully concluded in November 2020, which saw completion of the DZ HYP Tower. All floors of the tower were completely refurbished and converted to allow for contemporary office use as a multi-tenant property. The main measures include the installation of new air conditioning and heating technology and the replacement of the entire façade. The

new air conditioning and heating system as well as the façade, which includes external sun protection, are expected to reduce energy consumption. As well as saving energy, these building measures will create state-of-the-art workplaces. The individual floors of the tower have been designed as seven distinct office units with separate infrastructure. The office areas allow for flexible use as either open-plan or individual offices. The next step will involve renovating the ground floor. A prestigious entrance on Sentmaringer Weg, training rooms, a restaurant for staff, tenants and external guests on the ground floor, as well as a separate access route to the indoor bike parking spaces, which are located close to showers and changing rooms for cyclists, turn the communal areas into a high-quality and future-proof office location, too.

The modernisation work at both head offices will be certified by the German Sustainable Building Council (DGNB). The Bank is aiming for a "Silver" DGNB certificate in Hamburg and is going for "Gold" in Münster.

In 2020, DZ HYP set up its own studio, which it uses for internal and external event formats. Being able to participate in digital events saves time and resources, and is therefore a major asset for DZ HYP's digital and sustainable corporate events future. Due to the pandemic, our regular series of sustainable events were held in the new studio. These events are intended to bring the issue of sustainability and all its different facets closer to our employees. Having reported on current findings in climate research in 2019, this year's lecture looked at the issue of sustainability and financial markets.

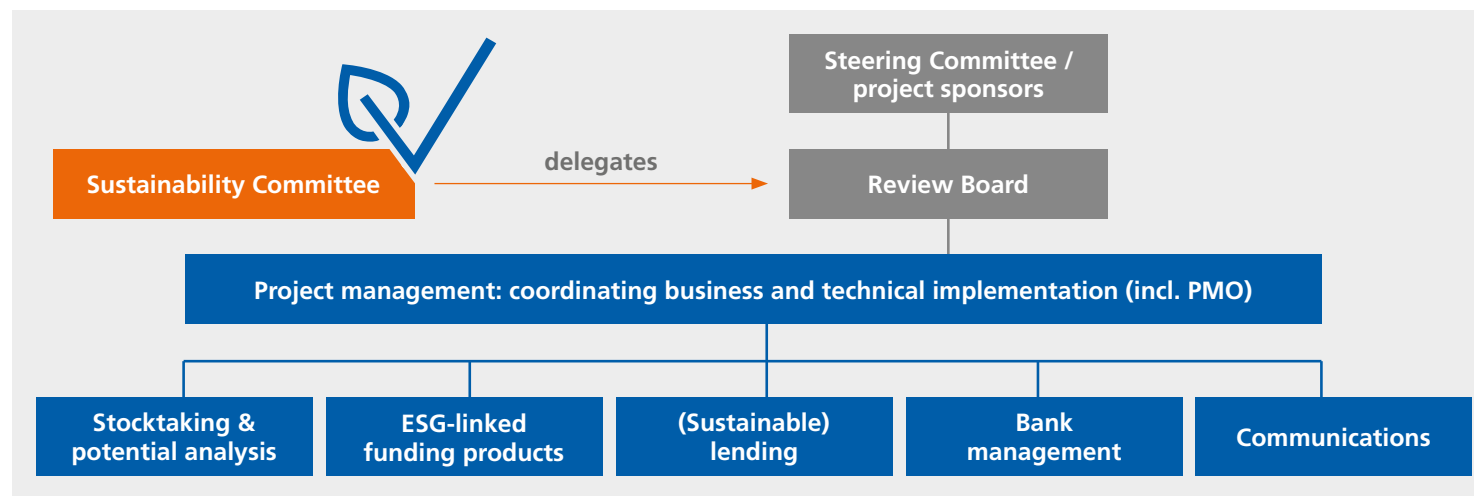
Sustainability Management

Responsibility for sustainability issues lies with the Management Board of DZ HYP. All activities related to sustainability are coordinated by IT, Organisation and Operations. The Sustainability Management team, comprising a Sustainability Officer and a Sustainability Manager, works at both head offices, in Hamburg and Münster. The Head of IT, Organisation and Operations regularly reports on internal and external developments to the Management Board. The Sustainability Management team is also the contact for other departments in the event of sustainability-related issues. It monitors all actions, and makes suggestions regarding the advancement of the sustainability programme in conjunction with the affected divisions. Furthermore, it serves as a first point of contact for internal and external stakeholders. Sustainability Management works closely with Sustainability Communications, which is part of the Communications, Marketing & Events department, and is responsible for sustainability-related communications and reporting.

The Sustainability Committee

At DZ HYP, sustainability is a cross-divisional responsibility and is addressed across all management levels and divisions. This principle was further strengthened in 2019 with the initiation of a Sustainability Committee comprised of all Heads of DZ HYP's divisions. The main objective of the Sustainability Committee is to support the strategic development of sustainability projects and actions of DZ HYP, to promote the exchange across departments, and to evaluate the opportunities and risks which emanate from current developments in the context of sustainability.

The Committee meets at least once a year. Participants in the meetings are welcome to give feedback from their division's perspective. This ensures that how we handle sustainability is tailored to DZ HYP's situation, and that decisions made can subsequently be implemented in the divisions. At the same time, this approach ensures that the divisions are actively involved in upcoming sustainability-related tasks. In the year under review, the Sustainability Committee met four times, whereby it approved, among other things, the launch of the Bank-wide sustainability project.



The ESG Funding Products sub-project will establish the requirements that will enable DZ HYP to issue a Green Pfandbrief. The Bank Management sub-project focuses on the areas of risk control and risk modelling. The Communications sub-project is responsible for external as well as internal communication measures in order to raise awareness for the project within the Bank. The aim is to show the progress of the project, to impart knowledge, and to inspire and mobilise employees on the issue of sustainability.

Sustainability Project

The Bank-wide project to further refine our sustainability activities was launched in September 2020, with the objective of laying the foundation for DZ HYP's long-term and sustainable direction. Until the end of June 2021, the focus will be on revising DZ HYP's sustainability strategy and sustainability governance, as well as putting conditions in place that will allow us to issue a sustainable refinancing product ("Green Pfandbrief"). The initial focus is on the corporate clients portfolio. Starting from the second half of the year, the sustainability strategy will be operationalised in the line organisation, alongside adjustments to the Bank's management and a roll-out of the strategy to other DZ HYP portfolios. The project is made up of five sub-projects, and includes representatives from the Sustainability Management, Back Office – Corporate Clients, Treasury, Finance, Risk Controlling and Communications units. The Inventory & Potential Analysis sub-project uses a portfolio analysis to determine the ambition threshold, which is then directly incorporated into the sustainability strategy. The Lending sub-project deals with the process-related integration of collecting sustainability-relevant data as well as the classification of products and clients in accordance with the EU taxonomy.

Sustainability in DZ BANK Group

Since 2012, DZ HYP has been actively taking part in DZ BANK Group's sustainability initiative, in order to enable a stronger Group-wide integration of sustainability into the business processes. This initiative aims to bundle sustainability-related activities, take advantage of market opportunities, avoid risks, and foster the active exchange of knowledge and experience between members of the Group. For this purpose, a permanent Corporate Responsibility Committee (CRC) was formed in 2014, of which DZ HYP is a member. The results of this collaboration include, for example, the introduction of a Group-wide database structure, common supplier standards and the development of a policy on sustainability in lending, as well as the climate strategy. DZ HYP's Sustainability Manager represents the Bank within the Group CRC, as well as within the centre of competence for environmental matters in DZ BANK Group.

Risk Management

As a member of the German Cooperative Financial Network, DZ HYP believes it has a duty to do business responsibly and sustainably. We apply a conservative risk strategy, forge long-term business relationships and treat clients with honesty, trust, and a sense of partnership.

The ability to identify, assess, manage, monitor and communicate risks is a key part of our business activities. As a guiding principle for all of their business activities, DZ BANK Group – and therefore also DZ HYP – assume risk only to the extent required to achieve the objectives of their respective business policy, and where there is an appropriate level of understanding and expertise at hand for management and control of those risks.

DZ HYP's Management Board has defined a risk appetite statement which is in line with Group guidelines. For us, the term "risk appetite" denotes the type and scope of risks that we are willing to take – within the limits of its risk capacity – in order to implement its business model and achieve its business targets. Based on risk policy guidelines and our business strategy, we have put a risk strategy framework document and risk strategies for material risks in place.

Each of these risk strategies cover

- » the material risk-bearing business activities,
- » the risk management objectives
(including provisions concerning risk acceptance and avoidance),
- » as well as action to achieve these objectives.

These strategies are being examined yearly in terms of adjustment requirements and discussed with the Risk Committee.

The regulatory organisational requirements and the allocation of risk management responsibilities are set out, in particular, in the German Banking Act (*Kreditwesengesetz – "KWG"*), the Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement – "MaRisk"*) and the German Regulation on Remuneration in Financial Institutions (*Institutsvergütungsverordnung – "InstVergV"*). DZ HYP considers these requirements, adapting its relevant processes to the specific needs of its business model and considering the specific requirements to the Group waiver. To implement its risk appetite, DZ HYP has introduced a comprehensive risk governance system incorporating transparent, clear responsibilities and an appropriate communication framework. It takes account of regulatory requirements, DZ HYP's risk preferences, and the requirements resulting from its integration into DZ BANK Group. This forms the basis for ensuring that the proper operation and efficiency of the risk management and risk control processes are met.

» Annual Report 2020, pp. 34 et seqq.

Furthermore, as a Pfandbrief issuer we have a risk management system in place that is appropriate for Pfandbrief business, and identifies, assesses, manages and monitors all risks associated with it. The high quality of the Pfandbrief also rests in the strict requirements with regards to the cover assets pool: pursuant to the German Pfandbrief Act (*Pfandbriefgesetz*), only real estate loans, and only up to the first 60 per cent of the mortgage lending value, are eligible as cover pool assets for Mortgage Pfandbriefe. Therefore, the Pfandbrief is in every sense a long-term funding vehicle that meets investors' security and transparency criteria – even in difficult capital market phases. This claim is underscored by the fact that no Pfandbrief has ever defaulted.

One of the services offered to the German Cooperative Financial Network is the valuation of properties performed by our wholly-owned subsidiary VR WERT. The valuation of real estate properties is essential in order to conduct pricing commensurate with risk and guarantee the portfolio quality of the loans.

» VR WERT, p. 14

Stakeholder Engagement

GRI 102-40: List of stakeholder groups

Our stakeholders include our employees, our partners in the Cooperative Financial Network, the German cooperative banks and our clients and other business partners. We also exchange with analysts and investors, associations, the media, political decision-makers, academia as well as NGOs.

GRI 102-42: Identification and selection of stakeholders

To successfully manage our Bank, it is important to be as familiar as possible with the social, economic and ecological expectations of our stakeholders. That is why we have defined stakeholder groups that are of particular relevance to our Bank. The following aspects are important to us:

- » Our most important stakeholders include our employees, the cooperative banks as our partners, as well as our clients and owners.
- » Suppliers and service providers, as well as associations and investors, are of high economic relevance as well.
- » Criticism – voiced by NGOs, rating agencies, policy makers and academia – reflects the social environment we are active in.

GRI 102-43: Approach to stakeholder engagement

Regular communication with our stakeholders and transparent reporting are key elements of our sustainability strategy. It enables us to better understand the aims and concerns of the various stakeholder groups. It also serves as a source of information about how the outside world perceives the risks and opportunities associated with our business activities. For this reason, building and maintaining long-term relationships with our suppliers is also important and forms the basis

for further developing our approach, and our employees play an active part in decision-making processes. In addition, we use our intranet to keep employees constantly informed about what is going on in the Bank. To further intensify the dialogue with our employees, we regularly conduct anonymous online employee surveys to assess the Bank's development from their perspective. Three employee surveys were carried out in the year under review. The "Pulse Check" is intended to give a representative picture of the mood in the Bank and of workplace satisfaction, and will be repeated every two years. In addition, a survey was conducted on mental health challenges at the workplace. At the Münster offices, the Bank also gathered employee feedback on the new space and working environment concept.

The three installed advisory boards for banks, public-sector clients and the housing sector serve as dialogue platforms for active regular exchange with key stakeholders. They advise the Management Board of DZ HYP on the Bank's strategic approach and are in turn provided with information by it at least twice a calendar year on important matters and the development of the Bank. The members of the Advisory Boards also act as propagators for DZ HYP, and actively promote its business relationships.

- » The **Advisory Board – Banks** counts up to 30 members. At least two third of these are full-time Managing Directors of cooperative institutions. Up to five members of the Advisory Board – Banks can be co-opted by the Management Board of DZ HYP.
- » The Management Board appoints up to eleven members to the **Advisory Board – Public Sector**. These members are representatives of municipalities, government agencies, and leading municipal associations.
- » The Management Board appoints up to eleven members to the **Advisory Board – Housing Sector**. The Management Board appoints up to eleven members to the Advisory Board – Housing Sector. They are Managing Directors or Management Board members of housing enterprises.

The German cooperative banks constitute one of our most important stakeholder groups. In addition to personal meetings and visits with our market units staff, the Advisory Board – Banks supports the exchange between DZ HYP and the German cooperative banks. We also hold regular events at which we openly debate professional and socio-political issues and involve the Managing Directors of the cooperative banks in discussions with our real estate clients. We regularly invite selected cooperative banks to exclusive client events to strengthen collaboration in the Corporate Clients business segment.

We created an Advisory Board for our housing-sector clients – housing companies in the hands of cooperatives, municipalities, churches or other housing companies throughout Germany. They are serviced by dedicated contacts who are active in joint industry networks for the benefit of our clients.

In the age of digitalisation in particular, personal discussions remain a central building block for good business relationships with our clients and our partners in the industry. Opportunities for exchange among professionals include New Year's receptions, which were hosted in Frankfurt, Hamburg, Munich and Stuttgart this reporting year. There are also outlook events and, for the first time in 2020, smaller table talks for our corporate clients. This format was introduced in the reporting year in order to be able to hold the originally planned Investors' Open Tables while complying with coronavirus guidance.

Events are key to DZ HYP's success in building and strengthening its client relationships. The importance of events was particularly evident during 2020, when relationship management was challenging due to the pandemic. This makes it all the more important to develop formats that can meet the need for exchange and connection, also under special hygiene conditions. DZ HYP has set up a studio at its Hamburg office for this purpose. This enables a large number of participants to take part in events online and interactively. They can submit questions anonymously

on screen or on a mobile device, which a moderator will read out and the speakers can answer. The first series of events held in autumn was the DZ HYP ImmoTalk, held in cooperation with Heuer Dialog, the market leader for real estate-related events. The first three rounds of talks attracted a large number of clients and representatives from the cooperative banks, with an average of 250 attendees.

Furthermore, we are present at industry events, and host a networking hour at the "VdW-Forum Wohnungswirtschaft" conference for the housing industry.

Last but not least, DZ HYP is an exhibitor – together with Union Investment Institutional GmbH and R+V Lebensversicherungs AG – at the German Treasurer Day, where pressing tasks for municipalities are discussed. In the year under review, this event took place digitally.

We want to keep our communication with our capital market partners as transparent as possible. We cultivate investor relations intensively, through one-to-one briefings as well as by way of events. Due to the pandemic, some events were unable to take place in the reporting year. In addition to the annual and interim reports, we regularly publish other market-relevant information. We also exchange constantly with rating agencies and analysts for financial and sustainability ratings.

Furthermore, banks that cooperate intensively with DZ HYP in the Corporate Clients and Retail Customers business segments are designated as DZ HYP partner banks for a period of two years. From this group, the ten cooperative banks that conducted the most business with DZ HYP were also awarded the DZ HYP Partner Award. This award includes prize money, which is donated to a charitable cause within the business area of each award-winning bank. In addition to recognising individual banks' outstanding performance, the award is also intended to strengthen networking between DZ HYP's partner banks.

In 2020, DZ HYP continued to use flexible campaigns to support its private home loan financing business, in order to assist its partners more effectively in exploiting current market opportunities. The approach was already established, with the initial *#gemeinsamfürdasehrenamt* campaign (“together for volunteers”) during the pandemic-induced lockdown in spring 2020 and the BauFi Bonus Weeks at the end of the year.

Sales activities are communicated simultaneously via the DZ HYP NEWS+ newsletter, the VR banking portal, and by direct contact with DZ HYP’s regional directors.

Last but not least, DZ HYP’s research activities also support real estate expertise within the Cooperative Financial Network. The Bank regularly examines developments in the retail, office and residential property segments of the commercial real estate market and publishes them in its market reports. These reports have been used in the industry for many years and are in high demand. In addition to our regular reports “Regional Real Estate Markets” and “Real Estate Market Germany”, published in March and autumn of each year respectively, which analyse developments in the seven major cities, we also publish two reports on selected German federal states. Our in-house IMMO KOMPAKT publication also provides valuable information, increases transparency on our business activities and supports the cooperative banks in their daily work on the markets they are active in.

DZ HYP is a member of numerous associations. We support efforts towards a more stable financial system as well as the interests of Pfandbrief issuers and the economic and non-economic interests of the real estate sector. Further to this, we take part in a round table with the United Nations Environment Programme Finance Initiative (UNEP FI), where recent developments and progress made in the realms of sustainable finances management are discussed.

» Memberships of DZ HYP, p. 10

GRI 102-44: Key topics and concerns raised

The issue of sustainability is becoming more and more significant on the financial markets and at political level. Germany is set to become a leading location for sustainable finance and the European Union is creating the framework for this through its Action Plan and related legislative proposals. In line with this, the sustainability rating agencies are also shifting their focus and applying stricter standards. And last but not least our partners, the German cooperative banks and even our clients expect us to act sustainably, especially when it comes to developing our products and strategy.

As a cooperative bank, we consider ourselves equipped for these challenges and intend to focus closely on sustainability-related issues that primarily affect players in the financial sector. This includes, for example, the EU’s Action Plan on Financing Sustainable Growth, which recommends action for financing the climate-change related targets in the Paris Agreement and the Sustainable Development Goals (SDGs) by redirecting capital streams. In order to encourage longer-term thinking in capital market investments and creating a more stable financial market as a result, climate policy risks are being taken into account more. The greater consideration of climate policy risks within the financial sector is also being driven forward in regulatory terms by the European Central Bank’s (ECB) guide on climate-related and environmental risks and by the European Banking Authority’s (EBA) guidelines on loan origination and monitoring.

In the year under review, the European Union presented the “Green Deal” which is an action plan for the transition to a modern, resource-efficient and competitive economy. All sectors of the economy have to play an active role by investing in eco-friendly technologies, for example, or increasing the energy efficiency of buildings and decarbonising the building sector. The EU’s aim is to be climate-neutral by 2050. In a joint climate strategy, DZ BANK Group committed to reducing aggregated CO₂ emissions of the Group entities by at least 80 per cent by the year 2050, compared to 2009.

» Ecological Responsibility, pp. 49 et seqq.

Another key issue for us is demographic change. Since the retirement age has been increased, we will retain experienced staff longer than in the past. In a move to recruit new talent, particularly the younger generation, DZ HYP revamped its employer branding in the year under review. The aim is to rejuvenate the workforce, increase the percentage of women, and strengthen employee loyalty. Raising DZ HYP's attractiveness beyond the traditional areas of employment, such as IT, is also important.

» Employee Matters, pp. 37 et seqq.

We explain in detail how we deal with these requirements regarding reporting in the About This Report section. How we integrate them strategically is outlined in the Sustainability Strategy chapter.

» Sustainability Strategy, pp. 19 et seqq.

» About This Report, pp. 58 et seqq.

GRI 415: Public policy

GRI 415-1: Political contributions

We consider ourselves an independent, politically neutral institution, and engage only in expert and industry-specific associations. DZ HYP does not undertake political lobbying, and does not support any political parties in any way. This includes not granting donations to political parties, so as to not expose ourselves to any possible accusation of exercising political influence or earning preferential treatment.

SUSTAINABLE BANKING

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

DZ HYP is a leading provider of real estate finance and a major Pfandbrief issuer in Germany, as well as a centre of competence for public-sector clients within the Volksbanken Raiffeisenbanken Cooperative Financial Network. As a member, we believe we have a duty to do business responsibly and sustainably.

In the year under review, DZ HYP restructured its market activities. The Bank is now focused on three business segments: Corporate Clients, Retail Customers and the Public Sector. Within the Corporate Clients segment, the Bank is working even more intensively with the Cooperative Financial Network in the previously separate areas of Commercial Real Estate Finance and the Housing Sector. By founding our collaboration with cooperative banks on trust and partnership, we strengthen the Cooperative Financial Network's successful and sustainable positioning on the market. In its business with retail customers, the Bank also decided in the reporting year to merge the previous organisational units from the front office and back office departments into one division with effect from January 2021.

We see ourselves as having an active role in society. The business decisions we make have a significant impact on our community. That is why we as a Bank want to achieve success while pursuing a sustainable business model that takes into account the needs of our employees, society, nature and the climate. As part of this, we abide by the general sustainability principle set out by the Brundtland Commission: sustainable development meets the needs of today's generation without jeopardising the ability of future generations to meet their own needs.

In the stakeholder survey carried out by the DZ HYP Group in 2019, both internal and external stakeholders gave "sustainable banking" the highest priority as a field of action. This underscores the need for sustainability to continue to be approached as a strategic cross-divisional responsibility in future, and to be systematically integrated into the core business. For DZ HYP, this means that we want to draw out the principle of sustainability, already enshrined in the cooperative model, even more clearly.

» GRI 102-44: Key topics and concerns raised, p. 27

To facilitate professional exchange and to evaluate current developments, the Sustainability Committee was established in 2019.

» Sustainability Strategy, pp. 19 et seqq.

We are constantly evolving and will continue to confront the many sustainability-related challenges that await us, in particular in the financial sector, in the years ahead. These challenges include the EU's Action Plan on Financing Sustainable Growth, questions of climate change, and the issue of creating housing in metropolitan areas.

Selected projects



EDGE Grand Central, Berlin

» The Cube – this smart building is located in Berlin and part of the newly developed Europacity. Completed in February 2020 and fully let, this glass cube is described in the media as “the smartest building in Germany”. The reason for this lies in its use of around 3,800 sensors that store and control user habits with regard to lighting and temperature control. Digitalised, smart office complexes like The Cube make a major contribution to energy savings, as energy efficiency is controlled in real time. The building is aiming to be granted DGNB “Gold” certification thanks to its sustainable construction.

« The EDGE Grand Central office project in Berlin is one of the most sustainable properties in the country, receiving the highest DGNB award, a “Platinum” certificate. The office building comprises nine floors and incorporates smart building technology. A smart building app allows the lighting and temperature at the workplace to be individually tailored, enabling energy consumption to be managed in real time. In addition to its energy-efficient design, the building offers an innovative working environment that is highly committed to the health and wellbeing of its employees. This commitment is further recognised by achieving the WELL certificate for health and wellbeing.



„The Cube“, Berlin

» Volksbank Freiburg, in collaboration with the Breisgau Catholic Faith Foundation, is building its new headquarters. The site will also include a hotel and a new auditorium for the nearby St. Ursula Gymnasium School, as well as supplementary office and administrative space. Volksbank-Areal is in a prime location, between Freiburg's main railway station and the city centre. The issue of sustainability is particularly important in a construction project of this size due to its long service life and high consumption of energy and resources. In recognition of its sustainable construction, Volksbank-Areal was awarded the DGNB pre-certificate in gold. The DGNB assessment considers the building's whole life cycle, which includes its planning, construction phase and subsequent use. The employees themselves were involved right from the start of the initial planning phase of the new Volksbank Freiburg administrative building. This made it possible to create a modern working environment, taking into account the needs of staff by offering different office layout designs. A gradual moving-in process started in May 2021.



Volksbank-Areal, Freiburg



Sony Headquarters, Berlin

« The new Sony headquarters are based in the Schöneberg area of Berlin. With its central location, the new office building offers excellent public transport links. Its sustainable construction has earned the building LEED "Gold" certification.

Sustainable Lending

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

As a member of the DZ BANK Group, DZ HYP is committed to the fundamental cooperative concept of sustainable and responsible business practices. Our products and services must be ethically defensible, with potential risks being clearly communicated.

» Risk management, p. 24

Sustainability issues are part of our day-to-day business. Projects to be financed by DZ HYP generally fulfil standards such as the certificate of the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen e.V. – DGNB) or the Leadership in Energy and Environmental Design (LEED) of the U.S. Green Building Council.

» Selected projects, p. 30 et seq.

Investments in private properties – be it new constructions or modernisation measures – help increase energy efficiency and usually meet high demands regarding accessibility for people with disabilities, security/safety and family friendliness.

In the Housing Sector segment, we serve cooperative, municipal and church-based housing companies from all over Germany, amongst others. In other words: clients who want to provide affordable housing to large parts of the population.

Recognising our performance once more, the Berlin-based European Real Estate Brand Institute (EUREB Institute) named us as the most powerful real estate brand in twelve categories. This annual award is based on a representative survey amongst experts. DZ HYP was able to impress again in 2020, taking first place in

the Banking category for the fifth time. The Bank slightly improved on its performance of the previous year, scoring 96.02 per cent (2019: 95.62 per cent). Trustworthiness, client service and intent to reuse were cited as the main performance criteria.

Client Satisfaction

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

GRI 417: Marketing and labelling

GRI 418: Customer privacy

Client satisfaction is a major success factor for our business. This is why we regularly review our performance and engage in personal dialogues. We present our products and services extensively with informational materials, in personal discussions, regular meetings, a series of events, and on our website. We have set out our Principles for Sustainable Marketing in an internal policy.

DZ HYP guarantees that it will protect its clients' personal data and only use personal data for specific purposes. Our conduct is based on our internal data protection policy that applies to all members of staff. Protecting our clients' data is also central to our projects for digitalising the client interface: We want to fulfil our clients' demands for quality-enhanced processes, higher efficiency and speed, while at the same time complying with the highest standards on data protection and security.

We established a complaints management system to collect and strategically manage any complaints our clients may have.

» Responsible Corporate Governance, p. 15 et seq.

GRI 417: Marketing and labelling

GRI 417-1: Requirements for product and service information and labelling

DZ HYP's marketing activities include advertisements, product brochures and flyers, letters to clients, websites and social media, and other image-promoting measures. We do not tolerate misleading, discriminating or defamatory advertising, nor do we tolerate derogatory comments about competitors, their products or services.

We take care that visual advertising conforms with generally prevailing social norms and does not depict degrading images on the basis of personal characteristics such as race, ethnicity, religion and beliefs, gender, age, disability and/or sexual identity. Our products and services, and their prices, are transparent, clear and understandable.

We do not carry out advertising measures using bulk e-mails or mailshots. Advertising is generally conducted on the basis of a precise needs analysis. We do not approach clients for advertising purposes if they have declined them or not expressly consented. We only use data entered voluntarily on our website for the purposes expressly requested by the user.

GRI 417-2: Incidents of non-compliance concerning product and service information and labelling

GRI 417-3: Incidents of non-compliance concerning marketing communications

Our Principles for Sustainable Marketing are set out in an internal policy. In the year under review, no breaches were reported in relation to product/service information and labelling, or marketing communications.

GRI 418: Customer privacy

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

DZ HYP acts in accordance with the provisions of the Federal Data Protection Act (*Bundesdatenschutzgesetz*) and the EU General Data Protection Regulation (GDPR). The corresponding regulations are set out in the Data Protection policy.

In 2020, there were no data breaches requiring notification under Article 33 of the GDPR.

THE INTERVIEW

»WE HAVE THE CHANCE TO ACTIVELY SHAPE OUR FUTURE«

Mr Heckerodt, you have served as DZ HYP's Sustainability Officer since last September, but you are not new to the topic. In fact, you began the process of anchoring this central theme within the Bank several years ago. What motivated you to now make sustainability your prime focus?

Since 2012, Katja Röder, our current Sustainability Manager, and I have been working on sustainability at the Bank. My new role as Sustainability Officer was a conscious decision to fully dedicate myself to the issue. In autumn of 2020, we launched a Bank-wide project at DZ HYP to further refine our sustainability activities. Heading this project and actively working on it is a job I very much enjoy, because this project is crucial for our Bank. I believe that society, our competitors and we ourselves are changing and that sustainability is becoming more and more important. However, we still have a long way to go. I am convinced that sustainability will become a major part of German banking. This is evident, for example, in the fact that Germany has set itself the task of becoming a leading location for sustainable finance. We should not underestimate what lies ahead of us here.



Stefan Heckerodt has served as DZ HYP's Sustainability Officer since 1 September 2020.

What is your personal connection to sustainability?

My childhood was spent in the countryside, and my grandparents grew everything they needed themselves. My grandfather's fruit trees were sacred to him. He would limewash them regularly and set traps for pests. Even as a five-year-old, I would talk to him about whether the water from the stream at the end of the garden was clean or not. I myself avoid car journeys wherever possible and travel around Hamburg mainly by bicycle.

Back to your involvement at DZ HYP: How have the requirements and expectations of external stakeholders – politicians, clients, regulators – changed since 2012, and how have they changed within the Bank?

Rating agencies have gradually stepped up their requirements. Not least because of Greta Thunberg we have seen politics and society galvanise around the sustainability issue in the past two years. Requirements have multiplied. I would go so far as to compare this development with the changes Banks had to make at the time regarding minimum capital adequacy requirements under Basel II. In addition to the requirements of the European Central Bank (ECB) and the European Union (EU), investor calls for a green refinancing product are increasing all the time. They are demanding sustainable commitment and transparency. In order to build the sustainability activities we have pursued over the past years on a stronger basis, our Management Board put together a task force in early 2020, consisting of representatives from the Finance, Treasury, Risk Controlling and Sustainability Management units, laying the groundwork for the current project.

Why is it so important that sustainability is now treated as a priority at the Bank?

In my view, there are four factors. We are all noticing a change in society; mind-sets are shifting. Firstly, it is being driven by Fridays for Future and various activists, especially young ones like Greta Thunberg and Luisa Neubauer. Secondly, politicians have also recognised the issue and proclaimed the 1.5 degree target. Thirdly,

we should not forget about competition, of course. If we don't want to miss the boat, we have to change and become more sustainable. To date, in sustainability management we have mainly focused on the Bank's ecological responsibility and social commitment, but in the future we will also be called upon to act as a financial intermediary. The fourth point is regulatory pressure, especially from the EU and the ECB.

These seem like a lot of change processes and certainly also an increased workload for your staff. How do you ensure that sustainability is not perceived as an "annoying additional burden"?

It is indeed a challenge. I have been surprised how strongly the task force team is already embracing sustainability, and I hope we can spread this throughout the entire workforce. We are working closely with our communications department to get all employees on board Sustainability benefits all – climate, business, each and every one of us. We have to convey that.

The Bank-wide sustainability project was launched in September 2020. What are the next steps in this project?

The global framework for our actions is set by DZ HYP's strategic orientation. Regulation calls for sustainability aspects to be included not only in the sustainability strategy, but in all other relevant strategies and policies. To be credible, and to be able to measure our performance, we need to set ambitious thresholds – but this requires data that needs to be collected to begin with. This applies to environmental matters and social affairs, as well as to the long-term portfolio strategy. The EU taxonomy helps us identify relevant data. But we have to develop the classification ourselves, which financings are suitable for which client class and which characteristics are sustainable in comparison to the German market as a whole. We now need to collect this data. Initially as part of a random sample for new business in the Corporate Clients segment in 2020, and in future for the portfolio as a whole.

What are the goals that DZ HYP has set for itself for the current year?

We want to be ready to introduce a green financing product. This means that we must satisfy all the requirements associated with issuing this type of product. How and when this will happen will then become clear. As a first step, we are focusing on our corporate clients, with the remaining portfolios following suit at a later point in time. Above all, however, we want to take our employees along on the sustainability journey, because if we don't pull together, we cannot expect to be successful.

What challenges do you face in implementing targets and how do you approach them?

The Bank-wide project is very complex; everything has to fit seamlessly together. In addition, we depend on various projects and processes, which require more coordination. It will be almost impossible to avoid interim solutions in what is a transitional phase. We are currently engaged in many discussions both with those within the project itself and with employees from the different areas involved. Our external staff are great partners who support us in our structured approach.

There is lots of talk about sustainability risks. But where there is risk, there is also opportunity. What are the opportunities you are expecting from a holistic sustainability management at DZ HYP?

Each year, real estate accounts for more than 30% of carbon emissions. With this in mind, the real estate sector bears a special responsibility for achieving the climate target of 1.5 degrees. We have the chance to actively shape our future. At the same time, we will generate competitive advantages through an orientation towards sustainability. We expect sustainable Pfandbriefe to bring significant refinancing advantages over conventional Pfandbriefe in the near future and thus increase DZ HYP's performance in the long term. By introducing the green Pfandbrief, we also hope to tap into new investor groups.

What would you most like to see from DZ HYP's sustainability activities over the next five years?

I would hope that issuance of green Pfandbriefe will have outstripped that of their conventional counterparts. Our product portfolio will include sustainable products on the assets side as well, and we will again rank among the top three best-rated real estate finance houses in Germany.

EMPLOYEE MATTERS

GRI 103: Management approach (including 103-1, 103-2, 103-3)

GRI 401: Employment

GRI 402: Labour/management relations

GRI 403: Occupational health and safety

GRI 404: Training and education

GRI 405: Diversity and equal opportunity

GRI 406: Non-discrimination

GRI 407: Freedom of association and collective bargaining

Motivated and skilled employees are our most vital resource because it is their commitment and dedication that decide whether the Bank's activities will render success from an economic point of view. It is not only for ethical and legal reasons that we provide a working environment in which everyone is treated with respect, openness and fairness. It is also because with such an environment we lay the groundwork for long-term entrepreneurial success.

In our Human Resources work, we are guided by the work and social standards of the International Labour Organization (ILO). As a responsible employer, we want to harmonise our employees' needs with economic framework conditions. We offer our staff performance-based remuneration, flexible working hours without a set schedule, and a family-conscious corporate culture. Our attractive offer is complemented by extensive continuing professional development offers, social benefits, plus comprehensive occupational health management.

In recognition of our family-friendly human resources policy, the non-profit Hertie Foundation awarded us the "audit berufundfamilie®" certificate in 2013. DZ HYP has since regularly received the seal of quality, which has to be acquired anew every three years. The current seal is valid until 31 December 2020. Re-auditing is planned for the 2021 and will cover both of DZ HYP's head offices.

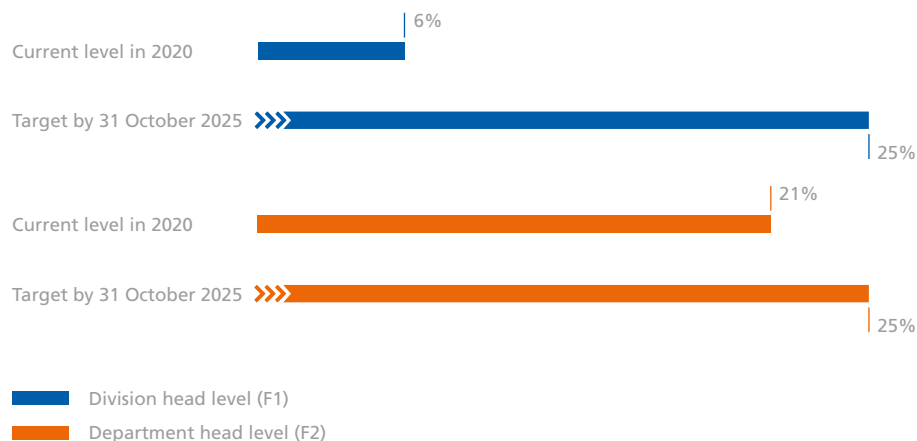


The HR Business Partner concept established at both sites, led Human Resources activities to be more closely aligned with value creation in the units it supports. The concept helps employees to contribute to business success and create added value for customers. The areas in question are provided with close support in tackling the individual challenges facing them.

As a result of demographic change and growing competition for specialists and executives, developing and maintaining the attraction of the employer has moved to the forefront of strategic human resources activities. The demographic concept adopted in 2019 was elaborated in greater detail in the reporting year and individual measures implemented. The Demographic concept focuses on four fields of action: HR planning and recruitment, talent acquisition, staff loyalty and employee health. The concept aims to allow DZ HYP to safeguard its performance as a Bank in the future, too.

We want to increase our training activities to deal with shortages in skilled workers. DZ HYP offers tailored vocational training and professional development programmes for school leavers, students and university graduates, including study programmes whilst in employment.

PERCENTAGE OF WOMEN AT MANAGEMENT LEVEL (in %)



To this end, it is crucial to maintain good access to talent, despite increasing competition, and to ensure a high level of loyalty among our own employees. These efforts are supported by a strong employer brand that is equally convincing inside and outside of the Bank. In order to continue to reach its relevant target groups, DZ HYP embarked on revamping its employer branding strategy in 2020. The first step in this process involved the launch of a recruitment campaign for the Bank. In addition to activities in the field of real estate finance, areas such as IT or data

management, which DZ HYP is currently in the process of expanding, were also put into the spotlight. The campaign focuses more on using employees as brand ambassadors. As well as revamping the design of the Bank's job advertisements, various video job advertisements were shot with employees and are being published by the Bank on its social media channels. The careers page on DZ HYP's website, as the main platform for recruiting employees, was also restructured and equipped with revised content and a new visual language. Since then, potential applicants have been able to use the site to find out more about DZ HYP as an employer, as well as to find detailed information on the individual areas of assignment and the measures that the Bank takes to promote up-and-coming talents. The Bank no longer relies solely on conventional text and images, but has also included podcasts with employees who talk about their work in various areas of DZ HYP in addition to the video job advertisements.

The Bank also conducted a "Pulse Check" workforce survey in the reporting year, which will be carried out at regular intervals in the future. The survey looks at perceived levels of employee satisfaction and, as a result, the question as to how committed and how loyal employees are to DZ HYP. A participation rate of 72% ensured representative results that will be analysed and evaluated in early 2021. DZ HYP is aiming to define targeted measures based on the survey results in a quest to maintain its appeal and initiate further improvements.

To ensure a lasting desire to perform and remain capable across all age groups, personal health and work-life balance are essential prerequisites. In this sense, we offer the opportunity to tailor work to fit the needs of different phases of life, such as various flexible working time models or remote working at times, which has been particularly useful during the pandemic.

Our dialogue culture is shaped by openness and mutual respect. Employees take part in decision-making processes at the Bank and can use the intranet, for example, to stay up to date with what is happening at DZ HYP.

In addition to addressing factors that pose a risk to health, we use measures to maintain and enhance employee health. In addition, our occupational health management will in future have a stronger emphasis on mental health challenges at the workplace in the wake of a changing work environment. This is an important cause also in economic aspects, as this means safeguarding DZ HYP's ability to perform. We know that one of the factors our performance hinges on is how fit our workforce feels, and how well they can cope with their workload.

» GRI 403: Occupational health and safety, p. 41 et seq.

In compliance with legal requirements, DZ HYP regularly informs the Works Council members of fundamental changes and concludes appropriate agreements with them as stipulated in the German Works Constitution Act (*Betriebsverfassungsgesetz* – “*BetrVG*”).

We offer a broad range of training – which is continuously adapted, such as: in-house seminars, departmental training, team-building measures, workshops, language classes and IT training. Our employees may also attend external seminars and visit other DZ BANK Group entities. In the year under review, some seminars did not take place due to the Covid-19 pandemic or were replaced by online alternatives.

We value the diversity of our employees, and therefore decided to sign the German Diversity Charter in 2012. Equal opportunity and anti-discrimination are cornerstones of our corporate policy and our human resources management. These principles underpin our approach to wages and salaries. Employee remuneration is principally based on the current version of collective bargaining agreements which set out criteria for job classification and remuneration; these are not based on sex.

» GRI 102-41: Collective bargaining agreements, p. 40

STAFFING INDICATORS 2020

	GRI-Standard	2020	2019	2018
Headcount (number of employees)¹	GRI 102-7, 102-8	819	870	873
Temporary employees		20	25	35
Permanent employees		799	845	838
Expenses for compulsory social security contributions (in € mn)²	GRI 401-2			
Wages and salaries		73.1	76.2	81.7
Company pension schemes		8.4	9.3	6.8
Other social security contributions		10.3	11.0	10.1
Percentage of women	GRI 102-8, 405-1			
Total workforce		44.4	45.3	45.3
Executive positions		17.7	13.9	13.2
Average age		46.9	45.6	45.3
Employees with disabilities (in %)	GRI 405-1	4.2	3.6	3.3
Turnover (in %)	GRI 401-1	13.3	6.0	4.4
Rate of voluntary resignations (in %)		6.8	3.9	2.5
Average length of company service (in years)		13.8	13.4	13.7
Illness rate (in %)	GRI 403-10	3.3	4.2	4.0
Workforce by type of employment (in %)				
Non-tariff employees	GRI 102-41	54.8	49.4	45.1
Tariff employees	GRI 102-41	45.2	50.6	54.9
With the option to take special leave		100.0	100.0	100.0
With the option to work part-time		100.0	100.0	100.0
Full time	GRI 102-8	74.9	76.3	77.9
Part time	GRI 102-8	25.1	23.7	22.1
Occasional mobile working		88.8	80.0	69.6
Partial retirement		3.5	0.7	0.6
With company pensions	GRI 401-2	89.2	96.0	97.7
Represented in the works council		97.5	97.7	97.8
On parental leave	GRI 401-3	6.1	2.7	2.7

¹ Annual average.

² Reported in accordance with IFRS.

Our practical understanding of integrity and an ethical corporate culture is clearly stated in our Group-wide Code of Conduct. All employees are bound by this Code, which combines our internal principles with external market standards and reaffirms our commitment to sustainability.

- » Our Code of Conduct
- » Responsible Corporate Governance, p. 15 et seq.

GRI 102-41: Collective bargaining agreements

438 members of staff were non-tariff employees as at 31 December 2020 (2019: 403); 359 were tariff employees (2019: 436). These figures include both fixed-term and ongoing employment contracts.

As a rule, our employees' remuneration depends on the collective bargaining agreement applicable to the private banking sector as well as on the basic collective agreement and the collective agreement for cooperative banks, as well as for the cooperative central institution. These collective bargaining agreements define gender-neutral criteria on job classification and the corresponding remuneration, institutionalising equal pay for men and women as early as in the collective remuneration scheme. For non-tariff employees, remuneration and remuneration development are set forth in an employer/works council agreement, based on the employees' activities and their qualification.

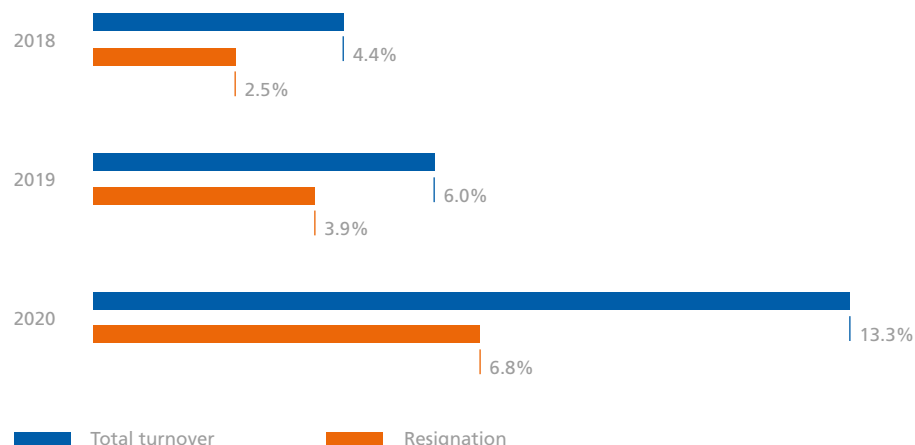
When an employee is placed in a particular salary band, Works Council members as well as the Remuneration Officer are involved.

- » GRI 405: Diversity and equal opportunity, p. 45 et seq.
- » GRI 407: Freedom of association and collective bargaining, p. 46

GRI 401: Employment

GRI 401-1: New employee hires and employee turnover

EMPLOYEE TURNOVER (IN %)



AVERAGE LENGTH OF COMPANY SERVICE (in years)



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

Occupational benefits are offered to all internal employees. In addition to performance-related remuneration, we offer all internal full and part-time employees and all internal employees on fixed-term contracts extensive social benefits to enhance their security and improve their work/life balance. Our benefits include corporate retirement provisioning, childcare support, a transit card ("job ticket") and transit allowance for public transport, group accident insurance, a corporate sports programme, anniversary bonuses, a subsidised canteen, and financial support for next of kin. DZ HYP also contributes to employees' capital-building payment schemes.

» GRI 201-3: Defined benefit plan obligations and other retirement plans, p. 14

GRI 401-3: Parental Leave

For staff members who have children or dependants needing care, and for employees who volunteer in their free time, we offer a wide range of measures. We want to foster a corporate culture that enables the demands of family and career planning to be brought into harmony. We are well aware that there cannot be a "one size fits all" approach; we are therefore always in search of individual solutions to personal matters, together with our employees, for example flexible hours, different part-time models as well as the option of mobile working. In recognition of our family-friendly human resources policy, we have held the "audit berufundfamilie®" certificate from the non-profit Hertie Foundation since 2013.

In the year under review, 6.1 per cent of our employees were on parental leave.

GRI 402: Labour/management relations

GRI 402-1: Minimum notice period regarding operational changes

In the event of significant operational changes, all of the notice periods under labour law and the Co-Determination Act (*Mitbestimmungsgesetz*) apply. In addition, we use our intranet at DZ HYP to keep employees constantly informed about what is going on in the Bank. In compliance with legal requirements, DZ HYP informs the Works Council members of fundamental changes and concludes appropriate agreements with them as stipulated in the German Works Constitution Act.

GRI 403: Occupational health and safety

GRI 403-8: Employees covered by a management system for occupational health and safety

Occupational re-integration management has been in place at the Hamburg office since 2012, and at Münster since 2019.

Thus permanent integration teams exist at both head offices and contact affected employees during their working hours, implementing measures for re-integration or continued employment at the workplace.

A committee comprising equal numbers of employees and management representatives was responsible for developing the psychological and stress-related risk assessment, and other occupational health management services and initiatives. The Occupational Health Management Committee (BGM) that was established several years ago at the Hamburg office was extended to the Münster office in 2019. This cross-company committee is equally represented by Works Council members and company representatives. They meet regularly to revise BGM services, and to plan specific measures. There is also a company-wide Committee for Occupational Safety (ASA) constituted by the two Occupational Health and Safety

Officers from the Hamburg and Münster offices, representatives from Human Resources and Administration and company doctors. Safety Officers from every office location regularly take part in relevant training. This approach will be rolled out at regional centres as well.

In accordance with the statutory provisions and requirements for occupational and fire safety, all employees receive safety training when they join us, which is conducted by our occupational safety specialist.

GRI 403-9: Work-related injuries

GRI 403-10: Work-related ill health

As in the previous years, there were no work-related fatalities in 2020. The rate of work and commuting accidents at DZ HYP was 0.7 per cent in 2020 (2019: 2.4 per cent). The illness rate was 3.3 per cent in 2020 (2019: 4.2 per cent).

The Hamburg office has been collaborating with the Corporate Occupational Medical and Safety Service (B.A.D.) since 2012. In the reporting year, collaboration was expanded to include the Münster office.

The existing occupational health management programme remained in place during the reporting year, although it could only be offered to a limited extent in some cases due to the pandemic. Corporate sports programmes, yoga classes at the real estate centres in Berlin and Frankfurt, physiotherapy at the main locations in Hamburg and Münster and mobile massage at the Hamburg office were suspended at various points during the year. Yoga and pilates classes at the Hamburg office were moved online. These activities will resume as soon as the infection rate allows.

Company doctors were always on hand to provide telephone consultations.

Similarly, we were able to offer the annual company flu vaccination as planned. Demand for the flu vaccine was significantly higher than in previous years. In addition, a practical workshop on “healthy self-management” was offered, which addressed the topics of health, mindfulness, dealing with emotions and appreciative communication. As part of another of our company-wide campaigns, in July we gave each employee a high-quality glass drinking bottle (soulbottle). The idea behind this campaign was to encourage employees to drink the daily recommended amount of fluids and at the same time to avoid and reduce the use of plastic bottles. Since the first lockdown in the spring of 2020, each employee has also had the opportunity to use the digital services offered by the Bank’s cooperation partner Fitness First to help them include exercise in their daily routine, even when working from home.

In the reporting year, an online course entitled “screen working” was introduced, with helpful tips on how to set up an ergonomic workstation, for example. Height-adjustable desks and ergonomic chairs have been standard office equipment since 2014. As in the previous year, our “Run into Autumn” event took place in September at the Münster office. It was cancelled in Hamburg due to low uptake. In the year under review, the Hamburg office introduced pilates to complement its existing corporate sports programme.

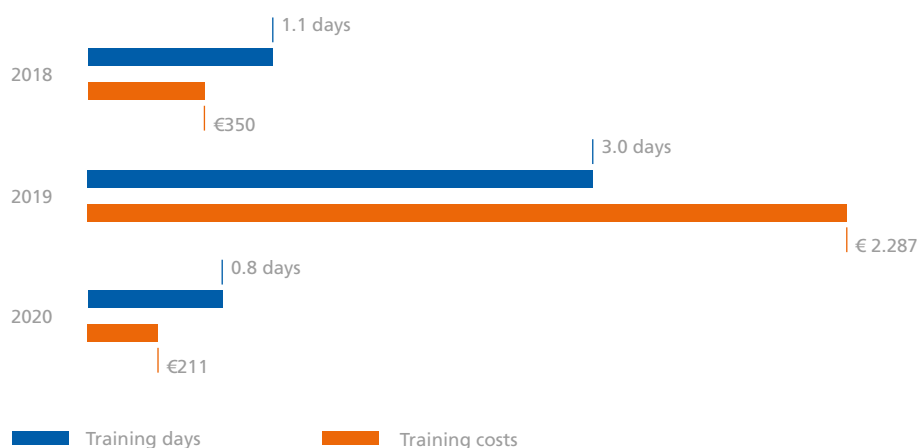
In 2020, numerous colleagues across both head offices and the regional real estate centres once again took part in the AOK “cycling to work” initiative. This annual event is organised in partnership with the German Cycling Club (ADFC). As daily routines have changed considerably due to the pandemic, and as a consequence of working from home, the commute to work, for example, was no longer a “fitness route”. Therefore, cycling in and around the office at home also counted and was included in the campaign calendar. In addition to being physically active, all the people who participated in the initiative also directly contributed to protecting the climate.

» Employee indicators, p. 39

GRI 404: Training and education

GRI 404-1: Average hours of training per year and employee

TRAINING DAYS AND COSTS PER EMPLOYEE



In 2019, we received the “BEST PLACE TO LEARN” training certificate, which is valid until 31 May 2022. Students and pupils can also get to know DZ HYP through internships, student clerkships or their academic (thesis-) work. When designing such projects, we adhere to the Fair Company Codex, a voluntary self-commitment we made in 2014 and for which we were awarded the corresponding seal.

DZ HYP is committed to not only recruiting talent externally, but also to training its own staff, in order to be able to effectively rise to the challenges of the future and respond to changing skills requirements with a qualified team of young professionals. As a result, DZ HYP is strengthening its vocational training activities as part of its demographic concept. A total of four trainees and two dual students were recruited in 2020. The dual study programme, which includes a programme leading to a Bachelor and Master of Science in Banking & Finance, has been offered at the Münster office since 2012 in addition to the vocational training programme for bank officers. In the year under review, DZ HYP awarded a permanent contract to one trainee in Münster. Three trainees have started university degrees after completing their vocational training and have since been working for DZ HYP as working students.

Furthermore, we stepped up our activities in the area of professional training for qualified university graduates in the reporting year and welcomed our ninth trainee cohort in October 2020. Since the 18-month trainee programme was introduced in 2010, most of the former trainees are still advancing their careers at DZ HYP today. The launch of the new trainee programme involved recruiting five trainees in Hamburg to focus on Commercial Real Estate Finance business. The plan for three of the five new recruits is to remain at the Hamburg office on a long-term basis, while the other two will be trained at the real estate centres in Berlin and Munich, where they will be based long-term. “Trendence und Absolventa”, the leading online jobs portal for young academics, once again awarded DZ HYP its seal of quality in 2020 for its “fair trainee programme”.

As well as offering conventional banking training, the Bank also wants to offer up-and-coming talent the opportunity to develop their skills in IT-related areas of the Bank. In order to work out the details and design of smart new training programmes, a sounding board group was created in 2020 and will start work in 2021.

GRI 404-2: Programmes for upgrading employee skills and transition assistance programmes

The DZ HYP Real Estate Academy is an integral part of the Bank's specialist training programme. It functions in partnership with the IRE|BS Real Estate Business School, Regensburg, one of the most renowned further training establishments in the real estate sector. Since 2010, around 100 employees have participated in the continuing professional development programme. In addition to attending a series of lectures split into three modules, participants work in small teams on a practice-oriented case study which they then present to a commission of IRE|BS representatives and DZ HYP's Management Board. The Real Estate Academy offers comprehensive training and an in-depth insight into the various areas of the real estate industry. In addition to the Bank's own workforce, representatives from cooperative banks also take part in the Real Estate Academy. The Real Estate Academy 2019/2020 dedicated itself entirely to the topic of sustainability.

THE INTERVIEW

André Jahn, Senior Officer for Human Resources at the Hamburg office, has been responsible for the real estate start-up since its inception. In the following interview, he gives us an insight into the Real Estate Academy 2019/2020.

Mr Jahn, why has the Real Estate Academy dedicated itself to the topic of sustainability?

We always try to choose a current mega topic for our project work, which we then link to a real project development. Sustainability also has a huge influence on us, our lives and the markets in which we move, irrespective of real estate considerations. This is why we chose sustainability as the leitmotif for the Real Estate Academy.

What makes the Academy special?

Our Real Estate Academy participants have to change their perspective and step out of their actual role as a banker and into someone else's role. This year's cohort was asked to look at sustainability from the perspective of project development, using a very large, multi-billion euro project as an example.

»

Prompted by the unprecedented situation surrounding the pandemic, you plan to redesign the Real Estate Academy. What will the new format look like?

We have taken a close look at our very successful existing programme and decided to redesign it. Lecture content will be changed and will become more and more digitalised. From now on, the Real Estate Academy will be a hybrid event with face-to-face meetings, and also live lectures and webcasts that can be accessed on demand. We are also introducing new, very low-key formats such as “Out of the Box” expert panel discussions, during which specialists in the field can report on their work and an exchange of ideas can take place. This is where the IRE|BS Real Estate Business School supports us. We truly have a first-class partner alongside us here, and one who has very good connections with the real estate world.

What do you hope to achieve with the new format?

I believe the new Real Estate Academy will be even better than ever before. It will be easier to run and the quality higher. I, for one, am already looking forward to the next cohort.

Thank you very much for the interview.

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

To facilitate modern management, we developed a workable, state-of-the-art format for employee appraisals at our Hamburg office. It ensures that employees and managers enter into a dialogue with an emphasis upon partnership at least once a year, which – instead of being a backwards-oriented, formalised assessment – focuses on strengths and potentials. Having a regular dialogue also serves to identify individual areas for improvement. The roll out of the employee appraisal format is pending for the Münster office.

GRI 405: Diversity and equal opportunity

GRI 405-1: Diversity of governance bodies and employees

We treat all employees equally, regardless of their heritage, skin colour, religion, gender, age, nationality, sexual orientation, gender identification, marital status or degree of disability.

» GRI 406: Non-discrimination, p. 46

Our corporate culture promotes integration: as such, severely disabled members of staff are an important part of our workforce. In the year under review, 4.2 per cent of our employees were classified as severely disabled (2019: 3.6 per cent). Severely disabled employees, together with their interests and concerns, have dedicated representatives.

In accordance with statutory requirements, the Supervisory Board and Management Board of DZ HYP are obliged to set targets for the proportion of women on the Supervisory Board, the Management Board, and the two management levels below the Management Board – as well as target dates for achieving such targets. Due to the far-reaching restructuring measures as part of the “Focus 2020” project, the Management Board re-evaluated and redefined the targets for the proportion of women in F1 and F2 management positions at DZ HYP on 3 November 2020 in accordance with the statutory requirements statutory for the equal participation of women and men in management positions. The aim is to achieve 25 per cent women at both first and second level management by 31 October 2025. As at 31 December 2020, the share of women at first and second level management was 6 per cent and 21 per cent, respectively.

» Employee indicators, p. 39

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

DZ HYP's remuneration structure does not discriminate on the basis of sex. Men and women with equal jobs, equal suitability and equal experience will receive equal pay.

» GRI 102-41: Collective bargaining agreements, p. 40

GRI 406: Non-discrimination

GRI 406-1: Incidents of discrimination and corrective actions taken

Our employees receive regular training on the German General Equal Treatment Act, and the training applies to our executive staff in particular. After joining DZ HYP, new employees must complete a training course on the German General Equal Treatment Act within 14 days. Once again, no violations or complaints regarding non-compliance with the German General Equal Treatment Act were registered in 2020.

GRI 407: Freedom of association and collective bargaining

GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Issues including equal treatment, freedom of association and collective bargaining are addressed in internal regulations, prevailing principles and the Group-wide Code of Conduct. In the year under review, no instances of non-compliance or threats to the freedom of association or collective bargaining were reported.

SOCIAL COMMITMENT

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

GRI 203: Indirect economic impacts

The cooperative basic values of aiding empowerment, solidarity as well as sustainable and responsible conduct are cornerstones of DZ HYP's social commitment. As an active member of society, we are aware that the decisions we make significantly influence the environment in which we move, live and work. That is why we join our employees to dedicate ourselves to the community in which we live and move, and make our own contribution to the work they do together, supporting a large number of social projects and institutions, professionally-oriented non-profit organisations, as well as the social involvement of the Cooperative Financial Network. Moreover, DZ HYP has a positive impact on economic and social development at its locations – as an employer and contractor.

GRI 203: Indirect economic impacts

GRI 203-1: Infrastructure investments and services supported

GRI 203-2: Significant indirect economic impacts

The Bank promotes the Active Citizenship Association (*Aktive Bürgerschaft*), which advocates civic action and non-profit organisations. We also support the CLUB OF ROME's German charter, by providing the club's branch office at our premises in Hamburg at no charge. Further, DZ HYP is the host and financial backer of the annual meeting of the CLUB OF ROME schools network.

Another example of DZ HYP's professional commitment is the support it provides to the student investment club initiative of the University of Hamburg, Hanseatischer Börsenkreis der Universität zu Hamburg e.V., which raises awareness of economic issues, promotes financial literacy and provides young people who are interested in economics and finance with a forum for dialogue. Within the scope of the "Schools and Business Partnership" project launched by a chamber of commerce and industry, DZ HYP cooperates with two schools in Münster, and also supports hands-on vocational orientation as part of the "Don't leave school without the prospect of a job" project run by the State of North-Rhine Westphalia. In the year under review, internships were unfortunately unable to go ahead at DZ HYP due to the pandemic.

As part of its commitment to social responsibility, the Bank subsidised the Hamburg Donors' Parliament (*Hamburger Spendenparlament*), which supports initiatives to help the homeless and people living in poverty, as well as to improve integration, in the reporting year.

In addition to other customer-related donations, the Bank once again doubled its employees' annual Christmas collection. This year's donation went to the Dunkelziffer e.V. association in Hamburg, which has been committed to combating the sexual abuse of children and child pornography since 1993 with therapy, counselling, prevention and further training measures.

As in previous years, DZ HYP once again decided to largely refrain from sending out Christmas cards in 2020, instead using the amount saved to provide financial support to two social projects proposed by its employees: one was the “Liebenswert – Lebenswert e.V.” association that supports people suffering from dementia and their relatives. The association targets dementia sufferers aged between 40 and 70 and tries to make their everyday lives, which are often very stressful, easier for both them and the people around them. Financial support was also provided to the “Kinder Zukunft Fördern e.V.” association, an organisation behind three children’s homes. The homes are designed to give children and young people from difficult backgrounds the opportunity to embark on fulfilling work lives and find their own place in society.

In the year under review, the DZ HYP Partner Awards were once again presented at the Münster office to banks that have worked especially closely with us. The awards are attached to a donation that goes to anyone of the recipient’s choosing. As in prior years, a variety of different groups received donations, including Lebenshilfe Stuttgart e.V., the Hannoversche Volksbank Foundation and the Volksbank RheinAhrEifel Civic Foundation.

The DZ HYP division responsible for donations and sponsoring is Communication, Marketing and Events (CME). CME presents the Management Board with a budget once a year. The budget for donations and sponsoring activities was €430,233 in 2020 (2019: €477,810). Of this amount, €100,000 (2019: €85,000) was dedicated to donations for scientific, cultural and social causes.

ECOLOGICAL RESPONSIBILITY

GRI 103: Management approach (covering 103-1, 103-2, 103-3)

GRI 301: Materials

GRI 302: Energy

GRI 303: Water and effluents

GRI 305: Emissions

GRI 306: Waste

GRI 307: Environmental compliance

Conserving an intact and stable environment influences our business activities as well. Our environmental management focuses on optimising the use of energy and resources at the Bank, and on using renewable energy sources to consistently reduce our operational carbon footprint. We also seek to reduce mobility-related emissions, such as those resulting from business travel. Looking at environmental issues in the supply chain of products and services is another part of our sustainable corporate policy.

DZ HYP is part of DZ BANK Group's Corporate Responsibility Committee (CRC) and together with the other units represented there, we developed a Group-wide environmental and climate strategy in 2014. This strategy is now constantly reviewed and developed further. It sets common standards for a compelling environmental policy, efficient environmental organisation with clear responsibilities, and lean processes. In order to exchange know-how and expertise, improve the strategy, and define Group standards, the experts of a dedicated "environmental knowledge centre" meet regularly.

At the beginning of 2018, the eleven companies of DZ BANK Group renewed their joint climate strategy and committed to reducing their aggregated CO₂ emissions by 2050 by at least 80 per cent. By doing so, we support the Federal German Government's Climate Action Plan and the UN's Paris Agreement to limit the increase in global average temperatures to a maximum of 2 °C Celsius. Indeed, DZ BANK Group – which employs around 30,000 people – has already reduced its CO₂ emissions by 50.7 per cent, based on 2009 as a reference year. The main drivers for this reduction so far have been a switch to using energy from renewable sources, as well as efficiency enhancements in heat generation and distribution. DZ HYP and all other Group entities have agreed to making compensation payments in the event of failure to achieve the planned annual savings.

REDUCTION IN DZ HYP'S CO₂ EMISSIONS COMPARED TO THE 2009 BASE YEAR (IN %)



Since the German Federal Government has meanwhile modified its climate protection targets – it is now aiming to achieve greenhouse gas neutrality by 2050 – we will adjust our sustainability targets accordingly.

To further advance ecological responsibility at DZ HYP and keep track of the effects of our business activities on the environment, we systematically record and analyse our resources consumption. This makes it easy to identify where action needs to be taken, and where there is room for improvement: it also helps us verify and plan corrective action according to urgency, efficiency and benefits. In accordance with our environmental policy, we derive environmental targets and the measures we need to take in order to meet them. The fact that the Münster office is certified under the “ÖKOPROFIT” programme (an ecological project for integrated environmental technology involving the City of Münster, industry, chambers of commerce and national partners) since 2012, including regular renewals, bears testimony to the high quality of the environmental management system.

Coordinating ecological responsibility at the Bank lies within the responsibility of DZ HYP's Sustainability Manager, who is also the Environmental Management Officer. Together, they represent the competent authority for developing the Bank's environmental management system – supported by the departments, who in turn are responsible for implementing environmental action in their realm.

We place great importance on engaging our employees and keeping them updated about goals and results in the realm of environmental and resources protection. We want to motivate our employees and make them see environmental protection as their own cause: as such, creating the desire to pursue it actively in both their professional and private lives. To support them and raise awareness, our employees can find tips for environmental protection in practice on our intranet. We would also like to win over the tenants and service providers of our properties towards pursuing more environmental protection in everyday life. As such, we instruct our service providers to make sure that waste is consistently separated and environmentally friendly cleaning agents are used.

In order to promote the issue of alternative means of mobility at DZ HYP, we regularly organise professional safety checks for bicycles at the Hamburg and Münster offices. In addition, our Münster and Hamburg employees can lease company bikes and e-bikes on favourable terms.

GRI 301: Materials

GRI 301-1: Materials used by weight and volume

GRI 301-2: Recycled input materials used

Amongst the consumables, printer and copier paper account for the largest share in terms of volume. Both in Hamburg and Münster, we have been relying on recycled and paper certified by the Forest Stewardship Council (FSC) for several years now. Since mid-2018, Blue Angel certified recycled paper has been used throughout the Bank. In 2020, 87.3 per cent of the paper consumed at DZ HYP carried that label (2019: 80.9 per cent). For marketing materials and publications, we use almost exclusively FSC-certified paper. To further reduce our paper consumption in Münster, all sanitary facilities and washrooms here are equipped not only with paper towels, but also with cloth towel dispensers. Cloth towels are exchanged and cleaned regularly, making them a good alternative to their paper equivalents.

In sum, total paper consumption was 40 per cent lower in 2020 than in 2019: 21,756 kg versus 36,582 kg. Behind this are our efforts to save paper by digitalising processes. In addition, due to the pandemic, a large number of our employees were working from home during the reporting year.

PAPER CONSUMPTION

	2020 ¹	2019 ¹	2018 ¹
Printer and copier paper consumption			
Total paper consumption ² (in kg)	9,156	15,361	24,764
Specific paper consumption (in kg/FTE)	15	24	38
Share of FSC-certified paper (in %)	13	13	16
Share of recycled paper (in %)	96	81	76
Share of totally chlorine-free (TCF) paper (in %)	4	6	8
Printed material			
Total paper consumption (in kg)	6,462	13,455	14,064
Specific paper consumption (in kg/FTE)	11	21	21
Share of FSC-certified paper (in %)	100	100	99
Hygienic paper consumption³			
Total paper consumption (in kg)	6,139	7,766	6,590
Specific paper consumption (in kg/FTE)	10	12	10

Due to the process of harmonising the methods of data collection at the two offices, reference values have changed and thus individual data as well.

¹ 77 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. Includes permanent and temporary employees (excluding Management Board, interns, those on placements, trainees, working students and externals).

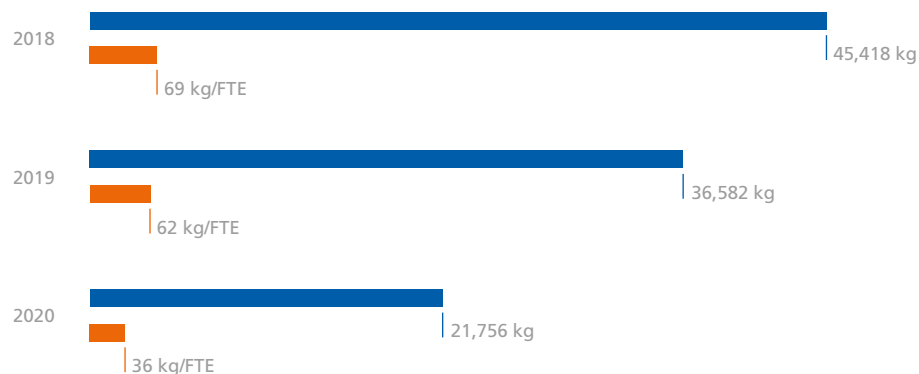
² Changes in data collection have resulted in different data than that published in the 2013 status report (paper consumption incl. envelopes 2013/2014).

"Printer and copier paper" no longer lists FSC-certified and elemental chlorine-free paper, due to low volumes.

"Printed material" no longer lists ECF and TCF paper as these types of papers are no longer used.

³ Differing methods of data collection at both head offices prevent us from reporting the percentage share of elemental chlorine-free (ECF) and totally-free (TCF) hygienic paper. We are currently working on streamlining our methods of data collection.

TOTAL AND SPECIFIC PAPER CONSUMPTION



GRI 302: Energy

GRI 302-1: Energy consumption within the organisation

GRI 302-2: Energy consumption outside of the organisation

GRI 302-3: Energy intensity

GRI 302-4: Reduction of energy consumption

For some years now, DZ HYP has sourced 100 per cent of its electricity from renewable energy sources. All electricity consumed in Münster has been generated in Scandinavian hydro-electric plants since 2012, and all electricity consumed in Hamburg has been certified hydroelectricity since 2013.

During the year under review, the aggregated electricity consumption at both head offices in Hamburg and Münster was 2,525,491 kWh, down from 3,129,136 kWh in 2019, a strong 19 per cent year-on-year decline. On a per-FTE basis, electricity consumption was 4,202 kWh (2019: 5,244 kWh). Due to ongoing renovation works in Hamburg and Münster, the figures are only indicative to a limited extent because, for example, electricity consumption for the construction works and extended sites could not be broken down separately.

We have taken a number of measures to reduce our electricity consumption. Apart from raising awareness with our employees, for example in order to avoid stand-by power usage, enhancing energy efficiency is a major topic. We are increasingly combining energy-efficient LED with movement-sensitive lighting and demand-based lighting controls (e.g. for timing and intensity). When deciding on equipment for general-use areas such as kitchens, we attribute great importance to devices with a high degree of energy efficiency. In addition, as part of the renovation work in Hamburg, various measures have been taken to reduce emissions from the building's operations. One such measure in Hamburg has been the expansion of electricity generation for self-consumption by installing solar panels. A total of 250 solar modules with an output of 325 watts each were installed on the roof of the bank building in Hamburg in 2020. Under optimal conditions, this produces a solar yield of around 80 kWp (Watt peak)/h, which corresponds to a power output of 40,000 to 50,000 kWh per year. The solar modules will allow DZ HYP to save around 36,000 kg of CO₂ emissions a year compared to conventional electricity generated from gas, coal and nuclear power. The additional electricity used in Hamburg is made up exclusively of electricity purchased from certified hydro-electric power sources.

In Hamburg, heat is generated with natural gas. By replacing the burners of two boilers, the efficiency of our heating system improved considerably. The third boiler was decommissioned and dismantled in 2018, to be replaced by a

ELECTRICITY AND HEAT CONSUMPTION

	2020 ¹	2019 ¹	2018 ¹
Electricity consumption			
Total electricity consumption (in kWh)	2,525,419	3,129,136	3,581,630
Of which sustainable hydroelectricity (in kWh)	2,525,419	3,129,136	3,581,630
Specific electricity consumption (in kWh/FTE)	4,202	4,888	5,457
Heat consumption			
Heat consumption (natural gas) (in kWh)	2,909,447	2,871,912	2,792,451
Heat consumption (district heating) (in kWh)	51,119	407,864	443,504
Total heat consumption (in kWh)	2,960,566	3,279,776	3,235,955
Specific heat consumption (in kWh/FTE)	4,926	5,123	4,930

¹ 77 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. Includes permanent and temporary employees (excluding Management Board, interns, those on placements, trainees, working students and externals).

co-generation unit that meets the needs of the building, and which will be used in the summer months. The unit is designed to cover the entire base load of the building, at economically attractive terms. The previous components of our heating system were modernised and transferred to third parties for further use. The alternate and project space that became necessary as a result of the merger is supplied with district heating. We also use natural gas in Münster, where we reduced gas consumption by around 40 per cent vis-à-vis 2007, thanks to a variety of measures including replacing the existing boilers and the circulator pumps, switching to pneumatic valves and insulating the heating system's fittings.

Absolute heat consumption (natural gas and district heating) fell in the year under review by almost 10 per cent to 2,960,566 kWh (2019: 3,279,776 kWh).

Mobility

To cut down on business-related travel as much as possible, we are raising employee awareness and increasingly using telephone and video conferencing. In the year under review, business-related travel decreased significantly due to the pandemic and working from home increased. Business-related travel decreased to 1,089,468 km (2019: 6,000,688 km). At 7.0 per cent (2019: 8.4 per cent), the share of business-related air travel remains at a low level, while the share of climate-friendly rail travel increased significantly to 68 per cent (2019: 39.3 per cent). As a result of the merger, the planned evaluation of whether to compensate for emissions caused by air travel with climate protection projects was postponed. Within the framework of the Group-wide working group "Carbon Offsetting", launched in 2020, we are continuing to drive forward with this issue and are looking for new solutions to avoid and reduce CO₂ emissions even further.

BUSINESS-RELATED TRAVEL

	2020 ¹	2019 ¹	2018 ¹
Total business-related travel (in km)	1,089,468	6,000,688	5,995,282
Specific business-related travel (in km/FTE)	1,321	7,660	6,661
Share of travel by train² (in %)	68	39	39
Share of air travel (in %)	7	8	7
Less than 500 km (in %)	77	82	90
More than 500 km (in %)	23	18	10

¹ 100 per cent coverage per full-time employee (FTE).

² For DZ HYP's business-related travel by train, it is worth noting that the German railway company Deutsche Bahn uses sustainable energy only, making this form of travel climate-neutral since 1 April 2013.

Since 2016, our employees in Hamburg have been able to use a BMW i3 electric car for business-related travel. The vehicle can be charged fully within the course of two hours using our very own charging stations located in the underground garage. In Münster, two charging poles are available for employees' own vehicles; another one is reserved for our clients. A possible expansion of our electric car pool is currently being discussed.

We are further encouraging employees to use low-emission public transport wherever possible, providing transit cards ("job tickets") and transit allowances for existing season tickets as a financial incentive. During the year under review, 171 employees at our Hamburg offices took advantage of these financial incentives (2019: 229), 34 employees at our Münster offices made use of the transit card (2018: 37). Since 2015, our employees have also been able to obtain bicycles and e-bikes as company bikes at favourable conditions through the bicycle leasing provider JobRad, allowing them to travel to work in as environmentally friendly a manner as possible. Since this reporting year, employees in Hamburg have also been able to take advantage of the JobRad scheme. DZ HYP subsidises the lease with a €10 per month contribution, and also pays the insurance for the bike. In 2020, Münster employees had leased 120 bikes or e-bikes (2019: 133), while for Hamburg employees the total was seven.

Around 50 bicycle parking places and a bicycle repair station are available to employees, and also to commercial tenants of our cooperative companies, at the DZ HYP head office underground car park in Hamburg. In Münster we have more than 120 covered bicycle parking places. This offer will be extended in the course of the refurbishment of the building (as set out above). Moreover, there are 24 charging stations for e-bikes in the underground garage. In addition, our employees can use free parking places at the bicycle station at the railway station.

GRI 303: Water and effluents

GRI 303-3: Water withdrawal

GRI 303-5: Water Consumption

DZ HYP sources water from the public utility for the Hamburg region, HAMBURG WASSER, and from the public utility of Münster, Stadtwerke Münster. Total water consumption during the year under review was 10,078 cubic metres, down from 9,779 cubic metres in 2019. At 17 cubic metres, specific water consumption per employee in 2020 was slightly above the previous year's figure (2019: 16 cubic metres). The renovation works in Hamburg and Münster mean that the consumption figures are indicative only to limited extent.

WATER CONSUMPTION

	2020 ¹	2019 ¹	2018 ¹
Total water consumption (in m³)	10,078	9,779	10,376
Specific water consumption (in m³/FTE)	17	15	16

Water consumption averaged, as some of the water meters had to be removed and taken out of operation due to the renovation measures.

¹ 77 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. Includes permanent and temporary employees and junior staff (excluding Management Board, interns, those on placements, trainees, working students and externals).

² Water withdrawn from the public drinking water system.

GRI 303-4: Water recirculation

Waste water is fed into the local sewerage system; it is not discharged directly into streams and rivers. Waste water produced by DZ HYP does not affect biodiversity, due to its characteristics.

GRI 305: Emissions

GRI 305-1: Direct GHG emissions (scope 1)

GRI 305-2: Indirect, energy-related GHG emissions (scope 2)

GRI 305-3: Other indirect GHG emissions (scope 3)

GRI 305-4: GHG emissions intensity

GRI 305-5: Reduction of GHG emissions

Our calculations of greenhouse gas emissions (CO₂ emissions) are based on the conversion values of the VfU indicator system (Association for Environmental Management and Sustainability in Financial Institutions). In accordance with the Greenhouse Gas Protocol (GHG Protocol), we differentiate between the following types of emissions in our reporting:

» **Scope 1:** Direct emissions from within the system under review (e.g. vehicle fleet).

» **Scope 2:** Indirect emissions from externally generated energy (in particular, electricity and heating). Since 2015, the GHG Protocol asks for data to be reported in two ways: one based on a so-called location-based method, and one based on a market-based method (dual reporting).

Following the VfU, we continue to allocate scope 2 emissions based on supplier- and product-specific emission factors (market-based method).

» **Scope 3:** Other indirect emissions, e.g. related to transportation and logistics, the use of products and services, supply and disposal for our service providers, and business travel.

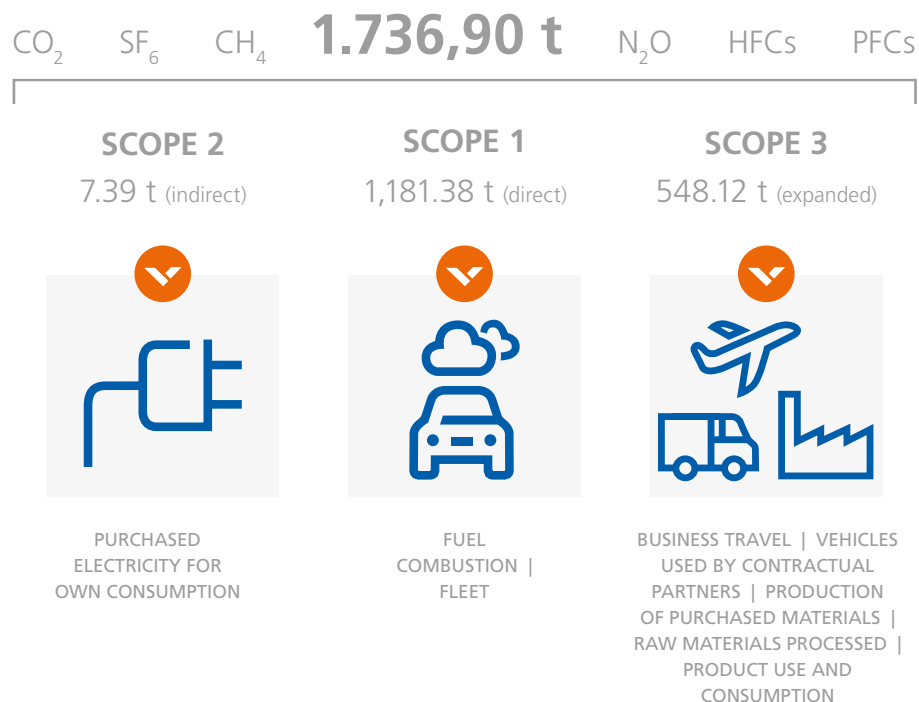
This is the basis upon which we identify our main emissions and their sources, and calculate our carbon footprint. Based on the indicators as determined and within the framework of our environmental management systems, we decide upon which actions to take that are suitable to reduce our consumption and avoid CO₂ emissions. We continuously monitor our indicators, and this helps us in identifying potential for saving energy and finding appropriate measures for better energy efficiency. In the reporting year, we were able to reduce our CO₂ emissions by 13 per cent to 1,736.90 tonnes compared to the previous year (2019: 2,003.44 tonnes).

We set great store by a fuel-efficient and low-emission vehicle fleet. At the Hamburg and Münster offices, the company car regulation, which was updated in 2019, serves as a guideline for this that also regulates CO₂ emissions. The gradation depends on the function of the employee entitled to a company car. The maximum values range between 150 and 180 grammes of CO₂ emitted per kilometre (cars with automatic transmissions may exceed the maximum value by 20 grams of CO₂ per kilometre each). In addition, the use of electric and plug-in hybrid vehicles is currently being piloted at DZ HYP.

Following a change of the leasing company in 2015, we are now able to indicate the real annual leases of the cars at our Hamburg offices. CO₂ indications therefore are far more accurate than in previous years. The Münster office transitioned to tank cards in 2019 that also make it possible to gauge consumption more precisely. We are not reporting any transport-related CO₂ emissions in the year under review. Due to the pandemic, current data would not show a realistic picture of our regular transport emissions.

» Mobility at DZ HYP, p. 53

CARBON FOOTPRINT



Due to changes made at the Münster and Hamburg offices, CO₂ emissions were not broken down into specific individual emissions during the year under review.

¹ Reported based on a market-based method, in line with VfU rules (Association for Environmental Management and Sustainability in Banks).

² Resource consumption for paper, water, waste, business travel, electricity and heating is accounted for in Scope 3.

GRI 306: Waste

GRI 306-2: Total weight of waste by type and disposal method

GRI 306-4: Transport of hazardous waste

We try to prevent waste wherever we can. Where this principle cannot be applied and we generate waste, it is reused or recycled. All of the waste that is generated at our buildings is disposed of by an external contractor that recycles a large proportion of it.

10 per cent of waste is used to replace primary energy sources, and is prepared as substitute fuel for thermal energy generation, thus contributing to the saving of resources, and in the reduction in CO₂ emissions. Only 2 per cent are not recyclable. Transparency of waste data has increased considerably over the past years, as queries have become more differentiated and data suppliers more involved.

Batteries, electronics waste, wires, aluminium and copper waste are disposed of individually. The contractor reimburses these materials in accordance with market standards; credit is applied against disposal costs and distributed separately. It is in particular the recirculation of sorted materials that has a positive economic effect. The share accounted for by electronics waste has declined considerably because we are no longer disposing of it and are instead handing it over to a service provider, T-Systems. Under strict adherence to GDPR requirements, T-Systems passes on old devices that are still intact to a sales partner or disposes of defective devices via a certified service provider.

Construction site waste is sorted and disposed of according to regulations by a specialist company. The increase in construction site waste and commercial waste are due to final renovation works in Münster and Hamburg.

In the reporting year, we were able to reduce our volume of confidential paper waste by a further 15 per cent compared to the previous year. With the introduction of electronic files in 2015, we significantly reduced paper consumption. We will continue to promote paperless communication in the future.

Our employees are also encouraged to consistently sort their waste, and suitable places – such as the kitchens – are equipped with bins for residual waste, glass and recyclable plastics. In addition, all offices are equipped with an additional dustbin to facilitate the segregation of paper waste and general (residual) waste. The plastic bin liners used in the cleaning company's collection areas have been replaced by environmentally friendly jute sacks.

WASTE – NON-HAZARDOUS WASTE

	2020 ¹	2019 ¹	2018 ¹
Total paper (excluding confidential paper) (in kg)	64,187	66,174	57,723
Total confidential paper (in kg)	27,270	32,089	64,289
Total biological waste ² (in kg)	14,976	12,361	7,895
Total mixed packaging (in kg)	151,862	130,263	121,821
Construction waste from modernisation (in kg) ³	144,205	90,440	46,550
Total commercial waste (in kg)	99,238	43,591	43,165
Total non-hazardous waste (in kg)	501,738	374,918	341,443
Specific paper (excluding confidential paper) (in kg/FTE)	107	103	88
Specific confidential paper (in kg/FTE)	29	50	98
Specific biological waste (in kg)	25	19	12
Specific mixed packaging (in kg/FTE)	253	203	186
Specific building site waste from modernisation (in kg/FTE)	240	141	71
Specific commercial waste (in kg/FTE)	165	68	66
Total specific non-hazardous waste in (kg/FTE)	819	584	521

WASTE – HAZARDOUS WASTE

	2020 ¹	2019 ¹	2018 ¹
Total toner waste (in kg)	170	61	143
Total electronics waste (in kg)	529	800	2,841
Total lighting waste (in kg)	130	244	249
Total hazardous waste (in kg)	829	1,105	3,233
Specific toner waste (in kg/FTE)	0.3	0.1	0.2
Specific electronics waste (in kg/FTE)	0.9	1.2	4
Specific lighting waste (in kg/FTE)	0.2	0.4	0.4
Specific hazardous waste (in kg/FTE)	1.4	1.9	5

¹ 77 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. Includes permanent and temporary employees (excluding Management Board, interns, trainees, working students and externals).

² At the Hamburg office, biological waste could not be broken down separately due to the low volume. At the Münster office, the canteen is operated by a third-party service provider. Kitchen waste from the canteen cannot be listed separately and are therefore included in the figures.

³ At the Hamburg office, the only construction site waste listed is the waste that is generated independently of the renovation project at the offices, such as repairing water damage.

GRI 307: Environmental compliance

GRI 307-1: Non-compliance with Environmental Laws and Regulations

In the period under review, DZ HYP was not subject to any significant fines or monetary sanctions for non-compliance with environmental laws and regulations.

ABOUT THIS REPORT

Reporting Practice

GRI 102-45: Entities included in the consolidated financial statements

DZ HYP is itself a part of DZ BANK Group and of the Volksbanken Raiffeisen-banken Cooperative Financial Network, which comprises 814 individual cooperative banks. In terms of total assets, the network ranks among the largest financial services organisations in Germany. Within the Cooperative Financial Network, DZ BANK AG acts as the central institution, tasked with supporting the local co-operative banks' transactions as well as strengthening their competitive position. It operates as a commercial bank, and exercises the holding entity function for the DZ BANK Group.

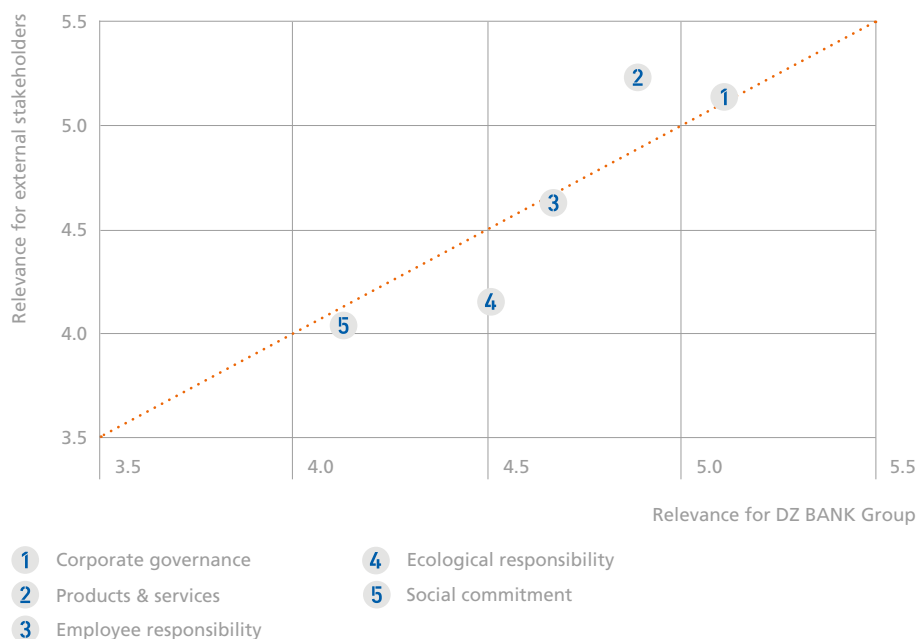
DZ BANK Group comprises, among others, Bausparkasse Schwäbisch Hall building society, DZ HYP, DZ PRIVATBANK, R+V Insurance, TeamBank, Union Investment Group, VR Smart Finanz as well as various other specialist financial services providers. Subsidiaries are non-material.

» Annual Report 2020, p. 12

GRI 102-46: Defining report content and topic boundaries

Being aware of stakeholders' social, economic and ecological interests and expectations is the cornerstone of successfully managing sustainability at our company. A Group-wide online survey of internal and external stakeholders conducted at DZ Bank Group in 2019 provided relevant insights. The results of the survey were compared with internal company perspectives in internal workshops. The result was a materiality matrix that shows the priority attributed to different fields of actions by stakeholders. It forms the foundation of DZ Bank Group's sustainability activities.

MATERIALITY MATRIX



The results on DZ BANK Group-level were then evaluated by each entity and then compared to the external stakeholders’ responses.

DZ HYP is a leading provider of real estate finance and a major Pfandbrief issuer in Germany, as well as a centre of competence for public-sector clients within the Cooperative Financial Network. Because of this focused direction, the selection of our stakeholders is narrower, and as a result DZ HYP’s key fields of action are weighted differently than those of DZ BANK Group.

» GRI 102-40: List of stakeholder groups, p. 25

As an initial step, we gathered together a list of topics that are relevant for us by looking at the DZ BANK Group Materiality Matrix and using desk studies, conversations with our stakeholders and analyses of competitors and the legal framework. From there, we identified strategic fields of action that we then valued according to internal and external stakeholder groups.

The four key fields of action that DZ HYP’s sustainability reporting will be based around in future are:

- » risk management
- » sustainable banking
- » sustainable lending
- » employer attractiveness / demographics

Our sustainability activities will also be reviewed and realigned based on these insights. Using this as a backdrop, we are currently enhancing our sustainability strategy and initiating new projects in our core business.

» Sustainability Strategy, pp. 19 et seqq.

GRI 102-47: List of material topics

DZ HYP FIELDS OF ACTION		
	GRI information / topic-specific standards	Page
Risk management	GRI 102-11: Organisational profile / precautionary principle	10
	GRI 102-15: Strategy / key impacts, risks and opportunities	11
Sustainable banking	Because the current GRI standards’ coverage of “sustainable banking” is inadequate, we are publishing a management approach on the topic that is orientated around GRI 103.	
Sustainable lending	GRI 417: Marketing and labelling	33
	GRI 418: Customer privacy	33
Employer attractiveness / demographics	GRI 401: Employment	40 et seq.
	GRI 402: Labour/management relations	41
	GRI 403: Occupational health and safety	41 et seq.
	GRI 404: Training and education	43 et seq.
	GRI 405: Diversity and equal opportunity	45 et seq.
	GRI 406: Non-discrimination	46
	GRI 407: Freedom of association and collective bargaining	46

To fulfil transparency requirements for relevant ratings, we are expanding our reporting to include the following topic-specific GRI standards:

OTHER REPORT TOPICS

GRI standard	Chapter	Page
GRI 201: Economic performance	Our Company	13 et seq.
GRI 203: Indirect economic impacts	Social Commitment	47 et seq.
GRI 204: Procurement practices	Suppliers	17
GRI 205: Anti-corruption	Our Company	16
GRI 206: Anti-Competitive behaviour	Our Company	16
GRI 301: Materials	Ecological Responsibility	50 et seq.
GRI 302: Energy	Ecological Responsibility	51 et seqq.
GRI 303: Water and effluents	Ecological Responsibility	54
GRI 305: Emissions	Ecological Responsibility	54 et seq.
GRI 306: Waste	Ecological Responsibility	56
GRI 307: Environmental compliance	Ecological Responsibility	57
GRI 308: Supplier environmental assessment	Suppliers	17
GRI 412: Human rights assessment	Our Company	17
GRI 414: Supplier social assessment	Suppliers	17
GRI 415: Public policy	Sustainability Strategy	28

GRI 102-48: Restatements of information

GRI 102-49: Changes in reporting

For the time, we have prepared this report using the reporting format based on the standards of the Global Reporting Initiative (GRI). We did so in the interests of providing our stakeholders with transparent information about key fields of action, measures, goals and indicators. The chapters in this report mirror the GRI structure insofar as possible. However, we have adapted the names and order to suit our company, to improve readability and to reflect our key issues.

» GRI Content Index, pp. 62 et seqq.

GRI 102-50: Reporting period

Issues of particular relevance, however, were included in the 2020 Sustainability Report up to the editorial deadline of 30 April 2021. The indicators generally relate to the financial year 2020 (1 January to 31 December 2020).

GRI 102-51: Date of most recent previous report

The Sustainability Report 2019 was published on 23 July 2020.

GRI 102-52: Reporting cycle

The next sustainability report will be published in 2022.

GRI 102-53: Contact point for questions regarding the report

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GRI 102-54: Claims of reporting in accordance with the GRI Standards

This Sustainability Report was prepared following the guidelines of the “Core” option of the GRI standards.

Because the current GRI standards only partially cover our company’s business activities, and in the interest of fulfilling the transparency requirements for relevant ratings, we added topics, for example, in the “Sustainable Banking” chapter that currently influence our business because of socio-political developments or rating queries.

GRI 102-55: GRI content index

A GRI content index has been included.

» GRI Index, pp. 62 et seqq.

GRI 102-56: External assurance

This report was not verified externally, with the exception of material contents and indicators. All economic figures were taken from DZ HYP’s audited Annual Report 2020.

GRI CONTENT INDEX

The Global Reporting Initiative (GRI) has created a standard for sustainability reporting in order to establish an international basis for comparing sustainability performance between different companies. The report follows the GRI standard guidelines in its “Core” option. The given GRI Content Index comprises the core indicators and provides references to corresponding pages in the report where the relevant information can be found.

» GRI 102-47: List of material topics, p. 59 et seq.

GRI reference		Page(s)/ URLs/comments	UN Global Compact
GRI 101:	FOUNDATION		
GRI 102:	GENERAL DISCLOSURES		
	Organisational profile		
102-1	Name of the organisation	Title, report page	
102-2	Activities, brands, products, and services	6, 7	
102-3	Location of headquarters	7	
102-4	Location of operations	8	
102-5	Ownership and legal form	8	
102-6	Markets served	8	
102-7	Scale of the organisation	8	
102-8	Information on employees and other workers	9 The working time model is currently not broken down according to sex. Employment contracts are not currently broken down according to sex.	
102-9	Supply chain	9	
102-10	Significant changes to the organization and its supply chain	9	
102-11	Precautionary principle or approach	10	7
102-12	External initiatives	10, https://dzhyp.de/UNGC	1 to 10
102-13	Memberships of associations	10	

GRI reference		Page(s)/ URLs/comments	UN Global Compact
GRI 101:	FOUNDATION		
GRI 102:	GENERAL DISCLOSURES		
	Strategy and analysis		
102-14	Statement from senior decision-maker	4, 5, 11	
102-15	Key impacts, risks and opportunities	11	
	Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	12, https://dzhyp.de/codeofconduct , https://dzhyp.de/UNGC	1 to 10
	Governance		
102-18	Management structure	12, 13	
	Stakeholder engagement		
102-40	List of stakeholder groups	25	
102-41	Collective bargaining agreements	40	8
102-42	Identifying and selecting stakeholders	25	
102-43	Approach to stakeholder engagement	25, 26	
102-44	Key topics and concerns raised	27	
	Reporting practice		
102-45	Entities included in the consolidated financial statements	58	
102-46	Defining report content and topic boundaries	58, 59	
102-47	List of material topics	59, 60	
102-48	Restatements of information	60	
102-49	Changes in reporting	60	
102-50	Reporting period	60	
102-51	Date of most recent previous report	60	
102-52	Reporting cycle	61	
102-53	Contact point for questions regarding the report	61	
102-54	Claims of reporting in accordance with the GRI Standards	61	
102-55	GRI content index	61	
102-56	External assurance	61	

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 200:	ECONOMY CATEGORY		
GRI 201:	ECONOMIC PERFORMANCE		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	Annual Report	
103-2	The management approach and its components	Annual Report	
103-3	Evaluation of the management approach	Annual Report	
201-1	Direct economic value generated and distributed	13, 14	
201-2	Financial implications and other risks and opportunities due to climate change	14	7, 8
201-3	Defined benefit plan obligations and other retirement plans	14	
GRI 203:	INDIRECT ECONOMIC IMPACTS		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	47	
103-2	The management approach and its components	47	
103-3	Evaluation of the management approach	47	
203-1	Infrastructure investments and services supported	47, 48	
203-2	Indirect economic impacts	47, 48	
GRI 204:	PROCUREMENT PRACTICES		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	17, 18	
103-2	The management approach and its components	17, 18	
103-3	Evaluation of the management approach	17, 18	
204-1	Proportion of spending on local suppliers	18	

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 200:	ECONOMIC STANDARDS		
GRI 205:	ANTI-CORRUPTION		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	15, 16	10
103-2	The management approach and its components	15, 16	10
103-3	Evaluation of the management approach	15, 16	10
205-1	Operations assessed for risks related to corruption	16	10
205-2	Communication and training about anti-corruption policies and procedures	16	10
205-3	Confirmed incidents of corruption and actions taken	16	10
GRI 206:	ANTI-COMPETITIVE BEHAVIOUR		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	15, 16	
103-2	The management approach and its components	15, 16	
103-3	Evaluation of the management approach	15, 16	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	16	
GRI 300:	ENVIRONMENTAL STANDARDS		
GRI 301:	MATERIALS		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	49, 50	8
103-2	The management approach and its components	49, 50	8
103-3	Evaluation of the management approach	49, 50	8
301-1	Materials used by weight or volume	50, 51	8
301-2	Recycled input materials used	50, 51	8

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 300:	ENVIRONMENTAL STANDARDS		
GRI 302:	ENERGY		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	49, 50	8
103-2	The management approach and its components	49, 50	8
103-3	Evaluation of the management approach	49, 50	8
302-1	Energy consumption within the organisation	51, 52, 53	8
302-2	Energy consumption outside of the organisation	51, 52, 53	8
302-3	Energy intensity	51, 52, 53	8
302-4	Reduction of energy consumption	51, 52, 53	8
GRI 303:	WATER AND EFFLUENTS		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	49, 50	8
103-2	The management approach and its components	49, 50	8
103-3	Evaluation of the management approach	49, 50	8
303-3	Water withdrawal	54	8
303-4	Water recirculation	54	8
303-5	Water consumption	54	8
GRI 305:	EMISSIONS		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	49, 50	8
103-2	The management approach and its components	49, 50	8
103-3	Evaluation of the management approach	49, 50	8
305-1	Direct (scope 1) GHG emissions	54, 55	8
305-2	Energy indirect (scope 2) GHG emissions	54, 55	8
305-3	Other indirect (scope 3) GHG emissions	54, 55	8
305-4	GHG emissions intensity	54, 55	8
305-5	Reduction of GHG emissions	54, 55	8

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 300:	ENVIRONMENTAL STANDARDS		
GRI 306:	WASTE		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	49, 50	8
103-2	The management approach and its components	49, 50	8
103-3	Evaluation of the management approach	49, 50	8
306-2	Waste by type and disposal method	56, 57	8
306-4	Transport of hazardous waste	56, 57	8
GRI 307:	ENVIRONMENTAL COMPLIANCE		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	49, 50	8
103-2	The management approach and its components	49, 50	8
103-3	Evaluation of the management approach	49, 50	8
307-1	Non-compliance with environmental laws and regulations	57	8
GRI 308:	SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	17, 18	8
103-2	The management approach and its components	17, 18	8
103-3	Evaluation of the management approach	17, 18	8
308-1	New suppliers that were assessed using environmental criteria	18	7, 8
308-2	Negative environmental impacts in the supply chain and actions taken	18	7, 8

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 400:	SOCIAL STANDARDS		
GRI 401:	EMPLOYMENT		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39	
103-2	The management approach and its components	37, 38, 39	
103-3	Evaluation of the management approach	37, 38, 39	
401-1	New employee hires and employee turnover	40	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	41	
401-3	Parental leave	41	
		No sex-specific figure is (currently) collected.	
GRI 402:	LABOUR/MANAGEMENT RELATIONS		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39	
103-2	The management approach and its components	37, 38, 39	
103-3	Evaluation of the management approach	37, 38, 39	
402-1	Minimum notice period regarding operational changes	41	
GRI 403:	OCCUPATIONAL HEALTH AND SAFETY		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39	
103-2	The management approach and its components	37, 38, 39	
103-3	Evaluation of the management approach	37, 38, 39	
403-8	Employees covered by a management system for occupational health and safety	41, 42	
403-9	Work-related injuries	42	
403-10	Work-related ill health	42	

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 400:	SOCIAL STANDARDS		
GRI 404:	TRAINING AND EDUCATION		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39, 40	
103-2	The management approach and its components	37, 38, 39, 40	
103-3	Evaluation of the management approach	37, 38, 39, 40	
404-1	Average hours of training per year and employee	43	
404-2	Programmes for upgrading employee skills and transition assistance programmes	44, 45	
404-3	Percentage of employees receiving regular performance and career development reviews	46 No sex-specific figure by employee category is (currently) collected.	
GRI 405:	DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39, 40	6
103-2	The management approach and its components	37, 38, 39, 40	6
103-3	Evaluation of the management approach	37, 38, 39, 40	6
405-1	Diversity of governance bodies and employees	45, 46	6
405-2	Ratio of basic salary and remuneration of women to men	46	6
GRI 406:	NON-DISCRIMINATION		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39, 40	1, 2, 6
103-2	The management approach and its components	37, 38, 39, 40	1, 2, 6
103-3	Evaluation of the management approach	37, 38, 39, 40	1, 2, 6
406-1	Incidents of discrimination and corrective actions taken	46	1, 2, 6

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 400:	SOCIAL STANDARDS		
GRI 407:	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	37, 38, 39, 40	3
103-2	The management approach and its components	37, 38, 39, 40	3
103-3	Evaluation of the management approach	37, 38, 39, 40	3
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	46	3
GRI 412:	HUMAN RIGHTS ASSESSMENT		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	15, 16, https://dzhyp.de/codeofconduct	1, 2
103-2	The management approach and its components	15, 16	1, 2
103-3	Evaluation of the management approach	15, 16	1, 2
412-1	Operations that have been subject to human rights reviews or impact assessments	17, https://dzhyp.de/codeofconductx	1, 2
412-2	Employee training on human rights policies or procedures	17, https://dzhyp.de/codeofconduct	1, 2
GRI 414:	SUPPLIER SOCIAL ASSESSMENT		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	17, 18	
103-2	The management approach and its components	17, 18	
103-3	Evaluation of the management approach	17, 18	
414-1	New suppliers that were screened using social criteria	18	
414-2	Negative social impacts in the supply chain and actions taken	18	

Topic-specific standards

GRI Standard		Page(s)/ URLs/comments	UN Global Compact
GRI 400:	SOCIAL STANDARDS		
GRI 415:	PUBLIC POLICY		
415-1	Political contributions	28	
GRI 417:	MARKETING AND LABELLING		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	32	
103-2	The management approach and its components	32	
103-3	Evaluation of the management approach	32	
417-1	Requirements for product and service information and labelling	32, 33	
417-2	Incidents of non-compliance concerning product and service information and labelling	33	
417-3	Incidents of non-compliance concerning marketing communications	33	
GRI 418:	CUSTOMER PRIVACY		
GRI 103:	Management approach		
103-1	Explanation of the material topic and its boundary	32	
103-2	The management approach and its components	32	
103-3	Evaluation of the management approach	32	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	33	

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