

SUSTAINABILITY REPORT 2022

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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 names and running order to suit our company, to improve readability and to reflect our key issues.

» For more information see About This Report, p. 67

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 Annual Report 2022, the DZ HYP website or an external website.

The page references in the tables on pages 23, 68 and 69 are also cross-linked.

LETTER FROM THE MANAGEMENT BOARD

Dear readers,

What a difference a year makes. After a year of geopolitical, economic and ecological turbulence, the world is not the same it was at the beginning of 2022. The situation in Ukraine has been dramatic since Russia's attack on the country, with many people becoming dependent on humanitarian aid. The war in Ukraine has changed Germany, too: prices have increased considerably for consumers and businesses alike, especially for energy and food.

At the same time, in numerous parts of the world, record temperatures and devastating floods have shown that climate change is becoming a very real threat to the lives and livelihoods of millions of people. Against this background it is clear that we must all strive hard to meet the Sustainable Development Goals.

As a member of society, DZ HYP is called upon to help create a sustainable future. And as a leader among the German real estate and Pfandbrief banks, we are both able and obliged to help shape a more sustainable real estate sector.

DZ HYP has used the past year to push ahead with the integration of sustainability into its day-to-day operations. The issue of our first green mortgage Pfandbrief in February 2022 was a key milestone in this endeavour. We successfully repeated the exercise at the start of this year with the issue of a green dual tranche, offering our investors the opportunity to join us in a sustainable transformation of Germany's real estate sector. The positive response to our green Pfandbrief products has encouraged us to continue this journey, and establish DZ HYP as a regular issuer in this segment.



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

The successful conclusion of the "ESG Risk" project, initiated by Risk Controlling, marked another milestone in 2022. The project involved developing a methodology for quantifying emissions in the real estate business, and a valuation model for the relevant drivers of physical and transition risks in the real estate portfolio. We incorporated ESG topics into the Bank's risk strategies and defined indicators for determining and managing the corresponding risk potential.

In pursuit of our ecological responsibility, we also completed the renovation of our office building in Münster during the year under review. After three and a half years of renovation, Cube 1 is now an attractive, modern workplace where our colleagues feel at home. The partial renovation of our Hamburg offices was completed a year earlier in 2021. Both renovations are now in the process of being certified by the German Sustainable Building Council (DGNB). We are expecting a certificate in the “Silver” category for Hamburg and in the “Gold” category for Münster in the current year.

It is important for us that independent organisations evaluate our sustainability performance, and take a holistic approach when doing so. The results of these evaluations show where we need to do more and become more sustainable, and they help improve transparency vis-à-vis our investors. In 2022, we commissioned Morningstar Sustainalytics, an international agency, with a rating. In February 2023, DZ HYP received an ESG risk rating of 14.2 from Morningstar Sustainalytics and was assessed to be at low risk of experiencing material financial impacts from ESG factors (read more on page 10).

Another rating agency, ISS ESG, confirmed the high quality of our activities in the sustainability sphere with an updated rating: as in the previous year, DZ HYP was once again awarded “Prime Status” in the “Mortgage & Public Sector Finance” peer group, receiving a “C” rating. This places us above the industry average in terms of our sustainability performance.

Together with the DZ BANK Group companies we agreed on a revised version of our Code of Conduct in 2022, committing us to tolerance, democratic values, equal opportunities and the protection of human rights. In the same year, DZ HYP

and DZ BANK Group companies also substantiated the contents of the Code of Conduct relating to human rights in dedicated guidelines, which enshrine the principles upon which our behaviour and our actions are built. The climate and environment position paper focuses on relevant topics and aspects, complementing the Group-wide principles. The purpose of this document is transparency: we want people to know where the DZ BANK Group stands.

The current year continues to pose many challenges, but we feel comfortable with our business model and are confident that it provides a robust and solid basis for a prosperous and sustainable future. We look forward to helping shape a sustainable economy and society.

We hope that you will find our Sustainability Report inspiring.

Yours sincerely,



Dr Georg Reutter
(CEO)



Sabine Barthauer



Jörg Hermes

The Management Board

Hamburg/Münster, July 2023

OUR COMPANY

General disclosures

Name of the organisation

DZ HYP AG

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 Volksbanken Raiffeisenbanken 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 clients directly and acts as a partner to Germany's cooperative banks.

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 effective range of products and services, working hand in hand with them to cultivate the regional markets. 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.

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 / IMMO META REVERSE / IMMO META REVERSE* product family
- » Core segments: office, housing, 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, as well as providing support for the investment projects of its German clients in selected international markets. Its commercial real estate finance activities are focused on the core segments of office, residential and retail properties. DZ HYP is also involved in the specialist segments of hotels, logistics properties and real estate for social purposes, within the scope of its credit risk strategy. Target clients are private and institutional investors, as well as commercial and residential real estate developers. When selecting exposures, priorities lie in the quality of the client relationship, the third-party usability of the financed property, and collateralisation through first-ranking liens.

The focus of our housing sector activities is on customised financing solutions for residential or mixed-use properties. We provide loans to cooperative, municipal, Church-based and other housing companies in Germany for new construction, modernisation and renovation projects, sometimes in combination with subsidised development loans granted by *Kreditanstalt für Wiederaufbau* (KfW), Germany's government-owned development bank. DZ HYP focuses on long-standing client relationships with companies that create sustainable and affordable housing. As a premium sponsoring member of the umbrella industry organisation, the Federal Association of German Housing and Real Estate Companies (GdW), the Bank is committed to intensive dialogue between the housing industry and real estate financing providers.

Retail business is largely originated through intermediation by cooperative banks. DZ HYP's offering includes initial as well as roll-over financings for new construction, purchase and modernisation/refurbishment of real estate. Thanks to DZ HYP's broad product range of home loans – with fixed-interest terms of up to 30 years – cooperative banks can offer their clients solutions which fit their needs exactly. The business is based on standardised credit processes, and is characterised by swift lending decisions. The full distribution potential of the Cooperative Financial Network is made available to reach retail customers through technological integration of the products into the distribution systems of individual cooperative banks, and through the use of largely automated processes.

As a centre of competence for public-sector clients within the Cooperative Financial Network, DZ HYP supports cooperative banks across Germany in developing their business with counties, towns/cities and local authorities, their legally dependent operations, municipal special public-law administrative unions and public-sector institutions. Core elements of the business conducted jointly with the German cooperative banks, as well as the direct business, are the granting of loans to local authorities and short-term public-sector loans.

To complement its product range, DZ HYP provides a web-based and uniform rating application called "agree21VR-Rating-IMMO" to Germany's cooperative banks. This application allows cooperative banks to determine the client-specific probabilities of default for their commercial real estate clients. DZ HYP offers this application in collaboration with Atruvia AG and parclT GmbH. Banks can use it to implement a modern risk management process that takes account of all the relevant factors. It is aimed at cooperative banks with commercial real estate financing activities, and at those for which commercial real estate accounts for a significant proportion of their credit portfolio. agree21VR-Rating-IMMO provides an important foundation for joint business within the Cooperative Financial Network.

We also offer property valuations performed by our wholly-owned subsidiary VR WERT Gesellschaft für Immobilienbewertungen mbH. 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. VR WERT values properties financed by DZ HYP with a focus on the business with corporate clients, who require a particularly sophisticated and individual case analysis, as well as privately owned properties.

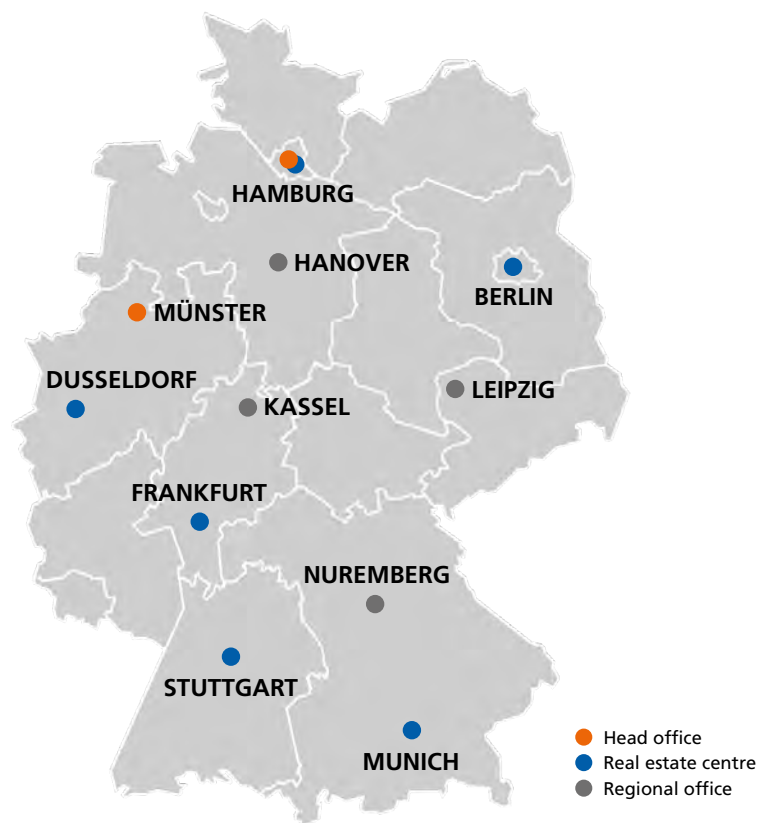
» Annual Report 2022, p. 12 et seqq.

Location of headquarters

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

Rosenstrasse 2
20095 Hamburg, Germany
Phone: +49 40 3334-0

Sentmaringer Weg 1
48151 Münster, Germany
Phone: +49 251 4905-0



Location of operations

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

Legal form

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

Markets served

DZ HYP focuses on financing properties in the German market, as well as providing support for the investment projects of its German clients in selected international markets.

» Business segments and services of DZ HYP, p. 4 et seq.

Information on the Group

DZ HYP is part of the DZ BANK Group and therefore of the Cooperative Financial Network, which comprises 737 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 the DZ BANK Group.

The DZ BANK Group comprises Bausparkasse Schwäbisch Hall (building society), DZ HYP, DZ PRIVATBANK, R+V Allgemeine Versicherung AG (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 the DZ BANK Group allow the Cooperative Financial Network to position itself as a one-stop shop for financial products and services. The DZ BANK Group has organised its strategy and range of services for the cooperative banks and their customers 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 Cooperative Financial Network. The specialist institutions within the 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.



Scale of the organisation

ECONOMIC INDICATORS (in € thousand)

	2022	2021	2020
Revenue ^{1,2}	1,735,620	1,830,109	1,839,406
Value distributed	411,608	437,114	444,057

¹ Aggregate figure 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 Sustainability Report 2020 due to shifts in the interest rate and commission components.

- » GRI 201: Economic performance, p. 14 et seq.
- » Annual Report 2022, p. 54

Information on employees and other workers

STAFFING INDICATORS

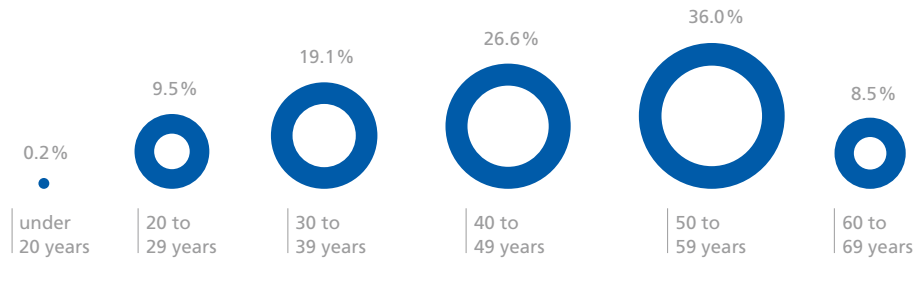
	2022	2021	2020
Headcount (number of employees) ¹	855	832	819
Contract type (number)			
Temporary	19	15	20
Permanent	836	817	799
Employment type (in %) ²			
Full time	76.4	77.0	74.9
Part time	23.6	23.0	25.1

¹ Average for the year.

² Determined on the basis of average figures.

- » Other staffing indicators, p. 45 et seqq.
- » Annual Report 2022, p. 51

EMPLOYEE AGE STRUCTURE



Supply chain

The DZ BANK Group companies have been bundling their sustainability 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. They are laid down in sustainability standards for the DZ BANK Group's suppliers. All DZ BANK Group companies are required to integrate these sustainability documents as amended into their procurement processes. DZ HYP documented the requirements defined in the Group guidelines in an additional instruction for the Bank's purchasing units.

When it comes to procurement, we give preference to local suppliers and service providers close to our offices. This results in short transportation routes and helps reduce carbon emissions. Most of DZ HYP's approximately 2,400 suppliers are based in Germany.

» Suppliers, p. 19 et seq.

Significant changes to the organisation and its supply chain

The year under review saw no significant changes to DZ HYP and its supply chain.

» Business segments and services of DZ HYP, p. 4

External initiatives

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

DZ HYP has applied the framework developed by the Global Reporting Initiative (GRI), as amended, since 2013 and the GRI standards since 2019 in its sustainability reporting.

As we value the diversity of our employees, we decided to sign the German Diversity Charter in 2012.

In recognition of our family-friendly human resources policy, the non-profit Hertie Foundation first awarded DZ HYP the "audit berufundfamilie®" certificate back in 2013. Since then the Bank has regularly received the seal of quality, which has to be earned afresh every three years. It applies to the two main sites in Hamburg and Münster.

For the second time in a row, kununu rated DZ HYP a "Top Company" despite tougher requirements: whilst about 20 per cent of all companies on kununu managed to qualify in the past, this figure decreased to a mere five per cent under the stricter criteria. DZ HYP made the cut nevertheless.

The Handelsblatt business newspaper awarded us the “Fair Company” seal, following a review conducted by the IBE, a scientific institute researching employment and employability with a particular focus on Gen Y and Z’s expectations in the workplace.

Having completed a recertification process in the year under review, DZ HYP will be allowed to call itself “BEST PLACE TO LEARN®” for another three years. For future trainees, this award shows that they can expect a first-class vocational education at the Bank.

This hallmark is not the only recommendation for trainees: FOCUS-MONEY, a business magazine, commissioned a study on the public perception of employers in the financial realm. More than 61,600 people were surveyed, and DZ HYP was found to be “highly recommendable” for trainees.

» Employee Matters, p. 45 et seqq.

We have been supporting the CLUB OF ROME school 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 activities at a national level. In addition, we serve as the host and financial backer of the annual meeting of the CLUB OF ROME schools.

» Social Commitment, p. 54 et seq.

The Münster site has held the ÖKOPROFIT certificate since 2012, with biannual recertifications. The recertification scheduled for the year under review was re-scheduled to 2024 in light of ongoing refurbishment measures. (ÖKOPROFIT is an ecological project for integrated environmental technology involving the City of Münster, industry, chambers of commerce and national partners.)

» Ecological Responsibility, p. 56 et seq.

Membership of associations and stakeholder groups

- » National Association of German Cooperative Banks (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 Financial Institutions (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)
- » Hamburg@work e.V.

Statement from senior decision-maker

- » Letter from the Management Board, p. 2 et seq.

Key impacts, risks and opportunities

We firmly believe that the environmental and social challenges society is facing require a more forceful economic transition towards sustainability. A sound and stable environment is the basis of human existence; it is also a basic requirement for every type of business activity. Our definition of sustainability is aligned with the Brundtland Commission: to us, sustainability means 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.

Bringing environmental, economic and social responsibility together has been part of our corporate culture since day one. That is why we strive to base our success on a sustainable business model. When making use of natural resources, we act consciously and efficiently. We closely monitor changes in the political and social landscape, along with dynamic market developments and technological innovations; we then analyse them and integrate them into our business.

Our governing principles are laid down in our sustainability strategy, which is aligned with DZ HYP's overall strategic framework and makes clear what our responsibility is – and what we mean when we talk about sustainable development. External agencies have honoured our efforts with good sustainability ratings.

An updated rating from the sustainability rating agency ISS-ESG we received in the reporting year underscores the high standard of our activities in this area. As in the previous year, DZ HYP was once again awarded "Prime Status" in the "Mortgage & Public Sector Finance" peer group, receiving a "C" rating. This places us above the industry average in terms of our sustainability performance.

DZ HYP commissioned Morningstar Sustainalytics, an international rating agency, with an ESG risk rating during the year under review. In February 2023, DZ HYP received an ESG risk rating of 14.2 from Morningstar Sustainalytics and was assessed to be at low risk of experiencing material financial impacts from ESG factors.



The result must not be interpreted as investment advice or expert opinion within the meaning of applicable legislation.



Sustainable Fitch was another rating agency that evaluated the ESG impact of our business activities during the year under review. On a scale from one to five, where one represents full alignment with ESG best practice, DZ HYP received the following rating:

CATEGORY	Result
"Entity" – assessment of corporate activities from an ESG perspective	3
"Instrument" – contextual assessment	2
"Frameworks" – review of sustainable financing frameworks	2

As a leading real estate financier in Germany, DZ HYP is active in a business segment that produces nearly 40 per cent of global energy-related carbon emissions, according to a study by the UN Environment Programme. This means that there is huge potential for the real estate sector to play a major part in combating climate change. It is against this background that DZ HYP wants to support the transition towards a low-carbon economy by assuming a key role in the development of a sustainable financial system, and it does so through its core business. DZ HYP finances energy-efficient properties, and it enables cooperative, Church and public bodies to build affordable housing in Germany.

DZ HYP's green mortgage Pfandbriefe allow investors to support and participate in the sustainable transformation of the German real estate sector, including its decarbonisation. Annual reporting activities ensure a transparent use of proceeds.

- » Sustainability Strategy, p. 22 et seqq.
- » Risk Management p. 30 et seqq.
- » Sustainable Funding, p. 44
- » Annual Report 2022, Report on Opportunities, Risks and Expected Developments, p. 31 et seqq.

The Cooperative Basic Value of Aiding Empowerment

When Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch founded the first financial cooperatives – in Germany, more than 160 years ago – little did they know that they were writing the first pages of a tremendous success story. Today, financial cooperatives are well established in different markets and as strong as ever. Thinking ahead not only in the financial sector, they also cater to the needs of the people by helping shape the future in areas ranging from energy supply and car sharing to municipal disaster management cooperations. There are more than 6,000 financial cooperatives today in Germany, with around 21 million members. Worldwide, more than 800 million people in over 100 countries have joined a cooperative. They are members, owners and business partners 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.

The idea and practice of organising shared interest in cooperatives was inscribed on the list of the Intangible Cultural Heritage of Humanity in 2016.

www.genossenschaften.de (available in German only)

Values, principles, standards and norms of behaviour

Good corporate governance requires compliance with legal and regulatory regulations, voluntary commitment 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.

As part of the Cooperative Financial Network, the cooperative basic values of aiding empowerment, individual responsibility and independent operations are cornerstones of our activity, flanked by a sustainable business model that takes staff and society's needs into account. We respect and safeguard the environment, and make responsible use of the resources available. We support the transition of economy and society towards a greater degree of sustainability, and endorse the United Nations' Sustainable Development Goals (SDGs), the Paris Agreement, and the Federal Government of Germany's Sustainability Strategy.

As a UN Global Compact participant, we are committed to 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
- » Responsible Corporate Governance, p. 17 et seqq.

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 SDGs with our loans. We are guided by the SDGs because we want to make sure that our sustainability goals make a difference on the road to sustainable development. We follow the World Green Building Council in our SDGs:



- » World Green Building Council

The top three SDGs for DZ HYP are: reduced inequalities (goal 10), sustainable cities and communities (goal 11) and climate action (goal 13). We offer financing solutions for energy-efficient properties, enabling cooperative, Church and public bodies to build affordable housing, and also empowering smaller municipalities to invest in public infrastructure so that the public provision of services is guaranteed.

Our practical understanding of integrity and an ethical corporate culture is clearly stated in the Code of Conduct we prepared together with all other DZ BANK Group companies. All DZ HYP employees are bound by the Code, which was revised and adopted during the year under review. The Code combines our internal principles with external market standards and reaffirms our commitment to sustainability.

- » Our Code of Conduct

Management structure

Role of the highest governance body in setting purpose, values, and strategy

At DZ HYP, we apply a model of dual leadership. A Management Board of three people leads the Company according to existing statutory provisions, ensuring compliance within DZ HYP. In turn, the Supervisory Board and its committees advise and monitor the Management Board.

The Bank's internal regulations – for example the Articles of Incorporation and the Rules of Procedure of corporate bodies – comply with legal requirements. Whilst there were no personnel changes within the Management Board during 2022, the Bank announced in November that CEO Dr Georg Rutter would step down from his post on 31 July 2023 after 15 years with the Bank. The Supervisory Board has appointed Ms Sabine Barthauer, who has so far served as a member of DZ HYP's Management Board, as CEO with effect from 1 August 2023. She will also assume responsibility for all front-office units.

Concerning DZ HYP's risk governance, the Management Board has the sole management authority. The Management Board is responsible for managing and monitoring risks of the entire Bank at a portfolio level, as well as for the allocation of risk capital. It decides upon individual loan exposures in line with its lending authority. In addition, DZ HYP is integrated into the committee structures of the DZ BANK Group and the Cooperative Financial Network, where DZ HYP's Management Board members or other employees are represented.

The Supervisory Board by its very nature concerns itself with matters such as business and risk strategies or the Bank's performance and risk management, amongst others. During the year under review, the Supervisory Board of DZ HYP and its committees monitored the Management Board's management of the Bank in accordance with statutory regulations and those set out in the Bank's Articles of Incorporation, and also took decisions on those transactions required to be presented to the Supervisory Board for approval.

As set forth in the Articles of Incorporation, DZ HYP's Supervisory Board 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. Most of the shareholder representatives on DZ HYP's Supervisory Board are management board members of cooperative banks. A list of Supervisory Board members, as well as information about their remuneration, is included in DZ HYP's Annual Report.

As of 1 January 2022, there were 17 active members on the Supervisory Board, with one shareholder representative seat remaining vacant. The Annual General Meeting 2022 elected a new shareholder representative to the Supervisory Board effective at the end of the AGM.

To fulfil its tasks, the Supervisory Board appointed a Nomination Committee, a Remuneration Oversight Committee, an Audit Committee, and a Risk Committee which continued to work during the year under review. These committees met several times and their respective chairpersons informed the Supervisory Board about the committees' work on a regular basis. The Supervisory Board convened three times during the 2022 financial year.

The self-evaluation carried out by the Supervisory Board in the period from April to May 2022 and 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.

- » Advisory Boards, p. 34
- » Annual Report 2022, Report of the Supervisory Board, p. 95 et seqq.
- » Sustainability Strategy, p. 22 et seqq.

Remuneration Policy

Every year, DZ HYP publishes a comprehensive Remuneration Report containing a detailed disclosure of its remuneration policy.

» Disclosure Report on Remuneration Policy (available in German only)

GRI 201: Economic performance

GRI 201-1: Direct economic value generated and distributed

ECONOMIC INDICATORS (in € thousand)

	2022	2021	2020
Revenue ^{1, 2}	1,735,620	1,830,109	1,839,406
Value distributed	411,608	437,114	444,057
Other administrative expenses	152,933	151,164	158,446
Wages and salaries	80,229	74,957	71,806
Compulsory social security contributions and expenses for pensions and other employee benefits	36,236	18,635	14,963
Payments to providers of capital ³	49,649	66,902	72,791
Payments to government ⁴	92,561	125,456	126,051

¹ Aggregate figure 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 Sustainability Report 2020 due to shifts in the interest rate and commission components.

³ Aggregate figure 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

Whilst the year 2022 got off to a spectacular start, the turnaround in interest rates in spring soon changed the situation. The second half-year was increasingly defined by caution on the part of market participants, and there was no sign of the usual year-end rally. Transaction volumes were significantly down on the record year 2021 during the reporting year.

DZ HYP performed soundly against this backdrop, generating €10,439 million in new business (2021: €12,048 million). This is a favourable result in the current situation, demonstrating that the Bank can preserve solid levels of business even in challenging years.

VOLUME (in € million)

	2022	2021	2020
Corporate Clients	8,064	8,736	8,039
Retail Customers	1,624	2,730	2,066
Public Sector	751	582	631
Total	10,439	12,048	10,736

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

We look at financial implications and other risks arising as a result of climate change through the bigger lens of sustainability and ESG factors. Risks in this realm are events or conditions relating to environmental and climate-related ("E"), social ("S") or governance ("G") issues that, should they occur, could have an actual or potential negative impact on the Bank's net assets, financial position and financial performance, or liquidity position, as well as on its reputation.

DZ HYP identifies relevant, potentially material climate-related, environmental, social and governance risk drivers within its annual risk inventory. Potentially material ESG risk drivers have been identified in the following types of risk: credit risk, operational risk and reputational risk.

Any physical climate-related and environmental risks could impair the collateral value of credit exposures. Furthermore, transition effects, such as the transition towards a climate-neutral economy, can reduce the profitability of borrowers on the real estate finance markets. The Bank developed a scorecard to measure physical and transition risks in the year under review.

Yet there is also an opportunity here for DZ HYP: offering support and helping shape the transformation into a sustainable real estate sector as one of Germany's leading real estate and Pfandbrief banks. We used the past year to push ahead with the integration of sustainability into our day-to-day operations. The issue of our first green Mortgage Pfandbrief in February 2022 was a key milestone in this context. With this instrument, we offer our investors the opportunity to participate in the sustainable transformation of the German real estate sector. Buoyed by high demand for our green mortgage Pfandbrief, we are encouraged to pursue the path we have chosen.

The criteria we apply to our commercial real estate projects when making investment decisions comprise both strict risk and return considerations, and social and environmental aspects.

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

The DZ BANK Group's credit standard for managing ESG risks defines exclusion criteria per sector, with every potential loan being checked against those criteria before it can be granted. The aim is to prevent transactions which fail to comply with minimum ESG requirements, as well as those which potentially increase the DZ BANK Group's risk for reputational damage.

The DZ BANK Group's list of exclusions includes arms trade and production, controversial gambling, and prostitution or comparable business activities. Business relationships with clients for which significant human rights violations and environmental infringements cannot be ruled out are similarly out of the question. In its investment business, the DZ BANK Group does not offer products involving agricultural raw materials derivatives.

The DZ BANK Group published its climate and environment position paper in the year under review, discussing the issues and activities in these areas relevant throughout the Group and highlighting the Group's positioning.

- » Risk Management p. 30 et seqq.
- » Sustainable Banking, p. 38 et seqq.
- » Exclusion criteria
- » Climate and environment position paper

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

EMPLOYEE EXPENSES

	2022	2021	2020
Employees with company pensions (in %)	88.5	81.2	89.2
Provisions for pensions and similar obligations (in € thousand)	237,136	215,056	198,083
Wages and salaries (in € thousand)	80,229	74,957	71,806
Compulsory social security contributions and expenses for pensions and other employee benefits (in € thousand)	36,236	18,635	14,963
Of which company pension schemes (in € thousand)	24,620	7,510	4,691
Other social expenses (in € thousand)	11,616	11,125	10,267

- » Annual Report 2022, p. 54 et seqq.
- » Other staffing indicators, p. 45 et seqq.

GRI 207: Tax

GRI 3-3: Management of material topics

GRI 207-1: Approach to tax

GRI 207-2: Tax governance, control, and risk management

GRI 207-3: Stakeholder engagement and management of concerns related to tax

GRI 207-4: Country-by-country reporting

The DZ BANK Group has formulated a tax strategy to complement its overall corporate strategy. This tax strategy makes clear that compliance with tax obligations is paramount for ensuring social acceptance – and that social acceptance is the basis for corporate success. All entities of the DZ BANK Group are bound by that strategy and the guiding principles established therein. The Group-wide tax strategy is reviewed on a regular basis, at least once a year, updated as necessary and then approved by the Group Risk and Finance Committee.

A legal entity registered and headquartered in Germany, DZ HYP and its global income are subject to unlimited tax liability. We expressly commit ourselves to due compliance with tax obligations and national tax law (international as applicable), and do not approve of tax evasion or legal, yet inappropriate approaches to minimise tax obligations. DZ HYP is responsible and compliant with the law in its tax planning. We do not engage in aggressive tactics to avoid tax. DZ HYP does not issue or distribute products aimed chiefly at enabling aggressive tax planning, and we do not actively contribute to structures aimed at aggressively minimising or avoiding tax.

DZ HYP communicates actively, transparently and constructively with tax authorities on an ad hoc basis.

Given that DZ HYP is part of the DZ BANK Group, country-by-country reporting is delivered at Group level.

Responsible Corporate Governance

GRI 3-3: Management of material topics

GRI 205: Anti-corruption

GRI 206: Anti-competitive behaviour

GRI 410: Security practices

GRI 412: Human rights assessment

Sustainable business activities require 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 an ethical corporate culture is clearly stated in the Code of Conduct we prepared together with all other DZ BANK Group companies. All employees are bound by the Code. It combines our internal principles with external market standards and reaffirms our commitment to sustainability.

Developed during the year under review and adopted in February 2023, the DZ BANK Group's Human Rights Guideline specifies the contents of the Code of Conduct relating to human rights. It established the requirements that DZ BANK Group entities have set for themselves in terms of human rights, and it is continuously amended.

- » Our Code of Conduct
- » The DZ BANK Group's Human Rights Guideline

As a financial services provider, protecting our reputation is of particular importance to us. That is why combating corruption and bribery, but also preventing money laundering, terrorist financing and criminal acts, and complying with financial sanctions and embargoes are among the core principles of our business.

DZ HYP's Compliance Office, which bundles significant second line of defence functions, reports directly to the Management Board. It combines MaRisk compliance and capital markets compliance as well as the Central Unit encompassing anti-money laundering and fraud prevention (Anti-Money Laundering Officer). First and foremost, the Compliance Office is tasked with identifying, managing and reducing compliance risks, exercising a supervisory function and advising our business entities on implementation and compliance with regulatory requirements.

- » GRI 205: Anti-corruption, p. 18

Compliance also houses our complaints management system that enables us to systematically record and manage any client or business partner complaints. Complaints may be lodged by telephone, e-mail or personally. All complaints received are reviewed by the responsible departments 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.

- » <https://dzhyp.de/de/ueber-uns/wir-ueber-uns/beschwerdeverfahren> (available in German only)

To prevent white-collar crime and deter unauthorised influence from being exercised on our employees, DZ HYP has also instituted a whistleblowing system via which 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. During the year under review, no such reports were made.

The increasing digitalisation of workflows and the amount of information being provided electronically go hand in hand with the growing need to protect personal data and make sure that data is used solely for its intended purpose. In our on-going digitalisation campaigns we continuously advance our security measures to remain on top of technological developments. It goes without saying that we also adhere to the EU's General Data Protection Regulation.

» GRI 418: Protection of client data, p. 42

GRI 205: Anti-corruption

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

The Anti-Money Laundering Officer (Central Unit) ensures appropriate risk management and internal safeguards to prevent money laundering, terrorist financing and criminal acts that could endanger the Bank's assets. The Anti-Money Laundering Officer is responsible for compliance with money laundering rules and regulations, as well as for fulfilling the obligations to prevent criminal acts and for monitoring compliance with applicable financial sanctions and embargoes. A dedicated monitoring system and other control procedures throughout the Bank help us keep watch for suspicious business relationships and transactions.

Our anti-money laundering and fraud prevention department works to identify, assess and manage risks in close cooperation with the responsible organisational unit in charge of managing operational risks. By using uniform instruments for the identification of operational risks and by 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 acts. This does not apply to those working in our canteens, temporary staff, working students and interns employed for a maximum of three months. Refresher courses must be taken every two years, or when duties change. A system for reporting suspicious activities is in place. 97 per cent of employees have completed their trainings.

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

There were no known cases of corruption at DZ HYP in 2022.

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 2022 concerning anti-competitive behaviour, anti-trust, and monopoly practices.

GRI 410: Security practices

GRI 410-1: Security personnel trained in human rights policies or procedures

Our organisation employs security personnel through a service provider; security staff are not employed directly. We do not calculate the share of personnel employed by the service provider that has received formal training on human rights policies and specific human rights procedures.

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 3-3: Management of material topics

GRI 204: Procurement practices

GRI 308: Supplier environmental assessment

GRI 414: Supplier social assessment

GRI 408: Child labour

GRI 409: Forced or compulsory labour

DZ HYP also applies economic, environmental and social criteria when choosing its suppliers, based on Group-wide sustainability standards for suppliers established in 2012. These standards have since been amended to satisfy further requirements imposed by investors and regulators, among others, and account for greater ambition within the Group itself. These standards are aligned with the principles stipulated by the United Nations Global Compact, the Code of Conduct published by the German Association for Supply Chain Management, Procurement and Logistics (BME), as well as the relevant conventions of the International Labour Organization (ILO).

DZ HYP gives preference to local suppliers and service providers close to the Bank's offices. All suppliers with an aggregate revenue that exceeds a fixed threshold will be reviewed for sustainability criteria and how open they are towards taking further measures to meet or improve upon these criteria. During the year under review, DZ HYP introduced "EcoVadis", a sustainability software that enables an assessment of our suppliers based on in-depth sustainability analyses focusing on environmental matters, labour and human rights, ethics and sustainable procurement. This allows us to spot risks in the supply chain at an early stage, and react quickly in case of infringements. The implementation of "EcoVadis" also helps us prepare for the German Act on Corporate Due Diligence in Supply Chains (*Lieferkettensorgfaltspflichtengesetz* – "LKSG"), although it does not currently apply to our Bank.

Once we have a clear view on how sustainable our suppliers' activities are, we can begin to encourage them in taking appropriate measures to improve their sustainability performance. That makes us a partner for the sustainable transformation of our suppliers.

For DZ BANK Group companies, 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 termination of the business relationship.

The "EcoVadis" platform is used throughout the Group. Where a supplier serves multiple Group entities, disclosing its sustainability activities vis-à-vis just one of them is sufficient. The results are shared in the Group.

» Sustainability requirements for the DZ BANK Group's suppliers

GRI 204: Procurement practices

GRI 204-1: Proportion of spending on local suppliers

At 95 per cent, the vast majority of DZ HYP's approximately 2,400 suppliers are based in Germany.

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 the DZ BANK Group's sustainability standards for suppliers. These criteria are based on the principles of human rights, labour standards, environmental protection and anti-corruption stipulated by the UN Global Compact, the Code of Conduct published by the BME, as well as on the relevant ILO conventions.

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.

The sustainability standards for DZ BANK Group suppliers were revised during the year under review to reflect the requirements of the German Act on Corporate Due Diligence in Supply Chains. The updated version is expected to be published during the first six months of 2023. It is in this context that the Group's Human Rights Guideline was conceived in 2022. This guideline specifies the content listed in the Code of Conduct on the topic of human rights and provides further information on the DZ BANK Group as a responsible principal.

To increase transparency on supplier sustainability, DZ HYP started working on a stronger integration of its internal guidelines concerning sustainability in purchasing into its processes and applications during the year under review. We are now using 2023 to complete the data pool in the relevant systems. We will then define KPIs to measure progress in our supplier management, and to take action where needed.

- » Our Code of Conduct
- » The DZ BANK Group's Human Rights Guideline

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.

GRI 408: Child labour

GRI 409: Forced or compulsory labour

GRI 408-1: Operations and suppliers at significant risk for incidents of child labour

GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour

As our business activities are focused on Germany and as most of our suppliers are local, human rights abuses such as child and forced labour are not an issue.

SUSTAINABILITY STRATEGY

For DZ HYP, sustainability is a complex issue that has been growing and evolving constantly over recent years. We are closely following the current national and European debate on how to create a more sustainable financial sector. Moreover, we continuously monitor the changes underway in politics, society, the markets and technology: we analyse these changes and eventually adjust our business activities to enshrine them. In this context we analyse and revise our sustainability strategy and targets, as well as related Bank processes, every year.

As a member of the DZ BANK Group, DZ HYP is committed to the fundamental cooperative concept of responsible business practices. The cooperative concept is aligned with the general understanding of sustainability, that is, the relevance of economic, environmental, and social needs. We are convinced that long-term entrepreneurial success is only possible in a fair and sustainable society where all pull together and everyone assumes responsibility.

We aim to build the Bank's economic success on a sustainable business model and in line with the demands of our employees and society, whilst respecting and protecting the environment and conserving natural resources. DZ HYP sees itself as a partner for sustainable transformation – with a mission to direct financial flows towards a more sustainable economy.

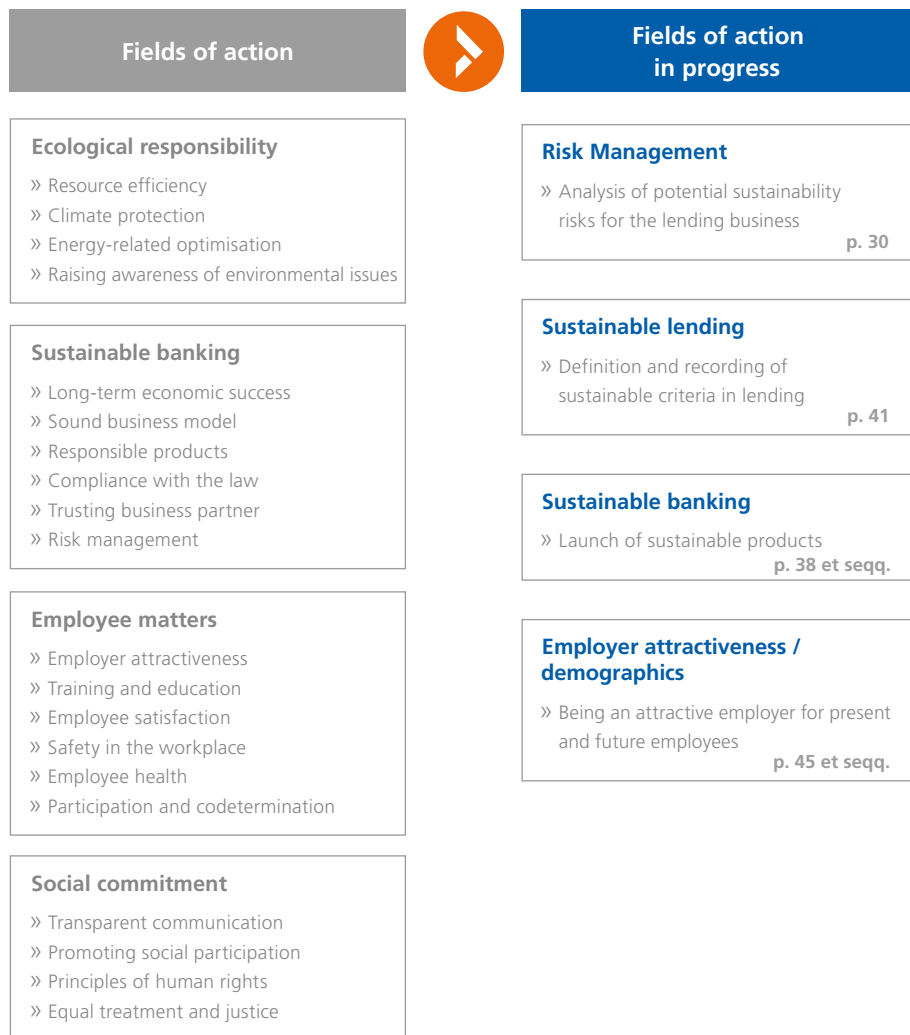
Based on the principles of the Brundtland Report we strive to satisfy the needs of today's generations and offer them fair opportunities for development – without compromising the chances of future generations or threatening our natural

livelihood. We are aware that our actions and our decisions influence the world in which we live and work and are committed to the Ten Principles of the UN Global Compact and the United Nations Sustainable Development Goals (SDGs).

Another point of reference is the Federal Government of Germany's sustainability strategy, which was further specified following adoption of the United Nations 2030 Agenda for Sustainable Development. In an ambitious response to this, the companies of the DZ BANK Group adopted a joint climate strategy in 2018, which was refined in October 2021 to align with the new climate protection targets of the Federal Government of Germany. To determine the carbon reduction target we will continue to consolidate environmental data from the Hamburg and Münster offices. We will also review potential carbon reduction measures in line with the principle "avoid, reduce, compensate" to achieve our environmental impact objectives.

We prepared a climate and environment position paper in the year under review together with the DZ BANK Group companies; it addresses related relevant topics and activities, improves transparency, and substantiates the DZ BANK Group's positioning on these topics.

- » Climate strategy, p. 56
- » Key topics and concerns raised, p. 36 et seq.
- » Process to determine material topics, p. 67 et seq.



Sustainability plays a central role for both the Bank's governance and business strategy, and affects many other strategies. Rather than contradicting other strategies, our sustainability strategy influences them, and is agreed upon with the respective departments. It serves as a guide for identifying areas of action and suitable measures for sustainability management. It also comprises governing principles and makes clear what our responsibility is – and what we mean when we talk about sustainable development. When we conduct the annual sustainability strategy update, we place particular focus on the defined ambition thresholds. Our goal is an even deeper integration of sustainability in our core business.

The diagram to the left lists our key fields of action. We pursue and develop the targets of our sustainability activities at department level as part of "departmental sponsorships". More information about this and about the measures taken in the context of sustainability management can be found in subsequent chapters.

- » Sustainable Banking, p. 38 et seqq.
- » Employee Matters, p. 45 et seqq.
- » Social Commitment, p. 54 et seq.
- » Ecological Responsibility, p. 56 et seqq.

We continued to integrate sustainability into the corporate structure throughout 2022. The Sustainable Products Committee provides inspiration for new sustainable products (on the assets as well as on the liabilities side); it is also responsible for defining criteria for adequate assets in line with relevant standards and for monitoring the banking market for trends and developments. The Sustainability Coordination Committee is responsible for cross-departmental management and coordination, and the Sustainability Committee ensures that topics are discussed and agreed upon with the Management Board and Department Heads. Please refer to the "Sustainability governance" section for more details on organisational implementation.

- » Sustainability governance, p. 25 et seq.

We concentrated on classifying our credit business in the year under review, with a particular focus on the environmental components of our financed properties. A property classification procedure was developed, encompassing review and valuation of properties as to compliance with regulatory requirements, based on energy performance and sustainability certificates, along with other relevant data.

» Sustainability Management, p. 25 et seqq.

Building on developments in our credit business, we are integrating environmental criteria into our capital markets products, and are thus able to offer our investors the opportunity to invest in a sustainable development.

By issuing green Pfandbrief instruments we have also established sustainable funding as an important pillar of our business model. The great success of our first green Mortgage Pfandbrief issue in February 2022 was followed by the issue of a green dual tranche in the volume of €500 million each in January 2023.

» Sustainable Banking, p. 38 et seqq.

The world of work is changing – leading to increased pressure on recruitment. Companies need a strong employer brand coupled with an appealing value proposition if they want to attract new talent. In 2022, DZ HYP further expanded its presence as an attractive employer across different formats. For example, a large number of employees contributed to the making of the Bank's first recruitment film – which can now be used to attract various target groups (such as IT staff). The *DZ HYP HÖRBAR* podcast was also extended and now includes additional episodes covering working life at DZ HYP.

The Bank further introduced the new internal company podcast *DZ HYP HÖRBAR intern* in 2022, in order to inform employees about current projects in the different departments.

In terms of diversity and equal opportunity we have set ourselves the target of increasing the proportion of women on the first and second management level to 25 per cent by 31 October 2025.

» Employee Matters, p. 45 et seqq.

As part of a programme to modernise the DZ HYP buildings, the head offices in Hamburg and Münster had been undergoing renovation work since 2018 and 2019, respectively. Construction work in Hamburg was completed mid-2021. In Münster the building work was completed in the summer of the year under review. Both sets of building work are now in the process of being certified by the German Sustainable Building Council (DGNB). DZ HYP expects a certificate in the "Silver" category for Hamburg and in the "Gold" category for Münster in 2023.

» Ecological Responsibility, p. 56 et seqq.

The overarching goal of Sustainability Communications is to provide information about related activities and measures. Internal communications also focus on transferring knowledge and are aimed at sparking interest among employees for the topic of sustainability. We use our Sustainability Report, first published in 2012, to transparently inform stakeholders about important fields of action, measures, targets, and key financial indicators. The process associated with the Corporate Sustainability Reporting Directive (CSRD) launched by the EU Commission will redefine not only the scope of sustainability reporting but also its nature. To comply with the new provisions, DZ HYP began to identify gaps between current reporting and new requirements in the past year. The aim is to gradually close these gaps until the Bank publishes its first CSRD-compliant report in 2025.

We also use our website and social media to inform stakeholder groups about sustainability issues on an event-driven basis. Within the Bank, our intranet, updated and optimised in September 2022, now offers modern functions for an interactive exchange of views. Information events and campaign days complete our offers for employees.

» Stakeholder Engagement, p. 33 et seqq.

Sustainability Management

Due to its importance, the overarching responsibility for sustainability lies with DZ HYP's Management Board. All sustainability activities are coordinated by the IO department (IT, Organisation & Operations). The central point of contact for both internal and external stakeholders is DZ HYP's Sustainability department, which is responsible for both head offices, promotes the Bank's transformation process to become more sustainable, and manages all activities. In addition, the department is responsible for integrating sustainability activities into the Bank's operations, and – together with the Department Head – informs the Management Board about internal and external developments at regular intervals. The Sustainability department is also the point of contact for other departments in the event of issues arising that are related to sustainability. It monitors all actions, and makes suggestions regarding the advancement of the sustainability programme in conjunction with the affected segments. The Sustainability department works closely with Sustainability Communications, which is part of the Communications, Marketing & Events department and is responsible for internal and external communications and reporting for all matters related to sustainability.

In addition, representatives of all DZ BANK Group companies work together under coordinated framework conditions to pool sustainability activities, to take advantage of market opportunities and to avoid risks. One of the many results of this cooperation is the Group-wide climate strategy.

» Climate strategy, p. 56 et seqq.

Sustainability governance

Whilst responsibility for sustainability at DZ HYP lies with the Management Board, the topic is also addressed across all management levels and departments. This principle was strengthened with the establishment of a Sustainability Committee in 2019. This Committee, which is composed of the Management Board and Department Heads, creates the optimum framework for the Bank to pursue a sustainable approach. The aim is to improve DZ HYP's sustainability performance, and this includes the strategic development of DZ HYP's sustainability projects and targets, the exchange across departments, and the evaluation of risks and opportunities which emanate from current developments in the context of sustainability. The Sustainability Committee meets several times a year. Participants in the meetings provide feedback from their department'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 departments. At the same time, this approach ensures that the departments are actively involved in upcoming tasks.

The Sustainable Products Committee provides inspiration for new products, and monitors them. It is composed of relevant decision-makers from the credit business front and back offices, Treasury, the Back Office Treasury & Public Sector, the Sustainability department (Head) and Legal, and it meets once a month. The Committee's tasks include not only monitoring the green mortgage portfolio, but

also determining suitability criteria for adequate assets in line with relevant standards, and developing sustainable products, while taking current regulatory requirements into account. The Committee also provides impetus for the development of further sustainable products (on both the asset and the liabilities sides) and examines the banking market for trends and developments.

The Sustainability Coordination Committee ensures that sustainability issues are aligned and managed across departments, and identifies activities in the different fields of action. It meets once a month and is composed of sustainability experts from the various departments.

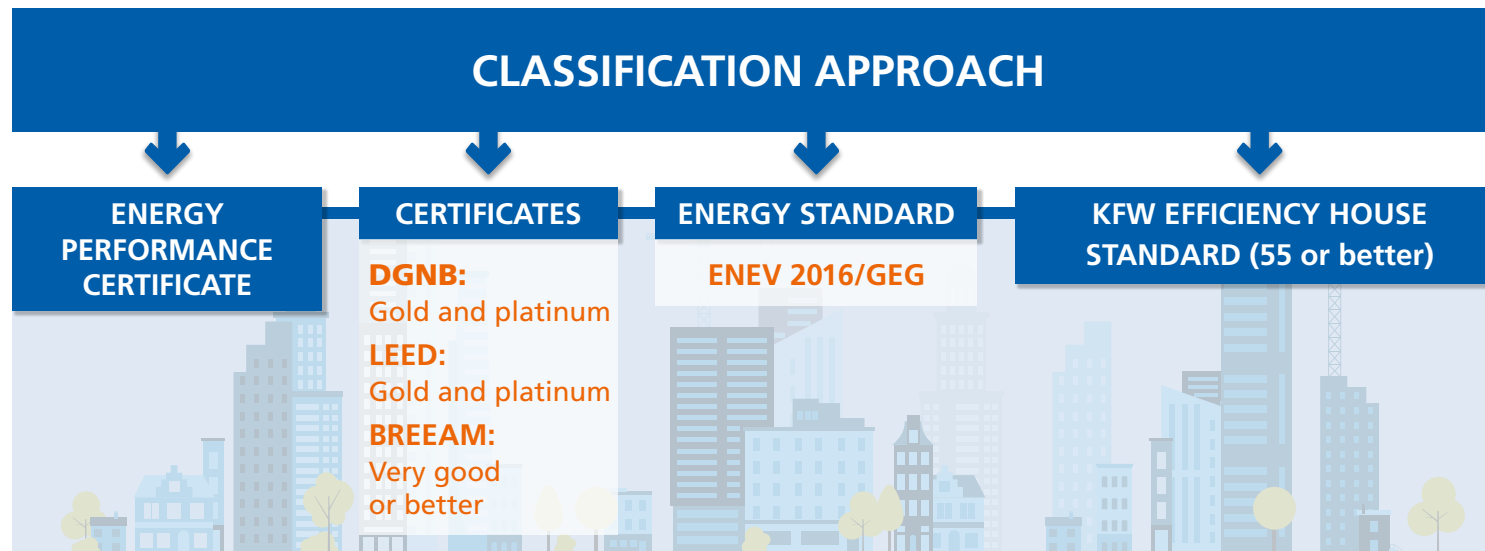


» Management structure, p. 13 et seq.

Classification approach

We are always working on integrating sustainability into our day-to-day business: during the year under review we concentrated on classifying our credit business, with a particular focus on the environmental components of our financed properties. We define environmental/green properties using a classification approach which is aligned with the Minimum Standards for Green Mortgage Pfandbriefe

released by the Association of German Pfandbrief Banks (vdp), the ICMA's Green Bond Principles (GBP) and, going forward, the EU Taxonomy. A property classification procedure was developed, encompassing review and valuation of properties, based on energy performance and sustainability certificates, along with other relevant data.



The corporate clients portfolio accounts for the largest lending volume and thus holds the most prominent sustainability potential. We aim to increase the transparency of our existing portfolio and our lending process.

As such, we have been collating sustainability data in new business since July 2021 and are classifying the sustainability aspects of our financings. We are now also part of the ECORE initiative and have developed an industry standard together with various banking representatives and asset managers (as representatives of the client side) in the year under review; this standard also takes into account the requirements of the EU Taxonomy – above all, the “do no significant harm” criteria. We will be using the standard to record additional information on properties and business partners, complying with regulatory requirements mandated by the EU Taxonomy, the EBA guidelines on loan origination and monitoring (EBA GLOM) and the ECB guide on climate-related and environmental risks.

The foundation we built in the year under review will allow us to consider physical (and later transition) risks when assessing lending decisions from the beginning of 2023 onwards.

We have also been recording sustainability data for our existing portfolio via our annual exposure monitoring since mid-2022, and have retroactively classified the business. Our aim is full sustainability-related portfolio transparency by 30 June 2024.

Turning to our Retail Customers segment, we and the cooperative banks laid the necessary groundwork in 2022 for property owners to submit energy performance certificates or to pass on relevant data from the energy performance certificates, and established a standard procedure in all distribution channels. This applies in particular to measures for which the German Buildings Energy Act (*Gebäudeenergiegesetz* – “GEG”) requires the property owner to prepare such a certificate.

We are also planning to gradually collect energy performance certificates for our existing business.

Last but not least, we are reviewing our options to expand the offering for retail customers.

» [Public sector, p. 41 et seqq.](#)

We are taking developments in our credit business to drive integration of environmental criteria into our capital markets products, and are thus able to offer our investors the opportunity to invest in a sustainable development.

By issuing green Pfandbrief instruments we are also establishing sustainable funding as an important pillar of our business model. DZ HYP successfully placed its first green mortgage Pfandbrief on the market in February 2022, followed by two further green Pfandbrief issues in the volume of €500 million each via a dual tranche in January 2023. We adhere to the provisions stipulated in the German Pfandbrief Act (*Pfandbriefgesetz* – “PfandBG”), to the ICMA’s Green Bond Principles and the vdp’s Minimum Standards.

Readers interested in relevant information on the structure of specific products may refer to the Green Bond Framework.

We know that trust and transparency are essential when it comes to sustainable investing, which is why we establish as much transparency as possible regarding use of funds and issuance proceeds. Our annual Green Bond Report provides information on fund allocation and climate impact achieved with our outstanding green Pfandbrief instruments.

» [Green Bond Report 2022](#)

» [Green Bond Framework](#)

Sustainability at the DZ BANK Group

With a view to integrating the topic to an even greater extent in business processes across the entire Group, DZ HYP has been playing an active role in the DZ BANK Group's sustainability market initiative since 2012. The objective is to pool all activities related to sustainability, to take advantage of market opportunities, to avoid risks and to ensure a lively exchange of experience and information. The permanent Group Corporate Responsibility Committee (GCRC) formed to this end in 2014 was replaced by the Group Sustainability Committee (GSC) in the year under review.

The GSC is a central committee whose task it is to support managing implementation of sustainability-related social, business policy, and regulatory requirements at the DZ BANK Group. The GSC, whose members include management board representatives from the individual Group entities and the department heads responsible for sustainability, also acts as a platform upon which members can exchange their professional views and accelerate integration of sustainability factors into core business.

The Sustainability Coordination Committee is responsible for integrating the identified topics into the Bank's operations. Via a lively exchange of experience and information, the DZ BANK Group representatives work to identify and process relevant topics, taking into account supervisory requirements and requirements stipulated by the Cooperative Financial Network as well as the sustainability programmes of individual Group entities. They then proceed to prepare and agree on required decisions. DZ HYP's representatives are the Sustainability Officer and the IO (IT and Organisation & Operations) Department Head responsible for sustainability.

Risk Management

GRI 3-3: Management of material topics

Precautionary principle or approach

As a member of the German Cooperative Financial Network, DZ HYP believes it has a duty to conduct 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.

Identifying, assessing, managing, monitoring and communicating risks is a key part of our business activities. As a guiding principle for all of its business activities, the DZ BANK Group – and DZ HYP – assumes risk only to the extent required to achieve the objectives of its 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 issued 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 our risk capacity – in order to implement our business model and achieve our business targets. Based on risk policy guidelines and our business strategy, we have put a risk strategy framework 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 annually as to required adjustments and are discussed with the Supervisory Board's Risk Committee.

The regulatory organisational requirements and allocation of risk management responsibilities are set out specifically 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 bears these requirements and responsibilities in mind, adapting its relevant processes to the specific needs of its business model and considering the specific requirements of Group waivers. To implement its risk appetite, the Bank has introduced a comprehensive risk governance system incorporating transparent, clear responsibilities and an appropriate communications framework. It takes account of regulatory requirements, DZ HYP's risk preferences, and the requirements resulting from its integration in the DZ BANK Group, and allows proper operation and effectiveness of the risk management and risk control processes.

» Annual Report 2022, Risk Report, p. 32 et seqq.

Furthermore, as a Pfandbrief issuer we have a risk management system in place that is appropriate for Pfandbrief business, identifying, assessing, managing and monitoring 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 – "PfandBG"*), only mortgage loans, and only up to the first 60 per cent of the mortgage lending value, are eligible as cover pool assets for Mortgage Pfandbriefe. This makes the Pfandbrief a long-term funding vehicle that meets investors' security and transparency criteria – even in difficult financial market phases. This claim is underscored by the fact that no Pfandbrief has ever defaulted since their introduction 250 years ago.

In line with the DZ BANK Group's credit risk strategy, we have defined the cases in which we rule out lending in our own credit risk strategy. This ensures that minimum requirements on environmental, social and corporate governance criteria are met.

Following supervisory effort to embed ESG in risk management, DZ HYP has implemented the following aspects in the course of a project during the year under review:

- » The Bank has integrated climate-related and environmental risks in its governance and framework,
- » established a calculation method for financed emissions (carbon accounting), and
- » developed a scorecard for physical and transition risks.

The Bank has also derived meaningful risk indicators for reporting on physical and transition risks in its portfolio:

- » distribution of energy performance certificate (EPC) labels in the real estate portfolio,
- » evaluation of the banking portfolio's carbon footprint based on the climate pathway, and
- » extent of impact from natural disasters on (financed) properties / real estate collateral.

Based on new insights, DZ HYP is continuously refining the ESG aspects in its risk management.

One of the services offered to the Cooperative Financial Network is the valuation of properties performed by our wholly-owned subsidiary VR WERT, which is essential not only for conducting pricing commensurate with risk, but also for guaranteeing the portfolio quality of the loans.

INTERVIEW

Dr Stefan Krohnsnest, Department Head Risk Controlling, has kindly agreed to provide us with some insights into the topic, for example regarding the "ESG Risks" project.



Dr Krohnsnest, how would you define ESG risks?

The German Federal Financial Supervisory Authority (BaFin) stated in 2020 that "ESG" stands for environmental, social or governance events or conditions, which if they occur have or may have negative impacts on net assets, financial position and financial performance, the liquidity position, or reputation of an entity.

That sounds very complex. Could you break that down for us?

Yes, at first sight it does seem complex. However, if we take a closer look, we realise that it isn't that complex after all. The main question we have to ask ourselves is how these issues could hurt the Bank. We differentiate between two main environmental risk factors: physical risks such as floods or the consequences of climate change, and transition risks arising as a result of the transition towards a more sustainable and low-carbon economy, for example when new technologies replace old ones, challenging existing business models.

Social risks can result from inadequate standards relating to the protection of fundamental rights and inclusion, or due to unfair, non-transparent or abusive business practices. Social risks often lead to reputational damage, which curbs demand over the long term and thus also bears a potentially negative impact on financials.

Governance risks often result from inadequate corporate principles. Examples include insufficient or unambitious codes of conduct, or a lack of measures taken to avoid money laundering, bribery and corruption. Should this lead to reputational damage and to clients or investors losing faith in the company, earnings losses and higher financing costs may follow. The Bank's legal capacity may be permanently impeded.

And that is why ESG must be embedded in DZ HYP's risk management?

Exactly. We have to systematically integrate sustainability risks into our risk assessment because they have the power to impact our business as described. Whilst social and governance risks remain on the sidelines for now, due to a lack of market standards, regulatory requirements and data, environmental risk factors are a different story altogether. We have a framework at our disposal to carry out a sound risk assessment. It's only the data that's not available to the extent we need.

Clients and investors are also increasingly asking how we as a company address ESG risks, with the focus currently on environmental factors. The same applies to the expectations of banking supervisors and society in equal measure. Damage resulting from physical risks can lead to longer-term loss of working hours, impacting a government's tax revenues. An increase of these risks equals an increasing financial risk for countries, regions, and the companies and people in the affected areas. It goes without saying that these risks are a crucial component of adequate, modern risk management.

Could you tell us more about the project you worked on in 2022?

Following supervisory effort to embed ESG in the risk management of supervised entities, we performed a market and data analysis to define appropriate action for DZ HYP – including in-depth, regular discussions with the DZ BANK Group. The project then dealt with introducing and embedding the issue of ESG risks in the entire instruction system, for example in the risk manual, risk strategies, and risk appetite statement. We established a calculation method for financed emissions, also referred to as carbon accounting, and an evaluation model for physical and environmental transition risks in the real estate portfolio. The aim was to define relevant key indicators to derive and manage (future) risk potential.

You also oversaw the climate stress test – could you tell us a little more about that?

Stress tests examine the potential impact of certain events and forecast the burdens on financial institutions in such a stress scenario, identifying weaknesses in a business model and risk profile, based on which we can derive management conclusions. You could see stress tests as complementing risk management with valuable information on future prospects. They also include holistic analyses of unusual but plausible and especially relevant scenarios for the examined bank – and in our case the DZ BANK Group – including their impact on capitalisation. Stress tests improve the visibility on a financial institution's risk profile and ensure that we get a better grasp of risk exposures. In short: institutions must always hold sufficient own funds to cover the negative impact of any conceivable scenario. ESG issues and their potential implications must be considered accordingly.

Turning back to the project, which goals did you achieve?

At the end of the day, we have uncovered environmental risks and made them visible. Now that quantification has been completed, we have all the required instruments at hand to manage existing environmental risks and will be able to relate to these results when differentiating prices and limits in the lending process as soon as this is required. To be precise: we have not only established carbon accounting and the evaluation model for physical and transition risks, but also implemented a first technological solution for the valuation of individual properties within the lending process. Another important factor is that we were able to reconcile a consistent procedure and risk assessment with the DZ BANK Group so that our valuations do not yield different results.

A good result then. What's up next?

We are aiming for full technical implementation of the methods in 2023, improving the processes gradually based on experience and new data. And we will implement further supervisory requirements – I'm afraid there is a lot more to come.

Thank you very much for the interview.

Stakeholder engagement

List of stakeholder groups

Our stakeholders include DZ HYP's employees and applicants, the German cooperative banks as our partners in the Cooperative Financial Network, along with commercial real estate investors, housing companies, retail customers, capital markets investors, banking supervisors (BaFin), and other business partners of the Bank. We regularly engage with rating agencies, analysts and investors, associations, the general public, media, political decision-makers, academia as well as NGOs. Suppliers and service providers are of high economic relevance as well.

Identifying and selecting stakeholders

We have to be as familiar as possible with the expectations of our stakeholders in order to successfully manage DZ HYP. We define stakeholders as persons or institutions with social, environmental, economic, legal or ethical expectations towards us. They must either be affected by our decisions – or influence our decisions.

Approach to stakeholder engagement

Regular communication with our stakeholders is a key element of DZ HYP's sustainability strategy. It enables us to better understand the needs 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 stakeholders is also of strategic importance and essential for enhancing our approach.

Our employees play an active part in the Bank's decision-making processes. In addition, we use our intranet to keep staff constantly informed about everything going on at DZ HYP. To further intensify the dialogue, we regularly conduct anonymous online employee surveys to assess the Bank's development from their perspective. One example is the "Pulse Check", with which we attempt to create a representative picture of the mood in the Bank and workplace satisfaction. The most recent survey was conducted in 2020.

The "Culture Project" launched at the end of 2021 was continued in 2022, under the name "Reasons for Change". It focuses on the following four areas of activity:

- » looking ahead
- » improving structures and processes
- » relying upon our own employees and core expertise
- » breaking new ground together

Our "Culture Team" oversees this "Culture Project" along the way, collating and working with the results from various measures on a regular basis. 2023 will not only see a continuation of the "Dialogue with the Management Board" and the "Tandem Market", but also the creation of workshops held across departments and hierarchy levels (and with the support of external partners) aimed at coming up with new ideas on the four areas of activity.

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

- » The **Advisory Board – Banks** consists of up to 30 members. At least 75 per cent of these are full-time management board members of cooperative banks.
- » The Management Board appoints up to eleven members to the **Advisory Board – Housing Sector**. These members are managing directors and management board members of housing enterprises from all over Germany.
- » The Management Board appoints up to twelve members to the **Advisory Board – Public Sector**. These members are representatives of municipalities, government agencies, or municipal umbrella organisations.

In September 2022, the Department Head Back Office Treasury & Public Sector and his deputy reported on the topic of sustainability at DZ HYP in a meeting held by the Advisory Board – Public Sector.

The German cooperative banks are amongst our most important stakeholders. In addition to personal meetings and visits by our Management Board and market units staff, the Advisory Board – Banks supports the exchange between DZ HYP and the cooperative banks. We also use events for our corporate clients to create regular opportunities for an exchange of views where we involve the management boards of our partner banks in discussions with our real estate clients. We also regularly invite selected cooperative banks to exclusive client events to strengthen collaboration.

In the age of digitalisation in particular, personal discussions remain a central building block for solid business relationships. Our New Year's receptions at our Real Estate Centres are an appropriate and popular event format, as are the exclusive table talks to which we invite selected corporate clients.

Events are key to DZ HYP's success in building and strengthening client relationships. The TV studio, which we established at the Hamburg office in 2020, has proven very valuable in this context. A large number of participants have been following interactive online broadcasts such as DZ HYP ImmoTalk, DZ HYP

StudioTalk, and the economic, interest rate and currency forecast with DZ BANK's Chief Economist Dr Michael Holstein via livestream. Last but not least, we also held our first joint online event with selected cooperative banks from Hamburg and the greater Hamburg area in the year under review.

We value the interests and opinions of our stakeholders, and conduct surveys among the online participants after each event.

DZ HYP's event formats for real estate clients

Corporate Clients	Retail Customers	
Investors' Open Tables at real estate centre locations	Involvement of partner banks in industry events	Lunch at the BWT banking conference in Berlin
Table talks with top clients at all locations	New Year's receptions in Hamburg, Dusseldorf, Frankfurt, Stuttgart, Munich	Cooperative bank groups visiting our head offices
Alster Race	Forecasting events (twice a year, virtual events)	
ImmoTalks / StudioTalks (virtual events)	Exclusive concert nights as part of our Elbphilharmonie sponsoring	
Marina Night at MIPIM	Sponsoring of and support for industry events	
Investor Night at EXPO REAL		
Talks with housing industry clients		

We aim to make communication with our capital market partners as transparent as possible. In addition to the annual and half-yearly financial reports, we regularly publish other information pertaining to our markets. Moreover, we cultivate investor relations intensively, through one-on-one meetings as well as by way of events.

We are in constant dialogue with rating agencies and analysts for financial and sustainability ratings.

We also seek exchange with our stakeholders by participating in or exhibiting at trade fairs and conferences. We attended the GENOKON trade fair hosted as a hybrid event by GENOPACE in 2022, where we strengthened and deepened our personal relationship with the cooperative banks and hosted a workshop to inform the market about new developments.

DZ HYP is an exhibitor – together with Union Investment Institutional GmbH and R+V Lebensversicherungs AG – at the German Treasurer Day, which discusses pressing matters for municipalities. In 2022, this event was held in a hybrid format: participants were able to follow the presentations and discussions either in person or digitally. Main topics of the conference included current developments and challenges for municipal financial management, coping with the pandemic, and the question as to how reinforced climate change mitigation efforts impact municipal budgets.

Autumn of 2022 saw us attend three housing sector events: a workshop organised by the Association of North German Housing Companies (VNW) plus VdW Südwest's and VdW Rheinland Westfalen's conferences for the housing industry. DZ HYP hosted its traditional networking hour after the events, where many attendees took the opportunity to discuss individual agenda items between themselves.

Last but not least, the annual DZ HYP Partner Award honours banks that cooperate closely with us in the Corporate Clients and Retail Customers segments. This award includes prize money, which the recipient bank can donate to a local charitable cause of its choice.

DZ HYP provides evidence of its market expertise by regularly publishing real estate market surveys, often with a regional focus. The Bank's reports analyse developments in the retail, office and residential property segments of the commercial real estate market. They are well established in the industry and are very popular amongst readers. In addition to our regular studies "Regional Real Estate Markets" and "Real Estate Market Germany", published in March and October of each year respectively, which analyse developments in the seven major cities, we also publish two regular reports on developments in individual German federal states. Our IMMO KOMPAKT publication for the cooperative banks, which appears three times a year, aims to improve transparency on our business activities, highlight business opportunities using best-practice examples, and inform readers about the current state of the real estate markets. The DZ HYP ImmoBlog explains topics trending on the real estate markets and involves renowned experts from the real estate industry. The cooperative banks are able to integrate the DZ HYP ImmoBlog into their own websites.

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 entire real estate sector. We continued our involvement in the cross-sector ECORE initiative in 2022; this is where we focus on preparing and establishing standards to help determine the sustainability performance of real estate portfolios.

» Memberships of DZ HYP, p. 9

Key topics and concerns raised

Sustainability is an important topic both on the financial markets and in politics. Germany is set to become a leading sustainable finance centre, and the European Union has created the framework with its Action Plan and related legislative proposals. In line with this, sustainability rating agencies are also shifting their focus and applying stricter standards. Last but not least, our partners – the cooperative banks – as well as our clients expect us to act sustainably – especially when it comes to developing our products and strategy.

As a member of the Cooperative Financial Network, the combination of environmental, economic and social responsibility has always been an integral part of DZ HYP's corporate culture. With this in mind, we consider ourselves equipped for these challenges and 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 thereby creating a more stable financial market, climate policy risks are increasingly taken into account. This 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 2019, the European Union presented the Green Deal, an action plan for the transition to a modern and competitive economy that is efficient in its use of resources. 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, whilst Germany is striving to reach this goal by 2045.

In a joint climate strategy, the DZ BANK Group committed to reducing aggregated operational carbon emissions of the Group entities by at least 65 per cent by the year 2030, compared to 2009, and to be climate-neutral by 2045. This climate neutrality target is the Group's minimum target.

The EU Taxonomy Regulation, which entered into force on 12 July 2020, defines criteria enabling market participants to determine the sustainability of an investment. It also helps market participants identify environmentally, socially and economically sustainable activities. The aim is to create transparency for investors and clients, and to simplify investments and channel investment flows towards sustainable economic activities. In order to determine a Green Asset Ratio, DZ HYP was required to assess its entire credit portfolio with regard to the first two environmental criteria "climate change mitigation" and "climate change adaptation" with the first application of the EU Taxonomy Regulation as of 1 January 2022. The classification was conducted based on the sectors in which the Bank's clients operate, and taking the intended use of loans granted into account, along with energy performance certificates and physical risks resulting from climate-related events to which the portfolio of collateral is exposed.

DZ HYP has implemented all disclosure obligations as per the EU Taxonomy for the 2022 reporting year. Comprehensive additional activities are scheduled for 2023 to integrate further climate objectives and to establish the necessary database for forward-looking reporting.

The EU also published its Corporate Sustainability Reporting Directive (CSRD) in December 2022; the new regulations entered into force at the beginning of January 2023, prior to which the final draft of the related European Sustainability Reporting Standards (ESRS) had been announced. DZ HYP will comply with the CSRD requirements from the 2024 financial year onwards. The Bank has begun to compare and contrast the ESRS with the 2021 Sustainability Report, in order to identify and gradually close any gaps.

» Ecological Responsibility, p. 56 et seqq.

Besides retaining employees, the Bank needs good access to qualified and talented specialists and executives, as well as young talent. Our world of work is changing – leading to increased pressure on recruitment. Key influencing factors are demographic developments and advancing digitalisation, which requires increasingly specialised experts. Companies need a strong employer brand coupled with an appealing value proposition if they want to attract new talent.

DZ HYP aims to rejuvenate the workforce, increase the percentage of women in management positions, and strengthen employee loyalty. Raising DZ HYP's attractiveness in other than the traditional areas of employment, such as IT, is also a priority.

On its way to becoming an employer of choice, DZ HYP introduced three focus values in 2022 which now characterise the Bank's employer branding communications:

- » Social interaction: a sense of well-being improves our performance.
- » Inner strength: there is no such thing as bad weather.
- » Aspiration: we realise ambitions together.

We explain in detail how we deal with issues and concerns in our reporting in the About This Report section. How we integrate them strategically is outlined in the Sustainability Strategy chapter.

- » Employee Matters, p. 45 et seqq.
- » Sustainability Strategy, p. 22 et seqq.
- » About This Report, p. 67 et seqq.

Stakeholders' involvement in remuneration

Key stakeholders involved in determining remuneration policies are the Bank's owners, the Central Works Council and the Works Council members in Hamburg and Münster. The Annual General Meeting elects shareholder representatives to

the Supervisory Board, ensuring that the Bank's owners are involved in structuring the remuneration systems and receive annual information thereon. In accordance with the co-determination rights stipulated in German works constitution law, the Central Works Council and the Works Council members in Hamburg and Münster also participate in structuring the remuneration systems.

GRI 415: Public policy

GRI 415-1: Political contributions

We consider ourselves an independent, politically neutral institution; we engage only in expert and industry-specific associations and do not support any political parties. DZ HYP rules out donations to political parties and affiliated institutions, so as to not expose ourselves to any possible accusation of exercising political influence or earning preferential treatment. The Bank has created guidelines governing the topic.

Lobbying principles

Pursuant to the German Lobbying Register Act (*Lobbyregistergesetz – "LobbyRG"*), which came into force on 1 January 2022, all natural persons and legal entities that approach members of the German parliament or the Federal Government of Germany in order to influence political processes, or that instruct others to pursue such activity, are required to enter their details in the German parliament's lobbying register as soon as their activity exceeds a materiality threshold defined in the Act, and provided none of the exceptions stipulated in the Act apply. The LobbyRG also requires the disclosure of annual financial expenses related to the representation of interests, financial support and subsidies received by the public sector, and third-party donations, in the lobbying register. The DZ BANK Group disclosed the required information in the lobbying register within the timeframe stipulated by the LobbyRG, and guarantees consistent updates of the relevant details. By virtue of this registration, DZ HYP has also accepted a code of conduct requiring registered parties to comply with the principles of openness, transparency, honesty, and integrity as stipulated by the LobbyRG.

SUSTAINABLE BANKING

GRI 3-3: Management of material topics

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 of the Cooperative Financial Network, we believe we have a duty to conduct business responsibly and sustainably.

We offer cooperative banks a collaboration that is founded on trust and partnership, and help them strengthen their successful and long-term positioning on the market.

We see ourselves as having an active role in society. The business decisions we make have a significant impact on our community and should take into account the needs of our employees, society, the environment and the global climate. 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.

We have reviewed our fields of action following the materiality analysis conducted by the DZ BANK Group in 2021. Both internal and external stakeholders continue to give 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-departmental responsibility, 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.

» Key topics and concerns raised, p. 36 et seq.

We established a Sustainability Committee in 2019 to facilitate professional exchange and to evaluate current developments. The new Sustainability Coordination Committee we launched in 2021 is responsible for ensuring cross-departmental dialogue at operational level. That same year we also established the Sustainable Products Committee with relevant decision-makers.

This committee structure determines the real estate evaluation process, including methodology and selection of properties for sustainable funding, and inspires new and improved sustainable products.

» Sustainability Strategy, p. 22 et seqq.

We are constantly evolving and will continue to confront the many sustainability 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. We have selected a few projects for you to peruse, amongst them the "Am Winterfeldt" housing project in Berlin.

Selected projects



Berlin Decks

» The prestigious “Silizium” office complex can be found on Hansaallee, Düsseldorf’s principal thoroughfare on the right bank of the Rhine river. Despite its considerable floor space of approximately 15,400 square metres and high demands for functionality, the building has a light, dynamic touch to it. The façade captivates onlookers with delicate, elegant lines and partly rounded corners facing the city. White metal elements and glass – in the form of floor-level windows creating a light, bright atmosphere – dominate the exquisite perforated façade. Two differently sized inner courtyards and the spacious rooftop terraces with marvellous views offer users the perfect ambience to relax. The office complex is centrally located and ideally connected to the public transportation network; it currently accommodates the European headquarters of an international tech and telecommunications company. The building, fittingly named after the German word for “silicone”, i.e. the most important raw material for our digital world, was constructed in line with the principle of resource efficiency and green building guidelines. It enjoys DGNB “Silver” certification.

« A campus for a new generation of innovative and creative industrial companies is being built on the shores of the Berlin-Spandau Ship Canal in the heart of Germany’s capital: the “Berlin Decks” will be a place of creation, a centre for projects to grow and evolve – right from the first idea, through detailed planning and right up to production. And DZ HYP, along with two cooperative banks, is financing this groundbreaking project.

The building plot measuring approximately 28,000 square metres will house four multi-storey, flexible new buildings which, together with a structurally refurbished existing building, will offer around 45,000 square metres of rental space – mainly for offices and research and development facilities, but also to a lesser extent for showrooms, warehouses, workshops and restaurants.

The green industrial campus is being constructed under the slogan “Working TOGETHER for a sustainable Berlin”. The project’s innovative and sustainable nature is emphasised by the hybrid-timber construction, a durable ceramics façade cladding including thermal insulation, landscaped flat roofs, etc. DGNB (German Sustainable Building Council) “Gold” certification is being sought for the campus project.



“Silizium” office property

❏ FIEGE Group's state-of-the-art logistics centre in "Technologiepark Ostfalen" (Saxony-Anhalt) was completed at the end of 2022. The 47,000 square metre property encompasses four hall bays, of which two will be used to handle services for a healthcare client. Adjacent to the hall bays are two refrigerated warehouses which comply with special requirements for chilled storage of pharmaceuticals and narcotics, plus two office complexes at the front. The halls offer different temperature areas, thus also allowing for the handling of sensitive drugs. The industrial park is located in Barleben, near Magdeburg, and is well connected to the motorway, railway and shipping networks.

Sustainability played an important role in the design of the logistics centre, which features photovoltaic panels, an efficient building management system, sustainable building materials, air source heat pumps, LED lighting, green façades, and a perfect charging infrastructure for electric vehicles. The building was completed in autumn 2022 and is currently undergoing the DGNB certification process; the goal is "Platinum". With its focus on employee health and wellbeing, the property in Barleben will also receive certification under the WELL Building Standard™.



FIEGE Group logistics property



"Am Winterfeldt" residential and commercial property

❏ Central West Berlin is currently seeing construction of the "Am Winterfeldt" housing project. 219 residential and eight commercial units are under construction over seven storeys and 17,800 square metres, of which 1,600 square metres are earmarked for social housing. The spacious closed inner courtyard offers residents a private green space to enjoy and relax in the heart of Germany's bustling capital. The "Am Winterfeldt" property will offer parking for 79 cars and more than 400 bicycles, along with storage rooms for prams, in the basement. The architectural design combines classical Berlin town house elements with modern structures, making the building complex a perfect fit for the neighbourhood.

The project was realised using eco-friendly, safe, and reusable – as well as primarily regional – building materials, reducing energy consumption and avoiding high transport costs and carbon emissions. Planning and construction follow the DGNB "Gold" standard.

Sustainable Lending

GRI 3-3: Management of material topics

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

» Risk Management, p. 30

Sustainability issues are part of our day-to-day business. Investments in properties – be it new construction or modernisation measures – help increase energy efficiency and usually meet high demands regarding accessibility for people with disabilities, security/safety and family friendliness. We have been regularly collecting sustainability verification in our new business with corporate clients, in the form of energy performance and other energy efficiency certificates for the properties, since July 2021. Based on this, we evaluate especially the energy efficiency characteristics of the properties. The sustainability certificates accepted by DZ HYP include the certificate of the German Sustainable Building Council (DGNB), along with the following evaluation systems: the Leadership in Energy and Environmental Design (LEED) of the U.S. Green Building Council and the BRE Group's Building Research Establishment Environmental Assessment Method (BREEAM). And since August 2022 we have been taking it one step further: VR WERT is now taking ESG aspects into consideration when evaluating properties for new financings. In addition, we take account of ESG data within our credit analysis.

» Selected projects, p. 39 et seq.

Since October 2022, disbursement of the loan amount in new business of the non-risk-relevant Retail Customers segment is subject to the provision of energy performance certificates, provided the German Buildings Energy Act (*Gebäudeenergiegesetz* – "GEG") requires the property owner to prepare such a certificate. The Bank records available sustainability data in the core banking system for an automatic sustainability classification.

DZ HYP's municipal clients can only achieve their environmental and social objectives if they also thrive economically and financially, and benefit from strong governance. Integrating sustainability criteria (with the environmental, social and governance pillars) will allow DZ HYP to gain insight into the fundamental factors driving the sustainable transformation and long-term stability of a municipality. The ESG analysis is continuously updated and a firm component within DZ HYP's municipal credit processes and decisions. Sustainability is also relevant for DZ HYP's securities portfolio with its strong bias towards public-sector borrowers. As such, DZ HYP's credit quality analyses for governments, banks and sub-sovereign local authorities also include ESG aspects, directly and indirectly.

We aim to improve transparency in the credit portfolio and promote sustainable lending in all business segments.

» Sustainability Management p. 25 et seqq.

DZ HYP further aims to protect its clients from over-indebtedness as best it can, basing its assessments on the sustainable mortgage lending values of the properties to be financed or collateralised in the real estate finance business with retail customers, and examining customers' financial position, i.e. their assets and liabilities, as well as their sustainable debt servicing capacity, amongst other things.

In the Retail Customer segment, the brokering banks assess the creditworthiness in line with provisions set out by DZ HYP, thus avoiding undue hardship and over-indebtedness of the borrowers who, when entering into the agreement, can apply to be granted the right to adjust repayments three times during the fixed-interest period, thus allowing for flexibility and the possibility to react to temporary liquidity issues. In addition, borrowers can make individual arrangements with DZ HYP should they face financial difficulties.

Last but not least, each and every exposure must be checked against DZ BANK Group's exclusion criteria prior to granting the loan. The aim is to prevent transactions which fail to comply with minimum sustainability requirements, or transactions which increase the DZ BANK Group's risk of reputational damage. As such, the Bank – for example – does not enter into business relationships if significant human rights violations or environmental breaches cannot be excluded in the course of the partner's business activities.

» Exclusion criteria of the DZ BANK Group

Our performance was once again recognised by the Berlin-based European Real Estate Brand Institute, which identifies the strongest real estate brands in twelve categories every year, based on a representative survey amongst experts. DZ HYP was able to impress again in 2022, ranking amongst the top three in the Banking category.

Client Satisfaction

GRI 3-3: Management of material topics

GRI 417: Marketing and labelling

GRI 418: Customer privacy

Communication under our brand follows stringent guidelines, inspired by the corporate designs of DZ BANK and the Cooperative Financial Network and yet identifying us as an independent company. As a partner to the German cooperative banks, we also provide them with information, support, and additional materials in their corporate design within our “Tomorrow can come” campaign.

We strive to connect with clients and partners in numerous ways and to provide an overview of its products and services via print and online publications, in personal discussions, during our series of events, and on our website. When purchasing advertising materials we ensure their sustainable production. We are also optimising our website in order to align economic with environmental interests and have mandated a third party to evaluate the site in accordance with BITV 2.0 / EN 301 549, applying the BIK BITV Test (“BIK” standing for “barrierefrei informieren und kommunizieren”, i.e. providing accessible information and communication), and in line with the “Ecograder” and “Lighthouse” sustainability criteria in the year under review. First adjustments, such as reducing file sizes of documents and images, have already been implemented, with more to come this year. We have set out our Principles for Sustainable Marketing in an internal policy.

The DZ HYP brand promise complements our sustainability-related targets, activities and measures.

» Stakeholder Engagement, p. 33 et seqq.

DZ HYP guarantees that it will protect its clients' personal data and only use such 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 processes of enhanced quality, better 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. 17 et seqq.

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, events, website and social media content, and other measures to promote the Bank's image. 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 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 previously declined participation or have 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 German Data Protection Act (*Bundesdatenschutzgesetz – "BDSG"*) and the EU General Data Protection Regulation ("GDPR"). The corresponding regulations are set out in policies and work instructions. In 2022, there was one data breach requiring notification under Article 33 of the GDPR.

Sustainable Funding

GRI 3-3: Management of material topics

The sustainable transformation of the real estate sector requires large-scale public and private investment. DZ HYP supports this process by integrating environmental criteria into its covered capital markets products. This allows the necessary funds to be collected from capital markets investors with a focus on sustainability and allocated to energy-efficient real estate financings.

In this context, DZ HYP established a Green Bond Framework aligned with the International Capital Market Association's (ICMA) Green Bond Principles and the Minimum Standards for Green Mortgage Pfandbriefe released by the Association of German Pfandbrief Banks (vdp) in January 2022, immediately followed by the Bank's first green Mortgage Pfandbrief issue in February 2022. In January 2023, DZ HYP went on to place two further green Pfandbrief issues in the volume of €500 million each via a green dual tranche.

The proceeds are designated for the financing of sustainable real estate in Germany, with the main criterion being a property's energy efficiency, as proven via energy performance and energy efficiency certificates, or the energy standard.

DZ HYP reports transparently on the use of funds and climate impact achieved with the green Pfandbrief issues, in an annual Green Bond Report.

To ensure that the methods used comply with the highest quality standards, we have mandated renowned consulting firm Drees & Sommer to calculate the climate impact and review adherence to our suitability criteria.

The Green Bond Report is prepared once a year with the reporting date being 31 December, and is published in the first quarter of the subsequent year. DZ HYP financed 12,183 properties classified as "green", with a lending volume of €8,470 million as per 31 December 2022, of which €6,079 million form part of the Mortgage Pfandbrief cover assets pool and can be funded via green Pfandbrief instruments. The Green Bond Report does not factor in green properties which are not part of the Mortgage Pfandbrief cover assets pool.

GREEN BOND REPORTING 2022 AT A GLANCE



Please refer to the following website link for the Green Bond Report and other important documents around the topic of DZ HYP's green Pfandbrief issues.

» <https://dzhyp.de/en/investor-relations/informations-for-investors/green-bonds/>

EMPLOYEE MATTERS

GRI 3-3: Management of material topics

GRI 202: Proportion of women

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 ability, 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 corporate culture that meets the needs of families. Our attractive offer is complemented by extensive continuing professional development offers, social benefits, plus comprehensive occupational health management.

We have established an HR Business Partner concept at both of our head offices in Hamburg and Münster, to align HR activities more closely with value creation in

the units. The concept helps employees to contribute to business success and create added value for clients. The areas in question are provided with close support in tackling the individual challenges facing them.

The world of work is changing, and the pressure on recruitment is increasing. Key influencing factors are demographic developments and advancing digitalisation, which requires increasingly specialised experts. Companies need a strong employer brand coupled with an appealing value proposition if they want to attract new talent.

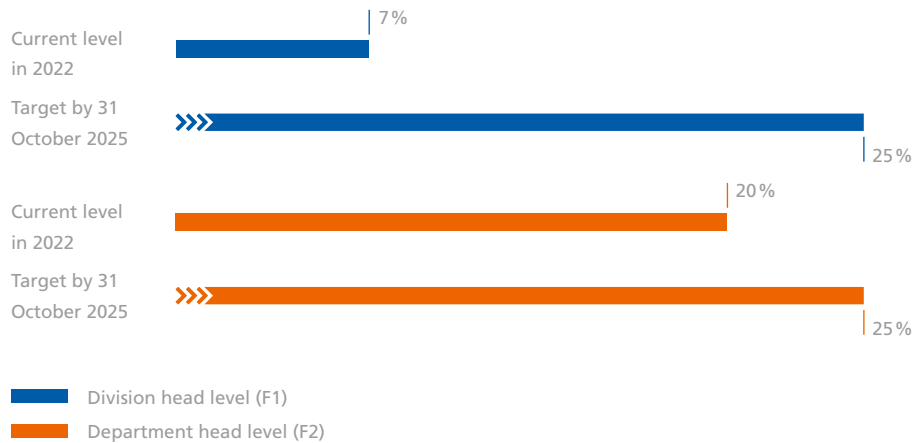
In 2022, DZ HYP further expanded its presence as an attractive employer across different formats. For example, a large number of employees contributed to the making of the Bank's first recruitment film – which can now be used to attract various target groups (such as IT staff). The *DZ HYP HÖRBAR* podcast was extended and now includes additional episodes covering working life at DZ HYP, and an internal podcast for the Bank was introduced (*DZ HYP HÖRBAR intern*), where employees talk about current projects in the various departments.

We stepped up our social media activities on the Bank's most important employer branding communication platform, LinkedIn, which attracted more attention for us, boosting the number of followers by around 90 per cent in 2022 (to 2,774 as at 31 December 2022). In order to reach Generation Z and also attract young talent, the Bank launched its first advertising campaign on the TikTok social media platform together with DZ BANK Group entities. Since the campaign produced considerable interest from the young target group, we have decided to continue using this channel for recruitment purposes.

DZ HYP received the “BEST PLACE TO LEARN®” award, Germany’s seal of approval for vocational training, at the end of 2022, and has been named “Top Company 2023” by the employer ranking portal kununu. DZ HYP also successfully completed the audit for recertification in the area of work and family commitments in 2022, and continues to carry the “audit berufundfamilie®” seal from the non-profit Hertie Foundation.

GRI 402: Proportion of women

PERCENTAGE OF WOMEN AT MANAGEMENT LEVEL (in %)



The Management Board redefined target levels for the proportion of women on the first two management levels below the Management Board in November 2020; the target of 25 per cent for both levels remains in force and must be reached by 31 October 2025. Conceptual planning was intensified in the year

under review for personnel development and awareness initiatives to be launched in 2023. As at 31 December 2022, the share of women on the first management level below the Management Board was 6.7 per cent and the share on the second level was 20.3 per cent.

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 with the needs experienced in different phases of life, such as various flexible working time models.

The works council agreement on hybrid working that was introduced in 2021 proved to be a successful framework for organising working time. The “predominant presence” concept, whereby employees are asked to work from their office premises on a flexible basis more than half the time, has created more flexibility to strike a balance between working and private life. It is seen as a key strength for DZ HYP and an important contributory factor to its attractiveness as an employer.

Our dialogue culture is shaped by openness and mutual respect. Employees take part in decision-making processes 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, in that it means safeguarding our workforce’s ability to perform. We know that one of the factors our performance hinges on is how fit our employees feel, and how well they can cope with their workload.

» GRI 403: Occupational health and safety, p. 49 et seqq.

Moreover, the professional qualification of our employees is an important asset to us. We offer a broad range of training programmes, which we continuously adapt, including 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.

As we value the diversity of our employees, we decided to sign the German Diversity Charter in 2012. Equal opportunity and anti-discrimination are cornerstones of our corporate policy and 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 gender.

» Collective bargaining agreements, p. 53

Our practical understanding of integrity and an ethical corporate culture is clearly stated in our Group-wide Code of Conduct, which is binding for all employees. It combines our internal principles with external market standards and reaffirms our commitment to sustainability. A Human Rights Guideline has been drawn up to specify the contents of the Code of Conduct relating to human rights.

- » Our Code of Conduct
- » The DZ BANK Group's Human Rights Guideline
- » Responsible Corporate Governance, p. 17 et seqq.

In compliance with legal requirements, Human Resources 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"*). DZ HYP and the Works Council members continued their constructive cooperation during the year under review. Further harmonisation of working conditions valid across locations, along with the conclusion of central works council agreements on e-learning and an inflation compensation bonus, are particularly worthy of mention.

STAFFING INDICATORS 2022

	GRI standard	2022	2021	2020
Headcount (number of employees)¹		855	832	819
Temporary employees		19	15	20
Permanent employees		836	817	799
Expenses for compulsory social security contributions (in € mn)²	GRI 401-2			
Wages and salaries		82.6	76.4	73.1
Company pension schemes		8.8	8.0	8.4
Other social security contributions		11.6	11.2	10.3
Percentage of women	GRI 405-1			
Total workforce		43.7	44.4	44.4
Executive positions		18.1	17.0	17.7
Average age		46.0	46.0	46.9
Employees with disabilities (in %)	GRI 405-1	3.4	4.0	4.2
Turnover (in %)	GRI 401-1	6.3	6.0	13.3
Rate of voluntary resignations (in %)		3.1	5.2	6.8
Average length of company service (in years)		13.2	13.2	13.8
Illness rate (in %)	GRI 403-10	4.9	3.0	3.3
Workforce by type of employment (in %)				
Non-tariff employees		61.2	57.4	54.8
Tariff employees		38.8	42.6	45.2
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		76.4	77.0	74.9
Part time		23.6	23.0	25.1
Mobile working		95.6	99.1	88.8
Partial retirement		3.5	4.7	3.5
With company pensions	GRI 401-2	88.5	81.2	89.2
Represented in the Works Council		98.0	97.9	97.5
On parental leave	GRI 401-3	5.3	5.5	6.1

¹ Annual average.

² Reported in accordance with IFRS.

Collective bargaining agreements

521 members of staff were non-tariff employees as at 31 December 2022 (2021: 482); 330 were tariff employees (2021: 357). These figures include both fixed-term and ongoing employment contracts.

Our employees' remuneration is governed by

- » the collective bargaining agreement for the German private banking sector, and
- » the basic collective agreement and the collective agreement for
 - cooperative banks and
 - the cooperative central institution,

as amended. These collective bargaining agreements define criteria for job classification and the corresponding remuneration that are not based upon gender, institutionalising equal pay for men and women in the collective remuneration scheme. For non-tariff employees, salary and salary development are set forth in an employer/works council agreement, based on the employees' activities and their qualification.

- » GRI 405: Diversity and equal opportunity, p. 53

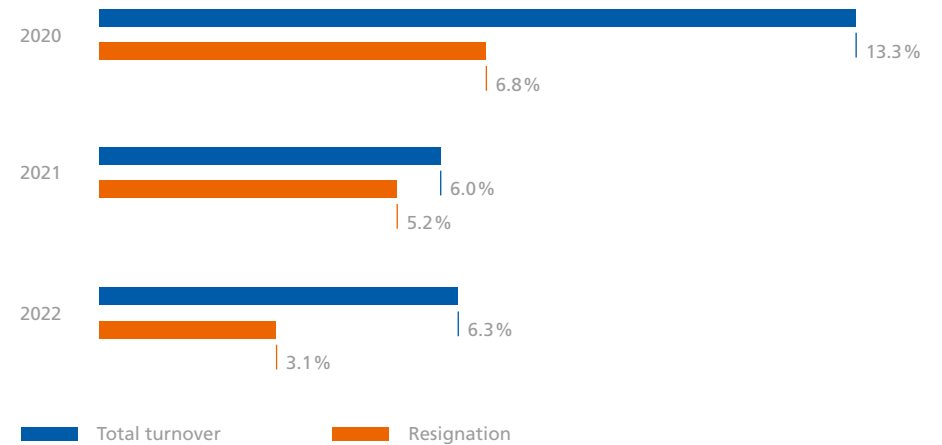
When an employee is placed in a particular salary band, Works Council members as well as the Remuneration Officer are involved.

- » Remuneration policy, p. 14
- » GRI 405: Diversity and equal opportunity, p. 53
- » GRI 407: Freedom of association and collective bargaining, p. 53

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 extensive social benefits to all full- and part-time employees and all internal employees on fixed-term contracts to enhance their security and improve their work-life balance. Our benefits include corporate retirement provisioning, childcare support, a transit card (“job ticket”) or 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. 16

GRI 401-3: Parental leave

For employees who have children or dependants needing care, and for those who volunteer in their free time, we offer a wide range of measures. We want to foster a corporate culture that harmonises family demands and career planning. We are well aware that there cannot be a “one size fits all” approach; that is why we are 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, the non-profit Hertie Foundation first awarded us the “audit berufund-familie®” certificate back in 2013. DZ HYP has since regularly received this seal of quality, which has to be earned afresh every three years. The current seal is valid until 10 December 2023 and applies to all offices of DZ HYP.

In the year under review, 5.3 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 German Co-Determination Act (*Mitbestimmungsgesetz – “MitbestG”*) apply. In addition, our employees can find out on the intranet 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 Works Constitution Act (*Betriebsverfassungsgesetz – “BetrVG”*).

GRI 403: Occupational health and safety

GRI 403-1: Occupational health and safety management system

GRI 403-8: Workers 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. Permanent integration teams can be found at both head offices, who contact affected employees during their working hours and develop measures for re-integration or continued employment at the workplace.

GRI 403-2: Hazard identification, risk assessment, and incident investigation

In the year under review, 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 Bank-wide Committee for Occupational Safety (ASA), consisting of the two Occupational Health and Safety Officers from the Hamburg and Münster offices, representatives from Human Resources and Administration as well as company doctors, also met regularly in 2022. Safety Officers from every office location take part in relevant training.

Key tasks of the ASA:

- » Analysing accidents at the workplace, including accidents occurring during commuting
- » Advising on measures and institutions to counter (and prevent) health risks
- » Exchanging experiences regarding measures taken
- » Coordinating occupational safety measures to be taken by the employer
- » Advising on safety aspects when new procedures or institutions are introduced

DZ HYP's Occupational Health and Safety Officer inspects the Bank's real estate centres at least once every three years together with an external occupational safety specialist and a Works Council representative, followed by a risk assessment conducted with the responsible contact person.

GRI 403-3: Occupational health services

In the context of occupational health and safety, the Hamburg office has been collaborating with B·A·D Gesundheitsvorsorge und Sicherheitstechnik GmbH (B·A·D) since 2012. This collaboration was expanded to include the Münster office in 2020.

GRI 403-4: Worker participation, consultation, and communication on occupational health and safety

GRI 403-5: Worker training on occupational health and safety

GRI 403-6: Promotion of worker health

In accordance with the statutory provisions and requirements for occupational and fire safety, all employees receive safety training when they join us. An occupational safety specialist answers any questions and can give advice on topics such as ergonomics at the workplace.

In addition, annual occupational health trainings, e.g. on fire protection and screen work, are mandatory for all employees. Participation is checked by the Occupational Health and Safety Officer and documented at the end of the year.

The Bank's occupational health management focused on employees' mental health during the reporting year. A series of open seminars was developed to this end, aiming to provide employees with ways of maintaining or improving their mental health. External trainers conducted various live and online seminars, which were well received by the workforce. The seminar offering was extended by subsidising selected meditation and mindfulness apps which have proven to be suitable for quickly assuming a relaxed state and reducing overall stress levels. Health insurance funds recognise their effectiveness. DZ HYP promoted new annual subscriptions in the first quarter of 2022 by way of an employer subsidy, unless they were reimbursed by the health insurance fund.

The Bank continued to provide occupational health management offers during the year under review. Employees were able to consult with company doctors at fixed hours. The annual flu vaccination was once again offered and administered at the Bank's Hamburg and Münster offices. Employees in the real estate centres had the opportunity to be vaccinated locally at B·A·D GmbH health centres. Demand was comparable to the previous year. DZ HYP also continued with its occupational re-integration management programme.

In August 2022, employees at the Münster office met for a cycling tour to the Venner Moor on the initiative of the local Works Council.

403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

There are no occupational health and safety impacts directly linked to business relationships.

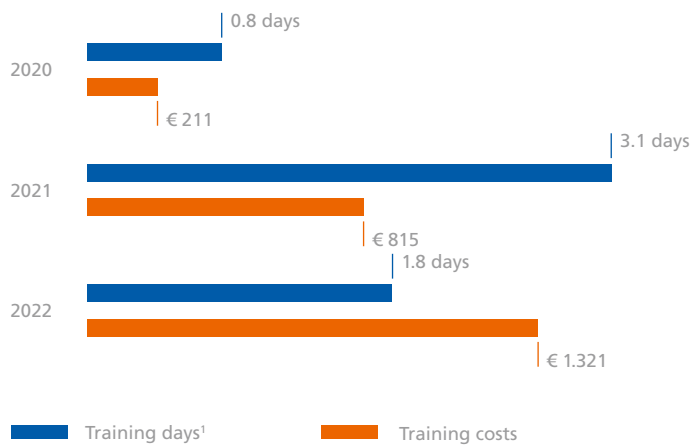
GRI 403-9: Work-related injuries

GRI 403-10: Work-related ill health

As in the previous years, there were no work-related fatalities in 2022. The rate of work and commuting accidents at DZ HYP was 0.7 per cent in 2022 (2021: 0.4 per cent). The illness rate was 4.9 per cent in 2022 (2021: 3.0 per cent).

GRI 404: Training and education

TRAINING DAYS AND COSTS PER EMPLOYEE



¹The number of training days refers to 100 per cent of DZ HYP's employees.

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

We successfully completed the "BEST PLACE TO LEARN®" trainers' certification programme in 2022, and once again received the related seal of approval for outstanding vocational training in January 2023. The seal is valid until December 2025. Students and pupils can also get to know DZ HYP through internships, student clerkships or their academic or 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.

In order to have a good number of qualified young professionals on board, thereby allowing the Bank to rise to current challenges and respond to changes in the skills required going forward, DZ HYP has been offering targeted vocational training to talented employees for several years now. Since adopting its demographic concept, DZ HYP has strengthened its vocational training activities from year to year and has increased the quality and quantity of its trainee programmes on offer.

A total of four trainees and two "dual" students were recruited for the Münster office, which is primarily responsible for the retail business, in the 2022 financial year. The "dual" study programme, which includes a programme leading to a Bachelor of Arts degree in Banking & Finance, has been offered there since 2012 in addition to the vocational training programme for bank officers. DZ HYP awarded permanent contracts to four trainees and two "dual" students in 2022.

Trainee programmes offering vocational training for qualified university graduates have been extended. In spring 2022, five individuals successfully concluded the trainee programme for commercial real estate finance, which was established several years ago, and were awarded permanent contracts. In the autumn, a total of ten new trainees embarked upon their trainee programmes in different areas and at various DZ HYP locations. Adding to the established Real Estate Finance (Commercial Real Estate Finance) and IT programmes, DZ HYP also launched traineeships in Finance and Human Resources. This programme aims to qualify

young junior staff for a permanent position in different specialist departments, making new skills available to DZ HYP. The IT traineeship programme that started in autumn 2021 continued successfully during the year under review, with trainees being deployed in various specialist departments to observe and learn from Bank employees (“work shadowing”) and participating in courses, workshops and networking events. Trendence, an independent consultancy and market research company, once again awarded DZ HYP its seal of quality in 2022 for its “fair trainee programme”.

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

The DZ HYP Real Estate Academy is an integral part of the specialist training programme for our employees. It functions in partnership with the IRE|BS Real Estate Business School, Regensburg, one of the most renowned CPD establishments in the real estate sector. Around 100 DZ HYP employees have participated in the Academy’s programme since 2010. In addition to attending a series of lectures split into three modules, participants work in small teams on a real-life 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 in-depth insights 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.

All DZ BANK Group employees have access to DZ BANK’s continuous professional development programme. DZ HYP employees can find comprehensive information on the entire range of trainings on DZ HYP’s intranet.

New employees at DZ HYP must complete the following training programmes:

- » Fraud prevention
- » Prevention of money laundering (cf. GRI 205-2 Communication and training about anti-corruption policies and procedures, p. 18)
- » Data protection
- » Information security
- » German General Equal Treatment Act (cf. GRI 412-2 Employee training on human rights policies or procedures, p. 19 and GRI 406-1 Incidents of discrimination and corrective actions taken, p. 53)

All new employees joining DZ HYP receive an overview of all first-aiders and fire safety assistants, and an information leaflet on how to behave correctly in emergencies.

Most of the training courses above are held online. Some of the training courses, e.g. on occupational and fire safety or on data protection, are repeated at regular intervals.

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

To facilitate modern management, we developed a workable and state-of-the-art format for employee appraisals at the Hamburg office. It ensures that employees and managers enter into a dialogue at eye level at least once a year, which – instead of being a retrospective, formalised assessment – focuses on strengths and potentials. Having a regular dialogue also serves to identify individual areas for improvement. The rollout 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, sex, age, nationality, sexual orientation, gender identification, marital status or degree of disability. To reinforce this principle, we developed a diversity concept in the year under review, which was adopted in February 2023. Deriving suitable sets of measures is on our agenda for 2023.

» GRI 406: Freedom from discrimination, p. 53

Our corporate culture promotes integration: as such, severely disabled members of staff are an important part of our workforce. During the year under review, 3.4 per cent of our employees were classified as severely disabled (2021: 4.0 per cent). Severely disabled employees, together with their interests and concerns, have dedicated representatives.

» Proportion of women, p. 46

» Staffing indicators, p. 47

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 gender. Men and women with equal jobs, equal suitability and equal experience will receive equal pay.

» Collective bargaining agreements, p. 48

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 (*Allgemeines Gleichbehandlungsgesetz – "AGG"*), and the training applies to our executive staff in particular. After joining DZ HYP, new employees must complete a training course on the General Equal Treatment Act within 14 days. Once again, no violations or complaints regarding non-compliance with the General Equal Treatment Act were registered in 2022.

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's 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 3-3: Management of material topics

GRI 203: Indirect economic impacts

GRI 413: Local communities

The basic cooperative 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 in dedicating ourselves to the benefit of society, making our own contribution to social cohesion, supporting a large number of social projects and institutions as well as non-profit organisations active in the real estate or cooperative sectors. We also support 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 413: Local communities

GRI 413-1: Operations with local community engagement, impact assessments, and development programmes

DZ HYP embraces its responsibility as a corporate citizen, and is particularly active in regions where it has offices. Examples of donations and sponsoring activities are given below. The Bank also supports humanitarian aid programmes providing emergency relief.

» Location of operations, p. 6

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 Foundation (“Aktive Bürgerschaft”), which advocates civic action and non-profit organisations. We also support the CLUB OF ROME's German charter, by offering them a place for their branch office at our Hamburg premises at no charge. Furthermore, DZ HYP is the host and financial backer of the annual meeting of the CLUB OF ROME schools network.

Companies and associations from the cooperative organisations joined forces in March of the reporting year to support people in Ukraine following the Russian invasion. This alliance donated almost €1.5 million to the German branch of the Red Cross. Thanks to the great response from our employees and the Bank's own donation, DZ HYP contributed more than €100,000. The donations went to an emergency aid project to reinforce the capabilities of the Ukrainian Red Cross and wide-ranging activities to welcome and care for people who had fled their country.

Within the scope of the “Schools and Business Partnership” project launched by the Chamber of Commerce and Industry, DZ HYP cooperates with two schools in Münster. The Bank 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. One internship at DZ HYP was offered and completed in the year under review.

In 2022, DZ HYP also subsidised the Hamburg Donors' Parliament ("Hamburger Spendenparlament"), which supports initiatives to tackle homelessness and people living in poverty, as well as initiatives to promote integration in Hamburg. As in previous years, the Bank also doubled the staff Christmas collection initiated by the Works Council, and made customer-related donations. The total of €18,700 was divided equally between two different charitable organisations. One donation went to the soup kitchen for homeless people organised by the parish of St. Georg-Borgfelde in Hamburg. Some 200 homeless and destitute people receive a warm soup there once a week. The other donation was to Hände für Kinder e.V., a charity based in Hamburg-Duvenstedt. It helps physically and mentally disabled children and young people, together with their families, by enabling them to take a break and recharge their batteries for day-to-day life.

As in previous years, DZ HYP once again largely refrained from sending out Christmas cards in 2022, using the amount saved to provide support to four social projects proposed by its workforce. These projects included the NIMA's e.V. charity from Münster, which supports children and teenagers from poor families and makes it easier for them to attend school and vocational training courses. Another donation went to a non-profit called DREH DEINEN FILM! e.V. from Hamburg. This organisation enables children and young people to make their own films. The Fördergemeinschaft Kinderkrebs-Zentrum Hamburg e.V. received funding for various projects to improve the lives of children with cancer. The last donation was made to the Elternverein krebskranker Kinder e.V. in Chemnitz. This association also helps children and young people with cancer, supporting them and their families from the time their illness is identified until they are able to resume their normal lives.

The DZ HYP department responsible for donations and sponsoring is Communications, Marketing & Events (CME). CME presents the Management Board with a budget once a year. The budget for donations and sponsoring activities was €383,921 in 2022 (2021: €346,677).

Moreover, we are committed to supporting employees who actively engage in social projects. For many years now, our kitchen staff have regularly donated a hearty soup to the soup kitchen for homeless people organised by the Protestant parish of St. Georg-Borgfelde in the neighbourhood of our Hamburg office.

Due to the COVID-19 pandemic, the Social Day, which used to be held at the Sternenbrücke children's hospice, could not take place in the year under review.

Disclosure of total amount invested in social activities – broken down into relevant sub-categories:

IN €	2022	2021
Donations for ecclesiastical, religious, or other charitable purposes deemed particularly worthy of support	137,410	91,290
Donations for scientific, cultural or social purposes	67,490	98,360
Donations and sponsoring activities within the Cooperative Financial Network	179,021	157,027
Political contributions	0	0
Other non-deductible donations	0	0
Total	383,921	346,677

DZ HYP rules out donations to political parties and affiliated institutions, so as to not expose ourselves to any possible accusation of exercising political influence or earning preferential treatment. The Bank has created guidelines governing the topic.

» GRI 415-1: Political contributions, p. 37

ECOLOGICAL RESPONSIBILITY

GRI 3-3: Management of material topics

GRI 301: Materials

GRI 302: Energy

GRI 303: Water and effluents

GRI 305: Emissions

GRI 306: Waste

The goal of conserving an intact and stable environment is reflected in our business activities. 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.

With this in mind, we are working together with DZ BANK Group companies in the Centre of Competence for Environmental Matters (KCU) to standardise environmental impact data and reduce our carbon footprint. The KCU, which is made up of employees responsible for environmental impact matters within DZ BANK Group entities, facilitates the sharing of expertise and experience. In 2022, the KCU reported to the Group Corporate Responsibility Committee (GCRC), which consists of representatives from the Boards of the individual Group entities and the department heads responsible for sustainability.

» Sustainability at the DZ BANK Group

At the end of 2017, the Committee drafted the first environmental and climate strategy, which went into effect in 2018. This strategy is constantly reviewed and refined. It sets common standards for a compelling environmental policy, an efficient organisation with clear responsibilities, and lean processes. In September 2021, we agreed to include other scope 3 emissions in how we calculate our carbon emissions. Since then, greenhouse gas emissions have been categorised into scope 1 (direct emissions), scope 2 (indirect emissions) and scope 3 (emissions from the value chain: business travel, commuting, paper use, waste generation and water consumption). We have also set a Group-wide goal of being carbon neutral by 2045. Based on 2009 as a reference year, greenhouse gas emissions will be reduced by at least 65 per cent by 2030. In doing so, we support the Federal Government of Germany's Climate Action Plan and the UN's Paris Agreement to limit the increase in global average temperatures to less than two degrees Celsius compared to pre-industrial levels. Indeed, the DZ BANK Group – which employs around 30,000 people – has already reduced its carbon emissions by 60 per cent compared to 2009. The main drivers for this reduction so far have been a switch to using energy from renewable sources, and efficiency enhancements in heat generation and distribution.

The climate and environment position paper drafted during the year under review provides for further Group-wide transparency for relevant issues and activities in this respect and sets out the DZ BANK Group's stance.

» Climate and environment position paper

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



In past years, we presented the degree to which we were achieving our targets towards our previous goal of reducing our carbon emissions by at least 80 per cent by the year 2050, compared to 2009. We have updated the chart to reflect the revised goal of cutting greenhouse gas emissions by at least 65 per cent by 2030. Because the base value from 2009 does not include scope 3 emissions from commuting, events, postage and working from home, we did not include these emissions in the current figure in the interests of comparability.

To further advance environmental management at DZ HYP and keep track of the impact that our business activities has on the environment, we systematically record and analyse our resources consumption. This enables us to identify the steps we need to take and areas for improvement, and undertake checks and planning depending on urgency, efficiency and benefits derived. 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 has been 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 environmental management at the Bank lies within the responsibility of DZ HYP's Sustainability department, the head of which also acts as the Environmental Management Officer. This department represents the competent authority for developing the Bank's environmental management system – supported by further specialist departments, who in turn are responsible for implementing environmental action in their realm.

In response to the war in Ukraine and the ensuing gas shortages, the Bank formed a working group in 2022 to explore ways to conserve energy and safeguard supplies through autumn and winter. The working group was made up of employees from Hamburg and Münster Operations, Emergency Management and IT Operations (including IT Emergency Management). Various measures were implemented in close collaboration with the corresponding working group at DZ BANK Group level, including

- » lowering office room temperatures,
- » minimising exterior lighting,
- » centrally switching off interior lighting outside of office hours and
- » adjusting heating times and reducing pre-heating.

Sharing expertise and inspiration

We place great importance on engaging our employees and keeping them updated about goals and results in the realm of environmental and resource protection. Part of our mission is raising awareness amongst employees and motivating them to take action to protect the environment, both at work and at home. We have put together practical tips and interesting information on a dedicated intranet page for reference. DZ HYP makes studies, reports and a sustainability glossary available and has dedicated sustainability contacts. With the energy crisis in mind, our work in 2022 included things like publishing ideas about how to prepare for potential bottlenecks with the aim of contributing to climate protection and reducing gas, electricity and water consumption while also lowering costs.

In the year under review, we also launched hands-on initiatives such as symbolically switching off the lights at "Earth Hour" and we teamed up with the Hamburg-based Loki Schmidt Foundation to begin planning an environment day for February 2023. The Foundation is dedicated to protecting and preserving nature throughout Germany. Employees based in Hammoor in Schleswig-Holstein can help maintain the moor to promote greater structural diversity and preserve this habitat.

In December of last year, we continued our in-house informational event series on sustainability. DZ HYP Studio welcomed Dr Michael Braungart of BRAUNGART EPEA – Internationale Umweltforschung GmbH as a guest. The renowned expert garnered great interest from the audience during his livestreamed presentation on “Circular economy in the real estate sector: More than material recycling and deconstruction?”.

We would also like to win over the tenants and service providers of our properties towards pursuing more environmental protection in everyday life. For example, we ask them to make sure that waste is properly separated and environmentally friendly cleaning agents are used.

GRI 301: Materials

GRI 301-1: Materials used by weight or 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, we have been increasingly using Blue Angel certified recycled paper. In 2022, 86.2 per cent of the paper consumed at DZ HYP carried that label, almost unchanged year-on-year (2021: 86.7 per cent). For marketing materials and publications, we use exclusively FSC-certified paper. To further reduce our paper consumption in Münster, all sanitary facilities and washrooms in Münster are equipped not only with paper towels, but also with cloth towel dispensers. Cloth towels are a good alternative to paper towels because they can be exchanged and cleaned regularly. In sum, total paper consumption was 8 per cent lower in the year under review than in 2021: 16,949 kg versus 18,842 kg. DZ HYP continued to pursue its modernisation strategy in many areas in 2022. The number of office printers was further reduced and the old multifunctional printers were replaced with more efficient models.

» Annual Report 2022, Digitalisation, p. 9

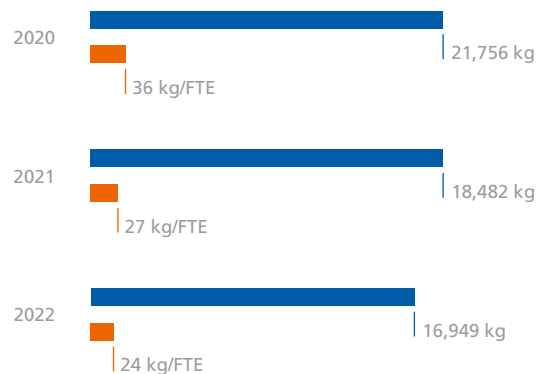
PAPER CONSUMPTION

	2022 ¹	2021 ¹	2020 ¹
Printer and copier paper consumption			
Total paper consumption ² (in kg)	7,464	7,903	9,156
Specific paper consumption (in kg/FTE)	11	12	15
Share of FSC-certified paper (in %)	20	1	13
Share of recycled paper (in %)	80	99	96
Share of totally chlorine-free (TCF) paper (in %)	0	0	4
Printed material			
Total paper consumption (in kg)	3,664	4,826	6,462
Specific paper consumption (in kg/FTE)	5	8	11
Share of FSC-certified paper (in %)	100	100	100
Hygienic paper consumption³			
Total paper consumption (in kg)	5,821	5,753	6,139
Specific paper consumption (in kg/FTE)	8	8	10

¹ 84 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. This includes permanent and temporary employees (excluding Management Board, those on placements, inactive employees and externals).

² 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.

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

By renovating the façades to improve energy efficiency and installing high-quality windows with smart shades, a co-generation unit and photovoltaic panels on the green roof of the Hamburg office, we reduced energy consumption and emissions associated with running the building during the year under review. A total of 251 solar panels (with an output of 325 watts each) generate solar output of around 80 kWp (kilowatt peak) per hour under optimal conditions. This corresponds to an output of 70,000 to 80,000 kWh per year. Total output was 77,330 kWh in 2022.

The solar panels will allow DZ HYP to save around 36,000 kg of carbon emissions every year, compared to conventional electricity generated from gas, coal and nuclear power. Self-generated electricity from the co-generation unit and photovoltaic panels supply approximately 30 per cent of total energy demand, with nearly 900,000 kWh generated largely climate neutrally and used on site. The additional power used is made up exclusively of electricity purchased from certified hydroelectric power 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 2,879,298 kWh, up from 2,204,746 kWh in 2021, a year-on-year increase. It must, however, be noted that consumption from electricity generated from the Bank's solar panels and co-generation plants was not included in the figures for the two previous years. Compared to 2019 (3,129,136 kWh), the year before the project to upgrade the buildings' energy systems was launched, consumption has decreased by 8 per cent. On a per-FTE basis, electricity consumption was 4,136 kWh (2021: 3,228 kWh, 2019: 4,888 kWh). Due to ongoing renovation works in Münster in the year under review, the figures are still only indicative to some extent because, for example, electricity consumption for the construction work and extended sites cannot be broken out.

We have taken different measures to reduce our electricity consumption, including:

- » Raising employee awareness about the importance of deleting data that they no longer need and avoiding standby energy use
- » Enhancing energy efficiency in the operation of buildings – especially in the equipment of communal areas such as kitchens
- » Increasingly combining energy-efficient LED light sources with motion detector technology and lighting controls based upon demand (e.g. for timing and intensity)

Modernisation measures at our Hamburg office allowed us to improve, among other things, the efficiency of the heating system, and lower total consumption over the last several years. The hydraulic balancing of the existing heating system completed in 2022 reduced gas consumption significantly compared to the previous year. Certification of the entire building project by the German Sustainable Building Council (DGNB) took place in the spring of 2022. The Bank expects to achieve a “Silver” certificate. The result of the review was not yet available at the editorial deadline.

In Münster, all floors of the tower were completely refurbished over the last few years and converted to allow the modern office to be used as a multi-tenant property. Principal measures included the installation of new air conditioning and heating technology and replacement of the entire façade, which should considerably reduce energy consumption. As well as saving energy, the refurbishment has created state-of-the-art workplaces. A prestigious entrance on Sentmaringer Weg, meeting rooms, the Cube Inn corporate restaurant for staff, tenants and external guests on the ground floor, as well as a dedicated access route for the indoor bike parking spaces (located close to showers and changing rooms for cyclists), turn the communal areas into a high-quality office fit for the future. The modernisation work also provides an opportunity for the building to be certified by the German Sustainable Building Council (DGNB). The Bank is aiming for a “Gold” certificate.

We use natural gas to generate heat at both offices. Aggregate heat consumption declined from 3,773,390 kWh in 2021 to 3,102,889 kWh in the year under review. District heating had been used at the Münster office in the “Quartier 21” building. Because DZ HYP no longer occupies any spaces there, its share is now accounted for by tenants. We are planning to connect the Sentmaringer Weg office to district heating in 2023.

ELECTRICITY AND HEAT CONSUMPTION

	2022 ¹	2021 ¹	2020 ¹
Electricity consumption			
Total electricity consumption (in kWh)	2,879,299	2,204,747	2,525,419
Of which sustainable hydroelectricity (in kWh)	1,987,631	2,204,747	2,525,419
Self-generated electricity	891,668	2,204,747	2,525,419
Specific electricity consumption (in kWh/FTE)	4,136	3,228	4,202
Specific electricity consumption (in kWh/m ²) ²	52.89		
Heat consumption			
Heat consumption (natural gas) (in kWh)	3,102,889	3,703,600	2,909,447
Heat consumption (district heating) (in kWh)	0	66,790	51,119
Total heat consumption (in kWh)	3,102,889	3,773,390	2,960,566
Specific heat consumption (in kWh/FTE)	4,457	5,524	4,926
Specific heat consumption (in kWh/m ²) ²	57.00		

¹ 84 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. This includes permanent and temporary employees (excluding Management Board, those on placements, inactive employees and externals).

² The data we collect were expanded to include consumption per square metre in 2022.

Mobility

In the year under review, business travel rose to 3,798,982 km (2021: 2,564,228 km) as a result of a resumption in in-person meetings once the pandemic restrictions were lifted. However, travel is still much lower than the pre-pandemic level in 2019. The practice of holding video meetings and teleconferences during the pandemic has been carried over by employees and used to avoid business travel. At 7 per cent (2021: 3 per cent), the share of business-related air travel remains at the low level seen in 2019, while the share of climate-friendly rail travel was at 37 per cent (2021: 21 per cent).

With regard to offset measures, the DZ BANK Group's policy has been to prevent or reduce emissions instead of offsetting them since 2021.

BUSINESS TRAVEL

	2022 ¹	2021 ¹	2020 ¹
Total business travel (in km)	3,798,982	2,564,228	1,089,468
Specific business travel (in km/FTE)	4,575	2,947	1,321
Share of travel by train² (in %)	37	21	68
Share of air travel (in %)	7	3	7
Less than 500 km (in %)	61	83	77
More than 500 km (in %)	39	17	23

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

² For DZ HYP's business trips made by rail, 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.

An electric and a plug-in hybrid vehicle are available to employees at the Hamburg office for business travel. Two electric and 14 plug-in hybrid vehicles from the DZ HYP car pool can be fully charged quickly using our seven charging stations located in the underground garage. Six more charging stations – with a payment system for employees to charge their own cars – are also in the works and will likely be up and running in the second half of 2023 after the upgrade to the underground garage has concluded. Following the completion of the renovation works in Münster, there are now 19 e-charging stations there, three of which are for corporate use and 16 for general use.

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, 238 employees at our Hamburg office and 36 employees at our Münster office took advantage of the transit card (2021: 163 and 27, respectively). Our employees in Münster have also been able to lease bikes and e-bikes as company bikes from the bicycle leasing provider JobRad at favourable conditions. This allows our employees to travel to work in an especially environmentally friendly way. DZ HYP subsidises the lease with €10 per month, and also pays insurance for the bike. In 2022, a total of 200 (2021: 166) employees in Münster and Hamburg signed up for bikes and e-bikes.

Around 60 bicycle parking places and a bicycle repair stations are available to employees and commercial tenants of our cooperative companies in the underground garage at our at the DZ HYP head office in Hamburg. To make cycling even more attractive, dedicated changing rooms have been available since mid-2022. In Münster we have a total of 170 covered bicycle parking places, 60 further spaces on the grounds and 52 charging stations for e-bikes. In addition, our employees can use free parking places at the bicycle station at the railway station. The office also has changing rooms and showers and a bicycle station in Cube 1 with its own entrance, separate from cars.

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 7,132 cubic metres, down from 9,502 cubic metres in 2021. At 10 cubic metres, specific water consumption per employee in 2022 continued to decline compared to the previous year's figure (2021: 14 cubic metres). Because of the ongoing renovation works in Münster in the year under review, consumption figures are only indicative in some respects.

WATER CONSUMPTION

	2022 ¹	2021 ¹	2020 ¹
Total water consumption² (in m³)	7,132	9,502	10,078
Specific water consumption (in m³/FTE)	10	14	17

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

¹ 84 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. This includes permanent and temporary employees (excluding Management Board, those on placements, inactive employees 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 (scope 1) GHG emissions

GRI 305-2: Energy indirect (scope 2) GHG emissions

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

GRI 305-4: GHG emissions intensity

GRI 305-5: Reduction of GHG emissions

Our calculations of greenhouse gas emissions (carbon emissions) are based on 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 Greenhouse Gas Protocol has asked for data to be reported in two ways: one based on a 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. They can be classed as upstream and downstream depending on where they arise in the value chain. The DZ BANK Group does not currently make this distinction because only upstream emissions are tracked.

This is the basis upon which we identify our main emissions, and calculate our carbon footprint. Based on the indicators as determined and within the framework of our environmental management systems, we decide which actions to take that are suitable to reduce our consumption and avoid carbon emissions. We continuously monitor our indicators, and this helps us in identifying potential for saving energy and finding appropriate measures for better energy efficiency. At 2,226 tonnes in the year under review (2021: 2,367 tonnes), our carbon emissions continued to decline, even with 97 tonnes of greenhouse gas emissions from self-generated electricity being fully accounted for for the first time. The share of climate-neutral emissions increased to 6.1 per cent (2021: 0.5 per cent).

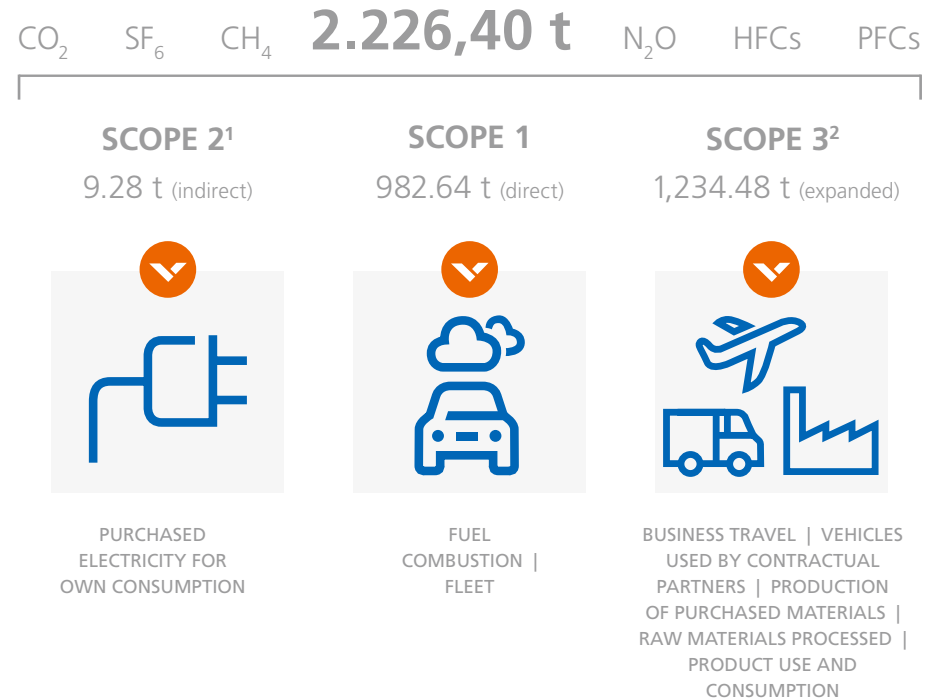
EMISSIONS

	2022 ²	2021	2020
Total GHG emissions (in t CO₂)¹	2,226	2,367	2,226
Share of climate-neutral emissions (in %)	6.1	0.5	1.3

¹ The stated volume of greenhouse gas emissions includes scope 3 emissions from commuting, events, postage and working from home.

² Climate-neutral emissions from self-generated electricity from solar panels accounted for fully for the first time.

CARBON FOOTPRINT



¹ Following the VfU, we continue to disclose scope 2 emissions based on supplier- and product-specific emission factors (market-based method).

² Scope 3 resource consumption now includes not only paper, water, waste and business travel, but also commuting, events, postage, and working from home.

We set great store by a fuel-efficient and low-emission vehicle fleet. The company car policy, which was last updated in 2019, sets out a framework that governs carbon emissions and the rules for allocating, using and returning cars. 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). Electric and plug-in hybrid cars have become an integral part of the company car policy. Seventeen vehicles of this type have been part of the fleet ever since. Going forward, we aim to use mainly electric vehicles. For our Hamburg office, we are able to calculate the cars' actual annual mileage and their CO₂ figures by using information provided by our leasing company. The Münster office transitioned to fuel cards in 2019 that also make it possible to gauge consumption more precisely.

» Mobility at DZ HYP, p. 61

CARBON EMISSIONS (in kg)

	2022 ¹
Emissions source	
Electricity	110,716.50
Heating	797,878.94
Water	4,403.60
Paper	14,079.44
Waste	9,977.61
Travel including commuting ²	1,063,067.66
Working from home	26,626.99
Events	183,229.44
Postage	16,419.12
Total carbon emissions (in kg)	2,226,399.29
Specific carbon emissions (in kg/FTE)	
Electricity	159.03
Heating	1,146.05
Water	6.33
Paper	20.22
Waste	14.33
Transport	1,526.96
Working from home	38.24
Events	263.19
Postage	23.58
Specific carbon emissions (in kg/FTE)	3,197.93

Due to changes at the Münster and Hamburg offices, we did not break down carbon emissions into individual emissions sources in 2021 and 2020.

Our calculations are based on the VfU indicator system; they include upstream and downstream processes as well.

¹ 84 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. This includes permanent and temporary employees (excluding Management Board, those on placements, inactive employees and externals).

² 100 per cent coverage per full-time employee (FTE) Including private vehicle usage.

GRI 306: Waste

GRI 306-1: Waste generation and significant waste-related impacts

GRI 306-2: Management of significant waste-related impacts

GRI 306-3: Waste generated

We try to prevent waste wherever we can. Where this principle cannot be applied and we generate waste, it is reused or recycled. For example, in 2022 we repurposed some fabric banners that had been used to decorate an old trade fair stand into a bunch of bags to be handed out as prizes to employees during a sustainability quiz in 2023. 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, contributing to the preservation of resources and reduction of carbon emissions. Only 2 per cent of our waste is 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, Ratiodata. They are contractually obliged to properly dispose of the devices and provide documentation accordingly.

Construction site waste is sorted and disposed of according to regulations by a specialist company. The amount of construction site waste and commercial waste is due to the last of the renovation works in Münster.

In the reporting year, we were able to reduce our volume of confidential paper waste by a further 26 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 properly 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

	2022 ¹	2021 ¹	2020 ¹
Total paper (excluding confidential paper) (in kg)	84,583	132,738	64,187
Total confidential paper (in kg)	17,525	23,668	27,270
Total biological waste² (in kg)	14,200	18,700	14,976
Total mixed packaging (in kg)	145,241	226,533	151,862
Construction waste from modernisation³ (in kg)	245,225	617,980	144,205
Total commercial waste (in kg)	12,348	15,367	99,238
Total non-hazardous waste (in kg)	519,122	1,034,986	501,738
Total waste generated (in kg)	520,616	1,037,018	502,567
Specific paper (excluding confidential paper) (in kg/FTE)	122	194	107
Specific confidential paper (in kg/FTE)	25	35	29
Specific biological waste (in kg/FTE)	20	27	25
Specific mixed packaging (in kg/FTE)	209	332	253
Specific building site waste from modernisation (in kg/FTE)	352	905	240
Specific commercial waste (in kg/FTE)	18	23	165
Total specific non-hazardous waste (in kg/FTE)	746	1,516	819
Total waste generated (in kg/FTE)	748	1,518	820

WASTE – HAZARDOUS WASTE

	2022 ¹	2021 ¹	2020 ¹
Total toner waste (in kg)	93	184	170
Total electronics waste (in kg)	1,260	1,680	529
Total lighting waste (in kg)	141	168	130
Total hazardous waste (in kg)	1,494	2,032	829
Specific toner waste (in kg/FTE)	0.1	0.3	0.3
Specific electronics waste (in kg/FTE)	1.8	2.5	0.9
Specific lighting waste (in kg/FTE)	0.2	0.3	0.2
Specific hazardous waste (in kg/FTE)	2.1	3.1	1.4

¹ 84 per cent coverage per full-time employee (FTE); part-time positions are added up to a 100 per cent basis. This includes permanent and temporary employees (excluding Management Board, those on placements, inactive employees and externals).

² At the Hamburg office, figures pertaining to biological waste are not reported 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 is 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, e.g. when water damage is repaired.

ABOUT THIS REPORT

Reporting practice

Entities included in the consolidated financial statements

DZ HYP is part of the DZ BANK Group and therefore of the Cooperative Financial Network, which comprises 737 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 operates as a commercial bank, and exercises the holding entity function for the DZ BANK Group.

The DZ BANK Group comprises Bausparkasse Schwäbisch Hall (building society), DZ HYP, DZ PRIVATBANK, R+V Allgemeine Versicherungs AG (insurance), TeamBank, Union Investment Group, VR Smart Finanz as well as various other specialist financial services providers. Subsidiaries are non-material.

» Annual Report 2022, p. 12 et seqq.

3-1: Process to determine material topics

Being aware of stakeholders' social, economic and ecological interests and expectations is the cornerstone of successfully managing sustainability at our Company. A materiality analysis conducted at the DZ Bank Group in 2021 provided relevant insights.

A list with 18 potential key issues was drafted after considering a variety of different sources, including internal meeting minutes, findings from the 2020 materiality analysis, discussions with church credit institutions and requirements set by ratings agencies and NGOs. We then analysed each issue with the following three dimensions in mind:

- » Relevance from a stakeholder's perspective
- » Impact on the environment, people and society
- » Business relevance

Our findings are the foundation of the DZ BANK Group's sustainability activities. They revealed that ten issues are material because they are either highly relevant or very highly relevant to the business and have a moderate to high impact on the environment, people and society. Three other issues (environmental and climate management, work-life balance, occupational health and safety) are only relevant under the GRI standards because they have a big impact even though they have no business relevance. Five issues were assessed as having moderate to low relevance (social commitment, financial literacy, public policy, sustainable supplier management and performance-based remuneration and co-determination).

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

Because of DZ HYP's focus as a real estate and Pfandbrief bank and centre of competence for public-sector clients in the Cooperative Financial Network, the selection of our stakeholders is more limited. The key fields of action are thus weighted differently than those of the DZ BANK Group.

» List of stakeholder groups, p. 33

As an initial step, we used desk studies (i.e. sources of information already available), analyses of competitors and legal considerations, and conversations with our stakeholders to assemble a list of issues relevant for us – an approach similar to the one the DZ BANK Group follows for its materiality analysis. 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 continue to be:

- » Risk management
- » Sustainable banking
- » Sustainable lending
- » Employer attractiveness / demographics

The results of the materiality analysis were reviewed by the department responsible for sustainability at DZ HYP in consideration of recent developments and confirmed for the year under review. Our sustainability activities have also been reviewed and realigned as needed based on these insights.

» Sustainability Strategy, p. 22 et seqq.

3-2: List of material topics

DZ HYP FIELDS OF ACTION

	GRI information / topic-specific standards	Page
Risk management	Organisational profile / precautionary principle	4, 30 et seqq.
	Strategy / key impacts, risks and opportunities	9 et seq.
Sustainable banking	Because the current GRI standards' coverage of "sustainable banking" is inadequate, we are publishing a management approach on the topic.	38 et seqq.
Sustainable Lending	GRI 417: Marketing and labelling	43
	GRI 418: Customer privacy	43
Employer attractiveness / demographics	GRI 401: Employment	48 et seq.
	GRI 402: Labour/management relations	49
	GRI 403: Occupational health and safety	49 et seqq.
	GRI 404: Training and education	51 et seqq.
	GRI 405: Diversity and equal opportunity	53
	GRI 406: Non-discrimination	53
	GRI 407: Freedom of association and collective bargaining	53

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	14 et seq.
GRI 203: Indirect economic impacts	Social Commitment	54 et seq.
GRI 204: Procurement practices	Suppliers	19 et seq.
GRI 205: Anti-corruption	Our Company	18
GRI 206: Anti-competitive behaviour	Our Company	18
GRI 301: Materials	Ecological Responsibility	58 et seq.
GRI 302: Energy	Ecological Responsibility	59 et seq.
GRI 303: Water and effluents	Ecological Responsibility	62
GRI 305: Emissions	Ecological Responsibility	62 et seqq.
GRI 306: Waste	Ecological Responsibility	65 et seq.
GRI 308: Supplier environmental Suppliers	Suppliers	20 et seq.
GRI 412: Human rights assessment	Our Company	19
GRI 414: Supplier social Suppliers	Suppliers	20
GRI 415: Public policy	Sustainability Strategy	37

Restatements of information and changes in reporting

We have prepared this report with reference to the standards of the Global Reporting Initiative (GRI), with the aim 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 their titles as well as the running order to suit our Company, to improve readability and to reflect our key issues.

» GRI Content Index, p. 70 et seqq.

Reporting period

Issues of particular relevance, however, were included in the Sustainability Report 2022 up to the editorial deadline on 28 February 2023. The indicators generally relate to the 2022 financial year (1 January to 31 December 2022).

Date of most recent previous report

The Sustainability Report 2021 was published on 15 September 2022.

Reporting cycle

The next Sustainability Report will be published in 2024.

GRI CONTENT INDEX

Statement

DZ HYP AG has prepared the information presented in this GRI content index for the period from 1 January to 31 December 2022 with reference to the GRI standards.

Issues of particular relevance, however, were included in the Sustainability Report 2022 up to the editorial deadline on 28 February 2023. The indicators generally relate to the 2022 financial year (1 January to 31 December 2022).

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 1:	FOUNDATION 2021			
GRI 2:	GENERAL DISCLOSURES 2021			
2-1	Organisational details	Our Company		
2-2	Entities included in the organisation's sustainability reporting	Our Company		
2-3	Reporting period, frequency and contact point	About This Report	Sabine Kerse E-mail: sabine.kerse(at)dzhyp.de; phone: +49 40 3334-0	
2-4	Restatements of information	About This Report	No material corrections or restatements of information have been made.	
2-5	External assurance		No external assurance has been obtained for this report.	
2-6	Activities, value chain and other business relationships	Our Company		
2-7	Employees	Our Company Employee Matters	All of DZ HYP's staff are employed in Germany, which is why the Bank does not provide a breakdown of employee numbers according to regions. The working time model is currently not broken down according to gender. Employment contracts are currently not broken down according to gender or region.	6
2-8	Workers who are not employees		We cannot report on individuals who are not employees because such data is not available to us.	
2-9	Governance structure and composition	Our Company	Annual Report 2022	
2-10	Nomination and selection of the highest governance body	Our Company	Annual Report 2022	

GRI reference	Chapter/section	Comments/references	UN Global Compact
GRI 2: GENERAL DISCLOSURES 2021			
2-11	Chair of the highest governance body	Annual Report 2022	
2-12	Role of the highest governance body in overseeing the management of impacts	Our Company Sustainability Strategy Sustainability Management	Annual Report 2022
2-13	Delegation of responsibility for managing impacts	Sustainability Management	
2-14	Role of the highest governance body in sustainability reporting	Our Company Sustainability governance	
2-15	Conflicts of interests	Responsible Corporate Governance	Annual Report 2022
2-16	Communication of critical concerns	Responsible Corporate Governance	Our Code of Conduct https://dzhyp.de/de/ueber-uns/wir-ueber-uns/beschwerdeverfahren (available in German only)
2-17	Collective knowledge of the highest governance body	Our Company Sustainability Management	
2-18	Evaluation of the performance of the highest governance body	Our Company	Annual Report 2022
2-19	Remuneration Policy	Employee Matters Collective bargaining agreements	Disclosure Report on Remuneration Policy (available in German only)
2-20	Process to determine remuneration	Employee Matters Collective bargaining agreements	Disclosure Report on Remuneration Policy (available in German only)
2-21	Annual total compensation ratio		We currently do not compile the ratio of the annual overall remuneration of the highest-paid individual and the median of the annual overall remuneration for all employees (excluding the highest-paid individual).
2-22	Statement on sustainable development strategy	Letter from the Management Board	
2-23	Policy commitments	Our Company	Our Code of Conduct The DZ BANK Group's Human Rights Guideline Climate and environment position paper Exclusion criteria of the DZ BANK Group Labour rights Sustainability requirements for the DZ BANK Group's suppliers
2-24	Embedding policy commitments	Suppliers Employee Matters Ecological Responsibility	Our Code of Conduct The DZ BANK Group's Human Rights Guideline Climate and environment position paper Exclusion criteria of the DZ BANK Group Labour rights Sustainability requirements for the DZ BANK Group's suppliers

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 2: GENERAL DISCLOSURES 2021				
2-25	Processes to remediate negative impacts	Responsible Corporate Governance Suppliers Employee Matters	Our Code of Conduct The DZ BANK Group's Human Rights Guideline Labour rights Sustainability requirements for the DZ BANK Group's suppliers https://dzhyp.de/de/ueber-uns/wir-ueber-uns/beschwerdeverfahren (available in German only)	
2-26	Mechanisms for seeking advice and raising concerns	Responsible Corporate Governance Suppliers	Our Code of Conduct The DZ BANK Group's Human Rights Guideline https://dzhyp.de/de/ueber-uns/wir-ueber-uns/beschwerdeverfahren (available in German only)	
2-27	Compliance with laws and regulations	Responsible Corporate Governance GRI 406-1 GRI 412-2 GRI 417-2 GRI 417-3	Our Code of Conduct https://dzhyp.de/de/ueber-uns/wir-ueber-uns/beschwerdeverfahren (available in German only)	1 to 10
2-28	Membership of associations and stakeholder groups	Our Company		
2-29	Approach to stakeholder engagement	Stakeholder Engagement		8
2-30	Collective bargaining agreements	Employee Matters Collective bargaining agreements		3, 6
GRI 3: MATERIAL TOPICS 2021				
3-1	Process to determine material topics	About This Report		
3-2	List of material topics	About This Report		
3-3	Management of material topics	Responsible Corporate Governance Values, principles, standards and norms of behaviour		
GRI 201: ECONOMIC PERFORMANCE 2016				
3-3	Management of material topics		Annual Report 2022	
201-1	Direct economic value generated and distributed	Values, principles, standards and norms of behaviour		
201-2	Financial implications and other risks and opportunities due to climate change	Economic performance		7, 8
201-3	Defined benefit plan obligations and other retirement plans	Economic performance		

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 202:	MARKET PRESENCE 2016			
3-3	Management of material topics	Collective bargaining agreements	Disclosure Report on Remuneration Policy (available in German only)	
202-1	Ratios of standard entry level salary by gender compared to local minimum wage		Standard entry level salaries are based on collective bargaining agreements. Our job postings do not include any gender-specific specifications.	6
GRI 203:	INDIRECT ECONOMIC IMPACTS 2016			
3-3	Management of material topics	Social Commitment		
203-1	Infrastructure investments and services supported	Social Commitment		
203-2	Indirect economic impacts	Social Commitment		
GRI 204:	PROCUREMENT PRACTICES 2016			
3-3	Management of material topics	Suppliers		
204-1	Proportion of spending on local suppliers	Procurement practices		
GRI 205:	ANTI-CORRUPTION 2016			
3-3	Management of material topics	Responsible Corporate Governance		10
205-1	Percentage of operations assessed for risks related to corruption and risks identified	Anti-corruption		10
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption		10
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption		10
GRI 206:	ANTI-COMPETITIVE BEHAVIOUR 2016			
3-3	Management of material topics	Responsible Corporate Governance		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Anti-competitive behaviour		

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 207: TAX 2019				
3-3	Management of material topics	Tax		
207-1	Approach to tax	Tax		
207-2	Tax governance, control, and risk management	Tax		
207-3	Stakeholder engagement and management of concerns related to tax	Tax		
207-4	Country-by-country reporting	Tax		
GRI 301: MATERIALS 2016				
3-3	Management of material topics	Ecological Responsibility		7, 8, 9
301-1	Materials used by weight or volume	Materials		7, 8, 9
301-2	Recycled input materials used	Materials		7, 8, 9
GRI 302: ENERGY 2016				
3-3	Management of material topics	Ecological Responsibility		7, 8, 9
302-1	Energy consumption within the organisation	Energy		7, 8, 9
302-2	Energy consumption outside of the organisation	Energy		7, 8, 9
302-3	Energy intensity	Energy		7, 8, 9
302-4	Reduction of energy consumption	Energy		7, 8, 9
GRI 303: WATER AND EFFLUENTS 2018				
3-3	Management of material topics	Ecological Responsibility		7, 8
303-3	Water withdrawal	Water and effluents		7, 8
303-5	Water consumption	Water and effluents		7, 8
GRI 305: EMISSIONS 2016				
3-3	Management of material topics	Ecological Responsibility		7, 8, 9
305-1	Direct (scope 1) GHG emissions	Emissions		7, 8, 9
305-2	Energy indirect (scope 2) GHG emissions	Emissions		7, 8, 9
305-3	Other indirect (scope 3) GHG emissions	Emissions		7, 8, 9
305-4	GHG emissions intensity	Emissions		7, 8, 9
305-5	Reduction of GHG emissions	Emissions		7, 8, 9

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 306: WASTE 2020				
3-3	Management of material topics	Ecological Responsibility		7, 8, 9
306-1	Waste generation and significant waste-related impacts	Waste		7, 8, 9
306-2	Management of significant waste-related impacts	Waste		7, 8, 9
306-3	Waste generated	Waste		7, 8, 9
306-4	Waste diverted from disposal	GRI 306-3		7, 8, 9
306-5	Waste directed to disposal	GRI 306-3		7, 8, 9
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016				
3-3	Management of material topics	Suppliers		7, 8, 9
308-1	New suppliers that were screened using environmental criteria	Supplier environmental assessment		7, 8, 9
308-2	Negative environmental impacts in the supply chain and actions taken	Supplier environmental assessment		7, 8, 9
GRI 401: EMPLOYMENT 2016				
3-3	Management of material topics	Employee Matters		
401-1	New employee hires and employee turnover	Staffing indicators Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staffing indicators Employment		
401-3	Parental leave	Staffing indicators Employment	We currently do not compile a gender-specific figure.	
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016				
3-3	Management of material topics	Employee Matters		
402-1	Minimum notice periods regarding operational changes	Labour/management relations		

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 403:	OCCUPATIONAL HEALTH AND SAFETY 2018			
3-3	Management of material topics	Employee Matters		
403-1	Occupational health and safety management system	Occupational health and safety		
403-2	Hazard identification, risk assessment, and incident investigation	Occupational health and safety		
403-3	Occupational health services	Occupational health and safety		
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety		
403-5	Worker training on occupational health and safety	Occupational health and safety		
403-6	Promotion of worker health	Occupational health and safety		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety	There are no occupational health and safety impacts directly linked to business relationships. To prevent such impacts, DZ HYP gives training courses and instructions.	
403-8	Employees covered by a management system for occupational health and safety	Occupational health and safety		
403-9	Work-related injuries	Occupational health and safety		
403-10	Work-related ill health	Occupational health and safety		
GRI 404:	TRAINING AND EDUCATION 2016			
3-3	Management of material topics	Employee Matters		
404-1	Average hours of training per year and employee	Training and education		
404-2	Programmes for upgrading employee skills and transition assistance programmes	Training and education		
404-3	Percentage of employees receiving regular performance and career development reviews	Training and education	We currently do not compile a figure broken down by gender and employee category.	

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 405:	DIVERSITY AND EQUAL OPPORTUNITY 2016			
3-3	Management of material topics	Employee Matters		1, 2, 6
405-1	Diversity of governance bodies and employees	Diversity and equal opportunity		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	Diversity and equal opportunity		1, 2, 6
GRI 406:	NON-DISCRIMINATION 2016			
3-3	Management of material topics	Employee Matters		1, 2, 6
406-1	Incidents of discrimination and corrective actions taken	Non-discrimination		1, 2, 6
GRI 407:	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
3-3	Management of material topics	Employee Matters		3
407-1	Operations and suppliers in which the right to exercise freedom of association may be violated or at risk, and measures taken	Freedom of association and collective bargaining		3
GRI 408:	CHILD LABOUR 2016			
3-3	Management of material topics	Suppliers		1, 2, 5
408-1	Operations and suppliers at significant risk for incidents of child labour	Child labour		1, 2, 5
GRI 409:	FORCED OR COMPULSORY LABOUR 2016			
3-3	Management of material topics	Suppliers		1, 2, 6
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Forced or compulsory labour		1, 2, 6
GRI 413:	LOCAL COMMUNITIES 2016			
413-1	Operations with local community engagement, impact assessments, and development programmes	Location of operations		1

GRI reference		Chapter/section	Comments/references	UN Global Compact
GRI 414:	SUPPLIER SOCIAL ASSESSMENT 2016			
3-3	Management of material topics	Suppliers		
414-1	New suppliers that were screened using social criteria	Supplier social assessment		
414-2	Negative social impacts in the supply chain and actions taken	Supplier social assessment		
GRI 415:	PUBLIC POLICY 2016			
415-1	Political contributions	Public policy		
GRI 417:	MARKETING AND LABELLING 2016			
3-3	Management of material topics	Client Satisfaction		
417-1	Requirements for product and service information and labelling	Client Satisfaction		
417-2	Incidents of non-compliance concerning product and service information and labelling	Client Satisfaction		
GRI 418:	CUSTOMER PRIVACY 2016			
3-3	Management of material topics	Client Satisfaction		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer privacy		

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This Sustainability Report is available in English
and in German.

For more information on sustainability at

DZ HYP, please visit:

[https://dzhyp.de/en/hauptnavigation/
sustainability/our-understanding/](https://dzhyp.de/en/hauptnavigation/sustainability/our-understanding/)

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