



Volksbanken Raiffeisenbanken
cooperative financial network

2014 SUSTAINABILITY REPORT



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Sustainable partnerships

MANY LOCAL COOPERATIVE PROJECTS THAT ARE NOT ON BUT ALSO CREATE A **LONG-**

IN THIS REPORT, WE PRESENT ADDRESS EITHER SOCIAL OR THESE MATTERS ARE A PRIOR BANKS, AND ALSO FOR DZ BA



Project I

VOLKSBANK BÜHL

Supporting local companies
and promoting the region



Project II

VOLKSBANK ODENWALD

Helping the region to progressively
switch to renewable energies

BANKS GET INVOLVED IN
LY FINANCIALLY PROFITABLE
TERM BENEFIT.

FOUR INITIATIVES THAT
ENVIRONMENTAL ISSUES.
ITY FOR THE COOPERATIVE
NK ITSELF.



Project III

RAIFFEISENBANK OBERMAIN NORD EG

Offering screening for colon and
skin cancer



Project IV

HAMBURGER VOLKSBANK

Pioneering sustainability reporting
among local cooperative banks

*“The basis for
our success is our
close collaboration
as a group.”*

WOLFGANG KIRSCH
CHIEF EXECUTIVE OFFICER



Dear Shareholders,

Many qualities spring to mind when I am asked how I, as Chief Executive Officer, would characterize DZ BANK, one of the cooperative financial network's central institutions. On the one hand, the bank demonstrates drive, integrity, and trust – the qualities that we have defined as Our Values. But on the other, I think about the words that describe our relationship with our stakeholders and our environment. Sustainability and partnership are two of the values that are important to us and guide us in our day-to-day work. In line with our aim of acting responsibly, these terms are features of our relationship with the local cooperative banks, which are also our customers and owners. Ultimately, DZ BANK as a central institution in the cooperative financial network, along with the other entities in the DZ BANK Group – including Bausparkasse Schwäbisch Hall, R+V Versicherung, and Union Investment – are partners to each local cooperative bank. But sustainability is not a matter for DZ BANK alone. We fulfill this corporate responsibility hand in hand with the local cooperative banks.

In this report, we have provided specific examples of how these long-term partnerships work. We have included profiles of four cooperative banks that, in the past year, have stood out for their commitment to issues that also concern us here in the central institution. These issues range from renewable energies and responsibility for employees to regionalism

and sustainability reporting. The projects of the four cooperative banks, which are located right across Germany, are characterized by a particular instinct for how the cooperative principle can be put into practice.

Besides environmental and social aspects, sustainability of course also has economic relevance. The financial sustainability of their business models is crucial for the credibility of companies in the financial sector. In the DZ BANK Group, we can rightly claim that we do business sustainably. Building on our achievements in 2013, our profit before taxes rose again last year, climbing to a record €2.87 billion. We also implemented the largest capital increase in the history of our banking group and passed the ECB's stress test and comprehensive assessment. The basis for our success is our close collaboration as a group.

This cooperation is also the reason for the latest improvement in our rating from sustainability rating agency oekom research, which awarded the DZ BANK Group a rating of C+ for the first time. That is the highest rating level bestowed by oekom research on any German commercial bank or public-sector bank. We therefore continue to hold Prime Status, the category for particularly sustainable companies. The improved rating was attributable to the progress that we made on the issues that we believe to be a priority, including new groupwide standards such as the code of conduct, supplier standards, and climate targets.

We are pleased that the reasons cited by oekom research underline our focus on the environment and energy efficiency. Both of these areas are and will remain important – especially in our day-to-day business, in which we work closely with the local cooperative banks. Looking at the renewable energies business, the significance of these issues becomes clear. In 2014, the lending volume in this segment of DZ BANK AG alone was approximately €2.9 billion, of which €1.4 billion went to wind energy projects. The example of the Odenwald energy cooperative in this report illustrates the importance of the collaboration between DZ BANK and the local cooperative banks in the area of renewable energies.

Another of our key objectives for 2014, which we achieved last autumn, was the definition of rejection criteria for use in lending decisions. Since 2005, our lending guidelines have set out how to deal with sensitive industries. These guidelines have now been translated into criteria for rejecting loan applications from certain industries. We have thus reached an important milestone in making our core business more sustainable.

In 2014, our progress was made up of various steps, both big and small. We are currently constructing a new building with its own children's daycare center. This should help DZ BANK employees to achieve a better balance between work and family life. The new Pavillon building will be ready for occupancy in 2016. For the DZ BANK Group, sustainability thus comprises not only economic and ecological aspects, but also a social component. Although we have already achieved a great deal, we still have a lot more in the pipeline – and we will continue to report on this here.



Wolfgang Kirsch

A PORTRAIT OF DZ BANK AG

DZ BANK AG is the central institution for more than 900 cooperative banks in Germany. In this role, it is responsible for supporting the business of the independent cooperative banks in their regions and strengthening their competitiveness. It also acts as a corporate bank for companies and institutions that need a nationwide banking partner. And, it is the holding company for the specialized service providers in the DZ BANK Group, which have their own well-established brands.

90%

of our owners
are cooperative
banks.

82.3%

LOCAL COOPERATIVE BANKS

6.7%

WGZ BANK AG

6.9%

OTHER COOPERATIVES

4.1%

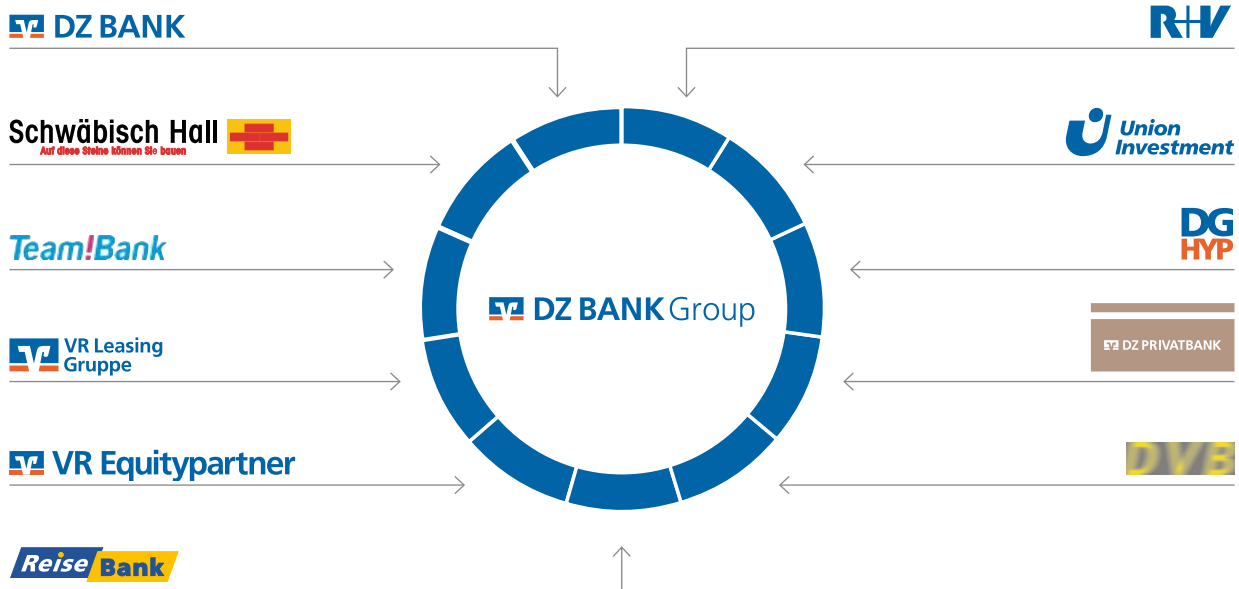
PRIVATE INDIVIDUALS AND
OTHER SHAREHOLDERS

DZ BANK GROUP

DZ BANK AG, Bausparkasse Schwäbisch Hall, Union Investment, TeamBank, R+V Versicherung, VR LEASING, and other specialist providers are the entities that make up the DZ BANK Group. Cooperation between them is shaped by the cooperative

principle. Mutuality, partnership, and social responsibility – the values upheld by cooperative pioneers Friedrich Wilhelm Raiffeisen, Hermann Schulze-Delitzsch, and Wilhelm Haas – guide the entities in the DZ BANK Group and are now more relevant than ever before.

THE STRONG BRANDS IN THE DZ BANK GROUP



With total assets of €403 billion, the DZ BANK Group is one of Germany's largest financial service providers. Its profit before taxes rose to €2.87 billion in 2014 (2013: €2.22 billion). This encouraging earnings performance enabled the DZ BANK Group to further strengthen its capital situation, ending the year with a common equity Tier 1 capital ratio of 12.2 percent (December 31, 2013: 9.2 percent). Besides our strong operating performance, the reasons for this improvement were the robust economy in our domestic German market and the relatively relaxed conditions in the capital markets. Against this background, the already insignificant volume of allowances for losses on loans and receivables fell even lower. Other factors with a positive impact were further reversals of impairment losses in the portfolio of government bonds, a high level of net income from insurance business, and one-off items. In 2014, the DZ BANK Group employed approximately 30,000 people worldwide, of whom around 27,500 worked in Germany.

THE COOPERATIVE FINANCIAL NETWORK – A MODEL FOR SUCCESS

The entities in the DZ BANK Group, each of which has its own strong brand, constitute key pillars in the

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

BANK AND BANKER OF THE YEAR

At the end of November 2014, international magazine *The Banker* bestowed its Bank of the Year Award on DZ BANK, thereby crowning it Germany's best bank. Also in 2014, Wolfgang Kirsch was voted European Banker of the Year 2013 by the Group of 20+1, an association of 20 European business journalists in the financial hub of Frankfurt. Explaining their decision, the panel of judges said that he had taken over as DZ BANK AG's Chief Executive Officer before the global financial and sovereign debt crisis had erupted and, despite all the challenges, had succeeded in steering the bank through and out of the crisis.

DZ BANK AG – WORKING LOCALLY AND GLOBALLY FOR OUR CUSTOMERS

4,071

*EMPLOYEES IN
GERMANY*

Frankfurt am Main 3,247

Berlin 29

Dresden 3

Hamburg 58

Hannover 180

Karlsruhe 21

Leipzig 10

Munich 186

Nuremberg 33

Oldenburg 16

Stuttgart 288

As well as its headquarters in Frankfurt, DZ BANK AG has ten further offices in Germany. Outside Germany, DZ BANK AG has branches in Warsaw, London, New York, Hong Kong, and Singapore and five further representative offices in Asia, eastern Europe, and South America. DZ BANK AG employs 4,389 people around the world.

SUSTAINABILITY IN THE DZ BANK GROUP

The sustainability market initiative, which was launched in 2010, brings together the activities that the entities in the DZ BANK Group carry out in this area. Their shared goal is to exploit market opportunities and avoid risk while enhancing corporate citizenship. Reinhard Klein, Chief Executive Officer of Bausparkasse Schwäbisch Hall, is the initiative's sponsor. The focus of the sustainability market initiative is on working together on key matters. The best example of this was the development of a joint climate change strategy in 2013 and 2014. There are also groupwide sustainability standards for suppliers and service providers, and a systematic database structure was set up that went live in 2013. The Group Corporate Responsibility Committee, which was formed in 2014, is intensifying dialog at group level. This permanent committee is made up of the sustainability coordinators and communications managers in the various entities.

DZ BANK GROUP RANKED HIGHLY BY OEKOM RESEARCH

The DZ BANK Group's commitment to sustainability has also been recognized by external experts: oekom research, one of the world's leading rating agencies in the market for sustainable investments, has awarded the DZ BANK Group a rating of C+ for the first time. This means that the group continues to hold Prime Status, the category for particularly sustainable companies. C+ is the highest rating level bestowed by oekom research on any German corporate bank or public-sector bank. The reasons for the improvement in the rating compared with 2013 include new groupwide standards such as the code of conduct, climate targets, and supplier standards. Other contributing factors were the successful integration of environmental and social aspects into project finance and asset management. The new rating puts the DZ BANK Group among the top three German banks in terms of sustainability.

This Sustainability Report relates to DZ BANK AG. The other entities in the DZ BANK Group report separately on their own sustainability activities.



WORKING TOGETHER FOR A SUSTAINABLE REGION



Project 1

VOLKSBANK BÜHL EG

Supporting local companies
and promoting the region





Claus Preiss *Chief Executive Officer of Volksbank Bühl*

*The local cooperative bank Volksbank Bühl eG launched the initiative **Aus Liebe zur Region** ('for the love of the region') in 2014. It enables money to be channeled into specific projects in the region in the form of regional investments and loans. The initiative was awarded last year's **Ortenau marketing prize**. But this was not the first time that the bank had come up with the idea of supporting sustainable projects in the region: In 2013, it created the crowdfunding portal www.viele-schaffen-mehr.de. Today, 28 or so other local cooperative banks also use this platform.*

**AN INITIATIVE FOR THE REGION:
FOCUS ON TRANSPARENCY**

"Where does my money go?" This question provided the basis for the Aus Liebe zur Region initiative. In the words of its Chief Executive Officer Claus Preiss, Volksbank Bühl sees the project as a "modern-day interpretation of the cooperative principle."

The idea is so compelling because it is so unique. Members and customers can put their money into

sustainable investments known as RegioAnlagen, which are divided into three categories: environment and energy, jobs and innovation, and regional products. All three of these investment areas are particularly important to the region. Moreover, they give investors individual choice about where to invest their money. The initiative also creates the necessary transparency because the money flows back into the region and can be invested for periods of between three and five years.

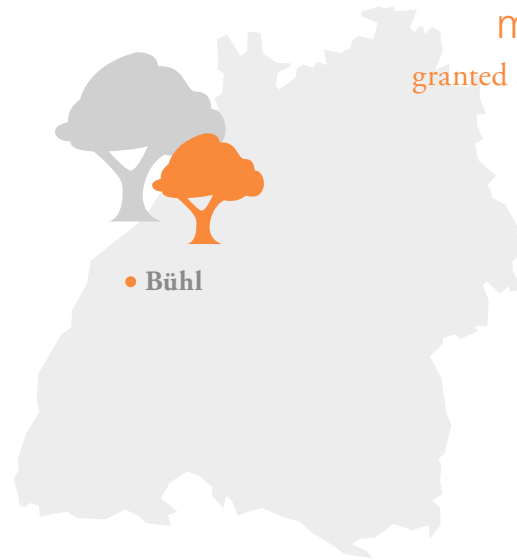


€19.4

million
invested in RegioAnlagen

€5.4

million
granted as RegioKredit
loans



No minimum or maximum amounts have been defined. In return, investors are guaranteed a fixed interest rate over the entire lifetime. This enables companies and individuals, non-profit organizations, and groups in the region to obtain RegioKredit loans from Volksbank Bühl with which to realize their capital investment projects. "Ultimately, it is a win-win situation for everyone: investors, borrowers, and the region as a whole," explains Claus Preiss.

In the environment and energy category, the focus is on protecting nature and the environment, for example by switching to renewable energies. The jobs and innovation category is aimed at securing the future of existing companies in the region as well as investing in loans for start-ups. Loans in the regional products category help to support local farmers, wholesalers,

and retailers, the benefits of which include a reduced carbon footprint and the production of high-quality food.

2014 ORTENAU MARKETING PRIZE

Claus Preiss attached great importance to championing the region from the outset: "We developed and launched Aus Liebe zur Region as a concept that enables our customers to decide for themselves on the local projects with relevance for the future in which they can invest their money." In 2014, Volksbank Bühl and its Aus Liebe zur Region concept were nominated for the Ortenau region's marketing prize and came second in the category for large companies. The concept achieved a great deal of success through online campaigns, social media activities, and employee communications.

NON-PROFIT CROWDFUNDING PLATFORM

Regional involvement is also the focus of the crowdfunding platform www.viele-schaffen-mehr.de, where people can contribute to the funding of non-profit projects. By joining forces, the supporters enable good ideas to be brought to fruition that had would previously have seemed utopian – just as the cooperative movement’s founding fathers realized over 160 years ago.

Volksbank Bühl’s crowdfunding portal supports social, sporting, and arts projects in the local community. People wanting to initiate such a project can submit a description of it online and apply for financial donations. The portal includes a project

blog function where initiators can post the volume of donations raised so far along with other information. Project backers also have access to a bulletin board where they can interact with each other.

To date, around €100,000 has been collected via the crowdfunding platform, providing funding for more than 30 projects. Volksbank Bühl has contributed a further €14,500. If the amount required for a project is not reached within the defined timeframe, the donors get their money back. However, the project initiators always receive the contribution made by Volksbank Bühl, which gives €5 for each donation made by a supporter. «

DZ BANK SUPPORTS PROJECTS IN THE RHINE-MAIN REGION

Because of their strong local roots, the local cooperative banks are naturally committed to supporting their region. DZ BANK is a major employer in the Rhine-Main region, which is why we support initiatives and projects near our headquarters in Frankfurt. For example, our employees act as mentors in the Joblinge initiative, helping young people to find places on training schemes. We also assist educational and cultural organizations in the area, including the Frankfurt School and the Städel Museum. As one of the region’s main employers, we see it as our duty to provide help in Frankfurt.



More information:

www.volksbank-buehl.de/aus-liebe-zur-region.html

HIGHLIGHTS:
SUSTAINABLE BUSINESS

96

PERCENT

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

64

cooperative banks received the
DZ BANK development lending
prize in 2014.

99

PERCENT

was the rate of participation in
compliance training.

767

*INSTITUTIONAL
INVESTORS*

WERE SIGNATORY INVESTORS AS
AT FEBRUARY 1, 2014.

SUSTAINABLE BUSINESS

Achieving more together

Acting responsibly is one of the objectives firmly enshrined in our corporate philosophy. That is why overall responsibility for the development of sustainability activities at DZ BANK lies directly with the Chief Executive Officer, Wolfgang Kirsch. Environmental and employee-related matters are the remit of Thomas Ullrich, member of the Board of Managing Directors responsible for IT, Organisation, Human Resources, and Operations/Services.

SUSTAINABILITY MANAGEMENT AT DZ BANK

In order to do justice to the multi-faceted nature of this area, in 2008 DZ BANK assigned the coordination of its sustainability activities to the Communication, Marketing, and Sustainability division. The head of the division reports regularly to the Chief Executive Officer on the progress being made in specific areas. Delia Kaiser has been sustainability coordinator at DZ BANK AG since January 1, 2014. In this new role, she is responsible for all aspects of sustainability management at the bank.

The Communication, Marketing, and Sustainability division and the sustainability coordinator are assisted in day-to-day sustainability management by DZ BANK AG's sustainability working group, which was formed in 2009. This permanent committee consists of experts representing 13 different departments. They meet regularly to discuss the latest developments and to work on targets and proposals arising from discussions with entities in the DZ BANK Group and other stakeholders. In addition, they jointly formulate the objectives of the sustainability program (SR 58 et seq.).

FOCAL POINTS, STANDARDS, AND DIALOG PROCESSES

Besides contributing to the sustainability program, the working group provides input on implementing sustainability-related measures in the various departments.

Their work focused on the following core areas in 2014:

- » groupwide introduction of a code of conduct (SR 17)
- » implementation of rejection criteria for lending (SR 22)
- » groupwide introduction of the UN Global Compact
- » sharing of expertise with external bodies such as the VfU and the German Global Compact Network (SR 17)
- » expansion of internal and external communications on sustainability
- » establishment of stakeholder dialog with non-governmental organizations (NGOs) (SR 16)
- » expansion of sustainability research to include bonds (SR 26)
- » membership of Frankfurt's ECOPROFIT club (SR 35)
- » construction of the new Pavillon Cityhaus II building (including a DZ BANK daycare center) in Frankfurt (SR 35 and 46)
- » introduction of an environmental management system and expansion of the environmental database (SR 33 et seq.).

We aim to have intensified our dialog with non-governmental organizations by the end of 2015. Another of our objectives is to provide e-bike stations and e-bikes for DZ BANK employees to use around the city (SR 35). We will also focus on designing online training for sustainable lending.

“A FUTURE TO BE SHARED”



THOMAS KATZENMAYER
CHIEF EXECUTIVE OFFICER OF
EVANGELISCHE BANK

“With its sustainability-oriented approach, DZ BANK has always shouldered its responsibilities. This is a tradition that it shares with Evangelische Bank. As cooperative financial institutions, both bear responsibility for their members and customers.

Because Evangelische Bank is a church bank, Christian values are reflected in its efforts to permanently enshrine sustainability in the three pillars of economic, environmental, and social/ethical responsibility at the bank.

That is why Evangelische Bank has undertaken to comply with environmental and social/ethical standards – in the form of sustainability criteria – in its own-account investing activities.

Our sustainability check is based on the guidelines on ethical investments issued by Evangelische Kirche in Deutschland (EKD) [Evangelical Church in Germany], guidelines that we helped to develop. In this way, we ensure that our investments are socially responsible, environmentally friendly, and fair to future generations. DZ BANK also operates in a sustainable manner: Partnership and a focus on the long term are a significant element of DZ BANK’S identity. As a member of the DZ BANK Banking Advisory Council for Central Germany, I appreciate this partnership-based approach because it always considers the consequences for the future. A future that we will all share.”

DIALOG WITH OUR STAKEHOLDERS

DZ BANK attaches importance to maintaining a permanent dialog with its stakeholders that is based on trust. These stakeholders include customers, business partners, employees, analysts, and investors, as well as associations, the media, political decision makers, and academia. We also hold regular discussions with various non-governmental organizations so that we can address their questions and concerns.

INDUSTRY LEADER IN THE CRI CORPORATE RESPONSIBILITY INDEX

DZ BANK is among the 39 percent of companies in Germany that have successfully integrated corporate responsibility activities into their business processes and supply chains. In the first CRI Corporate Responsibility Index compiled by the Bertelsmann Foundation, DZ BANK was ranked in the top 20 and was the highest placed company in the financial services sector. This strong position was awarded due to factors such as senior management who support the strategy, a culture of values that can be seen throughout the bank, clearly defined sustainability targets, and measurement of the achievement of these targets. At the same time, the study revealed that the quality of implementation also depends on how long for and how thoroughly a company has focused on sustainability. The 2013 CRI Corporate Responsibility Index, which was published by the Bertelsmann Foundation, the University of Bayreuth, and concern GmbH in 2014, is the most extensive benchmark study of CR management in German companies to date.

Before the study had actually been published, the Bertelsmann Foundation arranged a workshop at DZ BANK in Frankfurt in order to discuss the results and the factors for successful corporate responsibility activities with the companies that had taken part. The Bertelsmann Foundation and concern GmbH collected many examples of best practice during their research. These were presented to the company representatives attending the event, who came from the chemicals, food, pharmaceuticals, and financial services industries.

IMPORTANT INFORMATION GLEANED FROM STAKEHOLDER SURVEY

To manage DZ BANK as effectively as possible, we need the deepest possible understanding of our stakeholders’

social, ecological, and economic interests, experiences, and expectations. In 2012, we conducted an online survey of our external and internal stakeholders for the first time, providing us with important information about our sustainability efforts.

DZ BANK HOSTS HUMAN RIGHTS COACHING SESSION

‘Upholding human rights... but how?’ was the title of a human rights coaching session held by the German Global Compact Network at DZ BANK in Frankfurt in September 2014. The topics on the agenda included how different departments can ensure human rights are observed. During discussions with representatives from other companies, participants also learned about which guidelines can be used to implement human rights in practice.

RESPONSIBLE CORPORATE MANAGEMENT

For DZ BANK, sustainable corporate management is a prerequisite for successful business and a core element of its corporate strategy. Fittingly for our role as a central institution in the cooperative financial network, we have embedded the values of partnership and solidarity into our corporate culture under the banner of ‘Achieving more together’. Our core values are drive, integrity, and trust.

DZ BANK attaches particular importance to achieving effective corporate governance. For us this principally means compliance, risk management, reputation management, and transparent decision making. When setting the remuneration for the Board of Managing Directors, for example, we follow the recommendations made by the Financial Stability Board. And, we structure the remuneration system of the Board of Managing Directors in accordance with the requirements of the German Regulation Governing Remuneration at Institutions (InstitutsVergV) (SR 44).

CODE OF CONDUCT – BEHAVING WITH INTEGRITY

As a responsibly managed company, we provide our employees with principles and rules on how to behave properly and responsibly, particularly in their dealings with customers, business partners, and other members of staff. The Compliance Office (SR 18) has developed a code of conduct in collaboration with other

TENTH VFU ROUNDTABLE AT DZ BANK

Last November, around 100 sustainability managers and executives from the financial sector came to DZ BANK in Frankfurt for the tenth roundtable meeting of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU) [German Association for Environmental Management and Sustainability in Financial Institutions] and the United Nations Environment Programme’s Finance Initiative (UNEP FI). The conference focused on how finance companies can fulfill their obligations to society and incorporate sustainability into their core business. Presentations and panel discussions examined the opportunities and challenges for sustainability management, such as the increasing level of regulation in the financial sector. In addition, there were six working groups that gave delegates the chance to share their ideas and experiences in more detail, covering subjects such as sustainability in the banking industry and changes to reporting.

departments that forms the framework for all directives and guidelines. It came into force on December 3, 2012. In addition, the representatives of the individual compliance functions have worked with the various sustainability coordinators in the DZ BANK Group to produce a code of conduct for the group. This came into force in May 2014 and applies to the entire DZ BANK Group.

DZ BANK posts information about the code of conduct on a variety of channels, including its compliance portal, the internal portal for written procedures, and the welcome page for new starters on the intranet. We have also integrated the code of conduct into existing training programs.

TAKING RESPONSIBILITY THROUGH EFFECTIVE COMPLIANCE MANAGEMENT

Compliance plays an important role in the financial sector – something that DZ BANK has viewed as a

matter of course for many years. Governments are calling on the finance industry for support in the battle against insider trading, market manipulation, corruption, and other criminal behavior, and for the imposition of financial embargoes. Additional rules regulate transactions and subject institutions to disclosure and stringent inspection. This restrictive statutory environment has a fundamental effect on the way we do business as a bank. Furthermore, lawmakers have made increasing demands on banks' compliance departments in the past few years. For example, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [Federal Financial Supervisory Authority] has set out the rules of the German Securities Trading Act (WpHG) in more detail in the Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organization and Transparency (MaComp). And the updates to the Minimum Requirements for Risk Management (MaRisk) have increased the tasks and duties of the Compliance Office still further.

33 SUSPECTED CASES

of money laundering were reported by DZ BANK to the prosecuting authority in 2014.

In its role as a central institution, DZ BANK processes international payments for many local cooperative banks.

INTERFACE FUNCTION OF THE CENTRAL COMPLIANCE OFFICE

As a central institution of the cooperative financial network, DZ BANK bears particular responsibility for guaranteeing good business practices in its own operations. It was back in the 1990s that, in accordance with international standards, we first introduced a central Compliance Office to interact with the

other banking functions. In line with legal requirements, its particular responsibilities are capital markets compliance, the prevention of money laundering, and the new compliance function pursuant to MaRisk. The Compliance Office is also the main body responsible for preventing other criminal activity. Its compliance experts advise managers, staff, and business units in the bank on the implementation and monitoring of legal requirements. The Compliance Office also checks compliance with the provisions of the WpHG, the ban on insider trading, and the rules on employee transactions and ensures that the bank does not become involved in money laundering or the funding of terrorism. The head of the Compliance Office is the designated compliance officer, anti-money-laundering officer, and group anti-money-laundering officer, reporting directly and regularly to the Board of Managing Directors and the Supervisory Board.

FRAUD PREVENTION MEASURES

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

Approach to compliance risk

The Compliance Office works closely with the Group Operational Risk function in the Risk Controlling division, and others, in order to collect data on money laundering risk and fraud risk for the annual risk analysis.

The requirements for the compliance function specified by MaRisk for the banking sector have been implemented by the relevant subsidiaries in consultation with DZ BANK. The DZ BANK Compliance Office lays down the fundamental requirements with respect to the methods for identifying relevant compliance risks to be used across the group. It liaises with the group entities to ensure that consistent procedures are used throughout the group. The managers responsible for the compliance function each report directly to the member of the Board of Managing Directors responsible for this area of activity.

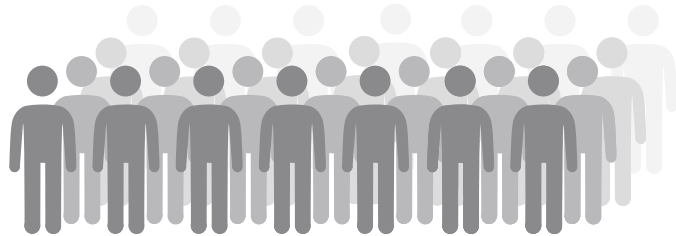
Whistleblowing hotline

To identify irregularities at an early stage, our staff are able to report them in the strictest confidence. In

1,000

PARTICIPANTS

again attended our largest customer event, the DZ BANK Investment Dialog, in 2014.



In addition to a compliance and money-laundering hotline, we operate a whistleblowing hotline that allows employees to anonymously report signs of suspected criminal activity to the head of the Compliance Office, who is the internal ombudsman, or to an experienced lawyer who is acting in confidence as an external ombudsman. They guarantee the whistleblower's anonymity as part of client confidentiality, including vis-à-vis public bodies. The information provided is checked confidentially by a committee. This system helps DZ BANK to ensure it complies with legal obligations and to avoid reputational damage or financial loss.

Compliance training

Our staff receive regular compulsory training in banking compliance, the prevention of money laundering, the ban on market price manipulation, and fraud prevention. The average rate of participation in training is 99 percent. We also offer seminars on specific topics, such as investment advice and the management of conflicts of interest. In 2012, we introduced a software program that examines all trades for market price manipulation.

Data protection

Our staff adhere to all statutory data protection requirements relevant to their work, and we regularly update them on current data protection law. We protect our customers' data and only pass it on to third parties with the customer's consent or if we are legally permitted or required to do so. Our data protection

officer monitors conformity with the law and is the primary contact for our customers, business partners, and staff.

RISK MANAGEMENT

The DZ BANK Group has a comprehensive risk management system that, in general, meets its own business management needs and statutory requirements. Furthermore, the management of opportunities and risks forms an integral part of the groupwide strategic planning process. The risk management system is based on risk strategies that are derived from the business strategy and approved by the Board of Managing Directors. All DZ BANK Group entities are integrated into the groupwide opportunity and risk management system, which is divided between the Bank sector and the Insurance sector.

DEALING WITH REPUTATIONAL RISK

Reputational risk describes the risk of losses from events that damage confidence in DZ BANK Group entities within the Bank sector or in the products and services they offer. It particularly relates to the confidence of customers, investors, the labor market, and the general public. We have included reputational risk in our risk strategy by taking account of the risk

of a loss of confidence in the entities within the Bank sector. In response to potential critical events, crisis communications aimed at mitigating reputational risk will be undertaken to prevent greater damage to the DZ BANK Group. This therefore supports the sustainability concept embraced by the DZ BANK Group.

CUSTOMER DIALOG

For DZ BANK, customer satisfaction is of the utmost priority. Our most important customer group comprises the cooperative banks. As they are also the owners of DZ BANK, we feel particular solidarity and a sense of partnership with them. At the same time, we want to meet the needs of institutional investors and customers of the cooperative banks to the greatest possible degree. That is why we actively seek dialog with our customers and other stakeholders in order to engage them in our business processes to our mutual advantage.

We gauge our customers' satisfaction and the trends affecting small and medium-sized enterprises (SMEs) by conducting regular surveys of our partner banks and companies. In addition, we ensure customer satisfaction by arranging traditional events that provide opportunity for dialog and by using a quality management system (SR 20 et seq.). Like the awards we receive from independent organizations, these help our customers to build trust in the quality of our services.

REGULAR CUSTOMER SATISFACTION SURVEY

Every three years, DZ BANK organizes a survey among the local cooperative banks to check their satisfaction with DZ BANK as a whole and with its individual departments. The 2013 survey showed that 96 percent of those asked were satisfied with DZ BANK, the highest number since the survey began. The next survey is scheduled for 2016.

DIALOG WITH COOPERATIVE BANKS

Using various dialog formats, we aim for two-way communication and dialog with the cooperative banks. Meetings of the regional Banking Advisory Councils and of the Financial Services Advisory Council have a particular strategic significance in this context.

INVESTMENT DIALOG EVENT ON MOBILITY

Investment Dialog, DZ BANK's largest customer event, again welcomed some 1,000 participants in 2014

– primarily members of the Boards of Management and other managers from the cooperative banks and their most important customers. The theme of this year's dialog was 'On the road to the future – mobility as a driving force'.

WORKSHOP ON SUSTAINABILITY REPORTING

In 2014, the European Parliament introduced a requirement to disclose non-financial information for companies with more than 500 employees, thereby affecting many cooperative banks. DZ BANK therefore organized a one-day workshop for the local cooperative banks in spring 2015, at which bankers and sustainability experts had the chance to discuss sustainability reporting.

CURRENT TRENDS AFFECTING SMES

Twice a year (spring and autumn), DZ BANK's SME study delivers information about the latest trends affecting this sector. The survey enables us to regularly ascertain SMEs' expectations of the financial sector, customer satisfaction, and their views on the state of the economy. Because we have been conducting the survey since the 1990s, we are always able to use meaningful time series to classify the results. As in the previous year, the results of the SME analyses and surveys of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of Local Cooperative Banks], DZ BANK, and WGZ BANK were evaluated together in autumn 2014. In addition, representative flash polls on current topics, such as digitization, give us an idea of the mood among small and medium-sized enterprises. We introduced these polls in 2012 to complement the much more extensive spring and autumn surveys.

QUALITY MANAGEMENT AND DEALING WITH COMPLAINTS

To ensure customers of both DZ BANK and the cooperative banks receive the best possible service, DZ BANK uses a quality management system – and was the first issuer to do so – to develop products, monitor product specifications, and measure customer satisfaction. The system, which is based on the ISO 9001:2008 industry standard, is audited and certified by product standards regulator TÜV Süd. In addition to product development, experts from TÜV have, since 2011, been regularly inspecting customer service in the Capital Markets Retail division, which follows ambitious quality standards for dealing with customer

inquiries in terms of availability for customer contact and processing times.

Managing complaints is a fundamental aspect of quality management. DZ BANK deals with all complaints promptly, whether they are made by telephone, letter, email, or in person. All divisions with direct or indirect contact with customers have complaints managers who ensure complaints are dealt with in a customer-focused manner.

SKILLS FOR FUTURE-FOCUSED BUSINESS

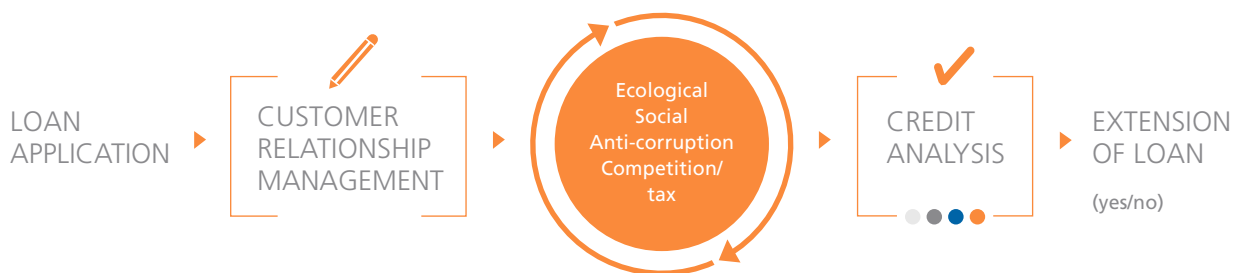
DZ BANK ensures that its products and services always meet sustainability criteria. This means added value for customers, the environment, and society, thus contributing to the success of our business. When granting loans, for example, one of the aspects that we examine is the sustainability of the borrower

or funding project (SR 22). In addition, DZ BANK and the cooperative banks have been successful players in the fast-growing renewable energies market for more than ten years (SR 24 et seq.). We also support investors interested in sustainability. Cooperative banks and institutional investors, for example, can make use of DZ BANK Sustainable Investment Research's comprehensive audit and consultancy service for sustainable investments in equities (SR 26 et seq.). In 2013 and 2014, DZ BANK was ranked among the six largest bookrunners in the market segment for green bonds (SR 27).

SUSTAINABLE LENDING

DZ BANK takes its responsibilities very seriously, especially in its core business. In our lending operations, we systematically assess all loan applications (conventional loans, project finance,

SUSTAINABILITY CHECK



Ecological: environmental protection; insurance in case of environmental damage; products; previous usage of company land

Social: working conditions; respect for human rights; protection of heritage, property, sites of cultural or historical interest, and neighboring residential areas

Anti-corruption: the combating of corruption in all its forms, including extortion and bribery

Competition/tax: provisions of competition law and tax law; prevention of tax evasion

and customer-specific trading limits) against relevant sustainability criteria as part of the credit check process. To this end, DZ BANK has developed a uniform bank-wide procedure based on a comprehensive sustainability checklist and sector-specific principles. We have been capturing the results since July 2011. In 2014, our employees approved 1,503 loan applications that had undergone a sustainability check.

DZ BANK's sustainability checklist, which has been in use since 2009, is based on the ten principles of the United Nations Global Compact and the Equator Principles (SR 24). We use the list to assess all the factors relevant to a loan that may affect ecological or social risk. The assessments conducted by our experts look at business partners, customers, suppliers, sector, commercial focus, and other aspects.

HOW THE SUSTAINABILITY CHECK WORKS

The sustainability checklist is based on a four-stage traffic light system with levels ranging from exemplary (green = 1) to dubious (red = 4). It contains ten inspection criteria in four areas (ecological, social, anti-corruption, and competition/tax) plus an additional criterion if necessary:

- » environmental protection
- » insurance in case of environmental damage
- » products
- » previous usage of company land
- » working conditions
- » respect for human rights
- » protection of heritage, property, and sites of cultural or historical interest
- » protection of neighboring residential areas
- » anti-corruption (corruption in all its forms, including extortion, bribery, and inadequate benefits; increasing employee awareness in order to tackle corruption)
- » competition/tax (compliance with provisions of competition law and tax law; prevention of tax evasion).

As part of the sustainability check, each individual criterion is allocated a value. The overall rating for the loan is obtained by taking the average of the values. If this figure exceeds 3.5, no loan is granted. Loans to cooperative banks and entities in the DZ BANK

Group, as well as certain low-risk loan products and exposures that are being restructured, are exempt from the checks.

SECTORAL RULES FOR SENSITIVE INDUSTRIES

For the assessment of loan applications from sensitive industries, such as forestry and extraction of raw materials, DZ BANK uses its sectoral rules in addition to the sustainability check. These provide a frame of reference for loan approvals. Processing in accordance with the sectoral rules is an integral part of the sustainability check.

REJECTION CRITERIA FOR LENDING

Since 2005, DZ BANK's lending guidelines have set out how to deal with sensitive industries. In 2014, we translated these guidelines into criteria for rejecting loan applications, which the customer relationship managers use for guidance and which they take into account when assessing loan applications. The criteria currently apply to weaponry, pornography, gambling, significant environmental risks, and human rights abuses.

Weaponry

DZ BANK rejects loan applications in connection with all types of weaponry outside NATO or in areas of tension, or for which the German Federal Security Council has not given its consent. In addition, DZ BANK avoids loans that support the production or trading of controversial weapons, specifically cluster bombs and landmines.

Significant environmental risks

DZ BANK rejects loan applications for companies and projects posing a significant risk to the environment, such as uranium mining.

Prostitution

DZ BANK does not lend to borrowers from the pornography industry or similar sectors (prostitution).

Gambling

DZ BANK does not grant loans to companies involved in controversial forms of gambling.

Significant human rights abuses

DZ BANK does not lend to companies that contravene internationally accepted standards of human rights and labor.

SUSTAINABILITY SEMINARS FOR MULTIPLIERS

In 2011, DZ BANK began providing training on sustainability criteria for loans to multipliers working in its lending business. Up to the end of 2014, a total of 79 employees – predominantly from corporate customer and credit analysis divisions – had attended a seminar on sustainable lending as part of DZ BANK's general professional development program. The training courses teach employees about DZ BANK's conception of sustainability and how this is put into practice in day-to-day lending. The instruction modules are designed to enable course participants to support their departmental colleagues in using the sustainability checklist. We will continue to offer these courses in the future.

A PARTNER FOR DEVELOPMENT LENDING

When it comes to development lending, DZ BANK supports the cooperative banks with marketing solutions and specialist knowledge, particularly in relation to development loans in the areas of environmental protection and sustainability. Investing in improved energy efficiency is becoming increasingly important for retail and corporate customers alike. Another focus is on action plans for coping with demographic change, including socially oriented programs that encourage the adaptation of housing and other buildings for older people. These themes will continue to be a mainstay of our sales activities for development lending in 2015.

BUSINESS IN 2014

In 2014, DZ BANK's development lending amounted to €6.1 billion, significantly below the 2013 level of €7.1 billion. This was primarily due to a decline in the commercial sector in investments made by small and medium-sized enterprises. The volume of new business generated by DZ BANK and the cooperative banks for development loans from Germany's KfW development bank came to €3.7 billion (2013: €4.4 billion). With a share of 13 percent of all loans made by KfW, DZ BANK was again the development bank's biggest single customer. Measured by volume with KfW, DZ BANK has a 10 percent market share of the commercial environmental sector and a 20 percent share of the retail sector. Above all, this performance was driven by public-sector programs for construction and renovation work. In the commercial sector, however,

1,503

LOAN APPLICATIONS

with a sustainability check were examined and approved as sustainable by DZ BANK staff in 2014. The checks took into account social and ecological aspects such as human rights and environmental protection.

SMEs' declining inclination to invest had an adverse effect on the lending business, including developing lending. Moreover, the low oil price caused companies to rethink their plans to improve energy efficiency.

DEVELOPMENT LENDING PRIZE FOR COOPERATIVE BANKS AND CUSTOMER ADVISORS

In 2014, DZ BANK again awarded its annual development lending prize to a total of 64 cooperative banks. We hand out this accolade to institutions that – irrespective of their region and total assets – have achieved significant growth in their development lending and whose new business from development loans represents an extremely large share of their total assets. The winning bank in each total assets category and each region also receives a monetary reward. In 2015, we will work with the development banks and the cooperative financial network's regional banking associations to identify and honor the best development lending advisors in each category of cooperative bank for the first time.

PROJECT FINANCE

DZ BANK has many years of experience in project finance. Our extensive expertise enables us to assist the institutions in the cooperative financial network on all matters relating to this type of funding, which is ideal for large-scale, capital-intensive projects.

Project finance describes one-off, commercially and legally self-contained capital investment projects. The investors set up a project company specifically to implement the project. As a rule, this company is also the borrower. The income that the investment asset later generates is used to repay the loan. The asset itself serves as collateral for the project finance.

The focus at DZ BANK is in the following areas:

- » energy generation and distribution, including renewable energies (SR 24 et seq.)
- » infrastructure and public-private partnerships (PPPs).

Project finance focused on renewable energies in Germany last year, as it had in 2013. At the end of 2014, the volume of project finance credit limits approved by DZ BANK for wind, solar, and biogas/biomass came to around €2.9 billion. Wind power continues to be the biggest renewable energy source and had a volume of approximately €1.4 billion at the end of 2014.

SUSTAINABLE STANDARDS FOR PROJECT FINANCE

In 2013, DZ BANK officially recognized the Equator Principles, which were drawn up by international project finance institutions. In signing up to this voluntary undertaking, we have assumed responsibility for the environment and society and have publicly formalized our already long-established practice of taking sustainability standards into account in project finance transactions. At the same time, DZ BANK has created a framework for a proactive system of risk management, particularly in relation to high-volume project finance.

The Equator Principles introduced in 2003 comprise ten guidelines for all new project finance transactions involving a net investment of over US\$ 10 million. The total volume of a project determines how it is categorized; the portion invested by DZ BANK itself may be lower. Since the introduction of the Principles, 80 financial institutions from 34 countries, including some of the world's leading project finance banks, have signed up to them. Together they represent over 70 percent of project finance volumes in emerging markets.

RENEWABLE ENERGIES: A GROWTH AREA

Through their commitment to the development of renewable energies, DZ BANK and the cooperative banks are making a considerable contribution to the success of the energy transition in Germany. The cooperative model has proved its worth in both the expansion of renewable energies and the increase in energy efficiency.

It was over ten years ago that DZ BANK categorized the renewable energies megatrend as a major growth area. Our total lending volume in this sector is now around €2.9 billion. The continuous growth in the market for renewable energies is being fuelled by the political decision to implement the shift in German energy policy, along with public interest in energy generation from renewable sources.

Wind power continues to have the most potential and will remain the focus of our renewable energies lending in the future. DZ BANK's development lending business is also still helping to reduce energy usage in Germany through the funding of better insulation, heating technology, and other advances (SR 23).

WIDE RANGE OF PRODUCTS IN THE ENERGY SECTOR

With the cooperative banks working locally and the DZ BANK Group supporting them, the cooperative financial network brings together the substantial

€2.9 billion

was the volume of project finance credit limits approved by DZ BANK for wind, solar, and biogas/biomass up to the end of 2014. Wind power is the biggest renewable energy source and had a volume of approximately €1.4 billion at the end of 2014.

DZ BANK SUPPORTS SUSTAINABILITY IN AGRICULTURE

Agribusiness and renewable energies are growing industries that represent a very important area of business for DZ BANK and we have traditionally had strong ties with them. They go hand in hand with the day-to-day business of DZ BANK and the firms that it finances. This is another field in which we work closely with the local cooperative banks in their regions. Our specialist agriculture and renewable energies teams, for example, help the local cooperative banks to manage investments in agribusiness and renewable energies.

Sustainability is a fundamental aspect of these investments. We use our sustainability checklist (SR 22) to assess loan applications from the agricultural sector. This means we can check whether our customers adhere to regulations and legislation governing pollution and animal welfare, a mandatory requirement for establishing a business relationship. We particularly support companies that take an innovative and sustainable approach in their business. One of these is SEYDALAND Vereinigte Agrarbetriebe, an old-established farming business in eastern Saxony-Anhalt.

SEYDALAND: RECYCLING SYSTEM ENABLES EFFICIENT USE OF ELECTRICITY AND HEAT

SEYDALAND differs from other farms in that its business extends to numerous types of modern, eco-friendly agriculture, including milk production, asparagus growing, and arable farming. Its product range includes both organic and conventionally produced

items, some of which it sells in its own shop. However, SEYDALAND's unique feature is its sustainable recycling model covering all of its agricultural businesses. Waste from animal production, for example, is converted into electricity and heat in biogas plants. The heat generated in this way is sufficient to provide all of the heating needed in the pigsties at SEYDALAND.

Besides obtaining energy from biogas, the company is also committed to photovoltaics. In just eight months, SEYDALAND has renovated the roofs on four of its production facilities and installed solar panels. All of the solar power that they generate is fed into the public electricity grid. "Few other sectors are as sustainable as agriculture. This is illustrated by SEYDALAND, which exemplifies the many other farms that are supported by the local cooperative banks in Germany," says Bernd Boger-Möller, an agricultural specialist at DZ BANK.

DZ BANK has been assisting SEYDALAND in cooperation with the farm's local cooperative bank, Volksbank Elsterland, since 2010, but the relationship between the local bank and SEYDALAND goes back much further. "DZ BANK is a professional partner to which we can turn on any agricultural matter. We especially appreciate the bank's long-term perspective when it comes to selecting sustainable investments. Working together, we were able to create a solid basis for our large-scale investments in renewable energies and eco-friendly farming," says Jens Fromm, Managing Director of SEYDALAND.

commercial potential of the renewable energies and energy efficiency sectors. The spectrum of energy-related business initiatives at DZ BANK is extremely diverse, ranging from project finance for the construction and repowering of wind, solar and biogas facilities, to the financing of projects through energy cooperatives and helping SMEs looking to invest in improving their energy efficiency. The cooperative banks play an important role in this process, thanks to their network of local contacts.

AGRICULTURE, NATURE, AND ENERGY (ANE) TEAM

The cooperative banks are supported by the experts on DZ BANK's Agriculture, Nature, and Energy (ANE) team on all matters and concerns relating to investment in renewable energies. In 2014, the ANE team, whose members are drawn from different parts of the bank, decided to create stronger skill sets by forming two separate groups, one for agriculture and one for renewable energies. This means that the cooperative banks in all regions can now call on special agricultural and energy experts for help with advising their local customers. A major strength of the ANE experts is that they combine expertise in their respective fields with a deep understanding of regional circumstances.

SUSTAINABILITY RESEARCH: INVESTMENTS FOR COOPERATIVE BANKS AND INSTITUTIONAL INVESTORS

Since 2011, DZ BANK's sustainability research has offered a comprehensive audit and consultancy service for investments in equities. This includes analyzing all shares that are evaluated by DZ BANK. It is combined with fundamental analysis and work by other departments to generate practical investment ideas from sustainability trends. This service is primarily aimed at cooperative banks and institutional investors in Germany and abroad that, due to regulatory requirements and growing customer demand, are increasingly having to evaluate their investments and product portfolios using sustainability criteria.

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

Companies that our analysts classify as 'sustainable' are awarded the DZ BANK Research seal of approval for sustainability and are identified as such in the unit's publications. The ratings are used for the almost 300 individual securities in the DZ BANK equity universe. Around 30 percent of these securities have been classified as sustainable by the sustainability research team.

EXTENSION TO OTHER ASSET CLASSES

Bonds became one of the asset classes analyzed from a sustainability perspective in 2014. Among other activities, the sustainability research and bond research teams jointly produced a publication entitled 'Nachhaltig investieren mit Anleihen – Eine Einführung' (Investing Sustainably with Bonds – an Introduction), which focused on 'green bonds'. The study provides investors with a general overview of ways of investing sustainably in bonds, paying particular attention to green bonds, an investment vehicle that is growing extremely rapidly. By the end of 2016, we also plan to have extended the sustainability rating from DZ BANK Sustainable Investment Research to include the bonds asset class and to integrate the rating into fixed income research.

DISCUSSING THE RESEARCH

The sustainability research team talks to all customer groups and is the impetus for intensive networking aimed at marketing relevant products and embedding sustainability as an investment theme. This is illustrated by the following examples from 2014:

Marcus Pratsch, head of sustainability research at DZ BANK, provided an insight into the fast-growing market for green bonds at the Climate Awareness seminar held by the European Investment Bank (EIB) in Frankfurt. His presentation focused on the challenges and opportunities of this new investment class and revealed the importance of green bonds as an investment vehicle given that climate change can no longer be stopped.

In 2014, the total number of events run by the sustainability research team was around 20 percent higher than in the previous year.

GREEN BONDS:

A NEW, SUSTAINABLE ASSET CLASS

Green bonds are bonds with which issuers can raise capital for socially responsible, environmentally friendly, or sustainability-oriented projects and

markets. So far, the focus has mainly been on investment projects in the areas of renewable energies and climate change. Proof is required that the use of issue proceeds for such purposes is kept separate from applications of funds that do not meet these criteria.

To provide guidance for customers, the issuers, investors, and environmental associations have drawn up guidelines that set out a model issuance process for green bonds. These include the Green Bond Principles (GBP), which contain voluntary procedural rules for issuers and underwriters that recommend transparency and are designed to ensure the integrity of the green bond market. To date, 77 issuers, underwriters, and investors have signed up to the GBP, including DZ BANK (as at February 2015). Investors with an interest in sustainability can also look at issuers' internal and external sustainability ratings and green bond certification when deciding where to invest. DZ BANK plans to extend the sustainability rating from its Sustainable Investment Research to include the bonds asset class by the end of 2016 (SR 26).

DZ BANK has operated in the green bonds market segment since 2013, where it was ranked among the six largest bookrunners in 2013 and 2014. Our activities in this segment included supporting the issuance of NRW.BANK's first green bond and playing a key role in syndicates that, to date, have supported two climate change bonds from the European Investment Bank (EIB). Coordinated by DZ BANK, the second of these two bonds was mandated by the EIB to a consortium of the Unico Banking Group, an alliance of eight leading cooperative central institutions in Europe.

LIQUIDITY RESERVE BASED ON SUSTAINABILITY CRITERIA

DZ BANK holds ample liquidity reserves so that it can protect its liquidity against any potential crisis-related threats. These special-purpose investments have to satisfy certain regulatory and economic conditions. But we also ensure that our investments fulfill sustainability criteria. That is why, in August 2013, DZ BANK reviewed its liquidity reserve from a sustainability perspective and screened it using existing ratings-based approaches. The review found that more than 90 percent of the investment products used could be classified in accordance with a well-established sustainability rating or fulfilled sustainability requirements. When deciding on the loan facilities for investments in our liquidity reserve,

"DZ BANK TAKES ITS RESPONSIBILITIES SERIOUSLY"



BIRGIT RIESS

DIRECTOR OF THE BERTELSMANN FOUNDATION'S
BUSINESS IN SOCIETY PROGRAM

"The economy is part of society. So it is no surprise that society is questioning the role of companies in light of the challenges it faces, such as demographic change and globalization.

Sustainability has to be the main guiding force in how we tackle these challenges.

Companies' core business is a key factor here, with the financial sector coming under particular scrutiny. Donating to community-based or cultural projects is no longer enough. Successful sustainability management sets priorities in terms of responsibility for customers and products. The complexity of products and services means the watchwords are transparency and clarity.

Social and environmental aspects must also be taken into account in lending and investment business. DZ BANK has shown that it has stepped up to meet these requirements – and has done so successfully. From helping to fund the switch to renewable energy sources to checking the sustainability of loan applications, DZ BANK takes its responsibilities seriously. This is also reflected in its excellent ranking in the Bertelsmann Foundation's Corporate Responsibility Index (CRI)."

we rigorously apply our internal sustainability checklist and our rejection criteria in the same way as we would for any other loan (SR 22 et seq.).

NO MORE PRODUCTS BASED ON AGRICULTURAL COMMODITIES

The entire DZ BANK Group has not offered products based on agricultural commodities since spring 2013. However, DZ BANK, with its long tradition of serving the agriculture sector, continues to help its corporate customers to hedge prices through the use of standardized products that are separate from the products and services offered to retail customers.

QUALITY AND SECURITY OF SUSTAINABLE INVESTMENT PRODUCTS

DZ BANK attaches great importance to the quality and security of its sustainable investment products, and we have therefore put a range of internal precautions in place. These processes are subject to a quality management system that is based on the ISO 9001:2008 industry standard and has been certified by TÜV Süd (SR 21).

ANLAGE ZUKUNFT PRODUCT LINE

The investment certificates in the Anlage Zukunft product line are based on equities in companies with a balance of economic, environmental, and social objectives. DZ BANK's product experts work closely with the inhouse sustainability research team to select the underlying instruments for these investment certificates. The analysts examine companies from the fast-growing environment & resources, infrastructure & transportation, welfare & education, nutrition & quality of life, and healthcare markets, and evaluate

them in accordance with a set of stringent criteria. The companies are selected on the basis of the DZ BANK sustainability rating.

Moreover, retail investors demand a high level of security from investment certificates as a result of their experiences during the financial crisis. DZ BANK's investment-grade credit ratings enable it to satisfy this demand. In addition, it is a member of the BVR protection scheme, which is obliged by its charter to protect investors' deposits. In the event of DZ BANK's insolvency, customers holding investment certificates issued by DZ BANK are provided with unlimited protection by the scheme.

ADHERENCE TO THE DDV'S FAIRNESS CODE

DZ BANK is a founding member of the Deutscher Derivate Verband (DDV) [German Derivatives Association] and actively works with other issuers to promote greater transparency in the retail banking market. In 2013, the members of the DDV published a fairness code, a voluntary commitment regarding business activities in relation to the structuring, issuance, marketing, and trading of structured securities such as investment certificates and warrants. The code lays down guidelines for the responsible handling of investors' capital and trust that go beyond the legal requirements. As a result of the fairness code, the investment certificates sector now leads the way in Europe in terms of the comprehensibility and transparency of its products. The voluntary commitment should also help to ensure proper and targeted regulation that actually offers retail investors genuine added value.

KEY PERFORMANCE INDICATORS: SUSTAINABLE BUSINESS

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

LONG-TERM RATINGS OF THE DZ BANK GROUP

	2014	2013	2012
Standard & Poor's	AA-	AA-	AA-
Moody's Investor Service	A1	A1	A1
Fitch Ratings	AA-	A+	A+

LENDING VOLUME BY ENERGY TYPE

€ million	2014	2013	2012
Wind power	1,419.7	883.2	772.3
Biogas	77.6	80.4	61.3
Biomass	50.7	54.5	34.5
Photovoltaics	984.9	875.7	953.9
Other renewable energy sources	411.7	451.9	143.9
Total	2,944.6	2,345.7	1,965.9

The growth trend in lending for renewable energies remains strong, especially in the wind and solar power segments.

COMPLIANCE TRAINING IN 2014

	2014	2013	2012
Total number of participants			
Compliance for banks (incl. follow-up courses)	663	3,305	7,212
Prevention of money laundering (incl. follow-up courses)	392	3,247	7,331
Ban on market price manipulation (incl. follow-up courses)*	147	850	1,111
Fraud prevention for managers (incl. follow-up courses)**	403	26	437
Fraud prevention for employees (incl. follow-up courses)**	3,291	169	3,404

* The training course about the ban on market price manipulation was launched in August 2011 and is aimed at staff in trading or trading-related units.

** Training courses in fraud prevention were introduced in December 2011.

Training courses and follow-up courses are not always held annually. Participant numbers vary from year to year, depending on when staff are required to take the courses.

MAIN FINANCIAL KPIS OF THE DZ BANK GROUP (IFRS)

€ million	2014	2013	2012
Profit before taxes	2,867	2,221	1,319
Net profit	2,157	1,467	969
Total assets/total equity and liabilities	402,543	385,398	407,236
Equity	18,106	14,188	12,641
Tier 1 capital ratio (%)	13.7	16.4	13.6

MAIN FINANCIAL KPIS OF DZ BANK AG (HGB)

€ million	2014	2013	2012
Operating profit	518	508	1,100
Profit/loss before taxes	358	242	-317
Income taxes	-145	-76	445
Net income for the year	213	166	128
Total assets/total equity and liabilities	204,184	217,898	238,504
Equity	7,994	6,461	6,417
Tier 1 capital ratio (%)	17.8	20.5	17.7

DEVELOPMENT LENDING

€ billion	2014	2013	2012
New business volume	6.1	7.1	7.3
Of which: KfW new business volume	3.7	4.4	4.7

With a share of 13 percent of all loans made by KfW, DZ BANK was again the development bank's biggest single customer in 2014.

TWO COOPERATIVES ON COURSE FOR SUCCESS



Project II

ENERGIEGENOSSENSCHAFT ODENWALD

Helping the region to progressively
switch to renewable energies





Christian Breunig Chief Executive Officer of *Energiegenossenschaft Odenwald eG (EGO)*
Ralf Magerkurth Member of the Board of Managing Directors of *Volksbank Odenwald*
(from left to right)

*Founded more than six years ago, Energiegenossenschaft Odenwald (EGO) is now one of the largest and **most successful** energy cooperatives in Germany. Volksbank Odenwald is a **founding member** of EGO and continues to support it as its partner and advisor.*

TRANSFER OF COOPERATIVE EXPERTISE

EGO was founded in February 2009 with 203 members. Since then, that number has increased more than tenfold. The energy cooperative has almost 80 photovoltaic installations and two solar power plants that enable it to reduce CO₂ emissions from various sources by over 10,500 tonnes per year. In 2013, it received the German Solar Prize in recognition of its achievements, with the panel of judges describing it as a “committed pioneer”.

Another reason for EGO’s success was the approach taken by its local cooperative bank, Volksbank Odenwald, when it was founded – an approach that was rooted in

the cooperative philosophy. That is why the two members of EGO’s Board of Managing Directors are from Michelstadt-based Volksbank Odenwald, which has always operated according to the principle of helping people to help themselves. This ensured that experts were involved from the outset who were familiar not only with the business model but also with the region. “Volksbank Odenwald has an excellent reputation as a champion of our region, which meant people had a lot of confidence in us when we were setting up EGO,” says Christian Breunig, Chief Executive Officer of EGO. “Our approach was to stimulate regional interest in expanding renewable energies – and, working as a team, we succeeded in doing so.”



€ **25** million has been invested in regional value creation.

A MODEL OF REGIONAL VALUE CREATION

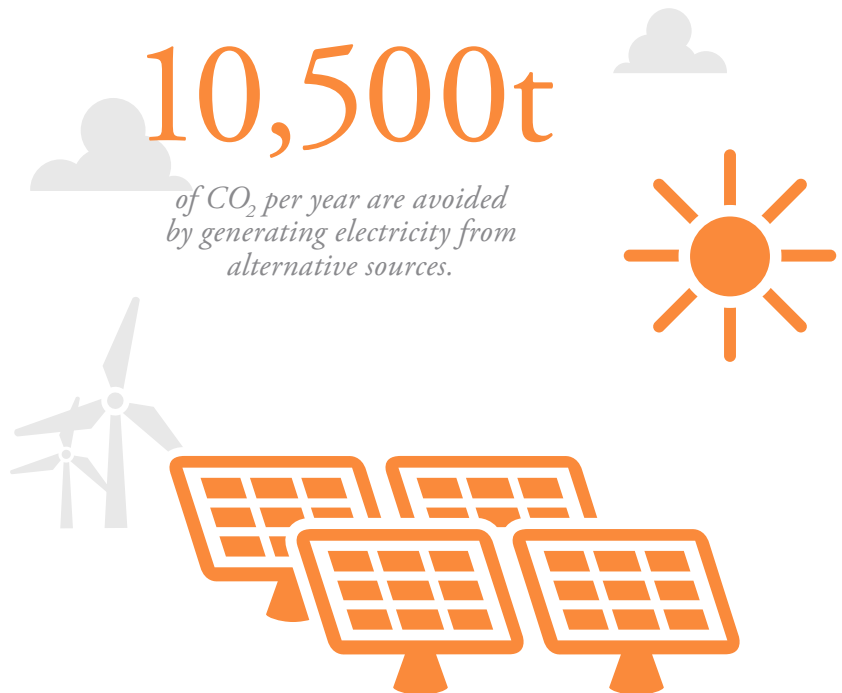
The success of the collaboration between the two cooperatives, EGO and Volksbank Odenwald, is particularly clear at the 'energy house', which is EGO's headquarters and a beacon project for a regional network of construction, housing, and energy companies. All public-sector institutions in this field are represented here. Regional companies in the renewable energies, renewable resources, and energy efficiency sectors have made this their headquarters so that individual companies, and the entire network,

can form alliances faster and more efficiently thanks to their proximity. Almost all of the 200 contractors involved in the building's construction were regional companies. The total capital expenditure of €25 million therefore directly benefited the region. EGO was thus not simply founded with environmental objectives in mind; it can also be seen as a program that supports SMEs.

Besides the benefits for SMEs and for Volksbank Odenwald and EGO themselves, this cooperative partnership model above all generates value for the 43,500-plus members

10,500t

of CO₂ per year are avoided by generating electricity from alternative sources.



of Volksbank Odenwald and the approximately 3,000 members of EGO. In 2014, the bank distributed

“Volksbank Odenwald has an excellent reputation as a champion of our region.”

a dividend of 7 percent while EGO paid a dividend of 3.5 percent. EGO's total assets amounted

to more than €50 million as at December 31, 2014.

Ralf Magerkurth, a member of Volksbank Odenwald's Board of Managing Directors, is optimistic about the future of the partnership between the two cooperatives: “Although EGO has been standing on its own two feet for a long time now and is an independent cooperative that is setting its own direction, we all see close collaboration within the cooperative family as an important duty and a matter of course for all of us.” «

DZ BANK INVESTS IN RENEWABLE ENERGIES

Renewable energies are a particularly good example of how well the local cooperative banks and DZ BANK collaborate with each other. The cooperative model is extremely successful in this area, whether the aim is to expand the use of renewable energies or to increase energy efficiency. To date, one in three photovoltaic installations and one in three energy-efficient houses have been financed by a cooperative bank. DZ BANK also engages in a broad range of energy-related business, including providing project finance for wind farms and helping SMEs to invest in improving their energy efficiency.



More information:
www.ego-strom.de

HIGHLIGHTS:
ENVIRONMENTAL PROTECTION
AND CLIMATE CHANGE

SINCE
2010

WE HAVE ONLY OBTAINED
ELECTRICITY FROM
RENEWABLE SOURCES.

€ **17.4**

million

*IS THE AMOUNT WE ARE
INVESTING IN OUR NEW
BUILDING, WHICH INCLUDES
A DAYCARE CENTER AND
HAS BEEN CERTIFIED
IN ACCORDANCE WITH
HIGH ENVIRONMENTAL
STANDARDS.*

15

PERCENT

IS THE PROPORTION OF OUR
CO₂ EMISSIONS THAT WE AIM
TO CUT BY 2020.

2014

was the year in which sustainability
rating agency oekom research named
us as an industry leader in the banking
sector for our progress on sustainability.

ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

Protecting the environment together

Sustainability is not only a feature of DZ BANK's core business. We also try to minimize our impact on the environment at our offices. Our engagement in this area ranges from improved recording of environmental KPIs, efficient building technology, and green travel to sustainable purchasing and end-to-end management of resources and waste. At the same time, we are setting ourselves ambitious targets aimed at making us more efficient. The activities we are undertaking to protect the environment are intended to show our colleagues, customers, and other stakeholders just what improvements are possible.

CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION

A key concern for DZ BANK is climate change and environmental protection. That is why our engagement in this area goes beyond the statutory requirements. This applies not only to the bank and its employees but also to our service providers and suppliers because DZ BANK considers sustainable purchasing to be important, too. By all working with the same objectives in mind, we can implement our plans more efficiently. Our target is to lower the total CO₂ emissions across all sites by 15 percent by 2020 (compared with the base year 2012) and progressively make DZ BANK carbon neutral.

ENVIRONMENTAL PROTECTION: A MATTER FOR ALL DIVISIONS

DZ BANK aims to apply the principles of climate protection in every one of its divisions. The specific areas of action are the energy efficiency of our

buildings, employees' paper consumption, business travel, and the running of our cafeterias. In the cafeterias, we use local produce and – as is the case throughout the bank – are continually working on ways to reduce water consumption. Moreover, organic waste is recycled and converted into a clean source of energy by food waste company ReFood.

Our overarching objectives for environmental protection in the bank include optimizing the consumption of resources, making greater use of renewable energies, and thereby reducing our direct and indirect CO₂ emissions. Where it is not possible to avoid CO₂ emissions, we want to increasingly offset them in order to minimize our environmental footprint.

CONTINUOUS IMPROVEMENT IN ENVIRONMENTAL PERFORMANCE

DZ BANK endeavors to improve its environmental performance and environmental management on an ongoing basis. Based on specific environmental targets, our environmental management system enables us to determine meaningful data and therefore continuously monitor environmental pollution. We set ourselves medium-term targets as part of our sustainability program that help us to progressively improve our environmental footprint.

LESSENING OUR IMPACT ON THE ENVIRONMENT

DZ BANK's aim is to keep the environmental impact of its business activities to a minimum. The greatest potential for doing so is at our headquarters in Frankfurt. Environmental experts at DZ BANK are relentlessly utilizing this potential, thereby helping to shrink our environmental footprint and cut costs.

MORE EXTENSIVE ENVIRONMENTAL DATABASE

DZ BANK systematically monitors, documents, and reviews all of its activities and business processes that have an impact on the environment. In 2014,

the environmental management team worked hard to further enhance the quality and basis of the environmental data that is collected. For example, we now document even more types of paper in our environmental database than before (SR 36). And, since 2013, we have achieved almost 100 percent coverage for our environmental KPIs at all sites in Germany.

To measure CO₂ emissions, the DZ BANK uses the VfU's conversion values for all KPIs. We contributed to the production of the conversion tables in our role as an active sponsoring member of the VfU. As a result, we calculate our impact on the climate in accordance with the Greenhouse Gas Protocol (GHG), scopes 1, 2, and 3. This helps us to show the volume of indirect CO₂ emissions generated by our business activities.

REDUCTION IN CO₂ EMISSIONS

DZ BANK has set itself a target of cutting its CO₂ emissions by a further 15 percent by 2020 (compared with the base year 2012). The ways in which we plan to achieve this include making business trips and messenger services as carbon neutral as possible, or avoiding

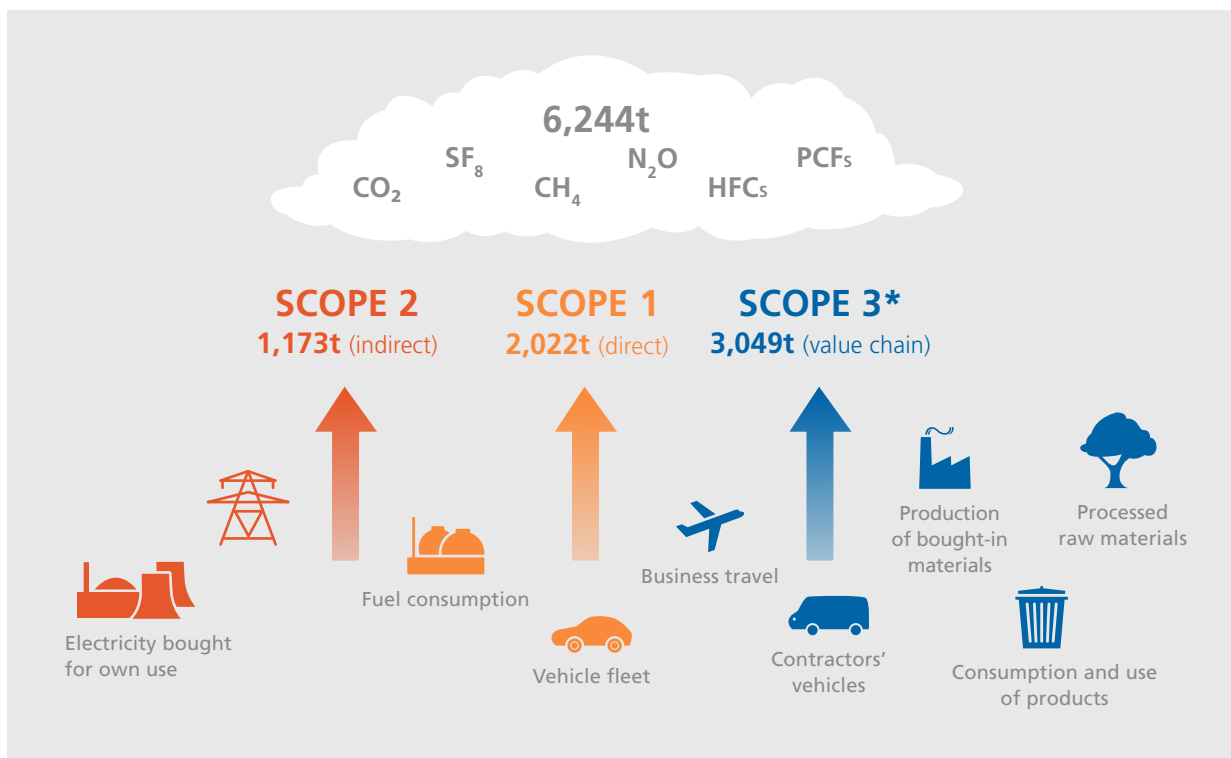
them altogether where feasible (SR 35). We achieved our target of reducing CO₂ emissions by 30 percent compared with 2008 in 2011, a year earlier than expected. Since 2010, all our major offices, including Frankfurt, Berlin, Hannover, Stuttgart, and Munich – have only consumed electricity generated from renewable sources. Moreover, our offices are heated with district heating, which further reduces our impact on the environment and climate.

Where we are only able to exert influence indirectly, we try to avoid environmental harm to the greatest extent possible or to offset it by acquiring the necessary certificates. Since 2010, for example, we have been offsetting the CO₂ emissions of one of our most important events – Investment Dialog – through emissions certificates for financing the Yuntdag wind farm in Turkey.

INCREASINGLY EFFICIENT BUILDING TECHNOLOGY

A key element of our energy management strategy is the ongoing process of updating the technical facilities in our buildings. In 2014, we continued to modernize the way that the air conditioning is powered. Our plans for 2015 include switching over the staircase lighting

DZ BANK AG'S CARBON FOOTPRINT IN 2014



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

of Cityhaus I in Frankfurt to LED technology and optimizing the lights in the elevators. We have also set other long-term goals for this building, where we intend to replace the cooling towers by the end of 2017 and completely update the induction units for the office air conditioning system by the end of 2026.

In 2014, DZ BANK began its project to build the new Pavillon Cityhaus II in Frankfurt, which will have numerous new features for employees (SR 46) but will also take account of many environmental aspects. The foundation stone was laid at the start of 2015. Our total investment in the five-storey building, which has been certified in accordance with high environmental standards, will be roughly €17.4 million. We are aiming to obtain silver certification from the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) [German Sustainable Building Council] for the planning and implementation of the building project. This certification places higher demands on the planning and construction process: For example, recyclable building materials have to be used and the waste and noise produced on the building site must be kept to a minimum.

DZ BANK CERTIFIED BY ECOPROFIT

In 2014, DZ BANK was awarded ECOPROFIT certification from the City of Frankfurt. ECOPROFIT stands for 'ecological project for integrated environmental technology' and aims to encourage companies to systematically take steps that protect the environment but also reduce costs. Through this program, which provides companies with advice on environmental matters, Frankfurt is taking another step toward becoming a 'green city'. Besides environmental and economic objectives, ECOPROFIT also focuses on social aspects, such as making employees aware of, and contributing to, environmental protection in the workplace.

DZ BANK has been involved in the Frankfurt ECOPROFIT project since 2013. Within its framework, we have restructured our environmental management system, adopted new ways of protecting the environment, and set new consumption targets. The 2014 certification process was preceded by nine workshops with participating Frankfurt-based companies, three site visits, and preparation for the ECOPROFIT commission's audit. The auditors particularly highlighted the eco-friendly aspects of our work to replace the building technology, the cross-divisional collaboration demonstrated by the environment team, and the extensive

internal communications aimed at establishing the environment as a priority at the bank. Since the end of 2014, DZ BANK has also been a member of the ECOPROFIT club of the City of Frankfurt, which involves undergoing an annual review of environmental management and other activities.

GREEN TRAVEL

Travel is essential to our work. As a central institution, we support more than 900 independent cooperative banks – which includes making on-site visits. In 2014, our employees covered a total of around 24 million kilometers on business trips, which was roughly the same distance as in 2013. In the future, we aim to avoid trips with a large carbon footprint even more, use video conferences, and increase train travel. This last point is particularly important because, since April 2013, the emissions from employees' long-distance train travel have been offset. We are also pushing ahead with e-mobility: In 2014, we acquired an electric vehicle in order to make mail and messenger services more environmentally friendly. We are currently examining whether to deploy more of these electricity-powered cars. In addition, a rapid charging point for electric vehicles has been available to our customers and guests at our Frankfurt office since August 2014.

DZ BANK supports all staff who regularly take public transport to work by providing a travel allowance. At most of our major offices, we offer our employees a subsidized travel card for the local public transport network. We also have an agreement with Deutsche Bahn under which employees who live outside local public transport zones can travel to work by train, and therefore with reduced environmental impact, at reduced rates. In 2014, 73 percent of our staff used public transportation to get to work. Because many employees cycle to work, DZ BANK is increasing the number of bicycle racks: The Pavillon Cityhaus II, currently under construction, will have underground storage for around 140 bikes, 10 percent of which will be for e-bikes.

RESOURCE AND WASTE MANAGEMENT

Paper for printers and photocopiers accounts for the largest proportion of the consumables used by banks. That is why DZ BANK requests that employees use paper sparingly. It also only uses paper in photocopiers that is FSC®-certified (Forest Stewardship Council). At least 50 percent of the fiber for this paper is from



260,000

KILOWATT HOURS

was the reduction in the amount of electricity consumed in our computing centers in 2014.

responsibly managed forests. As another way of reducing the consumption of resources, we introduced an electronic document management system at the start of 2012 and switched to lighter paper in 2013 (SR 36). And since 2014, data covering all offices and an increased number of paper types has been included in our environmental database. This broader base data allows us to measure total paper consumption across all sites, which came to 215 million tonnes in 2014. Up to 2013, only paper for printers and photocopiers was included in the total.

EASIER RECYCLING WITH A STANDARDIZED WASTE SYSTEM

In 2011, we implemented a system with which to standardize waste management across Germany and simplify recycling. The new solution enabled us to further reduce the volume of commercial waste. Another factor was improved waste separation at our Frankfurt office.

We are also working to reduce water usage at our offices. In 2014, our water consumption declined to 81,131 cubic meters (2013: 84,985 cubic meters) because the wet summer meant that we needed to use less water outside.

SUSTAINABLE PURCHASING

In 2010, DZ BANK updated the existing standards to include new minimum social and environmental standards and integrated them into its purchasing processes. These provide a framework that lays down the financial, environmental, and social standards needed for a supplier relationship to be sustainable. The standards apply to all entities in the DZ BANK Group. We also use a sustainability agreement that requires all suppliers to comply with DZ BANK's minimum standards, the principles of the United

Nations Global Compact, and the requirements of the International Labour Organization.

Proactive supplier management provides the basis for DZ BANK's sustainable procurement operations. For example, we classify suppliers according to their sustainability relevance for DZ BANK. Since the beginning of 2013, suppliers who are considered to be particularly relevant to sustainability because of the volume of orders we place with them, their specific activity, or country-specific risks have been asked more searching questions about the sustainability of their core business. These cover certification, approaches aimed at minimizing pollution, and other areas. We base any further action to be taken on the data we collect. Since 2013, all of our suppliers' sustainability performance data has been stored in a database.

PRODUCTS FROM RENEWABLE RESOURCES PREFERRED

When buying office supplies, DZ BANK pays particular attention to environmentally friendly product features, such as products that are made from renewable resources or those that use returnable systems. We give preference to them if it is justifiable from a cost perspective. We also check the energy efficiency of electrical equipment before purchasing it.

DZ BANK only uses paper bearing the FSC® Mix label for copying and for printing brochures. Since 2013, we have been buying paper for photocopiers that weighs 75 gsm (grams per square meter) instead of 80 gsm in order to further conserve resources.

ECO-FRIENDLY MAIL DISPATCH

Since May 2013, all DZ BANK offices in Germany have been using the eco-friendly GoGreen service from Deutsche Post DHL to send parcels and letters on a climate-neutral basis. In 2014, around 105 courier deliveries and 1,800 letters left DZ BANK and

reached their recipients all over the world without a carbon footprint.

HIGHLY EFFICIENT COMPUTING CENTERS

DZ BANK uses two highly efficient computing centers in Frankfurt that are fitted with the latest IT equipment to ensure its business operations run smoothly and securely. Covering around 1,000 square meters in total, they contain around 3,000 servers, none of which is more than five years old. DZ BANK makes a concerted effort to pursue a 'green IT' approach so that it can reduce the negative impact of its information technology on the environment and climate. This approach particularly applies to electricity consumption: By making sure all the systems that we use are highly effective, we keep the amount of energy we need to a minimum. Furthermore, the two computing centers have been powered solely by electricity from renewable sources since 2010. Their efficiency can be determined from their PUE rating (power usage effectiveness), which is calculated by dividing the amount of power entering a data center by the power used to run the servers that it contains. DZ BANK achieves a very good PUE rating of approximately 1.5.

SHARP FALL IN ELECTRICITY CONSUMPTION IN 2014

Last year, we managed to significantly reduce the consumption of electricity in the two computing centers, even though their performance has increased considerably yet again. The systems have more computing capacity, while storage capacity has doubled. At the same time, however, electrical power in the computing centers fell from 640 kilowatts to 580 kilowatts during the reporting year. This means that annual electricity consumption declined by roughly 260,000 kilowatt hours in 2014. From 2015, DZ BANK will therefore save as much as 525,000 kilowatt hours per year, which equates to the amount needed to power 120 households with annual electricity consumption of 4,400 kilowatt hours.

At the end of 2014, the IT department also switched off the last two high-performance servers from a previous generation and replaced them with smaller, more efficient systems. This step will have a further positive impact on the two computing centers' electricity consumption. However, the tasks carried out using information technology and the volume of data to be processed will continue to rise.

"SUSTAINABILITY IN THEIR DNA"



PROFESSOR DR. THOMAS BAUMGÄRTLER

OFFENBURG UNIVERSITY OF APPLIED SCIENCES

PROFESSOR DR. TOBIAS POPÓVIC

CENTER FOR SUSTAINABLE DEVELOPMENT (ZNE) AT
STUTT GART UNIVERSITY OF APPLIED SCIENCES

"As a result of the financial and sovereign debt crisis, banks are facing a steady increase in regulatory challenges, including in relation to sustainability. A new EU directive means that cooperative banks with more than 500 employees are likely to be among the companies required to report on their sustainability activities in the future. Although this will create more work, it does offer opportunities.

This is because the cooperative banks are in an excellent starting position thanks to the values that they embody. Sustainability is, in a way, part of their DNA, as can be seen from fundamental cooperative values such as partnership, personal responsibility, and helping people to help themselves. This last value particularly demonstrates that the cooperative model has always centered on financial support for its members and their responsibility to society. Furthermore, the financial crisis and its fallout have contributed to an increase in the public perception of the cooperative financial network's strengths in the area of sustainability.

A number of large, but also some smaller, cooperative banks – along with DZ BANK and other group entities – are already living proof that business can be successfully combined with various aspects of sustainability. The challenge now is to make even greater use of this potential in the future."

KEY PERFORMANCE INDICATORS: ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

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

ELECTRICITY AND HEATING CONSUMPTION

Kilowatt hours (kWh)	2014	2013*	2012
ELECTRICITY CONSUMPTION			
Total electricity consumption	26,531,396	27,969,761	26,947,829
of which green electricity	26,437,313	27,815,961	26,942,158
Individual electricity consumption (kWh per FTE)	7,281	7,787	8,734
HEATING CONSUMPTION			
Total heating consumption	13,335,658	15,316,858	13,796,408
Individual heating consumption (kWh per FTE)	3,660	4,264	4,352

* The coverage of our environmental KPIs in Germany has been 100 percent since 2013. We have changed how we calculate CO₂ emissions and, since 2013, have used the VfU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO₂-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

We reduced our consumption of electricity and district heating in 2014. Firstly, we used less electricity to power our computing centers. Secondly, we reaped the benefits of the various energy-saving measures implemented in recent years. And, the mild winter meant we used less district heating.

BUSINESS TRAVEL

'000 kilometers / %	2014	2013*	2012
Total business travel ('000km)	24,011	23,974	25,675
Individual business travel ('000km per FTE)	6.6	6.7	7.5
Of which by train (%)	27	25	26
Of which by air (%)	21	22	24
Of which by private car (%)	3	3	3
Of which by company car (%)	45	44	37
Of which by rental car (%)	5	7	10

* The coverage of our environmental KPIs in Germany has been 100 percent since 2013. We have changed how we calculate CO₂ emissions and, since 2013, have used the VfU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO₂-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

Although the total number of kilometers covered on business trips went up again slightly in 2014, the number of kilometers per employee fell for the second year in succession. The proportion of train travel also increased. The proportion attributable to company cars rose owing to the increase in the number of company cars used.

CO₂ EMISSIONS FROM ELECTRICITY AND HEATING

Kilograms (kg)	2014	2013*	2012	2011
Total CO₂ emissions: electricity				
Total CO ₂ emissions: electricity	406,514	482,820	2,500.5	98.4
Individual CO₂ emissions: electricity (kg per FTE)				
Individual CO ₂ emissions: electricity (kg per FTE)	112	134	0.81	0.03
CO₂ emissions: heating				
CO ₂ emissions: heating	1,312,229	1,507,177	2,859,636	2,235,072
Individual CO₂ emissions: heating (kg per FTE)				
Individual CO ₂ emissions: heating (kg per FTE)	360	420	902	679

* The coverage of our environmental KPIs in Germany has been 100 percent since 2013. We have changed how we calculate CO₂ emissions and, since 2013, have used the VfU's conversion values for all KPIs. This has enabled us to considerably improve the conversion accuracy. CO₂-related KPIs are therefore higher than in previous years owing to the inclusion of upstream and downstream processes.

The reduction in electricity consumption in 2014 is reflected in the drop in CO₂ emissions. In addition, individual CO₂ emissions fell due to the increase in headcount in 2014. The reason for the rise in our electricity consumption in 2013 compared with 2012 was due to more data being captured and growth in headcount at the Frankfurt office. Because the VfU's conversion factors include CO₂ from the green electricity used by upstream and downstream processes, the CO₂ values are much higher than in previous years. The VfU factors were also applied in measuring the impact of district heating.

USE OF PUBLIC TRANSPORTATION

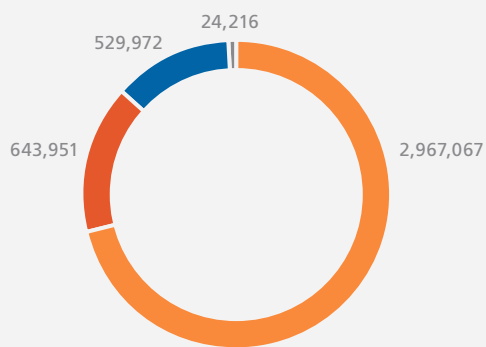
	2014	2013	2012
Number of employees (Germany)*	4,071	3,993	3,917
Users (total)	2,967	3,075	3,068
Travel subsidy recipients	448	418	421
Regional travel card users	2,348	2,487	2,479
Deutsche Bahn travel card users	171	170	168
Public transportation users (%)**	72.88	77.0	78.33

* DZ BANK employees in Germany, including trainees.

** Adjusted value, including retrospectively for prior years.

Around 73 percent of our employees travel to work on public transport. More employees are also using the Deutsche Bahn travel card.

CO₂ EMISSIONS FROM BUSINESS TRAVEL
(KILOGRAMS (KG)) IN 2014



- Total by company car
- Total by air
- Total by rental car
- Total by rail

CO₂ emissions from flights decreased in 2014 owing to the greater accuracy of the method of calculation. The sharp fall in CO₂ emissions from train travel is due to the fact that, since April 2013, Deutsche Bahn has enabled its business customers to travel on a carbon-neutral basis.

PAPER CONSUMPTION

Kilograms (kg)	2014	2013	2012	2011
Printer and copier paper consumption	136,473	131,113	150,221	140,235
Individual printer and copier paper consumption (kg per FTE)	37	37	43	41
Proportion of printer and copier paper that is FSC-certified (%)	100	100	100	100
Consumption of other paper types*	78,476			
Individual consumption of other paper types* (kg per FTE)	22			
Total paper consumption*	214,949			

* This data was captured for the first time in 2014 so there are no comparative figures for prior years. Other paper types include envelopes, greeting cards, sympathy cards, toilet paper, etc.

Since 2014, data for all offices and an increased number of paper types has been included in our environmental database. This broader base data means we can now report on total paper consumption. Up to 2013, only paper for printers and photocopiers was included in the total.

VOLUME OF WASTE

Kilograms (kg)	2014**	2013*	2012	2011
Total paper	354,297	338,823	335,413	286,853
Individual paper (kg per FTE)	97	94	115	92
Total electrical/toner/lighting	980	17,683		
Individual electrical/toner/lighting (kg per FTE)	0	5		
Total mixed packaging	39,098	4,662	235,077	252,915
Individual mixed packaging (kg per FTE)	11	1	98	81
Total non-recyclable	65,989		210,120	220,501
Individual non-recyclable (kg per FTE)	18		67	70
Total commercial waste	15,620	27,970	74,390	97,162
Individual commercial waste (kg per FTE)	4	8	25	33
Total waste	475,984	389,138		
Total individual waste (kg per FTE)	131	108		

* The coverage of our environmental KPIs in Germany has been 100 percent since 2013. ** A more detailed breakdown of waste types was introduced in 2014.

The volume of waste increased overall last year. This is mainly due to improved recording of waste data and large-scale renovation work.

WATER CONSUMPTION

Cubic meters (m ³)	2014	2013*	2012	2011
Total water consumption	81,131	84,984	80,060	73,663
Individual water consumption (-m ³ per FTE)	22	24	26	22

* The coverage of our environmental KPIs in Germany has been 100 percent since 2013.

DZ BANK's water consumption was just over 81,000 cubic meters in 2014. Consumption per employee was 22 cubic meters. The year-on-year reduction was due to the wet summer, which meant we needed to use less water outside.

GOING THE EXTRA MILE WITH PREVENTIVE HEALTHCARE



Project III

RAIFFEISENBANK OBERMAIN NORD EG

Offering screening for colon
and skin cancer





Thomas Siebenaller *Chief Executive Officer of Raiffeisenbank Obermain Nord eG*
Anja Vorndran-Ramming *Human Resources*

*In 2012, Raiffeisenbank Obermain Nord eG launched a **preventive healthcare project** under the banner of ‘cooperatives against cancer’. The local bank’s Chief Executive Officer Thomas Siebenaller and company doctor Ulrike Klinke, who showed a huge amount of **personal dedication** to the project, were delighted not only with the positive response from employees but also with the **official recognition** that they received: The project was given the Felix Burda Award in 2014.*

**SKIN AND COLON CANCER:
EARLY DETECTION AND
PREVENTION**

Cancer is one of the most common causes of death in Germany. Today, almost one in 20 people will get colon cancer, one of the reasons being a lack of preventive measures. This is a cause that Raiffeisenbank

Obermain Nord eG has taken up with its preventive healthcare project. “Taking responsibility for our employees is one of the cornerstones of our self-image as a cooperative bank. One of the ways that we live up to this responsibility is by making an active contribution to their healthcare,” explains Thomas Siebenaller, Chief Executive Officer of Raiffeisenbank Obermain Nord eG. “We have even saved lives with this project. That alone gives us the strength to keep going. Saving lives through preventive measures! That is more than we could wish for.”

The project gave those who had previously been reluctant to get



30%

of employees use the bank's preventive healthcare services.



50%

of employees have skin and colon cancer check-ups.



The project is accompanied by additional measures, such as healthy eating courses and exercise classes. It is not limited to particular age groups or parts of society because anyone can be affected by colon or skin cancer.

HIGH PARTICIPATION RATE UNDERLINES SUCCESS OF THE COLON CANCER PREVENTION PROJECT

The project at Raiffeisenbank Obermain Nord eG has been very well received by employees, as can be seen from the high participation rate. Normally, 30 percent of employees make use of the preventive healthcare services offered by the bank, but more than half of them underwent screening as

part of this project. Of those who decided to take part, 82 percent also sent off their tests to be assessed. "We are pleased with this excellent rate of participation. Our employees are grateful for our contribution to improving cancer screening and are taking up this opportunity," says Siebenaller. The success of the project can be seen not only from the positive feedback within the bank but also from the public recognition that it has received.

PREVENTIVE HEALTHCARE PROJECT WINS 2014 FELIX BURDA AWARD

The colon cancer screening program places greater emphasis on the health of the local cooperative bank's employees. This is a tangible example for employees of how seriously the bank takes its corporate responsibility. This has also been officially recognized: The bank received the 2014 Felix Burda Award in the 'preventive healthcare in the workplace – SMEs' category. The bank has demonstrated that offering colon cancer screening can be beneficial to companies of all sizes, including SMEs. The continuous colon cancer services that the bank presented to the Felix

82

PERCENT

of participants sent off their tests to be assessed.

Burda Foundation represented a new concept that ensures employees receive ongoing support. The panel of judges from the foundation were won over by the overall concept with its focus on sustainability. They also cited the project's expansion to include subsidized screening for customers and members of the bank. "The project has paid off," says Thomas Siebenaller proudly. "We have encouraged our employees – and people throughout our region – to take part who would have otherwise never visited the doctor."

COOPERATIVE INITIATIVE WITH FUTURE PROSPECTS

Building on the success it has achieved so far, the bank is expanding the program. Since 2014, employees have been able to undergo colon cancer and skin cancer screening once per year. Above all, Raiffeisenbank Obermain Nord eG would like to be a driving force in establishing



FELIX BURDA AWARD

was bestowed on Raiffeisenbank Obermain Nord eG in the 'preventive healthcare in the workplace – SMEs' category in 2014.

cancer screening for partners in the cooperative financial network. And indeed, other local cooperative banks and specialized service providers in the DZ BANK Group have been inspired by the example of Raiffeisenbank Obermain Nord eG and gone on to launch similar projects. Moreover, the project of this pioneering local cooperative bank has attracted high-ranking support: Bavarian State Minister Melanie Huml recently became the project's patron. «

HEALTH MANAGEMENT AT DZ BANK

The health of employees and efficient health management are a high priority for DZ BANK. That is why it offers staff a broad spectrum of company sports activities, as well as courses on preventive healthcare, healthy eating, and stress management. One of these is the 'psychological health' course offered to managers, which has been part of DZ BANK's training program since 2008. DZ BANK also organizes an annual health day. The main theme for 2014 was back health.



More information:

www.rbobermain.de/wir-fuer-sie.html

HIGHLIGHTS: RESPONSIBILITY FOR EMPLOYEES

10,000

DAYS OF TRAINING

WERE COMPLETED BY EMPLOYEES
AS PART OF THEIR CONTINUING
PROFESSIONAL DEVELOPMENT IN 2014.

13.8 YEARS

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

97

PERCENT

WAS THE HEALTH RATE AT
DZ BANK IN 2014.

40

**CHILDREN OF
EMPLOYEES**

can be looked after in the
new DZ BANK daycare center,
opening in 2016.

RESPONSIBILITY FOR EMPLOYEES

A responsible employer

The success of a company depends, above all, on its employees. If they can perform well and are highly motivated, then they have a positive effect on the company. That is why DZ BANK's priority as an employer is to offer incentives to employees at different levels. These include performance-based pay, flexible working hours, a range of options for improving work-life balance, and various employee benefits. We also attach great importance to targeted measures that support all employees in their professional and personal development. They can attend courses as part of the inhouse continuing professional development (CPD) program, division-specific training, and individual external seminars. The courses that we offer are generally geared to the needs of the departments. But we also use external trainers and training providers to ensure that we are in line with the markets in terms of methods and topics.

TARGETED CPD

DZ BANK's general program plays a key role in employees' skills training. The inhouse courses making up the program account for approximately 40 percent of the bank's entire CPD activities. They covered around 130 training topics in 2014, ranging from Sustainability in the Lending Business to the ever-popular Fundamentals of Banking Regulation and other core subjects. Another 30 percent or so of the program consists of custom-designed division-specific training. In 2014, demand remained strong for seminars in the area of banking and business studies, specifically those focusing on statutory and regulatory changes. Our employees can also attend individual external courses if their CPD requirements are not met by

the inhouse curriculum. DZ BANK's CPD experts advise employees on selecting training courses to meet their needs.

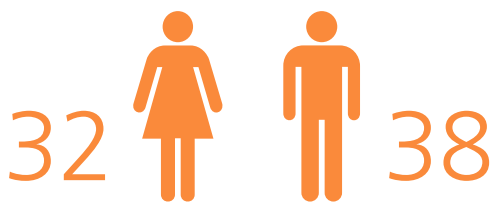
Since 2014, our staff have also been able to obtain certification from the Frankfurt School of Finance and Management for the two training series Basic Personal and Communication Skills and Advanced Personal and Communication Skills. New training courses for project managers have been added to the range of targeted CPD activities for our employees. These courses are geared to the complex requirements of project management and of the bank and are based on international project management standards. Participants who complete the course receive a certificate from Deggendorf Institute of Technology. In 2014, our employees again underwent more than 10,000 days of continuing professional development. DZ BANK is planning to cover around 130 topics in its training in 2015, 20 of which are new.

The CPD program for our managers is characterized by a high level of practical relevance. Its content is designed with the specific needs of managers in mind, making it easier for them to apply their new knowledge in their day-to-day work and in their dealings with their staff. The programs include practical workshops on subjects such as Dealing with Challenging Management Situations, Change Management, and Leading Teams. DZ BANK gives particular priority to training newly appointed managers, who receive support so that they quickly assimilate into their new role, recognize team structures, and establish key relationships. A total of 250 managers in Germany have now taken part in the bank-wide management training program, which was launched in 2008. In the year under review, we extended the program to include our offices outside Germany for the first time with the aim of establishing a consistent approach to leadership across the bank.

Our CPD program also includes Management Forum and Knowledge Forum events, which consist of a brief speech followed by a discussion. All kinds of topics are covered, such as banking matters, management issues, the latest economic trends, CPD news, and health.

WIDE RANGE OF OPTIONS FOR YOUNG PROFESSIONALS JOINING DZ BANK

Skilled employees are an invaluable resource for any company. Yet the competition for highly capable professionals and managerial staff is increasing in the financial sector, as it is elsewhere. So it is important for DZ BANK both to offer established employees attractive prospects and to recruit well qualified specialists and young people. We offer school leavers a variety of opportunities to train for qualifications in areas including banking and office communications as well as four combined work and degree courses specializing in business informatics, business administration, banking, and applied IT. In addition, university graduates are able to join DZ BANK as management trainees who undergo on-the-job training in specialist areas. Job shadowing in another entity within the DZ BANK Group has been included as a standard component of their training program since 2013.



TRAINEES

A total of 70 trainees (32 women and 38 men) started their career at DZ BANK after completing school or university. And we were able to offer jobs to almost 90 percent of trainees at the end of their training in 2014. The ratio of trainees to total employees was 3 percent in 2014.

PERFORMANCE-RELATED PAY AND SOCIAL SECURITY

We use our remuneration structure to provide each employee with incentives for personally implementing DZ BANK's strategic goals and those of his or her own division. These include variable components that reward the performance of motivated staff. Performance-related pay is one of DZ BANK's key management tools. We offer our staff a wide range of employee benefits, too. These range from a travel allowance or subsidized travel card to group accident insurance and various CPD subsidies. However, the most important voluntary employee benefit provided continues to be occupational pension provision.

In the reporting year, DZ BANK and the entities in the DZ BANK Group approved the 2014 remuneration strategy for the DZ BANK Group and thereby implemented the regulatory requirements. This also enabled us to achieve the planned level of transparency regarding the remuneration systems within the group entities.

REMUNERATION FOR THE BOARD OF MANAGING DIRECTORS AND DIVISIONAL MANAGERS

DZ BANK rewards the members of its Board of Managing Directors and divisional managers with a fixed salary plus variable remuneration that is paid over several years. The amount of variable remuneration depends on previously agreed targets being achieved. Of the variable remuneration for members of the Board of Managing Directors and divisional managers, 80 percent is deferred for four years and pegged to the value of DZ BANK's shares. In this way, we ensure that their remuneration reflects the bank's long-term performance.

ETHICAL BASIS FOR MANAGEMENT REMUNERATION

In a joint policy paper, DZ BANK and four other leading financial institutions pledged in 2013 to structure their management remuneration in accordance with ethical principles. These principles were developed in cooperation with the Wittenberg Center for Global Ethics (WCGE). The aim is to design remuneration systems to be transparent, eliminate misguided incentives, and consider the long-term conditions for lasting success in business.

By signing the paper, DZ BANK committed itself to a system of governance that is value-driven and geared to success.

DZ MEINUNGSSPIEGEL SURVEY OF EMPLOYEE SATISFACTION

In 2014, DZ BANK ran its DZ MeinungsSpiegel staff survey for the third time since 2009 in order to find out as much as possible about employees' satisfaction, wishes, expectations, and needs. The response rate had increased by five percentage points to 73 percent compared with the previous survey.

The results are a gauge of staff loyalty and satisfaction, and also provide a basis for division-specific and bank-wide improvements. Examples include the introduction of special sales training courses and HR guidelines for managers.

EQUALITY OF OPPORTUNITY – A CORE PRINCIPLE

Equality of opportunity is one of DZ BANK's core principles. For us, it is implicit that we treat and support all employees in the same way, regardless of their origin, skin color, gender, age, or physical ability. That is one of the reasons why we signed the diversity charter in November 2011. The goal of this initiative is to advance acknowledgement, respect, and inclusion of diversity within corporate culture in Germany. In 2014, for example, it launched the nationwide German Diversity Day, in which DZ BANK took part. We also continued to train new employees and managers on the German General Equal Treatment Act (AGG) last year.

One of our aims is to protect the health of employees with disabilities. We have formulated this commitment in an integration agreement, which we have signed with the representative committee for employees with severe disabilities and the employee representatives for the entire workforce. After all, the integration of people faced with particular challenges into the world of work is only possible if everyone involved works in partnership. In 2014, the proportion of the workforce with a severe disability was 5.2 percent, which was above the minimum level required by German law.

MORE FEMALE MANAGERS

Another of DZ BANK's aims is to increase the proportion of female experts and managers at all levels of the bank hierarchy. The Vielfalt@DZ BANK (Diversity@DZ BANK) project was launched in 2012 to help achieve this. Since 2013, diversity targets have also been included in managers' target agreements in order to promote the advancement of women. Currently, there is one female member out of a total of 20 on the DZ BANK Supervisory Board, 17 of its 124 departmental heads are female, as are 77 of its 358 group managers. In 2014, DZ BANK filled 20.5 percent of advertised managerial vacancies with women.

In addition, DZ BANK is finding new ways to target a new generation of potential female employees. For example, it has organized three open days for female students, the most recent of which was held in May 2015.

BALANCING WORK AND FAMILY LIFE

DZ BANK believes it is very important to create working conditions in which its employees can maintain the best possible balance between work and family in different life situations. This approach helps to ensure long-term satisfaction and commitment among employees, particularly those who are parents or carers. The best example is DZ BANK's new day-care center in Frankfurt, the planning for which we continued to work on in 2014. The first intake of children is scheduled for mid-2016 (SR 46).

FLEXIBLE WORKING HOURS AND PART-TIME MODELS

In addition to flexible working hours, our staff benefit from teleworking and various part-time working models. Last year, 18 percent of employees worked part time. Almost 10 percent worked at least some of the time from home by way of teleworking, and 194 employees – 134 women and 60 men – were on parental leave. Internal company agreements govern other options such as preretirement part-time employment and sabbatical leave.

SERVICES FOR OUR EMPLOYEES

To make it easier for employees to combine work with family life, we help them to find places at suitable day

nurseries and kindergartens and we subsidize childcare costs. We even offer a solution for times when childcare is unexpectedly unavailable: Parents are entitled to emergency childcare at a partner care provider for up to ten days a year. We have also created parent-child offices at four locations. And since 2011, employees have had access to a concierge service, which includes running errands and finding tradespeople.

SUPPORT FOR CARERS

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

DZ BANK EMPLOYEE BENEFITS

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

DAYCARE AT DZ BANK

DZ BANK is building its own daycare center at its offices in Frankfurt that will be able to accommodate

around 40 children of employees from 2016. This is part of the new Pavillon Cityhaus II project, which we decided on in 2014 and laid the foundation stone for in early 2015. Besides the ground-floor daycare center, which is the heart of the new building, there is also an additional employee cafeteria as well as modern function and meeting rooms. DZ BANK is investing roughly €17.4 million in the five-storey building, which has been certified in accordance with high environmental standards (SR 35).

HEALTH MANAGEMENT AND SAFETY AT WORK

Employees' health is of the utmost priority to DZ BANK. Increasing professional and personal pressures, combined with a longer working life, require us to pay special attention to our employees' health. Our fully integrated health management is aimed at maintaining the entire workforce's wellbeing and ability to perform long term. Above all, however, we encourage and support employees in taking responsibility for their own health.

COMPANY SPORTS AND PREVENTIVE MEASURES

As part of our health management, we offer our employees in Germany all kinds of attractive sports activities, ranging from badminton to volleyball. Staff can also attend preventive classes, such as orthopedic back exercise, meditation, yoga, and autogenic training as well as special courses on healthy eating. DZ BANK's annual health day focused on back health in 2014.

HELP WITH PSYCHOLOGICAL PROBLEMS

Preventive courses on stress management help employees to deal with psychological problems. Since 2008, an independent social counselor has offered support for our employees who are faced with difficult situations at work or at home. A psychologist and psychotherapist, she advises them on how to cope with challenges and problems and provides information about preventive measures. She is also the point of contact for burnout issues and, if necessary, can quickly arrange an appointment with a specialist.

In addition to counseling employees in person, she gives talks at our offices all over Germany on topics such as mental agility and addiction. DZ BANK's anti-addiction policy, a joint project between

24%



of our staff in Germany took part in company sports activities and attended sickness/injury prevention courses in 2014.

the social counselor and health management, supports employees and managers who are dealing with addiction. In 2007, DZ BANK launched a reintegration program to help employees who have come through a long period of sickness to re-enter working life. Psychological health is also covered on some training courses for managers.

ALL HEALTH AND SAFETY STANDARDS MET

DZ BANK complies with the legal requirements and technical standards for health and safety at work at all its German offices, and appoints company doctors and health & safety officers as required by the German Health & Safety at Work Act (ASiG). These experts help to prevent accidents by teaching employees about occupational safety and inspecting where they work. In 2014, they advised more than 200 employees on workplace ergonomics. We also extended the process of educating employees on other aspects of safety at work. During the year under review, DZ BANK's workplace safety experts initiated a risk assessment project and have already presented their initial findings. The project primarily deals with the psychological problems faced by employees. In 2015, health and safety staff will focus on redesigning and configuring the trading workplaces.

COOPERATION ACROSS THE GROUP

Professional and personal employee development has a high priority throughout the DZ BANK Group. The HR divisions of the individual entities jointly promote relevant topics and form permanent

committees that meet regularly to share information about providing all employees with optimum working conditions. These committees include the Group HR Committee (GHRC, which comprises the members of the respective boards of managing directors with responsibility for HR), the HR managers' committee, and six HR working groups, each with a specific area of focus.

The committees' main activities in 2014 were drawing up a joint remuneration strategy (SR 44), addressing regulatory requirements, and analyzing demographic change. Another area of focus was our joint employer branding strategy, which aims to establish a shared employer brand that will enable the DZ BANK Group to remain an employer of choice over the long term. We initiated the first intragroup measures under this strategy in the fourth quarter of last year. In 2015, we will publicly launch the employer brand in the market.

CORPORATE CAMPUS FOR MANAGEMENT & STRATEGY

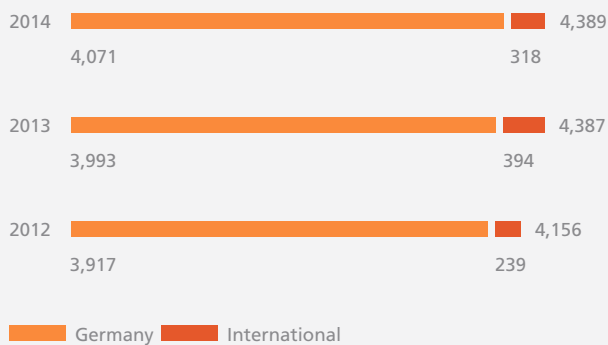
The Corporate Campus for Management & Strategy was set up in 2010 as a think tank and as an information-sharing and strategy platform for senior managers in the DZ BANK Group. It has become successfully established and is now in its fifth year. More than 170 members of boards of managing directors and heads of divisions in the DZ BANK Group, together with members of boards of managing directors from local cooperative banks, took part in 19 different events during the reporting year. The feedback from participants at the individual events was universally very positive.

AWARDS

- » 2015 Top German Employer (Top Employers Institute, since 2008)
- » Award for fair and career-enhancing trainee program (Absolventa GmbH in cooperation with the Institute for HR Management at the Ludwig Maximilian University in Munich, since 2012)
- » Germany's Top 100 Employers (trendence Absolventenbarometer graduates survey, since 2008)
- » audit berufundfamilie® work and family audit certificate (regularly awarded following a new audit every three years by the non-profit-making Hertie Foundation, since 2007).

KEY PERFORMANCE INDICATORS: RESPONSIBILITY FOR EMPLOYEES

NUMBER OF EMPLOYEES (AS AT DECEMBER 31)



In 2014, our total headcount remained virtually unchanged. The decrease from 394 to 318 employees outside Germany was essentially due to restructuring of our Warsaw branch.

AVERAGE YEARS OF SERVICE (AS AT DECEMBER 31)

Years	2014	2013	2012
Total	13.8	13.2	12.9

The average period of service increased from 13.2 to 13.8 years. In 2014, 205 employees in Germany and abroad celebrated ten, 25, or 40 years of service.

STAFF TURNOVER (AS AT DECEMBER 31)

Average for the year (%)	2014	2013	2012
Total	4.9	3.1	2.9
Germany	2.6	2.8	2.6
International	30.4	6.7	6.2

At 4.9 percent, staff turnover was higher than in the previous year. One of the main reasons for this increase was restructuring at the Warsaw branch.

AVERAGE AGE (AS AT DECEMBER 31)

Years	2014	2013	2012
Total	43.7	43.0	42.7
Germany	43.7	43.1	42.6
International	43.7	42.1	43.7

The average age of our employees rose to 43.7 years in 2014. Around 32 percent of the workforce is 39 or younger.

PROFESSIONAL DEVELOPMENT DAYS AND COSTS (AS AT DECEMBER 31)

Days	2014	2013	2012
Germany	10,582	10,483	11,891
Per employee	2.6	2.6	3.1
Professional development costs per employee (€)	1,366	1,259	1,367

The average number of professional development days per employee held steady at 2.6.

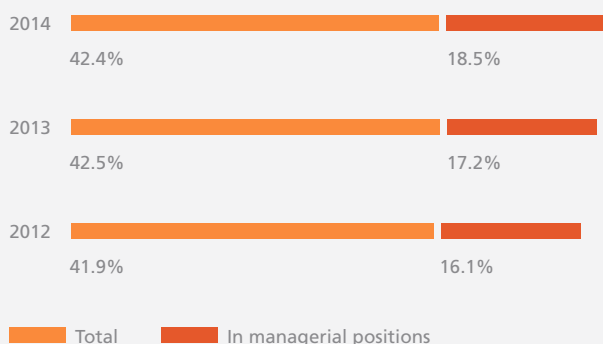
HEALTHCARE MEASURES (AS AT DECEMBER 31) INCL. COMPANY SPORTS ACTIVITIES

Number of employees	2014	2013	2012
Total participants	966	961	756*
Total for company sports activities	642	656	502*
Total for sickness/injury prevention courses	324	305	254*
Average health rate for the year (%)	97.0	96.8	96.7

* At the Frankfurt site.

The health rate of roughly 97 percent has remained virtually constant for four years. In 2013, the number of employees participating in company sports activities was recorded at all DZ BANK offices in Germany for the first time. A direct comparison between participation in 2013 and 2014 with participation in 2012 is therefore not possible.

PROPORTION OF WOMEN (AS AT DECEMBER 31)



The proportion of women in managerial positions at DZ BANK rose overall. In 2014, 20.5 percent of managerial vacancies were filled with women (nine of 44). In the future, we intend to increase further the proportion of women in managerial positions.

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

%	2014	2013	2012
Flexible working hours	100.0	100.0	100.0
Full-time	82.0	83.5	82.9
Part-time	18.0	16.5	17.1
Virtual offices	9.5	9.6	9.1
Sabbatical	0.1	0.1	0.1
Preretirement part-time employment	3.0	3.9	4.1

The proportion of part-time employees was higher than in the previous year, while there was a small decrease in employees working in virtual offices. Women accounted for 82.7 percent of employees working part time and for 52.7 percent of those working in virtual offices.

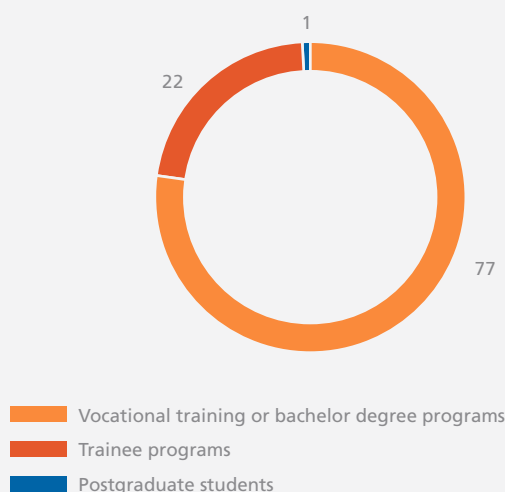
NUMBER OF TRAINEES BY PROGRAM

	2014	2013	2012
Vocational training or bachelor degree programs	103	104	93
Trainee programs	29	31	62*
Postgraduate students	1	2	2

* Includes undergraduate trainees.

DZ BANK employed 133 trainees as at December 31, 2014. After completing their training, 47 of the 53 trainees (almost 89 percent) were offered jobs. The overall ratio of trainees to total employees was 3.0 percent.

Percentage of trainees by program in 2014



CREATING TRANSPARENCY THROUGH REPORTING



Project IV

HAMBURGER VOLKSBANK

Pioneering sustainability reporting
among local cooperative banks





Dr. Reiner Brüggestrat *Spokesman of the Board of Managing Directors of Hamburger Volksbank*

*Sustainability and social responsibility are key pillars of Hamburger Volksbank's **business policy**. To document how it puts this into practice, it became the first local cooperative bank to produce its own **sustainability report**.*

ACTIVE DIALOG WITH STAKEHOLDERS

"Confidence in the banks remains low as a consequence of the financial crisis. Banks were rightly criticized for having neglected sustainability. Going forward, it is therefore all the more important that the financial sector understands sustainability as a source of guidance and motivation – and puts it into practice as such," says Dr. Reiner Brüggestrat, Spokesman of the Board of Managing Directors of Hamburger Volksbank, which employs 480 people.

Brüggestrat took up the sustainability cause back in 2000 when he joined Hamburger Volksbank. Ultimately, the bank is fulfilling its cooperative banking remit and demonstrating the Hanseatic

virtue of the 'honorable merchant', reflecting Hamburg's heritage as a member city of the Hanseatic League. Here in northern Germany, sustainability comes naturally to people.

"Reporting creates opportunities and value – and provides useful transparency."

This awareness led to Hamburger Volksbank publishing its first sustainability report in May. Entitled ANSPRUCH, it is the first such report from a local cooperative bank in Germany. Brüggestrat and his team spent about a year working on it and are proud of the results.



“The report highlights the advantages and unique features of the cooperative model as an anchor of stability in the financial system.”

“Our sustainability report enables us to enter into active dialog with our stakeholders by making the social, environmental, and economic impact of our business activities transparent,” explains Brüggestrat. The report provides a structure within which the different aspects and effects of the bank’s products and services can be measured and presented using KPIs and indicators. In addition, qualitative descriptions make the sustainability activities comparable.

REPORTING MANDATORY FOR LARGER COMPANIES FROM 2017

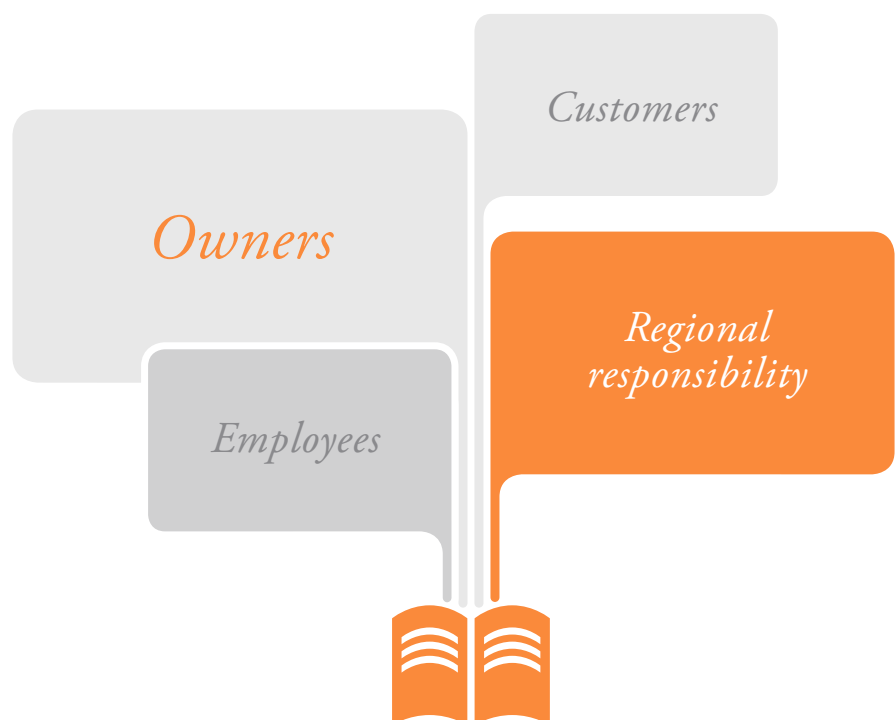
In preparing the report, the cooperative bank was guided by the German Sustainability Code, a voluntary standard for transparency in corporate sustainability management. Hamburger Volksbank also produced its report

500

OR MORE EMPLOYEES

is the threshold for the requirement on companies to disclose certain sustainability data.

voluntarily. After all, the EU directive published in 2014 does not have to be implemented in German law until January 1, 2017. From this date, companies with more than 500 employees will be required to disclose certain sustainability data. Hamburger Volksbank, which currently has 480 employees, is below this threshold. “It is still unclear how exactly the lawmakers will



define the criteria and we did not want to wait for them to decide," says Brüggestrat. "We believe that reporting creates opportunities and value – and provides useful transparency. It enables us to highlight the advantages and unique features of the cooperative model as an anchor of stability in the financial system."

It is estimated that several dozen local cooperative banks might be affected by the EU directive, with that number set to rise as the disclosure requirements are expected to be extended in the long term. Other local cooperative banks could therefore benefit from the good example that Hamburger Volksbank is already setting today. «

DZ BANK OFFERS WORKSHOP FOR COOPERATIVE BANKS

Among cooperative banks, there is growing interest in sustainability reporting as a result of a new EU directive that will make it mandatory for companies with over 500 employees to disclose certain sustainability data from 2017. DZ BANK AG has been publishing its own Sustainability Report since 2008 and is happy to help any local cooperative banks looking for advice. In April, we invited interested cooperative banks to a workshop in Frankfurt, which included brief speeches by sustainability experts and a discussion. This form of dialog proved to be very popular and is likely to be repeated in the future.



More information:
www.hamburger-volksbank.de

HIGHLIGHTS: CORPORATE CITIZENSHIP

62,000
EUROS

has been donated by
employees and DZ BANK
to the charity Childaid.

5 *EXECUTIVES
ACT AS
MENTORS*

IN DEUTSCHE SPORHILFE'S SPRINGBOARD
FOR THE FUTURE –
SPORT & CAREER INITIATIVE.

€1
million

WAS DONATED BY
DZ BANK TO THE
DZ BANK FOUNDATION
IN 2014.

77,000
EUROS

*WAS DONATED TO REGIONAL
ARTS AND CULTURAL
ORGANIZATIONS IN 2014.*

CORPORATE CITIZENSHIP

An ongoing commitment to promoting the common good

DZ BANK fulfills its responsibility toward society and the common good in all kinds of ways. This is an obligation that derives directly from our cooperative principles – helping people to help themselves, autonomy, and personal responsibility. But our engagement on behalf of a sustainable society also encompasses the DZ BANK Foundation, donations, community-based activities, and the DZ BANK microfinance fund.

DZ BANK FOUNDATION

The DZ BANK Foundation promotes academic study, research, and education, particularly with regard to banking, finance, and the cooperative movement. We believe we have a duty to society to give our backing to state support for academic research. The shared responsibility of the state and business was what led one of our predecessor institutions to set up the foundation more than 50 years ago that went on to become the DZ BANK Foundation in 2004.

In 2014, we provided total funding of some €530,000 for new and existing projects. DZ BANK also donated €1 million to the foundation in order to strengthen its capital base last year. This helped to offset the decline in sponsorship volume resulting from the lower level of interest rates.

The DZ BANK Foundation's sponsorship projects currently include two endowed professorships:



CAREER PRIZE

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

Professor Andreas Hackethal holds the Endowed Chair of Personal Finance at the Goethe University in Frankfurt, while Professor Falko Fecht has occupied the DZ BANK Endowed Chair of Financial Economics at the Frankfurt School of Finance and Management since May 2012. Other areas of focus for the foundation in the reporting year were doctoral scholarships and Germany Scholarships for students as well as support for the International Summit of Cooperatives in Quebec.

DZ BANK GROUP CAREER PRIZE

The DZ BANK Foundation's research engagement is complemented by the DZ BANK Group Career Prize, whose prize money of €24,000 makes it the most generously endowed university prize awarded by a German company for academic dissertations in the field of banking and finance. In 2014, we jointly awarded the prize with the entities in the DZ BANK Group for the sixth time, although it was the 13th time that we had awarded the prize overall. We bestow it in recognition of outstanding bachelor's and master's degree dissertations

with particular practical relevance. The career prize attracted a record number of entries in the reporting year: 256 university graduates submitted a dissertation, of which 146 were in the bachelor's degree category and 110 in the master's degree category. The award-winning dissertations in both categories addressed the lessons to be drawn from the financial and sovereign debt crisis.

MAIN CAUSES TO WHICH WE DONATE

Our intention in making donations is based on social objectives: We want to encourage achievement, help to create an open society, and contribute to a sustainable community. The focus of DZ BANK's corporate citizenship on academic research, education, social causes, and arts and culture is enshrined in our donations policy. In 2014, DZ BANK donated a total of around €367,000 to charitable causes, 16 percent more than in 2013.

ACADEMIC RESEARCH AND EDUCATION

Academic research and education remained the main area of our engagement, accounting for 39 percent of our donations. Our focus within this area is on financial studies and the cooperative movement, and is primarily manifested through our support for the German Benefactors' Association for Science and Learning. Its motto of 'Gifting education, creating knowledge, enabling innovation' symbolizes the shared responsibility of companies and foundations for science and education.

Another priority for us is providing help in our home city of Frankfurt am Main: We support the Frankfurt

School, the Frankfurt Main Finance association and, in particular, the House of Finance at the city's Goethe University, which has emerged as an influential forum for dialog between academia, politicians, and financial practitioners.

SOCIAL CAUSES

In 2014, social causes accounted for 27 percent of our total donations. This included supporting the Frankfurt children's office, to which we and our employees made a Christmas donation to help children and young people in need. Another important cause is the Childaid Network foundation, which our employees have been supporting for six years. Childaid Network helps children and young people in India who would otherwise have no access to education. As part of our 2014 Christmas initiative, employees and DZ BANK together donated €62,000 to this charity. This sum is enough to look after 147 children in India for an entire year, including care, accommodation, clothes, food, and schooling or training. A number of actively engaged employees maintain close contact with the children's homes in north-east India.

In the year under review, we stepped up our support for the work of the German Global Compact Network, a foundation that champions sustainable and responsible corporate governance.

The Aktive Bürgerschaft (active citizenship) foundation features heavily in corporate social responsibility activities across the cooperative financial network. DZ BANK also supports this foundation and is a member of its advisory council. The aim of the foundation is to give information and advice about civic engagement and to provide volunteers, multipliers, and supporters with education and training.

CULTURE AND THE ARTS

In 2014, we donated approximately €77,000 – about 21 percent of our total donations – to culture and the arts. We primarily support activities at our headquarters in Frankfurt. Donation recipients in the city included the Städel Museum and the Museum of Modern Art, which was able to open a new exhibition venue in the TaunusTurm tower with the aid of donations. In addition, we sponsored the Frankfurt University of Music and Performing Arts. As the only university for music, theater, and dance in Hessen, it is extremely important for the region.

500 

WORKS OF ART

by more than 80 artists were shown in four exhibitions in our ART FOYER in 2014. DZ BANK's art collection, which predominantly features contemporary photography, is a main area of focus in our long-standing cultural involvement.

DZ BANK ART COLLECTION

Over and above its sponsorship of the arts, DZ BANK's art collection, which predominantly features contemporary photography, is a main area of focus in our long-standing cultural involvement. In 2014, we showed over 500 works of art by more than 80 artists in four exhibitions staged in our ART FOYER.

At the end of the year, Ulrich Gebert and Andrej Kremenschouk organized the f/12.2 exhibition to showcase the work that they had produced during their year of sponsorship by the DZ BANK art collection. These two young photographic artists each received €1,000 per month for twelve months, enabling them to focus on an artistic project. Works by three other shortlisted artists (Alexandra Baumgartner, Valerio Spada, and Robert Voit) were also on display. We have purchased these works, plus those of the two sponsored artists, for DZ BANK's art collection.

In 2015, DZ BANK will be the main sponsor of an exhibition to mark 200 years of the Städel Museum's collection. The Masterworks in Dialogue exhibition will include 70 selected works from the Städel collection as well as many items on loan from major German and international collections. One of the masterpieces on display will be Thomas Struth's Louvre III from the DZ BANK art collection.

PARTNER OF THE DEUTSCHE SPORHILFE FOUNDATION

DZ BANK has supported the Deutsche Sporthilfe foundation for many years and continued to do so in 2014. Having initially started as a citizens' initiative, the institution upholds the values of achievement, fair play, and cooperation – values that also apply to us and our employees. Since its establishment in 1967, the Deutsche Sporthilfe foundation has sponsored over 47,000 up-and-coming and elite athletes from more than 50 sports.

DZ BANK is a partner in the mentoring program of Deutsche Sporthilfe's Springboard for the Future – Sport & Career initiative, in which executives and decision makers from industry act as sparring partners, door openers, and long-term career advisors for top young sportsmen and women sponsored by the foundation. Senior managers from leading companies advise and assist the athletes on aspects such as choosing a career, gaining practical experience, applying for jobs, and entering the world of work. The program

JOBLINGE



In 2014, 41 employees volunteered to take part in the Joblinge initiative at four locations.

comprises 100 mentee/mentor pairings. DZ BANK has made a long-term commitment to this program and, among other activities, enables the mentors to meet regularly with the athletes whom they mentor. In addition, five of our executives have themselves signed up as mentors.

SUPPORT FOR THE PARLIAMENTARY SYSTEM

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

CORPORATE VOLUNTEERING

DZ BANK supports the engagement of its employees in charitable activities through various initiatives and by making donations.

EMPLOYEES HELP YOUNG PEOPLE INTO WORK

Since April 2013, we have been supporting the non-profit Joblinge initiative, which assists teenagers and young adults to enter the labor market who have previously found it difficult to find work. The initiative was launched in 2007 by BMW AG's Eberhard von Kuenheim Foundation and The Boston Consulting Group GmbH together with experts from politics, business, and the non-profit sector. Our employees involved in Joblinge act as mentors for the young people, helping them to find a place on a training scheme and prepare for their new job. In the reporting

year, 41 DZ BANK employees volunteered to take part in Joblinge at four locations.

TRAINEES SWAP PCS FOR PAINTBRUSHES

There is a tradition of trainees joining in with DZ BANK's corporate citizenship activities. In 2014, we took part in the Social Day organized by the Order of Malta association for the tenth time, when teams of employees from Frankfurt-based companies spend the day volunteering at various charitable organizations. This time, 13 young colleagues swapped their PCs for paintbrushes and paint rollers, helping to paint a hallway and classroom at Frankfurt's Weissfrauenschule, a school for children and young people with language difficulties.

DZ BANK MICROFINANCE FUND HELPS PEOPLE TO HELP THEMSELVES

The DZ BANK microfinance fund was established by employees in cooperation with DZ BANK and works in partnership with economically active women and men in Africa to help them help themselves. Through DZ BANK's network of correspondent banks, the fund – which is managed on a voluntary basis – supports microfinance institutions in African countries. These grant microloans to people who run small businesses but do not have access to conventional banks. The institutions also accept savings deposits and make transfers for their customers.

In the year under review, the DZ BANK microfinance fund collaborated with three microfinance institutions in Tanzania, Togo, and Ghana. All three operate in rural areas and focus on granting microloans to women who run shops/stalls, make food, or work in a skilled trade or agriculture in order to feed their family. We aim to support additional microfinance institutions in Africa in cooperation with Oikocredit in 2015. Oikocredit is an international, socially-minded fund management company that provides finance to microfinance institutions and cooperatives in developing countries.

At the end of 2014, the DZ BANK microfinance fund had 231 members. DZ BANK's total contributions to the initiative since it was set up in 2000 have reached roughly €40,000.

Previously run as a partnership under the German Civil Code (Gbr), the DZ BANK microfinance fund has been a cooperative since 2012, which means that corporations as well as individuals can now make

financial contributions to the fund. This enabled DG HYP to join the cooperative in 2014, paying in €10,000. It was thus following in the footsteps of DZ BANK, which became a member in 2013 with a contribution of €50,000. Our strategy is for other entities in the cooperative financial network and their employees to also become members of the DZ BANK microfinance fund and support its work.

MEMBERSHIP OF ACADEMIC RESEARCH AND EDUCATIONAL ORGANIZATIONS

» German Benefactors' Association for Science and Learning

Identifies structural problems in scientific research and higher education and attempts to find solutions

» Center for Financial Studies (CFS)

Conducts independent research with an international focus into important financial issues

» E-Finance Lab

Develops methods for restructuring processes and value chains in the financial services sector

» Marktwirtschaft Foundation

A German free-market economic policy think tank, focuses on issues around competition, the labor market, social security, and fair taxation

» Frankfurt Institute for Risk Management and Regulation

Funds research and education in risk management and regulation

» German Equities Institute

Promotes Germany as a financial center and equity as an investment and financing tool

» German Historical Information Center for the Cooperative Movement

Explores and protects the cooperative movement's heritage

MEMBERSHIP OF CULTURAL ORGANIZATIONS

» Städel Museum

The oldest, most prestigious museum foundation in Germany

» University of Music and Performing Arts

The only university for music, theater, and dance in Hessen

» Alte Oper

One of Germany's leading concert halls, whose reputation extends worldwide

KEY PERFORMANCE INDICATORS: CORPORATE CITIZENSHIP

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

BREAKDOWN OF DONATIONS BY AREA

%	2014	2013	2012	2011
Academic research & education	38.6	44.5	46.2	41.6
Social causes	27.3	19.8	17.5	23.1
Arts	21.1	16.5	19.2	19.7
Politics	8.2	13.9	9.9	10.5
Sport	4.8	5.2	7.2	5.1
Total amount donated (€)	366,658	316,313	303,497	295,000

We increased the total amount that we donated in 2014 by 16 percent year on year. Academic research and educational causes continued to be the main recipients.

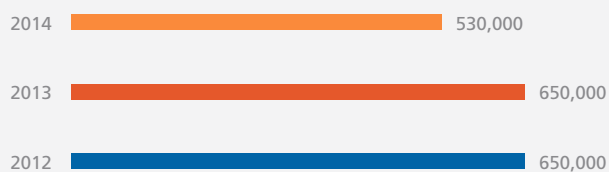
MEMBERSHIP COSTS

€	2014	2013	2012	2011
Banking organizations	1,544,605	1,501,000	1,403,000	1,385,000
Academic and other organizations	594,065	577,000	570,000	512,000
Total costs	2,138,669	2,078,000	1,973,000	1,898,000

Expenses for memberships were up by 3 percent year on year. This was primarily caused by increases in membership subscriptions for national and international cooperative associations. One of the reasons for these increases is the sharp rise in the regulatory requirements that the associations have to examine and comment on.

VOLUME OF PROJECTS SPONSORED BY THE DZ BANK FOUNDATION

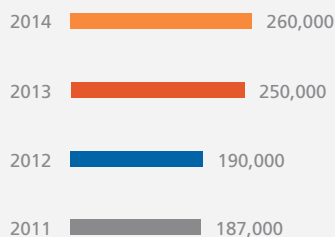
Sponsorship volume (€)



Despite DZ BANK AG making a donation, the foundation's sponsorship volume declined by 18 percent in 2014. This was due to low interest rates in the capital markets.

CAPITAL HELD BY THE DZ BANK MICROFINANCE FUND

Fund assets (€)



The DZ BANK microfinance fund significantly increased its capital compared with 2013. This enables us to support additional microfinance institutions and continue with existing projects.

SUSTAINABILITY PROGRAM

Objective	Action	Deadline		Comment/explanation of status
Sustainable business				
Create a framework for sustainability activities	Implement a groupwide code of conduct	Dec. 2014	▲	A groupwide code of conduct was implemented in the DZ BANK Group.
Intensify stakeholder dialog	Establish/intensify dialog with non-governmental organizations concerned with banks' responsibilities	Dec. 2015	▲	Links to NGOs were established. We have communicated with them regularly and in connection with current topics.
Introduce an environmental management system	Implement an environmental management system based on ISO 14001 for the headquarters in Frankfurt and obtain certification	Dec. 2013	▶	The environmental management system was improved with the support of ECOPROFIT and underwent an external audit. An energy audit is being conducted and will be completed by December 2015. This will be followed by re-certification in accordance with ISO 14001.
Conduct special review of sensitive sectors for lending business	Devise a sector-specific guideline for agribusiness	Dec. 2013	▶	The fundamental sustainability checklist is used to assess loan applications from the agribusiness and livestock farming sectors. At the same time, we make sure that customers adhere to animal welfare standards (SR 22 and 25). Further guidelines and a review of the processes are due to be completed by the end of 2016.
Follow accepted guidelines for project finance	Implement EP III: new project finance requirements set out by the Equator Principles	Jun. 2014	▲	In 2012, the relevant departments set up the processes for the required reporting on categorization and verification under the Equator Principles ('implementation reporting'). The reports are published on DZ BANK's online sustainability portal.
Increase employees' awareness of product-relevant sustainability issues	Develop a new concept for sustainability training and CPD	Dec. 2014	▶	An online course is to be included in the range of training on sustainability in lending from the first quarter of 2016.
Increase the products and services in DZ BANK Sustainable Investment Research's portfolio	Increase the range of services relating to products and roadshows; extend the sustainability rating	Jan. 2016	▲	In 2014, the fixed income asset class was given a sustainability dimension as part of a study on green bonds. The sustainability research team also helped their colleagues on the debt capital markets team with pitches and placements. We are currently working on extending the rating model to cover the entire fixed income spectrum.
Environmental protection and climate change				
Increase energy efficiency	Replace the building systems technology in the course of regular maintenance	Ongoing	▶	Current replacement work at Cityhaus II, Frankfurt: replacement of cooling tower – use of free cooling results in an annual saving of around 360,000 kWh/year.
	Replace the cooling towers at Cityhaus I in Frankfurt	Dec. 2017	▲	The decision on the new cooling tower technology – improvement of energy efficiency or use of fewer chemicals and reduction of water consumption – is currently being implemented.
	Expand the Frankfurt site with the new Pavillon building	Jul. 2016	▲	The new building is being constructed on the basis of sustainability criteria and has been certified in accordance with German Sustainable Building Council (DGNB) standards.
	Obtain Green Office Building certification for GENO-Haus in Stuttgart	Dec. 2019	▶	Our long-term goal is to obtain Green Office Building certification for GENO-Haus in Stuttgart. The modernization work takes financial and environmental aspects into consideration, such as the choice of paint for the exterior and the installation of a new refrigeration machine.
	Implement DG Verlag's E-Mobility concept and set up DZ BANK's first electric charging point at the Frankfurt office	Dec. 2015	▲	The first electric charging point was installed in DZ BANK's access yard and is part of the local cooperative banks' network of electric charging points.

Objective	Action	Deadline		Comment/explanation of status
Increase energy efficiency	Deploy the first electric vehicle (BMW i3) for mail and messenger services at the Frankfurt office	Dec. 2015	▲	The first electric vehicle for mail and messenger services has gone into service and has proved its worth in day-to-day use.
	Update the induction equipment for the office air-conditioning at Cityhaus I in Frankfurt	Dec. 2021	▲	The office air-conditioning is being improved by using modern ceiling cooling and heating elements (hybrid technology) and will therefore significantly reduce electricity needs in the future.
	Conduct energy audits	Dec. 2015 then every four years	NEW	Energy audits will be carried out with the aim of identifying who and what uses how much energy so that potential for energy savings can be exploited.
Cut CO ₂ emissions	Reduce CO ₂ emissions (relative to energy consumption) by 15 percent (base year: 2012)	Dec. 2020	▲	Despite an increase in the number of employees and company cars, CO ₂ emissions continued to fall in 2014.
	Develop measures to determine the proportion of eco-friendly means of transportation used for business travel	Dec. 2015	▶	The business travel policy is being updated. The range of products and references, e.g. to certified hotels and other providers, is being extended.
	Provide e-bike stations and e-bikes for DZ BANK employees to use for travel around the city	Dec. 2015	▶	The provision of e-bikes and e-bike stations is being examined in cooperation with suppliers.
Climate change	Facilitate communication and dialog on climate change	Dec. 2015	▲	DZ BANK engages in a variety of climate change activities: membership of Frankfurt's ECOPROFIT club, proactive dialog with the VfU, provision of information on activities and ways of making savings via inhouse communication channels (intranet and staff magazine).
Apply ecological and social criteria to procurement	Enhance and synchronize the sustainability survey for DZ BANK Group suppliers with particular relevance for sustainability	Dec. 2015	▶	Data on the sustainability survey for service providers is collected from across the group on an internal platform and made available to the individual entities.
	Select eco-friendly hotels for business trips wherever possible	Dec. 2015	▲	Eco-friendly hotels are labeled as such in our travel reservations system, making it easier to make a green choice.
	Set up a site for service providers offering information on the sustainability check	Dec. 2015	▲	Service providers can look up the sustainability requirements on our websites.
Employees				
Promote a balance between career and family	Undergo a re-audit by the non-profit-making Hertie Foundation	Aug. 2013	▲	Re-audit took place (March 2014).
	Achieve the target that was set following the 'audit berufundfamilie'	Dec. 2015	NEW	Enhancement of the work and family communication concept, focusing in particular on regional offices.
	Open a daycare center for employees' children in Frankfurt	Dec. 2016	NEW	A workplace daycare center for employees' children is being set up as part of the extension to DZ BANK's offices.
Ensure a supply of qualified employees	Define and implement a new employer branding concept in the DZ BANK Group	Dec. 2015	▲	Concepts have been developed for the individual entities. Joint HR marketing activities were launched in the fourth quarter of 2014 and are continuing in 2015 where necessary. Otherwise, the concept has been implemented. External activities will start in 2016.
Increase employee satisfaction and loyalty	Improve development opportunities by offering activities identified in the DZ MeinungsSpiegel employee survey	Dec. 2015	▲	Improvements have begun at various levels, e.g. targeted communications on development opportunities.
	Draw up an action plan so that sustainability plays a more prominent role in training and development activities	Dec. 2015	NEW	
Society				
Expand corporate volunteering	Implement a company-supported volunteering initiative	Dec. 2013	▲	DZ BANK's involvement in the Joblinge initiative at a number of locations is a way for employees to engage in community activities.
Expand the company's engagement	Provide support to athletes being sponsored by Deutsche Sporthilfe	Dec. 2015	▲	Involvement in the Springboard for the Future initiative: Five of our executives are mentors to athletes participating in the initiative.

GRI CONTENT INDEX

To ensure that our reporting is clear and understandable, we follow the guidelines issued by the Global Reporting Initiative (GRI) (third version, G3), plus the sector supplement for financial services providers. Our self-assessment of our application level for the GRI G3 guidelines is A, which is the highest application level. The GRI has verified and confirmed this self-assessment. The GRI Content Index shown here is a condensed version and indicates the pages in the report where the required information can be found.

A detailed statement is available on DZ BANK's sustainability portal at:
www.sustainability.dzbank.com



GRI indicator	Application level	Page
1. STRATEGY AND ANALYSIS		
1.1 Statement from the most senior decision maker	➤	SR 6 et seq.
1.2 Key impacts, risks, and opportunities	➤	SR 15 et seq., 19 et seq.; AM 39 et seq., 53 et seq.; online
2. ORGANIZATIONAL PROFILE		
2.1 Name of the organization	➤	SR 62
2.2 Brands, products, and/or services	➤	SR 8 et seq.
2.3 Operational structure of the organization	➤	SR 8 et seq.; AM 6 et seq., 230 et seq.; online
2.4 Location of organization's headquarters	➤	SR 62
2.5 Countries where the organization operates	➤	SR 10 et seq.
2.6 Nature of ownership and legal form	➤	SR 8; AM 6, 54
2.7 Markets	➤	SR 10
2.8 Scale of the organization	➤	SR 8 et seq.; AM U2
2.9 Significant changes regarding size, structure, or ownership	➤	AM 23; AR 194
2.10 Awards	➤	SR 47; AM 27; AR 14 et seq.
3. REPORT PARAMETERS		
3.1 Reporting period	➤	SR 62
3.2 Publication of most recent previous report	➤	SR 62
3.3 Reporting cycle	➤	SR 62
3.4 Contact	➤	SR 15; online
3.5 Process for defining report content	➤	SR 16 et seq., 62; see 4.14 et seq.
3.6 Boundary of the report	➤	SR 62
3.7 Limitations on the scope of the report	➤	SR 62
3.8 Joint ventures, subsidiaries, outsourced operations	➤	AM 230 et seq.; see 2.9, 3.6
3.9 Data measurement	➤	SR 62
3.10 Re-statement of information provided in earlier reports	➤	SR 62
3.11 Changes in the scope, boundary, or measurement methods applied in the report	➤	SR 62
3.12 GRI Content Index	➤	SR 60 et seq.
3.13 External assurance for the report	➤	
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
4.1 Governance structure of the organization	➤	SR 7; AM 194 et seq.
4.2 Indicate whether the chair of the highest governance body is also an executive officer	➤	AM 194 et seq.; online
4.3 Independent members of the highest governance body	✗	AM 194 et seq.; see 4.1
4.4 Mechanisms for shareholders and employees to provide recommendations to the highest governance body	➤	SR 20; AM 26, 116
4.5 Linkage between compensation for members of highest governance body & the organization's performance	➤	SR 17; AM 26, 194
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	➤	SR 17 et seq.
4.7 Qualifications of the members of the highest governance body regarding sustainability issues	➤	SR 15
4.8 Statements of mission, codes of conduct, and principles	➤	SR 17 et seq., 36; see 4.6
4.9 Procedures of the highest governance body for overseeing sustainability performance	➤	SR 15; see 4.7, 4.8, 4.12
4.10 Processes for evaluating the highest governance body's sustainability performance	➤	see 4.5
4.11 Precautionary approach	➤	SR 21 et seq.; AM 32 et seq.
4.12 Externally developed charters, principles, initiatives which the organization endorses or subscribes to	➤	SR 15, 17, 24, 44 et seq., 62
4.13 Membership of organizations	➤	SR 15, 27 et seq., 34, 56 et seq.; online
4.14 Stakeholder groups	➤	SR 16 et seq.
4.15 Basis for selection of stakeholders	➤	SR 16, 62
4.16 Approaches to stakeholder engagement	➤	SR 16 et seq., 20, 45; AM 26; see 3.5, 4.4
4.17 Topics and concerns of stakeholders	➤	SR 15; see 3.5

GRI indicator	Application level	Page
ECONOMIC PERFORMANCE INDICATORS		
Management approach	^	SR 8 et seq., 16 et seq., 25, 54 et seq.; AM 10 et seq.; see EC1
EC1 Direct economic value generated and distributed	^	SR 9, 29, 54 et seq., 47; AM U2, 162 et seq.
EC2 Financial implications due to climate change	>	SR 6 et seq., 9, 11, 15 et seq.
EC3 Coverage of defined benefit plan obligations	^	SR 10, 43 et seq., 46; AM 15, 20, 63, 111, 148 et seq.
EC4 Financial assistance received from government	^	
EC6 Policy, practices, and proportion of spending on suppliers	>	SR 11, 36
EC7 Procedures for local hiring	^	SR 45
EC8 Infrastructure investments and services for public benefit	>	SR 24, 56 et seq.
ENVIRONMENTAL PERFORMANCE INDICATORS		
Management approach	^	SR 33 et seq.; see EN1 et seq., EN6 et seq. (online), EN21, FS1 et seq. (online)
EN1 Materials used	^	SR 34, 36, 39
EN2 Recycled materials	>	SR 36, 39
EN3 Direct energy consumption	^	SR 34, 38
EN4 Indirect energy consumption	>	SR 37 et seq.
EN8 Total water withdrawal	^	SR 36, 39
EN11 Land in, or adjacent to, protected areas	x	
EN12 Impacts on biodiversity	x	see EN11
EN16 Greenhouse gas emissions	^	SR 34, 36 et seq., 38 et seq.
EN17 Other greenhouse gas emissions	^	SR 34 et seq., 39
EN19 Emissions of ozone-depleting substances	x	
EN20 NOx, SOx, and other air emissions	x	
EN21 Water discharge	x	see 2.5
EN22 Waste by type and disposal method	>	SR 35 et seq., 39
EN23 Significant spills	x	
EN26 Initiatives to mitigate environmental impacts	^	see FS1 et seq. (online)
EN27 Packaging materials	x	
EN28 Sanctions for non-compliance with environmental laws	^	
SOCIAL PERFORMANCE INDICATORS: LABOR PRACTICES AND DECENT WORK		
Management approach	^	SR 42 et seq.; see LA10
LA1 Total workforce by employment type, employment contract, and region	^	SR 9 et seq., 48 et seq.; AR 56
LA2 Employee turnover	>	SR 48; AR 56
LA4 Employees covered by collective bargaining agreements	^	
LA5 Minimum notice periods regarding operational changes	>	AR 54 et seq.
LA7 Occupational diseases, lost days, and work-related fatalities	>	SR 44, 46 et seq.
LA8 Education and training regarding serious diseases	^	SR 46 et seq.
LA10 Training per employee	^	SR 42, 44 et seq., 48 et seq.
LA13 Composition of governance bodies and breakdown of employees per category	>	online
LA14 Ratio of basic salary of men to women	^	SR 44 et seq.
SOCIAL PERFORMANCE INDICATORS: HUMAN RIGHTS		
Management approach	^	SR 21 et seq., 36, 45; see HR2, FS1 et seq. (online)
HR1 Investment agreements with human rights clauses	>	SR 21 et seq., 24
HR2 Suppliers that have undergone screening on human rights	>	SR 36
HR4 Number of incidents of discrimination and actions taken	^	
HR5 Freedom of association and collective bargaining	^	SR 28, 45
HR6 Measures taken to eliminate child labor	^	SR 28, 45; see FS1 et seq. (online), HR2
HR7 Measures taken to eliminate forced or compulsory labor	^	SR 28, 45; see FS1 et seq. (online), HR2
SOCIAL PERFORMANCE INDICATORS: SOCIETY		
Management approach	^	SR 52; see SO2, SO5
SO1 Impacts of operations on communities	>	SR 54 et seq., 57; see EC8 et seq. (online)
SO2 Risks related to corruption	>	SR 17 et seq.
SO3 Training in anti-corruption policies and procedures	^	SR 18 et seq., 29
SO4 Actions taken in response to incidents of corruption	>	SR 18 et seq., 29
SO5 Public policy positions and lobbying	^	online
SO8 Fines and sanctions for non-compliance with laws and regulations	^	AM, AR
SOCIAL PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY		
Management approach	^	SR 15 et seq.
PR1 Health & safety impacts on customers	x	
PR3 Product information required by law	>	SR 20 et seq., 26; see FS15 (online)
PR6 Standards related to advertising	^	
PR9 Fines for non-compliance with regulations concerning products & services	^	AM, AR

LEGEND

- ^ fully applied
- > partially applied
- ^ not applied
- x not relevant

REFERENCES

- SR page in 2014 Sustainability Report
- AM page in 2014 annual financial statements and management report

AR page in 2014 Annual Report of the DZ BANK Group

Online further information available online in the GRI Content Index

ABOUT THIS REPORT

This Sustainability Report covers the essential developments in, and progress made by, DZ BANK AG in the area of sustainability for the reporting year 2014. It builds on the Sustainability Report for 2013 and is intended for all our stakeholders. Since 2008, DZ BANK has been using its Sustainability Reports to provide regular updates on the progress it is making in terms of financial performance, the environment, and corporate citizenship. The key performance indicators we have used are based on the period January 1 to December 31, 2014 but for especially significant events the period has been extended up to the publishing deadline of April 30, 2015.

Qualitative and quantitative data has been collected locally at departmental level, amalgamated in a central database, and analyzed by the Communication and Marketing division. There were no material changes in the period under review. DZ BANK AG and its activities are the exclusive subjects of this report. Employee data in the report relates to all DZ BANK AG locations. In this report, environmental data is reported more transparently in accordance with scopes 1 and 2, but also on the basis of the indicators of the VfU. We report on our coverage of the environmental KPIs accordingly.

The Sustainability Report for 2014 was produced in accordance with Global Reporting Initiative (GRI) guidelines and the additional guidelines given in the supplement for the financial services sector. The topics it addresses were determined with reference to a materiality analysis carried out in 2012. A summary of the content relevant to the GRI guidelines can be found at the end of this report (SR 60). The report achieved GRI application level A. In 2015, in addition to the Sustainability Report, a separate progress report ('communication on progress') was issued detailing the progress made by the DZ BANK Group on implementing the ten principles of the UN Global Compact.

In the interests of readability, we have omitted gender-specific repetitions and have not written out the bank's full legal name. This report is available in German and English. The next Sustainability Report is scheduled to appear in 2016.

The Sustainability Report is also available online at:
www.sustainability.dzbank.com



The DZ BANK Group has held prime status from oekom research since 2011. This status is given by oekom research AG to companies that stand out from the crowd because of their above-average environmental and social commitment. In 2014, the DZ BANK Group was designated as an industry leader in the public and regional banks category, receiving a rating of C+.



DZ BANK AG is regularly awarded a sustainability rating from Sustainalytics. In the most recent assessment (2015), DZ BANK AG was ranked 54 out of the 405 banks analyzed.



imug rates the issuers of bank bonds on the basis of their sustainability. In 2015, imug rated DZ BANK as positive in the public-sector Pfandbriefe category and as neutral in the mortgage Pfandbriefe and unsecured bonds categories.



The UN Global Compact is a strategic initiative whereby companies undertake to align their business activities and strategies with ten principles in the areas of human rights, labor, environment, and anti-corruption. DZ BANK signed the Global Compact in 2008, while the DZ BANK Group became a signatory in 2013.

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SUSTAINABILITY REPORT

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PRESS DATE

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

The current report is also available in German.

FIND OUT MORE ABOUT DZ BANK

SUSTAINABILITY PORTAL

Our sustainability portal provides continually updated information on sustainability-related issues.
www.sustainability.dzbank.com

DZ BANK WEBSITE

On our website you can find up-to-date information about DZ BANK AG and the DZ BANK Group.
www.dzbank.com

The 2014 Annual Report of the DZ BANK Group and the 2014 annual financial statements and management report of DZ BANK AG are available in the Investor Relations section.
www.dzbank.com > Investor Relations > Reports





Volksbanken Raiffeisenbanken
cooperative financial network

 **DZ BANK**
Bank on Germany