



2011 SUSTAINABILITY REPORT

Status of sustainable development at DZ BANK

ABOUT THIS REPORT

THIS UPDATE REPORT FOR 2011 PROVIDES A VERY BRIEF SUMMARY OF KEY DEVELOPMENTS AND THE PROGRESS MADE BY DZ BANK AG WITH REGARD TO SUSTAINABILITY IN 2011 AND IT IS ADDRESSED TO ALL OUR STAKEHOLDERS.

This update report follows directly on from the second part of DZ BANK AG's 2010 Sustainability Report, known as the performance report. We have included events with particular relevance to the 2011 update report up to the press date of March 31, 2012. The key figures mentioned relate to the 2011 reporting year (January 1 to December 31, 2011).

Qualitative and quantitative data was collected locally by individual departments and amalgamated in a central database. The Communication and Marketing division was responsible for analyzing it. There were no material changes in the period under review, so the data is directly comparable with previous publications. Details about employees include all DZ BANK AG locations. Environmental data is reported in the same way.

For reasons of comparability and transparency, the update report has been prepared in accordance with the G3 guidelines issued by the Global Reporting Initiative (GRI). We have also incorporated the sector supplement for financial service providers. The GRI Content Index in the table starting on page 29 lists the GRI indicators and the page references relevant to them. The GRI will continue to check the application level of the guidelines for us in 2012.

This report also fulfils the function of a Communication on Progress as defined by the United Nations Global Compact. References to the implementation status of the ten principles have been included in the GRI Content Index. In the interest of better readability, we have omitted gender-specific duplications and we have not written out the legal name of the Bank.

The 2011 update report can be downloaded in German and English from our sustainability portal at www.sustainability.dzbank.com. The next long-format Sustainability Report will be published in 2013.

MORE DETAILED INFORMATION ON THE INTERNET

www.dzbank.com
www.sustainability.dzbank.com
www.annualreport.dzbank.com

Material information about the financial performance of DZ BANK can be found in the DZ BANK AG annual financial statements and management report for 2011.

A review of the DZ BANK Group's activities and further information about the cooperative financial network are provided in the DZ BANK Group annual report, which can be downloaded from the internet.

We also regularly post the latest news about sustainability at DZ BANK on our sustainability portal.

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Wolfgang Kirsch, Chief Executive Officer

Dear Shareholders,

I am delighted to present our update report on sustainable development at DZ BANK. Our intention is to provide you with a condensed status report – backed up by key figures – about our work, the challenges we faced, and the progress we made in 2011.

The United Nations has designated 2012 International Year of Cooperatives and many of the details contained in this report corroborate its slogan, ‘Cooperative enterprises build a better world’. The challenge we have set ourselves is tough, but it is also appropriate because we practice the traditional cooperative principles of solidarity, integrity, and helping people help themselves in our business relationships. This gives us the strength to play a key role in the sustainable development of our corporate environment and it applies to DZ BANK as the central institution of the cooperative banks in Germany as much as to retail, construction, producer, or energy cooperatives. Today, our cooperative approach has earned us the confidence of investors and analysts, and this is reflected in the excellent AA rating accorded the cooperative financial network and DZ BANK by Standard & Poor’s.

These days, impairment losses on government bonds, demanding capital and liquidity requirements, and investor uncertainty in the international capital markets are depressing the earnings prospects of many financial institutions. However, DZ BANK is performing very consistently despite all these negative factors – not least because of its integral position within the cooperative financial network. For DZ BANK, the long-term well-being of the cooperative banks, its customers and owners, takes priority over short-term gains. This guiding principle instills trust in our partners, as does our willingness to take economic, environmental, and social responsibility, an approach we have adopted for many years.

In this context, I would first like to mention our growing portfolio of sustainable investment products with capital preservation. They consist exclusively of securities issued by companies that operate sustainably in fast-growing sectors. We select them according to strict criteria and bundle them into a range of investment certificates to meet investors' varied requirements. In 2011 we started to use our own sustainability rating system to select companies. It is geared toward analysts, investors, and also cooperative banks. Alongside our investment business, we also finance pioneering companies and projects in sectors such as renewable energies. When doing so, we get involved in all the relevant areas of development lending, from project finance to public-private partnerships. We are meeting the challenges of demographic change in our human resources work by developing young talent and helping our employees achieve a better work/life balance. In 2011 we launched the TeamUp trainee program together with the local cooperative banks – also a good example of teamwork within the cooperative financial network.

Our endeavors in the field of sustainability have all been assessed positively by leading rating agencies, with oekom research awarding the DZ BANK Group 'Prime' status for its social and environmental achievements in 2011. DZ BANK was also among the Top German Employers in the financial sector for the fifth consecutive year.

Our achievements spur us on to new goals. In 2011, for example, we decided to sign up to the Equator Principles, the world standard for project finance, and we have developed enhanced guidelines for reviewing environmental and social standards based on these Principles. We are currently working on introducing a reporting process that focuses on the Equator Principles. We also plan to improve our management of the growing market for sustainable financial products. According to the latest European SRI study by Eurosif, the volume of sustainable investments in Europe alone has almost doubled to €5,000 billion within two years – despite the uncertainties in the financial markets. Consequently, we have launched a joint market initiative with the companies in the DZ BANK Group to analyze the opportunities offered by sustainable products in the market segments covered by our group members.

Working with the cooperative banks over a long period, we have developed a culture of partnership based on clear ethical values. We also recognize this set of values in the ten principles of the UN Global Compact, which is why we are explicitly committed to the ten principles and this report shows how they are put into practice at DZ BANK.

But don't take our word for, please read for yourself about our sustainable, forward-looking business model founded on cooperative values.

Frankfurt am Main, August 2012



Wolfgang Kirsch,
Chief Executive Officer



CREATING ADDED VALUE TOGETHER



Partnership is the hallmark of DZ BANK and also its formula for success. 'Achieving more together' – DZ BANK's slogan gets to the heart of what distinguishes it and its partners in the cooperative financial network. As the network's central institution and a nationwide corporate bank, it acts at all times in accordance with the principle of mutual assistance and helping people help themselves. Together with its partners in the cooperative financial network, DZ BANK creates long-term added value – for its customers and also for its employees.

THE COOPERATIVE FINANCIAL NETWORK AS A MODEL FOR SUCCESS

DZ BANK is fundamentally different from other leading German banks because it is run according to mutual business principles as part of the Volksbanken Raiffeisenbanken cooperative financial network. With around 1,120 cooperative banks that have about 13,500 branches and other specialized financial service companies, the cooperative financial network is one of Germany's biggest private financial-service organizations. While the cooperative banks ensure there is regional contact, the specialized institutions cover overarching financial matters. This division of labor forms the basis of the cooperative financial network's financial services concept. It is one of the factors responsible for the network's success, which is evident in its market share of around 25 percent and its 30 million customers.

THE DZ BANK GROUP – NATIONWIDE FINANCIAL SPECIALISTS

The DZ BANK Group is a cornerstone of the financial products and services offered by the cooperative financial network. With total assets of around €406 billion and approximately 28,000 employees, it is the third biggest financial-service provider in Germany. As well as DZ BANK, the Group includes specialized institutions such as R+V Versicherung, Bausparkasse Schwäbisch

Hall, and Union Investment. These brand companies offer important financial products and services, such as banking, insurance products, home savings, and services relating to securities investments and asset management. They thus enable the cooperative banks in Germany to offer their customers a full range of outstanding financial services.

THE CENTRAL ROLE PLAYED BY DZ BANK AG

DZ BANK AG, headquartered in Frankfurt am Main, functions as the central institution for the local cooperative banks within the cooperative financial network. Its role is to use its national and international product expertise to enhance the competitive position of the many independent cooperative banks in the German market. DZ BANK AG is majority-owned by more than 900 local cooperative banks and it works directly with them in Germany.

As well as its Frankfurt headquarters, DZ BANK AG has a further eight offices in Germany. It also operates international branches in the financial centers of London, New York, Hong Kong, and Singapore and also has five representative offices in Asia and South America. It employs around 4,000 people in Germany and abroad, and its total assets amounted to €245.4 billion in 2011.

THE STRONG BRANDS IN THE DZ BANK GROUP



In addition to its role as a central institution, DZ BANK also fulfils other functions, such as that of a corporate bank supporting companies and institutions that need a nationwide banking partner, and that of a holding company for the DZ BANK Group with its brand companies.

DZ BANK provides its customers within the cooperative financial network and outside it with an extensive range of products and services spread over four strategic business lines – retail banking, corporate banking, capital markets, and transaction banking.

- » Within its retail banking business, DZ BANK's portal at www.eniteo.de and its AKZENT Invest brand provide a broad range of investment opportunities, including capital protected investment certificates with securities that have been checked for sustainability.
- » DZ BANK's corporate banking business incorporates joint credit business with other cooperative banks, such as corporate and project finance, and direct business, mainly with large and medium-sized companies. Among other things, it provides these companies with finance for acquisitions and trading transactions.
- » The focal points of DZ BANK's capital markets business include risk hedging and cash pooling for the companies in the cooperative financial network. DZ BANK's research division provides sustainability ratings and other information to help the local cooperative banks and other institutional clients with investment decisions.

» DZ BANK's transaction banking business line encompasses all services relating to payments processing, credit cards, securities processing, and the administration of development loans.

SELECTED KEY FIGURES FOR DZ BANK AG

DZ BANK EMPLOYEES IN GERMANY AND ABROAD

At December 31, 2011	Employees
Employees at the Frankfurt site	3,048
Other employees in Germany	713
Employees at nine branches and representative office abroad	242
Total	4,003

SHAREHOLDERS OF DZ BANK

At December 31, 2011	(%)
Cooperative banks	82.2
WGZ BANK AG	6.7
Other cooperatives	7.0
Private individuals and other shareholders	4.1

GOVERNANCE AND COMPLIANCE



DZ BANK's 'Our Values' mission statement is based on drive, integrity, and trust, values that are put into practice in its corporate management. This helps us implement legal requirements and international standards and meet the expectations of our customers and owners. We maintain a culture of open dialog and we are involved in topics relevant to the future of the financial sector. At the same time, we are committed to the ten principles of the UN Global Compact. We are fully in favor of human rights and against corruption and white-collar crime.

GOVERNANCE AND COMPLIANCE

Good corporate management naturally requires compliance with legal and regulatory rules, a responsible attitude toward risk, and transparent processes. Recent amendments to regulations, such as the Minimum Requirements for Risk Management for banks and financial services institutions (MaRisk BA) and changes to the German Banking Act (KWG), have imposed tighter requirements, particularly for compliance and risk management in financial business. In addition to developing corporate banking and coping with the financial crisis, implementing these requirements formed a further focus for the work undertaken by the Board of Managing Directors in 2011.

Managerial responsibility for sustainability

DZ BANK is run in accordance with the provisions of the German Corporate Governance Code. Although not required to do so, the Bank has implemented virtually every aspect of the Code, which means that we meet its requirements regarding the composition and work of the Board of Managing Directors and the Supervisory Board. When determining our managing directors' remuneration, we follow the recommendations of the Financial Stability Board and the Remuneration Ordinance for Institutions. By measuring managing directors' variable remuneration over a period of several years and taking into account risk-related KPIs, we encourage sustainable behavior. The same applies to employees who have a significant influence on the Bank's overall risk profile.

As a responsibly managed company, we also provide our employees with guidelines that show them how to behave toward customers and business partners and how to deal correctly and responsibly with colleagues. In 2011 we gathered together these guidelines to form a code of conduct which is to come into force in 2012. Its purpose is to convey our philosophy of integrity and an ethically based corporate culture. At the same time, we are putting together internal principles and external market standards. This standard document will provide our employees with a key tool for dealing with the growing multiplicity of rules and regulations in their work.

RISK MANAGEMENT

We – and the DZ BANK Group – adopt the principle that risk should be incurred only to the extent required to achieve strategic goals, provided the risk appears manageable. To incorporate future developments in our strategic planning, we operate an opportunity and risk management system that applies to the whole DZ BANK Group. The system is continually monitored by our risk control and internal audit department, and also reviewed by the Supervisory Board.

Compliance – rules and controls build trust

As the central institution of the cooperative financial network, DZ BANK bears particular responsibility for proper business practices. Sometimes we find we have conflicting interests regarding data protection and disclosure. Our customers and employees are entitled to complete privacy, but at the same time we have to create transparency to prevent money laundering, fraud, insider dealing, and corruption. We operate a central compliance organization to provide our staff with security in such cases and to effectively combat money laundering and fraud.

The compliance office performs an important role in our company as an interface reporting directly to the Board of Managing Directors and by advising managers and business units on the implementation and monitoring of legal requirements. It also checks compliance with the provisions of the German Securities Trading Act (WpHG), the ban on insider trading, and the rules on employee transactions. The conflict of interest policy, which we use to inform customers of potential conflicts of interest, and the gifts policy for the prevention of bribery are key tools. The compliance office also takes measures to prevent money laundering, the financing of terrorism, and fraudulent acts as defined by the international standards set by the OECD Financial Action Task Force (FATF). In 2011 we reported a total of 15 transactions in which we suspected money laundering. The suspicious transaction reports were submitted to the relevant Landeskriminalamt (LKA) [State Office of Criminal Investigation] and the Bundeskriminalamt (BKA) [Federal Office of Criminal Investigation] or the Zentralstelle für (Geldwäsche-)Verdachtsmeldungen (FIU) [Financial Intelligence Unit].

To identify irregularities at an early stage, we offer our staff and third parties the opportunity to report criminal offenses in confidence. As well as a compliance and money laundering hotline, we also operate a whistleblowing hotline that accepts anonymous information. Internally, the head of the compliance offices acts as the contact point, while an independent lawyer is available as an external ombudsman. The information provided is checked by a committee on a confidential basis. There is also a point of contact for compliance issues for our employees in every division.

Staff training courses are an important preventive measure. We again increased our continuing professional development activities in 2011. The following table provides an overview:

TRAINING COURSES HELD (reporting date: December 31, 2011)

Subject	Total no. of participants	Percentage of relevant employee group
Compliance for banks	3,673	98.7
Compliance for banks – follow-up course	3,223	98.3
Prevention of money laundering	3,659	98.3
Prevention of money laundering – follow-up course	3,122	97.7
Ban on market price manipulation*	998	89.9
Fraud prevention for managers**	218	50.9
Fraud prevention for employees**	1,665	50.5

* The 'Ban on market price manipulation' training course was launched in August 2011. It is aimed at staff in trading or trading-related units.

**Training courses in fraud prevention for managers and employees were introduced in December 2011; which explains the relatively low coverage rate at the end of 2011.

SUSTAINABILITY MANAGEMENT

In recent years, DZ BANK's commitment to sustainability has focused on the two areas of 'responsible financial products' and 'customers'. With its expertise in corporate and project finance and in developing and marketing sustainable investment products, DZ BANK can achieve a great deal in these core business areas. At the same time, we have a duty to make our own business processes more environmentally friendly and less resource intensive while remaining an employer of choice for our staff.

Direct, overall responsibility for sustainability matters lies with DZ BANK's Chief Executive Officer, while the member of the Board of Managing Directors in charge of IT, organization, HR, and operations/services is responsible for environmental/staff issues. DZ BANK's sustainability activities have been coordinated centrally by its Communication & Marketing division since 2008. The head of this division reports regularly to the Board of Managing Directors on the progress made by our institution in specific areas.

Communication & Marketing is assisted in operational sustainability management by a sustainability working group consisting of representatives from divisions of the Bank. The sustainability working group's shared task is to define sustainability targets for individual divisions

THE UNITED NATIONS GLOBAL COMPACT

DZ BANK has been a signatory to the United Nations Global Compact since 2008. Our decision to sign the Global Compact means that we recognize its ten principles and support them within our own sphere of influence:

The ten principles of the Global Compact

Human rights

- Principle 1: Respect and support international human rights
- Principle 2: Businesses should not be complicit in human rights abuses

Labor

- Principle 3: Uphold the freedom of association and the right to collective bargaining
- Principle 4: Elimination of all forms of forced and compulsory labor
- Principle 5: Abolition of child labor
- Principle 6: Elimination of discrimination in respect of employment and occupation

Environment

- Principle 7: Support for a precautionary approach to environmental challenges
- Principle 8: Undertake initiatives to promote greater environmental responsibility
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

- Principle 10: Work against corruption in all its forms, including extortion and bribery.

We report on our progress in implementing these ten principles on a yearly basis. This update report for 2011 therefore also serves as a Communication of Progress for the UN Global Compact (see page 29).

and to expedite the implementation of appropriate action at department level. Targets and actions are aggregated in a sustainability program and reviewed on a regular basis (see page 32).

Sustainable business requires solidarity, so the companies in the DZ BANK Group have joined forces to concentrate their sustainability activities more closely than ever, exploit market opportunities, and avoid risk. They established the sustainability market initiative in 2010 for this purpose. The first shared data was collected and analyzed in 2011 in order to determine where to focus future work. The strategic review showed that individual companies in the DZ BANK Group had already brought in initial measures, a fact that was reflected in the ratings upgrade by oekom research. From 2012, the DZ BANK Group plans to integrate sustainability even more closely into its business processes going forward and to promote sustainability issues throughout the Group.

We also seek to share knowledge and experiences with selected partners outside our Group in order to develop and take up innovative ideas in the area of sustainable finance. In June 2011, we joined the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VFU) [German Association for Environmental Management and Sustainability in Financial Institutions], a network of managers responsible for environmental and sustainability matters at leading financial service providers in Germany, Austria, and Switzerland.

DIALOG WITH STAKEHOLDER GROUPS

The financial crisis and the crisis of confidence have changed the expectations our stakeholder groups have of 'their' DZ BANK. For 2012, we are planning a survey of internal and external stakeholders to investigate their social, environmental, and economic concerns in a systematic manner. We are also in dialog at many levels with representatives of our stakeholder groups. The following examples illustrate the different types of dialog that we maintain with DZ BANK's customers, owners and employees, with companies, and with politicians.

Dialog with our owners and customers

DZ BANK's integral position within the cooperative financial network means that it has a special relationship with one of its stakeholder groups – its owners who are also its most important customers. For this reason, we hold regular events, such as autumn conferences for the boards of managing directors of the cooperative banks,

to inform them about DZ BANK's strategic planning. The conferences in 2011 focused on fast-changing regulatory challenges, the task of joint marketing, and DZ BANK's international business.

DZ BANK's regional Banking Advisory Councils, which meet twice a year, play a consultancy role. Around 40 members of the Boards of Managing Directors of regional cooperatives sit on these councils and their role is to advise the Board of Managing Directors of DZ BANK. This forum provides the local cooperative banks with an opportunity to play a role in the strategic decisions made by the DZ BANK Group.

The Financial Services Advisory Council was established in 2010 to involve the cooperative banks in the development and marketing of the DZ BANK Group's joint products. It consists of 17 members of the Boards of Managing Directors of cooperative banks and seven representatives of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V. (BVR) [National Association of German Cooperative Banks] and its special committees.

Dialog with SMEs

We use the DZ BANK SME survey, which is published twice a year, to inform our customers about current trends in the SME sector. In it we regularly ask SMEs what they expect from the financial sector.

Since 2011 we have been using the VR MittelstandsDialog system to help corporate client advisors at the local cooperative banks maintain a dialog with their SME customers. In 2010 and 2011, we held discussions at various locations about special solutions for SMEs wanting to hedge risk and increase their capital base with the financial crisis in mind. We plan to address the growth area of renewable energies in 2012.

Joint activities for a more reliable financial policy

German and European supervisory authorities should provide players in the financial markets with planning certainty and guidance. However, the multiplicity of fast-changing new regulations means this can no longer be taken for granted. DZ BANK, with its cooperative approach, knowledge, and experience, would like to help stabilize the banking sector across Europe and it seeks dialog with politicians.

At the national level, we primarily voice our political concerns through the BVR. Internationally, we raise issues with political decision makers via the European Association of Co-operative Banks and the Unico

EMPLOYEE DIALOG – BECAUSE WE ACHIEVE MORE TOGETHER

As well as staff surveys, lunch meetings with the Board of Managing Directors, and feedback meetings with its own employees, DZ BANK also arranges regular one-week informative visits for employees of the cooperative banks to encourage collaboration at a personal level among the institutions in the cooperative financial network. There has also been great interest in DZ BANK's visitor program for more than 20 years. It is aimed at local cooperative banks, other stakeholders, and potential trainees.

In 2011 more than 130 groups with a total of 2,675 participants visited DZ BANK in Frankfurt. The visitor program is tailored to the individual requirements and wishes of the guests. The agenda at the day-long events included an explanation of the role and tasks of DZ BANK as well as current topics such as structural change in an ageing society and developments in the international equity markets in 2011.

Banking Group. We also maintain dialog with politicians at local and regional levels by participating in initiatives such as 'Frankfurt Main Finance' for promoting the appeal of Frankfurt as a financial center.

BUSINESS



Our aim is to generate long-term, stable earnings – in the interest of our customers, employees, and society. We are adhering to this policy despite turbulent times by focusing on our core activities and constantly expanding the range of products we offer to the cooperative banks. Our sustainability rating system, growing portfolio of sustainable investment products, and financing for renewable energies mean that we are taking far-reaching corporate social responsibility while at the same time securing the future viability of our institution.

BUSINESS PERFORMANCE

The European sovereign debt crisis was the dominant feature of 2011. Leading rating agencies downgraded the credit standing of debt-ridden countries and major European banks. At the same time, the EU decided to increase the minimum ratio for core Tier 1 capital. Together with other regulatory requirements, these measures adversely affected banks' results. However, DZ BANK's sound business model based on the financial services concept allowed it to maintain its positive business performance. It has held one of the best ratings in Germany since December 2011 when Standard & Poor's upgraded the credit standing of the cooperative financial network and DZ BANK from A+ to AA-. Key financial data for 2011 also shows that the performance of our institution remained consistent, with total assets in 2011 rising by 8 percent to €245.4 billion. Net income for 2011 after deduction of taxes therefore totaled €60 million (2010: €156 million).

DZ BANK continued the systematic development of its products and services in four strategic business lines during the year under review. In retail banking we ended the year with great success. The quality-based strategy for our AKZENT Invest brand met the expectations of investors who had clearly prioritized security in the wake of the financial crisis. Our market share of over 50 percent in investment certificates with capital protection meant that we had consolidated our lead in this segment. Our AKZENT Invest brand, which has a market share of 16.6 percent, ranks second in the entire German investment certificates market.

KEY FIGURES FOR DZ BANK

€ million	2011	2010	Change (%)
Profit/loss before taxes	152	67	> 100.0
Operating profit/loss	558	948	-41.1
Taxes	-92	89	> 100.0
Net income	60	156	-61.5
Equity	6,350	6,436	-1.3
Total assets	245,412	227,337	8

We believe our corporate banking business has great potential for growth. The number of new applications in our joint credit business with the local cooperative banks was up by around 7 percent in 2011 and we recorded growth of 10 percent in direct corporate banking. In 2011 we also paved the way for the future development of corporate banking at DZ BANK. We are expanding the regional presence of divisions that manage corporate relationships and simplifying interfaces with the cooperative banks with the aim of tapping into the medium-sized companies segment with the local cooperative banks.

Despite the volatile markets, DZ BANK's capital markets business segment performed well. We succeeded in increasing primary market business with corporate customers and we maintained our market position in bond issues and broadened our range of research services. DZ BANK fulfilled its task of protecting the liquidity of the cooperative banks and we also proved ourselves worthy of the role of transaction banking service provider for the local cooperative banks. A key topic in 2011 was the introduction of the Single Euro Payments Area (SEPA).

SUSTAINABLE FINANCIAL PRODUCTS

Since 2009, DZ BANK has offered its retail customers a series of innovative investment products under the umbrella of the AKZENT Invest 'Anlage Zukunft' product line, which incorporate both sustainability standards and expected returns. 'Anlage Zukunft' investment certificates are based on shares in companies that are socially responsible and forward-looking yet still offer good financial prospects. We issued ten new investment certificates for this product line in 2011.

We work closely with our inhouse sustainability research team to select the underlying instruments for 'Anlage Zukunft' investment certificates. We filter out companies in the fast growing environment & resources, infrastructure & transportation, healthcare, welfare & education, nutrition & quality of life markets, and subject them to stringent selection criteria. Since November 2011 we have based our selection on the DZ BANK Research sustainability rating (see page 12). Previously, we used a rating from an external service provider for this purpose.

As a result of the financial crisis and crisis of confidence, retail investors have high expectations regarding the security of investment certificates. To meet these expectations, we guarantee that the amount of capital invested will be maintained at the end of the investment term within the quality assurance of the 'Anlage Zukunft' product line. Our customers who hold investment certificates are also protected by a scheme run by the BVR, of which we are a member.

SUSTAINABLE LENDING

Responsible lending is an integral element of DZ BANK's business model. When granting loans, all relevant sustainability aspects are addressed systematically. A sustainability check has been part of the loan application and integral to the credit analysis process since 2009. There are four main categories – social issues, the environment, anti-corruption, competition/tax – and a total of eleven subcriteria which ensure that loan applications are subject to standard checks regarding social, environmental, and ethical issues. A four-stage traffic-light evaluation system is used, ranging from 'exemplary' (green = 1) to 'questionable' (red = 4), in which the following criteria are checked:

CRITERIA ON THE SUSTAINABILITY CHECKLIST

- » **Social aspects**
 - » Labor standards
 - » Safeguarding human rights
 - » Protecting heritage/property, cultural/memorial sites
 - » Protecting neighboring residential property
- » **Environment**
 - » Environmental protection
 - » Insurance cover for damage
 - » Products
 - » Previous use of business site
- » **Anti-corruption**
- » **Competition/tax**

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 for each criterion. If the average is higher than the defined

VALUE DATES OF INVESTMENT CERTIFICATES ISSUED IN 2011

Name	WKN	Issue type	Value date
EDG VarioZins Garantieanleihe Nachhaltig	AK0AHV	Private label	Feb. 28, 2011
VBGT-Nachhaltigkeits-Garant-Anleihe	AK0ANY	Private label	Apr. 26, 2011
EKK Nachhaltigkeitsanleihe III	AK0AMV	Private label	Apr. 26, 2011
VB Kraichgau VarioZins TeilGarant Nachhaltigkeit EP	AK0AU0	Private label	May 30, 2011
VarioZins Garant VIII E Zukunft	AK0AU2	General issue	May 23, 2011
WVB Express Garantieanleihe XII	AK0AU7	Private label	Jun. 13, 2011
EDG VarioZins Garantieanleihe II Nachhaltig	AK0AWJ	Private label	Jul. 18, 2011
EKK Nachhaltigkeitsanleihe IV	AK0AVT	Private label	Jul. 18, 2011
VR-Bank Bayreuth VarioZins Garant Plus 4	AK0AVB	Private label	Jul. 4, 2011
DuoRendite Garant X VZ.EP Zukunft	AK0A10	General issue	Nov. 11, 2011

NEW SUSTAINABILITY RATING FROM DZ BANK RESEARCH

In June 2011, DZ BANK Research launched its own sustainability ratings on the market. They enable institutional investors, investment managers, and cooperative banks to combine expected returns with sustainability when making investment decisions. The ratings are used for all 334 individual securities in the DZ BANK investment universe.

Unlike conventional research, DZ BANK's sustainability rating system focuses on the long-term, complete performance of the companies investigated. To rate these companies, around 150 aspects of environmental, social, and corporate governance are analyzed in detail and weighted by sector. The three-dimensional ESG rating (environmental, social, and governance rating) created in this way differs from conventional analytical models in that it only represents an interim result. A fourth dimension is added in the form of economic indicators and the final sustainability rating is expressed as a figure between 0 and 100.

This figure is used by our research team to divide corporate securities into 'sustainable' or 'not sustainable'. Exclusion criteria are also applied, which means that companies are excluded if they

- » contravene the fundamental principles of the International Labour Organization (ILO),
- » violate environmental laws or internationally accepted minimum environmental standards,
- » breach basic human rights or
- » carry out animal experimentation not required by law.

Companies are also classified as 'not sustainable' if more than 10 percent of their revenue is generated in controversial business areas such as alcohol, tobacco, nuclear power, or armaments.

Companies that our analysts classify as 'sustainable' are awarded the DZ BANK Research seal of approval for sustainability and they are identified as recipients in research publications. So that our customers are able to make investment decisions as quickly as possible, our analysts update the underlying data and results on a daily basis.

DZ BANK Research is also proactive in approaching potential investors. As well as publishing sustainability studies, it organizes investor dialogs and socially responsible investment (SRI) roadshows. For example, it held the fourth Sustainable Technologies Conference in Zurich in 2011. The new sustainability seal of approval was extremely well received by the representatives present from fund management companies, private banks, and asset management companies. With the help of our roadshows, we succeeded in entering the French market and convincing two of the five biggest French SRI asset managers of the value of our sustainability rating. In 2011 the total number of events run by the division rose by around 35 percent compared with the previous year.

threshold of 3.5, no loan is granted. The results of these checks have been recorded in an IT system since 2011 and they have been included in the reporting system since 2012.

Sustainability checks are based on the ten principles of the United Nations Global Compact and the Equator Principles (see page 14). Lending to cooperative banks and companies in the DZ BANK Group, low-risk, standard financial products, and restructuring loans are exempt from the checks.

We have been training our staff in using the checklist and making them aware of special social, environmental, and economic risks since May 2011. Training is offered to all staff members in divisions involved in lending. The training courses are designed so that participants subsequently act as multipliers who help colleagues in their departments carry out sustainability checks (see page 32).

Rules for checking sector-specific risks

The special features of some sectors make it necessary to address additional factors when carrying out sustainability checks. For this reason, we developed additional rules in 2011. Known as sectoral rules, they provide our staff with further guidance on evaluating the social, environmental, and economic aspects of loans, in addition to the sustainability checklist. We already use different sectoral rules for forestry, extractive industries, reservoir projects, and maritime industries and are preparing sector-specific rules for agribusiness.

Increased lending to the renewable energies sector

Since the beginning of 2009, the renewable energies sector has been one of DZ BANK's most strategically important areas of activity. The market for renewable energies is growing rapidly on the back of huge public interest in carbon-neutral energy supplies. The renewable energies business segment again made a significant contribution to the growth in DZ BANK's lending business in 2011. As well as traditional bank loans funded from our own liquidity, our business also focuses

strongly on arranging development loans. In 2011 we lent €1.4 billion to the renewable energies sector, which represented an increase of almost two thirds on the previous year's total of €835 million.

This growth can be attributed to both the benign market environment and the establishment and expansion of the specialist agriculture/nature/energy (ANE) team. In addition to the shift in German energy policy, the certainty surrounding subsidies created by the Renewable Energy Sources Act (EEG) in Germany and extremely low interest rates remain the key growth drivers for the development of biogas, wind energy, and photovoltaics.

FINANCING FOR RENEWABLE ENERGIES (TOTAL VOLUME* BY SECTOR)

€ million	2011	2010
SECTOR		
Wind power	686.1	489.2
Biogas	52.4	32.9
Biomass	29.4	16.1
Photovoltaics	567.2	297.1
Hydro	29.2	0
Total	1,364.3	835.3

*Excl. development lending

In 2010, development lending grew strongly in advance of the cuts in EEG subsidies. As expected, that very high growth rate could not quite be equaled in 2011. Nevertheless, the renewable energies division remained a mainstay of DZ BANK's development lending business, accounting for 21 percent (€1.3 billion) of its volume. With a new business volume of €4.4 billion with Germany's KfW development bank alone, DZ BANK and the cooperative banks achieved a market share of 14.1 percent measured by volume and 19 percent measured by transaction numbers in 2011. This made it KfW's single biggest customer. Our market share was 16.1 percent in the commercial environmental sector and 20 percent for retail customers, measured by volume with KfW.

We responded to the growing market volume by further increasing our customer relationship management capacity in the renewable energies sector. In 2011 we located members of our special ANE team in two further offices. The ANE team supplements the regional expertise of the cooperative banks with our institution's central knowledge of the agriculture and renewable energies sectors. A total of ten relationship managers at our offices in Berlin, Frankfurt, Hamburg, Leipzig, Munich, Oldenburg, and Stuttgart currently support the cooperative banks in the regions. Together with the institutions' advisors, they manage relationships with corporate customers in the agriculture sector and develop solutions for project finance in the area of renewable energies.

Example: Repowering the AWOMO community wind farm

Wind energy still has great potential in Germany. By repowering windfarms – that is, by replacing old equipment with new – sites such as the AWOMO community wind farm near Stade in northern Germany can be made much more efficient. Since mid-2012, its 20 new wind turbines have been producing more than twice as much electricity as their 30 predecessors and are providing the local people involved in the community scheme with a reliable income. Unlike conventional investor schemes, the community wind farm scheme focuses on local people's participation – similar to the idea of an energy cooperative.

Volksbank Ahlerstedt has supported the shareholders in the AWOMO wind farm since the 1990s. As loyal partners, Volksbank Ahlerstedt and DZ BANK jointly assisted them with the financing of the repowering project.

PROJECT FINANCE

As well as renewable energy projects, DZ BANK also finances projects in the areas of infrastructure development and public-private partnership (PPP). Project finance frequently touches on a wide range of economic, environmental, and social issues, so we have been using a further risk mitigation policy based on the Equator

Principles as a supplement to the sustainability check since September 2011.

In its project finance business, DZ BANK often works with other partners in the cooperative financial network to finance the construction of schools, hospitals, and administrative buildings. DZ BANK received special recognition for its financing of the new offices of the Federal Ministry of Education and Research (BMBF) in Berlin, which was the first PPP-financed federal civic building. In March 2012, DZ BANK – as arranger and part financier – and its other partners in the project were awarded the 2011 Project Finance Award – PPP Europe by Project Finance magazine.

In the PPP business segment, DZ BANK financed projects totaling €125.25 million, which represented an increase of 3.5 percent on the previous year. In 2011

THE EQUATOR PRINCIPLES SPAN THE GLOBE

Since 2003, more than 77 banks around the world have signed up to the Equator Principles, thereby agreeing on common social and environmental standards in project finance. The Equator Principles should be applied to all new project finance transactions around the world with a volume greater than US\$ 10 million. Among other things, the Principles require projects to be categorized according to type, location; and size; they lay down social and environmental standards and specify requirements for consultancy and disclosure. Members also undertake to submit annual reports about implementation of the Principles.

As early as June 2011 we decided to sign up officially to the Equator Principles. We are working on full compliance with the requirements of this global framework and we are preparing a report on the subject.

infrastructure projects continued to account for around 50 percent of DZ BANK's project finance volume.

CUSTOMER SATISFACTION AND QUALITY MANAGEMENT

The aim of DZ BANK's quality policy in the capital markets retail division is to help the cooperative banks develop and offer tailor-made investment products and comprehensive services. In order to create the conditions required, we operate a quality management system in product development and customer service that complies with the ISO 9001 international quality standard. Its effectiveness is regularly reviewed by TÜV Süd. In 2011 the product development process for investment certificates and structured investment products under the AKZENT Invest brand were recertified as ISO 9001 compliant. This also included the process for developing sustainable investment products (see page 11). For the first time in 2011 the capital markets retail division also commissioned TÜV Süd to review and certify its customer service. The division had set itself ambitious quality standards for dealing with customer inquiries in terms of staff availability and processing times. Achieving TÜV certification for its customer service is therefore another important quality feature for DZ BANK customers.

We check whether the cooperative banks are satisfied with our products and services at regular intervals. We will be carrying out a survey of this type for the eighth time in 2012. Numerous awards in 2011 also attest to the success of our quality policy – see www.eniteo.de for more information.

Transparency for our customers

We provide our partners at the cooperative banks with information material, such as research studies and product information sheets, to help them advise their customers. Staff from the sustainability research, product management, and product development teams also attend customer events run by the cooperative banks. Our aim is also to create the highest possible level of clarity and transparency for cooperative bank customers, so we inform them about costs such as sales

HIGH LEVEL OF DATA PROTECTION

Protecting the privacy of our customers is a very important concern for DZ BANK. We only collect, process, and use personal data as permitted by law, or with the consent of the parties involved. We maintain banking secrecy and comply with the provisions of the German Data Protection Act (BDSG) and other data protection legislation. A data protection officer, who reports to the Board of Managing Directors but is not bound by their instructions, ensures compliance with data protection regulations and, together with the Human Resources division, monitors employees' obligation to maintain data secrecy and the training provided. DZ BANK did not receive any fines in the period under review.

commissions on a voluntary basis. As a member of the Deutscher Derivate Verband (DDV) [German Derivatives Association], we have signed the DDV's derivatives code and have undertaken to comply with standards for the issuance, structuring, sale, and marketing of derivative securities. An evaluation carried out by the DDV in 2011 confirmed that we comply in full with the provisions of the code.

RESPONSIBILITY FOR EMPLOYEES



Our company faces numerous challenges created by demographic change. DZ BANK's HR work is also influenced by competition for talented staff and efforts to develop and retain employees. We want our staff to succeed and we support them in a variety of ways, primarily with flexible working hours, targeted management of young talent, and better opportunities for women.

TALENT MANAGEMENT

In recent years, the changing age structure of society has been reflected in the rising demand for qualified staff. We will be pushing ahead in the three areas of staff recruitment, staff retention, and staff motivation in the DZ BANK Group to enable us to further consolidate our position as an employer of choice in a changed labor market.

To achieve this, an overarching program was devised as part of the 'War for talents' initiative run by the Corporate Campus for Management & Strategy. It was unanimously approved by the DZ BANK Group Board of Managing Directors. At the end of 2011, we added the new concept of 'career scouts' to DZ BANK Group's talent management program. We plan to use them to improve career opportunities and development prospects within the Group. HR specialists have been appointed as career scouts for each of the eight companies in the Group. They support their colleagues when moving to new jobs in other companies in the DZ BANK Group and make such transfers easier.

Focus on employee needs

Companies depend on the personal commitment and professional expertise of their employees. If HR management is to be viable for the future, it has to identify the needs of employees as well as their skills. The regular DZ MeinungsSpiegel employee survey forms the basis for this. At the end of 2011, we had achieved a participation rate of 68 percent (more than 2,600 employees). We asked staff about subjects such as work/life balance and their capacity and willingness for change. Of those

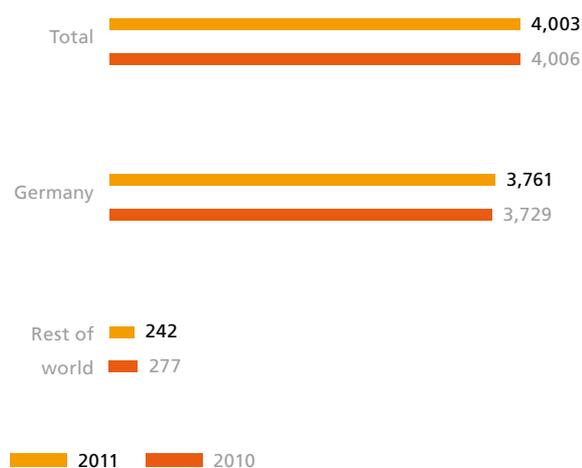
polled, 88 percent confirmed that they were easily able to combine work and private life. In another question, 54 percent welcomed change in their own working environment and in their duties, while 5 percent said they were fairly skeptical about this and 40 percent had no opinion. We have also developed the Organizational Commitment Index (OCI) to measure staff retention and loyalty. At 73 out of 100 points (2009: 74), the level for DZ BANK and also for the Group was healthy. Most of the other results of the DZ MeinungsSpiegel survey are being dealt with in our divisions. Last year, we also established a sounding board, which is commissioned by the Board of Managing Directors to examine four issues affecting the whole Bank.

One of the actions resulting from the last employee opinion survey in 2009 was the introduction of the 180° feedback process. This was carried out at all management levels in Germany and abroad for the first time in June 2011. In the 180° feedback process, managers receive feedback from their reports as well as their own direct managers. Supplemented by self-assessment, it creates a more professional managerial style. In Germany, 79 percent of employees took the opportunity to provide feedback about their line manager in the context of a structured questionnaire and moderated team meetings. The 180° feedback process was praised by the panel of judges for the 2011 BestPersAward, which awarded DZ BANK the 'Best Employer' certificate for the second time in 2011.

General demographic changes are also reflected in DZ BANK's annual employee data, which showed that the average age of our employees rose slightly in

2011 to 42.3 years from 41.9 in 2010. The proportion of employees over 50 was 23 percent, while 10 percent were under 30. At the same time, average years of service had risen to 12.7 and staff turnover had fallen to 5.4 percent.

NUMBER OF EMPLOYEES* (as at December 31)



*including trainees

AVERAGE YEARS OF SERVICE (as at December 31, 2011)

in years	2011	2010
Total	12.7	12.4

STAFF TURNOVER (as at December 31, 2011)

Average for the year (%)	2011	2010
Total	5.4	6.1
Germany	4.3	5.3
Rest of world	21.6	17.0

AVERAGE AGE (as at December 31, 2011)

in years	2011	2010
Total	42.3	41.9
Germany	42.2	41.9
Rest of world	43.3	42.7

Remuneration and social security

Remuneration is one of DZ BANK's key management tools. We use our remuneration structure to provide each employee with an incentive for personally implementing DZ BANK's goals and those of his or her own division. Variable components are used to reward achievement and to motivate talented staff.

We also offer our employees a wide range of benefits. As well as the basic old-age pension and sick pay enshrined in law in Germany, we provide additional voluntary benefits, some of which also apply to our locations abroad. In addition to the occupational pension provision, these benefits include:

- » International health insurance
- » Company sports facilities
- » Study leave
- » Deutsche Bahn season tickets
- » 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 allowance

Continuing professional development

We offer our employees extensive CPD opportunities to assist them with their diverse professional requirements. In 2011 our professional development program comprised approximately 150 different topics. More than 20 new training courses were included in the program, particularly in the fields of methodology, communications, personal skills, and banking and business administration. We also introduced courses for managers and other staff called 'Success strategies for women' and '40 plus – new prospects for mid life'.

One of the ways in which we determine our employees' regular meetings with the divisions and assessing their needs. In 2011 our employees attended a total of 9,487 training days, which equates to year-on-year growth of around 4 percent (2010: 9,125 days).

PROFESSIONAL DEVELOPMENT DAYS AND COSTS

As at December 31	2011	2010
PROFESSIONAL DEVELOPMENT DAYS		
Germany	9,487	9,125
Per employee	2.5	2.5
Professional development costs per employee (€)	1,118	1,153

SUPPORTING YOUNG TALENT

Start of new TeamUp trainee program

There is now competition across all sectors for well-qualified specialists and management trainees, so it is even more important to offer young professionals attractive prospects. The objective of TeamUp, a trainee program set up by DZ BANK jointly with the local cooperative banks, is to attract young talent to the cooperative financial network. Launched in October 2011, the program provides college graduates with comprehensive insight into a range of financial services. Trainees can choose between jobs focusing on corporate customers, banking management, or retail customers and enter the world of work immediately. They work at the cooperative bank of their choice for twelve months and the remaining six months consist of placements at DZ BANK and in companies in the DZ BANK Group as well as individual professional development activities. Particular focus is placed on creating networks among the trainees as well as within the cooperative financial network. The first nine TeamUp trainees started their program in 2011. During 2012 their number is set to increase to approximately 25.

Wide range of training opportunities

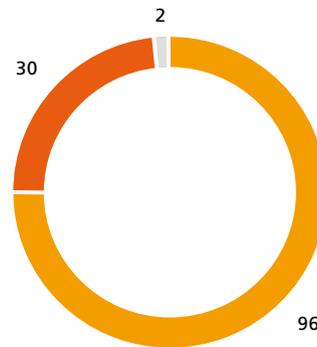
As well as training programs for graduates, we also offer school leavers attractive opportunities for starting a career by training for qualifications in banking or office communications. College students can combine their studies with vocational training in the company on one of two degree courses, or they can take part in DZ BANK's program for students approaching graduation. We maintained the level of trainees on our apprenticeship and trainee programs in 2011, with 48 new young professionals starting their career with

DZ BANK (2010: 53). In 2011 35 apprentices and trainees were offered permanent jobs. The ratio of trainees to other employees rose slightly to 2.9 percent (2010: 2.8 percent).

EQUAL OPPORTUNITIES

For us, equality of opportunity means treating and advancing all employees in the same way, regardless of their origin, skin color, gender, age, or physical ability. Exploiting this potential to the full is always important to us, not just when skilled staff are in short supply.

NUMBER OF TRAINEES BY PROGRAM AS AT DECEMBER 31, 2011

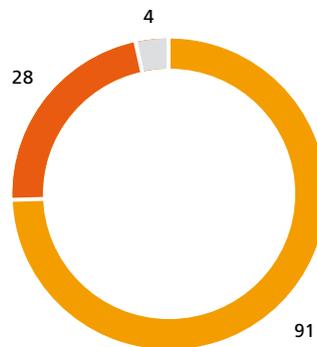


Total number of trainees: 128

- in a vocational training or bachelor degree program
- in trainee programs*
- postgraduate students

*incl. students and interns

NUMBER OF TRAINEES BY PROGRAM AS AT DECEMBER 31, 2010



Total number of trainees: 123

- in a vocational training or bachelor degree program
- in trainee programs*
- Postgraduate students

*incl. students and interns

LOGIB-D CERTIFICATE – DZ BANK ANALYZES EQUAL PAY IN THE WORKPLACE

In 2011 DZ BANK analyzed its pay structures for the first time using an analytical tool provided by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. The analysis showed that men and women in comparable positions are paid equally at DZ BANK. As a result, DZ BANK received the Logib-D certificate for equal pay in the workforce – one of the first companies in Germany to be recognized in this way. It also emerged that the majority of higher level positions at DZ BANK are held by men. The results of the Logib-D analysis are helping us develop suitable measures with which to enable women to take up managerial positions and achieve a balanced gender mix when hiring new staff.

It is a well known fact that mixed teams are more motivated, more creative, and more effective. Equality of opportunity is therefore one of DZ BANK's central principles which we have acknowledged publicly. In November 2011, we signed the diversity charter presented by the German government and German industry (www.charta-der-vielfalt.de). By doing so, we joined a network of over 1,000 organizations that are committed to the economic benefit of diversity in companies as well as to tolerance, fairness, and respect.

We also fulfill our statutory duty to provide all managers and employees with training on the German General Equal Treatment Act (AGG). General principles for the integration of people with disabilities have been set out in a company agreement. As in the previous year, 4.6 percent of the workforce had a severe disability.

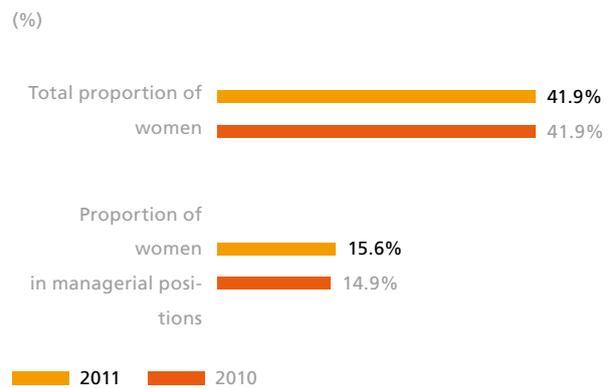
More women in managerial positions

Together with the companies in the DZ BANK Group, we have launched an initiative to encourage professional development for women. We signed a letter of intent in 2011 acknowledging our obligation to actively support women, to give them the same pay and conditions as men in comparable positions, and to treat them equally when selecting managers. In addition, the HR division together with the women's network 'Das Netz' has initiated the 'Vielfalt@DZ BANK' (Diversity@DZ BANK) project. We now plan to analyze the current status of

advancement for women at DZ BANK before developing appropriate measures.

In 2011 the percentage of women in the total workforce remained the same as in 2010, although there was a slight increase in the number of women in managerial positions.

PROPORTION OF WOMEN (as at December 31)



BALANCING WORK AND FAMILY LIFE

It is important for getting the best out of our staff – and for their satisfaction – that we enable them to combine work with family life and leisure time. In our HR work we therefore take into account the requirements placed on our employees by changes in age and family structures.

As one of 380 initial signatories to the 'Joint declaration on the family as a success factor' in May 2008, we have explicitly committed ourselves to a family-friendly HR policy (www.erfolgsfaktor-familie.de). Back in 2007, the non-profit-making Hertie Foundation awarded us the Work and Family Audit certificate. When we were re-audited in 2010, we set ourselves the target of achieving a balance between work and all life situations by 2013. We see this challenge as an integral element of our HR strategy and therefore as a further contribution to our appeal as an employer. In this way, we intend to place the balance that we have achieved so far between employer and employee interests on a more stable footing, and we are planning communications that relate specifically to this. We will continue to feature employees in our staff magazine who combine life and work in an exemplary manner. We will also notify staff via the intranet about events, advisory meetings, and the activities of our inhouse carer network.

Care and working-time models

Employees with children or dependent family members require special support for balancing work and family life. In addition to the option of flexible working hours, we offer them a series of services. For employees with children there are childcare facilities provided by the family service. Employees who are also carers can share information via our inhouse carer network, attend seminars about home care and care of the elderly, and make use of appropriate external advisory services. For a summary of services, please refer to the 2011 human resources report (page 8). Since 1 October 2011, we also have provided our employees with a concierge service for tasks such as running errands and finding care workers or trades people. In 2011 we again came top in the family-friendly employer category of the BestPersAward in recognition of our high level of commitment.

We have laid the foundations for combining work with family life by offering all our employees different working-time models. In 2011, for example, about 18 percent of our employees – 81 percent of them women – made use of the part-time model and 226 employees took parental leave, 184 women and 42 men (2010: 133 employees took parental leave).

USE OF WORKING-TIME MODELS

As at December 31	2011	2010
WORKING-TIME MODELS (%)		
Flexible working hours	100.0	100.0
Full-time	82.4	83.1
Part-time	17.6	16.9
Virtual offices	9.0	7.8
Sabbatical	0.2	0.1
Preretirement part-time employment	3.5	2.8

HEALTH MANAGEMENT

Increasing professional and personal pressures, combined with a longer working life, require us to be particularly careful of our employees' health. Our health management is aimed at maintaining employees' ability to perform, which we do by encouraging and supporting responsible behavior. For example, we provide our employees with health information on the intranet, in the employee magazine, and at our annual health day. We focused on cardiovascular health in 2011.

HEALTHCARE MEASURES

incl. inhouse sports

As at December 31	2011	2010
PARTICIPANTS		
Total participants*	805	775
Total inhouse sports*	539	561
Total preventive courses*	266	214
Average health rate for the year (%)	96.6	96.9

*at the Frankfurt site

Last year, 805 employees in Frankfurt took part in inhouse sports and our programs aimed at promoting health, including orthopedic back exercise classes, free health checks, and anti-stress programs. Our average health rate for the year remained almost unchanged at 96.6 percent.

Alongside the preventive measures, our reintegration program helps employees who have come through a long period of sickness to re-enter working life. In addition, our independent social counselor provides support for difficult situations at work or at home. Our addiction policy, introduced in early 2011, advises managers and employees on how to deal with addiction.

AWARDS RECEIVED IN 2011/2012



- » Top German Employer 2011 and 2012 (Corporate Research Foundation)



- » BestPersAward 2011 for sustainable HR activities (Institute for Management Skills of Saarland University)



- » Logib-D certificate for wage equality in Germany (German Institute for Economic Research and Federal Ministry for Family Affairs, Senior Citizens, Women and Youth)



- » Germany's top 100 employers (trendence 'Absolventenbarometer' graduates survey, 2011/2012)



- » Work and family audit certificate for family-friendly HR policy (non-profit-making Hertie Foundation)

For more information, visit
www.karriere.dzbank.de

ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE



As a responsible financial service provider, DZ BANK gives high priority to environmental protection and climate change, focusing on all those areas where we can directly reduce our impact on the environment and climate. For example, we have switched over to 'green' electricity at our largest sites and made energy savings of up to 20 percent in our Frankfurt offices. We continually strive to improve the environmental footprint not only of our facilities management, but also of our procurement processes.

CLIMATE PROTECTION AND ENERGY CONSUMPTION

Current efforts in politics and business to prevent climate change open up numerous business opportunities for us, such as the financing of renewable energies. It is therefore only logical that we should do business in a way that has as little impact as possible on the climate. This allows us to demonstrate our corporate social responsibility and reduce DZ BANK's energy costs.

Vast quantities of carbon dioxide (CO₂) are released during the generation of electricity and heating that we obtain from external suppliers for use in our buildings. One of the targets in our sustainability program is therefore to reduce these CO₂ emissions by 30 percent and electricity consumption by 7.5 percent by the end of 2012 compared with their levels in 2008.

The green electricity used at our sites in Frankfurt, Berlin, Hannover, Karlsruhe, Stuttgart, and Munich is obtained solely from renewable sources such as hydropower, wind power, and photovoltaics. Our German sites are therefore supplied almost entirely with carbon-free electricity, allowing us to beat our target for reducing CO₂ emissions in 2011. Our emissions in 2011 amounted to just 98 kilograms, compared with 1,572 tonnes of CO₂ in 2008 when we switched over to green electricity.

As far as possible, we try to avoid or offset the CO₂ emissions that we can only influence indirectly, for example by acquiring investment certificates for climate

protection projects. In 2011, as we had in 2010, we offset the CO₂ emissions of our key Investment Dialog event, including those resulting from delegates' travel to and from the event. By purchasing emissions certificates, we are helping finance a wind farm on the lower stretches of the Yellow River in China.

ELECTRICITY AND HEATING CONSUMPTION

Kilowatt hours (kWh)	2011*	2010
ELECTRICITY CONSUMPTION		
Total electricity consumption	27,349,821	28,546,563
of which green electricity	27,348,821	28,545,563
Individual electricity consumption (kWh per FTE)	8,311	8,664
HEATING CONSUMPTION		
Total heating consumption	11,202,717	13,747,341
Individual heating consumption (kWh per FTE)	3,404	4,394

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31 2011) is 91 percent. Between 2010 and 2011, we managed to increase this level by 5 percent for heating consumption and by 1 percent for electricity consumption.

Efficiency increases in our offices

Another key aspect of our sustainability program besides the switch to carbon-free, green electricity is improving the energy efficiency of our building systems technology. This enabled us to cut our consumption of electricity and heating to a total of 38,553 megawatt hours in 2011, a year-on-year decline of almost 9 percent. We reduced our electricity consumption by some 7 percent compared

with 2008, thereby almost achieving our target for the end of 2012. The most significant reductions were made at our Frankfurt and Hannover sites.

CO₂ EMISSIONS FROM ELECTRICITY AND HEATING

Kilograms (kg)	2011*	2010
CO₂ EMISSIONS		
Total CO ₂ emissions: electricity	98.4	98.4
Individual CO ₂ emissions: electricity (kg/FTE)	0.03	0.03
CO ₂ emissions: heating	2,235,072	2,337,048
Individual CO ₂ emissions: heating (kg/FTE)	679	747

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 91 percent. Between 2010 and 2011, we managed to increase this level by 5 percent for heating consumption and by 1 percent for electricity consumption.

We reduced energy consumption by some 20 percent at our Frankfurt Cityhaus buildings alone in 2011. Among other measures taken last year, we began to update the elevator technology in Cityhaus 1 and will be continuing with this work in 2012. We also replaced the heat exchangers in Cityhaus 2's heating systems. These measures enabled us to decrease our energy consumption by 10 percent and 8 percent respectively.

Cityhaus 2's sun protection technology was also updated, reducing the amount of energy consumed by the air conditioning. We have also made the technology in the Westend tower more efficient: By installing a free cooling system that uses air from outside, we have reduced the operation time of the refrigeration machine and thereby achieved an energy saving of around 5 percent.

We have had new refrigeration machines, ventilators, and self-regulating pumps installed at our Hannover site, which has improved the efficiency of the air conditioning system. The office lights have been fitted with economical electrical ballasts and daylight sensors that adjust brightness according to requirements and whether the offices are occupied. Fluorescent tubes in areas such as underground garages have been replaced with LED systems.

Moreover, the heating at all our sites is eco-friendly district heating, which is generated in cogeneration plants. This helps avoid using primary energy sources such as coal and gas, thereby preventing further CO₂ emissions.

ENVIRONMENTALLY FRIENDLY TRANSPORTATION

Travel is an essential aspect of our work. We in the central institution maintain close ties with our partners and customers in the cooperative banks, including by holding face-to-face meetings. In 2011 we covered a total of 21.4 million kilometers during business trips. This significant year-on-year increase is due to the fact that we included data for company cars and rental cars in our calculations for the first time in 2011. The largest proportion (39 percent) was attributable to company cars. We also collected data on the CO₂ emissions from our employees' business travel in 2011 for the first time. They amounted to 943 tonnes of CO₂, with air travel accounting for almost three quarters of this total.

In view of these numbers, what is DZ BANK doing to make business travel more sustainable? We have been trying to reduce CO₂ emissions through our business travel policy for a number of years. Under this policy, business trips are only permitted if their business purpose cannot be achieved by other means, e.g. by telephone or video conference. Flights within Germany are only approved if they are essential for scheduling reasons or if they are cheaper than traveling by train. In addition, public transportation should be used in preference to the car. Besides the business travel policy, DZ BANK's company car policy is helping make business travel more environmentally friendly by stipulating that only the most modern, clean vehicles are used.

BUSINESS TRAVEL

	2011*	2010
Total business travel ('000 km)	21,424	13,462
Individual business travel ('000 km/FTE)	5.9	3.6
Of which by train (%)	28	43
Of which by air (%)	22	51
Of which by private car (%)	4	6
Of which by rental car (%)	7	–
Of which by company car (%)	39	–

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 100 percent.

We want to encourage our employees to make greater use of low-emission public transportation for their commute to work. That is why we offer them a financial incentive in the form of a subsidized travel card or a travel subsidy, depending on regional availability. Employees who live too far away to take local public transportation can also travel by train at discounted

prices thanks to our framework agreement with Deutsche Bahn. In 2011 3,108 of our employees used a subsidized travel card or applied for a travel subsidy.

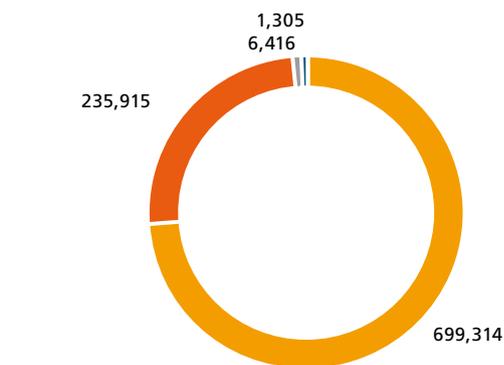
USE OF PUBLIC TRANSPORTATION

	2011*	2010
Travel subsidy recipients	597	603
Regional travel card users	2,334	2,301
Deutsche Bahn travel card users**	177	–
Public transportation users (%)	79.4	79.6

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 100 percent.

**The proportion of DB travel card users was not recorded in 2010 and can therefore only be estimated.

CO₂ EMISSIONS FROM BUSINESS TRAVEL* IN KILOGRAMS (KG)



Per means of transportation

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

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 100 percent.

RESOURCE AND WASTE MANAGEMENT

Conservation of natural resources

Paper for the printers and photocopiers accounts for the largest proportion of consumables used at DZ BANK. Consumption totaled around 140 tonnes in 2011, slightly higher than in 2010. To reduce the amount of paper and other resources we use and to manage documents more efficiently, we have begun to work toward paperless offices. Since the start of this year, we have been rolling out a new, digital document management system at all sites and now generate our invoices on an electronic form. This eliminates up to four file storage processes along with significant quantities of print-

ing paper, ring binders, and hanging file folders. We switched over entirely to goods bearing the FSC® Mix label for brochures and office paper a number of years ago. In 2011 we did the same for standard copier paper and now only use paper from responsibly managed sources instead of chlorine-free paper.

To save printing resources, we replaced our desk printers with multifunction printers in 2011. These are designed to be shared between several desks, enabling us to considerably improve the printers' capacity utilization and thereby reduce energy consumption. We expect paper consumption to fall further through use of settings such as 'duplex printing'. In 2011 we also began using a printer service, as part of which an external service provider keeps printers supplied with toner and ink cartridges and disposes of the empty ones. Having returned as many as 5,500 used cartridges to the manufacturer in 2010, the number that we procured and disposed of ourselves in 2011 was just 1,400.

PRINTER AND COPIER PAPER CONSUMPTION

Kilograms (kg)	2011*	2010
PAPER CONSUMPTION		
Total paper consumption	140,235	129,730
Individual paper consumption (kg per FTE)	41	49
Proportion of FSC-certified paper (%)**	100	–
Proportion of chlorine-free paper (%)	–	100

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 93 percent while coverage for Germany is 100 percent.

**The proportion of FSC-certified paper cannot be reported for 2010.

Decline in waste volume and water consumption

To reduce costs and facilitate recycling, we developed a solution with which to standardize waste management throughout Germany in 2011. Taking account of local recycling requirements, we harmonized the different waste categories and implemented a single system. Since 2012, this has been the basis on which we record the volumes of waste in additional categories such as data storage media and lighting, in addition to waste paper, non-recyclable waste, and plastic. We keep data for all sites with relevant volumes of waste.

In 2011 waste paper – the largest category of waste generated by DZ BANK – fell substantially to 287 tonnes (2010: 326 tonnes). One of the targets in

our sustainability program was to reduce the quantity of commercial waste at our Frankfurt site by 10 percent by 2011 compared with the level in 2009. By facilitating the separation of paper and plastic recycling, we beat our target by a small margin with a decrease of 11 percent in 2011. The total volume of commercial waste at all our sites also declined significantly last year; the quantity of non-recyclable waste also fell slightly.

VOLUME OF WASTE

Kilograms (kg)	2011*	2010
WASTE		
Total paper	286,853	326,455
Individual paper (kg per FTE)	92	104
Total mixed packaging	252,915	260,869
Individual mixed packaging (kg/FTE)	81	83
Total non-recyclable	220,501	225,089
Individual non-recyclable (kg per FTE)	70	72
Total commercial waste	97,162	122,955
Individual commercial waste (kg per FTE)	33	38

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 86 percent for waste paper, packaging, and non-recyclable waste (2010: 85) and 80 percent for commercial waste (2010: 89).

WATER CONSUMPTION

Cubic meters (m ³)	2011*	2010
WATER		
Total water consumption	73,663	82,885
Individual water consumption (m ³ /FTE)	22	26

*The level of coverage per full-time equivalent excluding temporary staff and trainees (as at December 31, 2011) is 86 percent.

DZ BANK'S water consumption totaled 73,663 cubic meters in 2011, which was less than in 2010. Individual water consumption per employee reduced from 26 to 22 cubic meters. This trend can be attributed to many different measures, such as using a new large-scale dishwasher in the cafeteria and improving humidity in the air conditioning.

SUSTAINABLE PROCUREMENT ACTIVITIES

We also apply environmental criteria to procurement, preferring to purchase renewable resources and use returnable systems, provided this is justifiable from a cost perspective. When buying electrical and technical equipment, we attach particular importance to energy efficiency.

In 2010, we drew up minimum social and environmental standards for suppliers, which we integrated into our procurement processes in 2011. We now require new suppliers to submit a self-assessment about their compliance with the standards and to commit to the principles of the United Nations Global Compact (see page 8). This year we have also begun to check that our main suppliers comply with the minimum standards as part of our process of active supplier management, which also involves clarifying commercial issues. Every supplier also undertakes to comply with the minimum standards when they accept our general purchasing conditions. In 2011 we also reviewed 300 contracts to ensure compliance with human rights.

CORPORATE CITIZENSHIP



Partnership and helping others to help themselves is not just something we do within the cooperative financial network. They are also the guiding principles of our corporate social responsibility and our support for academic work and cooperative business practices. We also take a unique approach in our sponsorship of the arts, such as collaborating with the Städel Museum to make our art collection accessible to the public. We feel a particular obligation toward our home city of Frankfurt and the surrounding Rhine-Main region.

DONATIONS – WITH A CLEAR FOCUS

The key areas in which we donate are educational, academic, cultural, and social causes. Besides local activities in and around Frankfurt, we support projects near our other sites throughout Germany. In exceptional cases, we also make donations to international causes. This is reflected in our donations policy, issued in 2011, in which we define the focus of our engagement.

DZ BANK donated around €295,000 in 2011. This rise of almost 18 percent (2010: €251,000) was largely accounted for by donations to **social causes**, with sponsorship of social projects almost doubling in the year under review. Two of the main reasons were our assistance for victims of the floods in Japan and the larger Christmas donation, with which DZ BANK supports children and young people in need.

The bulk of donations (40 percent) went to **academic and educational causes**. One of these was the House of Finance, an interdisciplinary research and teaching institution for law and economics at Goethe University Frankfurt, which regularly organizes series of lectures by renowned guest speakers on financial topics. Through our involvement, we want to help the House of Finance become one of Europe's leading centers for financial studies.

The companies of the DZ BANK Group have been jointly awarding the DZ BANK Group Career Prize for three years, with the aim of initiating a greater exchange of ideas between young economics graduates and experts with practical experience. Originally launched by DZ BANK ten years ago, it is now the highest endowed prize awarded by a German company with total prize money of €24,000. We award it in recognition of outstanding academic dissertations in the area of banking and finance. In 2011, 170 graduates competed for one of the six awards.

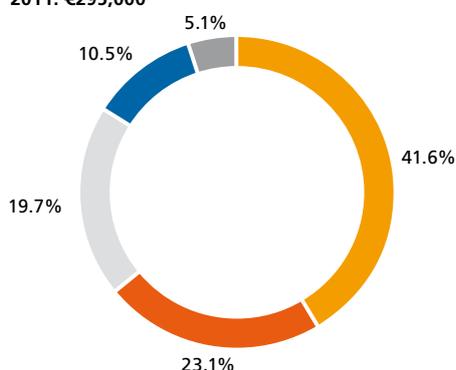
Our spending on **cultural causes** went up by more than 30 percent year on year. One area of focus in DZ BANK's long-standing cultural involvement is its art collection, which was established in 1994 and predominantly features photography.

For many years we have also provided financial support to 'Aktive Bürgerschaft', the competence center for the cooperative financial network's citizenship activities. This association promotes the long-term development of citizenship activities and charitable organizations. DZ BANK increased its donation to this association in 2011.

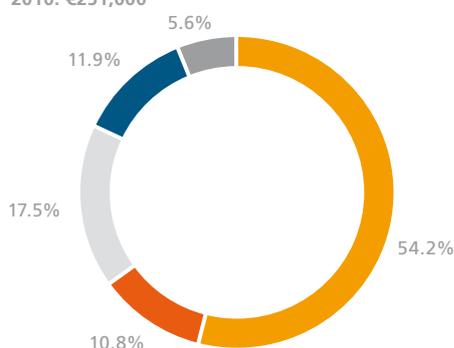
Last year, **sports sponsorship** was primarily concentrated on the Deutsche Sporthilfe foundation, which supports Germany's top sportsmen and women. DZ BANK's **donations to political parties** only support the parliamentary system as a whole. Donations

BREAKDOWN OF DONATIONS BY AREA

2011: €295,000



2010: €251,000



Area

■ Educational & academic
 ■ Social
 ■ Cultural
 ■ Political
 ■ Sport

are therefore made to all Germany-wide parties that are committed to the German Basic Law and the model of a social market economy.

INNOVATIVE CONCEPT FOR 'TOMORROW'S CLASSICS'

DZ BANK has a world-renowned art collection devoted to contemporary photography. To make some of the works permanently accessible to the public, a private limited company – half of which is owned by DZ BANK and half by the Städel Museum in Frankfurt – was established by the two organizations in 2008 and became the owner of the photographs. DZ BANK is thereby supporting the Städel Museum, which is one of Germany's most important art institutions and was set up as the result of a private foundation, and the two partners are pioneering a new form of collaboration between business and the arts. Following completion of the Gartenhalle gallery in 2011, 220 works by 76 artists were handed over to the Städel Museum and will be presented to the public in temporary exhibitions.

More information at
www.dzbank-kunstsammlung.de.

DZ BANK FOUNDATION – PARTNER FOR RESEARCH AND EDUCATION

In 2011 the DZ BANK Foundation celebrated 50 years of supporting academic, research, educational, artistic, and cultural causes. To mark the occasion, the foundation's assets were increased by €1 million. The foundation provided project funding totaling some €500,000 in 2011 (2010: €400,000).

The main recipients last year were the two endowed academic chairs: 'Financial Engineering and Derivatives' at the Karlsruhe Institute of Technology and 'Economics of Financial Institutions' at the European Business School. In addition, the foundation supported the Arbeitsgemeinschaft Genossenschaftswissenschaftlicher Institute (AGI) [Working Committee of German Academic Institutes for Cooperative Studies], which promotes dialog in the cooperative movement and the advancement of knowledge in this field. It helped to finance international cooperative conferences and participated in the Federal Ministry of Education and Research's 'Deutschlandstipendium', a scholarship program launched in 2011.

The DZ BANK Foundation is heavily involved in the United Nations' International Year of Cooperatives. As part of this, it supported the 'Added value through cooperation' panel discussion in January 2012, at which international academics at Berlin's Humboldt University debated cooperative approaches to tackling global challenges.

CORPORATE VOLUNTEERING

DZ BANK employees have been engaging in voluntary work for many years. Building on a tradition established over the past six years, 20 trainees and their mentors from Human Resources visited residents at the Bockenheim old people's and care home as part of the Social Day organized by the Order of Malta association in Frankfurt.

Economic aid from employees in the form of micro-credit

The DZ BANK microfinance fund, which was established by employees in 2000 and is managed on a voluntary basis, continues to be a model for success and receives regular donations from DZ BANK. It enables micro-credits to be extended to people who cannot access conventional banks and do not have their own capital base. The microfinance institutions supported by the fund rely on the commitment and creativity of borrowers rather than on traditional collateral. Customers can use these loans to expand their small businesses, create jobs, and improve their lot by dint of their own efforts – true to the cooperative principle of helping people to help themselves.

In 2011 the DZ BANK microfinance fund supported three microfinance institutions in Namibia, Algeria, and Togo. As a rule, the microfinance institution's repayment rates are above 95 percent. The fund managed assets worth €187,000 in 2011 (2010: €170,000) and had more than 282 shareholders.

DZ BANK'S MEMBERSHIPS

We use our membership of associations and academic initiatives to discuss future issues and share our experience and expertise with others (see page 9). DZ BANK spent around €1.9 million on memberships in 2011.

MEMBERSHIP COSTS

(€)	2011	2010
TOTAL COSTS	1.9 million	1.9 million
Banking organizations	1.4 million	1.3 million
Academic and other organizations	512,000	590,000

MEMBERSHIP OF MAJOR ACADEMIC ORGANIZATIONS

STIFTERVERBAND FÜR DIE DEUTSCHE WISSENSCHAFT

- » Identifies structural problems in scientific research and higher education and attempts to resolve them

STIFTUNG MARKTWIRTSCHAFT

- » Focuses on issues in the labor market, social security, and taxation

FRANKFURTER INSTITUT FÜR RISIKOMANAGEMENT UND REGULIERUNG

- » Funds research and education in risk management and regulation

DEUTSCHES AKTIENINSTITUT

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

GRI CONTENT INDEX AND COMMUNICATION OF PROGRESS

To ensure that our reporting is clear and understandable, we follow the G3 guidelines (third version, dated September 2006) issued by the Global Reporting Initiative (GRI), plus the sector supplement for financial services providers. We will continue with the GRI's application level check in our detailed 2012 Sustainability Report. 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. The index below also shows our adherence to the ten principles of the United Nations Global Compact.

Global Compact	GRI indicator	Application level	Page
	1. STRATEGY AND ANALYSIS		
	1.1 Statement from the most senior decision maker	↑	2-3
	1.2 Key impacts, risks, and opportunities	↑	2-3, 6-8, 10, 16, 22, 32-33; AM 25 et seq.
	2. ORGANIZATIONAL PROFILE		
	2.1 Name of the organization	↑	4
	2.2 Brands, products, and/or services	↑	4-5
	2.3 Operational structure of the organization	↑	4-5; AM 100 et seq., 136 et seq.
	2.4 Location of organization's headquarters	↑	4
	2.5 Countries where the organization operates	↑	4
	2.6 Nature of ownership and legal form	↑	5; AM 16
	2.7 Markets	↑	4, see 2.5
	2.8 Scale of the organization	↑	4, 10; AM U2, 80 et seq.
	2.9 Significant changes regarding size, structure, or ownership	↑	U2
	2.10 Awards	↑	2-3, 14-15, 21; AM 19; AR 38
	3. REPORT PARAMETERS		
	3.1 Reporting period	↑	U2
	3.2 Publication of most recent previous report	↑	U2
	3.3 Reporting cycle	↑	U2
	3.4 Contact	↑	U3
	3.5 Process for defining report content	↑	U2, 7
	3.6 Boundary of the report	↑	U2
	3.7 Limitations on the scope of the report	↑	U2
	3.8 Joint ventures, subsidiaries, outsourced operations	↑	AM 100 et seq., 136 et seq.
	3.9 Data measurement	↑	U2
	3.10 Re-statement of information provided in earlier reports	↑	U2, see 3.7
	3.11 Changes in the scope, boundary, or measurement methods applied in the report	↑	U2, see 3.7
	3.12 GRI Content Index	↑	29 et seq.
	3.13 External assurance for the report	↓	none
	4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
	4.1 Governance structure of the organization	↑	6-9; AM 58
	4.2 Indicate whether the chair of the highest governance body is also an executive officer	↑	6; AM 94 et seq.
	4.3 Independent members of the highest governance body	↑	6, see 4.1
	4.4 Mechanisms for shareholders and employees to provide recommendations to the highest governance body	↑	8-9; AM 58, 128
	4.5 Linkage between compensation for members of the highest governance body and the organization's performance	↑	6; AM 94
	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	↑	6-7
	4.7 Qualifications of the members of the highest governance body regarding sustainability issues	↑	7-8

LEGEND

↑ fully applied ↓ partially applied ✘ not applied ✘ not reported

REFERENCES

p. X page in 2011 update report AM, p. X page in 2011 annual financial statements and management report AR, p. X page in 2011 annual report of the DZ BANK Group

Global Compact	GRI indicator	Application level	Page
	4.8	Statements of mission, codes of conduct, and principles	6-8, 11, 15, 18
	4.9	Procedures of the highest governance body for overseeing sustainability performance	6-8, see 4.7
	4.10	Processes for evaluating the highest governance body's sustainability performance	6
7	4.11	Precautionary approach	11; AM 25 et seq.
	4.12	Externally developed charters, principles, initiatives which the organization endorses or subscribes to	8, 14, 18-19
	4.13	Membership of organizations	8-9, 28
	4.14	Stakeholder groups	8-9, 26
	4.15	Basis for selection of stakeholders	8-9
	4.16	Approaches to stakeholder engagement	8-9, 12, 16-17
	4.17	Topics and concerns of stakeholders	8-9, 10, 15
FINANCIAL SERVICE SECTOR SUPPLEMENT (FS5)			
	FS1	Policies with specific environmental components	11-15
	FS2	Procedures for assessing environmental risks in business lines	11-13
	FS3	Monitoring of clients' compliance with environmental/social requirements	See FS2
	FS4	Processes for improving staff competency on environmental and social policies	13
	FS5	Interactions with stakeholder groups regarding environmental/social risks	8-9, 12
	FS6	Percentage of the portfolio for business lines by region, size, and sector	AR 110
	FS7	Value of products and services designed to deliver a social benefit by purpose	
	FS8	Value of products and services designed to deliver an environmental benefit by purpose	11, 13-14
	FS9	Coverage and frequency of audits to assess implementation of environmental/social policies	6, 11-13, 15
	FS10	Percentage of companies in the portfolio with which environmental/social issues are discussed	12
	FS11	Percentage of assets subject to environmental/social screening	
	FS12	Voting policies applied to environmental or social issues for shareholdings	
	FS13	Access points in low-populated or economically disadvantaged areas	
	FS14	Initiatives to improve access to services for disadvantaged people	
	FS15	Policies for the fair design and sale of financial products and services	7, 15
	FS16	Initiatives to enhance financial literacy by type of beneficiary	6, 8-9, 27
ECONOMIC PERFORMANCE INDICATORS			
1,4,6,7		Management approach	2-3, 4-6, 10, 26; AM 7 et seq.
	EC1	Direct economic value generated and distributed	10, 27; AM U2, 11, 64
7	EC2	Financial implications due to climate change	10, 11, 22
	EC3	Coverage of defined benefit plan obligations	17; AM 64, 69; AR 183 et seq.
	EC4	Financial assistance received from government	
1	EC5	Standard entry level wage compared to local minimum wage (ad)	
	EC6	Policy, practices, and proportion of spending on suppliers	25
6	EC7	Procedures for local hiring	18
	EC8	Infrastructure investments and services for public benefit	14-15, 17-18
	EC9	Indirect economic impacts (ad)	13
ENVIRONMENTAL PERFORMANCE INDICATORS			
7,8,9		Management approach	22
8	EN1	Materials used	24
8,9	EN2	Recycled materials	24
8	EN3	Direct energy consumption	23
8	EN4	Indirect energy consumption	22
8,9	EN5	Energy saved (ad)	22-23, see EN4
8,9	EN6	Initiatives for energy-efficiency and renewable energies (ad)	13-14
8,9	EN7	Initiatives to reduce indirect energy consumption (ad)	23-24
8	EN8	Total water withdrawal	25
8	EN9	Water sources affected (ad)	25
8,9	EN10	Water recycled and reused (ad)	
8	EN11	Land in, or adjacent to, protected areas	
8	EN12	Impacts on biodiversity	See EN11
8	EN13	Habitats protected or restored (ad)	See EN11
8	EN14	Strategies for managing impacts on biodiversity (ad)	See EN11
8	EN15	Endangered species affected by operations (ad)	See EN11
8	EN16	Greenhouse gas emissions	22-24
8	EN17	Other greenhouse gas emissions	23-24
7,8,9	EN18	Initiatives to reduce greenhouse gas emissions (ad)	22-23
8	EN19	Emissions of ozone-depleting substances	
8	EN20	NO, SO, and other air emissions	
8	EN21	Water discharge	
8	EN22	Waste by type and disposal method	24-25

Global Compact	GRI indicator	Application level	Page
8	EN23 Significant spills	⬆️	
8	EN24 Waste deemed hazardous under the Basel Convention (ad)	⬆️	
8	EN25 Biodiversity affected by discharges of water (ad)	X	See EN21
7,8,9	EN26 Initiatives to mitigate environmental impacts	⬆️	See FS1, FS2
8,9	EN27 Packaging materials	X	
8	EN28 Sanctions for non-compliance with environmental laws	⬆️	
8	EN29 Impacts of transportation (ad)	⬆️	23-24, see EN17
7,8,9	EN30 Environmental protection expenditures (ad)	X	
SOCIAL PERFORMANCE INDICATORS: LABOR PRACTICES AND DECENT WORK			
1,3,6	Management approach	⬆️	16, 18-19
	LA1 Total workforce by employment type, employment contract, and region	⬆️	17, 20
6	LA2 Employee turnover	⬆️	17
	LA3 Benefits provided to full-time employees (ad)	⬆️	17
1,3	LA4 Employees covered by collective bargaining agreements	⬆️	
3	LA5 Minimum notice periods regarding operational changes	⬆️	
1	LA6 Workforce represented in health & safety committees (ad)	X	
1	LA7 Occupational diseases, lost days, and work-related fatalities	⬆️	20
1	LA8 Education and training regarding serious diseases	⬆️	20, see LA7
1	LA9 Health and safety agreements with trade unions (ad)	X	
	LA10 Training per employee	⬆️	17
	LA11 Programs for skills management and lifelong learning (ad)	⬆️	17-18
	LA12 Employees receiving performance and career development reviews (ad)	⬆️	16
1,6	LA13 Composition of governance bodies	⬆️	17-19
1,6	LA14 Ratio of basic salary of men to women	⬆️	17, 19
SOCIAL PERFORMANCE INDICATORS: HUMAN RIGHTS			
1-6	Management approach	⬆️	8, 11
1-6	HR1 Investment agreements	X	13
1-6	HR2 Suppliers that have undergone screening on human rights	⬆️	25
1-6	HR3 Training on human rights (ad)	⬆️	6, 18-19
1,2,6	HR4 Incidents of discrimination	⬆️	none
1,2,3	HR5 Freedom of association and collective bargaining	⬆️	11
1,2,5	HR6 Child labor	⬆️	
1,2,4	HR7 Forced or compulsory labor	⬆️	
1,2	HR8 Security personnel trained (ad)	X	
1,2	HR9 Violations involving rights of indigenous people (ad)	X	8, 14
SOCIAL PERFORMANCE INDICATORS: SOCIETY			
10	Management approach	⬆️	6, 10, 26
	SO1 Impacts of operations on communities	⬆️	26-27
10	SO2 Risks related to corruption	⬆️	7
10	SO3 Training in anti-corruption policies and procedures	⬆️	7
10	SO4 Actions taken in response to incidents of corruption	⬆️	7
1-10	SO5 Lobbying	⬆️	8-9, 27
10	SO6 Contributions to political parties and politicians (ad)	⬆️	27
10	SO7 Legal actions for anti-competitive behavior (ad)	⬆️	none
	SO8 Fines and sanctions for non-compliance with laws and regulations	⬆️	none, see PR9
SOCIAL PERFORMANCE INDICATORS: HUMAN RIGHTS			
1,8	Management approach	⬆️	7, 10, 15
1	PR1 Health & safety impacts on customers	X	
1	PR2 Non-compliance with regulations concerning health & safety (ad)	X	see PR1
8	PR3 Product information	⬆️	7, 15, see FS15
8	PR4 Non-compliance with regulations concerning product information labeling (ad)	X	
	PR5 Customer satisfaction (ad)	⬆️	15
	PR6 Standards related to advertising	⬆️	
	PR7 Non-compliance with regulations concerning marketing (ad)	X	
1	PR8 Breaches of customer privacy (ad)	X	
	PR9 Fines for non-compliance with regulations concerning products & services	⬆️	AM 92

LEGEND

⬆️ fully applied ⬆️ partially applied ⬆️ not applied X not reported

REFERENCES

p. X page in 2011 update report AM, p. X page in 2011 annual financial statements and management report AR, p. X page in 2011 annual report of the DZ BANK Group

SUSTAINABILITY PROGRAM

Objective	Action	Deadline	Status	Comment/explanation of status
STRATEGY AND MANAGEMENT				
Create a framework for sustainability activities	Draw up a code of conduct	May 2011	▲	See page 6 Transition to following objective
	Implement the code of conduct throughout the company by providing information and incorporating into existing employee training	Dec. 2013	NEW	
Raise compliance standards	Extend training on fraud prevention to cover over 90 percent of employees	Dec. 2013	NEW	See page 7
Intensify stakeholder dialog	Conduct a stakeholder survey to review areas for action	Jun. 2013	▼	The deadline was postponed from 2011 to 2013. The project is planned for inclusion in the comprehensive 2012 Sustainability Report.
	Review sector- and topic-related memberships to intensify dialog among experts	Dec. 2012	NEW	
Introduce an environmental management system	Implement an environmental management system based on ISO 14001 for the headquarters in Frankfurt and prepare for certification	Dec. 2013	▼	The deadline was postponed to 2013.
	Adaptation of a groupwide strategy on climate change at DZ BANK	Jun. 2013	NEW	
Improve sustainability standards	Improve comparability of sustainability activities using application level GRI A	Sep. 2013	NEW	See page 29
PRODUCT RESPONSIBILITY				
Conduct special review of sensitive sectors for lending business	Devise a sector-specific guideline for agribusiness	Dec. 2013	▶	See page 13
Follow accepted guidelines for project finance	Report on the Equator Principles	Jun. 2013	▶	See page 14
Increase employees' awareness of product-relevant sustainability issues	Develop an employee training course on the sustainable credit rating process	Apr. 2011	▲	Training course developed
	Train all of the necessary multipliers on using the sustainability checklist in divisions involved in lending	Dec. 2012	NEW	End of 2011: around 70 percent of necessary multipliers trained
Increase the proportion of sustainable products	Increase the proportion of securities sales accounted for by sustainable investment certificates from 7% to 10% (base year: 2009)	Dec. 2013	▶	Continue the strategy of quarterly general issues of the AKZENT Invest 'Anlage Zukunft' product line and regular private-label issues
	Increase the market penetration of sustainable investment certificates to 50%, i.e. increase the proportion of local cooperative banks taking part (base year: 2009)	Dec. 2013	▶	Use the aforementioned strategy to further promote sustainability/'Anlage Zukunft' in the local cooperative banks and to end customers

Objective	Action	Deadline	Status	Comment/explanation of status
PRODUCT RESPONSIBILITY				
Increase customer satisfaction and quality management	Implement a holistic quality management system in the sales process for investment certificates and certification based on ISO 9001	Dec. 2013	➤	The deadline was postponed from Sep. 2011 to Dec. 2013. The customer service and product development processes had been certified/recertified according to ISO 9001 by 2011; see page 15
CLIMATE AND ENVIRONMENTAL PROTECTION				
Increase energy efficiency	Reduce electricity consumption by 7.5 percent by updating the building systems technology (base year: 2008)	Dec. 2012	➤	Current reduction of 6.93 percent compared with base year, see page 22 et seq.
	Replace the building systems technology in the course of regular maintenance	Dec. 2015	➤	See page 22 et seq.
Cut CO ₂ emissions	Use 'green' electricity to reduce CO ₂ emissions related to energy consumption by 30% (base year: 2008)	Dec. 2012	⤴	Changeover at sites in Frankfurt, Stuttgart, Munich, Hannover, Berlin, and Karlsruhe
	Develop measures to determine the proportion of ecological means of transportation used for business travel	Dec. 2012	⤴	
Avoid waste	Update the waste management concept with involvement of regions	Dec. 2012	⤴	Regional waste management concept implemented, see page 24 et seq.
	Reduce commercial waste at the Frankfurt site by 10 percent by increasing the recycling of paper and 'Green Dot' items (base year: 2009)	Jan. 2011	⤴	Reduction of 11.1 percent achieved, see page 25
EMPLOYEES				
Promote a balance between career and family	Undergo a re-audit by the non-profit-making Hertie Foundation	Aug. 2013	NEW	In preparation See page 19 et seq.
SOCIETY				
Apply ecological and social criteria to procurement	Draw up mandatory minimum standards for suppliers related to environmental protection, employee rights, and human rights	Dec. 2012	⤴	Minimum standards being gradually implemented in 2012, see page 25
	Extend the minimum standards in the DZ BANK Group's procurement policy	Jun. 2013	NEW	
Expand corporate volunteering	Implement a company-supported volunteering initiative	Dec. 2013	➤	The deadline was postponed from 2010 to 2013.
	Strengthen the microfinance fund by specifically communicating it within the DZ BANK Group	Jun. 2012	NEW	

LEGEND

⤴ Objective reached ➤ In progress NEW New objective ➤ Objective not reached

GLOSSARY

- » **Code of conduct:** document setting out principles and aspects of corporate responsibility consistent with international conventions.
- » **Compliance:** adherence to laws and company policies. Compliance departments check that relevant regulations, such as insider trading rules or a code of conduct, are obeyed.
- » **Corporate governance:** good and transparent corporate management. The German Corporate Governance Code came into force in Germany in 2002, laying down binding rules that are aimed primarily at listed companies.
- » **Equator Principles:** voluntary ethical and environmental standards for project finance worldwide. Drawn up by a group of financial institutions in 2003, they have now been accepted by more than 77 organizations around the world. The Equator Principles are applied to all new project finance transactions with a volume greater than US\$ 10 million.
- » **ESG:** a set of indicators for measuring influencing factors relating to environmental, social, and governance issues. ESG indicators are used to rate companies' sustainability.
- » **German Derivatives Association (DDV):** body representing the 17 leading issuers of derivatives in Germany. The DDV, its members, and its sponsoring members, advocate industry standards in the form of the derivatives code.
- » **Global Reporting Initiative (GRI):** an organization that develops globally applicable guidelines for the sustainability reports of companies, governments, and non-governmental organizations. The aim is for the reporting organizations to present their economic, environmental, and social performance in a standardized and transparent way.
- » **ISO 9001:** an internationally applicable standard that sets out the requirements for quality management systems.
- » **Non-governmental organization (NGO):** a not-for-profit organization run by citizens who work voluntarily. It can be organized on a local, national, or international level.
- » **Public-private partnership (PPP):** long-term cooperation between the public and private sectors with mutual benefits. The partners pool the resources required (e.g. expertise, equipment, capital, personnel) and decide on the optimum division of project risks based on the project partners' risk management skills. In many cases, PPPs are accompanied by the privatization of public-sector functions.
- » **Socially responsible investment (SRI):** an investment strategy that takes account of investors' ethical values besides criteria regarding rates of return. Various methods are applied to select the securities for investment products. Screening and selection criteria are often used alongside the best-in-class approach, in which the top securities within a sector are chosen.
- » **Stakeholders:** interested parties with a direct or indirect relationship to a company. Besides the owners, they include customers, employees, suppliers, investors, NGOs, politicians, society, and academia.
- » **Sustainable development:** an approach in which companies do business in an environmentally friendly and socially compatible way and strive for long-term commercial success. Development is deemed sustainable if it meets the needs of the current generation without jeopardizing opportunities for future generations.
- » **United Nations Global Compact:** a voluntary agreement between the United Nations and thousands of companies and NGOs. Members of the initiative are required to support its ten principles, which relate to human rights, labor, the environment, and anti-corruption. The Global Compact aims to improve the environmental and social credentials of globalization.

FIND OUT MORE ABOUT DZ BANK

Sustainability portal

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

www.sustainability.dzbank.com

2011 annual report of the DZ BANK Group,
2011 annual financial statements and management
report of DZ BANK AG

www.dzbank.com > Investor Relations

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