



Volksbanken Raiffeisenbanken
Cooperative Financial Network

Framework for ESG products of DZ BANK AG

Note: This document is aimed at companies and individuals with in-depth knowledge of sustainability in the financial market and banking environment

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Objective of the framework for ESG products and embedding in the sustainability strategy of DZ BANK AG



1. Objective of the framework for ESG products and embedding in the sustainability strategy of DZ BANK AG

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (hereinafter "DZ BANK AG"), as the central institution of the Volksbanken Raiffeisenbanken cooperative financial network, is aware of its responsibility to people, the environment and corporate governance. For DZ BANK AG, sustainable development is the benchmark for a long-term corporate policy that addresses not only economic, but also ecological and social challenges. Acting responsibly is a central corporate objective for DZ BANK AG and part of the selfunderstanding of cooperative institutions.

DZ BANK AG's customers can also benefit from the expertise and products of DZ BANK AG in the transformation of their companies. With ESG products, we finance, for example, sustainable uses of proceeds by our customers or create incentives for our customers to pursue their own ESG goals¹⁾. As part of its sustainability ambition, DZ BANK AG has committed itself to various sustainability-related targets.

These include, for example, increasing the proportion of financing with a positive impact on the 17 Goals of the United Nations 2030 Agenda (Sustainable Development Goals - hereinafter "UN SDGs"), achieving specific sector decarbonization target paths and increasing the volume of financing for renewable energies. This framework for DZ BANK AG's ESG products is a measure to achieve these goals, and also creates a definitional and procedural basis.

It also recognizes the special role of DZ BANK AG as a central institution of the cooperative financial network or as a participant in consortium/syndicate structures.

The contents were also evaluated externally by ISS-Corporate Solutions Inc. The document is only relevant for transactions or services that are explicitly intended to be structured as ESG products in accordance with chapter 2 of this framework. All other transactions or services are not affected and are not covered by this framework.



¹⁾ ESG stands for Environment, Social and Governance and thus for the three classic dimensions of sustainability

ESG products: Understanding and product types



2. ESG products: Understanding and product types

DZ BANK AG defines ESG products as transactions and services in the four business areas described below, which

- i. fulfill the substantive criteria for the structuring of ESG products, i.e. pursue a sustainable use of proceeds or create an incentive for the achievement of defined ESG goals - for details see sections 3.1.1, 3.1.2, 3.2;
- ii. are based on voluntary external sustainable product standards or statutory product regulation – for details see sections 3.1.1, 3.2; and
- iii. contractually stipulate these aspects - for details see section 3.1.3, 3.2.

The framework covers the global business activities of DZ BANK AG.

1. Traditional lending business (incl. credit substitute business)

In the lending business, green/social/sustainability loans and ESG-linked¹⁾ loans are used as ESG products.

In the case of green/social/sustainability loans, environmentally sustainable uses of proceeds (green),

socially sustainable uses of proceeds (social) or both (sustainability) are financed. The use of proceeds is contractually stipulated and is used in particular for project or investment financing (see Figure 1).

Note on so-called "transition" products: In addition to the requirements for green products from this framework, these must also meet the requirements of the Climate Transition Finance Handbook of the International Capital Market Association (hereinafter "ICMA") or comparable market standards. The latter must be verified by the client by means of a separate second party opinion / external verification by a recognized rating agency at transaction level.

In the case of ESG-linked loans, the contractually agreed ESG targets of a customer are linked to the product conditions, e.g. via the agreed interest rate. Specific target figures (hereinafter "KPIs") and target values (hereinafter "SPTs") are defined and regularly monitored for verification purposes. Compliance with these target values and target figures can, for example, influence the amount of interest payments (see Figure 2). However, the specific use of proceeds is not decisive.

In the case of green loans, DZ BANK AG follows in particular the Green Loan Principles of the Loan Market

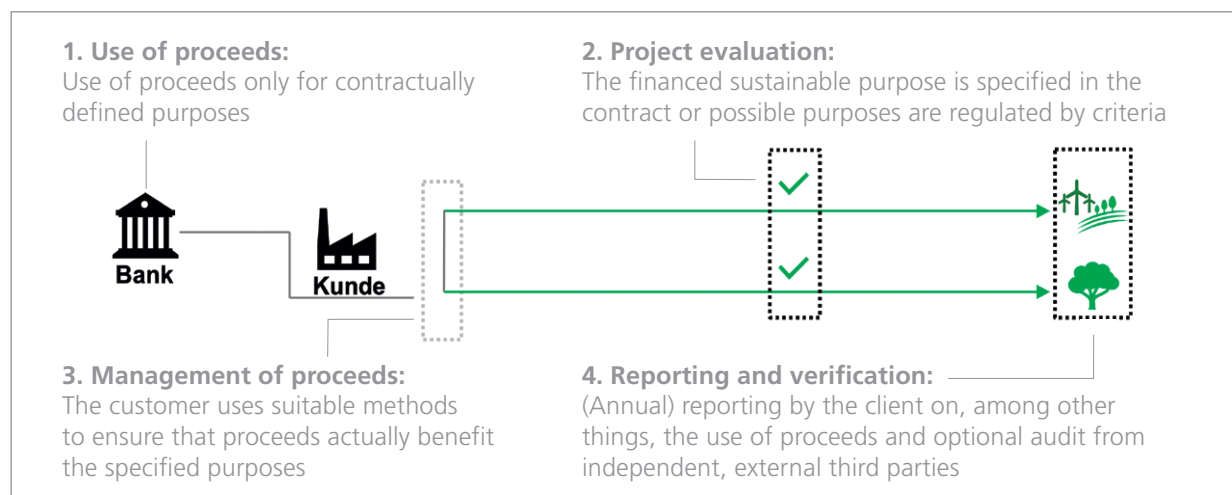


Figure 1: Functionality of green/social or sustainability loans

¹⁾ "ESG-linked" is synonymous with the term "sustainability-linked" as used, for example, by the LMA

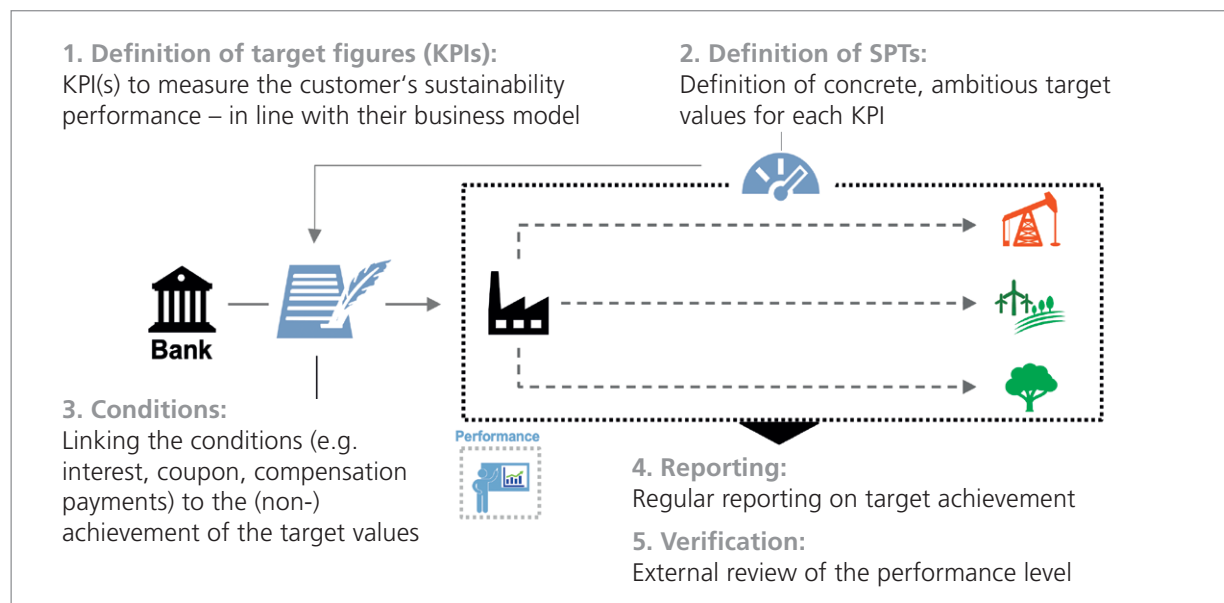


Figure 2: Functionality of an ESG-linked loan

Association (hereinafter "LMA"), in the case of social loans the Social Loan Principles of the LMA, in the case of sustainability loans the idea of the ICMA's Sustainability Bond Guidelines and, in the case of ESG-linked loans, the LMA's Sustainability Linked Loan Principles.

2. Subsidized funding

In the area of subsidized funding, the funding banks are responsible for designing the programs. DZ BANK AG considers selected funding programs with clearly sustainable purposes (use of proceeds) as sustainable programs. This applies to both pass-through and proprietary business. The corresponding funding program serves here as an external product standard (see chapter 2. ii.)

Note: In addition to DZ BANK AG, the corresponding development banks and, in some cases, other banks that provide the sustainable financing service together with DZ BANK AG, are also involved in the allocation of sustainable fundings.

3. ESG structuring in the primary market

This business segment comprises the provision of advice and support to other companies by DZ BANK AG

(service) in the issuance of securities or the structuring of various financing instruments (bonds, promissory note loans, syndicated loans, etc.).

This includes green/social/sustainability (incl. transition) and ESG-linked structures.

When advising on the issuance of green bonds/ promissory note loans, DZ BANK AG follows in particular the ICMA Green Bond Principles, the ICMA Social Bond Principles for social bonds/ promissory note loans, the ICMA Sustainability Bond Guidelines for sustainability bonds and the ICMA Sustainability-Linked Bond Principles for ESG-linked bonds.

4. ESG-linked derivatives¹⁾

In the case of ESG-linked derivatives (primarily, but not exclusively, currency and/or interest rate hedges), the reciprocal payment obligations are linked to the ESG objectives of the derivative client via an ESG link. This gives the OTC derivative – similar to ESG-linked loans – a sustainability link. In the case of ESG-linked derivatives, DZ BANK AG follows in particular the ICMA's Sustainability-Linked Bond Principles.

¹⁾ For simplicity, the terms "financing" or similar formulations are used in the remainder of the document. This also includes ESG-linked derivatives, as the focus here is on the ESG design (ESG links) and not on the financing or hedging character.

Requirements for ESG products



3. Requirements for ESG products

3.1

Traditional lending business and credit substitution transactions/promissory note loans, ESG structuring in the primary market and ESG-linked derivatives

The ESG products and mechanisms used are identical for the lending business, ESG structuring in the primary market and ESG-linked derivatives and are described together below.

3.1.1

Content criteria for ESG products (according to chapter 2. i)

There are clear criteria and guidelines for checking whether a transaction or service can be structured as an ESG product in terms of content, which provide guidance in the selection process. A "blacklist" and "whitelist" for ESG products exist as aids for this

purpose. These lists deal with the "clear cases". The so-called sustainability guiding principles are available for less clear-cut cases. The blacklist for ESG products includes uses of proceeds that cannot be classified as ESG products.

The blacklist does not serve as an extension of the exclusion criteria or sector principles¹⁾, which must be complied with regardless of whether the product is designed as an ESG product. Transactions or services that do not meet the requirements of this framework can continue to be structured as classic products (not as ESG products). The blacklist can be found in Annex 4.2.

The whitelist for ESG products includes uses of proceeds that can be structured as ESG products without further review. In order to reduce the review effort, external information or information already available elsewhere (e.g. second party opinion or EU taxonomy classification) is used first. If this is not possible, DZ BANK AG's own criteria can be checked (see also

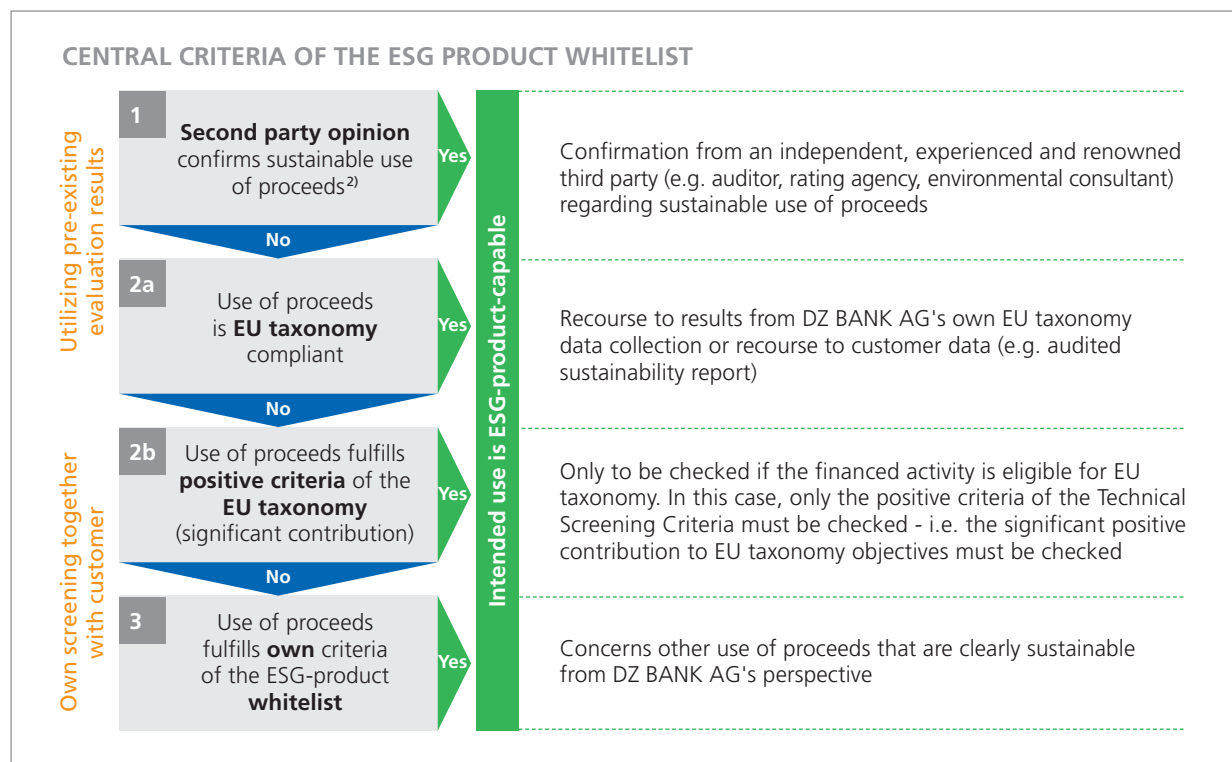


Figure 3: Use of the whitelist

¹⁾ See the scope of application of the exclusion criteria and sector principles (link)

²⁾ Note: In practice, second party opinions in most cases cover both the use of proceeds and structural compliance with the LMA Principles

Figure 3). DZ BANK AG's own criteria can be found in Annex 4.1.

If none of the criteria are relevant, the financed use of proceeds is in a "gray area" and the so-called „sustainability guiding principles“ must be used. These provide an indication of the extent to which the use of proceeds or the ESG link is sustainable based on various key questions and examples, so that an informed classification decision can also be made in the gray area. The sustainability guiding principles ensure that the requirements of the external product standards (see chapter 2) are also met in the gray area. For green/social/sustainability constructs, this means that the use of proceeds must have a clear environmental or social benefit as stipulated in the external product standards mentioned in chapter 2.

For ESG-linked constructs, this means that the requirements of the external product standards mentioned in chapter 2 regarding the selection of KPIs and the level of ambition of the targets are met. The sustainability guiding principles can be found in Annex 4.3.

Figure 4 provides an overview of the three tools and criteria for the classification of ESG products.

All three tools (blacklist, whitelist, sustainability guiding principles) are further developed as necessary to reflect the latest developments in market standards, regulation or good practices. Further development is the responsibility of the ad hoc committee. See also section 3.1.2.

3.1.2
Process for ensuring compliance with the content criteria according to chapter 2. i for ESG products (classification process)

The market sectors are generally responsible for the structuring of ESG product in accordance with the criteria and the classification as such. In order to enable a uniform and structured classification decision, the classification criteria (see section 3.1.1) are applied along a decision tree (see Figure 5). This ensures a distinction between "clear" and "gray zone" cases and takes into account the special role of DZ BANK AG as the central institution of the cooperative financial network or as part of a consortium/ syndicate.

Whitelist, blacklist and sustainability guiding principles are of central importance for the classification of a transaction or service as an ESG product

WHITELIST	GUIDING PRINCIPLES	BLACKLIST
<ul style="list-style-type: none">– Contains the "clearly sustainable cases"– Transactions or services that meet the criteria can be designed as ESG products without further restrictions– Includes uses of proceeds that meet the positive criteria of the EU taxonomy, that have an external sustainability confirmation or that are on DZ BANK AG's own ESG-product whitelist	<ul style="list-style-type: none">– Assistance with the individual assessment of cases outside the whitelist and blacklist ("gray area")– Provide an indication of the sustainability of the use of proceeds or the ESG link– Core element are specific guiding questions on relevant features in the design of ESG products	<ul style="list-style-type: none">– Contains the "clearly not sustainable" uses of proceeds or ESG links– Transactions that meet these criteria cannot be structured as ESG products– List only applies to the design as an ESG product – therefore no new exclusion criteria or sector principles

All three tools are developed further over time on the basis of experience

Figure 4: Overview of tools

Step 1: The process only applies to transactions or services, which should be explicitly structured as ESG products (e.g. green loans, ESG-linked loans – see chapter 2). The requirements of this framework do not apply to transactions or services to which this does not apply. Transactions or services that are subject to the blacklist cannot be structured as ESG products.

Step 2: If a transaction or service is subject to the whitelist or if there is no uncertainty/no need for clarification in this regard according to the sustainability guiding principles, the transaction or service can be designed as an ESG product without further review.

Step 3: Otherwise, this is a "gray zone" case that must be submitted to the ad hoc committee¹⁾ for consultation in the next step. This committee, consisting of representatives from various areas (in particular market, sustainability/strategy, credit management, capital markets), makes a case-by-case recommendation regarding the conceptual structuring as an ESG product. If this is positive, the content of the transaction or service can be structured as an ESG product.

Step 4: In cases in which the ad hoc committee does not recommend the structuring as an ESG product, adjustments to the content are discussed with the customer. In the case of syndicated loans or meta transactions²⁾, this can be done directly via the syndicate leader or the participating bank. If the customer accepts these adjustments, the transaction or service can be structured as an ESG product in the same way as in step 3.

Step 5: If the customer does not accept these proposals, the transaction or service can be designed as an ESG product as an alternative and on a case-by-case on the basis of an external classification. A possible external classification would be if the content complies with the framework of the National Association of German Cooperative Banks e.V. for sustainable financial solutions³⁾. This option serves to enable ESG products in the meta business in accordance with the National Association of German Cooperative Banks standards and thus to do justice to DZ BANK AG's role as the central institution of the cooperative financial network. A further possibility for external classification

exists in the consortium/syndicate business. Here, transactions or services should not be excluded from being classified as ESG products if the content criteria of DZ BANK AG are ahead of the usual market standards. The indicator here is when consortium/syndicate banks with a high sustainability reputation⁴⁾ vote by a majority in favor of structuring the content as an ESG product. In these two cases, the content of the transaction or service can be designed as an ESG product on the basis of an external classification. In this case, the individual case must also be assessed by DZ BANK AG's internal sustainability risk management. If this is not possible, the content of the transaction or service cannot be classified as an ESG product.

The process is shown in detail in Figure 5.

3.1.3 Contractual structure (according to chapter 2. iii)

The contractual design of ESG products should be based on the principles and standards of the LMA and ICMA. Depending on the customer (e.g. large customers vs. small customers, German vs. Anglo-Saxon region), product (e.g. standard loan vs. project financing), third parties involved (e.g. only DZ BANK AG or syndicate/external lawyers) or complexity of the sustainability components (e.g. specific project known vs. list of criteria, public communication planned yes/no), the specific structure can differ significantly. Therefore, fixed and overarching standards or pre-defined contract templates are not appropriate.

3.2 Subsidized funding

In contrast to the other business areas, the requirements for ESG products (in accordance with chapter 2. i - iii) are not checked at the level of the individual loans, but at the level of the funding programs (e.g. KfW Loan No. 270 Renewable Energies – Standard). All individual transactions that are (re-)financed via the funding programs classified as ESG products are automatically considered ESG products.

¹⁾ The ad hoc committee can be replaced in the future by another committee/unit with comparable expertise

²⁾ Meta business refers to the joint lending business together with the Volksbanken Raiffeisenbanken

³⁾ Currently not public

⁴⁾ Assessment is carried out by the ad hoc committee.

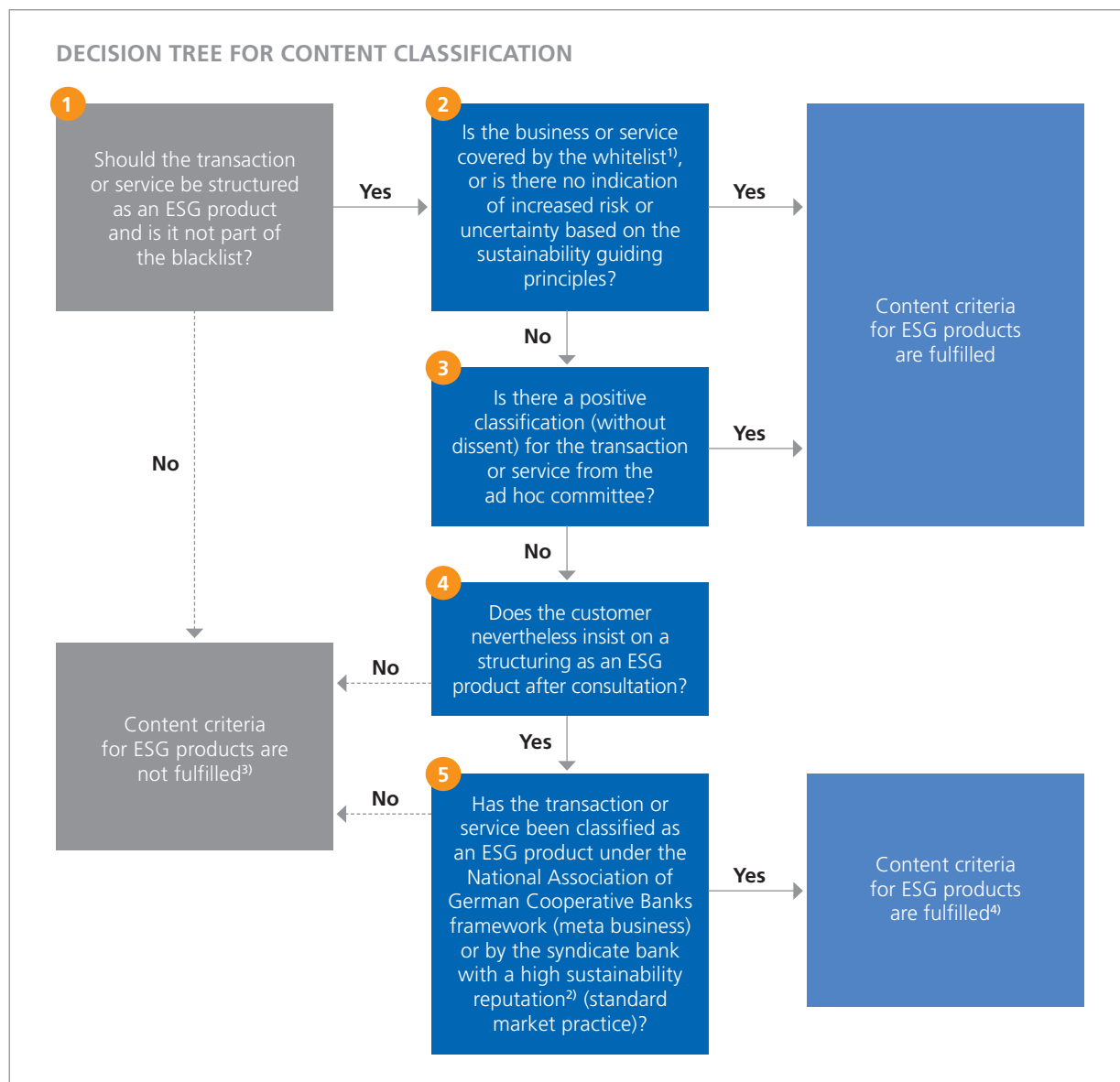


Figure 5: Classification process for the content design of ESG products

Specifically, this means that the funding conditions of a funding program must meet the criteria for the content structuring (according to chapter 2. i) of section 3.1.1 and 3.1.2. The external product standard (according to chapter 2. ii) is the funding program itself and the requirement for the contractual structure (according to chapter 2. iii) should be based on the funding loan agreement.

The responsibility for classifying funding programs generally lies with the business department "Investitionsförderung". It can access the instruments from the classification process for lending business (e.g. whitelist or consultation with the ad hoc committee).

¹⁾ Also includes cases with a second party opinion

²⁾ Assessment of the sustainability reputation of the syndicate banks can be obtained from the ad hoc committee

³⁾ Product is not classified as an ESG product

⁴⁾ Note: in this case, the transaction is designed on a case-by-case basis in terms of content and, alternatively, on the basis of an external classification as an ESG product (see step 5 in section 3.1.2)

Appendix



4. Appendix

4.1

Whitelist for ESG products¹⁾

Whitelist criteria: Focus is on green uses of proceeds that are not currently covered by the EU taxonomy

Green/ Social	Sector	Use of proceeds	Further (detailed) requirements
Green	Agriculture and forestry	Sustainable agriculture	<p>Financing of certified or proven sustainable agriculture:</p> <ul style="list-style-type: none"> – Sustainability certification from DLG e. V. provided that: (i) an average score of at least 3.0 has been achieved, (ii) no individual indicator was given a score of 6 and (iii) each assessment area achieved an average score of at least 4.0 – or – Sustainability certification from the Deutsches Institut für Nachhaltige Agrarkultur with a score of [to be determined] or higher – or – Use of proceeds meets the criteria of the Rentenbank's subsidized funding programs in the category "Zukunftsfelder im Fokus" <p>Note: The Genoverband e.V. is working on its own certification. This will be completed as soon as possible.</p>
	Industry	Circular economy	<p>Financing of reuse and recycling facilities for waste, e.g:</p> <ul style="list-style-type: none"> – Recycling of metals (e.g. steel, copper or nickel) and plastics (e.g. polyethylene and polyvinyl chloride); – Products/services related to reusability and reusable packaging products; – Use of bio-based, biodegradable and compostable plastics (e.g. bioplastics) to reduce plastics made from fossil raw materials
	Energy	Power generation	<p>Financing of gas-fired power plants in Germany, upstream activities (e.g. power plant construction or planning) and operating activities (e.g. maintenance) if these meet the requirements of the German government's 2026 power plant strategy: Power plants that are fully converted to hydrogen between 2035 and 2040 (setting a switchover date in 2032)</p>

¹⁾ The whitelist for ESG products may be expanded in the future.

Whitelist criteria: Focus is on social uses of proceeds that are not currently covered by the EU taxonomy

Green/ Social	Sector	Use of proceeds	Further (detailed) requirements
Social	Education	Promotion of education	Financing the construction and operation of public educational institutions (daycare centers, schools, universities, tutoring, vocational education, continuing education, qualification programs, museums, etc.); target group: general public
	Healthcare	Promotion of healthcare	Financing the construction and operation of public healthcare facilities (hospitals, medical laboratories, etc.) as well as doctors or physiotherapists and care facilities; target group: general public
	Real estate	Social housing/ space	Financing the construction and operation of social housing; target group: general public
	Infrastructure	Access to basic infrastructure	Financing access to renewable energy, clean drinking water, sanitation, transportation and infrastructure, telecommunications networks and related infrastructure; target group: underserved communities (especially but not exclusively in developing countries)
	Infrastructure	Access to recreational facilities	Financing of public parks and sports facilities; target group: general public; this excludes professional stadiums and sports centers, public spaces dedicated to religious and political activities
	Charity	Promotion of charitable organizations	Financing of registered charities, non-profit institutions and other philanthropic organizations; lending to companies or organizations that exclusively and directly pursue charitable purposes. Target group: general public; Religious and political institutions are excluded
	Banks and institutions	Financing of development banks/ organizations	Financing of development banks with use of proceeds for development activities, e.g. the World Bank, International Bank for Reconstruction and Development, the European Investment Bank or the "Kreditanstalt für Wiederaufbau" (hereinafter "KfW"); target group: general public; exclusion of organizations without a development mandate
	Agriculture	Promotion of fair trade	Financing of certified fair trade: Fairtrade (complete)
	Inclusion	Accessibility	Financing of use of proceeds that contribute to making all areas of life accessible and usable for people with disabilities without outside help (e.g. conversion measures on residential or commercial properties or on public infrastructure)

4.2

Blacklist for ESG products¹⁾

4.2.1

Blacklist for ESG-linked products

Example	ESG link
Climate targets using carbon credits	Linking of climate-related targets that consider/use carbon credits in the calculation of climate KPIs
Fossil fuels and their use	Companies from the mineral oil industry (oil or refinery) only link the CO ₂ emissions of their own and rented office buildings with the economic product conditions (no consideration of CO ₂ emissions from subsidized fossil fuels)

4.2.2

Blacklist for green products

Example	Sector	Description of the use of proceeds
Green	General principles	<ul style="list-style-type: none"> Carbon credits: Financing of projects for the generation, trading or use of carbon credits as a means of offsetting emissions Reversible forms of carbon capture: <ul style="list-style-type: none"> The removal of greenhouse gases from the atmosphere may be suitable for ESG products under certain circumstances, provided it is ensured that these are irreversibly stored (e.g. storage in former gas fields, binding in biochar with subsequent storage in arable soil or concrete) and do not pose a greenwashing risk in the context of the project/client (see sustainability guiding principles) CO₂ capture and storage, where the storage of emissions can be reversible (e.g. use of CO₂ in the beverage industry), do not have a lasting positive climate effect and are therefore not suitable for ESG products
	Fossil energy sources and their use	<ul style="list-style-type: none"> Extraction, processing, distribution/trading and use of all fossil fuels Principle regarding the use of fossil fuels: If the use of proceeds provides for irreversible mitigating measures (e.g. CO₂ capture and storage), this use of proceeds may be excluded from the blacklist for ESG products. In this case, a review along the whitelist for ESG products or the sustainability guiding principles is necessary
	Power generation	<ul style="list-style-type: none"> Electricity generation from coal, oil or natural gas - incl. corresponding upstream activities (e.g. power plant construction or planning) and operating activities (e.g. maintenance); note: coal-fired power generation incl. value chain is already generally excluded from financing via the exclusion criteria Whitelist-compliant gas-fired power plants are excluded if, for example, they are EU taxonomy-compliant (in particular conversion to renewable or low-CO₂ gases, such as green hydrogen by 2035 – for details, see whitelist or the EU taxonomy) Activities that reduce greenhouse gas emissions, such as CO₂ capture and storage, are also exempt and must be assessed in accordance with the sustainability guiding principles or whitelist for ESG products – provided that the storage of the emission is irreversible (see above)

¹⁾ The blacklist for ESG products may be expanded in the future.

Example	Sector	Description of the use of proceeds
Green	Road transportation	<ul style="list-style-type: none"> – Manufacture, sale, trade, operation of vehicles with solely internal combustion engines (hybrid vehicles are excluded) – If, for example, an investment financing a car factory is involved, where production is gradually being converted from combustion engines to electric motors and a credible assurance of this exists, this investment is excluded (evaluation logic can be applied analogously for similar cases)
	Shipping	<ul style="list-style-type: none"> – Manufacture, sale, trade and operation of ships with solely internal combustion engines (without the possibility of using alternative fuels) – This does not apply to ships that can be powered by fuels produced from renewable energies
	Cement production	<ul style="list-style-type: none"> – Production, distribution, trade of cement using non-renewable heat sources and without significant capture and irreversible storage of the process-immanent emissions or the corresponding plants
	Steel production	<ul style="list-style-type: none"> – Production, distribution, trade of "new" steel using the classic blast furnace and converter route or the corresponding plants

4.3 Sustainability guiding principles¹⁾

4.3.1 Sustainability guiding principles for ESG-linked products

KEY QUESTIONS FOR EXAMINING GRAY AREA CASES (1/3)

Structural indicators for possible increased greenwashing risks	1. Is there evidence that the client lacks a structured understanding of its material ESG challenges? Is there evidence that this understanding exists, e.g. an existing ESG strategy or a sustainability report with a materiality analysis?	●
	2. Are obvious inconsistencies recognizable, e.g.: <ul style="list-style-type: none"> – Does the business strategy conflict the ESG strategy or the ESG objectives of the ESG link? – Are the material ESG challenges that can be influenced by the customer (according to the ESG strategy/sustainability report) not addressed by the ESG objectives? 	●
	3. Are the ESG objectives <ul style="list-style-type: none"> – qualitative or not measurable? – Only long-term targets without intermediate targets or does the term of the targets do not match those of the ESG link? 	●
	4. No peer comparison: Has a benchmarking analysis been carried out or are there indications of unusual/missing KPIs or a visibly lower level of ambition of the target values compared to relevant competitors (both current state and targets must be taken into account)? Are the selected peers comparable with the customer?	●

● Key question relevant for ESG target link

● Key question relevant for ESG rating link

¹⁾ The sustainability guiding principles may be expanded in the future.

KEY QUESTIONS FOR EXAMINING GRAY AREA CASES (2/3)

Indicators of potentially insufficient coverage of material ESG aspects by KPIs

1. **Sector-specific ESG challenges not addressed:** Do the targets/KPIs cover the typically relevant ESG challenges of the client's sector? If not, is there a comprehensible justification from the customer (e.g. due to individual starting position)? This can be checked in particular based on the internal experience gained, SDG classification¹⁾ the results of the ESG checklist²⁾ and the ESG risk score
2. **Limited scope:** Do the targets cover both the client's core business and operational topics such as personnel, emissions from business trips, water consumption (where relevant), etc.? For core business: Do the KPIs address the key parts of the core business in particular?
3. **No climate targets, or limited scope:** Does the ESG link contain climate targets? Do these cover all emission scopes (1-3)³⁾? In the climate-relevant sectors in particular, the following emission scopes should be covered as a minimum:
 - Power generation: Scope 1
 - Automotive: Scope 3 (tailpipe)
 - Fossil energies: Scope 1-3
 - Steel: Scope 1 and 2
 - Aviation: Scope 1, for sustainable aviation fuels also Scope 3 (production of the fuels)
 - Cement: Scope 1 and 2
 - Shipping: Scope 1, for methanol, ammonia, etc. also Scope 3 (production of the fuels)
 - Real estate: Scope 1 and 2
 - Chemicals: Scope 1 and 2

● Key question relevant for ESG target link

● Key question relevant for ESG rating link

KEY QUESTIONS FOR EXAMINING GRAY AREA CASES (3/3)

Indicators that the level of ambition of the targets may be too low

1. **No improvement on the status quo:** Can the client demonstrate that the ESG targets go beyond the regular ESG commitment ("business-as-usual")? E.g. based on action plans still to be implemented, probability of achieving the target, scenarios, etc.; Are CO₂ certificates considered?
2. **Targets below or at regulatory minimum requirements:**
 - In the event of regulatory/legal restrictions/bans (e.g. coal phase-out): Is the target date or target value well before of the regulatory deadline?
 - In the case of regulatory/legal ambitions (e.g. climate neutrality by 2050, 1.5°, etc.): Is the target at or above the regulatory/legal target level/target pathway
3. **No science-based targets:** Are science-based transformation scenarios available for a target (e.g. analogous to climate)? If yes, can the client demonstrate that the target is aligned with this, or (in the case of climate) is the target close to the corresponding convergence path? Is there an external certification by a recognized rating agency (e.g. by the Science Based Targets initiative)?

● Key question relevant for ESG target link

● Key question relevant for ESG rating link

¹⁾ DZ BANK AG's own classification based on the 17 Sustainable Development Goals of the United Nations 2030 Agenda (Sustainable Development Goals – the "SDGs") ("SDG classification")

²⁾ To verify that the financed business partner complies with good corporate governance practices, DZ BANK AG has introduced its own so-called ESG checklist that is asked at the beginning of every new business with a business partner

³⁾ Note: if a direct climate target for an emissions scope is not possible due to a lack of data availability, for example, "proxy targets" can serve as a substitute (e.g. proportion of e-vehicles instead of a Scope 3 target for a car rental company)

4.3.2

Sustainability guiding principles for green/social/sustainability products

KEY QUESTIONS FOR EXAMINING GRAY AREA CASES

General critique of the focus of G/S/S products on a specific financed use of proceeds	<ol style="list-style-type: none"> 1. Is there a possibility of criticism of the borrower or counterparty with regard to its general business practices (e.g. human rights violations)? Could this also lead to non-compliance with the bank's own exclusions? 2. Is it possible to criticize the non-consideration of the value chain of the financed use of proceeds and does this contradict the usual approach?
Financed use of proceeds could be considered unsustainable	<ol style="list-style-type: none"> 1. Does the financed technology correspond to the current best possible technology standard, or does the benefit result exclusively from a comparison with a non-sustainable status quo? 2. For social products: In addition to a general social benefit, is there an actual benefit for a specific target group in need?
Use of proceeds improves the ESG performance of another activity but slows down the transformation overall	<ol style="list-style-type: none"> 1. Does the funded use of proceeds help to improve the ESG performance of another economic activity? If yes, what type of other economic activity is it? <ul style="list-style-type: none"> – Economic activity with alternative-free technology – Economic activity with alternative → can a lock-in effect result in this technology? – Economic activity that is generally considered unsustainable

4.4

List of abbreviations

Term/Abbreviation	Abbreviation description
DZ BANK AG	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
ESG	ESG stands for Environment (ecology), Social, and Governance (good corporate governance), representing the three classical dimensions of sustainability
ICMA	International Capital Market Association
KfW	Kreditanstalt für Wiederaufbau
KPI	Key performance indicator
LMA	Loan Market Association
SPT	Sustainability performance targets
GHG	Greenhouse gases
UN SDG	United Nations Sustainable Development Goals

You can find further information ...



... on our website

We show how sustainability is anchored in our DNA and which ESG topics are of particular importance to DZ BANK AG.



... in our sustainability report according to ESRS (CSRD report)

We show which ESG topics are material for DZ BANK AG in accordance with the European Sustainability Reporting Standards.



... in our Investor Relations section

We show all information about the ESG ratings of DZ BANK AG and the DZ BANK Group.

Your contact persons

DZ BANK Sustainability Team
nachhaltigkeit@dzbank.de.

Sustainability as a strategic goal

As the central institution of the Volksbanken Raiffeisenbanken cooperative financial network, DZ BANK AG is aware of its responsibility to people, the environment and corporate governance. We stand by our customers as a reliable partner. The 17 UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement are our central points of reference. This document provides you with a brief overview of how we practice sustainability in our core business and business operations.

Impressum

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank,
Frankfurt am Main
Platz der Republik
60325 Frankfurt am Main

Postal address
60265 Frankfurt am Main

Telephone: 069 74 47-01
mail@dzbank.de
www.dzbank.de

Represented by the Management Board:

Dr. Cornelius Riese, Chairman of the Executive Board
Stefan Beismann
Dr. Christian Brauckmann
Ulrike Brouzi
Souâd Benkredda
Johannes Koch
Michael Speth

Chairman of the Supervisory Board:

Henning Deneke-Jöhrens