

# Sustainability criteria for suppliers of the DZ BANK Group

## Introduction

For enterprises in the DZ BANK Group, the concept of sustainable development is the benchmark for a long-term corporate policy designed to meet not just economic challenges but also ecological and social ones. Responsible action is one of our core corporate goals and is expected of cooperative institutions.

In joining the [Global Compact initiative of the United Nations \(UN\)](#) in 2008, DZ BANK AG also acknowledged ten fundamental global principles for responsible business operations. We view these principles as an important basis for our business activities.

The sustainability criteria for suppliers of the DZ BANK Group define the DZ Bank Group's minimum expectations of its suppliers (referred to hereinafter as "business partners") with regard to human rights, environmental and corporate due diligence obligations. The sustainability criteria for suppliers of the DZ BANK Group are thus intended to help entrench sustainable activity in supply chains as well.

## Scope of application

The following criteria summarize the expectations of the DZ BANK Group's enterprises with respect to all business partners. These expectations are oriented on national and international standards including the [UN Global Compact](#), the [Core Labour Standards of the International Labour Organisation \(ILO\)](#) and the [BME Code of Conduct](#) issued by the Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (Federal Association for Materials Management, Procurement and Logistics). The sustainability criteria for suppliers of the DZ Bank Group also take account of the requirements defined in the [German Act on Corporate Due Diligence Obligations in Supply Chains \(Lieferkettensorgfaltspflichtengesetz - LkSG\)](#).

The sustainability criteria for suppliers of the DZ BANK Group constitute minimum standards that are binding on suppliers of the DZ Group for the duration of the business relationship. The sustainability criteria do not supersede any contractual agreements already concluded by enterprises in the DZ Bank Group and the business partner; neither do they supersede any requirements set out in other laws and statutory regulations that exceed their scope.

By signing the sustainability criteria for suppliers of the DZ BANK Group, the business partner guarantees to comply with them and address them as appropriate along its own supply chain. The business partner must ensure that its own business partners and subcontractors comply with these criteria besides raising them in discussion and conducting inquiries.

## Sustainability declaration required when commencing a business relationship with a new business partner

The enterprises in the DZ BANK Group aim for fair business relationships in partnership with their business partners and assume responsibility towards their business partners, the environment and society at large. For this reason, the DZ Bank Group also expects its business partners to act responsibly and sustainably within the applicable legal framework and to fulfil the ecological, social and economic responsibilities incumbent on any business enterprise.

## I. Ecological responsibility

In terms of ecological responsibility, the enterprises in the DZ BANK Group expect their suppliers to maintain a certified environmental management system besides minimising environmental damage and adhering to the standards defined in environmental legislation:

### 1. Minimisation of environmental damage

The business partner shall minimise the environmental damage it causes and continually improve its environmental protection measures. These specifically include the reduction of CO<sub>2</sub> emissions, the careful use of water, and the implementation of measures to preserve air and soil quality. The business partner shall present evidence of the measures initiated to the DZ BANK Group enterprises at their request. The business partner shall make regular suggestions to the respective DZ BANK Group enterprises regarding the improvement of environmental performance within the context of the business relationship. Moreover, the business partner shall define goals for the reduction of environmental damage and derive specific measures from these.

### 2. Organisational measures in environmental management

The business partner shall provide evidence that it is systematically operating an environmental management system anchored in the organisation, e.g. pursuant to ISO 14001, or that it is in the process of setting up such a system.

### 3. Natural resources and waste management

The business partner shall undertake to use natural resources sparingly and to reuse them whenever possible. In compliance with the Minamata-Convention, the business partner shall refrain from manufacturing products containing added mercury and from using mercury or mercury compounds during the manufacturing process. Furthermore, the business partner shall not support the production and use of chemicals listed in the Stockholm Convention. The use of conflict materials, which often serve to finance armed groups, must comply with the respective statutory requirements for due diligence and review systems. The principle "Prevention before reuse before disposal" shall apply when dealing with waste. Statutory requirements must be observed when handling, collecting, storing and disposing of waste. Particular attention must be paid to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

## II. Social responsibility

In terms of social responsibility, the enterprises in the DZ BANK Group expect their suppliers not only to recognise and observe human rights but also to comply with additional requirements:

### 1. Recognition and observance of human rights

The business partner shall recognise and observe human rights. This applies above all to the observance of human rights codified in the [Universal Declaration of Human Rights \(UDHR\)](#) of the General Assembly of the United Nations and the [European Convention on Human Rights \(ECHR\)](#).

### 2. No child labour, forced labour or any kind of slavery

The minimum age of the persons working for the business partner must comply with the specifications set out in [International Labour Organisation \(ILO\) Convention 138](#). The minimum age may neither be below the age in which mandatory school attendance ends nor below the age of 15.

The worst forms of child labour (within the meaning of section 2 subsection 2 par. 2 LkSG) specified in International Labour Organisation (ILO) Convention 182 are prohibited and shall be emphatically rejected by the business partner. The business partner shall not practice, tolerate or support forced labour, e.g. forced labour by prisoners or forced labour resulting from debt bondage, human trafficking or torture. If a local jurisdiction imposes more rigorous provisions, these shall have priority. The business partner shall reject all forms of slavery, practices similar to slavery, servitude and other forms of domination or oppression at the workplace, e.g. those resulting from extreme economic or sexual exploitation and/or humiliation.

### **3. Assurance of occupational safety and health protection at the workplace**

The business partner shall guarantee appropriate health and safety at work for its employees in order to guard against accidents and health problems. The minimum requirement in this respect consists of compliance with local laws and regulations concerning workplace health and safety. In cases where legal standards are lower or where there are no such standards, the business partner shall adhere to standards of health and safety at work that are at least equivalent to the [Core Labour Standards of the International Labour Organisation \(ILO\)](#). These include adequate safety standards, suitable protective measures, measures to prevent excessive physical and mental fatigue (especially measures relating to the organisation of working hours and rest breaks) and the appropriate training and instruction of employees.

### **4. Protection of organisation rights and the right to collective bargaining**

The business partner shall grant its staff the right to form and join trade unions, the right to collective bargaining and the right to strike. According to [International Labour Organisation \(ILO\) Convention 98](#), membership of a trade union or workers' representation does not constitute grounds for unequal treatment. The formation, joining and membership of a trade union may not be used as grounds for unjustified discrimination or retaliatory measures.

### **5. Guarantee of equal treatment**

The business partner shall exclude any form of discrimination (based on ethnic origin, skin colour, marital status, physical characteristics, gender, age, nationality, religious affiliation, disability, sexual orientation and identity, political opinion, pregnancy, social origin, national descent, state of health and/or other unlawful criteria) in accordance with the prohibitions on discrimination set out in the German General Act on Unequal Treatment (*Allgemeines Gleichbehandlungsgesetz*), which shall serve as the minimum standard. All staff must be protected from direct/indirect discrimination (e.g. with regard to hiring, promotion, remuneration, social security, social benefits, education etc.) and from harassment at the workplace, particularly harassment of a sexual nature.

### **6. Guarantee of fair remuneration**

The business partner shall pay fair wages/salaries and social security contributions that are sufficient to ensure a reasonable standard of living. Appropriate remuneration shall be at least equivalent to the minimum wage established by the applicable law and shall otherwise be determined by the law in force at the place of employment. The business partner shall comply with legal standards and statutory regulations such as those relating to minimum wages. If there are no legal standards in the country in question, the business partner must ensure that the remuneration paid meets the requirements on fixing minimum wages set out in [International Labour Organisation \(ILO\) Convention 131](#).

## **7. Guarantee of fair working conditions**

The business partner shall guarantee fair working conditions for its employees. The business partner shall comply with national laws and regulations on working hours, work safety, rest breaks and holidays as well as the [Core Labour Standards of the International Labour Organization \(ILO\)](#). The business partner is thus obliged to limit staff working hours to a maximum of eight hours a day or 48 hours a week, to grant a rest period of at least 24 hours every seven days, and to limit voluntary overtime to a maximum of 12 hours a week (in accordance with the Core Labour Standards established by the International Labour Organisation (ILO)).

## **8. Avoidance of harmful environmental influences pursuant to LkSG**

The business partner shall avoid causing any harmful soil change, water pollution, air pollution, harmful noise emission or water consumption that

- a) significantly impairs the natural bases for the preservation and production of food,
- b) denies access to safe, clean drinking water, makes access to sanitary facilities difficult or destroys such access,
- c) or harms the health of a person.

## **9. Protection from unlawful eviction and the seizure of land**

The business partner shall not carry out unlawful evictions. Furthermore, the business partner shall refrain from unlawfully taking, acquiring or developing land that secures the livelihood of a person.

## **10. Appropriate hiring and use of private or public security forces**

The business partner is bound to refrain from hiring or using private or public security forces if, due to a lack of instruction or control on the business partner's part, the use of security forces is in violation of the ban on torture and cruel, inhumane or degrading treatment, damages life or limb, or impairs the right to organise and the freedom of association.

### **III. Economic responsibility**

In terms of economic responsibility, the enterprises in the DZ BANK Group expect compliance with the regulation on free competition and do not tolerate any violation of the compliance requirements set out in anti-corruption and anti-money laundering legislation.

#### **1. Compliance with legal standards**

The business partner shall implement sufficient environmental protection measures to avert risks to humanity and the environment. The minimum requirement in this respect is the fulfilment of local or national legal standards as applicable to the enterprises in the DZ BANK Group. The business partner should have established a procedure to verify compliance with these standards.

#### **2. Free competition**

The business partner is bound to observe laws for the protection of free competition and to conduct itself fairly on the market. The supplier shall not enter into agreements with other enterprises that prevent, restrict or distort free competition.

### **3. Anti-corruption**

The business partner shall comply with the applicable anti-corruption legislation and refrain from accepting or engaging in any form of corruption or bribery. This includes all actions that could be construed as such.

### **4. No money laundering**

The business partner shall comply with the applicable anti-money laundering legislation and duly meet its obligation to report violations.

## **IV. Complaints procedure and compliance with sustainability criteria**

### **1. Whistle-blower system**

Our business partners and their staff and subcontractors are expected to report any violations of the sustainability criteria and to disclose any knowledge and information regarding possible violations thereof. To this end, the business partner shall operate an effective whistle-blower system or establish a connection with an industry-wide system. Furthermore, the business partner shall inform its employees that reports can be submitted through the whistle-blower system or complaints procedure of the respective DZ BANK Group enterprise.

### **2. Preventive measures implemented by the DZ BANK Group vis-à-vis direct suppliers**

Should an enterprise in the DZ BANK Group have any specific concerns with regard to the business partner's compliance with the sustainability criteria, the business partner must enable the respective DZ BANK Group enterprise to verify its compliance with the sustainability agreement by allowing them to visit its premises by prior agreement. The business partner must actively support these verification procedures as appropriate.

The respective DZ BANK Group enterprise has the right to request and obtain further information on matters relating to corporate social responsibility (CSR) or sustainability in the form of supplier self-disclosures (e.g. [EcoVadis](#) ratings) should this be deemed necessary. The supplier shall provide information regarding the measures taken to ensure compliance with the sustainability criteria on being requested to do so by the respective DZ BANK Group enterprise.

The DZ BANK Group enterprises offer sustainability training to external business partners and suppliers on an ad hoc basis to help them fulfil their contractual commitments.

### **3. Remedial measures**

The business partner must put a stop to any violations of these sustainability criteria or minimise the scope of the violation. If this is not possible within a foreseeable time, the business partner must develop a concept for stopping the violation (including a schedule, measures and targets), submit it to the respective DZ BANK Group enterprise and implement it accordingly. The implementation of the concept must be documented and its effectiveness reviewed.

The measures taken by the business partner must be presented to the respective DZ BANK Group enterprise.

### **4. Consequences of violations**

In the event of the supplier violating the sustainability criteria set out herein, the enterprises in the DZ BANK Group shall be entitled under the provisions of the LkSG to temporarily suspend the business relationship while efforts are made to minimise the risk. The business relationship must be terminated if

1. the violation of a protected legal position or environmental obligation is deemed particularly serious,
2. the implementation of the measures set out in a concept do not remedy the violation within the period specified in the concept,
3. the enterprises in the DZ BANK Group have no milder means at their disposal and there is little likelihood of an increase in influential capacity.

The business partner hereby declares that it acknowledges the criteria set out above, is in the process of implementing them, and is prepared to document its compliance with the criteria by submitting a self-disclosure (e.g. an EcoVadis rating). If an enterprise in the DZ BANK Group has any specific concerns with respect to the business partner's compliance with the sustainability criteria, the business partner is in principle prepared, by prior agreement, to allow the DZ BANK Group enterprise to verify its compliance with the sustainability agreement during a visit to its premises.

This document constitutes a declaration by the business partner to the enterprises in the DZ BANK Group with which the business partner has entered or will enter into a business relationship. The relevant enterprises in the DZ BANK Group shall pass this signed document among themselves in order to document the submission of the above-mentioned declarations to each of these enterprises. Moreover, all enterprises in the DZ BANK Group shall have technical access to this signed document. The business partner hereby declares its consent to this.

\_\_\_\_\_  
Place / date

\_\_\_\_\_  
Name in block letters

\_\_\_\_\_  
Business partner

\_\_\_\_\_  
Signature