

# Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments

Legal entity identifier (LEI-Code):

7LTFWZYICNSX8D621K8

## Environmental and/or social characteristics

### Sustainable investment

means an investment in an economic activity that contributes to environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective**: \_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective**: \_\_ %

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of \_\_ % of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



## To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability criteria are taken into account in the selection of financial instruments for 'Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments' products with a Continuity Classic ESG, Income Classic ESG, Balance Classic ESG, Growth Classic ESG, Dynamic Classic ESG, Balance Flex Select ESG or Dynamic Flex Select ESG investment strategy.

For the purposes of determining whether an investment instrument meets the sustainability criteria that apply to the investment strategy, the Bank relies on the positive lists that are prepared and regularly updated by MSCI ESG Research (UK) Limited and MSCI ESG Research LLC ('MSCI'), which may include information on issuers, financial instruments and underlying assets on which financial instruments may be based.

The minimum requirement for the inclusion of an issuer, a financial instrument (excluding investment funds) or an underlying asset on a positive list is that it has been given an ESG rating of 'A' or better by MSCI (on a scale from 'AAA' to 'CCC', where 'AAA' is the best and 'CCC' the worst possible rating awarded by MSCI in relation to sustainability).

The minimum requirement for the inclusion of an investment fund in a positive list is that MSCI has given it an ESG rating of 'BBB' or higher, if the investment fund is listed by MSCI in a peer group with a name containing the term 'emerging markets' or 'high yield', or if – based on its peer group – the investment fund invests in equities from a country whose public limited companies are included in the MSCI Emerging Markets (EM) index ('emerging markets investment funds' and 'high-yield investment funds'). For any other investment fund, the minimum requirement for inclusion in a positive list is that MSCI has awarded it an ESG rating of 'A' or higher.

In addition, the Bank applies exclusion criteria using data made available to the Bank by MSCI. At present, supplementary exclusion criteria are included for issuers (other than states and investment funds), and are applied only to the issuers themselves and in cases where an investment instrument from this issuer serves as an underlying asset for another investment instrument.

This means that, in the selection process of issuers (other than states and investment funds), even issuers with an ESG rating of 'A' or better will currently not be deemed eligible by MSCI for inclusion in a positive list and, consequently, for investments by the Bank, if the analysis conducted by MSCI finds that any of the following applies to the issuer:

- Issuers are to be excluded if the overall assessment finds that the issuer's business practices or manufactured products breach national or international norms, laws and/or universally accepted global standards in any material way.
- In addition, issuers must be excluded if they operate or generate a significant proportion of their revenue in any area of business that the Bank deems to be problematic.

A detailed description of the criteria used to compile MSCI positive lists, including the underlying exclusion criteria and revenue thresholds, is provided by the Bank on the information sheet 'Information on sustainability criteria applied in the selection of financial instruments for Deutsche Bank Persönliches Strategie Portfolio ESG investment strategies' (as amended). This information sheet is provided to customers upon conclusion of the discretionary portfolio management agreement and again whenever the terms of the agreement are updated.

Since 2 August 2022, certain principal adverse impacts on sustainability factors have been taken into account in the Bank's investment process for the aforementioned strategies with regard to the selection of investment funds (except for funds that predominantly invest in government bonds or other investment instruments issued by states) and investment instruments from non-state issuers.

The Bank makes best efforts to ensure that at least 51 per cent of the portfolio (not considering liquidity in the form of account balances, including short-term deposits) is invested in instruments that take account of principal adverse impacts on sustainability factors in accordance with the below criteria.

- For **non-state issuers**, principal adverse impacts on sustainability factors in the category ‘greenhouse gas emissions’ are currently being taken into account only via exclusions of companies that generate more than 5 per cent of their revenue from thermal coal production and/or unconventional oil or gas extraction methods. Principal adverse impacts on sustainability factors in the category ‘social and employee matters’ are currently being taken into account only via exclusions of companies that violate the principles of the United Nations Global Compact or are actively involved in the production or trade of controversial weapons such as weapon systems, nuclear weapons, anti-personnel mines, incendiary weapons and cluster munitions. PAIs are currently being taken into account only in relation to the issuers themselves and in cases where an investment instrument from this issuer serves as an underlying asset for another investment instrument. To this end, the Bank applies the exclusions provided by MSCI that were agreed between MSCI and the Bank.
- For **investment funds that do not predominantly invest in states**, principal adverse impacts on sustainability factors are being taken into account via exclusions that are applied on the basis of the information made available by the investment management companies or fund management companies or by MSCI. Investment funds that do not take account of at least one individual sustainability factor in the categories
  - ‘greenhouse gas emissions’ and/or
  - ‘social and employee matters’

are excluded.

A separate portfolio is created for each discretionary portfolio management agreement. The dedicated reporting in relation to each discretionary portfolio management agreement discloses the extent to which the relevant portfolio actually took account of the MSCI positive lists and the aforementioned principal adverse impacts on the sustainability factors ‘greenhouse gas emissions’ and ‘social and employee matters’ in the selection of financial instruments from non-state issuers and from investment funds not predominantly investing in states in the period from 1 January 2022 to 31 December 2022. In the event that an investment instrument ceases to comply with these sustainability criteria, the Bank will make best efforts to dispose of this investment instrument from the portfolio while at the same time upholding the interests of the client.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

#### ● How did the sustainability indicators perform?

The dedicated reporting in relation to each discretionary portfolio management agreement discloses the extent to which the relevant portfolio was, at specific reference dates in the period from 1 January 2022 to 31 December 2022, invested in instruments that were included on the positive lists compiled by MSCI in accordance with the requirement of an MSCI ESG rating of ‘A’ or higher and the Bank’s exclusion criteria. Liquidity in the form of account balances, including short-term deposits, was excluded from this calculation.

In the applicable reporting period for each discretionary portfolio management agreement, financial instruments for the investment strategies Continuity Classic ESG, Income Classic ESG, Balance Classic ESG, Growth Classic ESG, Dynamic Classic ESG, Balance Flex Select ESG or Dynamic Flex Select ESG were selected in accordance with sustainability criteria and in consideration of the principal adverse impacts on sustainability factors in the categories ‘greenhouse gas emissions’ and ‘social and employee matters’, as described above. More detailed information can be found in the dedicated reporting in relation to each discretionary portfolio management agreement.

The average proportion of portfolio assets being invested in instruments that take account of principal adverse impacts on sustainability factors in the categories ‘greenhouse gas emissions’ and ‘social and employee matters’ is specific to each individual portfolio. Investors who have entered into an agreement for ‘Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments’ are provided with a personalised report entitled ‘Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852’ for their portfolio for 2022. This report contains more detailed information on the average proportion of the portfolio invested in instruments that take account of principal adverse impacts on sustainability factors in the categories ‘greenhouse gas emissions’ and ‘social and employee matters’.

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

No sustainable investments were made.

### **Consideration of EU criteria for environmentally sustainable economic activities (EU Taxonomy)**

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

This financial product therefore does not contribute to the objectives of 'climate change mitigation', 'climate change adaptation', 'sustainable use and protection of water and marine resources', 'transition to a circular economy', 'prevention and control of pollution' and 'protection and restoration of biodiversity and ecosystems' as defined in the EU Taxonomy.

As the discretionary portfolio management approach currently does not pursue a minimum percentage of sustainable investments that qualify as environmentally sustainable in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation), no data is currently being collected on whether some investments in the portfolio do fully or partially comply with the Taxonomy Regulation.



### **How did this financial product consider principal adverse impacts on sustainability factors?**

Since 2 August 2022, the Bank's investment process for the aforementioned strategies has been taking account of certain principal adverse impacts on sustainability factors with regard to the selection of investment funds (except for funds that predominantly invest in government bonds or other investment instruments issued by states) and investment instruments from non-state issuers.

The Bank has made best efforts to ensure that at least 51 per cent of the portfolio (not considering liquidity in the form of account balances, including short-term deposits) is invested in instruments that take account of principal adverse impacts on sustainability factors in accordance with the following criteria.

When selecting investment instruments, the principal adverse impacts on sustainability factors were taken into account in the following ways:

- For **non-state issuers**, principal adverse impacts on sustainability factors in the category 'greenhouse gas emissions' were taken into account only via exclusions of companies that generate more than 5 per cent of their revenue from thermal coal production and/or unconventional oil or gas extraction methods. Principal adverse impacts on sustainability factors in the category 'social and employee matters' were taken into account only via exclusions of companies that violate the principles of the United Nations Global Compact or are actively involved in the production or trade of controversial weapons such as weapon systems, nuclear weapons, anti-personnel landmines, incendiary weapons and cluster munitions. PAIs are currently being taken into account only in relation to the issuers themselves and in cases where an investment instrument from this issuer serves as an underlying asset for another investment instrument. To this end, the Bank applies the exclusions provided by MSCI that were agreed between MSCI and the Bank.
- For **investment funds that do not predominantly invest in states**, principal adverse impacts on sustainability factors were taken into account via exclusions that are applied on the basis of the information made available by the investment management companies or fund management companies or by MSCI. Investment funds that do not take account of at least one individual sustainability factor in the categories
  - 'greenhouse gas emissions' and/or
  - 'social and employee matters'
 are excluded.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

In a portfolio managed under this type of discretionary portfolio management agreement, the average proportion of portfolio assets being invested in instruments that take account of principal adverse impacts on sustainability factors in the categories 'greenhouse gas emissions' and 'social and employee matters' is specific to the individual portfolio. Investors who have entered into an agreement for 'Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments' are provided with a personalised report entitled 'Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852' for their portfolio for 2022, which contains more detailed information on this subject.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

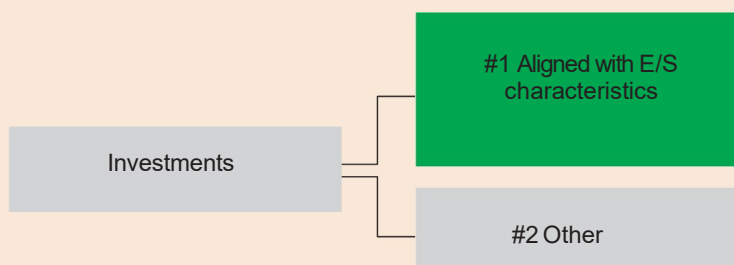
The top investments of a discretionary portfolio management mandate are specific to each individual portfolio. Investors who have entered into an agreement for 'Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments' are provided with a personalised report entitled 'Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852' for their portfolio for 2022, which specifies the portfolio's key investments.



## What was the proportion of sustainability-related investments?

- What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The asset allocation used for a discretionary portfolio management mandate is specific to each individual portfolio. Investors who have entered into an agreement for 'Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments' are provided with a personalised report entitled 'Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852' for their portfolio for 2022, which specifies the relative weightings of #1 and #2 in per cent.

- **In which economic sectors were the investments made?**

**Relative weighting of portfolio investments by economic sector**

The allocation of assets to different economic sectors under a discretionary portfolio management mandate is determined individually for each portfolio. Investors who have entered into an agreement for 'Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments' are provided with a personalised report entitled 'Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852' for their portfolio for 2022, which contains more detailed information on the weighting of assets.

**Relative weighting of portfolio investments by economic subsector**

The allocation of assets to different economic subsectors under a discretionary portfolio management mandate is determined individually for each portfolio. Investors who have entered into an agreement for 'Deutsche Bank Persönliches Strategie Portfolio discretionary portfolio management with a limited investment universe and application of sustainability criteria in the selection of financial instruments' are provided with a personalised report entitled 'Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852' for their portfolio for 2022, which contains more detailed information on the weighting of assets.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Sustainability criteria are not applied to account balances (incl. short-term deposits).

The proportion of account balances (including short-term deposits) is being maintained for short-term liquidity management purposes.

The 'Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852' prepared for each individual discretionary portfolio management agreement for 2022 describes the extent to which the relevant portfolio actually took account of the MSCI positive lists and the aforementioned principal adverse impacts on the sustainability factors 'greenhouse gas emissions' and 'social and employee matters' in the selection of financial instruments from issuers in the period from 1 January 2022 to 31 December 2022. In the event that an investment instrument ceases to comply with these sustainability criteria, the Bank will make best efforts to dispose of this investment instrument from the portfolio while at the same time upholding the interests of the client.

This means that no minimum environmental or social safeguards apply to investments in the category 'Other'.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

When selecting investment instruments, the Bank uses positive lists for guidance that are provided and regularly updated by MSCI. The minimum requirement for the inclusion of an issuer, a financial instrument or an underlying asset on a positive list is an MSCI ESG rating of 'A' or higher, or 'BBB' or higher for emerging markets investment funds and high-yield investment funds, and the application of the Bank's exclusion criteria.

MSCI regularly provides the Bank with updated positive lists, which the Bank uses to analyse and evaluate the portfolio on an ongoing basis.

In addition, the principal adverse impacts on sustainability factors in the categories 'greenhouse gas emissions' and 'social and employee matters' are taken into account as described above for non-state issuers and investment funds that do not predominantly invest in states.

For non-state issuers, PAIs are taken into account by means of data from MSCI and the exclusion criteria applied to the positive list. For investment funds that do not predominantly invest in states,

PAIs are taken into account via exclusions that are applied on the basis of the information made available by the investment management companies or fund management companies or by MSCI.

At present, the data required by the Bank, e.g. for the consideration of principal adverse impacts on sustainability factors, is not always available from the investment management companies, MSCI or the individual issuers. If data is made available by the investment management companies or asset/fund management companies, it is used subject to a plausibility check against MSCI data. If no data is made available by the investment management companies or asset/fund management companies, MSCI data is used as a basis for the assessment.

In the event that an investment instrument ceases to comply with the sustainability criteria, the Bank will make best efforts to prioritise the disposal of this investment instrument from the portfolio while at the same time upholding the interests of the client.