

# Pre-contractual disclosure for the financial products referred to in Article 8 (1), (2) and (2a) of Regulation (EU) 2019/2088 and Article 6 (1) of Regulation (EU) 2020/852

Product name:

Deutsche Bank Vermögensmandat uses criteria defined by Institutional Shareholder Services Germany AG (formerly oekom research AG) for guidance

Legal entity identifier (LEI-Code):

7LTFWZYICNSX8D621K86

**Sustainable investment** means an investment in an economic activity that contributes to an 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.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective:** \_\_\_\_ %

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum 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 promotes E/S characteristics, but **will not make any sustainable investments**



## What environmental and/or social characteristics are promoted by this financial product?

As part of the discretionary portfolio management activities, the Bank aims to purchase investment instruments that meet certain sustainability criteria. To this end, the Bank uses reference data supplied by Institutional Shareholder Services Germany AG (formerly oekom research AG) ('ISS'), which helps the Bank to exclude investments in issuers that operate in certain lines of business (subject to defined revenue thresholds) and/or use certain business practices as well as investments in states that engage in certain social and/or environmental practices. The section 'What sustainability indicators are used to measure the attainment of each of the environmental and social characteristics promoted by this financial product' provides more detailed information in relation to these criteria.

### **Sustainability indicators**

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

#### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

For strategies where the Bank uses the positive list provided by ISS for guidance, bonds and equities are selected in accordance with certain sustainability criteria.

For the purposes of determining whether bonds or equities meet the relevant sustainability criteria, the Bank uses as its exclusive resource the positive lists that are prepared and regularly updated by ISS.

These lists apply the following exclusions:

Securities of companies that operate in the following lines of business or whose revenue in those lines of business exceeds the tolerance level specified below (target) are not added to the positive list by ISS:

- Alcohol (more than 10 per cent of revenue obtained from the production of beer, wine or high-proof drinks/foodstuffs)
- Nuclear energy (more than 10 per cent of revenue obtained from the production of core components for nuclear power stations; producers of nuclear energy or uranium are always excluded)
- Gambling (more than 20 per cent of revenue obtained from offering certain forms of gambling; providers of particularly controversial forms of gambling are always excluded)
- Genetically modified crops
- Pornography (more than 10 per cent of revenue obtained from trading in pornography; producers of pornography are always excluded)
- Armaments (more than 10 per cent of revenue obtained from the production and trading of other armaments; producers and dealers of weapons, weapon systems and outlawed weapons are always excluded)
- Tobacco (more than 10 per cent of revenue obtained from the production of tobacco end products and components/accessories)

Securities of companies that use the following business practices are not added to the positive list by ISS:

- Massive violation of the fundamental principles regarding freedom of assembly, freedom of association, forced labour, child labour and discrimination pursuant to ILO conventions
- Human rights violations
- Animal testing
- Massive disregard of environmental laws or generally accepted minimum environmental standards
- Controversial business practices (e.g. corruption, accounting fraud)

Securities of countries that use the following social and environmental practices are not added to the positive list by ISS:

- Massive violation of the fundamental principles regarding freedom of assembly, freedom of association, forced labour, child labour and discrimination pursuant to ILO conventions
- Nuclear energy makes up more than 10 per cent of the energy mix
- Possession of nuclear weapons
- Authoritarian regime
- Money laundering
- Resistance to international environmental agreements on climate change (failure to ratify the Kyoto Protocol; inadequate national and international climate policies)
- Corruption
- Human rights violations
- Restriction of freedom of the press/media
- Arms budget equates to more than 3 per cent of GDP
- Capital punishment

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The discretionary portfolio management approach does not pursue sustainable investments nor does it take into account the EU criteria for environmentally sustainable economic activities.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes

☒ No

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

The methods generally used by Deutsche Bank AG to take account of the principal adverse impacts of investment decisions on sustainability factors are disclosed online in the ‘Statement on principal adverse impacts of investment decisions on sustainability factors’, which can be accessed from the ‘Sustainability disclosures’ section at <https://www.deutsche-bank.de/pk/lp/rechtliche-hinweise.html>.



## What investment strategy does this financial product follow?

Investments in financial instruments for this product are focused on implementing a specific risk/reward profile while taking account of sustainability criteria. The aim is to generate a return for the portfolio that is in line with the performance of the capital markets subject to the strategy agreed with the client and the eligible universe of investment instruments.

For strategies where the Bank uses the positive list provided by ISS to select bonds and equities, a defined set of sustainability criteria (as described under ‘What sustainability indicators are used to measure the attainment of each of the environmental and social characteristics promoted by this financial product?’) must be met.

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

When selecting bonds and equities, the Bank uses the most up-to-date version of the positive lists that ISS prepares in accordance with the criteria set out in the above section ‘What sustainability indicators are used to measure the attainment of each of the environmental and social characteristics promoted by this financial product?’.

The Bank is permitted to make investments in liquidity assets (account balances, short-term deposits and money market funds) without taking account of the ISS criteria. If the Bank believes that special market conditions prevail, liquidity investments may account for up to 100 per cent of the assets under management. In these special market conditions, 100 per cent of the assets may therefore be invested in instruments that do not meet the aforementioned sustainability criteria.

### Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

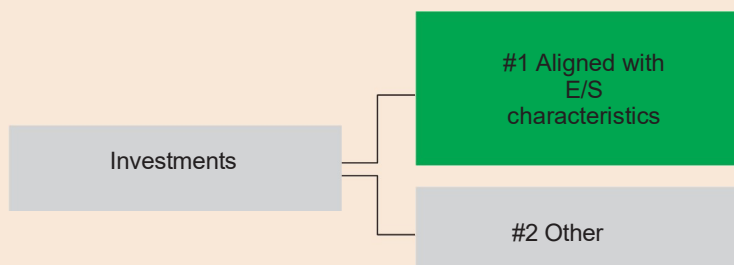
The Bank uses the latest positive lists provided by ISS as guidance when selecting investment instruments. The minimum requirement for the inclusion of an issuer in a positive list is that, based on the information available to ISS, the issuer does not meet any of the sustainability-related exclusion criteria that have been defined for strategies where the Bank uses ISS positive lists for guidance (for further details, see 'What sustainability indicators are used to measure the attainment of each of the environmental and social characteristics promoted by this financial product?').



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

- **What is the asset allocation planned for this financial product?**

The objective is to make investments that contribute to attaining the environmental and social characteristics promoted by the product. The product is not geared towards investments that qualify as sustainable under the SFDR.



**#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.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for this financial product.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The financial portfolio management does not pursue sustainable investments and does not take into account the criteria for environmentally sustainable economic activities in accordance with the EU taxonomy. Therefore, no minimum level of EU taxonomy-compliant investments is achieved.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ **Yes**

☐ In fossil gas

☐ In nuclear energy

☒ **No**

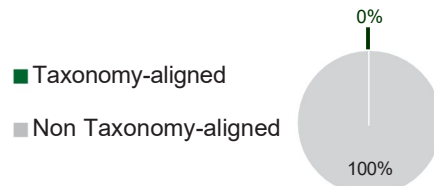
The financial portfolio management does not aim to make any sustainable investments that are categorised as EU taxonomy-compliant activities in the area of fossil gas and/or nuclear energy. This value can therefore be between 0 per cent and 100 per cent.

Taxonomy-aligned activities are expressed as a share of:

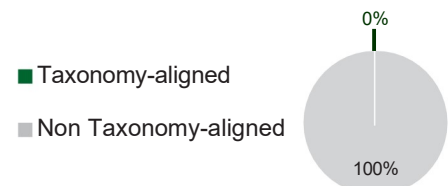
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 56% of the total investments.

\* For the purpose of these graphs, „sovereign bonds“ consist of all sovereign exposures

The share of total investments stated in the chart ‘2. Taxonomy-alignment of investments excluding sovereign bonds’ is subject to change. It may range between 0 per cent and 100 per cent. This information does not allow any conclusions to be drawn about the future actual asset allocation.

- **What is the minimum share of investments in transitional and enabling activities?**

The discretionary portfolio management approach does not pursue a minimum share of sustainable investments with an environmental objective that qualify as environmentally sustainable under Regulation (EU) 2020/852 (Taxonomy Regulation). Consequently, the approach does not pursue any specific minimum share of investments in transitional and enabling activities either.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The discretionary portfolio management approach does not pursue a minimum share of sustainable investments with an environmental objective.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The proportion of assets held in account balances (including short-term deposits) and money market funds, for which no sustainability criteria are applied, is held for short-term liquidity management purposes. The allocation to account balances and short-term deposits in the portfolio can vary significantly depending on the prevailing market conditions, but should be around 10 per cent of portfolio assets on average.

If the Bank believes that special market conditions prevail, account balances, short-term deposits and investments in money market funds may account for up to 100 per cent of the assets under management.

This means that no minimum environmental or social safeguards apply to investments in the category ‘#2 Other’.



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.deutsche-bank.de/pk/lp/rechtliche-hinweise.html#sustainability-disclosures>