



Deutsche Bank Vermögensmandat

discretionary portfolio management applying sustainability criteria in the selection of financial instruments

30 December 2022 (supersedes the statement dated 2 August 2022)*

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a) Summary

Deutsche Bank AG ('the Bank') takes environmental and social characteristics into account when selecting financial instruments for 'Deutsche Bank Vermögensmandat discretionary portfolio management applying sustainability criteria in the selection of financial instruments' products with a Continuity Classic ESG, Income Classic ESG, Balance Classic ESG, Growth Classic ESG or Dynamic Classic ESG investment strategy. However, discretionary portfolio management does not aim to include sustainable investments and does not contribute to an environmental or social objective. The minimum requirement for an investment in financial instruments as part of discretionary portfolio management taking account of sustainability criteria is that MSCI ESG Research (UK) Limited and MSCI ESG Research LLC ('MSCI') have awarded an ESG rating of 'A' or higher to the issuer, financial instrument (excluding investment funds and certain forward transactions, unless the relevant investment strategy generally prohibits the use of forward transactions) or underlying asset.

The minimum requirement for investing in an investment fund 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. For any other investment fund, the minimum requirement is that MSCI has awarded it an ESG rating of 'A' or higher. Moreover, issuers (other than states and investment funds) are to be excluded if MSCI's assessment finds that the issuer's business practices or manufactured products breach important national or international norms, laws and/or universally accepted global standards. 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. The Bank's investment process for the aforementioned strategies takes 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 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 following criteria.

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

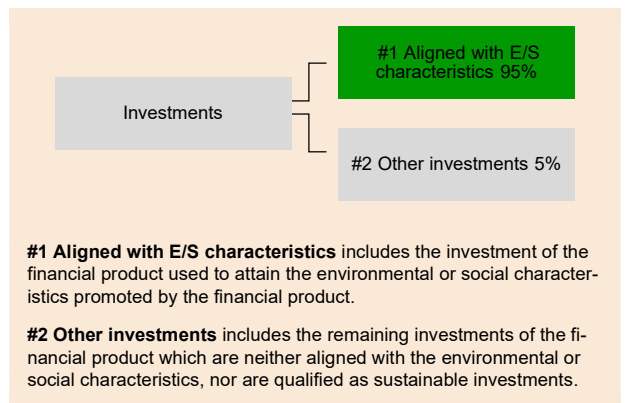
- For **non-state issuers**, principal adverse impacts on sustainability factors in the category 'greenhouse gas emissions' are currently being taken into account only via exclusions of companies that generate more than 5 per cent of their revenue from thermal coal production and/or unconventional oil 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, exclusion criteria are applied using data made available to the Bank by MSCI.

- 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.

The assessment of whether companies have good corporate governance practices is factored into the preparation of the positive lists.

What is the asset allocation planned for this financial product?



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

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

Sustainability criteria are not applied to account balances (incl. short-term deposits). If the Bank believes that special market conditions prevail, account balances (including short-term deposits) may account for up to 100 per cent of the assets under management.

Special provisions for forward transactions, provided the client has not ruled out forward transactions: Forward transactions may be entered into regardless of whether or not an MSCI ESG rating is available for the counterparty (exchange). It is also permitted to invest in forward contracts that use as an underlying instrument one or multiple indices, even if no MSCI ESG rating is available for the relevant indices or if their MSCI ESG rating is lower than 'A' and they are consequently not included on any positive list. However, other underlying instruments of forward contracts (or issuers of such underlying instruments), for which MSCI has prepared a positive list, must meet the minimum requirement of an MSCI ESG rating of 'A' or higher. In the event that an investment instrument ceases to comply with the 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. The portfolio management team manages compliance with the aforementioned sustainability criteria as part of discretionary portfolio management.

The portfolio's composition is reviewed as at a quarterly reference date using internal quality management processes.

Discretionary portfolio management only considers investment instruments for which, according to the Bank, sufficient data is available with which to assess the sustainability criteria. If no data is available, the Bank does not carry out an assessment.



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The Bank carefully selected MSCI as the data provider and maintains contact with MSCI with regard to changes in the quality of the data.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have a sustainable investment objective.

c) Environmental or social characteristics of the financial product

Deutsche Bank AG ('the Bank') takes environmental and social characteristics into account when selecting financial instruments for 'Deutsche Bank Vermögensmandat discretionary portfolio management applying sustainability criteria in the selection of financial instruments' products with a Continuity Classic ESG, Income Classic ESG, Balance Classic ESG, Growth Classic ESG or Dynamic Classic ESG investment strategy. However, discretionary portfolio management does not aim to include sustainable investments and does not contribute to an environmental or social objective. The minimum requirement for an investment in financial instruments as part of discretionary portfolio management taking account of sustainability criteria is that MSCI has awarded an ESG rating of 'A' or higher to the issuer, financial instrument (excluding investment funds and certain forward transactions, unless the relevant investment strategy generally prohibits the use of forward transactions) or underlying asset.

The minimum requirement for investing in an investment fund 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. For any other investment fund, the minimum requirement is that MSCI has awarded it an ESG rating of 'A' or higher.

Moreover, issuers (other than states and investment funds) are to be excluded if MSCI's assessment finds that the issuer's business practices or manufactured products breach important national or international norms, laws and/or universally accepted global standards. 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 Vermögensmandat Classic 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. The Bank's investment process for the aforementioned strategies takes 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 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 following criteria.

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

- 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, exclusion criteria are applied using data made available to the Bank by MSCI.

- 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.

d) Investment strategy

The investment focus is on the implementation of a specific risk/reward profile.

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.

When selecting investment instruments, the Bank refers to the most up-to-date version of the positive lists provided by MSCI for guidance. The requirements for inclusion in these positive lists are a minimum MSCI ESG rating of 'A', or 'BBB' for emerging markets investment funds and high-yield investment funds, and the application of the Bank's exclusion criteria.

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

For non-state issuers, PAIs are taken into account through the use of data from MSCI and through 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.

Account balances (including short-term deposits) are held exclusively at Deutsche Bank AG. Sustainability criteria are not applied to these assets. If the Bank believes that special market conditions prevail, account balances (including short-term deposits) may account for up to 100 per cent of the assets under management.

Special provisions for forward transactions, provided the client has not ruled out forward transactions: Forward transactions may be entered into regardless of whether or not an MSCI ESG rating is available for the counterparty (exchange). It is also permitted to invest in forward contracts that use as an underlying instrument one or multiple indices, even if no MSCI ESG rating is available for the relevant indices or if their MSCI ESG rating is lower than 'A' and they are consequently not included on any positive list. However, other underlying instruments of forward contracts (or issuers of such underlying instruments), for which MSCI has prepared a positive list, must meet the minimum requirement of an MSCI ESG rating of 'A' or higher.



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In the event that an investment instrument ceases to comply with the 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.

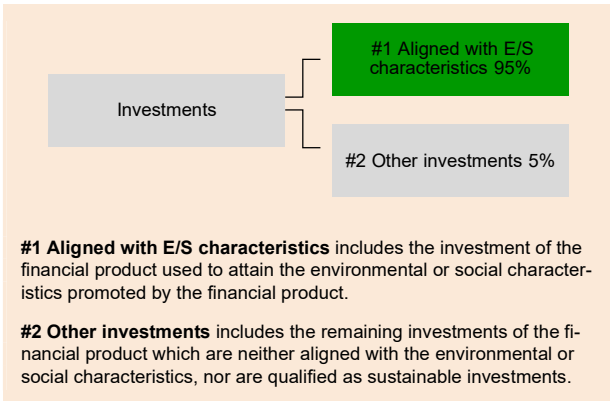
The assessment of whether companies have good corporate governance practices is factored into the preparation of the positive lists. The minimum requirement for the inclusion of an issuer, a financial instrument (excluding certain forward transactions, unless the relevant investment strategy generally prohibits the use of forward transactions) or an underlying asset on a positive list is a MSCI ESG rating of 'A' or higher, or 'BBB' or higher for emerging markets investment funds and high-yield investment funds. To determine these ratings, MSCI uses a scoring model that is designed to identify and assess material ESG opportunities and risks. The factors taken into account by this scoring model include criteria for good corporate governance. Section c) 'Environmental or social characteristics of the financial product' contains a detailed description of the criteria used to compile MSCI positive lists.

Moreover, MSCI will not consider issuers (other than states and investment funds) for inclusion in a positive list 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 Vermögensmandat Classic 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.

e) Proportion of investments

What is the asset allocation planned for this financial product?



The discretionary portfolio management approach does not currently pursue a minimum share of sustainable investments. Consequently, no data is currently collected on whether some investments in the portfolio do fully or partly comply with the Taxonomy Regulation (Regulation (EU) 2020/852) and pursue the environmental objectives set out therein. Furthermore, no data is currently collected on whether any sustainable investments pursuant to the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) are included in order to pursue environmental or social objectives.

The assessment of whether environmental and social characteristics are fulfilled is based on the instruments invested in. In the case of investment instruments issued by companies or states, the investment instruments' issuers and underlying assets are assessed. In the case of investment funds, the fund's assets as a whole are assessed, i.e. not every portfolio component within the fund's assets has to fulfil the environmental and social characteristics.

f) Monitoring of environmental or social characteristics

When selecting investment instruments, the Bank refers to the most up-to-date version of the positive lists provided by MSCI for guidance. The requirements for inclusion in these positive lists are a minimum MSCI ESG rating of 'A', or 'BBB' for emerging markets investment funds and high-yield investment funds, and the application of the Bank's exclusion criteria.

In addition, the principal adverse impacts on sustainability factors in the categories 'greenhouse gas emissions' and 'social and employee matters' are taken into account for non-state issuers and for investment funds that do not predominantly invest in states, as explained in section c) 'Environmental or social characteristics of the financial product'.

In the event that an investment instrument ceases to comply with the aforementioned 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. The portfolio management team manages compliance with the aforementioned sustainability criteria as part of discretionary portfolio management.

The portfolio's composition is reviewed as at a quarterly reference date using internal quality management processes. No external review of compliance with the sustainability criteria is carried out.

g) Methodologies

MSCI regularly provides the Bank with updated positive lists. When selecting investment instruments, 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 for investment funds that do not predominantly invest in states.

For non-state issuers, PAIs are taken into account through the use of data from MSCI and through 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 a financial instrument ceases to comply with the sustainability criteria, the Bank will make best efforts to dispose of this financial instrument from the portfolio while at the same time upholding the interests of the client.

h) Data sources and processing

As part of the discretionary portfolio management activities, the Bank will preferably invest in financial instruments that meet certain sustainability criteria. The Bank is guided by ratings and evaluations from MSCI in its assessment of whether a financial instrument meets the sustainability criteria.

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

The minimum requirement for investing in an investment fund 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



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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. For any other investment fund, the minimum requirement is that MSCI has awarded it an ESG rating of 'A' or higher.

To determine these ratings, MSCI uses a scoring model that is designed to identify and assess material ESG opportunities and risks. The factors taken into account by this scoring model include criteria for good corporate governance. Irrespective of the aforementioned ESG rating, the Bank also applies exclusion criteria using data made available to the Bank by MSCI.

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

For non-state issuers, PAIs are taken into account through the use of data from MSCI and through exclusions from 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. 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.

The Bank carefully selected MSCI as the data provider and maintains contact with MSCI with regard to changes in the quality of the data. The ESG data provided by MSCI is used in order to take account of sustainability criteria in the investment process for 'Deutsche Bank Vermögensmandat discretionary portfolio management applying sustainability criteria in the selection of financial instruments' products with a Continuity Classic ESG, Income Classic ESG, Balance Classic ESG, Growth Classic ESG or Dynamic Classic ESG investment strategy. To this end, MSCI makes positive lists available. The ESG experts on the portfolio management team can access these lists and other information using an online tool. The investment instruments are checked against the positive lists in the context of purchase decisions and the monitoring of the portfolio.

Discretionary portfolio management only considers investment instruments for which, according to the Bank, sufficient data is available with which to assess the sustainability criteria. If no data is available, the Bank does not carry out an assessment.

i) Limitations to methodologies and data

The Bank does not verify the accuracy of MSCI's assessments of issuers, financial instruments and underlying assets, on which financial instruments may be based, with regard to the fulfilment of sustainability criteria and compliance with exclusion criteria, nor does the Bank verify the accuracy and completeness of the positive lists prepared by MSCI. The Bank has no influence over any disruptions to the provision of the positive lists by MSCI.

As the standards regarding the consideration of sustainability criteria are still being established and the legal framework is not yet finalised, 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 at present.

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.

The Bank only obtains data from MSCI and does not verify the accuracy or completeness of the assessments and positive lists provided by MSCI, which may lead to limitations regarding fulfilment of the sustainability criteria.

To minimise these limitations, the Bank carefully selected MSCI as the data provider and maintains contact with MSCI with regard to changes in the quality of the data.

j) Due diligence

For the purposes of determining whether an investment instrument meets sustainability criteria in accordance with the investment strategy, the Bank refers to the positive lists that are prepared and regularly updated by MSCI.

To take account of the principal adverse impacts on sustainability factors in the categories 'greenhouse gas emissions' and 'social and employee matters' for investment funds that do not predominantly invest in states, additional exclusions are applied on the basis of the information made available by the investment management companies or fund management companies or by MSCI. 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 dispose of this investment instrument from the portfolio while at the same time upholding the interests of the client. The portfolio management team manages compliance with the aforementioned sustainability criteria as part of discretionary portfolio management.

The portfolio's composition is reviewed as at a quarterly reference date using internal quality management processes. No external review is carried out.

The Bank carefully selected MSCI as the data provider and maintains contact with MSCI with regard to changes in the quality of the data.

k) Engagement policies

Engagement policies are not included in the environmental and social investment strategy. The Bank does not have any direct relations with investee companies and therefore has no influence over their business activities or business risks.

*Change of the sustainability-related product disclosure on 1 January 2023:

The present "sustainability-related disclosure" pursuant to Article 10 (1) of Regulation (EU) 2019/2088 (Disclosure Regulation) has been extended due to the concretising Delegated Regulation (EU) 2022/1288.