



Statement on principal adverse impacts of investment decisions on sustainability factors

30 December 2022 (supersedes the statement dated 10 March 2021)

Deutsche Bank AG,
7LTWFZYICNSX8D621K86

Summary

Deutsche Bank AG, 7LTWFZYICNSX8D621K86, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Deutsche Bank AG.

The principal adverse impacts, including their identification, prioritisation and any action to be taken to manage exposure to them, will be reviewed by Deutsche Bank AG-wide governance forums annually in accordance with the Deutsche Bank AG Policy Framework. Currently, Deutsche Bank AG follows a principle-based approach. As the regulatory requirements and associated data change on an ongoing basis, Deutsche Bank AG is fully committed to integrating a more thorough and exhaustive principal adverse impact framework into its discretionary portfolio management services in alignment with such developments.

Since 10 March 2021, Deutsche Bank AG makes factors relating to select principal adverse impacts transparent against the investment universe, enabling informed decisions to be made in the selection process for the construction of relevant financial products. The focus will be on making the data available in the processes for the selection of underlying products for Deutsche Bank AG's advised funds and managed portfolios. It is of the utmost importance that Deutsche Bank AG, given its fiduciary capacity, makes all investment decisions in the best interests of its clients and, in doing so, takes all financial and risk factors into account. Considering these principal adverse impacts is therefore an additional aspect to be reviewed by Deutsche Bank AG's portfolio managers when making investment decisions but will not automatically outweigh other relevant factors. Deutsche Bank AG works with third-party data providers to help it to obtain the required data and monitor its investable product universe. This enables it to include information on the principal adverse impacts across the applicable universe on a monthly basis.

Deutsche Bank AG will continue to monitor its exposure to adverse sustainability indicators and will adapt its strategy in accordance with its first quantitative statement publication by June 2023.

As standards regarding the consideration of sustainability criteria are still emerging and reporting frameworks have not yet come into force, data is currently not always available from the capital management companies, the bank's issuers or third-party data providers, especially with regard to the adverse impacts on sustainability factors.

The first reference period for quantitative reporting is 1 January to 31 December 2022, and the quantitative aspects will be published before 30 June 2023.

Description of the principal adverse impacts on sustainability factors

Deutsche Bank AG is required to collect data on adverse impact indicators and prepare an annual quantitative and qualitative report on them. The first reference period for quantitative reporting is 1 January to 31 December 2022, and the quantitative aspects will be published before 30 June 2023. This statement will then also include any action planned and taken. A historical comparison will be added in the following year, i.e. in the statement for the year 2023.

While Deutsche Bank AG will carry out quantitative reporting in respect of all principal adverse impacts set out in the Disclosure Regulation, it considers – in its role as a financial markets participant – selected principal adverse impact indicators within its investment process. Indicators are selected on the basis of data availability, alignment with adverse activities on which the Deutsche Bank Group is particularly focused and the Sustainable Investment Classification Criteria, which set out the criteria to be met

in the manufacturing of sustainable products. The investment process must allow for robust asset allocation across different regions, asset classes and sectors, which means that principal adverse impacts are not always applicable, or data is not readily available for all of the securities invested in.

The prioritised principal adverse impacts are as follows:

- **Greenhouse gas (GHG) emissions**
 - **Exposure to fossil fuels**
Industries that derive revenues from the exploration, mining, extraction, distribution or refinement of solid, liquid or gaseous fuels (i.e. coal, oil, natural gas)
 - **Carbon emissions**
The carbon dioxide equivalents released by a company, measured by volume and intensity
- **Social and employee matters**
 - **Compliance with United Nations Global Compact principles**
At a minimum, companies need to fulfil fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption
 - **Exposure to controversial weapons**
Industries that derive revenues from the manufacture or sale of controversial weapons (i.e. anti-personnel mines, cluster munitions, chemical, biological, radiological and nuclear weapons)

Where Deutsche Bank acts as a financial markets participant, additional principal adverse impacts will be included for the quantitative reporting from June 2023.

- **Additional environmental factor: investments in companies without carbon emission reduction initiatives**
This factor indicates whether a company's implied temperature rise (in 2100 or later) is estimated to be at or below 2°C if the economy as a whole has the same over-/undershoot level of greenhouse gas emissions as the company being analysed. The implied temperature rise is based on the company's projected Scope 1, 2 and 3 emissions.
- **Additional social factor: number of identified cases of severe human rights issues and incidents**
Number of severe and very severe controversies in the last three years related to human rights violations

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Deutsche Bank AG has established a robust governance structure, helping it to manage, measure and monitor sustainability activities across the bank. This governance structure includes a number of forums devoted entirely to sustainability. The most senior is the Group Sustainability Committee, which was created in 2020. Chaired by the Chief Executive Officer and the Chief Sustainability Officer (Vice-Chair), it consists of Management Board members, the heads of Deutsche Bank AG's business divisions and certain infrastructure functions.

Deutsche Bank AG applies an overarching approach to the management of sustainability that is set out in various group-level policies and procedures.

As the regulatory requirements and data change on an ongoing basis, Deutsche Bank AG – where it acts as a financial markets participant – does not have a single defined policy relating to the principal adverse impacts. Where relevant, however, they are covered by existing procedure documents. Deutsche Bank AG is fully committed to integrating a more thorough and exhaustive principal adverse impact framework into its discretionary portfolio management services to reflect the changes.

Frameworks for financial markets participants describe the core processes, responsibilities, governance structures and monitoring environment. These stipulate that portfolio managers are provided with selected principal adverse impact information alongside the investment universe,



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enabling them to make informed decisions in the selection process for the construction of relevant financial products. The focus is on making the data available in the processes for the selection of underlying products for Deutsche Bank AG's advised funds and managed portfolios. It is of the utmost importance that Deutsche Bank AG, given its fiduciary capacity, makes all investment decisions in the best interests of its clients and, in doing so, takes all financial and risk factors into account. Considering these principal adverse impacts is therefore an additional aspect to be reviewed by Deutsche Bank AG's portfolio managers when making investment decisions but will not automatically outweigh other relevant factors.

For financial products that follow a sustainable investing approach, Deutsche Bank AG has additionally specified a Sustainable Classification Criteria Policy (published in 2021) that has to be adhered to. Financial markets participants use third-party data providers in order to exclude or set threshold limits for exposure to industries or practices that are aligned with selected adverse sustainability indicators.

In its role as a financial markets participant, Deutsche Bank AG identifies and prioritises selected principal adverse impact indicators within its investment process. Indicators are selected on the basis of data availability, alignment with adverse activities on which the Deutsche Bank Group is particularly focused and the Sustainable Investment Classification Criteria, which set out the criteria to be met in the manufacturing of sustainable products. The investment process must allow for robust asset allocation across different regions, asset classes and sectors, which means that principal adverse impacts are not always applicable, or data is not readily available for all of the securities invested in. Deutsche Bank AG will continue to monitor its exposure to adverse sustainability indicators and will adapt its strategy in accordance with its first quantitative statement publication in June 2023.

Deutsche Bank AG also regularly performs an assessment to determine the materiality of non-financial topics for the bank and its stakeholders. As part of this assessment, Deutsche Bank AG assesses any potential significant risks that are very likely to have or will have a severe negative impact on a material non-financial topic in terms of Deutsche Bank AG's business activities, business relations, and products and services.

For the assessment of principal adverse impacts on sustainability factors, Deutsche Bank AG relies on data provided by capital management companies, investment funds and a third-party data provider. If no data from the capital management company or investment fund company is available, data from a third-party data provider is used.

Deutsche Bank AG does not guarantee that this information is correct or complete. Furthermore, Deutsche Bank AG cannot guarantee the correctness of the third-party data provider's assessment. Deutsche Bank AG also has no influence on any disruptions to the third-party data provider's analysis and research preparation.

As the standards and the regulatory framework regarding the consideration of sustainability criteria are still evolving, data on the consideration of principal adverse impacts is not always available.

As data is not always available and a third-party data provider is used, there may still be restrictions on the consideration of the principal adverse impacts.

To minimise these restrictions, Deutsche Bank AG has carefully selected its third-party data provider and maintains close contact with regard to changes in the quality of the data.

Engagement policies

Where Deutsche Bank AG acts as a financial markets participant for financial products within the scope of the Disclosure Regulation, it does not currently engage directly with investee companies and therefore does not influence their business activities or risks.

References to international standards

Deutsche Bank AG is embedding sustainability into its policies, processes and products, focusing on four dimensions: Sustainable Finance, Policies & Commitments, People & Operations and Thought Leadership &

Stakeholder Engagement. Making progress in these dimensions will enable Deutsche Bank AG to maximise its contribution to the achievement of the Paris Climate Agreement's targets and the United Nations (UN) sustainable development goals. To underpin its long-standing commitment to sustainability, Deutsche Bank AG formally endorses universal sustainability frameworks and initiatives. For example, it is a member of the United Nations Environment Programme Finance Initiative (UNEP FI; 1992) and a signatory to the ten principles of the UN Global Compact (2000), the Principles for Responsible Banking (2019) and the Net-Zero Banking Alliance (2021).

Deutsche Bank AG follows internationally recognised principles for sustainable business and banking conduct, for example:

- The ten principles of the UN Global Compact
- The UNEP FI Principles for Responsible Banking
- The UN Guiding Principles on Business and Human Rights

A full list and further details of the standards adhered to can be found at <https://www.db.com/files/documents/2021-deutsche-bank-selected-memberships.pdf>

By adhering to certain internationally recognised standards, such as the United Nations Global Compact principles, stipulating its maximum exposure to certain sectors, e.g. thermal coal and/or unconventional oil/gas, and excluding activities in connection with, for example, controversial weapons (including weapons systems, nuclear weapons, anti-personnel mines, incendiary weapons and cluster munitions), Deutsche Bank AG is indirectly aligning its ESG investment strategies with certain principal adverse impacts when acting as a financial markets participant.

In its portfolio management services, Deutsche Bank AG collaborates with third-party data providers to obtain data related to the sustainability factors of investee companies in respect of both direct and indirect investments. For ESG investment strategies, this includes (but is not limited to) assessing whether the investee universe has exposure to UN Global Compact or OECD violations (PAI 10) or to controversial weapons (PAI 14).

For portfolio management services, Deutsche Bank AG invests in developing net-zero-aligned, forward-looking climate scenarios that are aligned with the Paris Climate Agreement. However, Deutsche Bank AG does not currently consider climate scenarios in its investment decision-making process.