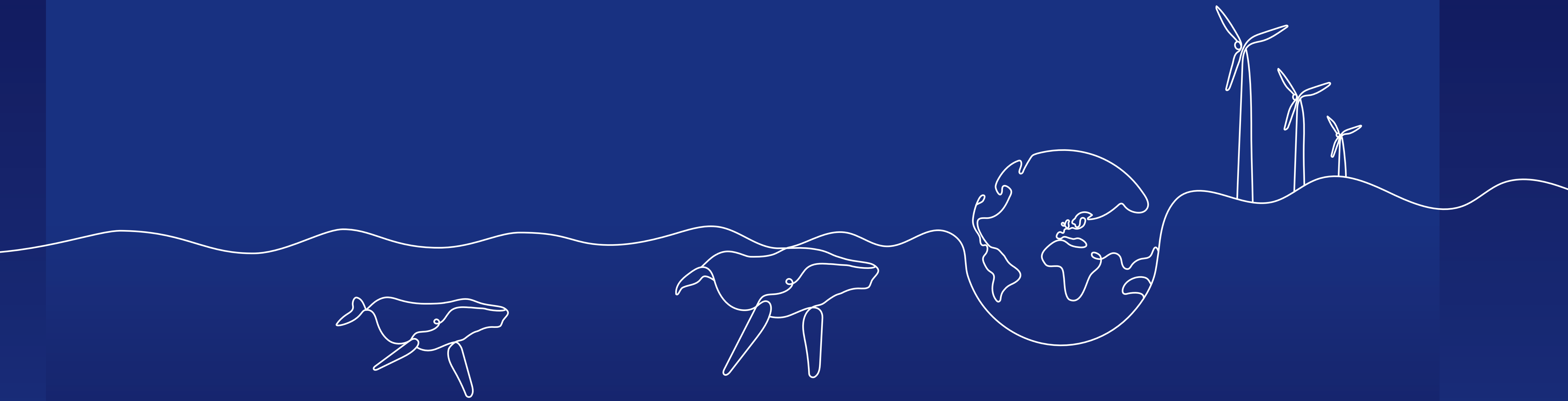
Wealth Management

# Sustainability Our approach



**Deutsche Bank**




# What does sustainability mean for you?

For me, it begins with the ocean. I've been a keen sailor and diver my whole life, and over the years I've witnessed a deterioration in the marine environment at first hand.

As a father, I want my children to inherit a healthy ocean. As a banker, I've come to understand that building a sustainable blue economy is critical if we are to sustain growth across the global economy as a whole.

For you, sustainability will mean something different. Maybe your primary concern is for social progress, for example, or simply the transfer of your family's wealth to the next generation.

Regardless, sustainability is something you cannot ignore. As responsible wealth managers, we think continually about the long term. And no other long-term trend will be more consequential to your wealth or society.

Un caro saluto,

Claudio de Sanctis

Member of the Management Board
Head of Private Bank, Deutsche Bank



# Our commitment

Our planet and society are confronted with multiple, simultaneous crises. Solving them requires a fundamental shift in economic activity globally.

At Deutsche Bank, we believe we have a responsibility to be part of the solution. That's why sustainability, which encompasses environmental, social and governance (ESG) factors, has been embedded in our Global Hausbank strategy since 2019.

We strive to support our clients in accelerating and navigating their sustainable transition. As a bank, we can assist our clients on their path to net-zero – through sustainable finance, transition expertise and our control framework.

As part of our holistic wealth management service, we also offer a wide range of ESG solutions across investing, lending and deposits.

**Deutsche Bank's key sustainability milestones**

| | |
|---|---|
| 1992 | Member of the UN's Environment Programme Finance Initiative |
| 2000 | Signatory of the ten principles of the UN Global Compact |
| 2019 | Signatory of the Principles for Responsible Banking |
| 2021 | Founding member of the Net-Zero Banking Alliance |
| 2023 | Initial Transition Plan published and Nature Advisory Panel established |

# The relationship between sustainability and finance

Half the world's GDP is heavily or moderately dependent on nature*, yet the 'ecosystem services' it provides to the global economy are at risk like never before. Our future prosperity depends on solving the intersecting problems of climate change, pollution and biodiversity loss.

As a founding member of the Net-Zero Banking Alliance, Deutsche Bank is committed to achieving net-zero by 2050. In addition to reducing the carbon footprint of our own operations and supply chain, we are constantly expanding our sustainable product and service offering to support our clients on their sustainable transformation path.

We have also developed an approach to assessing nature-related risks that focuses on particular types of nature loss. In 2023, we set up a Nature Advisory Panel with renowned external experts, to help us improve our nature-related policies and frameworks.

* Dasgupta, P. (2021). The Economics of Biodiversity: The Dasgupta Review. London, HM Treasury.

# Our expertise

Investing effectively over the long-term requires an understanding of the long-term trends affecting our world, like the transition to a more sustainable way of doing business.

Our global Chief Investment Office (CIO) publishes a range of outlooks, insights and reports that underpin our approach. Our library of thought leadership is regularly updated in collaboration with a network of subject-matter experts. Our in-house experts brief our clients regularly on the biggest challenges facing our environment and society, and how these could affect their portfolios, as well as supporting them in their individual sustainability transitions.

"The sustainable transformation of our economy is a necessity for life on earth. It's also a huge opportunity for those who can manage the complex risks involved, and back the right solutions to our biggest challenges."

Markus Müller

Chief Investment Officer ESG
Global Head of Chief Investment Office
Deutsche Bank Private Bank

Scan to download reports

# Sustainability in our modular solutions

When we invest on your behalf, our approach is guided by your sustainability preferences – incorporated using a diverse range of modular solutions.

Our discretionary portfolio management (DPM) solutions, which consider ESG criteria within instrument selection and create a robust core for your wealth, include our ESG Strategic Asset Allocation (SAA) strategies.

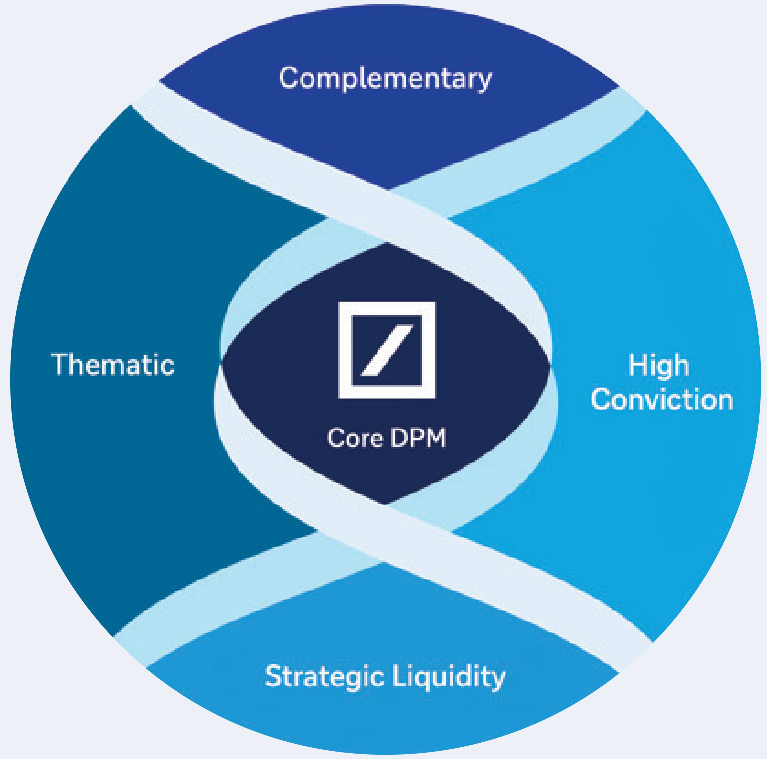
Additionally, we offer third-party mutual funds, exchange-traded funds (ETFs) and private-market solutions that meet our ESG criteria, due diligence standards, and our ESG Investment Framework.

To meet specific capital market needs, we also provide green structured solutions, and bonds with green or sustainability-linked terms.

## How we use ESG to help you build your portfolio

Our ESG Investment Framework helps you to factor sustainability preferences into your investment decision-making. We screen investment products using a combination of quantitative criteria and qualitative due diligence methodologies, using third-party data and ratings as well as our in-house expertise.

For example, we exclude investments in companies that violate human rights norms, or that exceed certain thresholds in sectors such as tobacco. We also apply positive screening to look for investments that achieve superior ESG ratings to alternatives in their peer groups.




- **Core Discretionary**
  DPM solutions that take into account ESG criteria. Examples: ESG SAA and ESG Fixed Income strategies.
- **Complementary**
  ESG solutions reflecting our CIO views. Examples: funds chosen using ESG factors as part of our open architecture approach.
- **Thematic**
  Investments focusing on environmental and/or social themes. Examples: energy transition, blue economy.
- **High Conviction**
  Standalone opportunities from the capital markets experts across our global franchise. Examples: green structured products; bonds with green, social or sustainability-linked terms.
- **Strategic Liquidity**
  Cash products taking ESG criteria into account. Examples: green deposits.

Note: The products, services, information and/or materials referred to herein may not be available in all jurisdictions where Deutsche Bank provides services, or available for residents of certain jurisdictions.



# Positive steps towards making what we do more sustainable

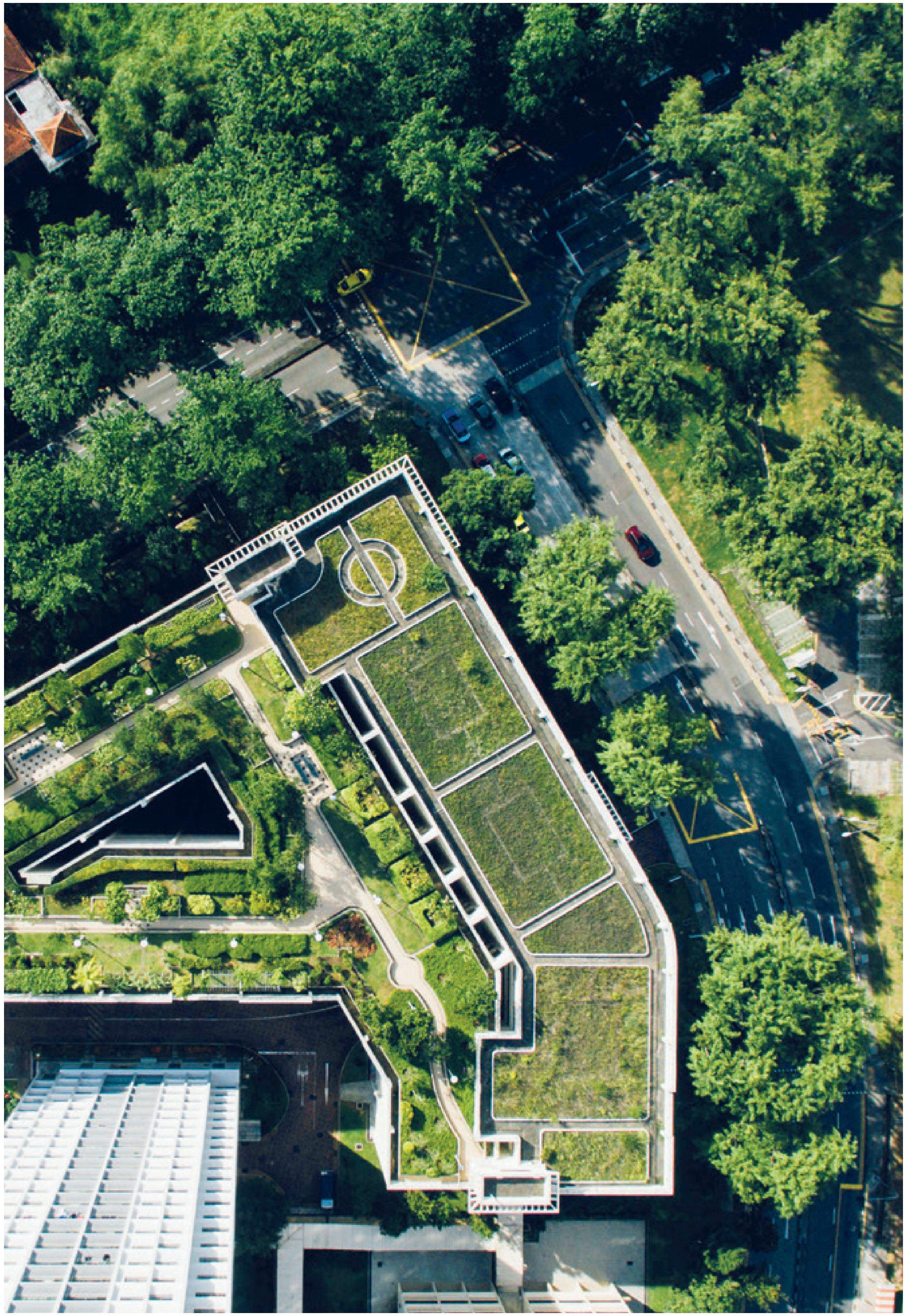
As part of our commitment to sustainability, we look continually for new ways to minimise the impact of our content and events on the environment.

The page you are reading is printed on "Notpla Ocean Paper", which is made from seaweed by-products instead of virgin wood pulp. All other paper used in this document is from sustainably managed forests certified by the Forest Stewardship Council, or recycled from post-consumer waste. All waste is recycled with nothing going to landfill.

We aspire to contribute to an environmentally sound, socially inclusive and well-governed world. We are committed to supporting our clients' sustainability transition by providing them with thought leadership, advice and solutions to help them have a positive effect on the world.

Claudio de Sanctis

**Member of the Management Board**
**Head of Private Bank, Deutsche Bank**





# Our approach to sustainable financing

As a global financial institution with a loan book of almost €500 billion*, we see it as part of our responsibility to support, and where possible, accelerate the transition to a more sustainable economy.

It is important to promote and encourage transparency in the sustainable financing market and our sustainable finance framework is aligned, on a best effort basis, with EU Taxonomy and internationally acknowledged principles such as ICMA Social and Green Bond Principles.

We specialise in helping clients who want to invest in real estate sustainably – whether related to construction, acquisition, operation, renovation and retro-fitting to improve efficiency. We are committed to financing** that fosters the transition to climate-resilient developments and a low-emissions economy, particularly in real estate, which makes a significant contribution to greenhouse gas emissions.

* Deutsche Bank Initial Transition Plan, October 19, 2023.
** Subject to due diligence and credit committee approvals.

# Our knowledge partners

We work with a variety of partners to improve our knowledge in critical areas, advocate for the ocean and biodiversity and create meaningful experiences for our clients.

## The Ocean Risk and Resilience Action Alliance

As the Global Lead Banking Partner of ORRAA, we help encourage action in creating a sustainable blue economy. In 2023 we became the first bank to join #BackBlue, an ORRAA initiative that commits the Deutsche Bank Group to strengthening its due diligence requirements for ocean-related activities. In addition, we have collaborated with ORRAA on numerous thought-leadership publications and events.

## The UN Decade of Ocean Science

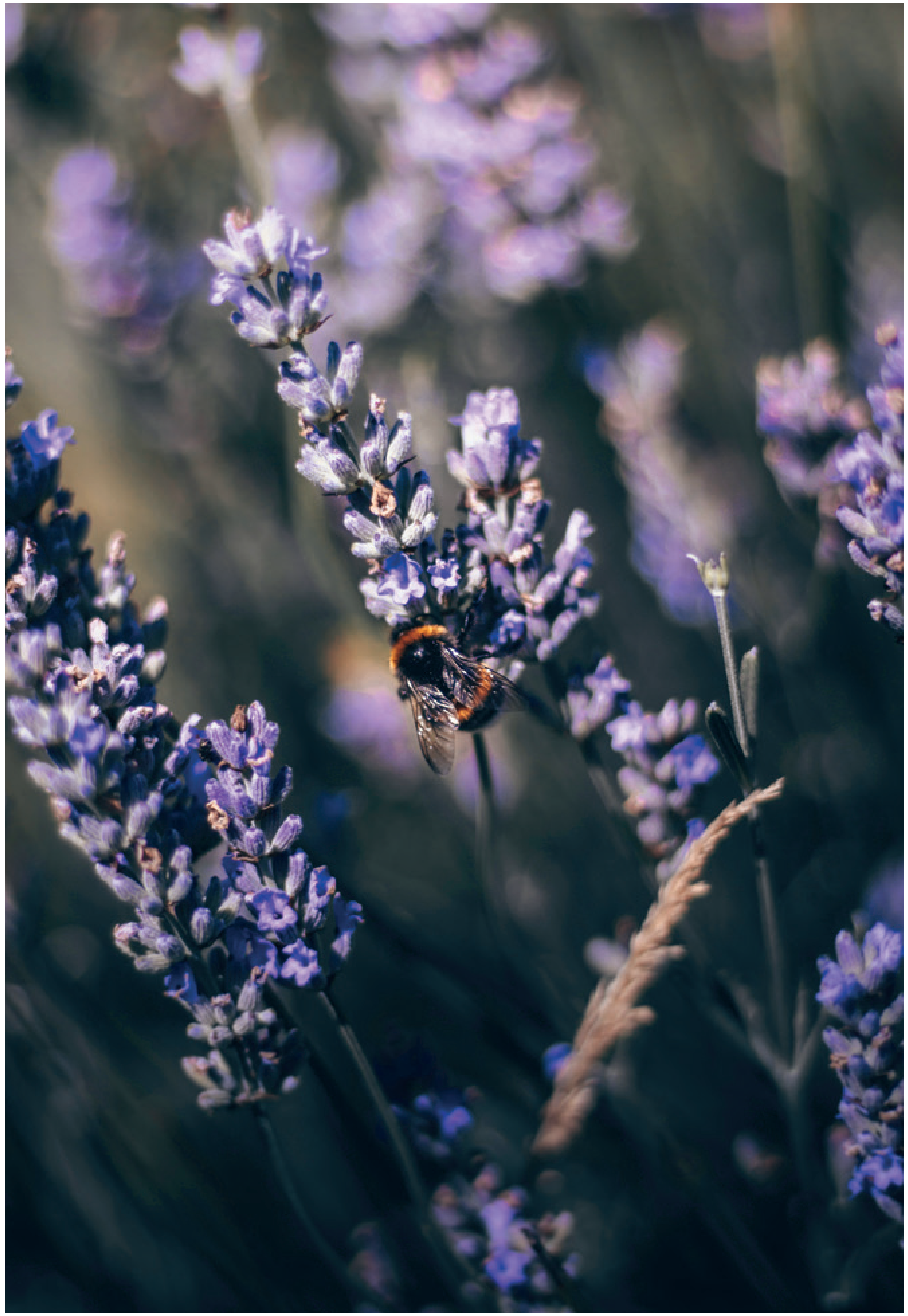
Our partnership with the German Ocean Decade Committee aspires to promote ocean literacy in Germany and raise awareness of the ten challenges outlined by the UN Ocean Decade.

## The University of Cambridge

Our collaboration with the University of Cambridge Institute of Sustainability Leadership (CISL) through the Banking Environment Initiative  has paved the way for us to provide thought leadership and stay on top of the latest sustainability related developments in the financial sector.

## The World Wide Fund for Nature Germany

Through our strategic alliance with the World Wide Fund for Nature in Germany, we intend to develop concepts and measures to advance sustainable finance in Germany and actively shape the transformation of the economy.



# Rethinking performance, sustainably

Deutsche Bank is proud to be the first global partner of the Germany SailGP Team, competing in a new championship that rewards teams for sustainability initiatives, as well as their skill and speed on the water.

With the ambition to be the world's most sustainable and purpose-driven global sports and entertainment platform, SailGP features sailing's best athletes racing in identical F50 catamarans at record-breaking speeds approaching 100 km/h.

The 10 national teams compete not only on the race course but also in the SailGP Impact League, where points are awarded for performance against environmental and social sustainability benchmarks, and for projects designed to solve sustainability challenges.

## Using eDNA to measure ocean biodiversity

Measuring biodiversity, particularly in the marine environment, can be challenging and is often neglected. We have partnered with SailGP, NatureMetrics and Whale and Dolphin Conservation to collect data samples in key locations around the globe to analyse how ocean biodiversity is changing.

The project will use eDNA technology, which detects the presence of local wildlife in water samples, to measure levels of marine vertebrates. In doing so, we aim to raise awareness of the biodiversity crisis, inspiring our clients, SailGP fans and other audiences to help protect the ocean and fight climate change.

## ESG Disclaimer

ESG is an acronym that stands for Environmental, Social and Governance.

Our ESG framework takes into account applicable regulations and is assessed and updated continually, plus guiding principles developed in-house based on Deutsche Bank's values and beliefs.

However, there is currently a lack of uniform criteria and a common market standard for the assessment and classification of financial services and financial products as sustainable. This can lead to different providers assessing the sustainability of financial services and financial products differently.

In addition, there are various new regulations on ESG and sustainable finance, which need to be substantiated, and further draft regulations are currently being developed, which may lead to financial services and financial products currently labelled as sustainable not meeting future legal requirements for qualification as sustainable.

We utilise data as well as ESG assessment methodologies that are supplied by independent third-party provider(s). These third-party assessment methodologies and corresponding ratings are therefore subject to change, which may result in turnover in investments within a portfolio to remain in line with an agreed ESG baseline.

ESG ratings are not currently regulated. Therefore, it is important to note that there is a selection of such data providers in the market, and methodologies between these can vary leading to different ratings for the same instruments.

ESG principles may result in a less diversified, more concentrated portfolio. ESG investing may result in the exclusion of specific industries.

## ESG Risk Disclosure

**Assessment:** In assessing whether each investment is sustainable and meets sustainability criteria, the Bank uses only the positive lists of MSCI ESG Research (UK) Limited and MSCI ESG Research LLC (together "MSCI"). The accuracy and completeness of the Positive Lists and compliance with sustainability criteria for the companies and countries (including the information provided by MSCI) is neither audited nor monitored by the Bank. With regard to the concept of sustainability as defined by MSCI and the methodology used in the evaluation of the companies under review, high ESG ratings by MSCI may occur, although certain returns are generated by high-risk industries. Deutsche Bank AG assumes no liability for these possible misjudgments.

**Use of average ESG ratings:** given that the ESG rating of a fund/ETF/index is based on a (modified) average of the ESG ratings of the fund/ETF/index constituents, the investor may have exposure to individual securities/companies with an ESG rating below the rating of the fund/ETF/index.

**Market risk in connection with sustainability risks:** The market price may also be affected by risks from environmental, social or corporate governance aspects. For example, market prices can change if companies do not act sustainably and do not invest in sustainable transformations. Similarly, strategic orientations of companies that do not take sustainability into account can have a negative impact on share prices. The reputational risk arising from unsustainable corporate actions can also have a negative impact. Additionally, physical damage caused by climate change or measures to transition to a low-carbon economy can also have a negative impact on the market price.

**Concentration risk:** Additional risks may arise from a concentration of investments in particular assets or markets. The Investment Company assets then become particularly heavily dependent on the performance of these assets or markets.

## General risks

**Counterparty risk:** The possible use of derivatives gives rise to counterparty risks (counterparty credit risk). This refers to the risk of a possible, temporary or final inability to meet interest and/or repayment obligations on time. This can lead to losses when using derivatives.

**Credit risk:** The solvency of the issuer of a security or money market instrument held directly or indirectly by the fund may subsequently decline (or term funds: in certain market situations, when shares are returned and at the end of the term, securities or money market instruments contained in the fund may be subject to restrictions, may be sold at a discount or may not be available for sale at all.). This usually leads to price declines for the respective security, which go beyond the general market fluctuations.

**Default risk:** The securities used by the investment fund (equities, bonds and derivatives, if any) are neither subject to statutory nor voluntary deposit insurance. The fund may therefore lose some or all of the capital invested or used for hedging purposes as a result of fluctuations on the capital markets, as well as the default or insolvency of the respective issuers and counterparties. Insofar as the fund invests in financial instruments that usually make dividend, interest or other payments, these may default in part or in full.

**Liquidity risk:** When units are redeemed, securities and money market instruments contained in the fund may be restricted, discounted or not available for sale in certain market situations. This can have a negative impact on the unit price.

**Market risk:** Price loss of securities held in the fund caused by a general stock market movement.

**Price risk:** At any time the unit value can fall below the purchase price at which the customer acquired the unit.

**Derivatives risk:** The use of derivatives may expose the fund to increased risks of loss. Derivatives are generally subject to the same market risks as their underlying assets. Due to the low capital investment at closing, a leverage effect can occur and thus greater participation in negative price movements. The use of derivatives can lead to disproportionate losses, up to and including the total loss of the capital used for the derivatives business, and additional payment obligations may arise at the fund level.

**Volatility risk:** Due to its composition and the techniques used by the fund management, the fund exhibits increased volatility, i.e. unit prices may be subject to stronger downward fluctuations even within short periods of time. For risks associated with ESG, please see dedicated ESG risk disclosure page.

## General disclaimer

In Europe, Middle East and Africa as well as in Asia Pacific this content may be considered marketing material, but this is not the case in the U.S. The value of an investment can fall as well as rise and you might not get back the amount originally invested. The views and opinions expressed in this content are those of the authors or speakers and do not necessarily reflect opinions of Deutsche Bank. The services described in this content are provided by Deutsche Bank AG or by its subsidiaries and/or affiliates in accordance with appropriate local legislation and regulation. Deutsche Bank AG is subject to comprehensive supervision by the European Central Bank ("ECB"), by Germany's Federal Financial Supervisory Authority (BaFin) and by Germany's central bank ("Deutsche Bundesbank"). Brokerage services in the United States are offered through Deutsche Bank Securities Inc., a broker-dealer and registered investment adviser, which conducts investment banking and securities activities in the United States. Deutsche Bank Securities Inc. is a member of FINRA, NYSE and SIPC. Lending and banking services in the United States are offered through Deutsche Bank Trust Company Americas, member FDIC, and other members of the Deutsche Bank Group. The products, services, information and/or materials referred to herein may not be available in all jurisdictions where Deutsche Bank provides services, or available for residents of certain jurisdictions

This document has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by Deutsche Bank, are appropriate, in light of their particular investment needs, objectives and financial circumstances. Furthermore, this document is for information/discussion purposes only and does not constitute an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice.


055132 060724

This material is educational and thought leadership in nature and intended for the in-person Advisory Council hosted by Deutsche Bank Wealth Management. This is not material marketing any Deutsche Bank products or services and is not investment or financial advice.