

Deutsche Bank



# Equator Principles Implementation Report

July 27, 2020 – December 31, 2021

# Applying Equator Principles at Deutsche Bank

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In July 2020 Deutsche Bank officially adopted the [Equator Principles](#), an internationally recognized risk management framework for determining, assessing, and managing environmental and social (ES) risks in development projects. Although our due diligence of client transactions has long reflected these principles and the underlying [IFC Performance Standards](#), formally adopting and implementing the principles underscores our commitment to managing ES risks in project finance.

## Scope of application

The scope of Equator Principles applies to:

- Project finance
- Project-related corporate loans
- Bridge loans for subsequent project finance
- Project-related advisory services
- Project-related refinancing and project-related acquisition financing

The [Equator Principles IV document](#) outlines specific capital cost thresholds and criteria for the above products. Deutsche Bank is currently in the process of gradual implementation of the Equator Principles globally according to the defined scope of application.

## Due diligence process

Deutsche Bank's ES risk management approach builds on our [ES Policy Framework](#), which is part of the bank's global Reputational Risk Framework (RepRisk Framework). Our approach to manage ES risks is aligned with Deutsche Bank's Code of Business Conduct and Ethics (the Code), itself based on our values and beliefs, and applicable to all employees, as well as interactions with internal and external stakeholders.

Additionally, as a signatory to the Equator Principles, to in-scope project-related finance transactions we apply the risk identification, assessment, management, and reporting requirements of the principles.

In line with the requirements of Deutsche Bank's RepRisk Framework, our business units are initially responsible for identifying ES risks, determining if a transaction falls into the Equator Principles scope, and gathering due diligence documentation. To support business units, internal Equator Principles implementation guidance and trainings were developed which specify the requirements for project categorization (A-C)<sup>1</sup>, due diligence, and guidance on mandatory referral to Group Sustainability.

Group Sustainability is responsible for assisting business units in assessing ES issues and associated risks. The internal due diligence process includes confirming project eligibility for Equator Principles and assigning the appropriate project categorization. For eligible projects, Group Sustainability either conducts an in-house review of project documentation during due diligence and monitoring phases, or an independent external consultant is appointed for higher-risk projects, as required by the Equator Principles. The due diligence process and post-transactional monitoring involves discussions of critical issues with clients and tracking of remediation actions. If the risks are deemed to pose a material reputational risk, or meet one of the internal mandatory referral criteria, the transaction will be referred to one of the four Regional Reputational Risk Committees.

If issues are not resolved at the level of a Regional Reputational Risk Committee, the governance structure requires escalation to the Group Reputational Risk Committee (GRRC).

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<sup>1</sup> Project categorisation follows the International Finance Corporation's (IFC) environmental and social categorisation process. Category A – projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible, or unprecedented. Category B – projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. Category C – projects with minimal or no adverse environmental and social risks and/or impacts.

## Knowledge-building

As a new member, Deutsche Bank engages with the Equator Principles Association on the implementation matters, and benefits from the Equator Principles guidance notes and supporting resources.

## Training

In 2020, we have designed a training module on the implementation of the Equator Principles and required ES due diligence adjustments. The module was first rolled out to the employees of Deutsche Bank's Structured Trade Export Finance team worldwide and aimed to ensure that the impacted business areas obtain an in-depth understanding of the requirements needed to assess the impacts on potential rights holders in the various projects that we finance.

As of year-end 2020, a plan for providing the module to other impacted business areas was developed; training and implementation has continued in 2021. A respective update will be provided in our Non-Financial Report 2021.

## Reporting

As a signatory to the Equator Principles, after the completion of the grace period we will expand our annual reporting to include information on project-related finance transactions in the scope of the Equator Principles and that have reached financial close.

## Editorial comment

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### Forward-looking statements contain risks

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement.

Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our net revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission.

Such factors are described in detail in our SEC Form 20-F of March 12, 2021 under the heading "Risk Factors" and in the "Risks and Opportunities" section of our Annual Report. Copies of these documents are readily available upon request or can be downloaded from [www.db.com/ir](http://www.db.com/ir).