



Framework Document

# Deutsche Bank ESG Investments Framework

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Deutsche Bank

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# 1. Scope

The ESG Investments Framework (“the Framework”) sets out criteria and evaluation processes to report investments as ESG in the context of Deutsche Bank Group’s sustainable finance and ESG investment targets (“the bank’s Targets”). It specifies the classification logic, its applicability per investment product cluster, as well as reporting and governance structures.

For Deutsche Bank Private Bank (PB), these criteria must be adhered to by product management, specialists, and portfolio managers within PB’s distribution and DPM-related functions.

Where implementation is feasible, the Framework also covers Deutsche Bank Group’s pension plans.

The Framework complements the bank’s [Sustainable Finance Framework](#), which governs the bank’s sustainable finance classification procedures for its sustainable financing activities in Corporate Bank (CB), Investment Bank (IB), and PB except for investments.

DWS is not within the scope of the Framework, as DWS sets its own sustainability strategy and follows DWS-specific policies in relation to environmental and social matters ([Responsibility \[dws.com\]](#)).

# 2. About this Framework

## 2.1. Purpose

As part of its broader sustainability strategy, Deutsche Bank Group (“the bank” or “Deutsche Bank”) has established the ESG Investments Framework.

The purpose of the Framework, which may be updated from time to time, is to have a single, consistent methodology in place for the classification of financial instruments and managed portfolios as “ESG Investments” to be reported as Assets under Management (AuM) under the bank’s Targets. In this regard, AuM comprises the volume of financial instruments held on behalf of clients of Deutsche Bank Private Bank (PB), the bank’s Discretionary Portfolio Management (DPM) business, as well as assets within Deutsche Bank Group’s pension plans.

The Framework therefore outlines the minimum eligibility criteria, methodologies, and associated procedures for financial instruments and managed portfolios within the scope.

## 2.2. General principles

### 2.2.1. Governance principles

- The Framework has been reviewed and approved by the Deutsche Bank Group Sustainability Committee.
- The Framework has been reviewed and approved by PB Governance forums.
- The PB ESG Investments Governance Forum, established and led by GS, discusses further developments of the Framework on a monthly basis or ad-hoc.
- Minimum eligibility criteria for Deutsche Bank Group’s pension plans (**Table 3**) have been reviewed and approved as the bank’s aspiration – subject to feasibility – by the Deutsche Bank Pensions Committee.

- Minimum eligibility criteria are based on current market and regulatory standards where applicable, with case-by-case assessments where standards are still developing.
- As the overall understanding of environmental and social matters evolves, and regulations and standards with respect to financial instruments are further developed, the bank will review the Framework, including its eligibility criteria as well as governance and control processes, on a regular basis, at least annually.

The Framework is intended to be adapted to include new products and solutions, for example if more sophisticated ESG data is available or new financial instruments are launched and will also be adjusted in light of any regulatory developments related to financial instruments within its scope. For products not currently covered by the Framework, ad-hoc approval can be granted based on the review and approval from the respective control and product governance functions on the basis of quantitative and/or qualitative criteria outlined in the Framework. Any such products will be reflected in the next possible update of the Framework.

For the purpose of the Framework, the bank defines the term “ESG Investments” as financial instruments that consider environmental, social, governance, or other sustainability-related criteria. “ESG Investments” should therefore not be confused with “sustainable investments” defined in accordance with Article 2(17) of the SFDR.

### 2.2.2. Deutsche Bank Private Bank (PB)

The Framework applies to Deutsche Bank PB. It provides guidance for all businesses within its scope in all locations globally and irrespective of Deutsche Bank’s legal form in certain locations (unless stated otherwise in the Framework).

PB provides banking products and services to private and commercial clients. Business activities within the scope of the Framework include financial instruments held on behalf of PB’s clients and the DPM business. Within these business activities within the scope of the Framework are funds (e.g. mutual funds, ETFs), capital markets instruments (e.g. Green-, Social-, Sustainability-Linked bonds, structured products), and for the DPM business the products and services provided (where PB acts as an adviser to investment managers of third-party funds or as a portfolio manager).

In setting the minimum requirements in the Framework, commonly used and internationally acknowledged standards, such as the Green and Social Bond Principles devised by the International Capital Market Association (ICMA), as well as best market practices have been taken into consideration. Additional applicable national, international, and European regulations, such as the Sustainable Finance Disclosure Regulation (SFDR) and requirements under the Markets in Financial Instruments Directive (MiFID II) – as implemented in the relevant EU member states – have also been considered in the Framework.

Assessments and criteria used to determine ESG minimum requirements for financial instruments within the scope of the Framework are largely based on data from third-party data providers. Due to lack of uniform common market standards and methodologies used by ESG data providers, third-party data used are based on proprietary methodologies; hence, the respective ESG assessments may differ between data providers.

### 2.2.3. Deutsche Bank Group pension plans

In addition to the Framework’s application to financial instruments held on behalf of PB’s clients and the DPM business within PB, the scope of the Framework also covers the aspired ESG integration into Deutsche Bank Group’s pension plan management. Pension plans cover the following financial instruments: equity and debt securities, funds (e.g. mutual funds, ETFs, pooled funds, alternatives), and capital markets instruments (e.g. structured products). The bank aspires to integrate minimum eligibility criteria into its pension plans, wherever implementation is considered feasible.

## 2.3. Structure of this document

Section 3. provides an overview of the bank’s sustainability strategy.

Section 4. describes the main minimum eligibility criteria for financial instruments held on behalf of clients of PB, as well as those that the DPM business needs to fulfill, to be reported as AuM under the bank’s Targets. The section is further divided into subsections to describe the minimum eligibility criteria, product-specific classification, and exceptions applicable to PB for third-party financial instruments (Section 4.1.), as well as the minimum eligibility criteria to be followed by PB for its DPM business (Section 4.2.). Section 4.3. describes PB’s governance and reporting processes to ensure that all financial instruments as well as managed portfolios classified and reported as AuM under the bank’s Targets are compliant with the Framework.

Section 5. describes the applicable criteria and measures to be applied for Deutsche Bank Group’s pension plans as well as the associated governance and reporting processes.

## 3. Sustainability strategy

Deutsche Bank’s commitment to sustainability is long-standing. The bank’s sustainability journey follows a firm sustainability mission: “At Deutsche Bank, we aspire to contribute to an environmentally sound, socially inclusive, and well-governed world. We strive to support our clients in accelerating their own transformation. Our advice, as well as our products and solutions, are built on this commitment.”

Sustainability is a central component of the bank’s “Global Hausbank” strategy. This is reflected in the bank’s governance with three fora entirely devoted to sustainability in which representation from all business divisions (including PB) is ensured:

1. The Group Sustainability Committee, chaired by the CEO, acting as senior decision-making body for sustainability-related matters at the Group level.
2. The Sustainability Strategy Steering Committee, being responsible for sustainability transformation management and supervision.
3. The Sustainability Council, having the mandate to foster knowledge exchange within the bank.

The Chief Sustainability Office, headed by the Chief Sustainability Officer with a direct reporting line to the Chief Executive Officer, has the mandate to develop the bank’s sustainability strategy and advance its implementation.

To underpin its commitment to sustainability, Deutsche Bank has formally endorsed certain universal sustainability frameworks and initiatives. The bank is a signatory to the Ten Principles of the UN Global Compact and the Net-Zero Banking Alliance.

Sustainable finance is one of the key pillars of the bank’s sustainability strategy, focusing on directing financial flows to support and prioritize “green”, “social”, or “good governance” transactions based on ESG criteria.

As such, the Management Board has set the quantitative sustainable finance target to generate a cumulative €500 billion in sustainable finance and ESG investments by 2025, excluding DWS.

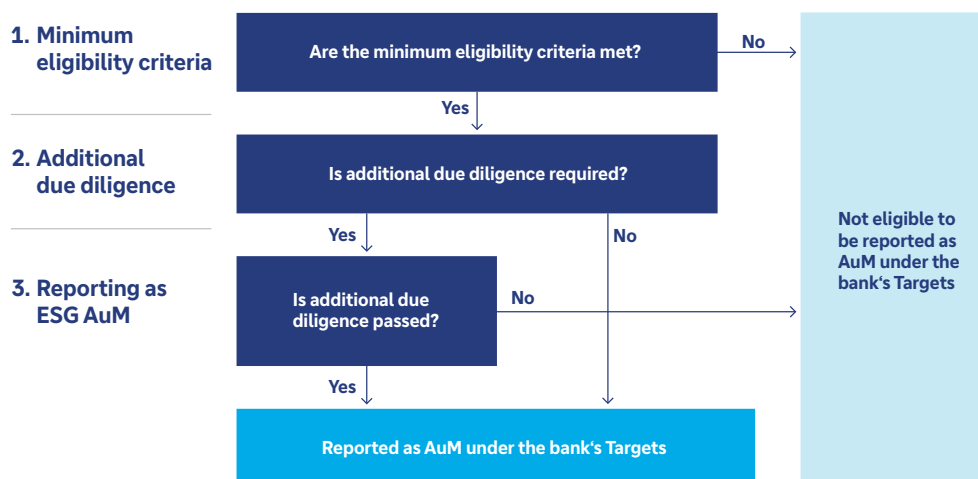
## 4. Classification methodology

The classification methodology sets out the criteria and evaluation processes that financial instruments and managed portfolios need to fulfill to be reported as AuM by PB under the bank's Targets. Financial instruments and managed portfolios reported as AuM under the bank's Targets do not necessarily require a specific ESG-related naming or labeling.

In general, the minimum eligibility criteria represent a combination of qualitative screening criteria (e.g. ESG Ratings and norm-based exclusions) and quantitative criteria, such as exclusions based on revenue thresholds for certain sectors. Unless otherwise stated in the following sections, screening of financial instruments always takes place on an issuer level<sup>1</sup> (e.g. the company that issues a bond, etc.).

The chart below provides a high-level overview of the classification and reporting process for AuM under the bank's Targets. For more information on the due diligence process, please see the following sections.

Chart 1: Overview of classification and reporting process



### 4.1. Classification of financial instruments

As a provider of banking products and services, PB sources products from several external third-party providers, including DWS and internally from Deutsche Bank IB. A minimum two-step process was defined to classify financial instruments and report them as AuM under the bank's Targets:

1. Defining minimum eligibility criteria to be classified as ESG (outlined in **Table 1**):
  - Minimum eligibility criteria to be met across all financial instruments within the scope and applicable globally.
  - Where applicable, minimum eligibility criteria to be aligned to or complemented by regulatory requirements.
2. Where necessary, product-specific classification criteria and exceptions, as well as additional due diligence, are applied. This due diligence is to be carried out by the relevant product specialists within the respective product functions.

<sup>1</sup> With the exception of use of proceeds products where focus on ESG eligibility is at product level (please see Section 4.1.2. on product-specific classification criteria).

### 4.1.1. Minimum eligibility criteria for financial instruments

The ESG minimum eligibility criteria represent a combination of qualitative screening criteria (e.g. ESG Ratings and norm-based exclusions) and quantitative criteria, such as exclusions based on revenue thresholds for certain sectors.

Thresholds can be applied via revenue generation of the investees or on an equivalent scale. **Table 1** below outlines the minimum eligibility criteria that are applicable to all financial instruments<sup>2</sup> included in the Framework.

**Table 1: Minimum eligibility criteria**<sup>3,4,5,6</sup>

Category		Eligibility revenue threshold or criteria
Controversial weapons / weapons	Controversial weapons	0% / No tie
	Civilian firearms	≤10%
Sector exclusions	Thermal coal <sup>5</sup>	≤15%
	Tobacco production	≤5%
Norm violations	UN Global Compact	No violation <sup>4</sup>
ESG quality	e.g. MSCI or equivalent <sup>4</sup>	"A" or "BBB" <sup>5</sup> ICMA <sup>6</sup>

Besides the minimum eligibility criteria outlined in **Table 1**, third-party providers can implement additional ESG criteria in their own ESG approach.

Specifically for financial instruments such as mutual funds, ETFs, and structured products, it is important to note that the underlying investments within the financial instrument should meet the minimum eligibility criteria set out, depending on the availability of data and covered securities within the financial instrument. For example, the MSCI classification approach requires that for funds with a fund asset class, other than bond or money market, at least 65% of the fund's gross weighting must come from securities covered by MSCI to obtain an MSCI ESG Fund Rating.<sup>7</sup> For funds with a fund asset class of bond or money market, at least 50% of the fund's gross weighting must come from securities covered by MSCI.

In exceptional cases, when the required minimum eligibility data is not or not yet available on the financial instrument level or is inconclusive, product specialists can, where possible, consider a reasonable substitute<sup>8</sup> for the criteria in **Table 1**, in addition to documented due diligence and approvals. For such cases, the substitute can be used to fulfill the ESG quality criteria as a basis for exceptional approvals.

If a financial instrument meets the minimum eligibility criteria set out in **Table 1**, the total volume of the financial instrument held on behalf of PB's clients will be reported as AuM under the bank's Targets, although a certain proportion may not meet the criteria or has no data available. If the thresholds mentioned before are not fulfilled, the financial instrument will not be reported as AuM under the bank's Targets.

<sup>2</sup> Any cash and derivatives positions in the total portfolio or within individual products are excluded from the assessment for ESG criteria.

<sup>3</sup> For funds this is limited to the revenue generated by mining and distribution of thermal coal.

<sup>4</sup> ESG Ratings have been inconsistent and unregulated to date, and as a result, there is only limited comparability, and the underlying data can only be verified to a limited extent. MSCI ESG Rating thresholds are used as an example; however, going forward, PB can also partner with other external rating providers to utilize their ratings. Along a similar vein, the assessment of norm violations for the same financial instrument may vary by rating agency.

<sup>5</sup> Minimum MSCI ESG Rating of "BBB" will apply only for Emerging Markets / High Yield funds.

<sup>6</sup> Bonds must meet the respective components and requirements of the ICMA Principles. The ICMA Principles consist of the Green Bond Principles, the Sustainability-Linked Bond Principles, and the Social Bond Principles.

<sup>7</sup> MSCI coverage in accordance with the [MSCI ESG Fund Rating Methodology](#). If funds do not meet the MSCI coverage threshold, no MSCI ESG Fund Rating is made available by MSCI.

<sup>8</sup> A substitute could be Deutsche Bank using respective external data, such as MSCI datapoints for the constituents based on the latest fund holdings, to manually evaluate the product based on the MSCI ESG Fund Rating Methodology.

## 4.1.2. Product-specific classification criteria and exceptions

Due to varying standards and investment approaches, some requirements are unique to the product. Where defined, additional due diligence might also be relevant for certain product categories to be reported as AuM under the bank's Targets. Where this is applicable, the due diligence is carried out by the relevant product specialists for each product function.

### FUNDS

The following section details the additional criteria that are assessed for funds which are screened by PB's fund research team.<sup>9</sup>

#### Mutual funds

Mutual funds, where screening through due diligence by PB's fund research team is performed, must, as a first step, meet the minimum eligibility criteria set out in **Table 1** to determine whether they can be reported as AuM under the bank's Targets. The additional due diligence then includes a case-by-case assessment of the ESG objective of the fund's investment strategy, the ESG methodology, ESG resources and the asset manager's approach to ESG investing including engagement practices. Due diligence can also be supported by an ESG intentionality assessment by reputable third-party providers.

#### ETFs

Additional due diligence for ETFs that are screened by PB's fund research team is applied via a check on the level of ESG integration into the index construction process. Given the nature of these products, the due diligence considers additional criteria for ETFs on top of the mandatory minimum eligibility criteria set out in **Table 1**. Only ETFs utilizing physical index replication are eligible to be classified and reported as AuM under the bank's Targets, though the criteria and scope of ETFs continue to be reviewed.

#### Equity ETFs:

- ETFs with underlying indices that eliminate at least 50% of the holdings from the non-ESG mother index based on ESG-related criteria.
- For thematic equity ETFs, disclosure in line with Article 9 of the SFDR is required.

#### Corporate fixed income ETFs:

- Minimum ESG quality threshold (**Table 1**) at the issuer level.
- Additional fossil-fuel-based exclusions (e.g. unconventional oil and gas extraction, oil sand reserves, or comparable) are applied on the underlying index or
- Alignment to an EU Climate Transition Benchmark (CTB) or EU Paris-aligned Benchmark (PAB) in accordance with EU Commission Delegated Regulation (EU) 2020/1818.
- Where disclosed as Article 9 of the SFDR, there must be a defined "use of proceeds" for the underlying bonds in accordance with the ICMA Principles or the EU Green Bond Standards (not yet applicable).

#### Alternatives

The financial instrument should meet criteria laid out in **Table 1**. Additional due diligence for alternatives that are screened by PB's product specialists will include a case-by-case assessment, including the assessment of the ESG approach of the product to report it as AuM under the bank's Targets.

<sup>9</sup> Refers to financial instruments that are screened by PB's product specialists to determine financial instruments for recommendation purposes.



## CAPITAL MARKETS INSTRUMENTS

This section applies only to capital markets instruments within the scope of the bank's Targets, which includes Green-, Social-, and Sustainability-Linked bonds as well as structured products. The ESG approach for capital markets instruments is to align the financial instruments within the scope with the ICMA Principles or EU Green Bond Standard (not yet applicable).

### Green-, Social-, Sustainability-Linked bonds

These products include a use of proceeds focus, which is why eligibility is assessed at the product level. These bonds must meet the respective components and requirements of the ICMA Principles or EU Green Bond Standard (not yet applicable).

### Structured products

In addition to the minimum eligibility criteria set out in **Table 1**, further sectoral exclusions may apply depending on the underlying of the structured product. Moreover, the following processes are to be completed:

For structured products, the relevant PB product specialists are required to complete due diligence to confirm compliance with minimum eligibility criteria for reporting structured products as AuM under the bank's Targets. The due diligence process includes a review of the issuer, including documentation of ESG practices and information on the use of proceeds of the product. For products manufactured within Deutsche Bank, including IB, pre-approval by Deutsche Bank Group Sustainability (GS) is required.

## INSURANCE PRODUCTS

Only unit-linked life insurance products where PB offers and distributes an insurance product in a regulated market are in scope. Other insurance solutions such as traditional guaranteed insurance, as well as cases where PB only offers insurance referral services are not in scope.

For the in-scope insurance products, the insurance investment option (Fund) must disclose according to Art. 8 / Art. 9 SFDR (i.e. having pre-contractual disclosures). Furthermore, PB product specialists are required to confirm compliance of each of the underlying funds (e.g. mutual fund and ETF) of an insurance investment option against the minimum eligibility criteria in **Table 1**. If an insurance investment option discloses according to Art. 8 / Art. 9 SFDR and the underlying funds comply with the criteria in **Table 1**, the respective fund / funds within the insurance investment option can be reported as AuM under the bank's Targets.

It should be noted that in line with the implemented reporting methodology, AuM for insurance is reported when PB is providing advisory services to a client, including cases where client assets are externally held but advised upon by PB.

## 4.2. Discretionary Portfolio Management (DPM) business

The DPM business within PB provides a variety of services and standardized ESG-managed portfolios to clients that are based on model portfolios with a set asset allocation and investment strategy defined by DPM or specific individualized managed portfolios based on client-specific criteria and agreements in the investment process. Besides that, the DPM business also provides services on several products that are set up as an investment fund and not as a managed portfolio. For these funds, the responsible DPM function advises the investment manager (e.g. DWS or other third-party asset managers) or acts as the investment manager of the fund. Therefore, these DPM-advised or -managed funds are part of the DPM business and need to fulfil the criteria set out in this section<sup>10</sup> in order to be reported as AuM under the bank's Targets, if they are held on behalf of PB clients.

### 4.2.1. Minimum eligibility criteria for ESG DPM

The DPM business can include standardized portfolio construction on which **Table 2** below presents the criteria to be applied in its selection of equity and debt securities. Where DPM invests in financial instruments that are covered in Section 4.1. and its subsections, **Table 1** continues to apply. Given the DPM function's role as an investment advisor or manager for DPM-advised or -managed funds or DPM-managed portfolios, the DPM team has the responsibility to rebalance or advise to rebalance to ensure that the fund or portfolio meets the minimum eligibility criteria.

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<sup>10</sup> DPM-advised or -managed funds are therefore not subject to the additional criteria laid out in Section 4.1.2. for funds.

Table 2: Minimum issuer eligibility criteria for ESG DPM

Category		Eligibility revenue threshold or criteria
<b>Controversial weapons / weapons</b>	Controversial weapons	0% / No tie
	Nuclear weapons	0% / No tie
	Conventional weapons	≤5%
	Civilian firearms	≤5%
<b>Sector exclusions</b>	Thermal coal	≤5%
	Tobacco production	≤5%
	Gambling	≤5%
	Biocide's production	≤5%
	Genetically modified organisms	0% / No tie
	Unconventional oil and gas	≤5%
	Palm oil from non-certified sources	0% / No tie
	Nuclear power (mining, supply)	0% (mining) / ≤5% (supply)
	Adult entertainment (production, distribution)	0% (production) / ≤5% (distribution)
	<b>Sovereigns</b>	Freedom House status
UN Global Compact		No violation
<b>Norm violations</b>	Very severe controversies	No violation
	Human rights compliance	No violation
	Labor compliance	No violation
<b>ESG quality</b>	e.g. MSCI or equivalent	"A"

Where the financial instrument is specified in the Framework, the ESG DPM selection process will adhere to the criteria laid out in **Table 1** and **Table 2**, respectively.

To ensure portfolio diversification, the ESG DPM product can also contain underlying asset classes that will not be assessed against or not meet the minimum eligibility criteria. These are, for example, structured products that have a tenure of less than one year and derivatives with predefined characteristics or within agreed limits.

If at least 51% of the managed portfolio (calculation excluding cash positions) in terms of overall share in the weighted holdings of the portfolio fulfills the ESG criteria, the AuM value of the whole managed portfolio will be reported under the bank's Targets.<sup>11</sup>

<sup>11</sup> Any cash positions in the managed portfolio are excluded from the assessment of ESG criteria. If the managed portfolio fulfills the minimum eligibility criteria and the 51% threshold, the whole managed portfolio will be reported as ESG AuM, including the cash portion. The remaining maximum of 49% is limited to the financial instruments listed, and subject to screening to ensure that they do no harm on the ESG characteristics.

## 4.3. Governance and reporting for PB

### 4.3.1. Governance

The bank has put in place robust governance processes to ensure that all financial instruments classified as ESG Investments and reported as AuM under the bank's Targets are compliant with the Framework. The implementation of these processes includes GS, alongside the respective function offering financial instruments within the scope of the Framework.

#### Validation process

Validation of the classification of financial instruments reported as AuM under the bank's Targets is executed by PB's Product Management and Finance in line with the criteria set out in the Framework, and with selected instances following review and approval by GS.

#### Post-closure monitoring

PB has established effective, parameter-specific processes for post-closure monitoring of in-scope financial instruments in order to evaluate compliance with all the relevant criteria of the Framework. The financial instruments and managed portfolios are monitored on a regular basis and verified against their ESG Investment classification.

#### 1. Regular monitoring

Periodic reviews are carried out across financial instruments to check whether the minimum eligibility criteria continue to be met. This includes systematic quantitative checks (data-driven) and qualitative checks. Where instruments are screened by PB's product specialists and additional due diligence applies, periodic reviews are also carried out by product specialists as part of regular monitoring processes in order to make sure that these continue to meet qualitative ESG criteria.

#### 2. Actions in case of any deviations

Any deviations that are noted during the periodic checks, including any subsequent violations of thresholds in the minimum eligibility criteria, require review and action by product specialists. Actions will be carried out within a specified timeframe depending on the financial instrument and in line with the respective product Key Operating Documents (KODs). For third-party funds, this could include a discussion with the manufacturer to determine actions planned to address the deviation. Additional checks may also apply based on the outcome of the discussion with the manufacturer and via independent third-party provider data if necessary to potentially re-evaluate initial outcomes.

#### 3. Declassification

For any observation on deviations in the criteria, discussions are held with the relevant functions and/or at the relevant fora. If there is a rationale to retain a financial instrument outside of criteria after a specified timeframe, it must be supported with documented due diligence and approvals. Financial instruments that do not meet the defined parameters or that have not fulfilled additional due diligence and subsequent approval from the governance fora would therefore be declassified (e.g. lose of ESG Investment classification and no longer be reportable as AuM under the bank's Targets).

### 4.3.2. Reporting

Provided compliance with the criteria outlined above, PB ESG investment volumes are reported based on the stock of the respective AuM as of the reporting date. Sustainable finance and ESG AuM data collection and reporting is a quarterly process at the Deutsche Bank Group level. Quarterly updates are compiled and included in Deutsche Bank's investor communications. An annual update is published as part of the Non-Financial Report (prospectively, Sustainability Statement within the Annual Report).

The reporting methodology for ESG AuM in PB is further detailed in Annex 2.

## 5. Deutsche Bank Group's pension plans

This section only applies to Deutsche Bank Group's pension plans. The bank aspires to implement minimum eligibility criteria, as set out in **Table 3** below, for Deutsche Bank Group pension plans, wherever implementation is feasible from a legal and governance perspective while also considering size and type of pension plan. If minimum eligibility criteria are satisfied, the bank will report the respective pension plans as AuM under the bank's Targets. For Deutsche Bank Group pension plans where the implementation of ESG criteria is deemed feasible, the bank may evaluate the potential to incorporate additional ESG criteria complementing the minimum eligibility criteria.

### 5.1. Minimum eligibility criteria for Deutsche Bank Group's pension plans

The minimum eligibility criteria that the bank aspires to implement for its pension plans represent a combination of qualitative screening criteria (e.g. ESG Ratings and norm-based exclusions) and quantitative criteria, such as exclusions based on revenue thresholds for certain sectors. Maximum thresholds are applied via revenue generation of the investees, and other relevant criteria or equivalent scale.

**Table 3: Minimum eligibility criteria for Deutsche Bank Group's pension plans<sup>12, 13</sup>**

Category		Eligibility revenue threshold or criteria
<b>Controversial weapons / weapons</b>	Controversial weapons	0% / No tie
	Civilian firearms	≤10%
<b>Sector exclusions</b>	Thermal coal	≤15%
	Tobacco production	≤5%
<b>Norm violations</b>	UN Global Compact	No violation <sup>12</sup>
<b>ESG quality</b>	e.g. MSCI or equivalent <sup>12</sup>	"A" or "BBB" <sup>13</sup> ICMA

Specifically for financial instruments such as mutual funds, ETFs, and structured products, it is important to note that the underlying investments within the financial instrument should meet the minimum eligibility criteria set out, depending on the availability of data and covered securities within the financial instrument. For example, the MSCI classification approach requires for funds with a fund asset class, other than bond or money market, that at least 65% of the fund's gross weighting must come from securities covered by MSCI to obtain a MSCI ESG Fund Rating.<sup>14</sup> For funds with a fund asset class of bond or money market, at least 50% of the fund's gross weighting must come from securities covered by MSCI.

For direct investments into debt issued by sovereigns, countries with a Freedom House status "Not free" are excluded – equivalent sovereign criteria can be accepted after GS review.

In addition to the minimum eligibility criteria set out in **Table 3**, further sectoral exclusions may apply. The minimum eligibility criteria will be updated in line with regular reviews to reflect market and regulatory developments.

<sup>12</sup> ESG Ratings have been inconsistent and unregulated to date, and as a result, there is only limited comparability, and the underlying data can only be verified to a limited extent. MSCI Rating thresholds are used as an example; however, going forward, PB can also partner with other external rating providers to utilize their ratings. Along a similar vein, the assessment of norm violations for the same financial instrument may vary by rating agency.

<sup>13</sup> Minimum MSCI ESG Rating of "BBB" will apply only for Emerging Markets / High Yield funds.

<sup>14</sup> MSCI coverage in accordance with the [MSCI Fund Rating Methodology](#). If funds do not meet the MSCI coverage threshold, no data is made available by MSCI. Approval in these cases would only be via an exception.

The bank's pension plan assets are managed by different asset managers, who use different data providers and investment approaches. GS will therefore review the implementation of minimum eligibility criteria and the associated investment process on a case-by-case basis. Where GS has assessed an alternative approach (e.g. the use of a different rating provider by an external asset manager) and it is deemed by GS that this has equivalency to the minimum eligibility criteria for pension plans, it will be treated as meeting the minimum eligibility criteria.

Minimum eligibility criteria are expected to be implemented for the German Main Plan, which is managed by DWS, in 2024. Mid-term, it is planned to evaluate the feasibility of ESG criteria implementation for other pension plans outside of Germany, starting with the UK and the USA.

## 5.2. Governance and reporting for Deutsche Bank Group's pension plans

### Governance

To ensure that the applied ESG eligibility criteria are continuously met by the pension plans within the scope, the respective asset managers are expected to provide Deutsche Bank with regular reports containing relevant ESG data points and information, at least on a quarterly basis. GS will review these reports and share them with Deutsche Bank's Pension Committee for discussion. In case of pension-plan-specific deviations, a case-by-case approval from GS and the Pension Committee is required to ensure that sufficient controls and governance are in place.

Deutsche Bank's Pension Committee is periodically updated and consulted on the status of ESG integration across various pension plans.

### Reporting

Provided compliance with the criteria outlined above, Deutsche Bank Group's pension plan assets are reported based on the gross asset volumes as of the reporting date. Sustainable finance and ESG AuM data collection and reporting is a quarterly process at the Deutsche Bank Group level. Quarterly updates are compiled and included in Deutsche Bank's investor communications. An annual update is published as part of the Non-Financial Report (prospectively, Sustainability Statement within the Annual Report).

The reporting methodology for Deutsche Bank Group's pension plans is further detailed in Annex 2.

## 6. Glossary

Term	Definition
<b>Alternatives</b>	Alternative investment funds can invest money in securities or bank deposits as well as in real assets and other assets (e.g. hedge funds, infrastructure, real estate investments).
<b>AuM</b>	For the purpose of the Framework, AuM (Assets under Management) comprises the volume of financial instruments held on behalf of clients of Deutsche Bank Private Bank (PB), the bank's Discretionary Portfolio Management (DPM) business, as well as assets within Deutsche Bank Group's pension plans.
<b>DPM</b>	Discretionary Portfolio Management
<b>DPM-advised or -managed funds</b>	The DPM business provides services on several products that are set up as an investment fund and not as a managed portfolio. For these funds, the responsible DPM function advises the investment manager (e.g. DWS or other third-party asset managers) or acts as the investment manager of the fund. Therefore, these DPM-advised or -managed funds are part of the DPM business and need to fulfill the criteria set out for DPM in order to be reported as AuM under the bank's Targets, if they are held on behalf of PB clients.
<b>ETF</b>	Exchange Traded Fund
<b>EU Green Bond Standard</b>	The EU Green Bond Standard, which is voluntary, relies on the criteria of the EU taxonomy to define green economic activities, ensure levels of transparency in line with market best practice, and establish supervision of companies carrying out pre- and post-issuance reviews at the European level (not yet applicable).
<b>ESG</b>	Environmental, Social, and Governance
<b>ESG Investments</b>	For the purpose of the Framework, the bank defines the term "ESG Investments" as financial instruments that consider environmental, social, governance, or other sustainability-related criteria. "ESG Investments" should therefore not be confused with "sustainable investments" defined in accordance with Article 2(17) of the SFDR.
<b>Financial instrument</b>	For the purpose of the Framework, financial instruments include equity and debt securities, funds (e.g. mutual funds, ETFs, pooled funds, alternatives), and capital markets instruments (e.g. structured products).
<b>GS</b>	Deutsche Bank Group Sustainability
<b>ICMA Principles</b>	The ICMA Green-, Social-, and Sustainability-Linked Bond Principles provide voluntary guidelines that recommend transparency and disclosure and which promote integrity in the development of the sustainable financing market.
<b>Insurance umbrella solution, Insurance investment options</b>	An insurance umbrella solution is meant as an offering from an insurance manufacturer offering a range of insurance investment options (Funds). Where ESG eligible, the insurance investment option has a Art. 8/Art. 9 SFDR disclosure (e.g. pre-contractual disclosures).
<b>MiFID II</b>	The European Union Markets in Financial Instruments Directive 2014/65/EU
<b>MSCI</b>	MSCI Inc., a provider of decision support tools and other services for the global investment industry
<b>PB</b>	Deutsche Bank Private Bank
<b>Pension plans</b>	Pension plans established for the benefit of current or former employees/beneficiaries of Deutsche Bank
<b>SFDR</b>	Sustainable Finance Disclosure Regulation (EU) 2019/2088
<b>Unit-linked life insurance</b>	Unit Linked Insurance are a type of life insurance plan where a portion of the premium paid is invested in a variety of market-linked funds, while the remaining portion is used to provide life insurance coverage.

## 7. List of Annexes and Attachments

Annex 1: Definition of criteria used throughout the Framework

Annex 2: Reporting methodology for AuM reported under the bank's Targets

### Annex 1: Definition of criteria used throughout the Framework

ESG parameters	Definition
<b>Adult entertainment (production, distribution)</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from adult entertainment
<b>Biocide production</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from the manufacture of biocides
<b>Civilian firearms</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from the manufacture and retail of civilian firearms and ammunition
<b>Controversial weapons</b>	Companies that have any ties to cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments
<b>Conventional weapons</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from weapons systems, components, and support systems and services
<b>Freedom House status</b>	This indicator will identify whether Freedom House has identified a country as "Free", "Partially Free", or "Not Free" in its Global Freedom Scores.
<b>Gambling</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from gambling-related business activities
<b>Genetically modified organisms</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from genetic-engineering-related business activities
<b>Human rights compliance</b>	The extent to which companies support and respect the protection of internationally proclaimed human rights and avoid complicity in human rights abuses
<b>MSCI ESG Rating</b>	Ratings are based on a seven-letter scale: best (AAA) to worst (CCC). MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how they manage those risks relative to peers.
<b>Nuclear power (mining, supply)</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from supplying key nuclear-specific products or services to the nuclear power industry
<b>Nuclear weapons</b>	Companies that have an industry tie to nuclear weapons, including components of nuclear dual-use and exclusive delivery platforms, nuclear dual-use and intended use components, nuclear dual-use and exclusive delivery platforms, nuclear weapons support services and warheads/missiles, and nuclear weapons ownership categories
<b>Palm oil from non-certified sources</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from palm oil, including producer, distributor, and ownership categories
<b>Thermal coal</b>	This indicator identifies the maximum percentage of revenue (either reported or estimated) that a company derives from thermal coal-related business (including lignite, bituminous, anthracite, and steam coal). The parameter can be applied to revenues related to thermal coal-related mining and distribution or revenues related to thermal coal-related mining, distribution and power generation.





<b>ESG parameters</b>	<b>Definition</b>
<b>Tobacco production</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from the manufacture of tobacco products
<b>Unconventional oil and gas</b>	The recent-year percentage of revenue, or maximum estimated percentage, that a company has derived from the extraction of unconventional oil and gas
<b>UN Global Compact</b>	The United Nations Global Compact is a global initiative for responsible corporate governance, based on the universal Ten Principles for company operations to, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption.
<b>Very severe controversies</b>	Based on MSCI ESG Controversies, analyzing a company's significant social, environmental, and governance impacts. "Red" indicates that a company is involved in one or more very severe controversies.

## Annex 2: Reporting methodology for AuM reported under the bank's Targets<sup>15</sup>

Category	Definition	Is additional due diligence required?	Reporting for ESG AuM	Reported as	
<b>Private Bank</b>					
<b>Financial instruments held on behalf of PB's clients from IB and third-party providers (incl. DWS)</b>	<b>Funds screened by PB product specialists (incl. Mutual funds, Alternatives, ETFs)</b>	Funds manufactured by IB and third-party providers that have undergone screening by PB product specialists and are used in financial instrument selection and advice	Yes	Yes, subject to completion and successful outcome of full due diligence in addition to minimum eligibility criteria	<b>Stock value as of reporting date</b>
	<b>Other funds (incl. Mutual funds, Alternatives, ETFs)</b>	Funds manufactured by IB and third-party providers that are <u>not</u> screened by PB product specialists, but are held on behalf of PB's clients and are available to clients through trading platforms	No	Yes, based on minimum eligibility criteria	
	<b>Green-, Social-, Sustainability-Linked Bonds</b>	Bonds that fulfill the requirements of the ICMA Principles or EU Green Bond Standard (not yet applicable) and are documented as such via a third-party data provider	No	Yes	
	<b>Structured products, notes</b>	Products that have been screened through by either PB product specialists or GS and have passed due diligence	Yes	Yes	
<b>Insurance</b>	<b>Unit-linked life insurance</b>	Insurance investment option manufactured by third-party providers classified as SFDR Art 8/9 (in SFDR applicable jurisdictions), where the underlying funds have undergone screening by PB product specialists.	Yes	Yes It should be noted that in line with the implemented reporting processes AuM for Insurances is reported when PB is providing advisory services to a client, including cases where client assets are externally held but advised upon by PB.	
<b>DPM within PB</b>	<b>DPM business</b>	DPM ESG-managed portfolios and DPM-advised or -managed funds that are compliant with the minimum eligibility criteria	No	Yes	
<b>Deutsche Bank Group</b>					
<b>Deutsche Bank Group's pension plans</b>	Deutsche Bank Group's pension plans where minimum eligibility criteria have been implemented	Yes	Yes, based on minimum eligibility criteria	<b>Stock value as of reporting date (gross)</b>	

<sup>15</sup> Due to the dynamic nature, it is possible for products not currently covered by the Framework to receive ad-hoc approvals from the appropriate ESG Investments Governance fora.

## 8. Disclaimer

There are currently no uniform criteria nor a common market standard for the assessment and classification of financial services and financial products as sustainable, green or social. This can lead to different parties assessing the sustainability of financial services and financial products differently. In addition, there are various new regulations on ESG (Environment, Social and Corporate Governance) and Sustainable Finance, which need to be substantiated, and further draft legislation is currently being developed, which may lead to financial services and financial products currently classified as sustainable, green or social not meeting future legal requirements for qualification as sustainable.

The transition to a sustainable economy is a long-term undertaking. In its current stage, we are confronted with the limited availability of reliable data. It is inevitable to use estimates and models until improved data will become available. Our expectations on the increase of data quality are based on reporting obligations as currently developed. New regulations on reporting will become effective in the coming years.

This document includes metrics that are subject to measurement uncertainties resulting from limitations inherent in the underlying data and methods used for determining such metrics. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. We reserve the right to update measurement techniques and methodologies in the future.

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## **Online**

Further details on the bank's sustainability strategy can be found on our website.

## **Design**

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