



Deutsche Bank AG
Sustainability Deep Dive
March 2, 2023

– Transcript –

Christian Sewing – Strategy Outlook and Ambition for 2025

Thank you, Judith. Jörg has outlined the profound, group-wide transformation we have been undergoing since 2019.

Why is Sustainability so central for us?

When we look at the World Economic Forum's Global Risk Report¹, we see a rising number of risks that are closely related to climate change, environmental degradation and social challenges, of course all impacting the economic developments over the next decades. All this needs action by policymakers, governments, regulators and the private sector now.

And all of this shows: Protecting our environment and ensuring social inclusion is not only a moral imperative, but is also critical for the stability of our economies and our societies.

And as Global Hausbank based in Europe's largest economy we see it as our responsibility to be part of the solution.

And we can be a part of the solution in several ways:

- by providing capital and supporting our clients' own transformation with strategic advice,
- by leveraging our risk management capabilities for our clients,
- by measuring and monitoring the impact of our actions on the environment and society,
- and by supporting the development of reliable standards - and implementing them!

¹ World Economic Forum – The Global Risks Report 2023



But running our business in an environmentally sound, socially inclusive and well-governed way is not only a responsibility for us – it is actually also an opportunity. Sustainability is one of three key themes of the decade that underpin our Global Hausbank strategy – along with macro-economic uncertainties and technology.

So how do we plan to seize that opportunity?

By implementing our sustainability strategy with the same way discipline and focus as we have implemented our group-wide strategy since 2019. For this, we are planning concrete action to support our target of 500 billion euros of sustainable financing and investment², cumulatively, for the six years from 2020 until the end of 2025.

Today, we will lead you through the measures which support this target and outline the path of our own transformation to the sustainable Global Hausbank we strive to be.

This includes not only Sustainable Finance, but also the three other pillars of our sustainability strategy: Policies & Commitments, People & Own Operations as well as Thought Leadership & Stakeholder Engagement.

We are convinced that overall, we are well positioned to seize this opportunity and to become a sustainability leader in global banking.

Why do we think so?

First: We have created the credibility in this sphere since we made sustainability a management priority in July 2019. Despite the upheavals in the world economy due to Russia's war in Ukraine, we have relentlessly continued on the path we embarked on in 2019.

Second, we are rooted in the heart of Europe, and that's an advantage. Europe is at the forefront of industrial ESG-engineering and financing. We can export this expertise to our clients worldwide since going green has become the dominant driver of policy initiatives and industrial restructuring in many countries, including the United States.

² Sustainable financing and investment activities as defined in DB's Sustainable Finance Framework and related documents, which are published on our website



And third, our 'Global Hausbank' business model gives us all the ingredients to be a sustainability leader in the international banking system:

Our Corporate Bank is deeply embedded in the operations of our clients with sectoral expertise.

Our Investment Bank is a C-Suite advisor, debt financing powerhouse and asset factory at the same time; and our Private Bank aims to be an advisor to 19 million clients for an impactful financial life.

All of this is built on the foundation of an integrated ESG data platform that we are developing at full speed, risk management of a proven quality, and a Chief Sustainability Office to coordinate and drive the implementation of our strategy.

Let me now give you more detail on the strategic ESG initiatives of our businesses.

I want to start with our Corporate Bank: Be it payment transactions, supply chain financing, or export financing – we are at the core of our clients' operations. We're well positioned to help companies transform their complex value chains with a focus on environmental and social issues. And we go further: we are able to connect different players across industries and value chains with our global and local expertise – and thus facilitate transformation.

One example of how embedded we are is supply-chain financing linked to the ESG performance of suppliers as David Lynne will tell us later. This is an important part of the five billion euros of working capital financing we aim to facilitate by 2025.

Moreover, we want to be the one-stop-shop for the German Mittelstand. We want to be the partner of choice by building a network of solution providers on our home market. That's why we have invested into the Berlin start-up Plan A which offers carbon measurement solutions and services.

If our mid-cap and the family-owned companies embark on this transformation successfully, Germany can be a showcase globally – as it is a highly industrialized country, but one with almost no fossil energy resources.



Therefore, we see significant potential for our Corporate Bank. Having almost doubled our original expectation from 2020 with a cumulative financing volume of 40 billion euros over the past three years, we now expect the Corporate Bank to facilitate between 70 billion and 85 billion euros in ESG volumes till the end of 2025.

By far our biggest ESG volume generator since 2020 has been the Investment Bank. This division accounted for around 60 percent, or 128 billion euros, of the Group's 215 billion euros in the past three years. For the next three years, we expect this figure to be between 125 and 160 billion euros in aggregate.

But it's not only about these volumes. It is also about our Mergers & Acquisitions advisory which we do not count as volumes under our ESG framework but still has a significant value potential.

We see the strategic transition dialogue with our clients as vital means of engagement for two reasons: Firstly, we want our clients to become net zero, as our financed emissions are a function of their emissions.

Secondly, it is an opportunity to deepen our strategic dialogue with the C-Suite.

We have strong foundations to build on here – an excellent Corporate Finance Franchise, rooted in Germany but leveraged globally. And we have integrated ESG into our M&A and Equity Capital Markets offering and will continue to strengthen this expertise. Going forward, we see the biggest growth potential in this Advisory business.

At the same time, it is of course our imperative to keep our leading role on the European ESG debt market across all client segments. We are the number 1 in ESG debt in Germany³ and number 3 in Europe, Middle East and Africa³. We will export this strength globally to markets with lower ESG share of the fee pool. Mark Fedorcik will provide more details today.

The other pillar of our Investment Bank is our Fixed Income and Currencies business. This is the heart of our Asset Factory which is able to create investment opportunities across the

³ Internal analysis of Dealogic data as of December 31, 2022, all debt excluding IG loans



whole ESG spectrum. We aim at enabling clients to invest in nature-based solutions, and by doing so, we help protect these precious assets.

This is tied closely to our presence across Emerging and Developing Economies, as Claire Coustar will explain. There are several dimensions to this: we have a strong network, as our participation in the Just Energy Transition Programs for Vietnam and Indonesia shows; we are an important liquidity provider by giving the global investor base access to these markets; and we have deep relationships with International Development Banks to foster public private partnerships.

Our Corporate Bank and our Investment Bank are working closely together in ESG – in partnership with the Risk and the Sustainability Office. To formalize this collaboration, we have started to set up cross-divisional Client Service Teams for the transition dialogue.

When it comes to our Private Clients, our aim is very clear: to be the advisor for an impactful financial life. Our clients want solutions when life gets complicated.

Take, for example, buying a house with a mortgage. This used to be straightforward; but today, net zero makes it an increasingly complex exercise which needs input from a network of architects, energy advisors and craftsmen. As a bank, we can play an important role here. With the overall target of reaching net zero by 2045 in Germany, this kind of advice will steadily grow. We estimate an overall investment need of 600 billion euros⁴ for private homes until then. We need to start now. Therefore, it is our ambition to finance 7 to 10 billion euros in energy efficient housing in the next three years alone.

This is why our broad distribution network with multiple channels in Germany is so much of value for us. In collaboration with the environmental organization World Wide Fund For Nature in Germany, we will further invest into our advisory concept, including our network of green branches, to make us the place to go to plan an impactful financial life with regards to lending, investment and beyond. Lars Stoy will tell us more about this.

⁴ Deutsche Bank expert estimate



Being an agent of positive change is at the heart of our International Private Bank, which manages the business with high net-worth individuals and wealthy entrepreneurs and their families all over the world, along with banking services for affluent clients in Italy, Spain, Belgium and India. Our partnership with the Ocean Risk and Resilience Action Alliance is proving to be a way forward. We are using our Chief Investment Office's thought leadership to develop end-to-end ESG investment experiences in sustainable Marine environment, conservation of land resources and protection of biodiversity and other areas. This will give us a platform to create an investment universe which addresses these challenges through both conventional and alternative asset classes.

The International Private Bank aims at growing its ESG assets in funds by 40 percent by 2025. Claudio de Sanctis will explain how this is going to work.

In total, we expect the Private Bank to facilitate between 40 and 60 billion euros in financing and investment over the next three years, after having already generated 48 billion from 2020 to 2022.

All of this makes me confident that we will be able to achieve an overall volume target of 500 billion euros by the end of 2025. And bear in mind, as Jörg has already outlined, that this figure is ex-DWS: as in 2021 we do not report in this Sustainability Deep Dive on DWS activities, as they report separately.

Gerald Podobnik will go into further detail on how we measure success with our ESG reporting and how these volumes translate into revenues according to our internal model.

This was the near-term perspective until 2025. But the real transformation of the global economy has only just started. We expect this potential to accelerate considerably after 2025. Together with the consultancy Bain & Company, our Chief Sustainability Office has developed a market sizing model⁵, which calculates a requirement of 1.4 trillion US dollars of investments per year by 2030 to achieve net-zero globally by 2050. This is accompanied by an

⁵ DB Transition Finance Model, developed in cooperation with Bain & Company; revenues are an annual average across the timeframe of 2021 (baseline year) until 2030, reflective of portfolio effects for products yielding returns across multiple years, e.g. loans



incremental annual revenue pool of more than 40 billion US-dollars for banks globally. While the bulk of these investments will take place in the United States and Europe until 2030, we afterwards expect Asia to emerge as the leading growth region for investments against climate change. We feel well positioned to benefit from this shift, as a European leader with an established platform in Asia – backed up by the ESG Center of Excellence we have built up with the support of the Monetary Authority of Singapore over the last two years.

Let's move to the three other pillars of our strategy.

Policies & Commitments have been one topic of particular focus since our last Sustainability Deep Dive: our commitment as a founding member of the Net Zero Banking Alliance is to become net zero by 2050. We have done a lot of work to operationalize this, and we will extend the scope of our emission disclosure over the next years. I will come back to this a bit later.

The other focus topic is our frameworks and policies: in a world of highly fragmented taxonomies we see it as an advantage for Deutsche Bank, to have a strong Sustainable Finance Framework and high standards. You may have seen that we have just updated our thermal coal policy – and it is a strategic task of the Group Sustainability team in our Chief Sustainability Office to diligently continue on this path and in this spirit. Therefore, we have been continuously strengthening the team that develops policies and validates transactions. We can say, with confidence, that we have an experienced team here which has made our framework landscape a strength of Deutsche Bank. Viktoriya Brand will tell you more about this later.

All of this can only happen if we invest in our people and enable them to thrive. We have undertaken tremendous efforts over the last two years to educate our employees on sustainability, we have just put live a course in ESG for all employees through our learning platform. This is one of many examples and we will continue to broaden and deepen these efforts continuously.



But let me look at it through a broader lens. We at Deutsche Bank are committed to a sustainable performance culture, driving consistently high standards for leadership, development and learning. Our diversity, equity and inclusion strategy is an integral part of these efforts. Later today, Virginia Bastian and Michael Ilgner will discuss our respective progress and plans to make Deutsche Bank more diverse, equitable and inclusive.

Moreover, we will continue to work decisively on further shrinking our carbon footprint. After reducing our greenhouse gas emissions in our own operations by almost 80 percent over the last ten years, we are now looking closely at all of our scope 3 emissions to bring them down in the same manner. Crucial for this will be our vendor management where we will steadily increase the rating requirements which our Global Procurement introduced mid-2022.

Finally, let me turn to Thought Leadership and Stakeholder Engagement. We think we have much more potential to leverage our considerable ESG expertise across Deutsche Bank Research, our business units and our Chief Sustainability Office for our clients and broader thought leadership. You will see an early example of this collaboration as early as next week. Please join us, in person or virtually, at our Global ESG Conference in New York on March 8. You will see another step on the way to realising our goal of thought leadership.

We will also intensify our partnership with academia. We have started to develop a book of work with the European School of Management and Technology, Berlin on biodiversity and impact measurement as well as the role of capital markets in this transition. You know how important the latter is for a successful transformation, in particular here in Europe. The Green Deal in Europe won't happen without integrated capital markets – that is, a European Capital Market Union.

This was the summary of strategic measures on our way to developing our sustainable Global Hausbank through 2025. We have the tools in place to make this vision real. We will approach this in the same spirit as we did with our Compete to Win strategy, which we announced in the summer of 2019, and in the same diligent way as we have implemented our plans and commitments over the last two years since our last Sustainability Deep Dive.



Before I come to an end though, I want to briefly highlight two aspects of this journey which are particularly important to us.

We have been criticized here and there for having a relationship with certain clients – even if the alleged client is not even client of ours because we cannot talk about single names.

This criticism usually doesn't reflect that we have embarked on a path and a mission which has a clear direction and guidelines.

We have published our net zero pathways for the most carbon intensive sectors. And from 2026 onwards, at least 90% of the high emitting clients in these sectors that engage in new corporate lending transactions with us shall have a net zero commitment in place.

We recognise that this is ambitious: as of today, not even 50 percent of the companies listed in the MSCI World Index have a net zero-commitment of some kind. This also holds true for our clients in the most carbon-intensive sectors.

What message do we want to send with this ambition? First, we are clearly committed to Net Zero as a founding member of the Net Zero Banking Alliance and second, we want to take our clients with us.

But let me also be clear: we need time to operationalize all of this – knowing well that we as companies, economies and global society don't have much time for this transformation. We need to support our clients to embark on this journey globally, and for this they need to start somewhere.

Having said this, we at Deutsche Bank are convinced that parting with a client should only be a last resort, but we would not be shy of taking this step if we cannot see the willingness of our client to start a credible transition. In principle: we can only support our clients and have the necessary impact if they are still with us. Deep client relationships are a hallmark of the Global Hausbank model – and the deeper the client relationship, the more we can achieve. Chris Jaques from Risk Management and Jan-Philipp Gillmann from our Corporate Bank will talk about the progress we have made in operationalizing our net-zero target.



This brings me to my final point. The close partnership between our businesses, our Chief Risk Office and our Chief Sustainability Office is all-important for this complex endeavor. If we want to partner with our clients on their transformation, we must be able to analyze their transition plans according to a clear set of policies, commitments, and have processes in place to verify their implementation.

Therefore, we have been investing and will keep investing in our risk and control functions and in our Chief Sustainability Office.

But there is another prerequisite to all of this: data. At the beginning of 2022 we have established a dedicated Sustainability Data & Technology Program, focused on sourcing and managing ESG data and integrating it into our systems to strengthen our controls, our businesses, and our impact measurement capabilities. The progress here will enable us to advise clients in a more sophisticated way on their net zero journey, support risk management and enhance our impact reporting.

Data is a muscle we need to strengthen continuously. That's exactly what we have been doing and what we'll continue to do.

Let me summarize:

Sustainability transformation is a responsibility as well as a great opportunity for us.

Our Global Hausbank business model gives us all the ingredients to become a sustainability leader – and we have demonstrated over the last years that we are able to deliver on targets we set for ourselves.

We are convinced that the partnership with our clients is our biggest lever to support an effective transformation of our economy – environmentally and socially.

We underpin our ambition and actions with strict policies, commitments, and controls.

And we plan to further increase our engagement with academia, regulators and society at large.



This was my outlook on our strategy 2025. It means a deep transformation for us – together with our clients.

I hope you find today's sessions both informative and inspiring.

Thank you very much!



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 or green. 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 or green not meeting future legal requirements for qualification as sustainable. Harmonized standards and calculation methods are expected to be developed and will also improve data quality.

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, esp. climate related 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 likely become effective in the coming years.

This presentation 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. The information set forth herein is expressed as of end of December 2022 and we reserve the right to update its measurement techniques and methodologies in the future.

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