

# Deutsche Bank AG

## 33.2 High Risk

Diversified Banks | Germany | ETR:DBK



### Rating Overview

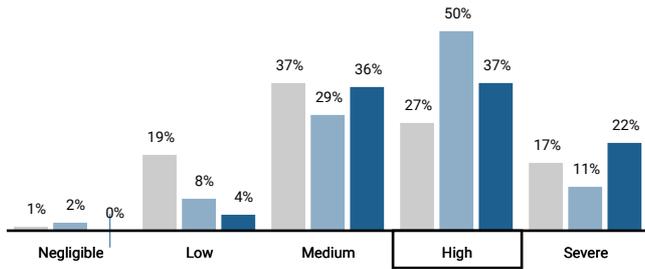
The company is at high risk of experiencing material financial impacts from ESG factors, due to its medium exposure and average management of material ESG issues. Despite its management policies and programmes, the company has experienced a high level of controversies.

**Momentum Score: +0.3**

Stable **II**

The company's risk score has not changed significantly in the past year, and its risk category has remained stable.

### ESG Risk Rating Distribution



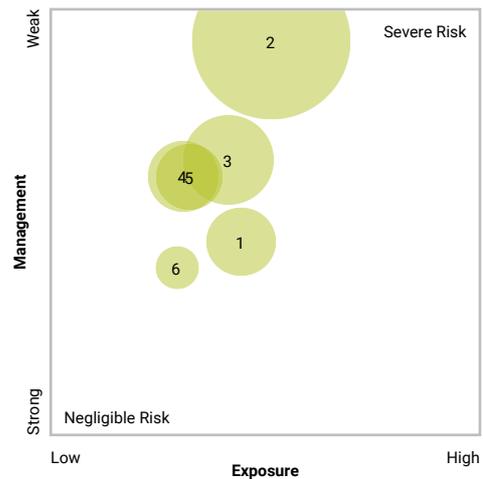
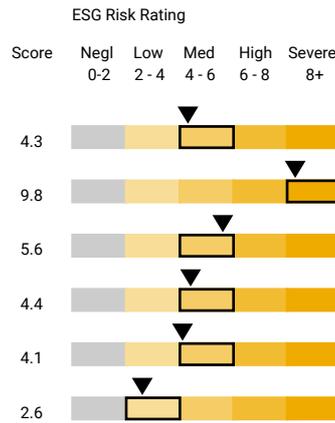
### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	8177 out of 12232	67th
Banks (Industry Group)	548 out of 927	59th
Diversified Banks (Subindustry)	210 out of 374	56th

### Attribution Analysis

#### Top Material Issues

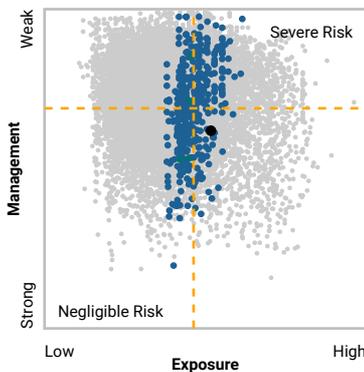
- Corporate Governance
- Business Ethics
- Product Governance
- Data Privacy and Security
- ESG Integration - Financials
- Human Capital



= Significant event

Circle size = Contribution to ESG Risk Rating

### Risk Analysis



#### Peers (Market cap \$16.8 - \$19.0bn)

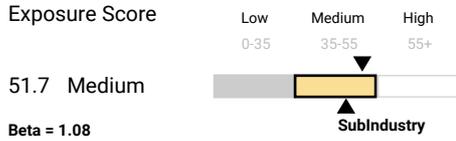
Peer	ESG Risk Rating	Exposure	Management
1. Skandinaviska Enskilda Banken AB	23.2 Medium	42.1 Medium	47.1 Average
2. Banco Santander (Brasil) S.A.	24.8 Medium	44.8 Medium	46.7 Average
3. State Bank of India	32.7 High	45.1 Medium	28.7 Average
4. Deutsche Bank AG	33.2 High	51.7 Medium	38.1 Average
5. National Bank of Kuwait SAK	39.2 High	45.6 Medium	15.0 Weak

- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

# Deutsche Bank AG

## 33.2 High Risk

Diversified Banks | Germany | ETR:DBK



Deutsche Bank's size, range of products and operations, which employ over 97,000 staff around the globe, expose the company to considerable risks. As a key competitor in banking and financial markets, the company must ensure that its product offerings not only attract and retain customers through appropriate marketing and selling strategies, but also meet strict regulatory standards across various jurisdictions. Regulatory scrutiny of ethical compliance within the industry is also high, and can result in costly legal fees and fines, as well as reputational damage if not managed properly. Lastly, the company has the opportunity to integrate ESG considerations into its business, in order to meet the growing demand for such products and practices. Failure to do so, though, could increase reputational and, in some cases, regulatory risks.

The company's overall exposure is medium and is moderately above subindustry average. Business Ethics, Product Governance and ESG Integration -Financials are notable material ESG issues.



Deutsche Bank has focused on realigning and consolidating its business lines to improve efficiency and profitability. It has also settled a number of its misconduct cases, particularly some of its high-profile and costly ones related to rate manipulation and mirror trades. Given the level of scrutiny by regulators and the media, though, the company must continue to manage its business ethics risks. In terms of Product Governance and ESG Integration, the company has put in place policies to strengthen its management, such as its Product Code and Product Principles, Code of Values and it has control groups and the Regional Reputational Risk Committee review financing decisions. Despite these measures, Deutsche Bank has been implicated in controversies related to anti-competitive practices, mis-selling of products and financing controversial industries, indicating room for improvement.

The company's overall management of material ESG issues is average.

### Attribution Details

Issue Name	Contribution to							ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight	ESG Risk Rating		
Corporate Governance	12.8%	9.0	9.0	100%	52.7	18.5 %	4.3		
<span style="color:red">4</span> Business Ethics	29.7%	8.0	10.4	95%	5.6	20.3 %	9.8		
<span style="color:red">3</span> Product Governance	16.8%	8.0	8.4	100%	33.5	17.3 %	5.6		
Data Privacy and Security	13.3%	6.0	6.3	80%	37.4	10.4 %	4.4		
ESG Integration -Financials	12.4%	6.0	6.6	100%	37.5	13.6 %	4.1		
Human Capital	8.0%	6.0	6.0	95%	58.9	11.7 %	2.6		
Resilience	7.0%	5.0	5.0	80%	67.1	8.2 %	2.3		
<b>Overall</b>	<b>100.0%</b>	<b>48.0</b>	<b>51.7</b>	<b>94.0 %</b>	<b>38.1</b>	<b>100.0%</b>	<b>33.2</b>	<b>High</b>	

△ =Significant event

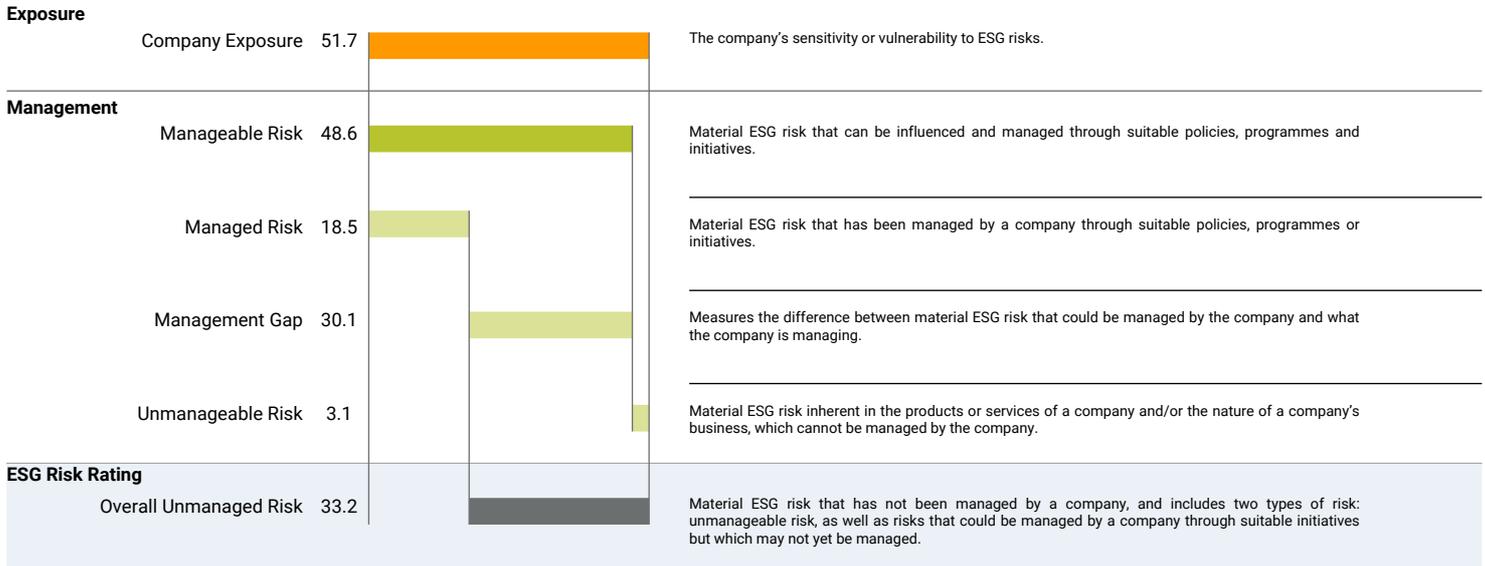
# Deutsche Bank AG

## 33.2 High Risk

Diversified Banks | Germany | ETR:DBK



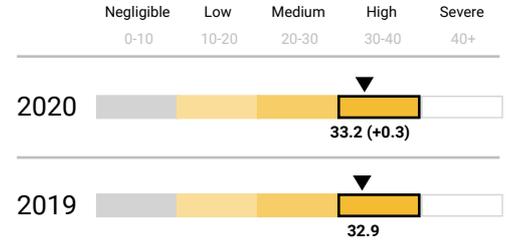
### Risk Details



### Momentum Details

ESG Risk Rating Momentum Score: +0.3

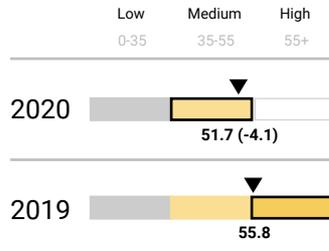
Stable  $\Rightarrow$  The company's risk score has not changed significantly in the past year, and its risk category has remained stable.



Exposure Momentum Score: -4.1

Improved  $\Rightarrow$

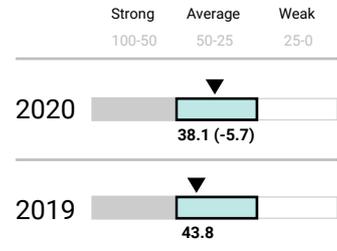
The company's exposure score has decreased in the past year, and its exposure category has improved.



Management Momentum Score: -5.7

Stable  $\Rightarrow$

The company's management score has decreased in the past year, but its management category has remained stable.





## Corporate Governance

Contribution 12.8 %

Corporate Governance represents foundational structures for the management of ESG risks.

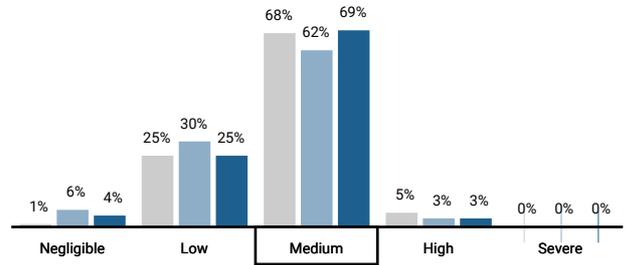
### Rating Overview

# 4.3 Medium Risk



In consideration of its high exposure and average management, we view the company to have medium unmanaged risk attributable to its corporate governance.

### ESG Risk Rating Distribution

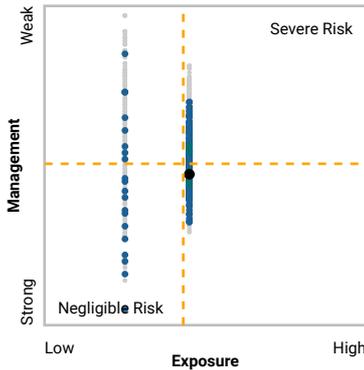


### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	1597 out of 4252	38th
Banks (Industry Group)	171 out of 361	48th
Diversified Banks (Subindustry)	86 out of 222	39th



### Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

#### Peers (Market cap \$16.8 - 19bn)

Peers (Market cap \$16.8 - 19bn)	ESG Risk Rating	Exposure	Management
1. Banco Santander (Brasil) S.A.	4.0 Low	9.0 High	55.7 Strong
2. Deutsche Bank AG	4.3 Medium	9.0 High	52.7 Average
3. Skandinaviska Enskilda Banken AB	4.3 Medium	9.0 High	51.7 Average
4. State Bank of India	4.9 Medium	9.0 High	45.5 Average
5. ORIX Corp.	5.1 Medium	9.0 High	43.6 Average

#### Exposure

Company Exposure 9.0 The company's sensitivity or vulnerability to ESG risks.

#### Management

Manageable Risk 9.0 Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk 4.7 Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.

Management Gap 4.3 Measures the difference between material ESG risk that could be managed by the company and what the company is managing.

Unmanageable Risk 0.0 Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.

#### ESG Risk Rating

Issue Unmanaged Risk 4.3 Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## Corporate Governance

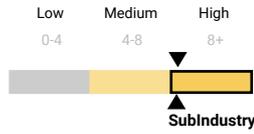
Contribution 12.8 %

Corporate Governance represents foundational structures for the management of ESG risks.

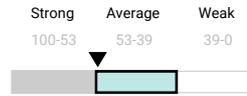


## Risk Analysis

Exposure



Management



9.0 High

52.7 Average

The quality and integrity of the company's board and management and its remuneration systems are identified as the highest weighted governance areas of focus. The company is publicly traded, which leads to heightened scrutiny of its governance practices and increases the importance of governance structures, practices and behaviour. This translates into high exposure to baseline Corporate Governance risk.

The company is noted for showing particular strength in its audit and financial performance systems, its board structure and its stakeholder governance. On the other hand, it is noted for weakness in the quality and integrity of its board/management. It has average management of its 2 other governance pillars. Overall, we rate the company's corporate governance management as average.



## Corporate Governance Pillars

Pillar	Score	Weight	Weighted Score
Board/Management Quality & Integrity	26.0	25.0%	6.5
Board Structure	72.0	18.0%	13.0
Ownership & Shareholder Rights	56.0	19.0%	10.6
Remuneration	53.0	22.0%	11.7
Audit & Financial Reporting	77.0	8.0%	6.2
Stakeholder Governance	60.0	8.0%	4.8
<b>Totals</b>		<b>100.0%</b>	<b>52.7</b>



## Business Ethics

Contribution 29.7 %

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

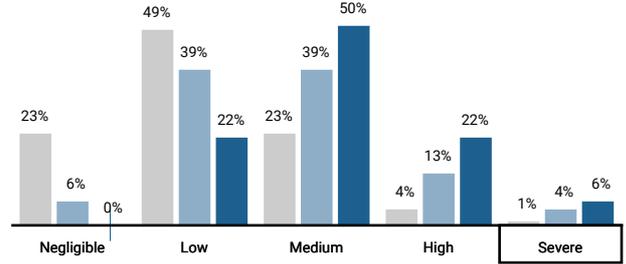
### Rating Overview

# 9.8 Severe Risk



Considering its high exposure and below average management of Business Ethics, we view the company to be at severe risk for the issue.

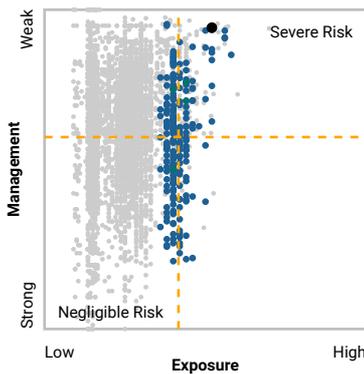
### ESG Risk Rating Distribution



### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	3865 out of 3876	100th
Banks (Industry Group)	357 out of 361	99th
Diversified Banks (Subindustry)	218 out of 222	98th

### Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

#### Peers (Market cap \$16.8 - 19.0)

Peers (Market cap \$16.8 - 19.0)	ESG Risk Rating	Exposure	Management
1. Skandinaviska Enskilda Banken AB	4.2 Medium	8.0 High	49.9 Average
2. ORIX Corp.	6.1 High	8.0 High	25.0 Average
3. Banco Santander (Brasil) S.A.	6.4 High	8.8 High	28.5 Average
4. State Bank of India	6.9 High	8.8 High	22.8 Weak
5. Deutsche Bank AG	9.8 Severe	10.4 High	5.6 Weak

### Risk Details

<b>Exposure</b>	Company Exposure	10.4	The company's sensitivity or vulnerability to ESG risks.
<b>Management</b>	Manageable Risk	9.9	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
	Managed Risk	0.6	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
	Management Gap	9.3	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
	Unmanageable Risk	0.5	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
<b>ESG Risk Rating</b>	Issue Unmanaged Risk	9.8	Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## Business Ethics

Contribution 29.7 %

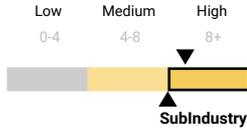
Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.



### Exposure Overview

#### Exposure

10.4 High



Regulatory scrutiny in the financial industry is high, and banks have received record fines for ethical infractions. Companies have been implicated in rate and market manipulation and have been criticized for enabling tax evasion and avoidance for clients, sanctions violations and money-laundering. Deutsche Bank has been implicated in significant controversies related to ethical misconduct, which keeps it under tight media scrutiny.

#### Exposure Analysis

Subindustry Issue Exposure	8.0
Issue Beta	<b>1.30</b>
Company Issue Exposure	10.4

#### Beta Indicators

#### Beta Signal

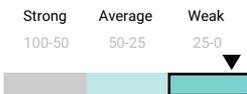
Accounting and Taxation	0.03
Lobbying and Public Policy	0.00
Sanctions	0.00
Anti-Competitive Practices	0.03
Bribery and Corruption	0.02
Business Ethics	0.12
Operating Performance	0.03
Solvency - Banking	0.02
Asset Performance - Banking	-0.02
Financial Flexibility - Banking	-0.03
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.13
<b>Total Beta Signal</b>	<b>0.30</b>
Baseline	1.00
<b>Issue Beta</b>	<b>1.30</b>



### Management Overview

#### Management Score

5.6 Weak



Deutsche Bank reports that a key objective in 2017 was to strengthen its Anti-Financial Crime division and, therefore, has increased its staff in that department by 60%. It has also continued to implement an extended screening programme to enhance its effectiveness and efficiency. The company discloses a whistleblower programme that enables anonymous reporting and discloses the number of reports filed and processed annually; however, it does not specify the type of misconduct reported or the remedial measures taken. Deutsche Bank has improved its policies related to ethics and it has settled several misconduct cases, such as selling Residential Mortgage Backed Securities and Russian mirror trades, and some with large financial impacts (Euribor and Libor rate manipulation). Nonetheless, the financial and reputational impact of these issues keep the company's risk on the issue high.

The company has above average preparedness measures to address Business Ethics issues and has been implicated in major controversies related to the issue. In our view, the company's management of the issue is below average.

#### Management Indicators

#### Raw Score Weight | Weighted Score

Money Laundering Policy	<b>100</b> 1.0%   1.0
Bribery & Corruption Programmes	<b>75</b> 1.5%   1.1
Business Ethics Programme	<b>75</b> 2.3%   1.7
Compliance Programme	<b>75</b> 1.5%   1.1
Bribery & Corruption Policy	<b>25</b> 1.0%   0.3
Whistleblower Programmes	<b>25</b> 1.8%   0.4
Lobbying and Political Expenses	<b>0</b> 0.5%   0.0
Political Involvement Policy	<b>0</b> 0.5%   0.0
<b>4</b> Business Ethics	<b>Category 4</b> 40.9%   0.0
<b>3</b> Accounting and Taxation	<b>Category 3</b> 20.5%   0.0
<b>3</b> Anti-Competitive Practices	<b>Category 3</b> 20.5%   0.0
<b>2</b> Bribery and Corruption	<b>Category 2</b> 8.2%   0.0
<b>0</b> Lobbying and Public Policy	<b>Category 0</b> 0.0%   0.0
<b>0</b> Sanctions	<b>Category 0</b> 0.0%   0.0
<b>Weighted Sum</b>	<b>5.6</b>

△ = Event indicator



# Product Governance

Contribution 16.8 %

Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

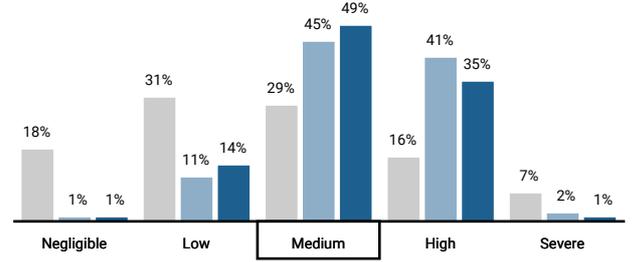
## Rating Overview

# 5.6 Medium Risk



Considering its high exposure and average management of Product Governance, we view the company to be at medium risk for the issue.

## ESG Risk Rating Distribution

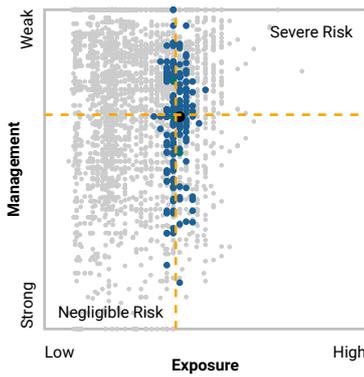


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	2380 out of 3298	72nd
Banks (Industry Group)	137 out of 333	42nd
Diversified Banks (Subindustry)	107 out of 222	48th



## Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$16.8 - 19.0)

	ESG Risk Rating	Exposure	Management
1. Banco Santander (Brasil) S.A.	4.6 Medium	8.4 High	44.9 Average
2. Skandinaviska Enskilda Banken AB	5.3 Medium	8.0 High	33.5 Average
3. Deutsche Bank AG	5.6 Medium	8.4 High	33.5 Average
4. State Bank of India	5.6 Medium	8.4 High	33.2 Average
5. ORIX Corp.	6.2 High	8.0 High	22.2 Weak



## Risk Details

<b>Exposure</b>	Company Exposure	8.4		The company's sensitivity or vulnerability to ESG risks.
<b>Management</b>	Manageable Risk	8.4		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
	Managed Risk	2.8		Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
	Management Gap	5.6		Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
	Unmanageable Risk	0.0		Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
<b>ESG Risk Rating</b>	Issue Unmanaged Risk	5.6		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## Product Governance

Contribution 16.8 %

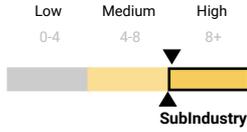
Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.



## Exposure Overview

### Exposure

8.4 High



Deutsche Bank has been restructuring and consolidating its business lines, particularly its private and commercial banking business in its home market through its merger with Deutsche Postbank. While the changes aim to strengthen the company's market positioning, the banking and financial services industry remains competitive, leaving room for potential mis-selling and marketing of products to clients.

### Exposure Analysis

Subindustry Issue Exposure	8.0
Issue Beta	<b>1.05</b>
Company Issue Exposure	8.4

### Beta Indicators

### Beta Signal

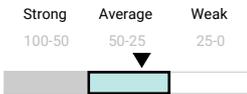
Access to Basic Services	0.00
Marketing Practices	0.00
Quality and Safety	0.03
Operating Performance	0.03
Solvency - Banking	0.02
Asset Performance - Banking	-0.02
Financial Flexibility - Banking	-0.03
Headquarters Location	-0.03
Sales Location	0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	1.00
Issue Beta	<b>1.05</b>



## Management Overview

### Management Score

33.5 Average



Deutsche Bank has been involved in high-profile customer-related investigations and lawsuits, mostly over mortgage-backed securities, market manipulation, and the mis-selling of unsuitable structured notes. In response to these issues, the company has implemented a Product Code and Product Principles. Deutsche Bank states that it is committed to providing only products and services that create value for clients and shareholders by meeting clients' needs, and has put a New Product Approval (NPA) process in place to adhere to this commitment. Furthermore, the bank has a Code of Values for its Private and Business Clients division, which puts forward product principles to ensure client satisfaction.

The company has average preparedness measures to address Product Governance issues and has been implicated in major controversies related to the issue. In our view, the company's management of the issue is average.

### Management Indicators

### Raw Score Weight | Weighted Score

Responsible Product Offering	<b>75</b> 33.8%   25.3
Cybersecurity Programme	<b>39</b> 15.0%   5.9
Responsible Marketing Policy	<b>9</b> 26.3%   2.4
Quality and Safety	<b>Category 3</b> 25.0%   0.0
Access to Basic Services	<b>Category 0</b> 0.0%   0.0
Marketing Practices	<b>Category 0</b> 0.0%   0.0
<b>Weighted Sum</b>	<b>33.5</b>

= Event indicator



## Data Privacy and Security

Contribution 13.3 %

Data Privacy and Security focuses on data governance practices, including how companies collect, use, manage and protect data.

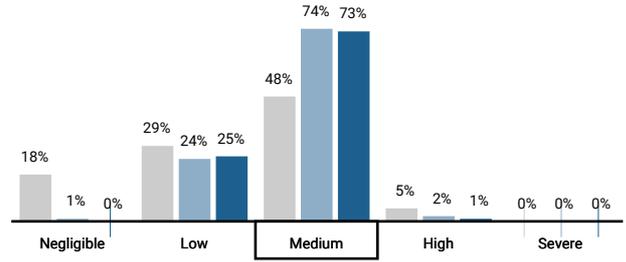
### Rating Overview

# 4.4 Medium Risk



Considering its medium exposure and average management of Data Privacy and Security, we view the company to be at medium risk for the issue.

### ESG Risk Rating Distribution

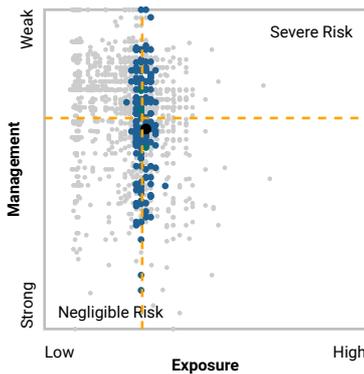


### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	1021 out of 1734	59th
Banks (Industry Group)	142 out of 333	43rd
Diversified Banks (Subindustry)	103 out of 222	47th



### Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$16.8 - 19.0)

Peers (Market cap \$16.8 - 19.0)	ESG Risk Rating	Exposure	Management
1. Banco Santander (Brasil) S.A.	4.1 Medium	6.3 Medium	43.1 Average
2. Deutsche Bank AG	4.4 Medium	6.3 Medium	37.4 Average
3. Skandinaviska Enskilda Banken AB	4.5 Medium	6.0 Medium	31.5 Average
4. ORIX Corp.	4.5 Medium	6.0 Medium	31.5 Average
5. State Bank of India	4.8 Medium	6.0 Medium	25.3 Average



### Risk Details

Exposure		The company's sensitivity or vulnerability to ESG risks.	
Company Exposure	6.3		
Management		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.	
Manageable Risk	5.0		
Managed Risk	1.9	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.	
Management Gap	3.2	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.	
Unmanageable Risk	1.3	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.	
ESG Risk Rating		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.	
Issue Unmanaged Risk	4.4		



## Data Privacy and Security

Contribution 13.3 %

Data Privacy and Security focuses on data governance practices, including how companies collect, use, manage and protect data.



### Exposure Overview

#### Exposure



The financial industry is the one of the most regulated sectors for cybersecurity due to its high exposure to cyberattacks. The frequency of data breaches is estimated to have increased by as much as 300% since 2010, with the financial sector experiencing the third-highest frequency of breaches and the second-highest number of confirmed data losses. Data breaches can cause service disruptions, trigger lawsuits and forensic investigations, incur expenses related to repairing or removing threats from data systems, damage reputation and shake customer confidence. Large numbers of retail and business customers may be affected. In addition to personally identifiable information, intellectual property, financial data and other highly sensitive information can be stolen. Overall, the financial industry's management of data security is relatively weak compared to best practice. Cyber expertise is poorly represented at the board level (only 6% of bank directors of the world's largest banks have cyber expertise), and management systems that extend to top executives are uncommon. Additionally, company disclosure on cyber risk management is generally weak, omitting details on strategy and management systems. Banks must navigate rapidly evolving regulations on customer data privacy as well as cybersecurity; for example, regulators are considering implementing financial penalties for data breaches. Best practice includes detailed disclosures of management systems and high-level oversight. In an environment of rising data privacy and security risks, strong data privacy management will be increasingly critical for operational success. The company's exposure to Data Privacy and Security issues is medium and similar to subindustry average.

#### Beta Indicators

#### Beta Signal

Data Privacy and Security	0.02
Operating Performance	0.03
Solvency - Banking	0.02
Asset Performance - Banking	-0.02
Financial Flexibility - Banking	-0.03
Headquarters Location	-0.03
Sales Location	0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.05</b>
Baseline	1.00
<b>Issue Beta</b>	<b>1.05</b>

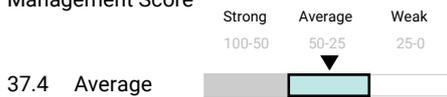
#### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	<b>1.05</b>
Company Issue Exposure	6.3



### Management Overview

#### Management Score



The company has average preparedness measures to address Data Privacy and Security issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is average.

#### Management Indicators

#### Raw Score Weight | Weighted Score

Data Privacy & Security Policy	<b>50</b> 9.0%   4.5
Data Privacy Programme	<b>50</b> 36.0%   18.0
Cybersecurity Programme	<b>39</b> 36.0%   14.0
Data Request Management	<b>9</b> 9.0%   0.8
 Data Privacy and Security	<b>Category 2</b> 10.0%   0.0
<b>Weighted Sum</b>	<b>37.4</b>

△ = Event indicator



# ESG Integration - Financials

Contribution 12.4 %

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.

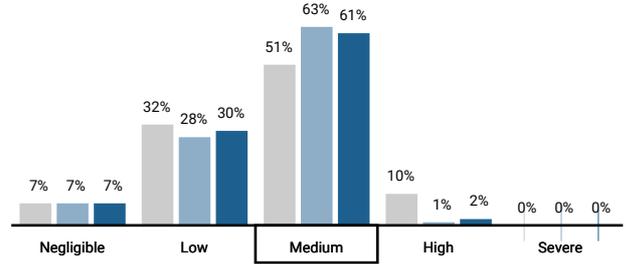
## Rating Overview

### 4.1 Medium Risk



Considering its medium exposure and average management of ESG Integration -Financials, we view the company to be at medium risk for the issue.

## ESG Risk Rating Distribution

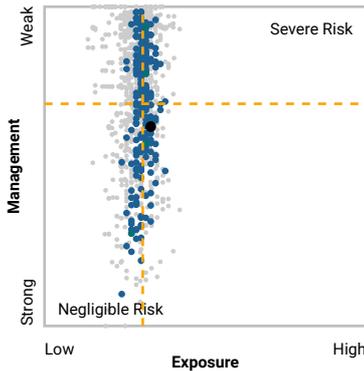


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	438 out of 1046	42nd
Banks (Industry Group)	137 out of 360	39th
Diversified Banks (Subindustry)	89 out of 222	40th



## Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$16.8 - 19.0)

	ESG Risk Rating	Exposure	Management
1. Skandinaviska Enskilda Banken AB	1.6 Negligible	5.4 Medium	71.0 Strong
2. Banco Santander (Brasil) S.A.	3.6 Low	6.3 Medium	42.8 Average
3. Deutsche Bank AG	4.1 Medium	6.6 Medium	37.5 Average
4. ORIX Corp.	5.0 Medium	6.3 Medium	21.0 Weak
5. State Bank of India	5.9 Medium	6.3 Medium	6.5 Weak



## Risk Details

<b>Exposure</b>	Company Exposure	6.6		The company's sensitivity or vulnerability to ESG risks.
<b>Management</b>	Manageable Risk	6.6		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
	Managed Risk	2.5		Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
	Management Gap	4.1		Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
	Unmanageable Risk	0.0		Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
<b>ESG Risk Rating</b>	Issue Unmanaged Risk	4.1		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## ESG Integration - Financials

Contribution 12.4 %

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.



### Exposure Overview

#### Exposure



Integrating ESG considerations into business practices offers an opportunity to meet consumer demand for more responsible investment options. Companies that do not have adequate ESG guidelines to assess the companies they finance may be exposed to reputational damage through negative media exposure and NGO criticism for financing controversial projects. Furthermore, financing controversial industries could potentially increase repayment or default risks, if an investee company loses its social licence to operate or is subject to regulatory hurdles or taxes.

#### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	<b>1.10</b>
Company Issue Exposure	6.6

#### Beta Indicators

Beta Indicators	Beta Signal
Environmental Impact of Products	0.02
Social Impact of Products	0.02
Carbon Impact of Products	0.02
Society - Human Rights	0.01
Operating Performance	0.03
Solvency - Banking	0.02
Asset Performance - Banking	-0.02
Financial Flexibility - Banking	-0.03
Headquarters Location	-0.03
Sales Location	0.05
Responsible Asset Portfolio	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.10
Baseline	1.00
Issue Beta	<b>1.10</b>



### Management Overview

#### Management Score



Deutsche Bank is a UNEPFI signatory and has strong responsible investment and corporate finance programmes. In its Environmental and Social Policy Framework, Deutsche Bank defines a number of sectors and activities as having high potential for significant environmental and social impacts, including agriculture and forestry, chemicals, infrastructure projects in certain countries, metals and mining, oil and gas (including hydraulic fracturing and exploration in the Arctic) and utilities. The framework puts forward criteria for mandatory referral to Control Groups and/or the Regional Reputational Risk Committee. The company has, however, been criticized over the past few years for its financing of large controversial oil pipelines, deforestation and fossil fuels. The company has above average preparedness measures to address ESG Integration -Financials issues and has been implicated in major controversies related to the issue. In our view, the company's management of the issue is average.

#### Management Indicators

Management Indicators	Raw Score
	Weight   Weighted Score
Financial Inclusion	<b>100</b> 4.9%   4.9
PRI Signatory	<b>100</b> 1.6%   1.6
UNEPFI Signatory	<b>100</b> 1.6%   1.6
Credit & Loan Standards	<b>80</b> 9.8%   7.8
Corporate Finance - ESG Integration	<b>75</b> 9.8%   7.3
Responsible Investment Programme	<b>75</b> 9.8%   7.3
Sustainable Financial Initiatives	<b>50</b> 4.9%   2.4
Responsible Asset Management	<b>40</b> 11.4%   4.6
Equator Principles Signatory	<b>0</b> 4.9%   0.0
Responsible Investment Policy	<b>0</b> 6.5%   0.0
Carbon Impact of Products	<b>Category 2</b> 10.0%   0.0
Environmental Impact of Products	<b>Category 2</b> 10.0%   0.0
Social Impact of Products	<b>Category 2</b> 10.0%   0.0
Society - Human Rights	<b>Category 1</b> 5.0%   0.0
<b>Weighted Sum</b>	<b>37.5</b>

△ = Event indicator



# Human Capital

Contribution 8.0 %

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

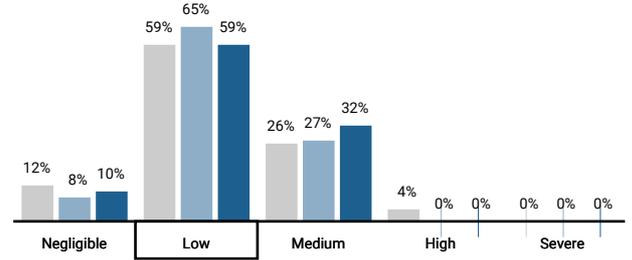
## Rating Overview

# 2.6 Low Risk



Considering its medium exposure and above average management of Human Capital, we view the company to be at low risk for the issue.

## ESG Risk Rating Distribution

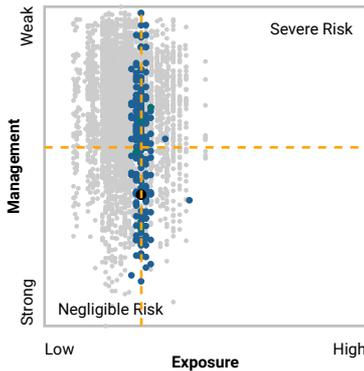


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	1115 out of 4057	28th
Banks (Industry Group)	74 out of 360	21st
Diversified Banks (Subindustry)	48 out of 221	22nd



## Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$16.8 - 19.0)

Peers (Market cap \$16.8 - 19.0)	ESG Risk Rating	Exposure	Management
1. Banco Santander (Brasil) S.A.	2.0 Low	6.0 Medium	69.3 Strong
2. Deutsche Bank AG	2.6 Low	6.0 Medium	58.9 Strong
3. Skandinaviska Enskilda Banken AB	3.2 Low	5.7 Medium	45.4 Average
4. ORIX Corp.	4.0 Low	6.0 Medium	35.6 Average
5. State Bank of India	4.6 Medium	6.6 Medium	31.5 Average



## Risk Details

<b>Exposure</b>	Company Exposure	6.0	The company's sensitivity or vulnerability to ESG risks.
<b>Management</b>	Manageable Risk	5.7	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
	Managed Risk	3.4	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
	Management Gap	2.3	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
	Unmanageable Risk	0.3	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
<b>ESG Risk Rating</b>	Issue Unmanaged Risk	2.6	Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## Human Capital

Contribution 8.0 %

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.



### Exposure Overview

#### Exposure



A bank's success depends on recruiting and retaining a workforce that supports strategic growth, drives innovation, supports a complex array of products and fosters consumer loyalty. Banks that are unable to effectively manage their employees may face obstacles, such as understaffing, skill deficits, high training costs, compliance failures and operational inefficiencies. There is evidence that banks are increasingly facing difficulty in retaining and attracting top talent. For example, junior banking salaries have increased by as much as 20% at some firms in an attempt to compete with private equity firms, technology companies and start-ups. Additionally, banks face pressure from shifting attitudes regarding the need to increase levels of diversity to better reflect the general population. Improving diversity and limiting discrimination may contribute to increased employee satisfaction, reduced turnover and may be viewed positively by customers and business partners alike. Regulatory scrutiny on these issues is expected to increase and may put pressure on all financial services companies, increasing the risk of litigation and regulatory penalties. For example, the US and the UK have gender pay parity disclosure requirements that should come into force in 2017 and 2018, respectively, while other countries already require that companies hire a certain percentage of people with disabilities. Overall, past reliance on salary as an incentive is gradually decreasing and being replaced with more nuanced expectations that banks will invest in their employees, provide more work-life balance, offer clear channels for employees to make complaints, advance employees' careers and provide clear feedback on employee performance. Considering that personnel costs can represent as much as half of all costs, a bank's ability to effectively manage its employees is a key determinant of its long-term success. The company's exposure to Human Capital issues is medium and similar to subindustry average.

#### Beta Indicators

#### Beta Signal

Labour Relations	0.02
Operating Performance	0.03
Solvency - Banking	0.02
Asset Performance - Banking	-0.02
Financial Flexibility - Banking	-0.03
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.00</b>
Baseline	1.00
<b>Issue Beta</b>	<b>1.00</b>

#### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	<b>1.00</b>
Company Issue Exposure	6.0



### Management Overview

#### Management Score



The company has above average preparedness measures to address Human Capital issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

#### Management Indicators

#### Raw Score Weight | Weighted Score

Discrimination Policy	<b>100</b> 13.5%   13.5
Diversity Programmes	<b>100</b> 20.3%   20.3
Human Capital Development	<b>75</b> 24.8%   18.6
Gender Pay Equality Programme	<b>29</b> 9.0%   2.6
Collective Bargaining Agreements	<b>25</b> 4.5%   1.1
Freedom of Association Policy	<b>25</b> 4.5%   1.1
Employee Training	<b>19</b> 4.5%   0.9
Gender Pay Disclosure	<b>19</b> 4.5%   0.9
Employee Turnover Rate	<b>0</b> 4.5%   0.0
<b>⚠ Labour Relations</b>	<b>Category 2</b> 10.0%   0.0

#### Weighted Sum

**58.9**

⚠ = Event indicator



# Resilience

Contribution 7.0 %

Resilience focuses on the financial stability and the management of related risks in the financial services industry, with emphasis on compliance with capital requirements.

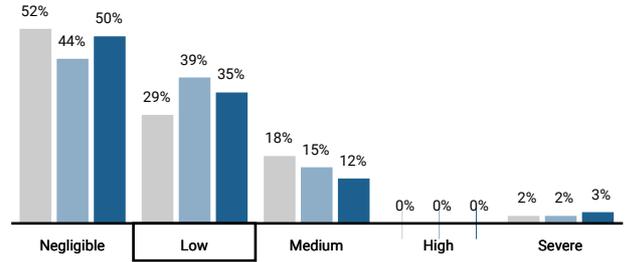
## Rating Overview

### 2.3 Low Risk



Considering its medium exposure and above average management of Resilience, we view the company to be at low risk for the issue.

## ESG Risk Rating Distribution

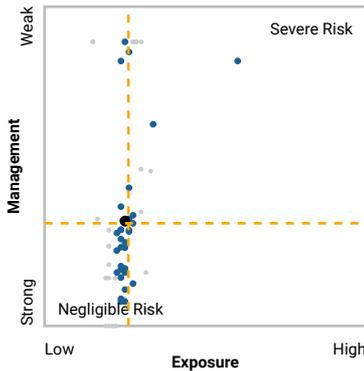


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	40 out of 62	64th
Banks (Industry Group)	25 out of 41	60th
Diversified Banks (Subindustry)	24 out of 34	70th



## Risk Analysis



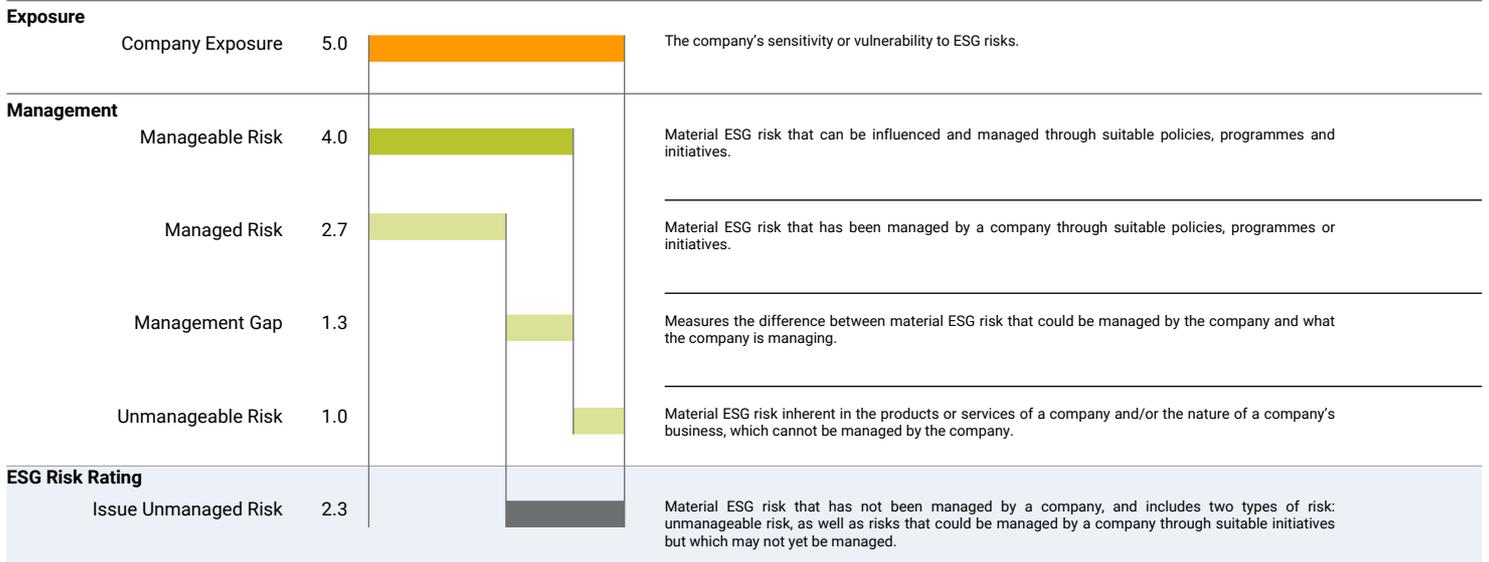
- Global Universe
- Diversified Banks (Subindustry)
- Deutsche Bank AG
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$16.8 - 19.0)

Peers (Market cap \$16.8 - 19.0)	ESG Risk Rating	Exposure	Management
1. Skandinaviska Enskilda Banken AB			
2. Banco Santander (Brasil) S.A.			
3. ORIX Corp.			
4. State Bank of India			
5. Deutsche Bank AG	2.3 Low	5.0 Medium	67.1 Strong



## Risk Details





## Resilience

Contribution 7.0 %

Resilience focuses on the financial stability and the management of related risks in the financial services industry, with emphasis on compliance with capital requirements.



### Exposure Overview

#### Exposure



Resilience represents the ability of Diversified Banks to withstand negative shocks arising from changes in economic conditions. The 2008 financial crisis revealed the vulnerability of the financial sector to deficiencies in risk management as well as the dependency of national economies on "too big to fail" institutions. Financial institutions profited from taking excessive risks, while downside risks and losses were borne by the public; billions of dollars of public funds have been used to rescue distressed institutions. At the height of the financial crisis, banks with more conservative business models (such as Canadian and Australian banks) generally fared better than their less conservative counterparts. In response to the crisis, governments and regulatory bodies worldwide have enhanced global capital and liquidity standards under Basel III. The international Financial Stability Board (FSB) considers twenty-two Diversified Banks to be global systemically important banks (G-SIBs), which must adhere to more stringent regulations. Other regulatory frameworks include the Dodd-Frank Act, passed in 2010, which affects financial regulation in the US and imposes further restrictions. Additionally, in 2014, the FSB defined a global standard for minimum amounts of Total Loss Absorbency Capacity (TLAC) to be held by G-SIBs, which go beyond the Capital Adequacy Ratio requirements. Certain recurring control measures, such as stress tests and resolution plans ("living wills"), are increasingly emphasized to reduce potential future government bailouts. In addition to demonstrating that they can meet standards for excess Common Equity Tier 1 capital (CET1), banks must also show that their controls and risk governance are in order. Consequences for control failures and risk management deficiencies include significant fines and restrictions on operating activities. Regulation will continue to be a key driver of resilience standards going forward. The company's exposure to Resilience issues is medium and similar to subindustry average.

#### Beta Indicators

#### Beta Signal

Resilience	0.02
Operating Performance	0.03
Solvency - Banking	0.02
Asset Performance - Banking	-0.02
Financial Flexibility - Banking	-0.03
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.00</b>
Baseline	1.00
<b>Issue Beta</b>	<b>1.00</b>

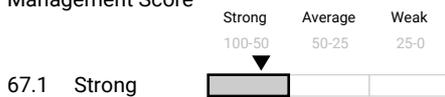
#### Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	<b>1.00</b>
Company Issue Exposure	5.0



### Management Overview

#### Management Score



The company has above average preparedness measures to address Resilience issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

#### Management Indicators

#### Raw Score Weight | Weighted Score

Systemic Risk Management	<b>100</b> 20.3%   20.3
Systemic Risk Reporting	<b>100</b> 20.3%   20.3
Asset Quality	<b>75</b> 6.8%   5.1
Tier 1 Capital Buffer	<b>66</b> 22.5%   14.9
Leverage Ratio	<b>33</b> 20.3%   6.7
Resilience	<b>Category 2</b> 10.0%   0.0
<b>Weighted Sum</b>	<b>67.1</b>

= Event indicator

# Appendix



## Management Details



### Corporate Governance

#### Board/Management Quality & Integrity

26 Laggard

Raw Score

The following indicators reflect on the quality and integrity of the company's board/management:

- **Board experience:** The board displays adequate board and/or executive experience in the financial sector;
- **Director Track Record:** Chairman Paul Achleitner is linked to controversies through his service at Daimler AG; and
- **Governance Controversies:** There appear to be shortcomings in the board's discharge of its oversight responsibilities, in light of the significant controversies faced by the company.



Indicators	Score
Board Experience	80
Director Track Record	50
Board Capture	70
Related Party Transactions	30
Director Stock Ownership	20
Executive/Board Misconduct	50
Business Practices Controversies	0
Governance Controversies	0
Shareholder Engagement and Responsiveness	50

#### Board Structure

72 Outperformer

Raw Score

We note the following indicators which reflect on the board's overall structure:

- **Board leadership:** The board is headed by an independent chairman;
- **Board tenure:** No long-tenured directors serve on the board, and the lender has adopted both a retirement age and term limits for directors; and
- **Risk oversight:** There are concerns with respect to the company's risk oversight function, stemming from the significant controversies it faces.



Indicators	Score
Board Leadership	70
Board Tenure	90
Board Independence	70
Nominating Committee Effectiveness	30
Director Disclosure	100
Voting Structures	70
Directors not Elected by Shareholders	30
Risk Oversight	90
Board Diversity	70

#### Ownership & Shareholder Rights

56 Average Performer

Raw Score

We emphasize three indicators under this pillar:

- **Classified Board & Director Removal:** Deutsche Bank has established a staggered board of directors;
- **Proportionality - One Share/One Vote:** The bank has adopted the one share-one vote principle; and
- **Ownership structure:** Deutsche Bank is widely held, its largest shareholder being BlackRock, Inc, holding a stake of approximately 5%.



Indicators	Score
Director Appointment & Removal	30
Proportionality - One Share/One Vote	60
Ownership Structure	50
Capital Issuance Risks	60
Shareholder Action	60
Poison Pill & Takeover Defences	80
Supermajority Provisions	50

# Appendix



## Management Details

### Remuneration

53 Average Performer

Raw Score



The following indicators stand out in the assessment of the company's compensation policies and practices:

- **Pay controversies:** Deutsche Bank's FY 2018 remuneration-related decisions drew criticism in the media and are perceived to have led to the significant shareholder opposition encountered by the bank at its 2019 AGM;
- **Pay for failure:** In connection with his termination on April 8, 2018, former CEO John Cryan received a severance package amounting to EUR 8,674,000, approximately 2.7 times higher than his total remuneration for the previous fiscal year; and
- **Pay for Performance:** The bank's remuneration policies and practices raise moderate concerns regarding the pay and performance alignment.

#### Indicators

Score

Remuneration Disclosure	80
Remuneration Committee Effectiveness	60
Say on Pay	60
Pay Controversies	20
STI Performance Metrics	40
LTI Performance Metrics	70
Pay Magnitude	30
Pay for Performance	60
Pay for Failure	30
CEO Termination Scenarios	80
Internal Pay Equity	60
Clawback Policy	70

### Audit & Financial Reporting

77 Leader

Raw Score



The indicators below reflect on the company's audit and financial reporting:

- **Audit committee structure:** The company has established a fully independent audit committee, in line with German market practice;
- **Audit committee effectiveness:** The company's audit committee, whose members showcase financial expertise and industry experience, met seven times during FY 2018; and
- **Audit Rotation Policy:** Deutsche Bank has adopted a rotation policy for its auditor pursuant to the requirements of Regulation (EU) No. 537/2014.

#### Indicators

Score

Audit Committee Structure	70
Audit Committee Effectiveness	90
Auditor Fees	100
Audit Rotation Policy	70
Auditor Change	50
Reporting Irregularities	50

### Stakeholder Governance

60 Outperformer

Raw Score



In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Deutsche Bank AG are: ESG Governance, Discrimination Policy and GHG Reduction Programme.

- **ESG Governance:** A board member or a board committee is responsible for overseeing ESG issues
- **Discrimination Policy:** The company has a strong policy
- **GHG Reduction Programme:** The company has a strong programme

#### Indicators

Score

ESG Governance	100
ESG Reporting Standards	75
Verification of ESG Reporting	75
Global Compact Signatory	100
ESG Performance Targets	25
Political Involvement Policy	0
Lobbying and Political Expenses	0
Bribery & Corruption Policy	25
Environmental Policy	0
Whistleblower Programmes	25
Tax Disclosure	100
Discrimination Policy	100
Scope of Social Supplier Standards	75
GHG Reduction Programme	100
Green Procurement Policy	40

# Appendix

## Exposure Details



### Business Ethics

#### EA.E.2 - Accounting and Taxation

0.03  
Beta Signal

The company is involved in significant-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.23 - Lobbying and Public Policy

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.30 - Sanctions

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.4 - Anti-Competitive Practices

0.03  
Beta Signal

The company is involved in significant-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.6 - Bribery and Corruption

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.7 - Business Ethics

0.12  
Beta Signal

The company is involved in high-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -1.93%  
Subindustry Median (2016-2018): 14.67%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.5 - Solvency - Banking

0.02  
Beta Signal

The company has a weak Tier 1 capital ratio.

Tier 1 Capital Ratio (2018-2016): 14.47%  
Subindustry Median (2018-2016): 15.97%  
Source: Morningstar, October 2019. All Rights Reserved.

# Appendix



## Exposure Details

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### EA.F.6 - Asset Performance - Banking

- 0.02

Beta Signal

The company has a strong non-performing asset ratio.

Non-Performing Assets (2018-2016): 0.44%  
 Subindustry Median (2018-2016): 0.66%  
 Source: Morningstar, October 2019. All Rights Reserved.

### EA.F.7 - Financial Flexibility - Banking

- 0.03

Beta Signal

The company has a very strong loan-to-deposit ratio.

Loan to Deposit Ratio (2018-2016): 0.73  
 Subindustry Median (2018-2016): 0.85  
 Source: Morningstar, October 2019. All Rights Reserved.

### EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.13

Beta Signal

# Appendix



## Management Details

### G.1.1 - Bribery & Corruption Policy

25	1.00%	0.3
Raw Score	Weight	Weighted Score

The company has a weak policy or a general statement addressing the issue

**Criteria**

- Prohibition of bribery
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Definition and prohibition of facilitation payments
- Guidelines of what is considered acceptable behaviour
- There is no evidence of a formal policy but the company has a general statement addressing the issue

**Sources**

Deutsche Bank Conflicts of Interest Policy July 2017  
 Deutsche Bank, Code of Business Conduct and Ethics, November 2017

### G.1.1.1 - Bribery & Corruption Programmes

75	1.50%	1.1
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Managerial responsibility for bribery and corruption
- Regular bribery and corruption risk assessments
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Annual signoff of the policy on bribery and corruption by employees
- Regular training on bribery and corruption
- Internal monitoring system to detect corruption
- Mechanisms for employees to consult on ethical issues

**Sources**

Deutsche Bank Non-Financial Report 2017  
 Deutsche Bank, Code of Business Conduct and Ethics, November 2017

### G.1.2 - Whistleblower Programmes

25	1.75%	0.4
Raw Score	Weight	Weighted Score

The company has a weak programme

**Criteria**

- Proactively communicated to employees
- Available to suppliers, customers and other third parties
- An independent, reporting hotline available 24/7
- Possibility for anonymous reporting and reports are treated confidentially
- Non-retaliation policy
- Structures in place to process whistleblower reports
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Available in local languages

**Sources**

Deutsche Bank, Code of Business Conduct and Ethics, November 2017  
 Deutsche Bank, Corporate Website, Compliance, www.db.com; accessed 26 September 2018

### G.1.2.1 - Business Ethics Programme

75	2.25%	1.7
Raw Score	Weight	Weighted Score

The company has a strong programme

Deutsche Bank reports that a key objective in 2017 was to strengthen its Anti-Financial Crime division and therefore increased the number of staff in that department by 60% during the year (excl. Postbank). The bank also continued to roll out an extended screening program during the year, which is reported to serve as the basis for further enhancement with regards to screening effectiveness and efficiency.

**Criteria**

- Commitment to address major business ethics risks
- Board responsibility for business ethics issues
- Managerial responsibility for business ethics
- Ethical risk assessments
- Operating guidelines
- Annual training of employees on the Code of Conduct
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Incident investigation and corrective actions

**Sources**

Deutsche Bank Conflicts of Interest Policy July 2017  
 Deutsche Bank Non-Financial Report 2017  
 Deutsche Bank, Code of Business Conduct and Ethics, November 2017

# Appendix



## Management Details

### G.1.4.1 - Money Laundering Policy

100	1.00%	1.0
Raw Score	Weight	Weighted Score

The company has a strong policy on money laundering

**Sources**

Deutsche Bank Corporate Website, Know your customer (KYC) / Anti-Money-Laundering (AML) / Patriot Act, www.db.com; accessed 26 September 2018  
 Deutsche Bank Excerpt of Globally Applicable AML and AFC Standard March 2017  
 Deutsche Bank, General Statement on Observance of Anti-Money Laundering Requirements, February 2018

### G.1.4.2 - Compliance Programme

75	1.50%	1.1
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Managerial responsibility for compliance
- Customer due diligence related to illegal activities before starting a relationship
- Enhanced customer due diligence for clients operating in high risk countries
- Operating guidelines for reporting suspicious transactions
- Training for employees on anti-money laundering and terrorist financing
- Training on avoiding tax evasion facilitation
- Training on international sanctions compliance
- Monitoring existing business relationships
- Incident investigation and corrective actions
- Reporting of irregularities

**Sources**

Deutsche Bank Non-Financial Report 2017  
 Deutsche Bank, Code of Business Conduct and Ethics, November 2017  
 Deutsche Bank, Corporate Website, Compliance, www.db.com; accessed 26 September 2018

### G.3.1 - Political Involvement Policy

0	0.50%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not have a policy

Deutsche Bank states it seeks to work in a spirit of partnership with external stakeholders, including political decision-makers and the wider communities they represent. There is no evidence of a political involvement policy.

**Criteria**

- Prohibits political involvement of any kind on the company's behalf
- Partially prohibits political involvement
- Approved by senior management
- Commits the company to disclose political donations and/or lobbying expenditures

**Sources**

Deutsche Bank, Code of Business Conduct and Ethics, November 2017

### G.3.2 - Lobbying and Political Expenses

0	0.50%	0.0
Raw Score	Weight	Weighted Score

In the last three years, the company made more than USD 0.5 million in political contributions or political spending

According to the EU Transparency Register, Deutsche Bank spent EUR 2,744,000 (approx. USD 3.2 million) in annual costs related to activities covered by the register in 2017. This may include salaries paid to employees located in Brussels.

In the US, Deutsche Bank spent the following amounts over the past three years:  
 2017: USD 600,000  
 2016: USD 600,000  
 2015: USD 600,000

**Sources**

Center for Responsive Politics, Open Secrets, www.opensecrets.org; accessed 24 September 2018  
 European Parliament Transparency Register, http://ec.europa.eu/transparencyregister; accessed 24 September 2018

# Appendix



## Management Details

### Business Ethics Events



**Category 4 Event - High**



**Outlook - Negative**

#### Summary

Our outlook for this rating is negative. We do not anticipate an upgrade of the rating in the next 12 months based on the following reasons:

Seen as one of the contributors to the financial crisis, Deutsche Bank is subject to tighter regulatory conditions, which may increase the frequency of investigations and therewith the reputational and legal risks for the company.

While an increasing number of legal investigations by regulatory institutions, referring to issues that happened multiple years ago, have come to an end in the past two years, new investigations continue to emerge.

For those cases where Deutsche Bank agreed on a settlement, such as misconduct related to selling Residential Mortgage Backed Securities (RMBS) and the Russian mirror trades (both officially settled with particular regulators in January 2017), the formal comments provided by regulator's indicate that ethical management and controls are still ineffective.

The bank has in the meantime settled some cases with large financial impact, such as Euribor, forex and Libor rate manipulation. These settlements have reduced financial and reputational insecurity. However, the record fines attached to these settlements have had significant reputational and financial impacts on the company, keeping the bank in the spotlight of the media.

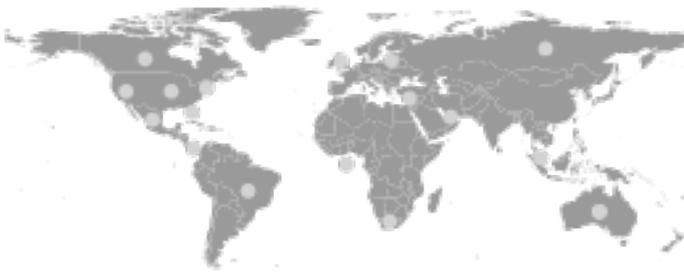
If investigations are closed and litigations are settled regarding the bank's high-profile cases, then Sustainalytics will reassess its rating for Business Ethics.

#### Assessment

In 2017, Deutsche Bank settled for USD 628 mn with the NY Department of Financials Services and UK FCA on money laundering mirror trades from Russia and was issued a USD 41 mn fine in 2018 by the U.S. Fed for its failures for complying with anti-money laundering laws. The bank has also settled several investor lawsuits regarding its alleged involvement in Libor manipulations. While Deutsche Bank has reached multiple settlements and has been closing down large legal investigations in the past years, it is still facing multiple investigations/lawsuits, including its involvement in the money laundering scandal at Danske Bank's Estonian branch and its connection to the businessman involved in the alleged misappropriation of funds from 1MDB. In March 2019, Deutsche Bank was accused of having been part of the Troika Laundromat, a financial network with 75 shell companies set up by a Russian investment bank, and having laundered more than USD 889 million between 2003 and 2017. In March 2020, lawsuits have been filed by shareholders claiming financial and accounting irregularities and failure to comply with IRS regulations, naming specific current and former executives for failures in management that have led to the bank's finances being impaired and left its long-term survival in doubt. These cases combined with governmental authorities continuing to criticize the bank's failure to improve AML and compliance controls, indicate that the bank's ethical management is still ineffective.

Sustainalytics assesses this controversy as a Category 4 due to the company's high involvement in benchmark rates manipulations and significant money laundering allegations in several jurisdictions, which pose significant legal risks to the company. Although business ethics-related controversies are common in the industry, Deutsche Bank's level of involvement is above industry peers, demonstrated with the most recent record payment to settle the allegation that it manipulated benchmark rates. While the top management of Deutsche Bank has committed to structurally enhance its ethical management and close down pending legal investigations, the ongoing investigations and released details on cases that were settled in the past two years, still imply high risks for stakeholders such as clients, shareholders and civil society as a whole.

### Incident History



**Locations:** New York, NY, USA, Germany, England, UK, Illinois, USA, Australia, Denmark, Frankfurt, Germany, Dubai -United Arab Emirates, Italy, Mexico, United States, New York, NY 10003, USA, Malaysia, South Africa, Great Britain, Switzerland, Manhattan, New York, NY, USA, Milan, Metropolitan City of Milan, Italy, Florida, USA, Lithuania, Brussels, Belgium, New York, USA, Chicago, IL, USA, Singapore, Cyprus, Washington, DC, USA, London, UK, United Kingdom, Canada, Russia, Milan, Italy, Netherlands, Panama, Brazil, Nevada, USA

**Tags:** Business Ethics -Other, Insider Trading

#### NY court dismisses Putnam Bank lawsuit over Libor manipulation

[Law360 - 26 March 2020](#)

#### Update: Settlement in NY investors' lawsuit over Libor rigging

[Law360 - 03 March 2020](#)

#### Update: NY court sentences former directors to home confinement

[Reuters UK - 24 October 2019](#)

#### Update: Hawaii Sheet Metal Workers lawsuit over alleged Libor manipulation

[Class Action Reporter - 03 May 2019](#)

#### Update: Putnam Bank files lawsuit in New York alleging Libor rigging

[The Sunday Telegraph \(London\) - 20 January 2019](#)

#### Update: Manhattan court rules that former directors engaged in Libor scheme

[Reuters UK - 17 October 2018](#)

#### Update: Settlement with private investors regarding LIBOR manipulation charges

[Channel NewsAsia - 27 February 2018](#)

#### Update: Appeals Court reinstates Charles Schwab lawsuit over Libor rigging

[Toronto Star Online - 23 February 2018](#)

#### Update: Settlement with US states regarding LIBOR manipulation charges

[New York Times - 25 October 2017](#)

#### Update: Bank agrees to settle allegations of manipulating Libor

[Reuters UK - 12 October 2017](#)

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### NY court dismisses Putnam Bank lawsuit over Libor manipulation

Law360 - 26 March 2020

**Update: US FDIC files Libor lawsuit against six EU lenders and the BBA**  
SeeNews Banking - 17 August 2017

**Update: London subsidiary sentenced over charges related to Libor manipulation**  
United States Department of Justice - 28 March 2017

**Update: Dutch foundation representing institutional investors brings Libor**  
nrc.nl - 22 September 2016

**Update: Former bank trader Gavin Black pleads not guilty to Libor manipulation**  
CNBC - 08 September 2016

**Update: Former New York manager pleads guilty to Libor rigging**  
4 Traders - 22 June 2016

**Update: DOJ charges two former senior traders for LIBOR manipulation**  
New York Times - 02 June 2016

**Update: US appeals court revives Libor antitrust lawsuit**  
DutchNews - 21 May 2016

**Update: German regulator BaFin ends probe into Libor manipulation**  
Reuters UK - 25 February 2016

**Update: Former senior trader pleads guilty to manipulating Libor in NY federal**  
Reuters - 09 October 2015

**Update: US Judge rules Freddie Mac cannot join investor antitrust appeal**  
Law360 - Appellate - 21 September 2015

**Update: US Department of Labor tentatively rejects request to manage pension**  
Bloomberg - 27 August 2015

**Update: US Judge Buchwald rules 27 private lawsuits for Libor manipulation**  
Bloomberg - 04 August 2015

**Update: Nevada gaming regulators investigate bank's ownership of Station**  
Bloomberg - 10 July 2015

**Update: BaFin Libor report sparks Frankfurt prosecutor probe into employees'**  
Bloomberg - 26 June 2015

**Update: Settlement with several US regulators for Libor manipulation**  
Department of Justice - 24 April 2015

**Update: London subsidiary pleads guilty to DOJ charges in connection to Libor**  
Wall Street Journal - 23 April 2015

### NY shareholder lawsuit over claims of irregularities

Bloomberg Law - 10 March 2020

**Update: Bank of England criticism for failing to improve AML controls**  
Reuters India - 02 March 2020

**Update: Company officials report suspicious transaction to US regulator**  
New York Times - 31 October 2019

**Update: Internal audit uncovers lapse in anti-money laundering controls**  
Forbes India - 10 June 2019

**Update: Software glitch could have prevented suspicious transaction reporting**  
Financial Times - 22 May 2019

**Update: Employees instructed to exempt Russian clients from AML restrictions**  
Governance, Risk & Compliance Monitor Worldwide - 19 April 2019

**Update: BaFin orders measures to prevent money laundering and terrorism**  
Financial Times - 24 September 2018

**Update: Internal report finds failure in identification of clients and wealth source**  
Reuters UK - 03 August 2018

**Update: Manhattan District Judge dismisses investor lawsuit claiming deficiencies**  
Reuters UK - 28 June 2017

### NY shareholder lawsuit over claims of irregularities

Bloomberg Law - 10 March 2020

**Update: Fed fine for failure to comply with anti-money laundering laws**  
ABC News - 30 May 2017

**Update: Settlement with US and UK for Russian mirror trading scheme**  
CNBC - 30 January 2017

**Update: German regulator finds no evidence of money laundering violation in**  
Times of Malta - 06 October 2016

**Update: Chief of Russian securities trading resigned amid money laundering**  
Reuters UK - 14 June 2016

**Update: Russian chief operating officer to resign amid allegations of money**  
Bloomberg - 01 June 2016

**Update: Shareholder class-action alleging systemic internal control failures**  
4 Traders - 18 May 2016

**Update: UK FCA finds issues in bank's anti-money laundering procedures**  
Bloomberg - 01 May 2016

**Update: Internal investigation revealed systemic control failure**  
Bloomberg - 14 April 2016

**Update: Russian clients reportedly transferred to VTB bank amid money**  
4 Traders - 07 April 2016

**Update: Fined by Russia's central bank for money laundering**  
Bloomberg - 16 December 2015

**Update: DOJ and DFS expand money laundering probe to consider sanctions**  
Reuters - 26 October 2015

**Update: US DOJ probe extended to accounts of Russian businessmen**  
Bloomberg - 16 October 2015

**Update: Bank reported to cut majority of Russian operations**  
The Wall Street Journal - 14 September 2015

**Update: Internal probe extended to bribery**  
Bloomberg - 21 August 2015

**Update: DOJ joins probe of money laundering allegations linked to Russian clients**  
Bloomberg - 03 August 2015

**Update: NYDFS and UK FCA probe money laundering allegations**  
Bloomberg - 13 July 2015

**Update: Internal investigation into Russian clients' money laundering**  
Reuters - 05 June 2015

### Company processed transaction for Jho Low

International Investment - 10 March 2020

**Update: US Department of Justice investigation into 1MDB work**  
Morningstar.com - 10 July 2019

**Update: Singaporean officials interrogate former head regarding 1MDB missing**  
Gulf News - 17 September 2018

**Update: Report alleges bank is involved in 1MDB's funds misappropriation scandal**  
Reuters UK - 12 April 2016

### Former trader claims his statements were coerced

FinanceFeeds - 19 February 2020

**Update: Swiss authority terminates precious metal collusion investigation**  
Reuters UK - 06 June 2019

**Update: Former trader pleads not guilty to precious metals futures manipulation**  
BNN Bloomberg - 25 September 2018

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### Former trader claims his statements were coerced

FinanceFeeds - 19 February 2020

**Update: Chicago jury charges former employees with precious metals market**  
United States Department of Justice - 25 July 2018

**Update: US CFTC fines bank over spoofing and manipulation**  
Australian Financial Review - 27 January 2018

**Update: Trader pleads guilty to spoofing market orders for metals**  
Zero Hedge - 02 June 2017

**Update: Preliminary settlement with investors for gold price manipulation**  
HF Implode - 03 December 2016

**Update: Terms of settlement with US investors disclosed**  
Reuters UK - 17 October 2016

**Update: Settlement with US investors over gold and silver price manipulation**  
Reuters UK - 13 April 2016

**Update: US shifts precious metals probe from antitrust to fraud**  
Reuters - 26 February 2016

**Update: German regulator ends probe into precious metals**  
Reuters UK - 25 February 2016

**Update: Swiss regulator investigates alleged manipulation of precious metals**  
Reuters - 28 September 2015

### Former JPMorgan banker admits to agreement to restrict stock sale

Australian Financial Review - 13 February 2020

**Update: Australian regulator files criminal charges over 2015 share issue**  
The New Daily - 01 June 2018

### Danish authorities probe over connection to illegal tax refunds

Bloomberg Law - 11 February 2020

### German prosecutors probe improper payments to Saudi royal adviser

BNN Bloomberg - 26 January 2020

### Fine against former Dubai compliance head over misleading allegations

DFSA - 19 December 2019

### Company reaches settlement in money laundering investigation

Law360 - 06 December 2019

**Update: German prosecutors increase client raids in tax evasion investigation**  
Yahoo! Finance - 03 July 2019

**Update: German police conducts another raid in tax investigation**  
Financial Times - 15 May 2019

**Update: Frankfurt prosecutors investigate former official for money laundering**  
Reuters - 10 December 2018

**Update: German prosecutors raid offices over money laundering allegations**  
BBC - 29 November 2018

**Update: Bafin does not find evidence of money laundering breaches**  
Reuters UK - 17 January 2018

**Update: US regulator requests information following Panama Papers leak**  
Bloomberg - 20 April 2016

**Update: Panama Papers reveal bank assisted clients to access tax havens**  
Bloomberg - 04 April 2016

### Court of Appeals decides company must turn over financial documents

New York Times - 03 December 2019

**Update: US Court rules company does not have US President's tax returns**  
HilltopMonitor.com - 10 October 2019

**Update: US Congress investigation finds possible money laundering lapses**  
Reuters - 06 September 2019

**Update: US criminal investigation over AML regulation compliance**  
Reuters UK - 19 June 2019

**Update: NY Court rules banks can give Trump's financial records to Congress**  
Reuters - 22 May 2019

**Update: US Treasury to request probe into failure to report Trump transactions**  
Bloomberg - 22 May 2019

**Update: Company failed to report suspicious Trump transactions to the Treasury**  
CNBC - 19 May 2019

**Update: US President lawsuit seeks to block financial records' subpoenas**  
Reuters - 30 April 2019

**Update: US House of Representatives committees subpoena over Trump finances**  
Nasdaq - 16 April 2019

**Update: House committees start inquiry into Donald Trump's bank dealings**  
SNL Financial - 24 January 2019

**Update: Bank to be subpoenaed over information about Trump and Russia links**  
The Guardian - 20 July 2017

**Update: US Democrats request documents regarding Trump's financial ties to**  
Bloomberg - 24 May 2017

### Italian Court convicts former bankers to jail over derivative deals

Reuters Canada - 08 November 2019

**Update: Milan prosecutors request jail sentences for former employees**  
Bloomberg-Quint - 16 May 2019

**Update: ECB inspection finds risk management weaknesses**  
Il Sole 24 Ore - 16 March 2017

**Update: External audit shows bank employees may have manipulated proprietary**  
Bloomberg - 08 December 2016

**Update: German audit finds widespread mis-marking of trades similar to BMPS**  
Bloomberg - 06 October 2016

**Update: Milan court indicts bank officials for colluding to hide BMPS' losses**  
Kazinform - 01 October 2016

**Update: German investigator ends probe into BMPS transactions**  
Reuters - 25 February 2016

**Update: Italian prosecutors accuse bank officials of falsifying accounts**  
Bloomberg - 14 January 2016

### Mexican regulator names traders in Mexican bonds collusion probe

CE Noticias Financieras English - 05 November 2019

**Update: Mexican regulator notifies companies of antitrust laws' violation**  
Bloomberg - 15 October 2019

**Update: NY court dismisses pension funds lawsuit over conspiracy to fix prices**  
Reuters - 30 September 2019

**Update: Mexican regulator fine for inflating government bond trading volumes**  
Reuters India - 14 November 2018

**Update: Pension fund lawsuit claiming Mexican government bond price fixing**  
Class Action Reporter - 30 August 2018

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### Mexican regulator names traders in Mexican bonds collusion probe

CE Noticias Financieras English - 05 November 2019

**Update: Lawsuit alleging banks colluded to fix prices of Mexico bonds**

CE Noticias Financieras English - 13 April 2018

### Frankfurt headquarters raided in money laundering probe

MarketScreener.com - 25 September 2019

**Update: Investigation finds USD 197 million in suspicious transactions processed**

Financial Times - 17 April 2019

**Update: US employees flagged suspicious transactions for Danske Bank**

Bloomberg-Quint - 03 April 2019

**Update: German regulator extends mandate of monitor at Deutsche Bank**

Reuters India - 15 February 2019

**Update: US Fed looks into bank's role in Danske Bank money laundering**

Zero Hedge - 23 January 2019

**Update: Second internal probe into role in Danske Bank's money laundering**

Moneyweb - 16 January 2019

**Update: Bank processed USD 181 billion in suspicious funds for Danske Bank**

Reuters UK - 06 December 2018

**Update: Deutsche Bank processed USD 150 billion in suspicious transactions**

Reuters - 20 November 2018

**Update: Named in report on Russian money laundering scheme "Laundromat"**

Bloomberg - 20 March 2017

### South African tribunal sends back collusion case

Reuters - 12 June 2019

**Update: South African currency rigging investigation**

GlobalCapital - 20 March 2017

### Colorado pension fund lawsuit claims CDOR rigging

Reuters Canada - 15 January 2018

**Update: Manhattan judge dismisses lawsuit alleging CDOR rigging**

Channel NewsAsia - 14 March 2019

### Bank named in "Troika Laundromat" report

Newscabal UK News - 05 March 2019

### European Commission investigation over alleged SSA bonds collusion

BNN Bloomberg - 20 December 2018

**Update: UK FCA reportedly drops probe into alleged SSAs manipulation**

Swiss Info - 31 October 2017

**Update: Bank settles US agency bond rigging lawsuits**

Reuters India - 17 August 2017

**Update: Pension fund files lawsuit in New York for manipulating agency bond**

LegalNewsLine.com - 13 October 2016

**Update: US lawsuit for conspiracy to manipulate agency bond prices**

Bloomberg - 18 May 2016

### Internal investigation finds ADR allowed clients to abuse tax credit

Financial Times - 09 December 2018

**Update: Settlement over "pre-released" ADR abusive practices**

SEC Filings - 20 July 2018

**Update: SEC probe into potential mishandling of securities in ADR market**

Channel NewsAsia - 07 November 2016

### Institutional investors file lawsuit over currency market rigging

Reuters UK - 07 November 2018

**Update: Retirement plans lawsuit claiming fiduciary liability under ERISA**

Bloomberg Law - 10 July 2018

**Update: US judge dismisses lawsuit over Forex manipulation**

Business Insider UK - 15 March 2018

**Update: US DOL grants pension fund waiver for FX convicted banks**

International Business Times - 09 January 2018

**Update: Settlement with investors in FX rigging litigation**

Reuters UK - 29 September 2017

**Update: Customer lawsuit alleging collusion to manipulate Forex**

Leagle - 23 July 2017

**Update: DOJ concludes investigation into Forex manipulation**

CNN Money - 20 March 2017

**Update: US Labor Department grants pension fund waiver for FX convicted banks**

Bloomberg - 18 November 2016

**Update: US judge narrows forex rigging litigation**

Namibia Press Agency - 20 September 2016

**Update: UK SFO drops Forex rigging probe**

Bloomberg - 15 March 2016

**Update: Canadian investors seek damages for alleged FX manipulation**

The Global Legal Post - 11 September 2015

**Update: DOJ probe into Forex manipulation extended to real and rubble**

Bloomberg - 31 August 2015

**Update: DOJ settlement in forex case with six banks excluding Deutsche Bank**

Financial Times - 20 May 2015

### Allegations of breaching regulations while dealing with high-risk FBME

S&PGlobal Market Intelligence - 09 August 2018

### Former trader sentenced to over five years in prison for EURIBOR manipulation

Class Action Reporter - 19 July 2018

### UK FCA fines trader for influencing LIBOR submissions

LeapRate - 05 March 2018

### Former senior trader pleads guilty to defrauding bank

Edge Markets - 18 January 2017

### Former managing director convicted of insider trading in UK

Bloomberg - 09 May 2016

**Update: Former manager on trial for insider trading conspiracy**

Bloomberg - 14 January 2016

### Brazilian tax authority probes banks in relation to Petrobras money laundering

Reuters - 11 January 2016

**Update: Brazilian investigators probe banks used in Odebrecht's money laundering**

Bloomberg - 16 September 2015

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## Management Details

### Accounting and Taxation Events



Category 3 Event - Significant



Outlook - Neutral

#### Summary

The outlook for this event is neutral. Sustainalytics does not anticipate a change of its assessment in the next 12 months for the following reasons:

Should the investigation move to focus on the company directly, we will consider downgrading the company.

If the investigations warrant no further liability to the company itself, we will consider upgrading the company's rating on this issue.

#### Assessment

Investigations into 80 former and current employees at Deutsche Bank were announced in July 2019 regarding the ongoing cum-ex scandal in Germany. The cum-ex scandal involved the sale of borrowed shares just before a company was due to pay a dividend. This allowed investors to claim a refund on a dividend tax that was paid only once. Although the company has denied any direct involvement in cum-ex transactions, it is alleged that Deutsche Bank was well aware of the transactions and knowingly took on clients who did nothing but such deals. Deutsche Bank paid a EUR 4 million fine for their involvement in the cum-ex deals in 2018 and the company reported in its annual report in 2019 that five former board members were under investigation and the bank itself may face seizures and fines in relation to the cum-ex deals.

Sustainalytics assesses this controversy as a Category 3 as accounting and tax evasion has a high negative impact on stakeholders. Although the allegations have not been proven and the focus of the investigation is on former and current employees, Deutsche Bank may be under tighter scrutiny by regulators going forward. The cum-ex scandal is potentially far-reaching, including former and current bank employees. The cum-ex transactions are reported to have cost German taxpayers more the EUR 10 billion.

### Incident History



**Locations:** Germany, London, UK, Cologne, Germany, Frankfurt, Germany, India, New York, NY, USA, United States

**Tags:** Taxes avoidance/evasion, Accounting Irregularities and Accounting Fraud

#### Company discloses former board members part of cum-ex probe

[Bloomberg BNA - 20 March 2020](#)

##### Update: Head of investment unit to step down

[Morningstar.com - 06 July 2019](#)

##### Update: Cologne criminal investigation over cum-ex tax transactions

[Reuters UK - 06 June 2019](#)

##### Update: M.M. Warburg lawsuit over failure to withhold taxes for cum-ex trades

[Finance Magnates - 10 January 2019](#)

##### Update: Correctiv investigation finds involvement in cum-ex transactions

[Reuters - 04 January 2019](#)

##### Update: Settlement with Frankfurt prosecutors over cum-ex transactions

[Bloomberg - 04 December 2018](#)

##### Update: NGO report reveals losses to EU countries due to cum-ex trades

[EUobserver - 18 October 2018](#)

##### Update: German Court ruled that banks cannot be reimbursed for cum/ex trades

[Hessisches Finanzgericht - 17 March 2017](#)

##### Update: Journalists reveal dividend sale tax avoidance scheme in Germany

[Finanzen.net - 03 May 2016](#)

##### Update: German prosecutors raid headquarters in connection to cum-ex tax fraud

[Bloomberg - 10 June 2015](#)

#### Former London trader charged over carbon credits VAT scheme

[Business Breaking News - 07 August 2019](#)

##### Update: Seven former managers guilty of tax evasion on carbon-emissions trading

[Bloomberg - 13 June 2016](#)

##### Update: Eight employees charged for illegal bonuses in CO2 trading scheme

[Bloomberg - 25 July 2015](#)

##### Update: Former employees face prosecution in carbon tax trade scheme

[Reuters - 17 April 2015](#)

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## Management Details

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### Former London trader charged over carbon credits VAT scheme

[Business Breaking News - 07 August 2019](#)

#### Update: Fraud probe European carbon trading

Süddeutsche Zeitung - 01 December 2012

### RBI fine for non-compliance with asset, KYC and AML norms

[Financial Express - 14 November 2018](#)

### NY court certifies investors' lawsuit over allegations of being misled

Robbins Geller Rudman & Dowd LLP - 03 October 2018

#### Update: Shareholders' lawsuit claiming Securities Exchange Act violation

Investment Weekly News - 09 July 2011

### Oxfam report documents banks' activities in tax havens

[Oxfam America - 27 March 2017](#)

# Appendix



## Management Details

### Anti-Competitive Practices Events



Category 3 Event - Significant



Outlook - Neutral

#### Summary

The outlook for this event is neutral. Sustainalytics does not anticipate a change of its assessment in the 12 months for the following considerations:

While the bank has come to several settlements for previous alleged anti-competitive practices, the bank continues to be involved in new class action lawsuits in several U.S. states for the same misconduct.

The Public School Teachers Pension and Retirement Fund filed a class action lawsuit against the bank in November 2015, alleging that Deutsche Bank colluded to prevent new competition in the USD interest rate swaps, which is still ongoing and increases the risk for Deutsche Bank to incur further fines.

If the bank is able to settle the current class action lawsuits in the U.S. and is not involved in new instances of anti-competitive behavior, Sustainalytics will consider an upgrade.

#### Assessment

Deutsche Bank is involved in a number of antitrust lawsuits including, among others, facing class action lawsuits related to alleged collusion of fixing bond prices and colluding to keep the TeraExchange platform out of the U.S. credit default swap market. While the bank has settled several litigations and paid fines for anti-competitive practices in several jurisdictions over the past several years, the bank still faces open cases, primarily in the U.S. As settlements or fines for misconduct tend to be significant in the U.S., the fact that the bank has pending lawsuits in the U.S. puts it at higher risk of increased legal costs. In November 2015, the Public School Teachers Pension and Retirement Fund of Chicago filed a class action lawsuit against a number of banks, including Deutsche Bank, for allegedly conspiring to limit competition in the USD interest rate swaps. This case still appears to be ongoing. Further, several states, including Maryland, Pennsylvania, Oklahoma, and New York have filed lawsuits in 2019 against several banks, including Deutsche Bank, for conspiring to fix prices on USD 485 mn bonds issued by Fannie Mae and Freddie Mac.

Sustainalytics assesses this controversy as a Category 3. This assessment is shaped by a combination of our estimated impact on stakeholders and the risk posed to the company. The frequency and scale of the allegations against the company are significant. Investigations and legal actions are expected to continue, exacerbating the company's legal risks.

### Incident History



**Locations:** New York, NY, USA, Portugal, Oklahoma, USA, Baltimore, MD, USA, Pennsylvania, USA, Japan, United States

**Tags:** Anti-competitive Practices

#### Manhattan lawsuit over conspiracy to fix prices in corporate bond market

[Channel NewsAsia - 21 April 2020](#)

#### Settlement over NY bonds price fixing lawsuit

[Mortgage Servicing News - 12 September 2019](#)

#### Update: NY court allows investors' price-fixing lawsuit to continue

[Reuters UK - 04 September 2019](#)

#### Update: Oklahoma pension fund lawsuit over collusion to fix bond prices

[Law360 - 08 April 2019](#)

#### Update: Baltimore files lawsuit over alleged collusion to fix bond prices

[WBAL - 04 April 2019](#)

#### Update: Pennsylvania files lawsuit alleging collusion to fix bond prices

[American Banker - 25 March 2019](#)

#### Portugal's competition authority fine over anti-competitive practices

[Reuters UK - 09 September 2019](#)

#### trueEx lawsuit claims antitrust practices in interest swaps market

[Law360 - 14 June 2018](#)

#### Update: US court partially upholds antitrust claims related to the derivatives

[Reuters - 04 August 2017](#)

#### Update: Online trading startups filed lawsuit for interest rate swaps collusion

[Bloomberg - 14 April 2016](#)

#### Update: Company accused of interest rate-swap fixing

[Reuters - 25 November 2015](#)

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## Management Details

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**Japanese regulator finds bank's traders engaged in bond price fixing**

[Sharenet](#) - 29 March 2018

**Tera Group lawsuit claims banks conspired to keep it out of the CDS market**

Reuters - 08 June 2017

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## Management Details

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### Bribery and Corruption Events



Category 2 Event - Moderate

### Incident History



**Locations:** Hong Kong, China, Russia, Netherlands

**Tags:** Bribery and Corruption

**HK SFC permanent ban following bribery conviction**

[Hong Kong Standard Finance - 14 November 2019](#)

**Media investigation finds company offered gifts to Chinese officials**

[The New York Times - 15 October 2019](#)

**Update: SEC settlement over improper hiring practices allegations**

[Financial Times - 22 August 2019](#)

**Update: US regulators and internal investigations into Russian hiring practices**

[EthiXbase - 01 June 2018](#)

**Settlement over bribery allegations in derivatives trading lawsuit**

[Law360 - 12 July 2019](#)

**Update: Vestia files lawsuit over bribery allegations**

[Bloomberg-Quint - 08 May 2019](#)

# Appendix

## Exposure Details

### Product Governance

#### EA.E.1 - Access to Basic Services

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.24 - Marketing Practices

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.28 - Quality and Safety

0.03  
Beta Signal

The company is involved in significant-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -1.93%  
Subindustry Median (2016-2018): 14.67%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.5 - Solvency - Banking

0.02  
Beta Signal

The company has a weak Tier 1 capital ratio.

Tier 1 Capital Ratio (2018-2016): 14.47%  
Subindustry Median (2018-2016): 15.97%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.6 - Asset Performance - Banking

- 0.02  
Beta Signal

The company has a strong non-performing asset ratio.

Non-Performing Assets (2018-2016): 0.44%  
Subindustry Median (2018-2016): 0.66%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.7 - Financial Flexibility - Banking

- 0.03  
Beta Signal

The company has a very strong loan-to-deposit ratio.

Loan to Deposit Ratio (2018-2016): 0.73  
Subindustry Median (2018-2016): 0.85  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.G.1 - Headquarters Location

- 0.03  
Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Germany: Lower exposure  
Source: Sustainalytics Country Risk Rating, May 2019.

# Appendix

 **Exposure Details**

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**EA.G.3 - Sales Location**

0.05  
Beta Signal

The location of the company's sales indicates slightly higher exposure to this issue.

United Kingdom: 14% (Higher exposure)  
 Europe, Middle East and Africa (EMEA): 13% (Slightly higher exposure)  
 Germany: 38% (Higher exposure)  
 Asia Pacific: 12% (Average exposure)  
 United States of America: 21% (Slightly higher exposure)  
 Source: Sustainalytics Country Risk Rating, May 2019.  
 Morningstar, October 2019. All Rights Reserved.

**EA.S.1 - Qualitative Overlay**

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

**EA.S.2 - Subindustry Correction Factor**

0.00  
Beta Signal

**EA.S.3 - Exceptional Event Adjustment**

0.00  
Beta Signal

# Appendix



## Management Details

### S.3.1.1 - Responsible Marketing Policy

9	26.25%	2.4
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

### S.3.1.3.3 - Cybersecurity Programme

39	15.00%	5.9
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

**Criteria**

- Management system certified to ISO 27001 standards
- Governance structures in place for cybersecurity management
- Operational measures to monitor and respond to data breaches and cyberattacks
- Regular internal security audits or vulnerability assessments or penetration testing of the company's systems, products and practices affecting user data
- Regular external security audits or vulnerability assessments of the company's systems, products and practices affecting user data
- Regular employee training on cybersecurity issues

### G.1.3.8 - Responsible Product Offering

75	33.75%	25.3
Raw Score	Weight	Weighted Score

The company has a strong programme

Deutsche Bank states that it is committed to providing only products and services that create value for clients and shareholders through meeting the clients' needs, and has put New Product Approval (NPA) processes in place to control for adherence to this commitment. Furthermore, the bank has a Code of Values for its Private and Business Clients division, which puts forward product principles to ensure client satisfaction.

**Criteria**

- Policy commitment on responsible products and services
- Managerial responsibility for responsible product offering
- Impact and risk assessment incorporated into product development
- Regular training on responsible product offering and marketing
- Provision to share risk information
- Continuous monitoring of social impact and risks of current products and/or services
- Objectives to improve customer satisfaction
- Mechanisms to receive and investigate complaints and implement corrective action
- Reporting on product and/or service quality

**Sources**

Deutsche Bank Corporate Website, Client Satisfaction, www.db.com; accessed 26 September 2018

Deutsche Bank Non-Financial Report 2017

# Appendix



## Management Details

### Quality and Safety Events



Category 3 Event - Significant



Outlook - Neutral

#### Summary

The outlook for this event is neutral. Sustainalytics does not anticipate a change of its assessment in the next 12 months for the following considerations:

Deutsche Bank has settled some of its high-profile lawsuits. Considering the number and scope of ongoing lawsuits against the bank, however, the risk of additional fines is ongoing. This reduces the chances of an upgrade. While the bank has been involved in a number of new lawsuits, it has not been involved in new high-profile cases, such as the RMBS case, that would suggest it faces a high financial risk as a result of significant fines and settlements.

While the company's management initiated activities to induce internal changes in terms of risk behaviour, Deutsche is still facing legal consequences for historical misconduct. A positive development may only occur over the long-term.

If the bank is able to close remaining legacy issues and if the bank is not implicated in new incidents of misconduct in its business dealings, Sustainalytics will reassess its rating for Quality and Safety.

#### Assessment

Deutsche Bank is involved in a large number of customer-related investigations and lawsuits, related to, among others, mortgage-backed securities, alleged misleading statements in the Uber IPO, for which the bank was an underwriter, and for discriminatory practices in foreclosure proceedings. While the bank has been able to close many of the open litigations related to its role in RMBS in the past several years, new investigations have continued to emerge for issues that have been ongoing since as early as 2012. Although no investigations are currently ongoing, the severity of the misconduct and the level of scrutiny imposed by several authorities in various jurisdictions suggests that further investigations or lawsuits could arise in the future. Outside of its dealings in RMBS, the bank has been implicated for various other issues spanning alleged breaches of contract, overcharging clients, payment system issues, and fictitious transactions.

Sustainalytics assesses this event as Category 3. While the company settled some of its product-and customer-related lawsuits, the bank continues to face significant litigation risks as settlements continue to occur. Furthermore, the recurrence of involvement in these cases highlights a significant impact on customers, which poses further reputational risks to the company.

### Incident History



**Locations:** California, USA, Germany, New York, NY, USA, England, UK, Illinois, USA, United Kingdom, Brazil, United States, Sydney NSW, Australia, Poland, Angola, New South Wales, Australia, Florida, USA, Hong Kong, New Orleans, LA, USA, New York, USA, Spain, Maryland, USA, Australia, Italy, Texas, USA, Mexico, Panama, Austria

**Tags:** Services Quality and Safety, Product Quality and Safety, Customer Management

#### California class-action lawsuit over predatory loan scheme

[Law360 - 13 April 2020](#)

#### Company unable to access CHAPS for three hours

[Reuters India - 02 March 2020](#)

#### Update: Company confirms payment system problems to UK regulator

[Risk Universe - 13 November 2019](#)

#### Company reaches settlement over mortgage backed securities

[Law360 - 27 February 2020](#)

#### Update: US DoJ settlement with former head of subprime trading over RMBS

[Law360 - 14 November 2019](#)

#### Update: Bank discloses lawsuits over RMBS dismissed

[Class Action Reporter - 15 May 2019](#)

#### Update: DOJ files complaint against former executive misrepresenting loans

[United States Department of Justice - 11 September 2017](#)

#### Update: Settlement with the state of Maryland regarding mortgage-backed

[Law360 - 02 June 2017](#)

#### Update: SEC will not take action regarding mortgage-bond trade losses

[Bloomberg - 05 May 2017](#)

#### Update: US District Judge does not certify class action over MBS trustee role

[New York Times - 21 March 2017](#)

#### Update: DoJ to probe traders' role in mis-selling of MBS

[New York Times - 08 February 2017](#)

#### Update: Bank cuts bonuses following USD 7.2 billion settlement with US DOJ

[Reuters - 18 January 2017](#)

#### Update: FDIC lawsuit over MBS sold to two failed banks proceeds

[Hagens Berman - 18 January 2017](#)

#### Update: Bank admits it misled investors in the sale of RMBS in DOJ settlement

[Bloomberg - 17 January 2017](#)

# Appendix



## Management Details

### Company reaches settlement over mortgage backed securities

Law360 - 27 February 2020

**Update: USD 7.2 billion settlement with US authorities over MBS mis-selling**  
Forbes.com - 23 December 2016

**Update: CEO fails to reach settlement with US DOJ over MBS**  
TheStar.com.my - 09 October 2016

**Update: Deutsche Bank unit settles 2013 lawsuit with HSBS regarding RMBS**  
Law360 - 05 October 2016

**Update: Settlement discussions with DOJ for sale of RMBS**  
Bloomberg - 15 September 2016

**Update: Provisions for SEC settlement regarding RMBS misrepresentation**  
Bloomberg - 09 June 2016

**Update: FDIC settlement for Countrywide RMBS misrepresentations**  
Reuters - 02 June 2016

**Update: US SEC investigation into possible inflation of MBS value**  
Fortune - 23 May 2016

**Update: FDIC lawsuit implicating toxic MBS in Colonial BancGroup collapse will**  
Reuters - 19 May 2016

**Update: Royal Park Investments lawsuit over MBS trustee role**  
Reuters - 03 February 2016

**Update: Settlement with the Commonwealth of Virginia**  
Law360 - Tax - 22 January 2016

**Update: Several lawsuits over trustee role dismissed**  
Law360 - Banking - 19 January 2016

**Update: Commerzbank files lawsuit over MBS trustee role**  
Reuters - 24 December 2015

**Update: US FDIC lawsuit for toxic mortgages sold to Guaranty Bank**  
CNBC - 10 August 2015

**Update: Omnicare class action dismissed**  
Law360 - 28 July 2015

### English High Court lawsuit over breach of aluminum purchase contract

Law360 - 25 February 2020

### Settlement in Illinois borrowers' lawsuit over illegal robocalls

Law360 - 27 November 2019

### Illinois Court decides foreclosure discrimination lawsuit can continue

Cook County Record - 15 November 2019

**Update: US housing organizations file lawsuit over housing discrimination**  
4 Traders - 01 February 2018

**Update: NFHA claims to have new evidence of housing discrimination**  
National Mortgage Professional Magazine - 26 July 2017

### Uber shareholder files California lawsuit over misleading IPO statements

Class Action Reporter - 25 September 2019

### Brazilian regulator fine over investment fund administration irregularities

CVM Brazil - 18 June 2019

### Company to pay back fees overcharged to clients

Morningstar.com - 11 March 2019

### Former FX trader sentenced over fictitious transactions

LeapRate - 12 February 2019

**Update: Former trader pleads guilty to using position dishonestly**  
Australian Financial Review - 05 August 2018

**Update: ASIC brings 85 charges against former trader for false entries**  
Australian Financial Review - 07 February 2018

**Update: Australian financial services watchdog bans former trader for false**  
Financial Standard - 29 September 2016

### Investors lawsuit over fund's failure to disclose risks

Class Action Reporter - 30 January 2019

### Polish regulator fine for abusive clauses in model contracts

UOKiK - 23 January 2019

### USD 12.5 billion lawsuit over 2001 failed property deal

Handelsblatt - 22 January 2019

### Lawsuit claiming government officials bribed and Cobalt investors misled

GlobalInvestigationsReview.com - 15 June 2017

**Update: Settlement in class action claiming officials bribed and investors misled**  
GlobalInvestigationsReview.com - 12 October 2018

### Investigation delays sale of British insurer Abbey Life

Reuters UK - 03 June 2016

**Update: FCA closes exit fees investigation without enforcement action**  
Citywire - 19 September 2018

**Update: UK regulator probes six insurers over exit fees**  
Investors Hub - 03 March 2016

### New York DFS fine over unsafe forex trading practices

Reuters Canada - 20 June 2018

**Update: Axiom lawsuit over Autobahn platform unsafe practices proceeds**  
Reuters - 26 July 2017

**Update: Investor lawsuit over unsafe practice on FX Autobahn platform**  
Reuters - 18 January 2016

### Jewish Trust claims bank withheld USD 3 billion from Wertheim heirs

Bloomberg - 19 January 2017

**Update: Florida District Court dismisses USD 3 billion lawsuit by Jewish Trust**  
Bloomberg-Quint - 15 December 2017

### Customer lawsuit over pound-to-US dollar currency swaps transaction

European Supermarket Magazine - 03 November 2017

### Royal Park Investments lawsuit claims bank used trust funds for legal fees

Law360 - 04 August 2017

### FINRA fine for market access rule violations

Advisor.ca - 27 July 2017

### Class action claiming Snap underwriters liable for IPO misleading statements

The Register - 10 July 2017

# Appendix



## Management Details

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### Spanish consumer groups file lawsuits over loan formalization costs

El Confidencial - 28 June 2017

**Update: Spanish Supreme Court annuls costs of formalizing loans for borrowers**  
estrelladigital.es - 23 December 2016

### NY Judge denies dismissal of lawsuit related to Enron accounting fraud

Law360 - 31 March 2017

### Banks agree to settle lawsuit regarding misleading NovaStar securities

Yahoo! Finance - 15 March 2017

**Update: Investor class action claims misleading statements about NovaStar**  
Reuters India - 04 November 2016

### Court rules against bank in dispute over credit default swaps

Law360 - 24 January 2017

**Update: Breach-of-contract dispute over credit default swaps**  
Law360 - 10 February 2016

### SunEdison creditor lawsuit against lenders

Bloomberg - 21 October 2016

### PLX shareholder lawsuit claims bank rigged the firm's sale

Morningstar.com - 17 August 2016

### Manhattan judge allows Belmont lawsuit over concealed risks to proceed

Reuters UK - 25 July 2016

### Italian investigation into 2011 sale of government bonds

Reuters UK - 06 May 2016

### Texas asset management firm files lawsuit over swap contract

Law360 - Banking - 25 March 2016

### Construction company in Mexico files criminal complaint for "breach of trust"

Reuters UK - 28 January 2016

### Internal probe into subprime auto securitizations

Bloomberg - 15 January 2016

### City of Pforzheim files lawsuit over bad advice

Bloomberg - 21 October 2015

### Panama casino files lawsuit over frozen accounts amid foreclosure

Bloomberg - 02 June 2015

### Prosecutor's investigation over Volksbanken debt

Reuters - 02 April 2015

# Appendix

## Exposure Details

### Data Privacy and Security

#### EA.E.27 - Data Privacy and Security

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -1.93%  
Subindustry Median (2016-2018): 14.67%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.5 - Solvency - Banking

0.02  
Beta Signal

The company has a weak Tier 1 capital ratio.

Tier 1 Capital Ratio (2018-2016): 14.47%  
Subindustry Median (2018-2016): 15.97%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.6 - Asset Performance - Banking

- 0.02  
Beta Signal

The company has a strong non-performing asset ratio.

Non-Performing Assets (2018-2016): 0.44%  
Subindustry Median (2018-2016): 0.66%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.7 - Financial Flexibility - Banking

- 0.03  
Beta Signal

The company has a very strong loan-to-deposit ratio.

Loan to Deposit Ratio (2018-2016): 0.73  
Subindustry Median (2018-2016): 0.85  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.G.1 - Headquarters Location

- 0.03  
Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Germany: Lower exposure  
Source: Sustainalytics Country Risk Rating, May 2019.

# Appendix



## Exposure Details

### EA.G.3 - Sales Location

0.05  
Beta Signal

The location of the company's sales indicates slightly higher exposure to this issue.

United Kingdom: 14% (Higher exposure)  
 Europe, Middle East and Africa (EMEA): 13% (Slightly higher exposure)  
 Germany: 38% (Higher exposure)  
 Asia Pacific: 12% (Average exposure)  
 United States of America: 21% (Slightly higher exposure)  
 Source: Sustainalytics Country Risk Rating, May 2019.  
 Morningstar, October 2019. All Rights Reserved.

### EA.S.1 - Qualitative Overlay

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00  
Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00  
Beta Signal

# Appendix



## Management Details

### S.3.1.3 - Data Privacy & Security Policy

50	9.00%	4.5
Raw Score	Weight	Weighted Score

The company has an adequate policy

Deutsche Bank states that all data, whether directly or indirectly related to a natural person, are protected by national and international regulations, and has published a Privacy Notice relating to information collected through the website.

**Criteria**

- Commitment to notify data subjects in a timely manner in case of policy changes or data breach
- Commitment to implement leading data protection standards
- Commitment to obtain user data through lawful and transparent means, with explicit consent of the data subject where required
- Commitment to collect and process user data that is limited to the stated purpose
- Clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties
- Commitment to require third parties with whom the data is shared to comply with the company's policy
- The company has a formal policy but it applies to less than 50% of the operations
- There is a statement addressing the issue but it does not qualify as a policy as per Sustainalytics guidelines

**Sources**

Deutsche Bank Corporate Website, Privacy Notice, www.db.com; accessed 24 September 2018

### S.3.1.3.1 - Data Privacy Programme

50	36.00%	18.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

**Criteria**

- Governance structures in place for privacy management
- Regular employee training on data privacy management
- Data subjects can access their accounts to erase, rectify, complete or amend personal information
- Clear and accessible mechanisms for data subjects to raise concerns about data privacy
- Regular privacy risk assessments or audits on the company's technologies and practices affecting user data

**Sources**

Deutsche Bank Corporate Website, Privacy Notice, www.db.com; accessed 24 September 2018

Deutsche Bank Non-Financial Report 2017

### S.3.1.3.2 - Data Request Management

9	9.00%	0.8
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

**Criteria**

- Policy commitment to respect human rights in data management
- Managerial responsibility for government data requests oversight
- Regular human rights risk assessments linked to data privacy
- Notification of data subjects in case of data sharing under legal requirements
- Incident investigation and corrective action
- Remedy for victims of human rights violations as a result of the company's data sharing practices
- Disclosure of process for evaluating and responding to law enforcement or government data requests
- Regular reporting on compliance with any government data requests

### S.3.1.3.3 - Cybersecurity Programme

39	36.00%	14.0
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

**Criteria**

- Management system certified to ISO 27001 standards
- Governance structures in place for cybersecurity management
- Operational measures to monitor and respond to data breaches and cyberattacks
- Regular internal security audits or vulnerability assessments or penetration testing of the company's systems, products and practices affecting user data
- Regular external security audits or vulnerability assessments of the company's systems, products and practices affecting user data
- Regular employee training on cybersecurity issues

# Appendix



## Management Details

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### Data Privacy and Security Events



#### Category 2 Event - Moderate

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### Incident History



**Locations:** Germany, United States

**Tags:** Data Privacy and Security

**Company accidentally sends clients' transaction data to Amazon**

[Reuters India](#) - 16 January 2020

**Wall Street Journal reports hacking campaign potentially affected company data**

[Morningstar.com](#) - 31 December 2019

**Internal probe over compromised data after failing to deactivate accounts**

[Yahoo! Finance](#) - 28 July 2019

# Appendix

 Exposure Details

 ESG Integration - Financials

**EA.E.17 - Environmental Impact of Products**

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

**EA.E.32 - Social Impact of Products**

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

**EA.E.46 - Carbon Impact of Products**

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

**EA.E.48 - Society - Human Rights**

0.01  
Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

**EA.F.1 - Operating Performance**

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -1.93%  
Subindustry Median (2016-2018): 14.67%  
Source: Morningstar, October 2019. All Rights Reserved.

**EA.F.5 - Solvency - Banking**

0.02  
Beta Signal

The company has a weak Tier 1 capital ratio.

Tier 1 Capital Ratio (2018-2016): 14.47%  
Subindustry Median (2018-2016): 15.97%  
Source: Morningstar, October 2019. All Rights Reserved.

**EA.F.6 - Asset Performance - Banking**

- 0.02  
Beta Signal

The company has a strong non-performing asset ratio.

Non-Performing Assets (2018-2016): 0.44%  
Subindustry Median (2018-2016): 0.66%  
Source: Morningstar, October 2019. All Rights Reserved.

**EA.F.7 - Financial Flexibility - Banking**

- 0.03  
Beta Signal

The company has a very strong loan-to-deposit ratio.

Loan to Deposit Ratio (2018-2016): 0.73  
Subindustry Median (2018-2016): 0.85  
Source: Morningstar, October 2019. All Rights Reserved.

# Appendix



## Exposure Details

### EA.G.1 - Headquarters Location

- 0.03

Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Germany: Lower exposure

Source: Sustainalytics Country Risk Rating, May 2019.

### EA.G.3 - Sales Location

0.05

Beta Signal

The location of the company's sales indicates slightly higher exposure to this issue.

United Kingdom: 14% (Higher exposure)

Europe, Middle East and Africa (EMEA): 13% (Slightly higher exposure)

Germany: 38% (Higher exposure)

Asia Pacific: 12% (Average exposure)

United States of America: 21% (Slightly higher exposure)

Source: Sustainalytics Country Risk Rating, May 2019.

Morningstar, October 2019. All Rights Reserved.

### EA.P.5 - Responsible Asset Portfolio

0.00

Beta Signal

The company's proportion of responsibly managed investments indicates average exposure to this issue.

For 2017, Deutsche Bank reported EUR 10.6 bn in ESG and sustainable assets under management, representing 1.5% of total assets under management (amounting to EUR 700 bn). In addition, the bank manages EUR 9.4 billion of real estate investments in certified green-labeled buildings and managed seven sustainable and impact funds with a combined volume of EUR 355 mn.

#### Sources

Deutsche Bank Non-Financial Report 2017

### EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal

# Appendix



## Management Details

### E.3.1.10 - Credit & Loan Standards

80	9.75%	7.8
Raw Score	Weight	Weighted Score

The company has detailed and specific standards for a variety of industries

In its Environmental and Social Policy Framework, Deutsche Bank defines a number of sectors and activities as having high potential for significant environmental and social impacts, including agriculture and forestry, chemicals, infrastructure projects in certain countries, metals and mining, oil and gas (including hydraulic fracturing and exploration in the Arctic), utilities. The framework puts forward criteria for mandatory referral to Control Groups and/or the Regional Reputational Risk Committee. Furthermore, specific industry sector environmental and social guidelines include Dos and Don'ts. However, the bank does not exclude any industry from financing for sustainability reasons.

**Sources**

- Deutsche Bank Non-Financial Report 2017
- Deutsche Bank, Environmental and Social Policy Framework, May 2018

### E.3.1.15 - Sustainable Financial Initiatives

50	4.88%	2.4
Raw Score	Weight	Weighted Score

The company has an adequate programme

Deutsche Bank has established centers of competence for the issuance of green bond and the financing of renewable energy, and to offer these products and services to its clients. During 2017, the bank arranged approximately EUR 2.2 billion in project finance for renewable energy projects, and supported clients to issue more about EUR 10 billion in green bonds. Furthermore, Deutsche Bank managed seven sustainable and impact funds with a combined volume of EU 355 million. Deutsche Bank is a signatory to the Green Bond Principles, and a member of the Energy Efficiency Financial Institutions Group (EEFIG), the Institutional Investors Group on Climate Change (IIGCC), and the Investor Network on Climate Risk (INCR). However, the company does not report on the group-wide targets for increasing exposure to sustainability related activities, and deadlines or time frames for achieving these.

**Sources**

- Deutsche Bank Non-Financial Report 2017

### E.3.1.11 - Responsible Asset Management

40	11.38%	4.6
Raw Score	Weight	Weighted Score

Between 1.00% and 4.99% of assets under management can be categorized as "responsible investment"

For 2017, Deutsche Bank reported EUR 10.6 bn in ESG and sustainable assets under management, representing 1.5% of total assets under management (amounting to EUR 700 bn). In addition, the bank manages EUR 9.4 billion of real estate investments in certified green-labeled buildings and managed seven sustainable and impact funds with a combined volume of EUR 355 mn.

**Sources**

- Deutsche Bank Non-Financial Report 2017

### S.4.2.3 - Financial Inclusion

100	4.88%	4.9
Raw Score	Weight	Weighted Score

The company has a strong programme

Deutsche Bank has a number of initiatives to promote the financial inclusion of disadvantaged people. First, Deutsche Bank manages impact investment funds with a focus on microfinance (Microfinance funds, Global Commercial Microfinance Consortium II, Microcredit Development Fund), consisting of senior and subordinated debt financing for microfinance institutions and banks in the developing world with the aim to increase access to high quality financial services. Deutsche Bank reports that it has provided financing amounting to USD 1.67 bn to micro-borrowers since 1997 and was one of the architects of the Smart Campaign, which aims to embed client protection practices within the microfinance industry. Second, the bank has an enterprise program ("Made for Good") to support disadvantaged or micro-entrepreneurs and to help grow enterprises that tackle urgent social and environmental challenges. For its Made for Good enterprise program, Deutsche Bank has set the goal to reach a total of 20,000 enterprises by 2020. In 2017, this programme supported 11,754 social enterprises in 33 countries and reached 214,000 people. In addition, Deutsche Bank has a number of programmes to build more inclusive communities and to tackle social marginalization through cultural programmes, investments, donations, and volunteering. For instance, Deutsche Bank employees take part in the Financial Literacy initiative as voluntary instructors.

**Sources**

- Deutsche Bank Corporate Website, Financial Literacy Initiative, www.db.com; accessed 26 September 2018
- Deutsche Bank Corporate Website, Microfinance and Social Impact Investment, www.db.com; accessed 26 September 2018
- Deutsche Bank Non-Financial Report 2017

# Appendix



## Management Details

### G.1.3.1 - PRI Signatory

100	1.63%	1.6
Raw Score	Weight	Weighted Score

The company or its main investment management divisions signed the UN Principles for Responsible Investment

Deutsche AM Investment GmbH is signatory to the UN Principles for Responsible Investment (PRI).

**Sources**

Deutsche Bank Non-Financial Report 2017  
 UNEP FI website, www.unepfi.org; accessed 14 September 2018

### G.1.3.2 - Responsible Investment Policy

0	6.50%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not have a policy

As part of the Bank’s global Reputational Risk Framework, Deutsche Bank discloses a regularly updated Environmental and Social Policy Framework. While Deutsche Bank states that it builds its ES risk management approach in relation to its own operations and business relationships with its clients across corporate finance, including project finance, trade finance, and investment banking builds on this policy framework, the bank also points out that its asset management division, Deutsche Asset Management, may follow own (and prevailing) policies in relation to environmental and social matters in order to preserve and fulfil its independent fiduciary obligations. Deutsche Asset Management has published a Responsible Investment Statement in January 2017, in which it puts forward its view that the integration of Environmental Social Governance (ESG) factors and active ownership activities are an important part of its fiduciary duty, states that it incorporates ESG factors into its investment analysis, outlines its belief that active stewardship plays an important role. However, there is no evidence of clear commitments to responsible investment in terms specific to exclusions, best-in-class selection and engagement with investees based on ESG criteria.

**Criteria**

- Commitment to exclusion based on the companies’ activities
- Commitment to integrate ESG factors or select best-in-class companies according to ESG factors
- Commitment to engage with companies on ESG issues

**Sources**

Deutsche Asset Management, Responsible Investment Statement, January 2017  
 Deutsche Bank, Environmental and Social Policy Framework, May 2018

### G.1.3.3 - UNEPFI Signatory

100	1.63%	1.6
Raw Score	Weight	Weighted Score

The company is a signatory to the UNEP Finance Initiative

Deutsche Bank has been a signatory to the UNEP FI since May 1992.

**Sources**

UNEP FI website, www.unepfi.org; accessed 14 September 2018

### G.1.3.5 - Equator Principles Signatory

0	4.88%	0.0
Raw Score	Weight	Weighted Score

The company is not a signatory to the Equator Principles

**Sources**

Equator Principles website, www.equator-principles.com; accessed 14 September 2018

# Appendix



## Management Details

### G.1.3.6 - Responsible Investment Programme

75	9.75%	7.3
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Managerial responsibility for responsible investment
- Requirements for investment managers to integrate ESG issues into investment strategies
- Prior ESG risk assessment of investment
- Continuous monitoring of ESG risks
- Active ownership
- Investment exclusions based on ESG factors
- Best-in-class investments based on ESG factors
- Other initiatives to promote responsible investment
- Reporting on RI implementation and performance
- Objectives and targets related to responsible investment

**Sources**

Deutsche Asset Management, UN PRI Transparency Report, 2017  
 Deutsche Bank, Corporate Website, Sustainable Investments, www.db.com; accessed 28 September 2018  
 Deutsche Bank, Media Release, ESG data in company research, 4 May 2018

### G.1.3.7 - Corporate Finance - ESG Integration

75	9.75%	7.3
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Managerial responsibility
- Environmental and social risk assessment and categorization
- Enhanced due diligence or avoidance of high-risk industries
- Training of relationship managers on ESG risk identification
- Monitoring of environmental and social risks
- Regular internal audits of the company's programme
- Client engagement on ESG issues
- Engagement with transaction stakeholders
- Reporting of high-risk loans as percentage of total portfolio

**Sources**

Deutsche Bank, Environmental and Social Policy Framework, May 2018

# Appendix



## Management Details

### Carbon Impact of Products Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** Germany, Texas, USA, Philippines

**Tags:** Carbon Impact of Products

**"Fool's Gold" report for financing coal power utility companies**  
Bank Track - 21 May 2019

**Banking on climate change 2019 report on fossil fuel financing**  
[Swiss Info - 21 March 2019](#)

**Scrutiny over relationship with German RWE**  
Bank Track - 04 January 2019

**120 civil societies launch "Fossil Banks, No Thanks!" campaign**  
[BankTrack - 16 October 2018](#)

**"TOTALLY irresponsible in ultra-deep waters" 2018 NGO report**  
BankTrack - 23 August 2018

**Banking on climate change 2018 report on fossil fuel financing**  
[Sierra Club - 27 March 2018](#)

**"Banks vs. the Paris Agreement" 2017 report**  
BankTrack - 11 December 2017

**"Investors vs. the Paris Agreement" 2017 report**  
Urgewald - 11 December 2017

**Banking on climate change 2017 report on fossil fuel financing**  
The Guardian - 21 June 2017

# Appendix



## Management Details

### Environmental Impact of Products Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** United States, Brazil, Montana, USA, Nebraska, USA, Malaysia, Canada, West Virginia, USA, Minnesota, USA

**Tags:** Environmental impact of products

#### BankTrack scrutiny for Keystone XL pipeline financial relationship

BankTrack - 06 April 2020

**Update: US President issues new permit, allowing construction to resume**  
Morningstar.com - 29 March 2019

**Update: Montana court overturns permit for Keystone XL pipeline**  
Reuters Africa - 09 November 2018

**Update: Nebraska Public Service Commission grants route for Keystone XL**  
Japan Times - 21 November 2017

**Update: NGOs take legal action against US State Department for Keystone XL**  
mazaskatalks.org - 24 May 2017

**Update: Scrutiny for financing Keystone XL tar sands pipeline**  
BankTrack - 24 March 2017

#### NGO report over JBS financial relationship

BankTrack - 24 September 2019

**Amazon Watch report on Amazon deforestation related to Bunge**  
Good-StockInvest.com - 30 April 2019

**Amazon Watch report on Amazon deforestation related to Cargill**  
Good-StockInvest.com - 30 April 2019

**NGO report "Towards responsible and inclusive financing of the palm oil sector"**  
Profundo - 15 November 2017

**Scrutiny for financing company behind Energy East pipeline**  
mazaskatalks.org - 09 May 2017

**Update: TransCanada cancels plans to build Energy East pipeline**  
Wisconsin Gazette - 05 October 2017

**Forest & Finance 2017 updated database on tropical deforestation**  
Forest & Finance Briefing - 07 June 2017

**Scrutiny for Mountain Valley Pipeline project in West Virginia**  
ThinkProgress - 22 May 2017

**Scrutiny for financing company behind Line 3 pipeline**  
mazaskatalks.org - 09 May 2017

# Appendix



## Management Details

### Social Impact of Products Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** United States, Argentina, Germany, Spain, Indonesia, Canada, Virginia, USA, North Dakota, USA, Mozambique, Louisiana, USA, Central Kalimantan, Indonesia, Africa, Pakistan, Malaysia, Sarawak, Malaysia, China

**Tags:** Social impact of products

#### Columbia court orders full impact statement on DAPL impacts

[Bloomberg Law](#) - 25 March 2020

**Update:** NGO report estimates FIs incurred USD 4.4 billion in losses  
[desmogblog.com](#) - 04 December 2018

**Update:** Native American tribe file lawsuit over North Dakota road closure  
[Intercontinental Cry](#) - 01 November 2018

**Update:** Louisiana Court revokes Bayou Bridge permit  
[Reuters UK](#) - 24 February 2018

**Update:** Louisiana residents and NGOs scrutiny for Bayou Bridge pipeline  
[mazaskatalks.org](#) - 09 May 2017

**Update:** UN rapporteur contends improper consultation and use of force at DAPL  
[Financial Times](#) - 07 March 2017

**Update:** US President issues executive order to ease DAPL permits  
[DutchNews](#) - 24 January 2017

**Update:** US ACE denies permit to build DAPL under Missouri River  
[San Francisco Bay Area Independent Media Center](#) - 01 December 2016

**Update:** UN investigates alleged human rights abuses at DAPL protest  
[Rabble.ca](#) - 31 October 2016

**Update:** Scrutiny for financing North Dakota Access pipeline  
[4 Traders](#) - 06 September 2016

#### NGO scrutiny over financial relationship with Vaca Muerta Shale Basin

[Common Dreams](#) - 18 March 2020

#### BankTrack report over UN human rights requirements implementation failures

[BankTrack](#) - 26 November 2019

#### Bank named in "Dirty Profits 7" report

[BankTrack](#) - 23 May 2019

#### RSPO terminates Indofood's membership

[Rainforest Action Network](#) - 01 March 2019

**Update:** Scrutiny for financing company accused of labor abuses in Indonesia  
[BankTrack](#) - 24 April 2017

#### Scrutiny for involvement with TransCanada's Coastal GasLink pipeline project

[BankTrack](#) - 30 January 2019

#### US Court of Appeals halts construction over improper wildlife permits

[EcoWatch](#) - 11 December 2018

**Update:** Scrutiny for financing Atlantic Coast Pipeline in US  
[BankTrack](#) - 18 April 2018

# Appendix



## Management Details

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### Canadian Court cites failure to consider aboriginal concerns

Reuters UK - 30 August 2018

**Update: Financial institutions cancel USD 4.2 billion Kinder Morgan credit**

BankTrack - 03 July 2018

**Update: Trans Mountain expansion halted amid opposition and delays**

24/7 Wall St - 09 April 2018

**Update: British Columbia seeks intervener status in case against Trans Mountain**

The Vancouver Sun - 22 August 2017

**Update: Scrutiny for financing company behind Trans Mountain pipeline**

mazaskatalks.org - 09 May 2017

### Scrutiny for shareholding in Anadarko Petroleum

Facing Finance - 28 August 2018

### Greenpeace report criticizes Wilmar and Gama for deforestation in Indonesia

Greenpeace Southeast Asia - 26 June 2018

**Update: NGO criticism over police violence at Wilmar palm oil plantation**

farmlandgrab.org - 20 December 2017

**Update: Fern's "Financing land grabs and deforestation" report**

FERN.org - 27 July 2016

### "Don't Bank on the Bomb" 2018 report

Don't Bank on the Bomb - 07 March 2018

### Facing Finance's "Rauchfrei investieren" report

Facing Finance - 31 December 2017

### Funding of Vitol, a company accused of producing low-quality fuels

BankTrack - 07 June 2017

### Bank will finance China's OBOR infrastructure initiative

Economic Times - 31 May 2017

### Funding of Trafigura, a company scrutinized for producing low-quality fuels

BankTrack - 23 May 2017

### Scrutiny for financing weapons manufacturer Rheinmetall

Facing Finance - 04 May 2017

### Scrutiny for financing company involved in labor abuses in Malaysia and Papua

BankTrack - 24 April 2017

### Financial link to Sarawak government in Malaysia

Swedwatch - 07 March 2017

### Worldwide Investments in Cluster Munitions 2016 report

stopexplosiveinvestments - 16 June 2016

# Appendix



## Management Details

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### Society - Human Rights Events



Category 1 Event - Low

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### Incident History

**New York Comptroller investigates link to terrorist organization**  
[Jerusalem Post - 30 September 2017](#)



**Locations:** New York, NY, USA

**Tags:** Involvement With Entities Violating Human Rights

# Appendix

## Exposure Details

### Human Capital

#### EA.E.22 - Labour Relations

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -1.93%  
Subindustry Median (2016-2018): 14.67%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.5 - Solvency - Banking

0.02  
Beta Signal

The company has a weak Tier 1 capital ratio.

Tier 1 Capital Ratio (2018-2016): 14.47%  
Subindustry Median (2018-2016): 15.97%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.6 - Asset Performance - Banking

- 0.02  
Beta Signal

The company has a strong non-performing asset ratio.

Non-Performing Assets (2018-2016): 0.44%  
Subindustry Median (2018-2016): 0.66%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.7 - Financial Flexibility - Banking

- 0.03  
Beta Signal

The company has a very strong loan-to-deposit ratio.

Loan to Deposit Ratio (2018-2016): 0.73  
Subindustry Median (2018-2016): 0.85  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.S.1 - Qualitative Overlay

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

# Appendix

## Exposure Details

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### EA.S.2 - Subindustry Correction Factor

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0.00  
Beta Signal

### EA.S.3 - Exceptional Event Adjustment

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0.00  
Beta Signal

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# Appendix



## Management Details

### S.1.1 - Freedom of Association Policy

25	4.50%	1.1
Raw Score	Weight	Weighted Score

The company has a weak policy on freedom of association

Deutsche Bank states on its website that it respects the right of freedom of association and collective bargaining, based on the global principles of the UN Global Compact and the standards of the International Labour Organization (ILO). However, the company does not disclose a formal policy on freedom of association.

**Sources**

Deutsche Bank Corporate Website, Labour Rights, www.db.com; accessed 17 September 2018

### S.1.2 - Discrimination Policy

100	13.50%	13.5
Raw Score	Weight	Weighted Score

The company has a strong policy

**Criteria**

- List of the types of discrimination the company is committed to eliminate
- Commitment to ensure equal opportunity
- Reference to the ILO conventions

**Sources**

Deutsche Bank, Code of Business Conduct and Ethics, November 2017

### S.1.3 - Diversity Programmes

100	20.25%	20.3
Raw Score	Weight	Weighted Score

The company has a strong programme

Deutsche Bank has taken several initiatives to promote diversity and inclusion. In addition to being signatory to a range of diversity charters, Deutsche Bank made a voluntary declaration alongside other DAX-30 companies to substantially increase the representation of women, and has also become one of the first companies to adopt the United Nations Standards of Conduct for Business to tackle discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people in 2017. The bank has voluntary, cross-divisional employee resource groups (ERGs) to accelerate the advancement of employees from traditionally underrepresented groups, allies who support those groups, and people who share a common purpose, interest or background.

**Criteria**

- Managerial or board level responsibility for diversity initiatives
- Targeted recruitment
- Training and guidance regarding diversity
- Diversity initiatives that go beyond legal compliance
- Employee affinity groups, diversity councils, or networking groups
- Mentorship programmes
- Initiatives supporting a diverse workforce
- Diversity monitoring or audits

**Sources**

Deutsche Bank Corporate Website, Diversity and Inclusion, www.db.com; accessed 14 September 2018

Deutsche Bank Human Resources Report 2017

Deutsche Bank Non-Financial Report 2017

### S.1.3.1 - Gender Pay Equality Programme

29	9.00%	2.6
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

**Criteria**

- Commitment to gender pay equality
- Global gender pay gap audit or compensation review
- Initiatives to close the gender pay gap
- Monitoring and measurement
- Quantitative targets and deadlines

# Appendix



## Management Details

### S.1.3.2 - Gender Pay Disclosure

19	4.50%	0.9
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

**Criteria**

- Disclosure of the company's global mean (average) raw gender pay gap
- Disclosure of the company's global median raw gender pay gap
- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)

### S.1.5 - Employee Turnover Rate

0	4.50%	0.0
Raw Score	Weight	Weighted Score

The company's employee turnover rate is high

In 2017, Deutsche Bank's total staff turnover rate was 12.0%, and the voluntary staff turnover rate was 7.8%.

**Sources**

Deutsche Bank Human Resources Report 2017

### S.1.4 - Collective Bargaining Agreements

25	4.50%	1.1
Raw Score	Weight	Weighted Score

Disclosure is insufficient to determine the percentage of the company's employees that are covered by collective bargaining agreements

**Criteria**

- Disclosure of the company's global mean (average) raw gender pay gap
- Disclosure of the company's global median raw gender pay gap
- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)

### S.1.5.2 - Human Capital Development

75	24.75%	18.6
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Initiatives for talent recruitment
- Initiatives for talent development
- Initiatives for talent retention
- Regular formal performance reviews for all permanent employees aligned with career development
- Quantitative targets related to human capital development
- Formal mechanisms to promote an open feedback culture
- Reporting on human capital development metrics
- Reporting on human capital risk assessment

**Sources**

Deutsche Bank Human Resources Report 2017

### S.1.6.1 - Employee Training

19	4.50%	0.9
Raw Score	Weight	Weighted Score

This indicator score has been imputed while we complete the relevant research

# Appendix



## Management Details

### Labour Relations Events



Category 2 Event - Moderate

### Incident History



**Locations:** New York, NY, USA, United Kingdom, Singapore, Hong Kong, United States

**Tags:** Discrimination & Harassment, Labour Relations

**Program manager lawsuit claiming dismissal over discrimination complaints**  
[HR Dive](#) - 21 March 2019

**Settlement reached in lawsuit alleging ERISA violations**  
[Law360](#) - 15 August 2018

**Update: NY court partly grants summary judgment in ERISA lawsuit**  
[PlanSponsor](#) - 11 June 2018

**Update: Class certification granted to lawsuit claiming ERISA violations**  
[PLANSponsor.com](#) - 07 September 2017

**Former employee lawsuit over unpaid bonuses in UK court**  
[Emirates-Business.ae](#) - 26 April 2018

**Former Asia co-head files lawsuit claiming wrongful dismissal**  
[La Repubblica](#) - 07 September 2016

**Former Hong Kong executive files wrongful dismissal lawsuit**  
[Bloomberg](#) - 22 June 2016

**Lawsuit over alleged unjust firing**  
[Bloomberg](#) - 23 September 2015

# Appendix

## Exposure Details



### Resilience

#### EA.E.29 - Resilience

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -1.93%  
Subindustry Median (2016-2018): 14.67%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.5 - Solvency - Banking

0.02  
Beta Signal

The company has a weak Tier 1 capital ratio.

Tier 1 Capital Ratio (2018-2016): 14.47%  
Subindustry Median (2018-2016): 15.97%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.6 - Asset Performance - Banking

- 0.02  
Beta Signal

The company has a strong non-performing asset ratio.

Non-Performing Assets (2018-2016): 0.44%  
Subindustry Median (2018-2016): 0.66%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.7 - Financial Flexibility - Banking

- 0.03  
Beta Signal

The company has a very strong loan-to-deposit ratio.

Loan to Deposit Ratio (2018-2016): 0.73  
Subindustry Median (2018-2016): 0.85  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.S.1 - Qualitative Overlay

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

# Appendix



## Exposure Details

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### EA.S.2 - Subindustry Correction Factor

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0.00  
Beta Signal

### EA.S.3 - Exceptional Event Adjustment

---

0.00  
Beta Signal

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# Appendix



## Management Details

### S.4.4.1 - Systemic Risk Management

100	20.25%	20.3
Raw Score	Weight	Weighted Score

Systemic risk management is very strong

**Criteria**

- Board responsibility for risk management
- Centralized risk management office
- Clawback provisions linked to risk management
- Clawback provisions linked to all variable executive pay components
- Clawback provisions timeframe of at least three years
- Variable executive compensation capped at 200% of fixed salary
- Variable compensation payout timeframe of at least five years
- Performance-based variable compensation
- Employee risk training and awareness
- Internal audit of risk management system

**Sources**

Deutsche Bank Annual Financial Statements and Management Report of Deutsche Bank AG 2017

### S.4.4.2 - Systemic Risk Reporting

100	20.25%	20.3
Raw Score	Weight	Weighted Score

The company has a very strong systemic risk reporting

**Criteria**

- Reporting adheres to best practices
- Reporting on management of changing risk environment
- Reporting on capital planning
- Reporting on liquidity planning
- Reporting on market risks
- Reporting on credit risks

**Sources**

Deutsche Bank Annual Financial Statements and Management Report of Deutsche Bank AG 2017

### S.4.4.3 - Tier 1 Capital Buffer

66	22.50%	14.9
Raw Score	Weight	Weighted Score

The company's core Tier 1 capitalization is strong

Deutsche Bank's fully loaded CET 1 ratio of 14.0% exceeds the minimum requirement of 9% by 5%.

**Sources**

Deutsche Bank Annual Financial Statements and Management Report of Deutsche Bank AG 2017

### S.4.4.5 - Leverage Ratio

33	20.25%	6.7
Raw Score	Weight	Weighted Score

The company's leverage ratio is adequate

Deutsche Bank's leverage ratio of 3.8% exceeds the minimum requirement of 3% by less than 1%.

**Sources**

Deutsche Bank Annual Financial Statements and Management Report of Deutsche Bank AG 2017

### S.4.4.8 - Asset Quality

75	6.75%	5.1
Raw Score	Weight	Weighted Score

The company's non-performing asset level is moderate

In 2017, non-performing assets represented 0.5% of Deutsche Bank's total assets.

**Sources**

Deutsche Bank Annual Financial Statements and Management Report of Deutsche Bank AG 2017

# Appendix



## Management Details

### Resilience Events



#### Category 2 Event - Moderate

### Incident History



Locations: Germany, United States

Tags: Resilience

**Company announces 18,000 job cuts as part of restructuring**  
Reuters - 07 July 2019

**Update: US Federal Reserve investigation into bad bank plan**  
[Financial Times - 24 June 2019](#)

**Update: Deutsche Bank announces restructuring to create a bad bank**  
[Forbes.com - 17 June 2019](#)

**Update: EBA's 2018 stress test results show weak performance**  
[Reuters UK - 02 November 2018](#)

**Update: ECB asks Deutsche Bank for costs of winding down investment bank**  
[Financial Times - 16 April 2018](#)

**Update: Deutsche Bank to post 2017 net loss**  
[Seeking Alpha - 05 January 2018](#)

**Update: Deutsche Bank successfully raised USD 8.5 from shareholders**  
[Washington Post - 07 April 2017](#)

**Update: Plans to raise USD 8.5 billion in reorganization**  
[Bloomberg - 05 March 2017](#)

**Update: ECB lowers CET 1 capital ratio requirement for 2017**  
[Il Sole 24 Ore - 27 December 2016](#)

**Update: Bank allegedly received stress test concessions from ECB**  
[New York Post - 10 October 2016](#)

**Update: Shareholder concerns regarding capital raising strategy**  
[Financial Times - 15 September 2016](#)

**Update: ECB 2016 stress test reveal weak performance**  
[Business Times Singapore - 30 July 2016](#)

**Update: Bank reports annual loss**  
[Business Times Singapore - 21 January 2016](#)

**US Federal Reserve lifts restriction after the bank passes stress test**  
[Reuters UK - 27 June 2019](#)

**Update: US regulators grant additional year for submission of living will**  
Reuters - 30 August 2018

**Update: US unit fails second part of 2018 Fed stress test**  
[New York Times - 28 June 2018](#)

**Update: US regulators add US subsidiary to federal problem bank list**  
[Financial Times - 31 May 2018](#)

**Update: US unit passes US FED 2017 stress test**  
[Yahoo! Canada - 22 June 2017](#)

**Update: 2016 US Federal Reserve stress test failure**  
[American Banker - 29 June 2016](#)

**Update: US Federal Reserve 2015 stress test failure**  
[Wall Street Journal - 02 March 2015](#)

# Deutsche Bank AG

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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

# Deutsche Bank AG

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