



Sustainability Investment Process within Private Bank

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Sustainability Investment Process within Private Bank (Private Bank Germany and International Private Bank)

Private Bank aims to meet private client's growing demand for ESG compliant products and services by providing transparency and leading advisory on ESG.

- Discretionary portfolio management uses MSCI data to exclude industries that are deemed harmful in maintaining sound ESG risk management; these are generally in accordance with the bank's group-wide exclusion policies; in addition, all of the portfolios underlying securities must have a minimum MSCI ESG rating; in line with new regulation on sustainability preferences (MiFID II); also discretionary portfolio management includes attributes that align the instrument selection within its mandates to the regulatory defined sustainability characteristics; discretionary portfolio management provides an ESG offering across the main regions (PB GY is focusing on Germany exclusively, whereas IPB covers APAC., Americas, EMEA and Germany as main regions) and has transitioned its flagship Strategic Asset Allocation product by incorporating the defined ESG criteria since August 2022
- Funds on International Private Bank's advisory list, developed by the Funds research team in the product management (PB Germany) and Global Investment Group (IPB) must meet minimum requirements to be considered as an ESG fund; the funds must have a qualifying ESG strategy and meet a minimum MSCI ESG rating and the funds must align to defined sustainability regulation within the applicable region; additional due diligence is carried out to determine a subset of "dedicated" ESG funds which defines the funds that are actively promoted in advisory processes as ESG funds and then subsequently included in the sustainable volumes; regulatory thresholds and stricter criteria for categorizing a product as sustainable came into effect as of August 2022
- Green bonds in the investment portfolios of Private Bank's clients are considered ESG if the green bonds meet all four core components of the International Capital Market Association's Green Bond Principles; these components set out guidelines for the instrument to be considered green which includes the use of proceeds, disclosure of the process for project evaluation and selection, the management of the proceeds and annual reporting on allocations