



Deutsche Bank

Green Bond Framework

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Table of contents

1. Sustainability at Deutsche Bank	3
2. Green Bond Framework	4
2.1 Structure of the Framework	4
2.2 Use of proceeds	4
2.3 Process for project evaluation and selection	6
Step 1: Green asset screening and pre-selection	6
Step 2: Internal validation	6
Step 3: External verification	7
2.4 Management of proceeds	7
2.5 Reporting	7
Allocation reporting	7
Impact reporting	8
2.6 External review	8
3. Appendix	9
3.1 Impact reporting	9

1. Sustainability at Deutsche Bank

Deutsche Bank's commitment to sustainability is long-standing and means for us a sustainable business performance, which balances economic success with environmental and social responsibility. It aims to foster business that enables sustainable economic growth and societal progress, by creating positive impact for our clients, our employees, our investors and our communities.

Our business objectives are clear: facilitating capital flows and thereby fueling economic development. This, in turn, supports reaching global goals, such as increased resource productivity and greater use of clean technologies. It is our responsibility to further strengthen these benefits while also taking into consideration and curbing any possible negative consequences of our business activities.

Therefore, we monitor global developments and evaluate their impact on our business. We value open dialogue with our stakeholders and respect their diverse expectations. This helps us to make informed decisions while continually shaping our sustainability approach.

Deutsche Bank is highly committed to promoting and financing a paradigm shift towards a low-emissions economy and climate resilient development pathways. We signed the "Paris Pledge for Action", committing us to accelerate the transformational changes needed to reduce global warming to within acceptable limits. Public and private-sector collaboration will be critical to promoting and financing a shift towards a low-emissions global economy and climate friendly development.

We aim to provide products and services that create value for society and respond to global challenges such as climate change. Building on our expert knowledge, we seek to identify, stimulate, and actively support measures, which counteract climate change and support sustainable growth. The best way we can support the transformation towards a more viable society is by advising clients in a responsible manner and putting our financial skills for sustainable solutions at their disposal. Therefore, we make financial resources available to clients and sectors that promote sustainable development. As a global bank, we can make an important contribution to raising the capital needed to implement the Paris Agreement.

We help our clients to develop, acquire and on-sell low-carbon businesses and assets. We are one of the top European private-sector project financiers of clean energy, while our financing and advisory services support other low-carbon and clean-tech businesses.

Furthermore, Deutsche Bank is a promoter of the green bond market. We are a member of the International Capital Markets Association (ICMA) Green Bond Principles Organisation and as part of our liquidity reserve investments, we invested into a portfolio of high-quality green bonds.

In 2019, we supported clients to issue more than € 20bn billion in green bonds. Many of these transactions were of high strategic importance to the issuers, and moreover helped to advance and develop the green bond market itself.

With the issuance of Deutsche Bank Green Bonds, we want to contribute to the further advancement of this market and raise funds matching those we lend to our clients to achieve their goals in transforming their business in a climate-friendly manner as well as to profit from the manifold opportunities provided by a low-emissions economy.

Our contribution to a low-carbon economy starts with our own operations, which we try to make as efficient as possible. Our Management Board endorses the bank's commitment to carbon neutrality.

We actively minimize the environmental impact from our direct business operations by continuously improving our environmental performance, using resources as efficiently as possible, leveraging the advantages of new technology, optimizing building operations, reducing business travel and increasing our use of renewable energy.

Unavoidable carbon emissions covering GHG Scopes 1 and 2 and business travel have been offset since 2012, by purchasing and retiring high-level emissions reduction certificates.

2. Green Bond Framework

2.1 Structure of the Framework

As part of our broader sustainability strategy Deutsche Bank AG has established this Green Bond Framework (the **Framework**). Our goal is to ensure that our clients have access to financing that helps them to pursue the necessary transition to an environmentally sustainable future and our commitment and beliefs have been put into practice with this Framework.

The purpose of this framework, which may be updated from time to time, is to have a single robust methodology in place for all future Green Bond issuances, ensuring that for each instrument issued the principles of this Framework apply. Green Bonds issued under the framework can be of any seniority, but in any case are ranking *pari passu* with any other conventional (non-green) bond of similar ranking.

Generally, the Framework is aligned with the ICMA Green Bond Principles (**GBP**)¹, which are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. The Framework as such consists of the following components:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

In formulating the Framework care was also taken to reflect both the United Nations Sustainable Development Goals (**SDGs**) and the latest reports on the European Union Green Bond Standard (**EU GBS**)² and the European taxonomy for sustainable activities (**EU Taxonomy**), prepared by the Technical Expert Group on Sustainable Finance established by the European Commission.

Potential changes of the GBP or developments with regards to the EU GBS or EU Taxonomy will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting and will provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

2.2 Use of proceeds

An amount corresponding to the net proceeds from any Green Bond issued under the Framework shall be used to finance Deutsche Bank's Green Asset Pool (the **Green Asset Pool**). The pool is composed of both loans to and investments in corporations, assets or projects, which supports the transition to a clean, energy-efficient and environmentally sustainable global economy and are in line with the requirements of this Framework (**Eligible Green Assets**). Deutsche Bank commits on a best efforts basis to reach full allocation within one year following each Green Bond issuance.

In order to be eligible for inclusion in the Green Asset Pool, the loan or investment must fall in at least one of the sectors described in the table below (**Eligible Sectors**). In case of general corporate loans, at least 90% of the turnover of the corporation needs to be attributable to Eligible Sectors and fulfil the respective requirements. In addition to outlining the required eligibility criteria, the table below also maps the Eligible Sectors to the relevant GBP category and the SDGs.

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² https://ec.europa.eu/info/publications/sustainable-finance-teg-green-bond-standard_en

GBP category	SDG mapping	Eligibility criteria
Renewable Energy	 	<p>Loans or investments in corporations, assets or projects related to renewable energy projects, including, but not limited to, wind (onshore/offshore), solar (photovoltaic/concentrated solar power) and bio-mass.</p> <p><u>Eligibility requirements under current version of the EU Taxonomy³ to be considered:</u></p> <ul style="list-style-type: none"> – Asset / project loans: over-arching, technology-agnostic emissions threshold of 100g CO₂e / kWh declining to 0gCO₂e/kWh by 2050 for all sorts of electricity production (life cycle impact for producing 1 kWh of electricity) – Bio-mass specific: facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator set out in RED II increasing to 100% by 2050
Energy Efficiency	 	<p>Loans or investments in corporations, assets or projects related to the development and implementation of products or technology that reduce the use of energy. Examples include, but are not limited to: energy efficient lighting (e.g. LEDs), energy storage (e.g. fuel cells), improvement in energy services (e.g. smart grid meters)</p> <p><u>Eligibility requirements under current version of the EU Taxonomy to be considered:</u></p> <ul style="list-style-type: none"> – Energy efficiency is mentioned across various activities, as such no general threshold can be applied and decisions need to be made on a case-by-case basis depending on the sector and activity specific background
Green Buildings	 	<p>Loans or investments in assets or projects related to the construction of new buildings, operation of existing buildings or renovation of existing buildings (with a minimum energy efficiency upgrade) in the commercial real estate sector.</p> <p>Construction of new commercial buildings which meet at least one of the following criteria:</p> <ul style="list-style-type: none"> – Certification with a minimum of LEED “Gold”, BREEAM “Very Good”, or where needed, any other certification that is comparable to the above thresholds – Buildings in the top 15% of low carbon buildings in the respective country (if benchmarks exist) <p>Renovation of existing buildings which meet the following criteria:</p> <ul style="list-style-type: none"> – Energy savings of at least 30% in comparison to the baseline performance of the building before the renovation <p>Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities are explicitly excluded.</p> <p><u>Eligibility requirements under current version of the EU Taxonomy to be considered:</u></p> <ul style="list-style-type: none"> – New buildings (initially): net primary energy demand of the new construction must be at least 20% lower than the primary energy demand resulting from the relevant ‘nearly zero-energy building’ requirements. – Renovation: when compliant with energy performance standards set in the applicable building regulations for ‘major renovations’ transposing the Energy Performance of Buildings Directive, or achieving energy savings of at least 30% in comparison to the baseline performance of the building before the renovation
		<p>Other Eligible Sectors might be added upon future updates of the Framework (such as Green Residential Buildings or Clean Transportation)</p>

³ Final report of the Technical Expert Group as published on: https://ec.europa.eu/info/publications/sustainable-finance-technical-expert-group_en

Exclusions

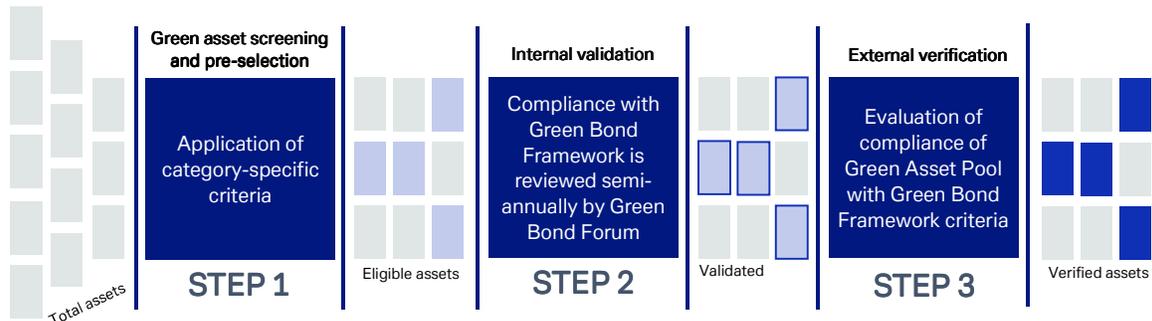
Deutsche Bank explicitly excludes non-committed or non-performing exposures, as well as loans to businesses or projects that are involved in the following operations from being eligible for the Green Asset Pool:

- Activities related to the exploration and production of fossil fuels
- Nuclear and nuclear related technologies
- Weapons, alcohol, tobacco, gambling, and adult entertainment
- Deforestation and degradation of forests

In addition to the requirements specific to the Eligible Sectors, all loans originated by Deutsche Bank that are potentially eligible for inclusion in the Green Asset Pool are tested against the bank's Environmental and Social Policy Framework (**ES Policy Framework**). The ES Policy Framework evaluates potential environmental and social risks that could arise from transactions or interactions with clients, and with specific principles and guidelines determine the best course of action.

2.3 Process for project evaluation and selection

To identify Eligible Green Assets that are in line with the Eligible Sectors and related criteria defined in the "Use of proceeds" section, Deutsche Bank follows a three-step process: i. green asset screening and pre-selection, ii. internal validation, and iii. external verification.



Step 1: Green asset screening and pre-selection

For each of the Eligible Sectors, Deutsche Bank has put in place category-specific selection criteria that are used by the respective originating business areas to identify eligible items in their portfolio. The selection criteria are in accordance with conditions outlined in section 2.2 Use of proceeds and might be extended by the currently still evolving criteria around the do-no-significant-harm assessment as proposed through the EU Taxonomy in the future.

Step 2: Internal validation

Assets that are pre-selected through the respective originating business areas subsequently need to be validated by the Deutsche Bank Green Bond Forum (the **Forum**). The Forum acts to ensure compliance of pre-selected assets with the Framework and has full discretion to object to the inclusion of any asset, ultimately blocking them from being included in the Green Asset Pool in case of relevant concerns.

The Forum consists of selected representatives from Group Sustainability, Treasury and Origination/Front Office and convenes in at least quarterly intervals to vote unanimously on the inclusion of newly added green assets, as well as potential adjustments to the Framework's selection criteria. Potential future changes of the framework's selection criteria will not affect the treatment of Eligible Green Assets retroactively, i.e. Eligible Green Assets that

went successfully through the pre-selection and validation steps will not be affected by ex-ante framework changes and will remain in the Green Asset Pool. Ex-post removal (other than through maturity or sale of the asset) or substitution of assets from the Green Asset Pool is generally possible if new information concerning Eligible Green Assets emerge which warrant their removal from the Green Asset Pool. A process for such removal will also be overseen by the Forum, again requiring unanimous voting by its members before any actions are permitted.

Step 3: External verification

A reputable verifier is mandated to evaluate on an annual basis the compliance of the Green Asset Pool with the requirements set by this Framework. Any issue regarding one or multiple green assets in the pool raised by the verifier in this process can lead to the ex-ante exclusion of the respective asset(s), following the exclusion process through the Green Bond Forum as described in step two.

2.4 Management of proceeds

An amount corresponding to the net proceeds of any Green Bond issued by Deutsche Bank under the Framework, irrespective of the legal form of the instrument, will be used to finance Deutsche Bank's Green Asset Pool. The Eligible Green Assets stem from all different Eligible Sectors as defined in section 2.2 Use of proceeds, subject to the asset selection and evaluation process. The Green Asset Pool is expected to grow in size over time as further sectors are added to the Framework.

Eligible Green Assets selected and validated by the Forum are documented in the Deutsche Bank Green Asset Inventory (the **Inventory**), which represents the technical mapping of the Green Asset Pool. The Inventory is populated based on information provided by all parties involved in the asset selection process. Flagging assets to be documented in the Inventory is a mere designation and does not imply any change in ownership, pledge or lien for benefit of third parties or change in assignment to legal entity, branch or division.

Deutsche Bank strives, at any point in time, to maintain a larger total amount of Eligible Green Assets than the total net proceeds of all green bonds outstanding. To maintain a buffer of Eligible Green Assets in the Inventory over green bond net proceeds, Deutsche Bank is dedicated to substitute maturing loans or other financings with an appropriate alternative as timely as practically possible. The Inventory is routinely monitored by Deutsche Bank's Treasury unit to detect potential shortfalls. Should a shortfall occur, Treasury will direct, at its own discretion, the shortfall amount towards its liquidity portfolio, consisting of cash and/or cash equivalents, and/or other liquid marketable instruments.

2.5 Reporting

As long as there is any Green Bond outstanding, Deutsche Bank is committed to publish relevant information and documents regarding our Green Bond activities in a dedicated Green Bond Report, which will be made available on our investor relation website (www.db.com/ir/) on an annual basis. The report is split in two parts (i) the allocation reporting and (ii) the impact reporting, whereby each report will contain details including, but not limited to:

Allocation reporting

- Confirmation that the use of proceeds of Green Bonds outstanding are in alignment with the eligibility criteria set by the Framework
- The total amount of outstanding Green Bonds and the share of proceeds used for financing or re-financing purposes
- The amount of net proceeds allocated within each Eligible Sector, as well as the balance of net proceeds not yet allocated to Eligible Green Assets (if any)

- Illustrative examples describing Eligible Green Assets to which Green Bond net proceeds have been allocated, which are subject to confidentiality commitments to clients

Impact reporting

Subject to feasibility and data availability, the impact reporting will focus on the following information:

- Asset-specific results (where possible) and related environmental impact indicators (such as CO₂ emissions avoided)
- Asset category aggregated results and related environmental impact indicators (such as CO₂ emissions avoided)

An overview of selected impact indicators for the respective categories to be financed are outlined in the appendix of this Framework. In case other Eligible Sectors will be added in the future, the Framework update would also include the addition of the respective impact reporting indicators for those asset categories.

2.6 External review

This Framework has been reviewed by ISS Corporate Solutions prior to the issuance of the first Green Bond referring to it. ISS Corporate Solutions' results are documented in a Second Party Opinion, which confirms that the Framework meets the GBP at time of its publication. The Second Party Opinion will be made available on Deutsche Bank's investor relations webpage (www.db.com/ir/).

In order to ensure sustained compliance of all issued bonds with the methodology set out in this Framework, Deutsche Bank will further appoint ISS Corporate Solutions or any other party as successor for ISS Corporate Solutions as an annual verifier.



3. Appendix

3.1 Impact reporting

GBP category incl. Eligible Green Expenditures	Exemplary result indicators	Environmental impact indicators
Renewable Energy	<ul style="list-style-type: none"> - Share of renewable energy in electricity consumption - Number of renewable energy projects financed 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/ avoided in tonnes of CO₂e - Annual renewable energy generation in MWh/ GWh (electricity) (other energy savings) - Capacity of renewable energy plant(s) (incl. windmills) constructed or rehabilitated in MW
Energy Efficiency	<ul style="list-style-type: none"> - Number of projects being financed - Number of LEDs, smart meter grids or any other energy saving applications installed 	<ul style="list-style-type: none"> - Annual energy consumption saved through measures in kWh - Annual GHG emissions reduced/ avoided in tonnes of CO₂e
Green Buildings	<ul style="list-style-type: none"> - Number of newly constructed buildings in the Green Asset Pool - Number of upgraded/funded buildings in the Green Asset Pool 	<ul style="list-style-type: none"> - Annual energy consumption in kWh/ m² of Gross Building Area; and % of energy use reduced/ avoided vs local baseline/ building - if relevant % of renewable energy generated on site (specifying the relevant renewable energy form)