



Deutsche Bank AG
Sustainability Deep Dive
May 20, 2021

– Transcript –

Christian Sewing – Sustainability Strategy and Ambition

- Thanks, Jörg.
- Hello and welcome from my side as well.

- Deutsche Bank is currently undergoing a fundamental transformation and sustainability is a central pillar of this change for us. You may ask why we have increased our efforts with such intensity over the past two years.

- Let me take a step back and look at the strong convictions we have as a bank:
 - As I said at my first AGM as CEO in May 2018, I strongly believe a bank needs to be at the centre of society - which means we have to serve society for the greater good.
 - We are also convinced that we need a stronger, more integrated Europe to transform our economies. Europe is a world leader in sustainability and we need to maintain this competitive advantage. Banks are part of the solution in this transformation, too.
 - And we want our people to be proud to work for our bank. From experience, I can say: being sustainable is one cornerstone exactly for this pride.
- With this in mind it was simply a logical conclusion that sustainability must be a management priority for us in Deutsche Bank when we announced our "Compete to Win" strategy in July 2019 - next to being client centric, entrepreneurial, and of course technology driven.
- Today we can say: rightly so!
- By now, there can be no doubt: those banks that don't change will eventually lose clients, revenues and societal acceptance.
- Or to put it bluntly: they risk losing their licence to operate.



- We are convinced: the inclusion of sustainability criteria in business selection and risk management will become the default option for the financial sector. All of our businesses will have to follow stringent environmental, social and governance rules.
- But even more importantly, we must not pass these challenges to the next generation.
- And I say this as a business leader, as a father, as a citizen and more simply: as a human being.

- To address climate change, there is a common understanding on the need to reach net-zero emissions globally by 2050 - but the reality is that action in this decade will determine whether we can reach that target.
- The good news is: we are seeing support for this conviction throughout all of our stakeholder groups and across industries:
 - And just to give you a few examples:
 - My conversations with regulators, investors and CEOs all over the world have dramatically changed and sustainability is again and again at the very top of the agenda.
 - Our internal surveys show that our employees expect us to act decisively and to be purpose-driven.
 - In addition, the German government plans to assign concrete carbon emission reduction targets for each industry by September this year

- But this is about much more than challenges, rules and regulations. This transformation brings opportunities for us as a bank:
 - First and foremost it is about supporting our clients on their transformation journeys - they need our advice; they need our products and solutions.
 - Second, by being a frontrunner in ESG we will also be more attractive to investors in a fast-growing market.
 - And finally, needless to say, society, like our clients, values it highly when we act as a responsible corporate citizen.

- As a global universal bank deeply rooted in Europe, we see ourselves ideally positioned for this new environment. And being a universal bank is the key to success. And why that?

- We are producing the assets in-house that our clients demand - from originating and structuring, to designing and finally distributing them. We are ideally positioned on both sides of the balance sheet.



- Moreover, I see a competitive advantage for us because of our advisory capabilities. In the ESG world clients aren't as certain about what they want to buy. They need advice and transparency. With over 22,000 client-facing people worldwide we are able to leverage the knowledge we have been developing in ESG for our clients.
- Being a German and European bank is a considerable advantage because of the affinity of Europeans to sustainability.
- Finally, we have been adapting our mindset to the new environment. We are embracing change, we strive to get better at getting better - so we can live up to our potential. Sustainability is an ideal area to bring this mindset to life.
- So, you can expect significant progress from us on all fronts.

- Jörg laid out to you the progress we have made over the past two years. But we believe we can do more:

- Let's start with our targets for sustainable financing and investment, which are the main levers for our clients' transformation journeys:
 - Lately, we have seen an inflation of volume targets with rather long time horizons. But we strongly believe that we need tangible progress and impact now. As we have been very successful over the first year since we announced our target, we have become more ambitious with regard to how fast we can achieve it. We are therefore confident that we will reach our goal of 200 billion euros in sustainable financing and investment as early as the end of 2023 instead of 2025 – so in other words: in four years instead of six.
 - Gerald Podobnik, the CFO of our Corporate Bank, will address in more detail how we measure our performance.

- Let's turn to our Policies & Commitments:
 - The industry has become more granular in line with emerging reporting and metrics standards. Already last year, we committed to publish the carbon footprint of our loan portfolio by the end of 2022.
 - Moreover we will not only publish our Green Asset Ratio as required by the European Banking Authority but we will also set and announce a specific Green Asset Ratio target by mid-2022.
 - Next to our engagement in the Net-Zero Banking Alliance, we are entering a new era in our client relationships. We have started or will start profound transition



dialogues with clients that are facing headwinds over environmental, social and governance issues by the end of 2021.

- While there might be public pressure to stop a client relationship entirely, we will first and foremost try to support our clients in accelerating their sustainability transition and are convinced that this is the right thing to do.
 - This means: a credible transition plan is key, and we see it as our duty to support our clients exactly on this.
- You may ask: what is the effect of this on our revenues?
- While we are not at the point yet that we can give you a detailed revenue projection I am very optimistic that we have much more to gain than to lose. For three reasons:
 - First, our positioning: as I said before, we can originate and market these assets in high demand with our clients along the whole value chain of banking.
 - Second: our track record in achieving our goals. For example, we have been very successful over the past 12 months in establishing ourselves among the top houses in ESG bond issuance in Europe and globally. And today we announced the acceleration of our targets which of course should be positive for our revenues in a growing market.
 - And third: our client interaction. We are strongly investing in transformation, which is not only good for society but also for us - as it will encourage a deep and beneficial dialogue with our clients.
- Hence, I see sustainability as a unique opportunity to gain market share as we feel well-positioned to benefit from this transformation in our industry.
- To be a credible partner we also want to lead by example with our own operations. Let me point to three initiatives incremental to the targets we have already announced:
- We see the need for a fundamental overhaul of our supply chain management. From 2022 onwards, the prerequisite for every new or prolonged contract worth more than 500,000 euros a year will be that the vendor has an external sustainability rating from Ecovadis or other rating agencies.
 - From 2023 onwards, we will only grant new contracts to vendors who have a sufficient sustainability rating.
 - We also think that we need to do more with regard to our own Deutsche Bank fleet of more than 5,000 cars in Germany. We plan to lower the overall gasoline



- consumption of this car fleet by 30 percent by 2025 by strongly incentivising our people to use electricity instead of gasoline.
- And yes we have the ambition to be carbon net-zero with our car fleet by 2030.
 - Last but not least on diversity and inclusion: we have developed a more ambitious plan. And it is not just about female leadership. Christiana Riley, our CEO of the Americas, and Michael Ilgner, Global Head of Human Resources and Real Estate, will elaborate on this later on.
 - But let me tell you now: we already have a detailed plan to increase the target for women in senior positions from 29 percent today to 35 percent by 2025.
- Finally, thought leadership and stakeholder engagement: We are committed to being fully engaged in the discussions around ESG issues. Let me give you some examples:
- We are collaborating with the Monetary Authority of Singapore to establish an ESG Centre of Excellence, which will focus on public and private ESG transactions, product development and advisory services.
 - Our International Private Bank has just become the first bank to join the Ocean Risk and Resilience Action Alliance as a full member.
 - And we have started to roll out our ambassador programme for deep stakeholder engagement, having developed broad expertise in our group beyond the speakers you will see today. And you will definitely see us at the COP26 in Glasgow in November this year.
 - And let me come back to our ambition to be at the centre of society:
 - Our employees have been heavily engaged as volunteers for more than 25 years. They share their skills by mentoring young people, advising charities, advocating for social progress, and yes lending a hand to community projects. In 2020, and despite the pandemic, they spent about 20,000 days worldwide to support their communities.
 - Going forward we'll put even more emphasis on the financial education of the next generation:
 - From this year on we will ask senior managers to liaise with schools of their choice and offer them lessons on financial literacy. 350 of our colleagues in Germany have already registered for our initiatives on financial education - let's double our ambition to 700 colleagues by the end of 2022 and aim for each of them to give at least one lesson on financial literacy per year. And we're building on our digital



learning module eduStories to share our financial knowledge with teenagers at participating schools.

- So this is what we promise to do. It is very tangible and transparent.
- But there is much more to it. We have embarked on a transformation journey that will take years.
- Our aspiration to become a sustainability leader is already touching virtually every part of our bank as reflected in the ESG governance Jörg outlined earlier.
- So what is our vision if we look beyond 2022?
 - First of all, our ambition is to make ESG the new normal for Deutsche Bank - in our client interactions, our own operations, and in all our processes.
 - What does this mean?
 - The majority of our newly generated loans and assets under management should be ESG-compliant.
 - We will measure our impact and how we contribute to delivering the UN Sustainable Development Goals more precisely.
 - Whether it be with our suppliers, or our company cars, we will work decisively towards the carbon net-zero target and will adhere to strict social and governance standards.
 - And as a leading European bank, we will be deeply engaged in the dialogue with regulators and standard setters as well as society all over the world.
- With our achievements so far, our ambitions and vision, I personally feel comfortable that we can live up to our mission:
 - "We aspire to contribute to an environmentally sound, socially inclusive and well-governed world. We strive to support our clients in accelerating their own transformation. Our advice as well as our products and solutions shall be built on this commitment."
- We will report on our progress comprehensively and regularly from now on.
- Thank you. And with this I hand back to Anke.



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