

Corporate Responsibility Report 2016



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Ladies and Gentlemen,

We continued to face a great deal of public scrutiny during the past year. In particular, the numerous legal disputes that had already cost us billions of euros unsettled investors, employees, and clients.

Can a company in this situation still credibly report on its corporate responsibility? My answer is an unequivocal yes. Now, more than at any other time, this is especially important. We must and we will show that we are drawing the right conclusions from our past mistakes.

Since my term as Chairman of the Management Board began in the summer of 2015, we have launched many initiatives to address our failings. We have simplified our structures, made many new management appointments, and resolved a number of our most important legal disputes. To win back trust we also embraced new approaches in communicating with our numerous stakeholders – our clients, shareholders and employees as well as regulators.

The path we are taking towards becoming a better bank, as I described it at last year's Annual General Meeting, continues to be the right one for us. This includes accepting our corporate responsibility and living according to the values we wholeheartedly believe in. We have demonstrated this clearly in several instances. When, for example, the US state of North Carolina suspended the protection of the rights of lesbian, gay, bisexual and transgender (LGBT) communities in some cities in April 2016, we shelved our plans to create new jobs in Cary. In doing so, our intention was to make absolutely clear our commitment to diversity, tolerance and equality – one of several reasons why many of our employees choose to work for Deutsche Bank.

At last year's Annual General Meeting we also announced that we will not be expanding our coal financing business, even if market opportunities present themselves. But we want to be even more ambitious and scale back our activities in this sector by up to 20% by 2020.

In addition, we want to provide transparency about how we manage the ecological and social risks related to our activities. We published a policy framework on this issue in May 2016 and are now using it as the basis for evaluating clients and transactions. We have declined several initially appealing transactions because of their associated environmental, social, and reputational risks, while we approved other transactions only subject to certain conditions.

As the Management Board of Deutsche Bank, we are acutely aware that acting responsibly is not just about one-off measures, projects, or initiatives. Our intention is to live up to the Ten Principles of the United Nations Global Compact as the globally recognized cornerstones of corporate responsibility across the entire bank.

We are creating new functions and structures to give a higher priority to sustainability issues. We have appointed a new head of our Sustainability team and are now reinforcing the function. Furthermore, our Deutsche Asset Management business division appointed a chief strategist for responsible investments in December 2016. As a trustee for third-party assets and one of the signatories of the United Nations Principles for Responsible Investment (UNPRI), we aim to consider both financial and non-financial criteria when making investment decisions. The new chief strategist will ensure precisely that.

So we are doing much that is new as we strive to become a better bank. We are, however, also keeping some things unchanged where we are already well-regarded. We are one of the leading DAX-listed companies in terms of our social commitment. We contribute to every society in which we have business operations. In 2016, we were able to reach 4.9 million people worldwide with our corporate citizenship projects. We – and I personally – are very proud of this.

All of this represents the better Deutsche Bank on which we have set our sights. I am convinced that we best serve our clients, investors, employees, and society by upholding the immutable virtues and values of diligence, honesty, trust, and thoroughness. These are the virtues with which all of us at Deutsche Bank would wish to be associated once more.

With best wishes,



John Cryan
Chairman of the Management Board of Deutsche Bank

Financial targets

»To reach our goals, we are now placing Deutsche Bank on three strong pillars [...] At the same time, we need to control our costs even more tightly. Last year, we achieved a lot. However, in this tough environment, further reductions are unavoidable. We aim to reduce adjusted costs from 24.1 billion euros last year to around 21 billion euros by 2021. Given our recent successes, I am all the more confident that we will reach these goals.«

Message from John Cryan on Deutsche Bank's capital increase and strategy to all employees on March 5, 2017

Group financial targets

Simpler & more efficient	CET 1 ratio ⁽¹⁾	Comfortably above 13%	
	Leverage ratio	4.5%	
Less risky	Post-tax RoTE	~10% in a normalized operating environment	
	Dividend per share	Aspiration to deliver competitive dividend payout ratio for FY 2018 and thereafter	
Better capitalized	Adjusted costs ⁽²⁾	~€ 22 bn by 2018	~€ 21 bn by 2021
Disciplined execution			

⁽¹⁾ Full implementation of Basel 3

⁽²⁾ Total noninterest expenses excluding restructuring and severance, litigation, impairment of goodwill and other intangibles

Corporate profile

»The Management Board has decided on some fundamental revisions and decisive advances in the strategy we announced in the autumn of 2015. [...] There are three core elements:

- Strengthening our position in our home market by combining Postbank with our Private & Commercial Clients business, thus creating the clear market leader in Germany;
- Unleashing the growth potential of Deutsche Asset Management by floating a minority stake; and
- Reinforcing our business with international corporations by creating a single, integrated corporate and investment bank. This business has been the hallmark of Deutsche Bank since we were founded.«

Message from John Cryan on Deutsche Bank's capital increase and strategy to all employees on March 5, 2017

Corporate operating divisions (2016) ⁽¹⁾	Operating business divisions (2016)	Corporate divisions (2017)
Global Markets	Debt Sales & Trading ⁽²⁾ Equity Sales & Trading	Corporate & Investment Bank
Corporate & Investment Banking	Corporate Finance Global Transaction Banking	
Private, Wealth & Commercial Clients	Private & Commercial Clients Wealth Management	Private & Commercial Bank
Postbank	Retail Banking Corporate Banking	
Deutsche Asset Management	Asset Management	Deutsche Asset Management

⁽¹⁾ In line with our strategy, the Non-Core Operations Unit (NCOU) closed effective 1 January, 2017

⁽²⁾ Going forward to be referred to as Fixed Income & Currencies (FIC)

Our business environment

Global economic, social, and environmental trends, as well as stakeholder expectations, shape what we define as material ([see page 12](#)). The economic environment stabilized or improved in many countries during the course of 2016, despite the heightened political uncertainty we experienced in this period, in particular from the outcome of the UK referendum on EU membership and of the US presidential election. Central banks of the major economies played a key role in this recovery by continuing to support the global economy through an expansionary monetary policy.

In addition, historic irresponsible behaviors continued to put pressure on the bank. Therefore, we continued to focus on resolving legal matters, responding to continued regulatory requirements, strengthening the relationships with our clients, and improving operational efficiency.

Digitalization and data security

The dynamic landscape of technology ([see page 42](#)), along with changes in customer behavior and preferences, is driving a trend of digitalization across the economy, with a marked impact on financial services. Digitalization opens up opportunities for product, service, and business model innovations, as well as an enhanced customer experience. It also facilitates more efficient internal processes in that more activities can be carried out electronically, with banking transactions faster and more streamlined. With new emerging players such as FinTechs (financial technology firms) challenging established financial institutions and their business models, it is evident that successful digital transformation will be a key source of competitive advantage.

Digitalization brings associated risks of data security and cybercrime. Breaches may be in the form of terrorist or state-sponsored attacks, or commercial and individual hacking, and they remain a significant risk for the financial industry. Indeed, our own 2016 materiality analysis showed that our stakeholders are concerned with cybercrime and data security, and are challenging companies on the risk management processes they have in place.

Financial crime

While globalization has benefited the world economy in terms of overall prosperity and wellbeing, there are risks associated with operating as a global community; not least the risk of financial crime. Criminals seek avenues to facilitate the flow of their funds and conceal the proceeds. It is estimated by the United Nations (UN) that the amount of money laundered globally in a single year can be as high as 5% of global GDP. A World Bank report also highlights that illicit financial flows—including corruption, bribery, theft, and tax evasion—cost developing countries US \$1.26 trillion per year. As a global financial institution, we are exposed to the possibility of being targeted by criminals and misused for illegal purposes. Therefore, we are continuously intensifying our anti-financial crime ([see page 23](#)) measures accordingly.

Demographic change

Demographic change, as well as less linear career paths and a growing expectation by employees to enjoy a healthy work-life balance, is prompting the financial sector to reposition itself as an employer. This is of particular importance for workforce planning and development, accounting for aspects such as the impact of digitalization and a multi-generational workforce on talent retention and leadership behavior. We are expanding knowledge-transfer tools, fostering cross-divisional internal career paths, and implementing specific measures to maintain the motivation and employability of staff.

UN Sustainable Development Goals

In response to the economic, social, and environmental challenges our planet faces, the UN Sustainable Development Goals (SDGs) ([further information online](#)) define global priorities and aspirations for 2030. On January 1, 2016, the world's governments officially began implementation of this agenda at country level—the transformative plan of action based on 17 goals—to address urgent global challenges over the next 15 years. Deutsche Bank acknowledges that private-sector participation is needed to achieve the goals. Furthermore, we understand that the SDGs form a useful benchmark for corporations by defining and prioritizing the most urgent challenges for mankind to improve lives worldwide. Our license to operate will increasingly depend on our contributions to the SDGs.

Climate change

The Paris Agreement on Climate Change ([further information online](#)) (2015) is generally perceived to be a historical breakthrough in international climate protection policy. However, significant challenges still lie ahead. The targets included in the Paris Agreement will likely not be sufficient to achieve the 2°C goal. Moreover, diverging interests have complicated the implementation of international climate agreements in the past. Public and private-sector collaboration will be critical to promoting and financing a shift towards a low-emissions global economy and towards climate-resilient development “pathways.” As a global bank, we can make an important contribution to raising the capital needed to implement the Paris Agreement.

Trust and transparency in business conduct

How stakeholders view the value and role of banks is very important to the success of our business. In 2016, less than a third (32%) of respondents surveyed in the framework of the Edelman Trust Barometer believed the financial sector to be trustworthy (2015: 39%). At Deutsche Bank, the need for a higher level of transparency remains as important as ever. New regulations, such as the EU Non-Financial Reporting Directive (NFRD) and the UK Modern Slavery Act, aim to improve disclosure on sustainability aspects and foster responsible business behavior.

GRI disclosures: G4-2, G4-8, G4-EC2, G4-EC8

Our business model

Deutsche Bank is the leading bank in our home market Germany. We hold a strong position in Europe and have a significant presence in the Americas and Asia Pacific. Operating in 70 countries and employing about 100.000 people from 150 nationalities, our international scope, capital market expertise, and people diversity help us to understand macroeconomic developments, respond to technological innovation, and serve our clients. We maintain client relationships across all industries and engage in strong international networks. These networks uniquely position us to enable cooperation and connectivity across our stakeholder groups.

Our business model is based on our commitment to a global, universal banking product offer. It is influenced by trends and challenges in our external environment ([see page 8](#)), as well as stakeholder expectations ([see page 17](#)). Such expectations are influenced by an increasingly digitalized world that demands rapid, accessible solutions.

Moreover, our business activities depend on a number of factors within the bank and/or from the societies we operate in. These include financial capital, a supportive regulatory environment, a skilled and diverse workforce, the ability to innovate and adapt to change, good relationships and networks with clients and other stakeholders, as well as resilient communities and a healthy natural environment. These factors are instrumental in whether we meet our strategic goals, in how we foster a supportive business environment, and in the ways in which we build trust in our company and the industry at large.

Our operating activities

In 2016, we organized our businesses along four key client segments ([see page 0](#)): Global Markets; Corporate & Investment Banking; Private, Wealth & Commercial Clients; and Deutsche Asset Management. We provide commercial and investment banking, retail banking, transaction banking, and asset and wealth management products and services to corporations, governments, institutional investors such as insurers, pension funds and foundations, small and medium-sized businesses, and private individuals.

Through our business activities, we help to circulate money, enable access to financial capital, deliver financial security, and manage assets and risk. Our clients benefit from our services by realizing their own targets and ambitions. We can only be successful if we meet and exceed the expectations of our clients. In doing so, we generate income from our products and services, including net interest margins and fees.

Creating wider value

Beyond value to our investors and clients, as a financial intermediary, employer, and taxpayer, as well as through our foundations and corporate citizenship initiatives, we contribute to robust economies and thriving societies around the world; we generate employment; we contribute to economic growth; and we play our part in providing solutions for global environmental and social challenges.

Our business model and value creation

Impact

- Enable economic growth
- Foster innovation
- Create financial security
- Support clients' goals
- Strengthen skills
- Provide direct employment
- Contribute to society

Resources

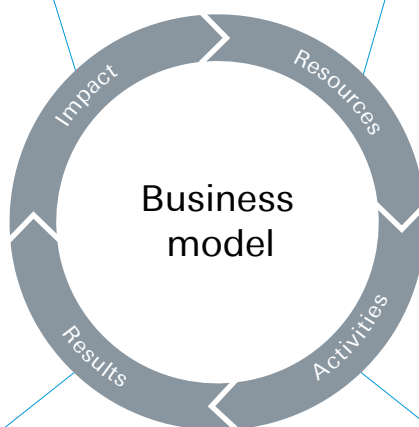
- Financial capital
- Laws and regulation
- Knowhow
- Stakeholder engagement
- Trust
- Robust infrastructure
- Resilient communities
- Healthy environment

Results

- Financial KPIs
- Assets under management integrating ESG
- Volume of infrastructure and energy asset financing
- Number of employees
- Beneficiaries of social projects

Activities

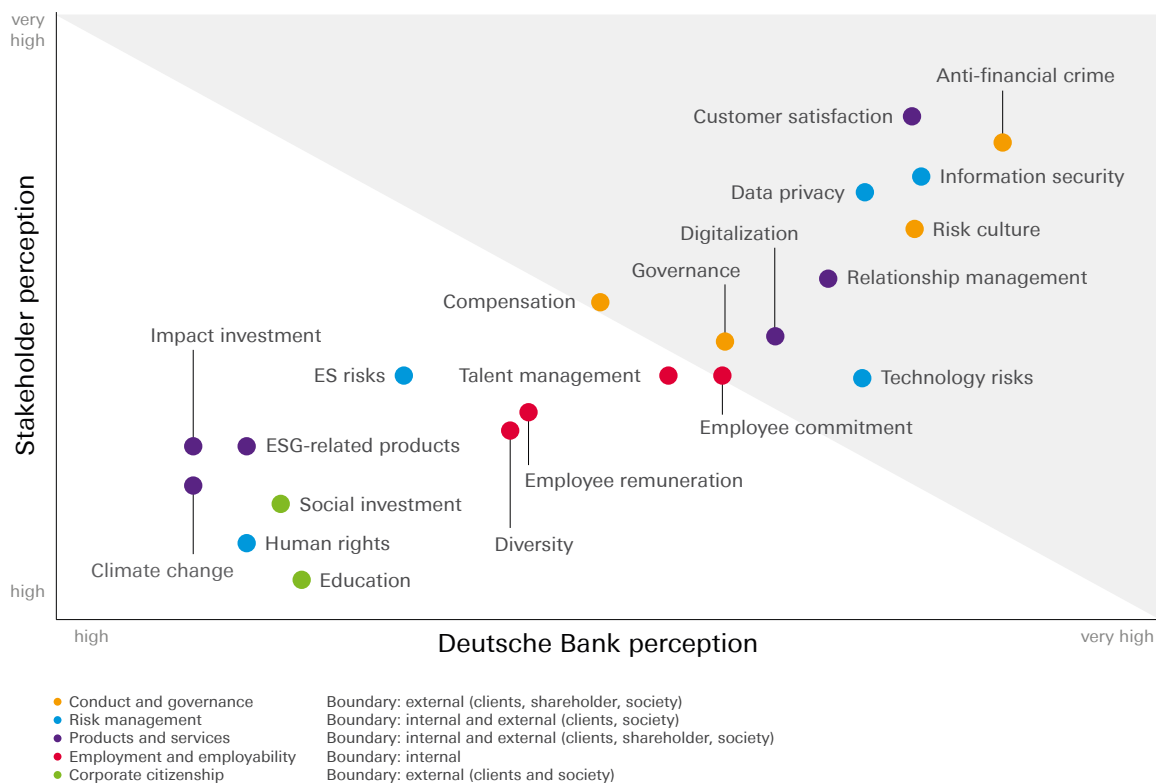
- Commercial banking
- Investment banking
- Retail banking
- Transaction banking
- Asset management



Our material topics

To focus our sustainability approach (see page 15) and our reporting on the areas of greatest concern to stakeholders, we annually conduct a materiality process. We assess the non-financial drivers that emerge from this process within a context of global change (see page 8), which, in turn, inform Deutsche Bank's approach to risk and opportunity. The topics of greatest concern for internal and external stakeholders (see page 17) in 2016 are plotted on the matrix below:

2016 materiality results



For each topic, respondents gave their perceived impact on reputation, financial performance, and/or future regulation. We summarized results, with the former two being given a greater weighting than future regulation, and grouped the fields. The mapping above shows the chosen categorization of interrelated subtopics, though it is acknowledged that different categorizations could be achieved with different issue groupings.

The top three topics for our stakeholders in 2016 were:

1. Customer satisfaction / product suitability
2. Financial crime
3. Data security

Stakeholders saw almost all topics as increasing in importance over the next five years, with only employee remuneration ([further information online](#)) remaining static over time. The topics that they saw as gaining prominence over time were data security ([see page 27](#)), innovation and digitalization ([see page 42](#)), effective controls, and prevention of financial crime ([see page 23](#)).

Stakeholders also confirmed that certain global megatrends ([see page 8](#)) were important to consider as a context for material topics, namely:

- Climate change
- Financial crime
- Demographic change
- Information security

Our process for defining material topics

Our materiality assessment is part of a wider set of stakeholder engagement processes. We conduct a materiality review annually by actively inviting selected groups to give us feedback on a range of topics that may give rise to environmental, social, or governance impacts. The results reconfirmed the topics the bank focused on in 2016 and they inform our reporting.

Review and identification

To inform the choice of topics and global megatrends we present to our stakeholders to prioritize, we conduct a thorough desk research. We applied a rigorous process supported by tools from the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), which we disclosed in our CR Report 2015. We aim to rerun the full scope assessment regularly. However, in 2016, we conducted a light-touch approach by reviewing the topics from our 2015 materiality assessment. The desk research included the screening of Annual General Meeting (AGM) focus topics, sustainability ratings, internal news, media analysis, and peer analysis. The evaluation showed that the previous assessment remained valid.

Prioritization and validation

The next stage is to present the topics, alongside the megatrends, to our stakeholders to corroborate our own perception of the operating environment ([see page 8](#)) that shaped our business during the year. In 2016, we did this via a market research agency, which reached out to three groups:

- Clients in Germany (business-facing and customer-facing)—a key stakeholder given Deutsche Bank client-centricity ([see page 38](#))
- Sustainability professionals (working globally in companies, non-governmental organizations, and academia)
- Deutsche Bank management-level employees globally (this was the first time we had targeted this group at this scale)

Given we spoke to investors directly in 2015, we reference last year's input in our materiality results. We received 445 external and 57 internal responses to our materiality survey.

Leveraging the 2015 CR report—online feedback form

In 2016, we extended the process to identify relevant topics by introducing an open feedback form on the online Corporate Responsibility 2015 report, inviting interested parties to let us know what they believe is missing in our material topics from 2015 and what global trends they perceive as influencing the financial sector in the next decade. We received a number of responses from a diverse audience including analysts and investors, students, environmental, social and governance experts, and clients. In addition to the global trends emerging from market research, inequality was quoted as a global issue of importance.

Additional findings:

- Innovation/digitalization ([see page 42](#)) was cited as a key issue for internal stakeholders, but it was perceived as less material for external groups
- Although Deutsche Bank managers, who participated in the survey, did not see climate change as significantly influencing their role, it was seen by wider stakeholders as highly likely to increase in importance

Findings from the surveys were analyzed in detail for each stakeholder group. The overall consolidated results were plotted in our materiality matrix.

GRI disclosures: G4-18, G4-19, G4-20, G4-21, G4-22, G4-24, G4-32, G4-33, G4-PR5, G4-DMA (G4-F54)

Our CR approach

Our approach to corporate responsibility (CR) focuses on the three dimensions of sustainability to create economic, environmental, and social value. It aims to set the direction for a future-orientated business strategy that balances economic success with environmental and social responsibility, all in line with the expectations of stakeholders. We seek to promote sustainable business, increase transparency and, ensure that our risk management processes help to avoid negative environmental and social impacts arising from our core businesses. In addition, we try to manage our business operations sustainably and embrace our responsibilities as a corporate citizen ([see page 62](#)).

Maintaining best practice standards

Our understanding of responsibility is aligned with Deutsche Bank's Code of Business Conduct and Ethics and reflected in our policies, guidelines, and processes. These help to ensure that consistent standards are applied in our own operations, business relationships, and citizenship initiatives.

It is further informed by formal commitments we make to internationally recognized standards and principles such as the Ten Principles of the UN Global Compact, the UN Principles for Responsible Investment, and the UN Guiding Principles on Business and Human Rights. We also support industry initiatives and work with like-minded partners from public and private sectors, with the commitment of our highly skilled workforce.

CR governance

The ultimate responsibility for CR lies with the Management Board, which delegates responsibility to the Global Head of Communications & CSR, reporting directly to the CEO. This role is supported by a centrally organized team that develops the bank's approach to strengthen sustainability in its core business further. The bank's corporate citizenship program ([see page 62](#)) is implemented by regional teams and its foundations. Individual business divisions and infrastructure are responsible for prioritizing their divisional implementation of the sustainability strategy, with goals, measures, and people-engagement activities.

Due to the broad scope of sustainability opportunities and risks, many units contribute to our sustainability approach, such as Human Resources, Corporate Governance ([further information online](#)), and businesses with, for example, specific sustainable products. Each area has its specific governance structure, including a reporting line to the Management Board to achieve its targets. Reflecting our desire to streamline the bank's top management structures and governance, the former CR Management Committee (with Board-level representation) was dissolved at the beginning of 2016 and its remit transferred directly to the CEO and Management Board.

The Integrity Committee, a subcommittee of the Supervisory Board, addresses issues relating primarily to preventative monitoring and strategic analysis of legal and reputational risks, as well as corporate culture. In 2016, it began a review of the bank's sustainability approach.

Our sustainability ratings results

Sustainability ratings are an important indicator of the long-term, sustainable performance of companies. Sustainability rating agencies regularly provide assessments for Deutsche Bank, incorporating many aspects of our business processes beyond traditional financial key performance indicators.

In a survey conducted by the UN Principles for Responsible Investment (PRI) initiative, 78% of investors indicated that they would like more information on environmental, social, and governance (ESG) topics to be included in traditional company ratings.

To this end, we report to sustainability ratings agencies as part of our broader commitment to transparency. Their results are used by companies such as Bloomberg and thus apparent also for mainstream investors. We believe that the four sustainability rating agencies listed below reflect the diversity of investor interests.

Deutsche Bank's sustainability ratings performance remained stable in 2016.

Sustainability ratings¹

	2016	2015	2014
CDP Climate Score (on a scale from A to D-)	B	100/Band B ²	92/Band B ²
oekom research (on a scale from A+ to D-)	C/Prime³	C/Prime	C/Prime
RobecoSAM (on a scale from 0 to 100)	74⁴	72	70
Sustainalytics (on a scale from 0 to 100)	66⁵	67	62

1 Industry classification according to Global Industry Classification Standard, GICS

2 On a scale from 0 to 100/from A to E

3 Sector average: C-, maximum in sector: C+

4 Industry average: 43, industry best: 88, Deutsche Bank in among the top 10% in the sector with a percentile ranking of 92

5 Ranking Deutsche Bank: 34 out of 257

Improvements were made in the area of transparency, where we have published our ES Policy framework ([see page 32](#)) (May 2016), improved our information and cyber-security, and published our human rights statement (November 2015).

In addition to the sustainability ratings above, our stocks are also listed in the following indices:

- Dow Jones Sustainability Indices (World, Europe)
- FTSE4Good Index series (Global, Global 100, Europe, Europe 50)
- NASDAQ CRD Global Sustainability Index (NQCRD)

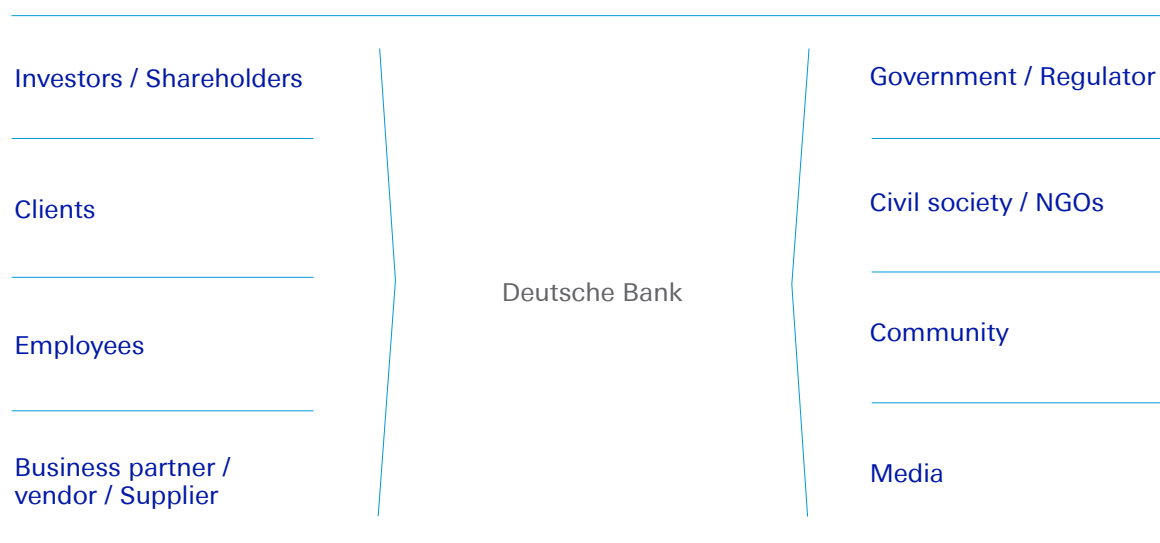
GRI disclosures: G4-24, G4-33

Our stakeholder dialog

Constructive engagement with stakeholders within and outside Deutsche Bank is fundamental to our approach to CR (see page 15). It helps us to decide which issues to prioritize as material throughout the year, understand our impact more broadly, and challenge ourselves as we strive to become a more sustainable bank.

Our goal is to be responsive to the expectations of our stakeholders and to safeguard our business from potential future shocks such as economic or climate change. The results of this dialog feed into our materiality analysis, environmental and social risk management (see page 32), and annual reporting.

Our stakeholder groups



How we engage stakeholders

Our threefold approach includes: 1) own initiatives and activities; 2) participation in forums, events, and working groups; and 3) exchange with critical stakeholders on ad-hoc issues. We are aware that the interests of shareholders, clients, employees, and the general public can be conflicting, and that we have to negotiate between these interests. We remain open to stakeholder critique (see page 34), and consider this with sensitivity when conducting due diligence and when improving our sustainability approach.

GRI disclosures: G4-18, G4-21, G4-24, G4-25, G4-26, G4-27, G4-37, G4-PR5, G4-DMA (G4-FS4)

Engaging with public policy and regulation

As a global business, we need to be aware of and engaged in political and regulatory decisions. This is fundamental to understanding wider political developments and the evolution of the regulatory environment, as well as fostering stakeholder trust.

In 2016, we took steps to improve how we respond to regulatory change and leverage synergies within the bank. This included merging our Regulatory Affairs and Group Structuring teams, as well as a global alignment of the Government and Public Affairs unit. Both teams work in close cooperation, reporting directly into the Chief Regulatory Officer. Through these functions, we become aware of regulatory developments at an early stage, and coordinate group policy positions accordingly. This helps build our profile in regulatory policy debates and engage constructively with regulatory stakeholders. It also informs strategic decision making and provides oversight and control over how key initiatives are implemented, as well as insight for senior management on upcoming issues of public policy. To further inform the policy making process, we provide political stakeholders with information and data that set out our strategic options.

We track the interactions between our employees and external political and regulatory stakeholders and are a signatory to the EU Transparency Register. In recent years, we have formally responded to numerous public consultations and contributed through our membership of regional trade associations. In addition, we organize and participate in events that bring policymakers together with academic and industry representatives to discuss a range of current policy issues. Our political work is centered in Berlin, Brussels and Washington, D.C.

GRI disclosures: G4-24, G4-26, G4-37

Our commitments and standards

We engage with international and national organizations, initiatives, and sustainability fora. The insights we gain through cooperation and dialog inform our sustainability approach. In addition, our policies and guidelines reflect the formal commitments we make to internationally recognized standards and principles.

Memberships and formal commitments

The formal commitments we make and memberships and partnerships we hold include, but are not limited to:

- Common Fund for Commodities (CFC)
- econsense – Forum for Sustainable Development of German Business
- Energy Efficiency Financial Institutions Group (EEFIG)
- Forum Nachhaltige Geldanlagen e.V. (Sustainable Financial Investment Forum Association) (FNG)
- Institutional Investors Group on Climate Change (IIGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)
- Social Performance Task Force (SPTF)
- Soft Commodities Compact of the Banking Environment Initiative (BEI) & Consumer Goods Forum (CGF)
- UK Sustainable Investment and Finance Association (UKSIF)
- UNEP Finance Initiative (UNEP FI)
- UN Global Compact
- UN Principles for Responsible Investment (UN PRI)
- Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions) (VfU)
- World Business Council for Sustainable Development (WBCSD)

Principles we align to

In addition to our formal commitments, we also align to a broad range of standards and principles. They include:

- G20/OECD Principles of Corporate Governance
- Green Bond Principles (GBP)
- International Corporate Governance Network (ICGN) Global Governance Principles
- International Finance Corporation (IFC) Performance Standards
- International Labour Organization standards
- International Performance Measurement and Verification Protocol (IPMVP)
- ISO 14001, ISO 14064-2, and ISO 50001
- OECD Guidelines for Multinational Enterprises
- Roundtable on Sustainable Palm Oil (RSPO)
- UN Guiding Principles on Business and Human Rights
- Wolfsberg Principles
- World Bank standards

1

Conduct and risks

Corporate culture – 21

Financial crime – 23

Anti-money laundering – 24

Sanctions and embargoes – 25

Anti-bribery, corruption and fraud – 26

Information security – 27

Business continuity – 29

Reputational risks – 31

ES risk management – 32

Increasing awareness – 34

Human rights – 35

Strengthening our corporate culture

- Strengthened accountability for fostering cultural change
- Developed a leadership capability model
- Reputational risk and risk appetite included in awareness training

A sustainable performance culture remains essential for our long-term success and positive stakeholder relationships. We have long been guided by values and, with the announcement of our strategy in 2015, have reconfirmed our commitment to cultural change. We seek a culture that aligns risk and return, attracts and develops highly capable individuals, fosters teamwork and partnership, and is sensitive to the society in which it operates. A sustainable performance culture will become an increasingly important factor in positioning ourselves as a leading global bank.

Guiding standards of culture

Ownership and accountability for driving a culture that reflects appropriate conduct and exceptional integrity lies with the respective business divisions and infrastructure functions, with each consistently applying four central guiding standards of culture: active and visible leadership, empowering and effective management, productive people practices that inspire our employees, and responsible and sustainable business practices. These guiding standards, which are aligned with the aspirations of the bank's Strategy 2020 and its core principles of positive conduct and integrity, are endorsed by the Management Board.

The Leadership Capability Model

Leadership is critical to ensuring that the desired cultural outcomes are achieved. Our expectations of our leaders are defined in the Leadership Capability Model ([further information online](#)), which outlines the capabilities we see as vital to leading people and creating a strong performance culture and business in the long term. The Model is based on Deutsche Bank's unique needs and is backed by research into the knowledge and skills required for effective leadership. It gives us a lens by which we can assess whether our leaders are effective in driving our business, building our talent, living the culture, and motivating our people and is used for a variety of people practices and processes such as:

Retaining and building a strong capability pipeline of employees who have the necessary experience, knowledge, skills, and abilities for the bank

- Internal Mobility and Workforce Planning
- Senior Leadership Development
- Active management of the bank's bench strength for senior leadership cadre positions
- Leadership & Management programs

Core risk culture behaviors

Our desired culture includes fostering a strong risk culture where all employees are empowered and encouraged to exhibit the core risk culture behaviors:

- Placing Deutsche Bank and its reputation at the heart of all decisions
- Being fully responsible for Deutsche Bank's risk
- Inviting, providing and respecting challenge
- Being rigorous, forward-looking, and comprehensive in assessing risk
- Troubleshooting collectively

To support these behaviors, in 2016 we ran a campaign entitled "We're all risk managers," which included a video and intranet messages from Board members and other senior leaders.

Red Flags process

The Red Flags process continues to provide a link between risk-related conduct and performance management. It allows us to monitor adherence to certain risk-related policies and processes, whereby a breach leads to an appropriately risk-weighted Red Flag. In 2016, the process was enhanced through the introduction of IT-enabled reporting. Individual Red Flag results are considered in promotion, compensation and performance management decisions.

Risk awareness training

We have continued to develop our training curriculum to raise risk awareness. In 2016, we launched a revised Risk Awareness course for all employees, which included new sections on reputational risk and risk appetite.

Having established the Conduct, Organization & Regulatory Education program in 2015, in 2016, we rolled out mandatory training courses on regulatory topics, where good conduct consistently underpinned the learning messages for employees—for example, in managing conflicts of interest and the Code of Business Conduct and Ethics.

Tackling financial crime

- New training programs launched in Anti-Financial Crime
- Comprehensive review and amendment of Know Your Customer program
- Increased headcount in Anti-Financial Crime by almost 30% in 2016

As a responsible bank, the way in which we conduct our business is as important as our financial performance. We are committed to supporting the development of effective regulations and procedures at international standards to combat financial crime. We consider this as vital to ensuring the stability of banks and the integrity of the international financial system as a whole; it also helps to protect us from being misused for committing criminal offences.

Anti-Financial Crime (AFC) encompasses protection against financial and reputational losses incurred by financial crimes. We manage this by assessing, controlling, and mitigating risks, which we consolidate in a comprehensive risk management framework that covers Anti-Money-Laundering (AML), Sanctions and Embargoes, Anti-Fraud and Bribery and Corruption.

In response to concerns by the UK Financial Conduct Authority and US regulators regarding the lack of a risk appetite statement, we have now developed one that details the aggregated level of risk that the bank is willing to assume in order to achieve its business objectives. This forms the cornerstone of our risk culture and is communicated globally.

Our AFC function is set up as a matrix structure, with teams focusing on global policy, strategy, and prioritization of strategic goals; a program-wide framework, policy governance, and oversight of AML; Sanctions and Embargoes and Anti-Fraud; and Bribery and Corruption. There are also teams with a regional focus, accountable for the day-to-day management of risk, and those that support our Business Lines and global support and services.

AFC governance

To provide oversight and governance of financial crime risk across all functions and regions, a Global Financial Crime Governance Committee was established in 2015. Chaired by the Global Head of AFC and meeting quarterly, it is supported by regional governance committees, which represent all regions.

Employee training and engagement

Accountability ultimately rests with every employee in the bank, and we have strict policies and procedures, as well as tools to engage employees in implementing, evaluating, and updating policies on a continuous basis. These may include specific local measures related to a particular region's regulations.

Our Conduct, Organization & Regulatory Education function delivers courses to help employees grow their understanding around anti-financial crime as well as compliance and regulation issues, which are strongly connected to AFC and are part of our Chief Regulatory Office organization.

- Graduate induction week for new joiners in AFC or Compliance departments
- Intern and graduate training for 800 graduates and 1,200 interns
- A new induction process in the Americas, the UK, Asia Pacific, Europe and the Middle East
- Classroom “fundamentals of AFC sessions”

We monitor our portfolio of AFC training annually to ensure that our offering is up-to-date.

Anti-money laundering

Within AFC, our Anti-Money Laundering (AML) function helps us to prevent and tackle money laundering, and to combat the financing of terrorism. This includes measures for:

- meeting regulations governing identification (authentication), recording, and archiving;
- detecting suspicious transactions and processing internal suspicious activity alerts;
- developing, updating and delivering internal policies, procedures and controls; and
- defining requirements for the implementation of fund transfers regulation.

Policies are valid for the whole bank and are implemented at the front line of our business. They are continually monitored and must be updated at least once a year. Similarly, we examine our AML strategy and objectives on an ongoing basis to ensure that it reflects the regulatory requirements of a diverse global financial services provider.

Know Your Customer

We want to create a secure environment to win new clients and business—to the benefit of our business divisions and the Bank as a whole. It is critical that we understand who we are dealing with in every transaction. This begins with robust client on-boarding processes and “know your customer” procedures. We are currently reviewing these procedures and agreed to:

- suspend the on-boarding of new clients and the introduction of new products to existing clients in locations that we deem to be high risk, until we are completely sure the record is clear;
- increase the number of high risk countries from 30 to 113, and the number of high risk sectors from eight to ten;
- reduce the review cycles of high, medium and low-risk clients (e.g. medium risk clients are now reviewed every two years); and
- ensure that we only begin business with new clients after we have completed all know-your-customer and on-boarding procedures.

Respecting sanctions and embargoes

National authorities, economic blocs like the European Union (EU), and multilateral institutions like the United Nations all have the power to impose restrictive measures against countries, organizations, groups, entities, and individuals who infringe internationally-accepted behaviors and norms, or who have committed crimes such as acts of terrorism. These measures are commonly known as embargoes or sanctions.

We have a responsibility to screen, evaluate, and, if required, observe laws and binding requirements related to financial and trade sanctions set by the EU, Bundesbank, Germany's Federal Office for Economic Affairs and Export Control, and other authorities such as the US Office of Foreign Assets Control (OFAC) and the UK Treasury Department.

Policy and governance

Our Group-wide Embargo Policy, Special Risk Country Policy, and a policy relating to the Office of Foreign Assets Control help us to assess and reduce client risk as part of our on-boarding process and periodically thereafter, as well as risks related to particular transactions, countries, and goods.

The Sanctions and Embargoes department is organized globally, with regional teams in Frankfurt am Main, London, Singapore, and New York. It focuses on training and awareness, and, in 2016, employees undertook sanctions-related trainings and were proactively informed with updates on any changes to sanctions regulations.

In the wake of the Implementation of the Joint Comprehensive Plan of Action (JCPOA) entered into by world powers and Iran at the start of 2016, we cautiously relaxed our stringent policy towards Iran, and we now execute payments on behalf of long-standing clients in Euros, subject to enhanced due diligence.

Prevention of bribery, corruption and fraud

We take a zero-tolerance approach to bribery and corruption, in line with our Code of Business Conduct and Ethics, values and beliefs, and international law, including the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, the German Criminal Code, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Reflecting our commitment to comply with applicable laws and regulations, as well as best practices, a dedicated Anti-Bribery and Corruption (ABC) team is responsible for:

- reducing the risk that Deutsche Bank, or persons associated with the business, engages in bribery or corruption;
- ensuring that, if there is bribery and corruption, we limit our liability, so far as is possible; and
- protecting our reputation, ensuring shareholder confidence, reducing risk in our transactions, and securing our assets.

Our senior management is responsible for promoting the ABC Policy and for ensuring that a culture of integrity is fostered and maintained by all employees. In turn, every employee is responsible for the prevention, detection, and reporting of bribery and other forms of corruption. Any employee who breaches this policy will face disciplinary action, which could result in dismissal. We may also terminate our relationship with any third party found to be in breach of the principles and rules set out in this policy or applicable bribery and corruption laws and regulations.

To deliver the policy, regional teams are responsible for analyzing risk, developing and monitoring controls, training, and awareness. As of November 2016, the ABC teams grew to over 30 people, more than double the 2015 headcount.

Anti-fraud

Fraudulent incidents have the potential to incur material loss by either Deutsche Bank or our clients, to negatively impact the bank's reputation (see page 31), or to stimulate regulatory and legal action. Anti-fraud prevention and investigation are therefore important to mitigating exposure. Our Group-wide Anti-Fraud policy applies to all Deutsche Bank employees. We request them to immediately escalate any known or suspected fraudulent incident, for instance via our whistleblower hotline. All issues raised are dealt with anonymously where requested, and we will not take any action against the originator if an allegation is made in good faith. We also expect our partners to have controls in place to minimize fraud and to provide access to their records as they relate to our dealings.

Investigation into internal and external fraud or attempts at fraud is led by our Anti-Fraud and Investigations team, which comprises investigative experts located in each region.

Mandatory Time Away is an important anti-fraud control for the prevention and detection of unauthorized or inappropriate activity by staff in sensitive positions that may result in serious financial loss or reputational damage to Deutsche Bank. We enforce this to deter and prevent employees in sensitive positions from undertaking any unauthorized or inappropriate scheme or activity that might require continuous on-site presence and/or system access.

The Global Head of AFC is also responsible for ensuring that we have the right measures to prevent "other criminal activities" derived from the German Penal Code and that could endanger institutional assets (see section 25 of the German Banking Act).

Keeping our information safe and secure

- Cyber Incident and Response Centers opened
- Enhanced governance framework and cyber security program
- Information security policy updated

Digitalization ([see page 42](#)) brings a myriad of opportunities for financial institutions, allowing banks to offer personalized services and streamline business processes. However, cyber-attacks on businesses ([see page 8](#)) are increasing in scale, speed, and sophistication. These developments expose Deutsche Bank to information security risks.

Our mission is to protect the business and our clients. Our Chief Information Security Office (CISO), established in 2013, ensures that the appropriate governance framework, policies, processes, and technical capability are in place to manage these risks. This function sits within the Chief Operating Office.

Engaging stakeholders

Regulators have recognized that information security threats pose a significant risk for financial institutions. To this end, we work closely with them, globally and locally, to understand and preempt requirements. We also collaborate closely with national and international security organizations, government authorities, and peer organizations, recognizing that proactively sharing relevant anonymized information reduces risk for all involved parties.

Engaging stakeholders helps to ensure that we apply the most up to date information security approaches and techniques. Deutsche Bank has established a dedicated team to coordinate the sharing of intelligence and to further develop these relationships.

Detecting and preventing cyber threats

To protect the bank's information assets, we take a multilayered approach to building information security controls into every layer of technology, including data, devices, and applications. This delivers robust end-to-end protection, while also providing multiple opportunities to detect, prevent, respond to, and recover from cyber threats. This is a key facet of the Group Information Security Strategy, which has recently been ratified by the bank's Management Board.

In addition to sophisticated prevention methods, we also prioritize detection, backed up by a swift and appropriate response process with clearly defined responsibilities. In 2016, we opened dedicated Cyber Incident and Response Centers to improve the bank's capability to detect threats and robustly respond to incidents globally, around the clock.

Security governance

As the central owner of information security for Deutsche Bank, our CISO is responsible for setting and implementing the bank's information security strategy, maintaining an appropriate level of information security protection Group-wide, and protecting the confidentiality, integrity, and availability of business and client information.

Our governance framework and cyber security program have been enhanced to ensure that security policies and standards continue to reflect evolving business requirements, regulatory guidance, and emerging threats. The policies provide a formal declaration of the Management Board's commitment to ensuring the security of the bank's information. To demonstrate its commitment, Deutsche Bank is certified to the international ISO 27001 standard for information security.

The Information Security Policy Framework, which includes Information Security Principles and detailed Information Security Policies and Procedures, is available to all employees. In the past year, a number of policies have been updated, including major amendments on the security of electronic communication, and client access to the bank's infrastructure policies. Chief Business Information Security Officers within each business division are ultimately responsible for the operational aspects of ensuring compliance with the Information Security Principles.

Employee awareness and responsibility

Each employee is responsible for ensuring that the information security policies and procedures are implemented. Mandatory training courses are regularly conducted for all staff, and completion of the courses is tracked. To complement this, a dedicated website, educational videos, phishing campaigns, and cyber security road shows help to raise awareness. Finally, a 24/7 global security hotline is maintained for all employees and service providers to report information security issues.

GRI disclosures: G4-57, G4-58, G4-DMA – Customer Privacy, G4-PR8

Business continuity

- Continued to strengthen robust control and monitoring frameworks
- Raised internal awareness on a wide range of risks and our approach
- Began process of fully embedding business continuity tools

Managing critical risks such as natural disasters, cyber security breaches, or terrorist attacks is fundamental to ensuring business continuity. Our Information and Resilience Risk function monitors the likelihood of any such risks and has robust processes in place should any materialize.

Control functions

Maintaining resilience of the bank day-to-day is a second line of defense (LoD) role, which is part of our Three Lines of Defense (3LoD) system, a robust risk and control framework that enables business and infrastructure teams to manage non-financial risks associated with information technology, information security, data and records, business continuity, physical security, and people safety, as well as vendors and suppliers. These risk types make up 25% of the bank's total non-financial risk portfolio. Where significant risks are identified, they are escalated in line with the bank's governance processes. By setting a robust control and monitoring framework, we are able to identify risks before they become disruptive incidents.

Data and information security

We manage Information Technology Risk through our first LoD IT Risk controls. For example, we identified a critical application running on ten-year-old hardware, exposing us to widespread operational, financial, and reputational risk. Our Information and Resilience Risk function worked with technology colleagues and the Chief Operating Office to raise internal understanding of the risks associated with practices like these, helping us to make the most effective and efficient investment decisions.

Our Protective Intelligence function produces country risk ratings and recommendations based on analysis of information that drives a certain risk rating. Unexpected events, such as terrorist incidents in 2016, could trigger the review of a country rating. Our risk analysis is presented to regional and country management prior to sign-off through a so-called Threat Assessment Governance Council each month. The outcome informs business decisions such as where employees can travel or whether the location of our assets is within risk tolerance levels (relevant to our Security Risk Management function). Ratings also play a role in determining the appropriate level of controls to protect client data.

Building internal awareness

Our aim is to create internal understanding and accountability for potential risks across the organization. Whether it is Information Technology Risk, Vendor Risk Management, Security Risk Management, Information Security Risk, Data Management and Records Risk, or Business Continuity Management, we increase awareness of the risks we face and help to inform investment decisions that will ultimately lead to sustainable performance, cost reduction, and risk mitigation.

To help us prioritize areas of focus, we assess those aspects of the organization that are not only critical to Deutsche Bank, but also to the banking industry as a whole. The control framework, which guides risk appetite, ensures that we protect and prioritize recovery of what is important in a disruptive event; and ensures that the risk owners—each business division and infrastructure function—understand, manage, and mitigate their risks. In doing so, we are continuously strengthening the resilience of the bank.

A consistent approach

We often need to make quick decisions on multiple risks, from the personal safety of our staff to the reputational risk of a system failure. We have an award-winning, risk-based Crisis Management Framework that enables the bank to manage any disruptive event, irrespective of the cause. The Framework enables us to manage any risk that has the potential to negatively impact the bank's people, clients, operations, or reputation.

Outlook for 2017

Many of the tools and capabilities that we developed throughout 2016 will be fully embedded in 2017, specifically the second line challenge process. As the regulatory spotlight begins to focus more on the second line, we need to be in a position to meet that challenge through independent monitoring, oversight, escalation, and reporting, both in terms of proactive and reactive risk management. Our increasingly robust approach will be increasingly important as the bank faces a growing range of risks.

Our Reputational Risk Framework

- Strengthened Reputational Risk Framework
- Initial assessment of reputational risk within the business divisions
- Regional Reputational Risk Committees in place to assess material reputational risk

The reputation of Deutsche Bank is founded on the trust of clients, shareholders, employees, regulators, and the public. Isolated events have been seen to negatively impact our reputation, and it is the responsibility of every employee at the Bank to uphold our position of integrity.

We define reputational risk as the risk of damage to the bank's brand and reputation, and the associated risk to earnings, capital or liquidity arising from any association, action, or inaction that could be perceived by stakeholders to be inappropriate, unethical, or inconsistent with the bank's values and beliefs.

Managing reputational risk

Reputational risk is governed by the Reputational Risk Framework ([further information online](#)) (the Framework), which was established to provide consistent standards for the identification, assessment, and management of reputational risk issues. It is in place to manage the process through which active decisions are made on matters that may pose a reputational risk and, in doing so, to prevent damage to Deutsche Bank's reputation wherever possible (defined as Primary Reputational Risk). The Framework embodies the bank's Three Lines of Defense (3LoD) principles.

Reputational risk can arise from multiple sources including, but not limited to, environmental and social impacts, issues with counterparty profile, high risk industries and potential issues with the substance or nature of the transaction or product.

Reputational risks are initially assessed within business divisions through their Unit² Reputational Risk Assessment Process. In the event that a matter is deemed to carry a material reputational risk and/or meets one of the mandatory referral criteria, it must be referred to one of the four Regional Reputational Risk Committees (RRRCs) for further review (the second line of defense). The RRRCs are sub-committees of the Group Reputational Risk Committee (GRRC), which has been delegated responsibility by the Group Risk Committee, a sub-committee of the Management Board.

In 2016, we further strengthened the Framework by enhancing our Global Reputational Risk Principles and Global Reputational Risk Guidelines, which set out the standards for the management of reputational risk; by increasing awareness of the Framework across the bank through training; by expanding the Reputational Risk Function; and by implementing the Reputational Risk IT System, which supports the process end-to-end.

² Defined as any of Deutsche Bank's Business Divisions, Infrastructure Functions, and Regional Management.

Managing environmental and social risks

- Published our Environmental and Social Risk Policy Framework
- Revised our position on coal financing
- Delivered ES risk training to employees in the US and Asia

As a global bank, we have clients across all sectors, including those whose activities might inherently have a risk of causing a negative impact on the environment and society. We need to understand these risks, whether they are associated with an industry, a client, or an individual transaction.

This is essential to avoid any negative impacts on the environment or society, and to endorse our commitments to international standards. Failing to do this may also lead to reputational and financial risk for Deutsche Bank, and affect potential business opportunities. Systematic evaluation of ES risks is therefore an integral part of our risk management process.

Environmental and Social (ES) Risk Policy Framework

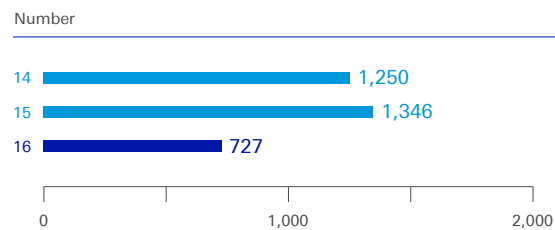
We have defined sensitive sectors¹ with high potential for significant ES impacts. These include:

- Chemicals
- Energy utilities
- Infrastructure projects in certain countries
- Metals and mining
- Monocultures in agriculture and forestry
- Oil and gas (including hydraulic fracturing and exploration in the Arctic)
- Other activities with either high carbon intensity and / or potential for human rights infringements

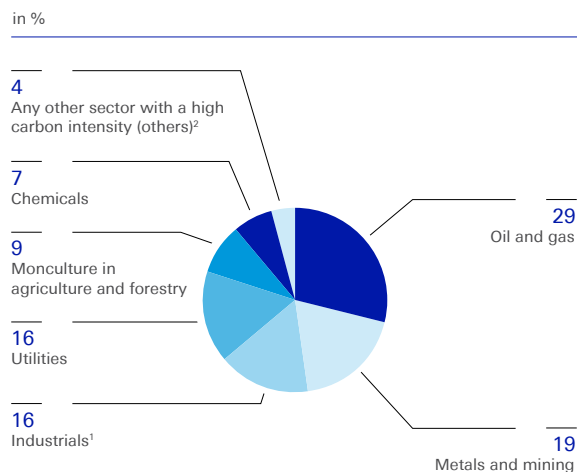
Our ES Policy Framework ([further information online](#)) specifies our approach to manage ES impacts associated with these sectors in our client relationships and transactions. The Framework specifies responsibilities, processes, and requirements for ES due diligence, and the criteria for mandatory referral to the bank's sustainability team. For all sectors requiring involvement of our sustainability team, we provide detailed sector guidelines with further guidance on the scope of ES due diligence, and outline good industry practice and principles. To further increase transparency, we published the ES Policy Framework on our website in 2016.

We aim to continually review and validate our risk management processes. As part of the regular review cycle, in 2016 we revised and strengthened our referral criteria to focus escalations to our sustainability team on transactions in sectors with high ES impact. We have also improved the rollout of the ES Policy Framework via training. These developments contributed to a decline in client and transaction reviews by the sustainability team from 1,346 in 2015 to 727 in 2016.

Transactions and clients assessed under the ES Policy Framework



Transactions and clients assessed under the ES Policy Framework per sector



¹ Includes companies e. g. in engineering and equipment manufacturing, that are connected to sensitive sectors.

² Includes sectors e. g. consumer goods, transportation, infrastructure, public administration, technology, commodity trading, and healthcare with exposure to sensitive sectors in the supply chain.

If ES risks are deemed to pose a material reputational risk, or meet mandatory referral criteria, transactions are referred to one of our Reputational Risk Committees.

Matters assessed through the Reputational Risk Framework

Number of transactions (on which final decisions have been made) reviewed	2016	2015 (June–December) ¹
To Unit Reputational Risk Assessment Processes only		
Total	83	53
Those with ES issues ²	4	4
To Regional Reputational Risk Committees		
Total	59	35
Those with ES issues ²	2	6
To Group Reputational Risk Committee or above		
Total	6	6
Those with ES issues ²	1	0
Total number	148	94
Thereof with environmental and social issues	7	10

¹ 2015 full year data not comparable due to changes in the Reputational Risk Framework

² ES issues where the reputational risk is deemed to be moderate or above

Coal financing

By signing the Paris Pledge for Action ([further information online](#)), we welcomed the universal climate agreement made at the 2015 Climate Summit in Paris. This emphasizes our commitment to protect the climate and to contribute to the overall targets set by the Paris Agreement to limit global warming to 2°C above pre-industrial levels.

With this in mind, in 2016 we revised our approach to coal financing and amended our internal guidelines governing coal power and mining, effective from December 2016. The revised guidelines are integrated into our ES Policy Framework and clearly state that Deutsche Bank and its subsidiaries will not grant new financing for Greenfield thermal coal mining and new coal-fired power plant construction. Moreover, we will gradually reduce our existing exposure to the thermal coal mining sector.

1 Previously, we defined aerospace and defense as sensitive sectors covered by our ES Risk Framework - we continue to review our clients and transactions on this basis. However, responsibility for these issues moved to Compliance.

GRI disclosures:

G4-2, G4-14, G4-27, G4-33, G4-34, G4-37, G4-57, G4-58, G4-EC2, G4-EC8, G4-HR1, G4-DMA – Non-discrimination, G4-SO1, G4-SO3, G4-DMA (G4-FS1), G4-DMA (G4-FS2), G4-DMA (G4-FS3), G4-DMA (G4-FS4)

Increasing awareness of ES risks

In 2016, we continued our training around the nature and materiality of ES risks, and the tools available to apply the ES Policy Framework. We trained approximately 500 selected employees in the US and Asia. The training specifically addressed the topic of human rights and the UK Modern Slavery Act, protection of World Heritage Sites, and climate protection. In 2017, we will follow our Group-wide rollout plan to cover Europe, the Middle East, and Africa.

External engagement

The insight of non-governmental organizations (NGOs) is a valuable contributor to our approach to evaluate environmental and societal trends and issues, and their implications on the financial sector. In 2016, NGOs continued to scrutinize our performance on ES issues and we received more than 40 requests for information (mostly in writing) around potential client relationships and/or projects, as well as wider criticism concerning our approach to themes such as climate change, deforestation, and human rights.

We carefully assess all requests, public reports and Web-based rankings mentioning our business. Although we are not able to comment on existing or potential client relationships, in most cases we provide a response, either in writing or in direct dialog, of which a number of engagements took place in 2016.

GRI disclosures: G4-24, G4-27, G4-57

Respecting human rights

- Improved vendor risk management processes
- Supported the second Thun Group discussion paper
- Strengthened understanding and awareness of human rights issues

In 2016, we saw rising public scrutiny, for non-state actors to uphold human rights in their activities. We follow the UN Guiding Principles on Business and Human Rights, which stipulate that financial institutions, and the wider private sector, have a responsibility to respect human rights wherever they operate. Amidst global economic instability, policy uncertainty, and flux within the financial sector, we need to take a proactive approach to collectively review and update processes, as an ongoing and formal part of daily business. We are aware of the fact that respecting human rights in the complex business environment of financial institutions requires ongoing and collective work with the other parties to scrutinize our practices and processes in light of changing global circumstances and an evolving global policy environment.

Raising awareness and broadening understanding

We continue to uphold our Statement on Human Rights, a public commitment to respect human rights, in line with the UN Guiding Principles. With a strong foundation made in 2015, 2016 focused on raising awareness and broadening understanding around the relevance of human rights issues across the organization, and on the implementation of the UK Modern Slavery Act.

To support this process we continued to offer training on human rights as part of our Environmental and Social (ES) risk training.

We continued to update our vendor risk management systems so that any risks in procurement are better managed. The integration of human rights aspects in a bank-wide vendor criticality assessment will help us to identify any vendors whose activities might inherently have a risk of causing human rights issues. In 2017, we will be formally assessing those businesses that we deem to be high risk.

In general, since human rights aspects are integral to our Group-wide ES Policy Framework, each year we deepen our knowledge and understanding, and raise awareness internally around the complexity of the issue through our client and transaction due diligence. This, in turn, helps us to consider human rights related risks and potential mitigation measures much earlier in our decision-making process.

Human rights grievance mechanisms

Our standard grievance mechanisms alert us to companies and transactions that may harbor human rights risks, so that we can take necessary measures. Working with the claimants, and in some cases the rights holders and other parties, our approach is to understand the background of the complaints, our potential role and leverage, and mitigation steps.

Working with our sector

In response to the absence of any formal interpretation of the UN Guiding Principles on Business and Human Rights for the financial sector, the Thun Group has emerged as an informal collaboration of banking representatives that shares insight on the implementation of the Principles. We continue to play an active role in the Thun Group; in 2016 we contributed to the development of its second discussion paper. The paper will explore the meaning and scope of Guiding Principle 13b³ in a corporate and investment banking context, as well as providing additional guidance around Principle 17⁴.

The UK Modern Slavery Act

The UK Modern Slavery Act was introduced in 2015 to tackle slavery, servitude, and forced or compulsory labor, as well as human trafficking and the protection of victims. To comply with the Act, we have set up a working group of internal stakeholders, alongside an external law firm. The outcomes of this group will form the basis of the required statement, to be published in 2017, and will help us to understand where we need to improve our management processes.

Looking ahead

To keep pace with the evolving regulatory and stakeholder landscape around human rights, we will focus on what is relevant to our activities and the contribution we can make as a leading global bank. We will uphold our commitment to continuously improve governance structures, management processes, stakeholder dialog, and transparent reporting around human rights issues connected to our business.

³ Guiding Principle 13b: "(...) requires that business enterprises seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts." [See Guiding Principles on Business and Human Rights \(PDF\)](#)

⁴ Guiding Principle 17: "In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed." [See Guiding Principles on Business and Human Rights \(PDF\)](#)

GRI disclosures:

G4-12, G4-27, G4-33, G4-58, G4-DMA - Investment, G4-HR1, G4-DMA - Supplier Human Rights Assessment, G4-HR11, G4-DMA (G4-FS3), G4-DMA (G4-FS4)

2

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Client centricity

- Reorganization of Private & Commercial Clients division
- Rise in client satisfaction despite challenges
- Further development of quality assurance for our products

For the Wealth Management and Private & Business Clients divisions, 2016 was a year of radical change. At the start of the year, the two divisions were merged to form a new corporate division called Private, Wealth & Commercial Clients (PW&CC), in order to ensure consistency in our client coverage.

This reorganization was accompanied by extensive changes. Our aim is to bring the entire range of services provided by the bank under one roof—from services for private and business clients to private banking, wealth management, and support for small and medium-sized enterprises (SMEs).

In Germany, in the interest of lean, efficient management, PW&CC was rearranged into seven regions at the start of 2016 (as opposed to the previous 16). Complexity was reduced—in the division's organization, management, and processes—and local responsibility was increased. At the same time, the preconditions for a modified presence nationwide were created: In response to changes in the behavior of clients, who are increasingly expecting their day-to-day banking services to be provided in digital form and outside established business hours, the number of German branches will be reduced from 723 to 535 by the end of 2017 through a process of consolidation and closures. Outside Germany, PCC International closed a total of 70 branches during 2016.

Meanwhile, a number of regional Beratungszentren (Advisory Centers) are being established in Germany to provide access outside the usual business hours. PW&CC also invested in the expansion of our digital offering to meet clients' needs and expectations. To implement this digital transformation ([see page 42](#)) by the year 2020, this division alone will invest around €750 million in modern banking, in optimizing internal processes and in enhancing our employees' digital expertise.

Over the course of this reorganization, the number of jobs at PCC Deutschland has also been reduced by around 3,000. To achieve this, a reconciliation of interests was concluded by mutual agreement with the employees' representatives. The staffing procedures set out in this agreement were completed in November 2016. To ensure that downsizing progresses in a socially responsible manner ([further information online](#)), we use a variety of personnel instruments designed first and foremost to secure suitable positions within the bank for those employees who are affected. These instruments include support from the FitnessCenter Job, vocational qualifications and a possible switch to temporary jobs (internally known as Bankforce), as well as opportunities for partial retirement, early retirement, and severance pay through the Abfindung52plus program.

The year 2016 has not changed our conviction that loyal, satisfied clients are crucial to our long-term success.

GRI disclosures:

G4-2, G4-33, G4-DMA – Product and Service Labeling, G4-PR5, G4-DMA – Marketing Communications, G4-DMA – Customer Privacy, G4-FS7

Product principles

Our FairShare™ principle (FairShare) has been an integral part of our business with private and commercial clients (PCC) since 2009. It plays an important role in ensuring that our products and services are tailored to the needs of this client group.

FairShare includes our product principles, which commit us to ensuring that our products:

- are part of the real economy,
- serve the individual without detriment to the general good,
- are transparent and easy to understand, and
- provide tangible client benefits.

We do not offer our private and business clients any products that do not comply with these principles, nor do we recommend any such products. Certain products are also excluded from our consulting services. This will always apply to products connected with:

- wagers on death, illness, disability, or insolvency;
- the production and sale of nuclear weapons, cluster munitions and land mines;
- speculation on food shortages;
- the promotion or use of child labour;
- criminal activities such as drug trafficking or money laundering; and
- human rights violations.

Compliance with our product principles is a prerequisite for the approval of new products and processes (New Product Approval, NPA) within the PCC division. For example, our NPA processes include checking the extent to which our sales documentation is in line with both statutory provisions and our own product principles. We will also ensure that our requirements continue to be met throughout the product life cycle. This will be achieved with the aid of a special database that we introduced in 2016. So far, we have not had to withdraw a single product due to infringement of these basic principles.

Our checking and support functions are also subject to strict requirements to ensure that risks are properly monitored and our FairShare principle is observed along with our product principles. To ensure these are observed, everyone involved is provided with precise descriptions of their respective responsibilities and functions. The Divisional Control Officer (DCO) is responsible for monitoring compliance. All processes connected with so-called non-financial risks are discussed in the Global Internal Control Council (GICC) for PCC. The Council's powers include the ability to demand specific changes to products or processes, or that checking functions be examined.

Our consulting services are aimed directly at the financial requirements and objectives of our various client groups. This is achieved:

- by adopting a unified approach to client care within the Private & Business Clients division;
- by regularly training our advisors in order to expand their credit competence and product knowledge, and to familiarize them with statutory requirements such as the German Investor Protection Act (Anlegerschutzgesetz);
- by using in-depth discussions and extensive questionnaires to identify our clients' requirements throughout the various life stages, and to offer them responsible consulting services in the areas of finance, investment, savings, insurance, and pensions; and
- by providing our advisors with support from product specialists who can tailor products to the specific financial needs of individual clients.

Assessing client satisfaction

The ongoing public debate and critical media coverage surrounding Deutsche Bank has had a negative impact on our reputation among our German clients. According to a recent independent comparison of banks (FMDS study), Deutsche Bank has suffered a decline in client loyalty (TRI*M Index).

On the plus side, clients who took part in our internal evaluation of client satisfaction continued to show a positive appreciation of our specific services. This meant that despite the challenges we faced in 2016, we were still able to improve our score in every category of our annual client satisfaction survey.

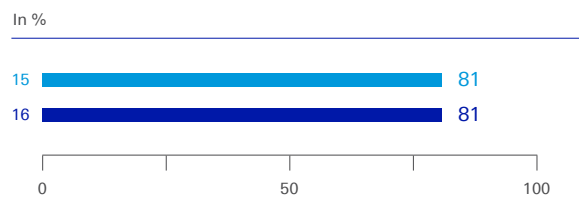
Client satisfaction index

In %	2016	2015	2014
Client satisfaction index	75.3	73.3	71.2
Client satisfaction with our advice	76.5	74.2	71.7
Client satisfaction with our services	77.1	74.7	72.5
Client satisfaction with actively offered products and services	70.8	69.0	66.8
Willingness to recommend Deutsche Bank	76.5	75.4	74.0

Around 260,000 clients took part in our 2016 client satisfaction survey. The survey was not anonymous, so we were able to respond precisely to feedback from participants. In addition, we commissioned an independent market research institute to conduct approximately 2,000 test purchases in branches (i.e. mystery shopping). We also conducted a phone survey of around 10,500 existing clients, enquiring about the standard of the service and advice we provide. The calls were followed up with a consultation.

Our ability to meet our own high quality standards was confirmed once more in 2016 by independent external banking tests. These tests also provided important indications of potential for improvement, especially regarding our range of services.

Mystery shopping index



The results of the client satisfaction survey and the mystery shopping index are considered during the setting of objectives for our branches. Both are also linked to the performance-related component of the remuneration for our sales staff.

Representing client interests and managing complaints

Our Chief Client Officer (CCO) is responsible for handling all serious complaints. He also provides the bank with impartial advice on how best to develop and optimize our products and processes, ensuring that the client's interests come first here, too. He has no responsibility for financial returns.

The ability to handle formal complaints professionally and transparently is an extremely important factor influencing client satisfaction. We aim to anticipate and avoid potential complaints before they arise.

Our central PCC complaint management team in Germany reports directly to the CCO. In keeping with our internal processes, complaints made in our branches are dealt with locally, which allows us to respond more quickly and helps to improve cooperation between staff. A client information sheet is available for download from our website, offering a clear description of how we handle complaints.

We have also established a separate process for hardship cases, e.g. where clients get into financial difficulty for reasons beyond their control. We were able to resolve three such cases during 2016.

In addition, our CCO personally contacts clients who contact us with serious complaints. This direct dialog helps us to better understand the reasons for complaints and provides insight into how we are perceived by our clients. Our complaint management activities are focused primarily on consulting services and new investment products.

We acknowledge receipt of each complaint immediately, stating the estimated processing time. If we are unable to process a complaint within the stated time, the client will be notified accordingly.

Where we have been responsible for mistakes, we work to rectify these quickly and without excess bureaucracy, and to settle any justified compensation claims directly. The fiscal year 2016 saw a further drop in the number of complaints received by the PCC division in Germany. As before, these related mainly to the implementation of new regulations and legal provisions affecting such matters as the cancellation of consumer credit. Additionally, media reports dealing with the legal disputes and the announcements of branch closures led to further client complaints, most of which we were able to resolve locally in the relevant branches.

A similar trend was reported by our PCC locations in Italy and Poland, which also saw a reduction in the number of new complaints received in 2016. In Belgium, however, media coverage of Deutsche Bank's operations and the reorientation of the Group led to a noticeable rise in customer complaints.

Innovation and digitalization

- Launch of the Digital Factory, Frankfurt am Main
- Opened a third Innovation Lab in Silicon Valley in 2016
- Up to €1 billion investment in digitalization by 2020

The dynamic landscape of technology, along with changes in customer behavior and preferences, is driving a trend of digitalization across the economy, with a marked impact on financial services. Digitalization opens up opportunities for product, service, and business model innovations, as well as an enhanced customer experience. It also facilitates more efficient internal processes in that more activities can be carried out electronically, with banking transactions faster and more streamlined.

With new emerging players such as FinTechs (financial technology firms) challenging established financial institutions and their business models, it is evident that successful digital transformation will be a key source of competitive advantage.

The Digitalization Initiative

We launched the bank's Digitalization Initiative in 2015, as part of our Strategy 2020. We aim to invest up to €1 billion by 2020 in digital technology across all four businesses to:

- enhance the client offer by offering a seamless omni-channel experience and more customized products and services;
- harness the power of data in order to understand customers better and further strengthen risk management, financial and regulatory reporting, and reduce costs; and
- strengthen efficiency and controls, by increasing automation and reducing the risk of manual error.

We are also collaborating with external partners such as start-ups, FinTechs, innovative companies, developers and designers.

Governance and management

The digitalization initiatives are business aligned, with ownership lying within the individual business or infrastructure units. The initiatives are supported by the bank's Chief Operating Office (COO), which provides delivery and technical infrastructure. In addition, innovation is supported by the Deutsche Bank Labs teams. All digital initiatives are reported to the COO Executive Committee, with Kim Hammonds, Member of the Management Board and Group Chief Operating Officer, overseeing the overall digital initiative.

Developments in 2016

Deutsche Bank has become one of the first financial institutions to establish a professional research and development department, featuring three innovation labs ([further information online](#)) (Deutsche Bank Labs) along with our Digital Factory ([further information online](#)) in Frankfurt am Main. We opened our third lab in Silicon Valley in 2016, adding to the two in London and Berlin respectively.

Speed and adaptability are key success factors in digital services. It is thus important to build teams from the business areas and technology and in 2016 we launched a Digital Factory in Frankfurt am Main, dedicated to developing digital banking products. Around 400 software developers, IT specialists, and financial experts from 14 countries work at the Digital Factory (expected to rise to 800 by 2018). The first successful project was the Deutsche Bank Mobile app launched in April 2016.

In Berlin, we established the most modern banking branch in Europe: Quartier Zukunft. This includes space for start-ups and a customer lab for testing apps and providing feedback—a blueprint for connecting digital and analog access points. In Dublin, we launched The Hive ([further information online](#)), a data lab employing 40 specialists in data science, visualization, analytics, and technology. The lab uses cutting-edge technology to scan vast quantities of information for patterns and insights and presents them in a user-friendly visual format.

In November 2016, the bank opened its data store ([further information online](#)) to external software developers, giving them the opportunity to create digital solutions for clients that go far beyond traditional financial services. A new developer portal provides access to the bank's proprietary development environment, allowing programmers to test their ideas for future services with simulated, but client-driven data. The dbAPI programming interface was successfully tested at the Deutsche Bank Hackathon ([further information online](#)) in Berlin, a three-day competition, which saw 750 applicants and 70 participants from 22 countries.

We partnered with Massachusetts Institute of Technology's Initiative on the Digital Economy, an international alliance of visionary pioneers in the digital economy, and we strengthened our collaboration with the European start-up sector by joining forces with the Axel Springer Plug and Play Accelerator ([further information online](#)), a platform to find up-and-coming tech players from sectors such as banking and insurance. We will help to select start-ups and will offer them support, workshops and financing. The start-ups selected to receive funding will also gain access to innovation labs and the Digital Factory in Frankfurt am Main, allowing us to support our own research and development activities in digitalization.

ESG in Asset Management

- €9.9 billion of ESG assets under management
- ESG-training in active investment management
- UN Green Climate Fund invests in African green energy access fund

Investors, clients, and other stakeholders are requesting more transparency around corporate activities and are making decisions based on a broader range of information. This includes identifying additional opportunities and risks from corporate behaviors related to environmental, social, and corporate governance (ESG) factors.

Integrating ESG factors into investment decisions

Continuing to integrate ESG factors into investment decision-making, alongside developing our sustainable and impact investment business, is fundamental to Deutsche Asset Management's strategy. To guide us, in 2016 we developed our first Responsible Investment Statement ([further information online](#)), covering the entire Asset Management division. Developed with input from across the division, the Statement outlines Deutsche Asset Management's position regarding ESG issues, the international principles that inform our approach, and how we incorporate ESG factors into our business and investment activities. We aim to update the Statement as we continue to make progress incorporating ESG into Asset Management.

We offer a range of products that respond to ESG issues and sustainable investment expectations — from managing assets that encompass active and passive ESG screening to sustainable investment funds (see below), ESG real estate assets, social finance innovations, and impact investments.

Managing ESG risks and opportunities across our business

For our actively managed products ([see page 46](#)), we apply an integration and screening strategy. This relies on a proprietary ESG rating methodology and our ESG Engine ([see page 46](#)) software, which help us to rank corporations and countries on ESG issues. The Passive Asset Management division is also starting to launch new ESG index products in 2017. Our corporate governance team supports the investment platform, with proxy voting and engagement ([see page 47](#)), while the Center for Sustainable Finance ([see page 54](#)) conducts thought leadership and coordinates efforts to integrate ESG across all divisions in Asset Management.

Our real estate investment business focuses on implementing sustainability best practices across its portfolio. This includes core, core plus and value-added real estate investments ([see page 48](#)) across the globe. Our infrastructure business also incorporates analysis of ESG factors into the investment due diligence process and reports on ESG development for one of our largest infrastructure funds ([see page 48](#)).

Our Sustainable Investments team's funds ([see page 50](#)) are aligned with the agenda of the UN Sustainable Development Goals (SDGs), achieving a "triple bottom line" approach—in other words, they offer market-based financial returns, together with positive environmental and social outcomes.

Beyond our core business, we invest in projects that are not currently being served by conventional capital markets in order to tackle key environmental and social concerns, and to address global societal challenges. For example, we focus on microfinance, as well as funds for deprived urban areas and clean low-carbon technologies in emerging markets.

ESG assets under management

By the end of 2016, Deutsche Asset Management reported €9.9 billion of assets under management (AuM) (including overlays) incorporating ESG criteria (2015: €10 billion). Deutsche Asset Management managed assets with a volume of €706 billion (December 31, 2016).

We follow industry standards and guidelines in classifying ESG AuM. Investor reporting to the Global Sustainable Investment Association (GSIA)—through their regional membership organizations such as EuroSIF, USSIF, and UKSIF—has become a global standard for categorizing ESG assets. These encompass negative exclusion screens, positive best-in-class screens, norms-based screens, the integration of ESG factors, sustainability-themed investing, impact investing, and corporate engagement and shareholder action.

In 2016 we applied the GSIA guidelines for ESG reporting to re-categorize 20 existing institutional mandates as including ESG exclusion policies or following a best-in-class approach. As a result of this exercise we removed four thematic funds from the list because these did not have a consistent ESG filter. Some new mandates were created, and others closed, and there was a net inflow into existing funds/mandates. To enable comparability, we re-calculated the 2015 ESG AuM using our new categorization.

ESG and sustainable assets under management

In € m.	2016	2015 ¹
Active management		
Retail and institutional funds, including screened, best-in-class, and themed funds for institutional clients	7,515	7,631
Passive investments		
Exchange traded funds, products or mandates	76	106
Sustainable/impact/alternative investments		
Private equity or debt funds focused on sustainable/impact investing, including public-private “blended finance” funds with environmental or social objectives	2,327 ²	2,290
Total	9,918	10,027

¹ Due to the aforementioned re-categorization of ESG assets, we are re-stating the 2015 ESG AuM. We did not retroactively apply this new categorization to 2014. The previously reported 2015 ESG AuM was €7,683 million.

² One fund AuM as of 3Q 2016.

Real estate investments

In € m.	2016	2015
ESG Real estate		
Certified green labeled buildings (Energy Star, LEED, BREEAM, etc)	9,250	n/a ¹

¹ 2015 data not comparable due to amended process and methodology by which green label assets are classified.

ESG in Active

For actively managed products, we apply an integration and screening strategy. In 2016, we further developed our proprietary in-house software solution (ESG Engine) and, therefore, the possibility to further integrate ESG aspects into investment decisions. To inform our investment, sales, and product specialists about new ESG Engine functionalities, we developed in-house training (mandatory for investment platform specialists, and voluntary for sales and product managers).

We have also purchased the Certified ESG Analyst training program from the European Federation of Financial Analysts Association (EFFAS), which is now mandatory for all analysts and portfolio managers across Equities, Fixed Income, and Multi-asset.

ESG Engine software

We have developed a proprietary in-house “FinTech” software solution to analyze, assess, and rank corporations, as well as sovereigns, on a wide range of ESG indicators. The approach is modern, applying algorithms and data management techniques to source, combine, and integrate ESG information from leading external ESG agencies. In 2016, we added a new data vendor, Trucost, a specialist for environmental sustainability data. By combining Trucost information with that from Sustainalytics, MSCI, ISS-Ethix, RepRisk, SIGWATCH, and oekom, our ESG analysis now draws from seven external ESG data specialists. We further supplement our data with information from relevant non-governmental organizations.

ESG rating methodology

In 2016, we released a new corporate ESG rating methodology, which allows us to identify ESG leaders and laggards within a peer group, as assessed by external specialists. While such a best-in-class approach is per se not new, we advanced it with our unique cross-vendor methodology, which seeks to deliver an objective 360-degree assessment. Our best-in-class approach considers hundreds of indicators covering resources and waste, climate change, green products, human capital, societal impact, product responsibility, business ethics, corporate governance, and public policies. A further ESG rating methodology was established for sovereigns in 2016, which puts an explicit weight on political and civil liberties, especially electoral processes and freedom of the press.

We are now even better equipped to deliver value to our clients: first by forging client-bespoke ESG solutions that follow dedicated guidelines; second by facilitating the integration of ESG information into our standard investment process. In 2016, ESG Engine reports were integrated into the wider Deutsche Asset Management investment platform. This empowers all portfolio and investment managers to assess risks and opportunities from ESG consistently and efficiently.

Controversial business activities

Portfolios are analyzed for whether their revenue may be perceived as controversial (e.g. defense) or exposed to risk sectors (e.g. coal). Furthermore, we screen for UN Global Compact compliance. While this serves ethical considerations (e.g. child labor), it also helps to monitor potential fallout from controversial business activities (e.g. market manipulation). Our analysis also includes an assessment of carbon risk using ESG vendor data.

The ESG Engine has been used to create dedicated ESG products across all liquid asset classes, particularly equities as well as corporate and sovereign fixed income, including high-yield and emerging markets. Key demand from institutional clients such as churches and pension funds can be met with active and passive products.

2016 showed an increased public interest in ESG. Morningstar and MSCI introduced ESG fund ratings that place ESG further into mainstream fund management. The ESG Engine was enhanced to deliver insight into the facts and drivers behind Morningstar's fund assessments concerning ESG.

GRI disclosures: G4-PR3, G4-DMA (G4-FS4)

Proxy voting

At Deutsche Asset Management, we regard good corporate governance as critical to sustainable development, as well as to shareholder return. We actively promote the alignment of Supervisory and Management Board interests with those of shareholders through effective governance measures. To this end, we established a dedicated Corporate Governance team within Deutsche Asset Management's Chief Investment Office.

Setting high standards for the companies we invest in

We expect a high degree of transparency from the companies we invest in, in terms of reporting, selection, and succession planning of their Boards, as well as detailed descriptions of the qualifications of their members. We also call for transparency around strategy and incentive schemes for Board Members.

We believe that a sound Board structure, with a diversity of skills, professional experience, education, gender, age, and socio-cultural background, is critical to good corporate governance. We also promote the mechanisms that ensure effective balance of power, control, and monitoring. These expectations extend to Supervisory Boards.

Proxy Voting: Policy and Watchlist

We have a consistent and stringent proxy voting process, based on our Corporate Governance and Proxy Voting Policy, as well as a Watchlist of holdings in funds domiciled in Europe, that combines extensive qualitative and quantitative screening with governance ratings.

Our Corporate Governance and Proxy Voting Policy, which is reviewed and updated annually, helps to make our expectations clear to our clients and those companies we invest in. It draws on national and international legal requirements and best practices, as well as globally acknowledged principles of responsible investment, such as the UN Principles for Responsible Investment, to which we became a signatory in 2008; the International Corporate Governance Network (ICGN) Principles of Corporate Governance; and the G20/OECD Principles on Corporate Governance.

Corporate governance engagement

By building an on-going dialog with those companies we invest in, we can challenge companies to perform responsibly with regards to governance and transparency. We actively engage with companies where we have identified serious issues related to their governance structures.

If the feedback we receive as a result of our engagement remains unsatisfactory, we will follow up with further measures such as:

- letters to the members of the Management and—when appropriate—also to the Supervisory Board,
- meetings with the Management and the Supervisory Boards,
- raising our voice at the AGM or via the press and media,
- exercising our rights to vote against the discharge and/or (re-)election of candidates of the Management and the Supervisory Boards or other agenda items proposed by the management,
- filings of shareholder proposals, and
- considering divestment.

In 2016, we actively engaged with 30 companies on corporate governance topics, via meetings with company representatives, including Management and Supervisory Board members. We also sent a letter to all the companies we are invested in in Germany (200 companies), updating them on changes to our voting policy and the rationale behind them, other key issues we would consider when voting, and our general expectations on corporate governance.

This year, we voted at 550 general and special meetings in 40 countries for our funds domiciled in Europe. We also relaunched the websites (dws.de ([further information online](#)) and dws.lu ([further information online](#))), which show our voting decisions and statistics for our retail funds, so readers can access information interactively at company and fund levels. Bloomberg Business Week ranked Deutsche Asset Management as the only asset manager who voted 100% in favour of 68 climate change related shareholder proxy vote proposals in 2016, while the asset manager with the next highest level of support only voted in favour of 76% of the proposals.

GRI disclosures: G4-DMA (G4-FS4)

ESG in real estate investments

Our real estate investments continue to position ESG as integral to wider investment strategies. At the core of the approach is our goal to preserve and enhance risk-adjusted returns, and to reduce environmental risk, improve asset efficiency, and deliver high-quality spaces to tenants.

Accordingly, we have developed a governance structure and policies that embed ESG considerations into real estate investments. Our US and European Strategy Councils for Direct Real Estate are made up of senior leaders from the real estate business, supported by dedicated ESG teams. Together, they have developed ten ESG objectives ([further information online](#)), aligned to Deutsche Bank's six core values.

The Council's global sustainability plan is delivering a number of initiatives, including:

- centralizing and expanding sustainability data collection and reporting to monitor our energy and carbon footprint globally;
- adopting Standards of Sustainability ([further information online](#)) for property management in the US, the UK, and France (we are beginning to introduce them across the rest of Europe); and
- a systematic approach to energy reduction in the US.

At an asset level, we continue to strive to reduce our energy and carbon footprint and further improve the ESG performance of our assets. For example, we:

- grew green label assets under management globally to €9.25 billion;
- achieved a goal of 3% in energy reduction across our US office portfolio⁶ and
- invested US \$2.3 million in energy efficiency projects in the US, garnering a return on investment of 23% over the year (measurement period: 3Q 2015 – 3Q 2016).

In 2016, we changed the process and methodology by which we classify our green label assets, which resulted in an inclusion of more certified assets relative to previous years. An example of a change made since the previous year was the inclusion of assets with ENERGY STAR certifications in the US.

Our real estate funds include properties that have been green labeled by organizations such as Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Method (BREEAM), ENERGY STAR or other equivalent certification.

Furthermore, we submitted five of our largest real estate funds to be independently assessed for ESG integration by the Global Real Estate Sustainability Benchmark (GRESB). All five funds (worth US \$18 billion of AuM) achieved the Green Star-rating.

Infrastructure

Deutsche Asset Management's infrastructure business conducts ESG due diligence for each acquisition. After acquisition, Deutsche AM infrastructure closely monitors the ESG attributes of the investments during the holding period, through quarterly reporting.

We report annually to investors in our Pan-European Infrastructure Fund (PEIF) about the ESG developments in the Fund's underlying investments. We will provide a similar report to investors in our Pan-European Infrastructure Fund II, the follow-up fund.

⁴ Given timing of end of year data availability, the measurement period for this data is January 1, 2015 – December 31, 2015.

Sustainable investment funds

Investor interest is growing rapidly in sustainable and impact funds that contribute to the UN Sustainable Development Goals (SDGs). According to the 2016 Global Impact Investing Network survey, sustainable and impact funds under management are expected to grow.

Our extensive investment universe of sustainable and impact funds covers energy (clean energy, energy storage, energy usage), environment (food/agriculture, waste, water), microfinance, employment/education, and housing. These funds achieve a “triple bottom line” in which financial returns are delivered alongside positive environmental and social outcomes. In 2016, we managed eight sustainable and impact funds with a combined volume of over €1.63 billion.

Sustainable Investment funds and their contribution to the SDGs

Fund	Mission	Launch	Vol. €m	Role
Africa Agriculture and Trade Investment Fund (AATIF) SDGs: 1, 2, 8, 9, 13, 14, 15	Improve food security and end poverty through sustainable investment along the entire agricultural value chain in Africa	2011	116	IM*
Clean Cooking Working Capital Fund SDGs: 3, 7, 13	Financing of clean cookstove companies in the developing world	2015	0.7	IM
Essential Capital Consortium SDGs: 4, 7, 10	Debt financing to health, energy, and financial service providers in low-income communities in the developing world	2014	37	IM
European Energy Efficiency Fund (EEEEF) SDGs: 11, 13	Energy efficiency and renewable energy in the public sector in Europe	2011	112	IM
European Fund for Southeast Europe (EFSE) SDGs: 8	Foster economic development and prosperity in southeast Europe and in the European Neighborhood East region through the sustainable provision of additional development finance, notably to micro and small enterprises (MSEs) and to private households, via qualified financial institutions	2005	919	FM**
Green Growth Fund (GGF) SDGs: 7, 11, 13	Energy efficiency and renewable energy via local banks in southeast Europe, including Turkey and the European Neighborhood East region	2009	363	FM
Microfinance funds SDGs: 1, 5, 8	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high quality financial services			
Global Commercial Microfinance Consortium II		2012	82	IM
Microcredit Development Fund		1997	3.6	IM
Total			1.634	

* IM: Investment Manager

** FM: Fund Manager

Governments around the world adopted the SDGs in September 2015 to guide international cooperation towards a set of ambitious quantitative goals for all countries, not just developing countries. While governments have the main responsibilities for leading efforts, UN-supported research estimates that US \$5-7 trillion of investment a year will be needed over the next 15 years and this will require new flows of private capital. Each fund addresses a specific set of SDGs.

We cover four continents with our sustainable and impact funds, including over 30 developing countries, covering low and lower-middle income countries such as Armenia, Cambodia, Côte d'Ivoire, Democratic Republic of Congo, El Salvador, Honduras, India, Kyrgyzstan, Nicaragua, Nigeria, and Tajikistan. We track and report on how the funds deliver positive environmental and social outcomes. Some of the funds (AATIF ([further information online](#)), EEEF ([further information online](#)), EFSE ([further information online](#)) and GGF ([further information online](#))) have dedicated websites where more extensive reporting is available.

Fund	Positive environmental or social outcomes
Africa Agriculture and Trade Investment Fund	As of 3Q 2016, US \$140m disbursed to companies and financial institutions to help improve Africa's agricultural sector and benefit the poor. One investee expanded to include 628 small-holder rice farmers (28% women) who received training in Good Agricultural Practices, and financial support for irrigation charges. A loan from one of AATIF's local bank investees supported 1,628 smallholder tea farmers in Zimbabwe to buy new agricultural equipment and expand cultivation of coffee, avocados and macadamia nuts.
European Energy Efficiency Fund	As of 4Q 2016, EEEF has invested €112 m across eleven projects in seven countries that are producing cumulative primary energy savings of 18,553 MWh and cumulative CO ₂ e savings of 248,975 tonnes of CO ₂ e.
Finca Microfinance Fund (fund finished its seven years of operation in 2016)	The Finca fund has supported seven microfinance institutions (MFIs) in seven countries. From 2009 to 2Q 2016, the number of borrowers served increased by 33% representing 143,251 new clients (71% are rural borrowers). Over the past seven years of the fund, MFIs' assets more than doubled to US \$583m and 2,503 jobs were added in the MFIs. Four of the MFIs now provide savings products (up from one in 2009) allowing 400,000 new low-income clients to use the MFIs to save capital.
Global Commercial Microfinance Consortium II	As of September 2016, the fund's US \$88.6m portfolio across 15 countries and 32 investees was primarily concentrated on microfinance, with three social enterprise loans to an energy company and two alternative financial services companies. Of the nearly 8m underlying borrowers, 83% were women.
Essential Capital Consortium	As of September 2016, the fund's US \$34.6m portfolio across 10 countries and 14 borrowers was 14% focused on energy, 21% on health, 23% on microfinance and 42% on other financial services.

Most of the funds have been in the form of "blended finance" through public-private partnerships, which provide opportunities to attract private investments through catalytic public-sector investments in the form of first-loss capital or guarantees.

GRI disclosures:

G4-EC2, G4-DMA – Indirect Economic Impacts, G4-EC8, G4-SO1, G4-DMA (G4-FS4), G4-FS7, G4-FS8, G4-DMA – Local Communities, G4-FS14

Green Climate Fund

We are the first commercial bank globally to become accredited to act as an implementing entity for the Green Climate Fund, established by the UN Framework Convention on Climate Change's Conference of the Parties as the central global investment vehicle to combat climate change and its effects. Total pledges made to the Fund amounted to US \$10.3 billion as of November 2016.

In October 2016, the Fund approved an initial US \$78.4 million (€74.4 million) investment in a new Deutsche Asset Management fund ([further information online](#)) for renewable energy access in Africa: the Universal Green Energy Access Programme. This anchor investment will allow us to raise a total of US \$300 million in capital and contribute to SDG 7 (Sustainable Energy for All). The fund will work with and through local financial institutions in an innovative structure to enable local banks to extend medium and long-term loans in the local currency or US dollars for businesses that provide clean electricity solutions. The proposal has been endorsed by the governments of Benin, Kenya, Namibia, Nigeria, and Tanzania. The Programme aims to expand to other African countries, reaching a total target fund volume of US \$500 million.

We are also developing new ways to create ESG investment opportunities for institutional investors, in particular in the areas of clean energy, environment, and microfinance.

A best practice approach to sustainable investment funds

We manage our sustainable and impact funds in line with ESG best practices, including incorporating social and environmental guidelines and performance indicators into the fund investment process. We look to the International Finance Corporation's Performance Standards and the European Investment Bank's Statement on Environmental and Social Principles and Standards. We adhere to international standards to assess energy consumption and carbon emissions of our European Energy Efficiency Fund (EEEF), including the International Performance Measurement and Verification Protocol (IPMVP®) and ISO 14064-2, and work with partner companies or projects to establish and apply all those standards. As a further measure for certain funds, we also partner with the UN International Labour Organization (ILO), the UN Environment Programme (UNEP), and the Common Fund for Commodities (CFC) as well as with research organizations.

Our EEEF also tracks carbon and primary energy reduction across its portfolio. Calculating savings is completed using our proprietary, Web-based monitoring, verifying, and reporting tool greenstem™. greenstem™ has built-in calculation models that follow international standards to assess energy consumption and carbon emissions. These include the International Performance Measurement and Verification Protocol (energy) and ISO 14064-2: International Standard for project level quantification, monitoring and reporting of greenhouse gas emissions (carbon).

In the area of microfinance, we promote the Smart Campaign, a set of consumer protection principles for microfinance borrowers and endorsed by thousands of investors, practitioners, networks, associations, and individuals. We have promoted tools, including the Microfinance Index of Market Outreach and Saturation (MIMOSA), which is seeking to establish a standard framework for measuring credit saturation to provide information that can be used to avoid over-indebting microfinance borrowers, and the Voice of the Client project, which is an initiative that is seeking to leverage mobile technologies to analyze the level of microfinance client satisfaction and search out potential client protection abuses.

We also support the Social Performance Task Force (SPTF), a non-profit membership organization working to define clear standards for social performance management and measurement in microfinance. Finally, we have also promoted industry tools and research through a technical assistance facility that is funded by the Swedish International Cooperation Development Agency (Sida). In March 2016, we hosted the biannual meeting of the SPTF's social investor working group, a two-day workshop attended by approximately 70 investors to discuss industry initiatives and concerns.

Advocating sustainable finance

Our Center for Sustainable Finance published its first client reports in 2016, including the Sustainable Finance Report, which included a review of academic reports on the value of ESG investing, a description of the ESG Engine, a guide to sustainable equity indexes, and an article on China's low-carbon economic transformation. It also supported efforts to become more active in industry associations, including the Institutional Investors Group on Climate Change (IIGCC), the UK Sustainable and Responsible Investment and Finance Association (UKSIF), the European Energy Efficiency Financial Institutions Group (EEFIG), and the International Integrated Reporting Council (IIRC).

Contributing to global climate debate

In 2016, Deutsche Asset Management played an active role in global climate debates, including:

- speaking at the UN climate change summit in Morocco on our Green Climate Fund supported renewable energy access fund, and the ESG Engine.
- hosting an IIGCC event in Frankfurt and meeting with Chancellor Merkel's Chief Economic Advisor to discuss green finance policy plans for Germany's G20 Presidency in 2017;
- hosting the UKSIF's 25th anniversary AGM and a lecture from the UK Pensions Regulator; and
- sponsoring events in New York and London to celebrate the 10th anniversary of the Principles for Responsible Investment (PRI).

Financing a low carbon economy

- One of the top European-based private-sector project financiers of clean energy
- Arranged €3.9 billion in project finance for renewable energy projects
- Accompanied issuance of €8 billion in green bonds

Public and private-sector collaboration will be critical to promoting and financing a shift towards a low-emissions global economy and climate-resilient development “pathways.” Energy efficient technologies and renewable energies are an essential part of a low-carbon economy and society. Significant investments will be required in the coming decades to finance these technologies. As a global bank, we can make an important contribution to raising the capital needed to implement the Paris Agreement.

As with other industries, the financial sector is exposed to climate change. Accordingly, we seek to demonstrate how Deutsche Bank contributes to the reduction of climate-related risks and how we support the transition to a low-emission economy through our core businesses.

Financing renewable energy

Deutsche Bank helps clients to develop, acquire, and sell low-carbon businesses and assets. Indeed, 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. During 2016, we arranged approximately €3.9 billion in project finance for renewable energy projects generating over 3,480 megawatts.

Our Global Markets division was debt advisor, lead arranger, and underwriter on the €1.6 billion Merkur offshore wind farm in Germany. The deal is the first large-scale project for General Electric’s new 6-megawatt offshore system of 66 turbines with an installed capacity of 396 megawatts.

We also acted as global coordinator, structuring bank, and joint bookrunner on the €404 million 20-year bond financing for the second-largest solar PV portfolio in Spain, consisting of 35 projects with a peak capacity of 98.5 megawatts, owned by Vela Energy. The bond was BBB rated by S&P, and funds were used to refinance existing bank debt.

Across the world, we financed 56 megawatts of renewable energy projects in Japan, totaling an underwriting volume of US \$177 million, as well as 1,767 megawatts, totaling an underwriting volume of US \$1,140 million.

Green bonds

The green bond market grew at an impressive rate in 2016, with issuance double that of 2015, at €71.9 billion. Issuers have primarily been development banks and municipalities, but since 2014 more corporations have started to fund their projects with green bonds.

A green bond ensures greater compliance with sustainability guidelines and is well equipped to prepare for more stringent reporting requirements. We have partnered with a number of issuers globally in landmark transactions for issuers, with the largest funding programs such as African Development Bank, International Bank for Reconstruction and Development, and European Investment Bank, as well as expanding access to this space for first-time issuers in newer geographies.

By the end of 2016, we had supported clients to issue €8 billion in green bonds. We managed several high-profile issues in this sector which included Tennet's €500 million, 1.250% dual-tranche green bond offering. The proceeds from this were used exclusively to finance and/or refinance projects related to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid.

Reports suggest the green bond market will see some US \$144 billion of issues in 2017, up 60% on 2016. It is clearly important to the success of implementing the Paris Agreement, and we will continue to fully support clients in identifying innovative ways to manage their risk, attracting more investors, and achieving long-term objectives.

GRI disclosures: G4-2, G4-33, G4-EC2, G4-EC8, G4-DMA – Marketing Communications, G4-FS8

Carbon neutrality

In order to contribute to a low-carbon economy, we try to make our own operations as energy-efficient as possible. Starting in 2008, our aim has been to reduce our carbon footprint by 20 percentage points every year. By 2012, we had become carbon-neutral—in other words, our inevitable carbon emissions were balanced out by purchase and retirement of high-level emission reduction certificates.

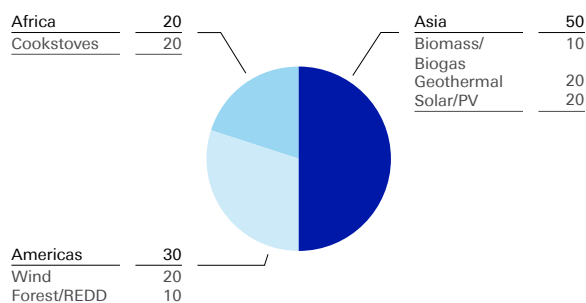
Renewable energy and offsetting

In 2016, we avoided 289,694 tons of CO₂e emissions by purchasing renewable electricity. In Germany this was a direct power purchase agreement for hydroelectric generation. The proportion of renewable energy consumption has remained consistent (79.5% in 2015 and 79.4% in 2016) across Deutsche Bank Group.

We also invested in projects that support climate change mitigation and economic development in Africa, Latin America, and Asia. All offsetting projects complied with well-recognized global standards such as the Gold Standard (60%) or the Verified Carbon Standard.

Regional split and supported projects

rounded in % of total offset portfolio



Assurance and ISO 50001

Our environmental data system and processes were once again subject to an external “limited assurance.”

At the end of 2015, we decided to apply the ISO 50001 standard for energy management to our German home market, in order to comply with the German regulation on energy audits of corporate facilities. This involved establishing a certified quality management process for our energy consumption, including reduction goals and measures that capture wider energy sources, such as business travel. The first periodical audit in December 2016 was successfully completed to achieve ISO 50001 status.

3

People and community

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People

- Socially responsible implementation of restructuring measures
- More than one-third of open roles filled internally
- The proportion of female managers increased further

Deutsche Bank's people agenda and HR activities in 2016 were characterized by the bank's transformation and restructuring measures ([further information online](#)) that form part of Strategy 2020. To make the organization more cost-efficient, a reduction of staff by 9,000 individual jobs as measured in FTE worldwide, with 4,000 located in Germany, had been announced in 2015. During 2016, the bank conducted a transparent and constructive dialog with employee representatives in Germany and elsewhere. The multi-stage negotiation process in Germany included an initial round of negotiations for a framework balance of interest agreement and a framework Strategy 2020 social plan. This was followed by three rounds of negotiations on specific balance of interest agreements for all impacted business divisions and infrastructure functions in the home market, which concluded in 2016.

Internationally, Deutsche Bank has also made progress in rationalizing its footprint and reducing its workforce. Among the measures initiated in 2016 are the sale of bank subsidiaries in Argentina, Mexico, the US and the UK as well as the closing of country representative offices.

Focus on internal career mobility

As part of Strategy 2020, Deutsche Bank is committed to filling vacant positions – at all levels of seniority – with suitable internal candidates ([further information online](#)), whenever possible. In accordance with its Hiring Policy, all open positions are advertised to internal staff first and exclusively for at least two weeks before any external candidates can be sought. In 2016, more than one in three open roles, or 39%, were filled with an internal candidate. An even higher ratio of 71% (2015: 60%) was seen in Germany. During the year, 9,715 employees – or 11.1% of the entire workforce – changed roles within the organization, with cross-divisional moves increasing by 6% from 2015.

Balanced approach to talent acquisition

In the fourth quarter of 2016, the bank implemented hiring restrictions to focus external hiring on business critical roles – provided there are no suitable internal candidates – and junior pipeline hires only. During the year, around 5,300 officers and 4,200 non-officers were hired, primarily in the areas of technology and digitization as well as in control functions. Furthermore, 813 new graduates (2015: 766) joined globally, while 741 new apprentices were hired in Germany (2015: 863).

Maintaining a strong focus on corporate culture

Underpinning the Deutsche Bank's HR efforts is a continued commitment to embedding its corporate culture and values in all people-related activities and processes. The HR function provides clear frameworks to help managers be accountable for making the right people-related decisions, sets the standards and tone for those decisions and intervenes when those standards and corporate values are not followed and there is a risk to the bank.

Through an annual employee survey ([further information online](#)), employees are regularly asked for their feedback to provide insight into levels of engagement, commitment and enablement across the organization. In May 2016, Deutsche Bank surveyed a representative, random sample of its employees, equivalent to 22.7% of its workforce. The response rate stood at 47%. Of the survey participants, 76% said they actively engage with Deutsche Bank's corporate values, and more than 70% are convinced that the values will have a positive impact on reaching the bank's strategic aspirations. More than 60% now observe changes in behavior. These are significantly positive developments compared to previous years.

The commitment level among employees in 2016 declined to 58% (2015: 63%) amid the ongoing transformation of the businesses and resulting job cuts, which represented a source of concern and uncertainty among employees. In terms of engagement and identification with their work, 86% of employees (2015: 87%) signaled they are ready to go above and beyond what is expected in their role, with the vast majority perceiving their jobs to be challenging and interesting, allowing them to make good use of their abilities. The enablement index stood at 62% in 2016 (2015: 68%).

Developing performance

Committed and capable leaders, along with a skilled and motivated workforce, are critical for Deutsche Bank – even more so during times of significant change. This is why the bank is committed to building leadership skills ([further information online](#)) and investing in future leaders as well as supporting the professional and personal development of all employees. A third priority is the ongoing focus on learning and mandatory Compliance and Anti-Financial Crime training for all staff against the backdrop of increasing regulation.

First introduced in 2015, Deutsche Bank runs two “Management Fundamentals” programs which are mandatory for new managers. A core program is designed for new managers up to Vice President level who are taking on people management responsibilities at the bank for the first time. An executive program is tailored to the needs of Managing Directors and Directors. Both programs are built around three key areas: leading people, driving business and shaping culture. Management Fundamentals aims to help participants grow and develop as people managers. In 2016, more than 1,000 employees attended the cross-divisional Management Fundamentals programs in over 20 locations around the world.

Furthermore, a new cross-divisional program for managers of managers – Leadership Fundamentals – was designed and piloted in 2016. The focus is to strengthen participants’ leadership skills so that they are better placed to deliver the bank’s strategy commitments. In 2016, more than 180 employees attended the cross-divisional Leadership Fundamentals program in four locations around the world.

Deutsche Bank’s cross-divisional Vice President Acceleration Program was launched in May 2016, with the development journey for participants spanning six months and training methods including interactive business simulations. In 2016, 482 Vice Presidents from across the bank started the program, which is held in various regional centers. Furthermore, the 2016 Infrastructure Director Program was launched in April 2016, spanning a 12-month journey with 61 participants. Focus themes are: building talent capability, functional expertise and leadership capability.

Investing in digitization

Increasing digitization has a significant impact on how the bank operates and, more specifically, how its employees work. Accordingly, it is an important element of Deutsche Bank’s strategic HR agenda, resulting in people processes being automated increasingly and employees being encouraged and required to develop the necessary digital skills. New digital offerings launched in 2016 include “Connect2Learn”, an online learning platform for all employees which consolidates all training offerings in one place. Another example is the “Internal Mobility Tool” designed to facilitate redeployment and promote cross-divisional moves.

To address new and emerging trends proactively – including digitization and demographic change – in today’s working environment and society at large, HR started its “Arbeiten@DB 4.0” (Working@DB 4.0) initiative in Germany at the end of 2015. Its main focus has been on identifying more flexible approaches to career and leadership issues, accounting for the needs and requirements of people at all employment stages, including those transitioning into retirement.

Fostering diversity and inclusion

Throughout 2016, Deutsche Bank continued its efforts to advance women in the workplace ([further information online](#)) under new gender quota legislation introduced in Germany in 2015. The percentage of women on the Supervisory Board stood at 35% at the end of 2016, above the statutory requirement of 30% for listed and co-determined German companies. The Supervisory Board's target for the Management Board was set in 2015 as at least one female member by June 30, 2017. This target has been met with the appointments of Chief Regulatory Officer Sylvie Matherat and Chief Operating Officer Kimberly Hammonds to the Management Board in 2015 and 2016, respectively. As of year-end 2016, 15.7% of positions at the first management level below the Management Board of Deutsche Bank were held by female executives. At the second level below the Management Board, this percentage stood at 19.5%. The bank has set itself targets in accordance with legal requirements in Germany, and it is on track to reach its 2017 targets of 17% and 21%, respectively, as the underlying group of senior managers on those levels is relatively small and every appointment or change has a significant impact on percentages.

In 2011, Deutsche Bank signed a voluntary declaration to substantially raise the proportion of all female managers globally by the end of 2018. As of year-end 2016, the number of female Managing Directors and Directors has increased by 16% since 2011. In 2016, the percentage of women at this level stood at 21.3% (December 31, 2015: 20.5%). The share of female officers was at 32.8% (December 31, 2015: 32.5%). In May 2016, Deutsche Bank was included in the inaugural Bloomberg Financial Services Gender-Equality Index (BFGEI), which recognizes firms that have made strong commitments to gender equality. The bank is one of only two DAX companies to have been included in this global index.

Amid a wide range of causes, Deutsche Bank actively supports generational diversity and LGBTI (Lesbian, Gay, Bisexual, Transgender, Trans- and Intersexual) initiatives around the world. The bank has received various accolades honoring its commitment to LGBTI causes. For example, it was awarded the maximum score of 100 in the Human Rights Campaign's annual Corporate Equality Index for the 14th consecutive year.

GRI disclosures: G4-DMA – Employment, G4-LA10, G4-DMA – Diversity and Equal Opportunity

Corporate citizenship

- Almost 4.9 million people benefited from our CSR programs
- Around 17,000 employees supported over 3,000 projects
- €73.5 million CSR investments of Deutsche Bank and its foundations

The world is changing at an ever-increasing pace. Demographic change is putting pressure on resources, while success in the labor market is increasingly dependent on knowledge and skills. New thinking and new business models are needed to overcome barriers to prosperity. Advances in technology and the emergence of a new breed of socially motivated entrepreneurs are opening up new possibilities to address issues such as poverty, inequality, and disadvantage that affect the lives of billions.

Our corporate citizenship strategy

As a corporate citizen, Deutsche Bank has been working for a better future since the early 20th century to support the drivers of prosperity for individuals, communities, and economies.

Our education projects ([see page 71](#)) prepare young people to be the workforce of tomorrow. We work with pioneering enterprises ([see page 69](#)) to drive positive change in society. We contribute to stronger and more inclusive communities ([see page 73](#)). We work with like-minded partners from public and private sectors and count on the support of our own people, encouraging them to volunteer ([see page 75](#)) and give to causes they care about. As well as making a difference on the ground, we help to shape the bigger picture by advancing new perspectives through advocacy and dialog with policymakers. Many of our initiatives have been recognized as best practice, and the awards we have received are tangible testimony to the quality of our programs. In 2016, they included the Corporate Engagement Awards, the Galaxy Awards, the German Brand Award, a US Courage Award, and the Golden Award of Montreux.

Governance principles and policies

We apply the same strict governance standards to our corporate citizenship programs as we do to our business dealings. The cornerstones of our strategy and governance are laid out in the Group Principles of Corporate Social Responsibility and in the dedicated Group policies and procedures, which constitute the mandatory operating framework for all Deutsche Bank Group companies, their employees, and external partners acting on their behalf.

All project proposals are evaluated based on a standardized governance framework and scorecard, and—depending on the investments—are subject to sign-off by the regional CSR teams, local CSR Committees, and/or Board members.

Trends and challenges

To combat the economic, social, and environmental challenges our planet faces, the Sustainable Development Goals (SDGs) define global priorities and aspirations for 2030, and provide a common vision and roadmap. Private-sector participation is needed to achieve the goals of this agenda. By fostering and implementing its corporate citizenship agenda, Deutsche Bank is among the global institutions that actively embrace this responsibility ([see page 44](#)).

In markets with defined legal or regulatory demands concerning social commitment, our corporate social responsibility (CSR) goes beyond the minimum requirements. In India, for example, we welcome the Companies Act 2013, calling for companies to invest a percentage of their profits in social projects. And in the US, for over 20 years, Deutsche Bank has received an “Outstanding” rating on its Community Reinvestment Act (CRA) performance, which obliges regulated banks to help meet the capital needs of low to moderate-income communities.

We closely partner with key stakeholders, advocacy groups, or non-profit organizations such as the London Benchmarking Group (LGB), the Centre for Social Justice (CSJ) in the UK, the Committee Encouraging Corporate Philanthropy (CECP) in the US, and PHINEO in Germany to effectively tackle societal challenges. Furthermore, we support socio-political research such as the recent Thomson Reuters Foundation expert survey that identified the best places and market conditions for social entrepreneurs to operate around the world. This is how we create shared value ([see page 64](#)) and promote social return on investment (SROI) or impact measurements, as well as cross-sector benchmarking.

Engaging our stakeholders

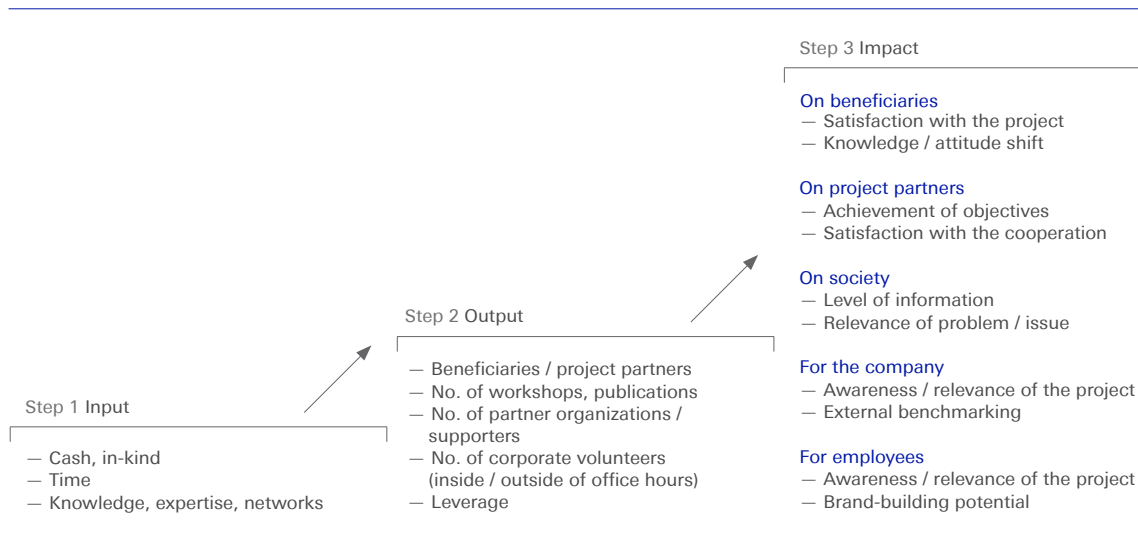
Our corporate citizenship agenda and initiatives underscore the bank's CSR mission to be a socially-minded enabler, a reliable partner, and a catalyst for change. It also helps to build a better Deutsche Bank by boosting trust, employee and client loyalty, and strengthening the bank's reputation ([see page 64](#)).

GRI disclosures: G4-33, G4-DMA – Indirect Economic Impacts, G4-EC7, G4-EC8, G4-SO1

Tracking our impact

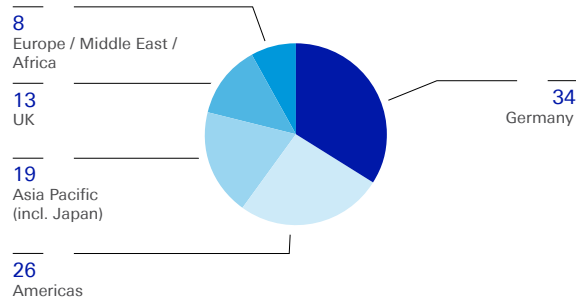
To ensure that resources are deployed efficiently, and projects are fully aligned with the strategic objectives of our corporate citizenship agenda, we annually monitor the direct impact of our corporate citizenship investments and systematically collect feedback from our community partners via the GIT (Global Impact Tracking) tool. Based on the LBG methodology (London Benchmarking Group) and launched in 2012, we monitor all central and regional corporate citizenship investments with our GIT (2016: 64% of total investments). The learnings we derive from the analyses enable us to improve our CSR portfolio over time. In 2016, we increased the number of projects that have a high impact on people's lives – especially in the *Born to Be* (see page 71) context. For the first time, we systematically tracked our *Made for Good* (see page 69) initiatives. And a representative internal staff survey again confirmed the role of CSR as a driver of trust in Deutsche Bank.

How we assess the focus and efficiency of our programs



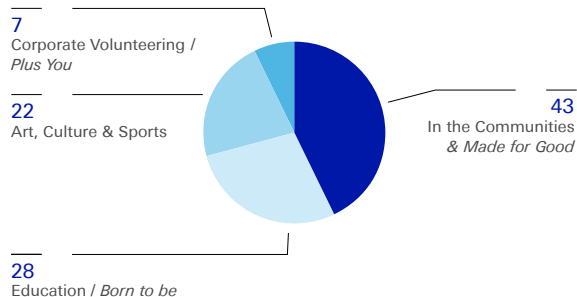
Corporate responsibility investments per region

Total €73.5 m., in %



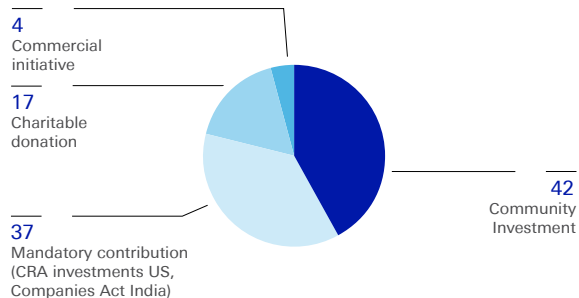
Input: Corporate responsibility investments per area of activity

Total €73.5 m., in %



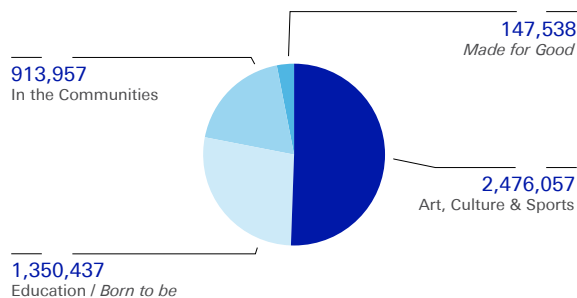
Motivation of contribution

In % of projects



Output: Beneficiaries in 2016/2017

Total 4,887,989

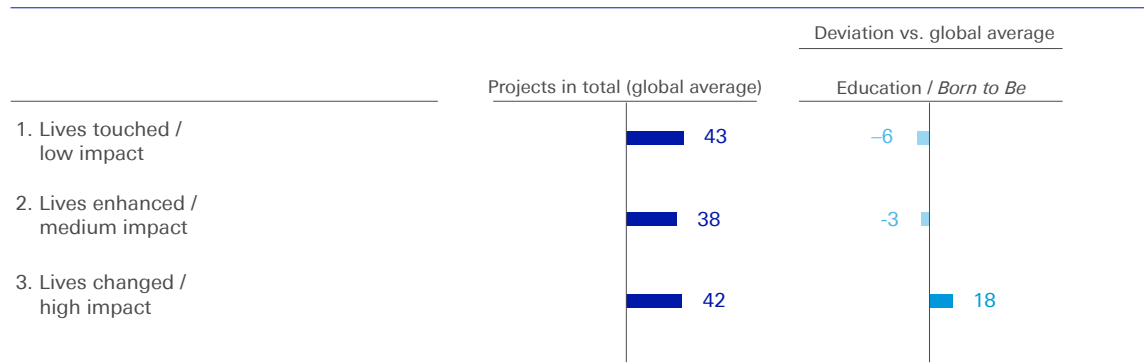


Source: Global Impact Tracking 2016.

Source: Global Impact Tracking 2016.

Impact: How do our projects impact the beneficiaries?

Projects in total, in %



Source: Global Impact Tracking 2016.

Objectives of *Born to Be*-projects

in %¹

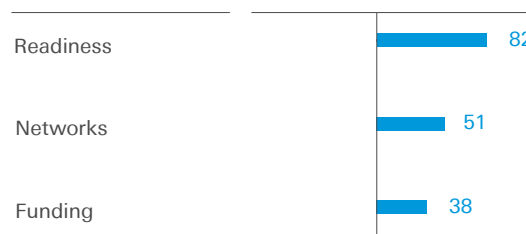


Source: Global Impact Tracking 2016.

¹ Multiple responses possible.

Objectives of *Made for Good*-projects

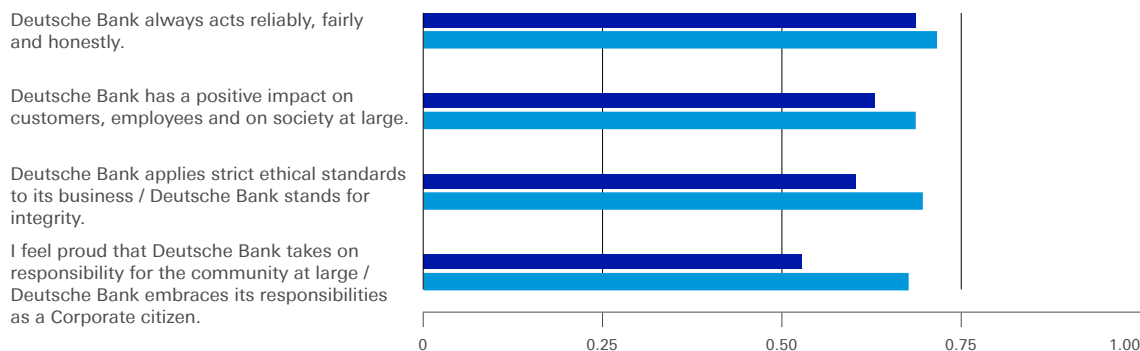
in %¹



Source: Global Impact Tracking 2016.

¹ Multiple responses possible.

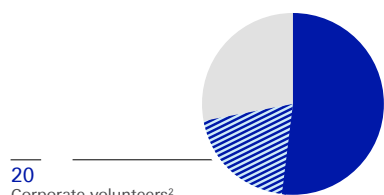
Trust in Deutsche Bank highly correlates with the assessment of the following statements



Source: ■ representative global employee survey, 2016. ■ representative global B2B survey in 14 countries, 2016.

Share of volunteers

In %

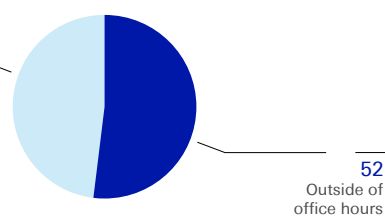


¹ Source: representative global employee survey, 2016.

² Source: Corporate volunteering database.

Corporate volunteering time invested in 2016

187,796 hours in / outside of office hours, in %



Source: Corporate volunteering database.

Perceptions of corporate volunteers

- 61 %** I feel proud that Deutsche Bank takes on responsibility for the community at large.
- 56 %** Corporate volunteering improves my job-related skills.
- 53 %** Deutsche Bank's CSR engagement helps to combine our performance culture with a culture of responsibility.

Source: representative global employee survey, 2016 (Top 2 on 5-point scale: agree strongly / slightly).

Going forward we have set ourselves the goals to:

Further strengthen stakeholder engagement and strategic focus of local initiatives

- further support advocacy and marketplace development by fostering thought leadership initiatives and partnering with experts in the field,
- further improve the impact of our community investments along proven theory of change (TOC) models, and
- further promote interactive opportunities (e.g. public votings, social media engagement, online fundraising, or customized corporate volunteering initiatives) in support of key initiatives.

Further information:

db.com/society	db.com/volunteering
db.com/borntobe	db.com/cr/publications_society
db.com/madeforgood	

Made for Good – our enterprise program for social good

For over 20 years, Deutsche Bank has led the way as a provider of socially-motivated finance. The bank lent approximately US \$380 million to over 150 microfinance institutions and alternative finance service companies (see page 50) to address poverty in the developing world.

Supporting early-stage entrepreneurs—microenterprises, non-profits, or commercially viable social businesses—is a natural extension of our core franchise and creates shared value. In 2016, we rolled out *Made for Good* globally to support innovative businesses that tackle urgent social and environmental challenges. These may include access to education, healthcare, clean water and food; creating routes out of poverty; invigorating local economies; or contributing to vibrant and diverse communities. *Made for Good* leverages our core expertise to enable enterprises—be it via Startups@Germany; our Innovation Labs in Berlin, London, and the Silicon Valley; or through the core competencies of our business—to service our commercial clients and thus build shared value.

Social entrepreneurs contribute to the Sustainable Development Goals (SDGs), notably goals 8 and 10. But research shows that their success is being restricted by a lack of capital. Over 80% of impact investors disregard seed or start-up stage businesses, and public funding or donations are often not available to enterprises pursuing a double-bottom-line approach. *Made for Good* provides direct access to Deutsche Bank employee know-how (as judges, mentors, and advisers), as well as the bank's networks and capital market expertise.

Selected regional highlights

- **Germany:** since 2006, Deutsche Bank has enabled the annual *Landmarks in the Land of Ideas* competition, showcasing 100 innovative initiatives. Refugee-related social enterprises are increasingly supported by the *Ready for Finance* program, the *startsocial* competition, and are the focus of the *Impact fund* launched in 2016.
- **UK:** *Deutsche Bank Awards for Creative Enterprise* has helped to launch approximately 200 creative business ventures since their start in 1993.
- **US:** we backed the expansion of the Brooklyn Navy Yard in New York City to bring new, higher-paying jobs to an area of high unemployment.
- **Thailand:** together with *Peuan Peuan*, we support a fully operational training restaurant of international standard, which will provide vocational training to vulnerable street youth to enable them to find gainful employment.
- **South Africa:** Deutsche Bank's *Alternate Income Generation* project enables charities to become more sustainable by diversifying their revenue streams.

Advocacy initiatives

In 2016, Deutsche Bank sponsored the first global expert poll to identify *The Best Countries to be a Social Entrepreneur*. The research, carried out by Thomson Reuters, found that social entrepreneurship is thriving around the world: 85% of participants reported growth in their country. The US was in top position. The fact that Nairobi and Santiago are among the five hottest spots for social enterprise underpins that momentum is not confined to developed economies.

Deutsche Bank has also been part of a consultation group set up to help UnLtd, the leading provider of support to social entrepreneurs in the UK, to develop an apprenticeship standard for aspiring entrepreneurs that combines on-the-job training with a recognized qualification. In addition, Deutsche Bank sponsored research by the Centre for Social Justice on placing social value at the heart of business and on highlighting best practice business initiatives in the UK.

Key performance indicators for 2016

9,812	social enterprises supported in 33 countries, reaching nearly 150,000 people
1,025	colleagues involved as coaches or judges
16,700	hours of pro bono consulting invested by Deutsche Bank employees to enhance the capacities of social enterprises or charities
Approximately US \$380 m.	lent to over 150 microfinance institutions and alternative financial services companies in more than 50 different countries, since 1997
€263,000	made available to twelve social start-ups via the Crowdfunding <i>Social Impact Finance</i> platform, initiated by Deutsche Bank Foundation
100	<i>Landmarks in the Land of Ideas</i> staged in this year's competition—adding up to a grand total of 2,955 landmarks since 2006

Going forward we have set ourselves the goals to

- further bundle local enterprise initiatives under the global *Made for Good* umbrella, enhance the strategic focus along a defined theory of change or impact metrics;
- foster dialog with experts to support marketplace development of social enterprises or businesses generating social value;
- engage even more volunteers to provide their professional expertise to social enterprises; and
- partner with thought leaders and academics to improve the market conditions and opportunities for the sector.

Further information

db.com/madeforgood
poll2016.trust.org
db.com/cr/social-change
db.com/ideas

db.com/economystories
db.com/volunteering
deutsche-bank-stiftung.de

Born to Be – our youth engagement program

The UN describes education as key to social and economic development, and has put educational progress at the center of its Sustainable Development Goals (SDGs). In emerging economies, access to education in early years has the potential to raise those at the bottom of the economic pyramid out of poverty. In industrialized countries, education systems face the challenge of not serving all students equally, or of not meeting the needs of a fast-changing global economy.

At Deutsche Bank, we believe that all young people, regardless of social or cultural background, should have the chance to develop their talents and position themselves for success. The *Born to Be youth engagement programme* of Deutsche Bank and its foundations is designed to break the cycles that limit prospects for employment globally through a range of interventions. This includes building aspirations among children and youth, teaching new skills, and providing an open path to educational and employment opportunities. Our portfolio ranges from sport for development programs that help young people to improve their learning aptitude and projects that promote educational success or develop employability skills, to cultural education projects that not only foster the understanding of art and culture, but also drive educational attainment.

A partnership approach

By partnering with not-forprofit organizations, ranging from grassroots initiatives to corporations who share our mission, we focus on addressing the most pressing local issues affecting young people in each region. Whenever possible, our employees support our programs by volunteering their time and serving as mentors to the young people. With our *Born to Be* initiatives, we contribute to the SDGs, particularly goals 4 and 5, which aim to ensure an inclusive and equitable, quality education and empower women and girls.

Selected regional highlights

- **Germany:** Deutsche Bank Foundation provides *Studienkompass* scholarships for young people from non-academic backgrounds to pursue a higher education. Only 5% of *Studienkompass* graduates drop their courses later on (vs. 28% German average).
- **UK:** *Playing Shakespeare with Deutsche Bank* has reached 137,000 state school students across London and Birmingham and trained over 1,000 teachers since 2007, enabling them to experience engaging performances that meet national curriculum requirements.
- **US:** the partnership with *Strive for College* has helped 2,616 students apply to and enter college so far.
- **India:** partnering with *Educate Girls*, we work to tackle some of the root causes of gender inequality in India's education system.
- **South Africa:** we have partnered with *Sparrow Schools* since 2001 to improve the lives of 13,000 youth with learning difficulties.
- **Middle East:** Deutsche Bank MENA Foundation supports a hippotherapy program to improve strength and confidence of more than 30 physically and mentally disabled children.

Advocacy initiatives

We measure the impact of each *Born to Be* project to better understand young people's journeys to employment and to assess the outcomes achieved along a defined theory of change. Through our partnership with New Philanthropy Capital (NPC), we help others concerned with youth unemployment to focus on what matters most. On top of that, our partnership with the Centre for Social Justice (CSJ) has already produced policy recommendations to improve educational equality in the UK. And in 2016, as a long-time champion of the value of art and creativity to society, Deutsche Bank backed the campaign to reform the English Baccalaureate (EBacc).

In the US, Deutsche Bank supports the Citizens' Committee for Children's (CCC's) civic leadership program for high schoolers, and YouthAction NYC, which challenges teens to come up with public policy solutions to issues that directly affect them in their schools and in their communities. The CCC's approach to child advocacy is fact-based and combines the most effective features of public policy research with a tradition of citizen activism to further its mission of ensuring that every child is healthy, housed, educated, and safe. In the German home market, we work with Kulturrat der Länder, a federal network promoting cultural learning to foster educational attainment.

Key performance indicators for 2016

1.35 m.	beneficiaries in 168 <i>Born to Be</i> -projects across 23 countries
1,057,407	young people participated in <i>Born to Be</i> -projects that improve access to education and employment
432,856	young people participated in <i>Born to Be</i> -projects that develop skills
386,430	young people participated in <i>Born to Be</i> -projects that raise aspirations
39 %	of <i>Born to Be</i> -projects running more than three years
60 %	of <i>Born to Be</i> -projects supported by more than 4,000 corporate volunteers

Going forward we have set ourselves the goals to

continue to further improve the reach and the impact of our initiatives, setting a goal to reach five million young people with *Born to Be* initiatives by 2020. To achieve this, we will focus on:

- continued cooperation with community partners to tackle the root causes of educational failure through a range of impact-led interventions
- engaging ever-more Deutsche Bank employees to serve as mentors for the young, and
- working collaboratively with multi-stakeholder organizations that can accelerate effective policies and skills development.

Further information:

db.com/borntobe
db.com/lifechanger
deutsche-bank-stiftung.de

Building stronger and more inclusive communities

More than 800 million people—over 11% of the world's population—live in extreme poverty. In Germany, one in five children is currently at risk. An integral part of Deutsche Bank's corporate citizenship is to care for those at the margins of society. We work at the grassroots level to improve the day-to-day well-being of those in need and to help communities find longer-term solutions to their challenges. Through our investments, grants, donations, and the hands-on commitment of our corporate volunteers, we help to alleviate poverty, or the consequences of forced migration, joblessness, and homelessness. Our initiatives make a tangible contribution to the Sustainable Development Agenda 2030.

Deutsche Bank and its foundations have a long tradition of delivering fast and efficient relief in case of natural disasters, as well as providing longer-term reconstruction support. Most recently, we joined emergency relief efforts in Japan and Sri Lanka.

The refugee influx to Europe, especially to Germany, has brought challenges of successful integration. At the beginning of 2016, Deutsche Bank teamed up with a host of other companies under the umbrella of "*Wir Zusammen*" ("*We together*"), and pledged to engage 1,000 colleagues to serve as integration coaches for new arrivals over the next three years. A number of *Made for Good* (see page 69) and *Born to Be* (see page 71) programs were also extended to accommodate refugees. Through the *Wirkungsfonds* (impact fund), we are strengthening social entrepreneurs that facilitate refugee integration. Beyond the initiatives in Germany, Deutsche Bank and its foundations are taking specific measures to assist the migrants also in other parts of the world.

We cooperate with recognized cultural and academic partners to enhance the life in local communities and support state-of-the-art research.

Selected regional highlights

- **Germany:** around 2,000 Deutsche Bank volunteers have invested more than 3,200 days to support refugees. Our commitment ranges from immediate aid (e.g. providing shelter, caring for newcomers) to longer-term provision. This includes offers to promote language learning, social integration and access to the labour market. Another 370 colleagues have made themselves available as integration coaches for new arrivals.
- **UK and Germany:** our partnerships with *StreetSmart* and *HilfMahl!* support local charities for the homeless.
- **UK:** in the UK—over the past eleven years—over £630,000 from the *Deutsche Bank Small Grants* fund has been invested in communities to improve social cohesion and the disadvantaged in London and Birmingham, benefiting more than 20,000 people.
- **US:** since 1990, committing nearly US \$3 billion in capital for affordable housing, small business financing, health-care services, and education in low and moderate-income communities in New York and elsewhere in the US. Our initiatives have been rated "Outstanding" by the US Federal Reserve Bank of New York. The *Working Capital* and *DB Share* programs as well as coalitions with like-minded financial and philanthropic institutions such as the *Change Capital Fund* assist local US community development corporations by providing financing and technical assistance.
- **China:** our partnership with Orbis International gives communities in the region access to quality eye care, transforms lives and restores vision for those who are visually impaired.

Advocacy initiatives

The world's cities often bear the greatest burden in terms of climate change, scarcity of resources, infrastructure development, social justice, and education. The non-profit Alfred Herrhausen Gesellschaft (AHG) creates platforms for discussion and analysis. AHG stimulates research and gets involved in debates on current issues. Working with partners from politics, economics, science, and civil society, AHG establishes discussion forums across the globe. One of the project areas is urbanization.

Through global research programs like *Urban Age*—a joint initiative by AHG and the London School of Economics and Political Science (LSE)—we encourage new thinking on issues that will impact communities in years to come. Since 2005, *Urban Age* has developed an international network of expertise tasked with finding better solutions to the problems of urban living and megacities. Part of this research led to the special project "Report from cities: conflicts of an urban age," an exhibition of the 2016 International Architecture Biennial in Venice as part of the *Urban Age* program.

Key performance indicators for 2016

913,957

people benefitted from our community projects

More than

£5.5 m.

donated to homelessness charities within the *StreetSmart* and *SleepSmart* initiatives since 2006

€128,000

were donated via *Hilf Mahl!* to homelessness charities since 2015

Around

2,000

Deutsche Bank volunteers have initiated more than 300 Team Challenges / *Initiative Plus* projects to support refugees in Germany since summer 2015

1,442

beneficiaries reached by the WASH (water, sanitation, hygiene) project and shelter assistance for Syrian refugees - supported by Deutsche Bank MENA Foundation

Around

6,000

people attended 14 *Urban Age* conferences since 2005; US\$700,000 were awarded to grassroots projects with the *Deutsche Bank Urban Age Award*.

Going forward we have set ourselves the goals to

- continue to play an active role in local communities, for example by fostering integration of refugees/immigrants and the disadvantaged;
- work even more closely with our stakeholders to enable thriving neighborhoods;
- support multi-stakeholder engagement on key societal issues that inform our thinking and generate shared value; and
- foster the development of innovative concepts that improve living conditions in megacities.

Further information:

db.com/cr/social-change

db.com/usa/social-investments

alfred-herrhausen-society.org

db.com/cr/refugees

db.com/cr/promoting-science

Plus You – our volunteering and giving community

Education, enterprise, and communities—the pillars of Deutsche Bank’s citizenship agenda—are underpinned by employee engagement. For the past 25 years, we have encouraged colleagues to support local community projects or our partner charities through fundraising and civic engagement.

Increasingly, the focus of our volunteering agenda is to leverage employee skills and knowledge. In our *Born to Be* (see page 71) youth engagement program, for example, volunteers act as mentors to young people, helping to improve their educational and employment opportunities. Making financial and business skills accessible to others under our *Made for Good* (see page 69) enterprise program can add substantial value to the work of under-resourced charities, non-profits, community organizations and social entrepreneurs.

Alongside transferring skills, community challenges inspire employees to promote social projects in their neighborhoods; to help the disadvantaged; and to support disaster relief, refugee-related, or environmental initiatives that make a lasting difference. These team challenges are an integral part of the curriculum also for our vocational and graduate trainees. Deutsche Bank incentivizes volunteering efforts through paid leave, donations, and in-kind support.

Anyone at Deutsche Bank can become a corporate volunteer. One in five employees—around 17,000 people globally—volunteered in 2016. For our employees, this is a chance to learn and bring new perspectives and insights back into Deutsche Bank, and be more responsive to our diverse client base. Volunteering not only boosts the impact of our corporate social responsibility programs, but also has a positive impact on the personal development, motivation, and loyalty of our employees.

Corporate giving

In addition to giving time and skills, many Deutsche Bank employees participate in fundraising activities for non-profit organizations. Our payroll giving schemes (e.g. *RestCent*) and *One Day* initiatives make it easy to donate, and the matched giving programs in the US, the UK, South Africa, and Australia double the personal contributions of our colleagues.

Selected regional highlights

- **Global:** the CCP (*Corporate Community Partnership*) and *Yunus Social Business* programs make employee skills available to non-profits in developing and emerging countries.
- **Germany:** we launched *Plus You*, Deutsche Bank’s giving portal, on betterplace, the country’s largest online donation platform. And 4,000 employees regularly donate via the *RestCent* payroll giving scheme.
- **UK:** the *Charities of the Year* program has raised over £17.5 million for 26 smaller charities since 1999, and in 2016, raised over £2.1 million for the two charity partners Autistica, and Hope and Homes for Children.
- **US:** employees in New York and Jacksonville volunteer monthly with *Food Bank For New York City* and *Feeding Northeast Florida*, respectively. In May, *Food Bank for New York City* honoured Deutsche Bank as its 2016 *Corporate Champion of the Year*.
- **Japan:** *Volunteer Network (V-Net)* kicked-off its first “Volunteer Summer” to provide wider opportunities for employees to engage with the local community throughout the summer. The program is an expansion of its “Volunteer Month,” which has been held annually since 2009 and recorded +29% more volunteers than in 2015.
- **Middle East:** employees in United Arab Emirates and Qatar come together each year during the month of Ramadan to distribute Iftar Meals and Care Packages targeting more than 2,000 underprivileged laborers.
- **Singapore:** *Donate One Day (DoD)* invites employees to work a day or more for the benefit of charity: their salary earned for the day(s) is then channelled to selected charities. Since its launch in 2010, DoD has raised more than SGD 4.31 million (€2.83 million).
- **South Africa:** the annual Charity Trading Day channels all commissions to a selected partner charity. In 2016, over ZAR 3 million were raised.

Advocacy initiatives

“Impact 2030” highlights the impact of corporate volunteering with regards to the Sustainable Development Goals (SDGs): It is a private-sector-led initiative—in collaboration with the United Nations, civil society, academia, and other stakeholders—that promotes SDG awareness among employees around the world, advances the practice of employee volunteering, and showcases how volunteer actions contribute to the achievement of the SDGs.

Furthermore, we also run training sessions for small charities, with input from our colleagues and *Charities of the Year* alumni, to share some of the lessons learned over the 17 years since the program began. These cover topics such as building successful partnerships, developing networks, and creating engaging communications campaigns.

Key performance indicators for 2016

Around

17,000

employees (20% of total staff) are active as corporate volunteers

Around

188,000

hours invested by corporate volunteers in more than 3,000 projects

12,699

volunteers engaged in local community projects

4,016

volunteers supported *Born to Be* initiatives

1,025

volunteers served as coaches or mentors for our *Made for Good* partners

€12.6 m.

raised via matched giving programs (total donations of employees and the bank)

Going forward, we have set ourselves the goals to:

offer targeted support to our community partners and to engage even more employees. To do so, we will:

- further strengthen skills-based volunteering opportunities in Deutsche Bank’s corporate citizenship programs,
- extend our offer to help build capacities in the “third sector,”
- engage 1,000 Deutsche Bank employees in Germany as integration coaches for refugees by 2018, and
- continue to offer an opportunity to support local community challenges.

Further information:

db.com/volunteering

db.com/cr/refugees

db.com/cr/social-entrepreneurship

wir-zusammen.de

Corporate social responsibility units and foundations

Deutsche Bank's CSR activities are brought to life by its regional units and endowed foundations.
db.com/cr/society

Deutsche Bank Donation Fund (in Stifterverband für die Deutsche Wissenschaft e.V.)

Founded: 1970
Endowment funds: €10.1 m.
Commitments 2016: €1.9 m.

- Promotes scientific research and teaching at both the national and international level
- Encourages dialog between research and practice

stiftungsfonds-deutsche-bank.de

Deutsche Bank Foundation

Founded: 1986
Endowment funds: €141.4 m.
Commitments 2016: €4.3 m.

- Cultural, educational, and social projects

deutsche-bank-stiftung.de

CSR UK

Founded: 1989
Commitments 2016: €2.1 m.

- *Born to Be* education initiatives for 11 to 18-year-olds focused on building skills and aspirations and giving access to opportunities
- *Made for Good* enterprise program supporting early stage businesses that help to drive positive change in society
- *In the Community* initiatives that contribute to stronger and more inclusive communities
- *Plus You* employee volunteering and giving program, including *Charities of the Year*, an employee fundraising program for two smaller charities over two years

db.com/borntobe

db.com/madeforgood

Historical Association of Deutsche Bank

Founded: 1991
Number of members (end of 2016): 2,000

- Research of the history of Deutsche Bank and its political, economic, and cultural environment

banking-history.com

Alfred Herrhausen Gesellschaft

Founded: 1992

Budget 2016: €4.1 m.

- International forum promoting the exchange of ideas and the examination of key issues of our time (project areas: International Relations, Urbanisation, Germany) by partnering with politics, business, academia, and society

alfred-herrhausen-society.org

Deutsche Bank Americas Foundation

Founded: 1999

Commitments 2016: €9.6 m.

- Access to high-quality educational opportunities as part of the *Born to Be* youth engagement program, support for social and creative enterprises through *Made for Good* and corporate volunteering
- Community development initiatives in partnership with Deutsche Bank's US Community Development Finance Group

db.com/usa/cr

Transatlantic Outreach Program (TOP)

Founded: 2001

Endowment funds: €2.1 m.

Commitments 2016: €0.15 m.

- Promotion of a contemporary and comprehensive image of present-day Germany to North American educators and key decision-makers

goethe.de/top

Deutsche Bank South Africa Foundation

Founded: 2001

Endowment funds: €14.3 m.

Commitments 2016: €0.7 m.

- *Born to Be* initiatives focusing on education through early and high school education interventions
- *Alternate Income Generation* project for charities
- Corporate volunteering and fundraising

db.com/southafrica/cr

Deutsche Bank Asia Foundation

Founded: 2003

Commitments 2016: €1.4 m.

- *Born to Be* projects combining education with the personal well-being of young people, *Made for Good* initiatives, corporate volunteering and fundraising
- As a result of the Companies Act 2013 in India, various new programs are being funded by local subsidiaries

db.com/asiapacific/cr

Deutsche Bank Middle East Foundation

Founded: 2008

Commitments 2016: €0.2 m.

- Education (*Born to Be*), community development, sustainability, and corporate volunteering
- Support of cultural events and the regional art scene

db.com/mena/cr

Deutsche Bank Düsseldorf/Niederrhein Stiftung, Deutsche Bank Köln/Bonn/Aachen Stiftung, and Nordlichter bewegen gemeinsam – Die Stiftung der Mitarbeiterinnen und Mitarbeiter der Deutschen Bank Hamburg/Schleswig-Holstein

Founded: 2010, 2013, 2014

Commitments 2016: €40,020; €39,395; €9,095

- Local community projects for children and young people

Fondazione Deutsche Bank Italia

Founded: 2013

Commitments 2016: €450,000

- Social, educational (*Born to Be*), and enterprise (*Made for Good*) projects in Italy

db.com/italia/foundation

Supporting art, culture and sports

In line with Strategy 2020, during 2016 we created a new global unit that bundles our activities in the areas of art, culture, and sports. The Art, Culture & Sports unit enables us to leverage our engagements for the benefit of the bank and society.

Mission and governance

The mission of the new unit is to deliver sustainable support to communities and to create added value for our clients, shareholders, and employees—for example, by opening doors to the world of art, culture, and sports. The unit offers our clients its expertise and international networks that extend beyond traditional advisory services. The unit reports directly to the Management Board member with global responsibility for private, wealth, and commercial clients.

ArtWorks

We have been promoting contemporary art for more than 35 years, and our own collection is world-renowned. ArtWorks—our global art program—aims to make art accessible to all, and, in 2016, over 100,000 people visited our Deutsche Bank KunstHalle in Berlin. We also provided access to a free educational project in contemporary art for 5,000 children and young people, while the bank's Artist of the Year award showcased the work of artists starting out in their careers, such as Basim Magdy, the 2016 Artist of the Year.

For many years, our clients have had the opportunity to participate in art fairs, such as the Frieze London, Frieze New York, ART COLOGNE, and ART FAIR TOKYO. In 2017, we will be extending this to Sydney Contemporary.

Experience culture

The primary objective of the Art, Culture & Sports unit and the bank's foundations, is to make initiatives as accessible and inclusive as possible—both inside Deutsche Bank and beyond. For instance, we have worked with the Berliner Philharmoniker orchestra since 1989, providing a variety of educational programs that have introduced classical music to over 48,000 children and young people. The Berliner Philharmoniker Open Air festival, sponsored by Deutsche Bank, drew an audience of some 15,000 music lovers. In 2016, we announced our partnership will be extended to 2020.

Sporting talent

We have been supporting *Deutsche Sporthilfe* for over 40 years. In 2016, our sports scholarships offered 400 student athletes in the program grants of €400 each. Our initiatives *Sprungbrett Zukunft* (Springboard into the Future) and *Unternehmen suchen Spitzensportler* (Corporations Seeking Elite Sportspeople) help top-class athletes to advance their careers; and the Deutsche Bank Equestrian Academy had its first intake of promising Olympic riders in Germany.

4

Facts and figures

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Selected financial figures

The Group at a glance

	2016	2015
Key financial information		
Post-tax return on average shareholders' equity	(2.3) %	(9.8) %
Post-tax return on average tangible shareholders' equity	(2.7) %	(12.3) %
Cost/income ratio ¹	98.1 %	115.3 %
Compensation ratio ²	39.6 %	39.7 %
Noncompensation ratio ³	58.5 %	75.7 %
Total net revenues, in € m.	30,014	33,525
Provision for credit losses, in € m.	1,383	956
Total noninterest expenses, in € m.	29,442	38,667
Adjusted Costs	24,734	26,451
Income (loss) before income taxes, in € m.	(810)	(6,097)
Net income (loss), in € m.	(1,356)	(6,772)
Basic earnings per share	€ (1.21)	€ (5.06)
Diluted earnings per share	€ (1.21)	€ (5.06)
Share price at period end	€ 17.25	€ 22.53
Share price high	€ 22.10	€ 33.42
Share price low	€ 9.90	€ 20.69

	Dec 31, 2016	Dec 31, 2015
Fully loaded CRR/CRD 4 Leverage Ratio	3.5 %	3.5 %
CRR/CRD 4 leverage exposure, in € bn.	1,348	1,395
Common Equity Tier 1 capital ratio (fully loaded)	11.8 %	11.1 %
Common Equity Tier 1 capital ratio (phase in)	13.4 %	13.2 %
Risk-weighted assets, in € bn.	358	397
Total assets, in € bn.	1,591	1,629
Shareholders' equity, in € bn.	60	63
Book value per basic share outstanding	€ 42.74	€ 45.16
Tangible book value per basic share outstanding	€ 36.33	€ 37.90

Other Information

Long-term senior debt rating		
Moody's Investors Service	Baa2	A3
Standard & Poor's	BBB+	BBB+
Fitch Ratings	A-	A-
DBRS Ratings	A(low)	A

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

¹ Total noninterest expenses as a percentage of net interest income before provision for credit losses, plus noninterest income.

² Compensation and benefits as a percentage of total net interest income before provision for credit losses, plus noninterest income.

³ Noncompensation noninterest expenses, which is defined as total noninterest expenses less compensation and benefits, as a percentage of total net interest income before provision for credit losses, plus noninterest income.

Selected non-financial figures

Products and Risks

	2016	2015	2014
Employees with completed compliance training, in %	98	99	97
Number of transactions reviewed within the ES Risk Framework*	727	1,346	1,250
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Assets under management integrating environmental, social, and governance factors in € bn.*	9.9	10	— ¹
All KfW environmental programs, including energy-efficient construction and renovation in € m.	252.9	277.1	304.1
Volume of infrastructure and energy asset financing in US \$ bn.	4.3	5.0	4.2

¹ Due to re-categorization of ESG AuM 2014 figures are not comparable
* information part of KPMG limited assurance process

People

	2016	2015	2014
Number of branches	2,656	2,790	2,814
thereof in Germany	1,776	1,827	1,845
Number of barrier-free branches in Germany	478	466	469
ATM and banking terminals with braille	4,585	4,628	4,675
Employees (full-time equivalent)	99,744	101,104	98,138
thereof in Germany	44,600	45,757	45,392
Gender diversity ¹			
Female staff in total	41.5%	41.7%	41.7%
Female staff (Officers)	32.8%	32.5%	31.7%
Female Managing Directors and Directors	21.3%	20.5%	19.4%
Female members on Supervisory Board	35%	35%	35%
Female members on Management Board	2	1	0
Training expenses in € m.	77	92	82
Hired global graduates	813	766	577
Share of female hired graduates	38.9%	37.1%	34.3%
Voluntary staff turnover rate	7.2%	7.3%	6.6%
Employees participating in the Bank's volunteer programs in % of total staff (excluding Postbank)	20%	22%	21%
Total employee donations and matching by Deutsche Bank in € m.	12.6	13.0	12.5

¹ Excluding legal entities outside of DB Corporate Title system, primarily Postbank. DB Investment Services integrated in 2016, Sal. Oppenheim integrated in 2015

Corporate citizenship

	2016	2015	2014
Total investments in € m.*	73.5	76.8	80.5
Participants in education/Born to Be projects*	1,350,437	1,316,068	1,168,913
Beneficiaries of social projects ¹ *	913,957	988,348	1,593,177
External perception of Deutsche Bank as a responsible corporate citizen (global B2B market ²)*	65%	68%	64%

1 Made for Good beneficiaries (147,538) tracked separately for the first time in 2016

2 Representative global B2B survey in 16 countries; top 2 ratings on a 5-point scale

* information part of KPMG limited assurance process.

GRI disclosures: G4-9, G4-EC1, G4-EC8, G4-SO4, G4-FS7

Environmental data

Data collection process

Data on energy consumption, greenhouse gas (GHG) emissions, waste, paper, and water consumption (including Postbank) are consolidated in a global database that systematically analyses data covering the past ten years. Tools in the database enable analysis of environmental initiatives and performance, for example highlighting how renewable electricity has reduced carbon emissions. The system stores data and uses it to make estimates of key indicators based on present consumption and trends, so that annual carbon emissions can be accurately accounted, and offsets are purchased at the appropriate level to meet our neutrality targets. Data covers all locations, presently with 88% of our carbon emissions from actual metered or invoiced data. On the basis of these data, consumption is extrapolated for non-reporting sites to get our total energy consumption and GHG emissions. These data are quantified and reported in line with the international GHG standard ISO 14064. Waste, paper, and water data are also captured in this database. The figures for copier paper consumption are collected in 17 countries, including Germany, UK, and the US, and cover 89% of employees. The water consumption data is extrapolated based on floor area with actual water consumption data covering 63% of floor area across the globe. Full Time Equivalents (FTE) and floor data refer to respective annual average numbers. The environmental data collection, internal reporting processes and calculations, Verified Emission Reduction (VER) purchases and retirement, have been reviewed by KPMG.

GHG reporting

Our total emissions in 2016 from market based reporting were 249,596 tonnes CO₂e. The total emissions from location-based reporting were 453,164 tonnes CO₂e. The difference between location and market emissions of 203,568 tonnes CO₂e is primarily due to the renewable energy contracts in the three largest electricity-consuming countries where the bank operates: Germany, the UK and the US.

The base year of 2007 is the first year in which we had the most reliable and complete data, as well as the methodology and processes in place to calculate the global emissions of the organization. The most significant changes to the base year have resulted from improved extrapolation methodologies. The methodology emissions based on the base-year market were 698,408 tonnes CO₂e.

All data relates to 2016 and is presented as available at the time of reporting. Some data was extrapolated based on the previous year. Changes from the 2015 data are mainly due to:

- electricity grid factor changes;
- energy data updates where data wasn't available at the time of reporting last year;
- assumption changes;
- extrapolation methodology changes; and
- data centres that were outsourced in 2015, which have been removed (approx. 13,000 t CO₂e).

The GHG reporting boundary is defined according to the GHG Protocol's operational control approach and includes businesses and sites where Deutsche Bank staff hold executive positions in the company, and Deutsche Bank's operational policies are implemented. Scope 1 GHG emissions are from the combustion of fossil fuels, owned and leased vehicles, and refrigerant leakage from cooling equipment; Scope 2 are delivered energy: electricity, district heating, steam, and cooling; Scope 3 are from indirect emissions from business travel, i.e. where emissions sources are controlled by others (air, rail, taxi, and hired vehicles travel).

We report our GHG emissions according to the GHG Protocol's "Scope 2 Guidance: an amendment to the Corporate Standard," released in January 2015. In line with the requirement for dual reporting, the table below shows GHG emissions from the market-based approach, using supplier specific emission factors, RE-DISS residual emission factors for non-renewable electricity consumption in European countries, or country grid average factor.

The contractual instruments supporting the zero carbon supplier-specific emission factors used by countries with a large renewable electricity supply include: Renewable Electricity Certificates (RECs) in the USA and Canada, Renewable Energy Guarantees of Origin (REGOs) for selected sites in the UK, Guarantees of Origin (GOs) in Germany,

and International Renewable Energy Certificates (IRECs) in Spain. Alongside these major consuming countries, a number of others also hold zero carbon electricity contracts: Austria, Italy, the Netherlands, Belgium, Luxembourg, and Switzerland.

Greenhouse gas (GHG) emissions¹

In t of CO ₂ e (unless stated differently)	Variance from previous year	2016	2015	2014
Total Market based GHG emissions	-6%	249,596	264,234	279,911
Market based emissions from building energy use	-4%	154,932	161,081	173,495
Emissions from business travel	-10%	89,728	99,483	100,360
Scope 1, direct GHG emissions	-1%	61,721	62,568	64,171
From natural gas consumption	-3%	30,050	30,973	31,544
From liquid fossil fuels ²	-16%	1,294	1,548	1,613
From HFCs ³	35%	4,936	3,670	6,056
From owned/leased vehicles	-4%	25,441	26,377	24,958
Scope 2, indirect GHG emissions	-4%	123,588	128,560	140,337
Market based emissions from electricity consumption ⁴	-8%	82,985	89,765	101,146
From steam, district heating and cooling	5%	40,603	38,795	39,191
Scope 3, other indirect GHG emissions	-12%	64,286	73,106	75,402
From air travel ⁵	-13%	58,742	67,423	68,524
From rented vehicles and taxis	-5%	4,229	4,453	5,340
From rail travel	7%	1,315	1,230	1,539
Emissions reductions				
Off set of market based GHG emissions by retirement of high-quality carbon certificates ⁶	0%	100%	100%	100%
Market based GHG emissions (incl. renewables, excluding carbon credits)/rentable area per sqm	2%	0.073	0.072	0.069
Market based GHG emissions (incl. renewables, excluding carbon credits) per FTE	-7%	2.47	2.66	2.87
Total energy consumption in GJ⁷	-2%	3,579,174	3,641,101	3,710,868
Total energy consumption in GWh⁸	-2%	994	1,011	1,031
Electricity consumption in GWh	-1%	607	613	632
Energy from primary fuel sources	-10%	203	224	226

¹ Total emissions are based on actual, estimated, or extrapolated data. All assumptions and calculation methodologies are in line with the ISO 14064 Standard Guidelines with supporting documentation. The most appropriate emission factors have been used for each activity data type, from internationally recognized sources, e.g. DEFRA (2015 and 2016), GHG Protocol, eGRID, and IEA (2015), RE-DISS (2015) or if more relevant, from country or contract specific sources. The factors include all GHGs where possible and the gases' Global Warming Potential as per the IPCC assessments.

² Emissions from liquid fossil fuels decreased in 2016, largely driven by a reduction in diesel use in the Americas.

³ Emissions from HFCs increased in 2016. The increase is in the expected range of the installed volume of cooling plants.

⁴ Emission factors from IEA for electricity were used for the countries where DB operates (except for the US where the eGRID factors were used). The former set of factors is only available in tonnes of CO₂, while eGRID factors are specified in CO₂e. However, as the proportion of non-CO₂ greenhouse gas emissions is minute compared to CO₂, we are reporting all emissions from electricity in CO₂e.

⁵ Air travel emissions continued to decrease due to an even stricter travel policy and increased demand for audio visual conferencing.

⁶ For 2016, carbon neutrality was accomplished by the purchase and retirement of verified emissions reduction units.

⁷ Calculated electricity and heating intensities are used to estimate electricity and heating demand where data is not available. Calculated intensities from refrigerant gas loss are also used to extrapolate where data is not available.

⁸ Total energy consumption in gigawatt hours comprises all sources used in Scope 1 and 2: natural gas, liquid fossil fuels (mobile and stationary), renewable and grid electricity, district heating, cooling, and steam. Standard joule to kWh conversion factors were used. There is no sale of electricity, heating, cooling or steam.

Energy consumption reductions achieved in offices total 7.0 GWh from 114 initiatives (these saves are in-year, i.e. a save completed in June only gets 6 months of saves towards 2016). In branches the reduction was 0.6 GWh from 18 initiatives (these saves are annualised, i.e. a save completed in June counts for the entire 12 months of 2016). The types of energy included in the reductions are electricity, district cooling, district heat, natural gas. These totals exclude saves made in the Postbank portfolio.

⁹ Energy from primary fuel sources has decreased in 2016 due to a combination of decreases in natural gas use, owned/leased vehicles use and liquid fossil fuels use.

Greenhouse gas (GHG) emissions¹

In t of CO ₂ e (unless stated differently) (oil, gas, etc.) in GWh ⁹	Variance from previous year	2016	2015	2014
Delivered heat and cooling in GWh	6%	184	174	173
Electricity from renewables in GWh	-1%	482	488	486
Space-normalized energy consumption in kWh per sqm	6%	289.9	273.8	255.6
FTE-normalized energy consumption in kWh per FTE	-3%	9,826	10,173	10,552

1 Total emissions are based on actual, estimated, or extrapolated data. All assumptions and calculation methodologies are in line with the ISO 14064 Standard Guidelines with supporting documentation. The most appropriate emission factors have been used for each activity data type, from internationally recognized sources, e.g. DEFRA (2015 and 2016), GHG Protocol, eGRID, and IEA (2015), RE-DISS (2015) or if more relevant, from country or contract specific sources. The factors include all GHGs where possible and the gases' Global Warming Potential as per the IPCC assessments.

2 Emissions from liquid fossil fuels decreased in 2016, largely driven by a reduction in diesel use in the Americas.

3 Emissions from HFCs increased in 2016. The increase is in the expected range of the installed volume of cooling plants.

4 Emission factors from IEA for electricity were used for the countries where DB operates (except for the US where the eGRID factors were used). The former set of factors is only available in tonnes of CO₂, while eGRID factors are specified in CO₂e. However, as the proportion of non-CO₂ greenhouse gas emissions is minute compared to CO₂, we are reporting all emissions from electricity in CO₂e.

5 Air travel emissions continued to decrease due to an even stricter travel policy and increased demand for audio visual conferencing.

6 For 2016, carbon neutrality was accomplished by the purchase and retirement of verified emissions reduction units.

7 Calculated electricity and heating intensities are used to estimate electricity and heating demand where data is not available. Calculated intensities from refrigerant gas loss are also used to extrapolate where data is not available.

8 Total energy consumption in gigawatt hours comprises all sources used in Scope 1 and 2: natural gas, liquid fossil fuels (mobile and stationary), renewable and grid electricity, district heating, cooling, and steam. Standard joule to kWh conversion factors were used. There is no sale of electricity, heating, cooling or steam.

Energy consumption reductions achieved in offices total 7.0 GWh from 114 initiatives (these saves are in-year, i.e. a save completed in June only gets 6 months of saves towards 2016). In branches the reduction was 0.6 GWh from 18 initiatives (these saves are annualised, i.e. a save completed in June counts for the entire 12 months of 2016). The types of energy included in the reductions are electricity, district cooling, district heat, natural gas. These totals exclude saves made in the Postbank portfolio.

9 Energy from primary fuel sources has decreased in 2016 due to a combination of decreases in natural gas use, owned/leased vehicles use and liquid fossil fuels use.

Distance travelled

In km (unless stated differently)	Variance from previous year	2016	2015	2014
Total distance travelled	-10%	738,154,562	821,411,036	831,216,627
Total air travel¹	-13%	531,597,238	609,585,770	619,266,242
Short-haul air travel	-7%	21,587,176	23,180,278	24,152,150
Medium-haul air travel	-10%	66,651,558	74,140,705	72,847,056
Long-haul air travel	-13%	443,358,505	512,264,786	522,267,036
FTE-normalized air travel in km per FTE	-14%	5,254	6,131	6,339
Total rail travel²	1%	44,203,381	43,648,162	49,734,589
Total road travel³	-3%	162,353,942	168,177,104	162,215,797
FTE-normalized total distance travelled in km per FTE	-12%	7,295	8,262	8,509

1 Domestic and international air travel is derived from 99% of actual flight data; the remaining 1% is extrapolated based on cost. Air Travel uses GHG Protocol emissions factors. No radiative forcing factor is applied. Air travel distance continued to decrease due to an ever stricter travel policy and increased demand for audio visual conferencing.

2 Rail travel is derived from 97% of actual rail travel data; the remaining 3% is extrapolated based on cost.

3 Taxi data reported includes data for countries based on cost, and is calculated using a country level taxi tariff. For UK data, actual distance travelled and fuel data is used. Road travel uses DEFRA (2015 and 2016) emissions factors.

Water

In m ³ (unless stated differently)	Variance from previous year	2016	2015	2014
Total water consumed (potable) ¹	-6%	1,592,806	1,692,262	1,455,236
FTE-normalized water consumption in cbm per FTE	-8%	15.74	17.02	14.90
Space-normalized water consumption in cbm per sqm	1%	0.465	0.458	0.361

¹ Actual water consumption data is based on meter readings and invoices. Water figures are extrapolated on a site level, based on rentable area, and refer to potable (municipal) water only.

Waste and paper

In t (unless stated differently)	Variance from previous year	2016	2015	2014
Waste				
Waste disposed ^{1,2}	25%	11,159	8,912	10,058
FTE-normalized waste disposed in t per FTE	23%	0.11	0.09	0.10
Waste produced	0%	26,683	26,666	30,639
FTE-normalized waste produced in t per FTE	-2%	0.26	0.27	0.31
Waste recycled ²	-13%	15,525	17,755	20,581
FTE-normalized waste recycled in t per FTE	-14%	0.15	0.18	0.21
Waste recycled in %	-13%	58%	67%	67%
Waste composted ²	229%	3,156	958	287
Waste with energy recovery	4%	6,334	6,075	7,712
Waste incinerated (without energy recovery) ³	11%	1,622	1,462	1,473
Waste landfilled ⁴	-89%	46	417	587
Hazardous Waste ⁵	-56%	224	505	620
Non-Hazardous Waste	1%	26,459	26,161	30,013
Paper				
Copy/print paper consumed ^{6,7}	-19%	3,323	4,104	4,395
Recycled paper ⁷	-39%	524	862	851
Recycled content in %	-25%	16%	21%	19%
FTE-normalized paper consumption in kg per FTE	-20%	32.84	41.28	44.99

¹ Waste data including the disposal method and hazardous /non-hazardous split has been determined by information provided by the waste contractor. Waste data is extrapolated based on FTEs from Germany, the UK, the US and from eleven other countries, covering 72% of FTEs. Waste data does not include project waste, e.g. from refurbishments.

² Waste composted in 2016 now includes data for Germany that previously was not possible to separate from recycled waste data. If this composted data for Germany was included in recycled, the total recycled would have increased 4%. In addition, as composted waste is accounted for in the waste disposed total, reported total waste disposed has increased accordingly.

³ Waste incinerated (without energy recovery) has increased in 2016 largely driven by an increase in waste generation from Postbank sites.

⁴ Waste landfilled decreased in 2016 as waste in Germany is no longer landfilled.

⁵ Hazardous waste has decreased in 2016 driven by a reduction in hazardous WEEE waste from Germany.

⁶ Copier paper data ("materials used" in GRI G4 reporting terminology) is extrapolated based on consumption per FTE from 17 countries covering 89% of FTEs.

⁷ A reduction in the number of printers, print pooling and behavioural change amongst staff has contributed to a reduction in paper use. A lower percentage of paper purchased in 2016 was from recycled paper. We continue to purchase paper originating from sustainably managed forests.

Independent Assurance Report

To the Management Board of Deutsche Bank Aktiengesellschaft, Frankfurt am Main.

We have performed an independent limited assurance engagement on the disclosures on the materiality assessment and on selected sustainability disclosures for the fiscal year 2016 described in the following chapters in the Corporate Responsibility Report 2016

- About Deutsche Bank: Our material topics
- About Deutsche Bank: Our sustainability ratings results
- Conduct and risks: Our reputational risk framework
- Conduct and risks: Managing environmental and social risks
- Conduct and risks: Respecting human rights
- Products and services: Client centricity
- Products and services: ESG in Asset Management
- Products and services: Financing a low carbon economy
- People and community: Corporate citizenship
- People and community: Supporting art, culture and sports
- Facts and Figures: Eco-efficiency data

published online at cr-report.db.com/16 ([further information online](#)) (further “Report”) of Deutsche Bank Aktiengesellschaft, Frankfurt am Main (further “Deutsche Bank”).

It was not part of our engagement to review product or service related information, references to external information sources, expert opinions and future-related statements in the Report.

Management’s Responsibility for the Report

The legal representatives of Deutsche Bank are responsible for the accurate preparation of the Report in accordance with the principles and standard disclosures of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative in combination with the Corporate Accounting and Reporting Standard (Scope 1 and 2) and the Corporate Value Chain (Scope 3) Standard of World Resources Institute / World Business Council for Sustainable Development and the ISO 14064-3 for the calculation of the greenhouse gas emissions for scope 1, 2 and 3, as described in the chapter “Reporting transparently” (further: “Reporting Criteria”).

This responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report in a way that is free of – intended or unintended – material misstatements.

Independence and quality assurance on the part of the auditing firm

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA-Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The quality assurance system of the KPMG AG Wirtschaftsprüfungsgesellschaft is based on the International Standard on Quality Control 1 "Quality Control for Audit, Assurance and Related Service Practices" (ISQC 1) and, in addition on national statutory requirements and professional standards, especially the Professional Code for Certified Accountants as well as the joint statement of WPK (Chamber of Public Accountants) and IDW (Institute of Public Auditors in Germany): Requirements for quality assurance in the auditing practice (VO 1/2006).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed and the evidences obtained on the above-mentioned information.

Nature and extent of the assurance engagement

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the International Standard on Assurance Engagements (ISAE) 3410: "Assurance Engagements on Greenhouse Gas Statement" of the International Auditing and Assurance Standards Board. These standards require that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information above is not in accordance, in material respects, with the aforementioned Reporting Criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit activities is subject to the auditor's own judgement. This includes the assessment of the risk of material misstatement in the Report under consideration of the reporting criteria.

Within the scope of our work, we performed amongst others the following procedures when conducting the limited assurance engagement:

- Inquiries of personnel on Group level, which is responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of Deutsche Bank.
- A risk analysis, including a media search, to identify relevant sustainability aspects for Deutsche Bank in the reporting period.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the sustainability disclosures included in the scope of this engagement, including the consolidation of the data.
- Inquiries of personnel at Group level responsible for providing the data and information, carrying out internal control procedures and consolidating the data and information, including the explanatory notes.
- Evaluation of internal and external documentation, to determine whether the sustainability performance information is supported by sufficient evidence.
- An analytical review of the environmental data and trend explanations submitted by all sites for consolidation at Group level.
- A visit to the premises of Taunusanlage 12, Frankfurt am Main (Germany) to assess local data collection and reporting processes and the reliability of the reported environmental data.
- Evaluating the overall presentation of the sustainability performance information in the selected chapters, included in the scope of this engagement.

Conclusion

Based on our procedures performed and evidences received, nothing has come to our attention that causes us to believe that the disclosures on the materiality assessment and on the selected sustainability disclosures for the fiscal year 2016 in the Report of Deutsche Bank are, in all material respects, not prepared in accordance with the Reporting Criteria.

Recommendation

Without affecting the conclusion of our independent limited assurance engagement presented above, we recommend Deutsche Bank to further strengthen the group wide sustainability management approach. This comprises to further develop the group wide sustainability strategy, the definition of group wide sustainability goals, and the determination of responsibilities for steering and monitoring the sustainability performance on Group level as well as on the level of the Business Units and Infrastructure Functions.

Purpose of the assurance report

This assurance report is issued based on an assurance engagement agreed upon with Deutsche Bank. The assurance engagement to obtain limited assurance is issued on purpose of Deutsche Bank and the report is solely for information purposes of Deutsche Bank on the results of the assurance engagement.

Limited liability

This assurance report must not be used as basis for (financial) decision-making by third parties of any kind. We have responsibility only towards Deutsche Bank. We do not assume any responsibility for third parties.

Frankfurt am Main, March 20, 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Fischer Wirtschaftsprüferin
[German Public Auditor]

Glöckner Wirtschaftsprüfer
[German Public Auditor]

GRI content index and the UN Global Compact Communication on Progress

Our Corporate Responsibility Report provides a comprehensive disclosure of our material topics, including both our management approach and developments in 2016. Information on financial data is available in our Annual Report ([further information online](#))

Since this report also serves as our Communication on Progress for the United Nations Global Compact (UNGC), references are made in the index as well. By participating in the UNGC, we have committed ourselves to preserving internationally recognized human rights, creating socially acceptable working conditions, protecting the environment, and fighting corruption.

The detailed GRI index can be found in our online report: GRI content index ([see page 92](#))

GRI disclosures: G4-18, G4-32

Reporting transparently

This is our 15th CR Report (published on March 20, 2017), providing insights on developments from January to December 2016. We plan to publish the next report in March 2018. The last report was published in March 2016.

This report has been compiled in accordance with the core option of the GRI G4 Guidelines. This report also serves as our Communication on Progress for the UN Global Compact.

KPMG has performed an independent limited assurance engagement on selected chapters of the Corporate Responsibility Report 2016. The scope can be found in the Independent Assurance Report. The additional content provided on external and Deutsche Bank's websites indicated in the CR Report 2016 is not part of the information assured by KPMG. The system for data generation and aggregation of our greenhouse gas emissions figures based on the GHG Protocol and ISO 14064 is subject to external assurance ([see page 89](#)) as well. These figures cover Postbank AG.

We strive for transparency throughout the year by providing information to several sustainability rating organizations, in addition to our corporate responsibility performance, annually. Our corporate responsibility website and regional publications also provide additional information as well as regular updates. db.com/cr ([further information online](#))

This CR Report 2016 is also available in German. cr-bericht.db.com/16/de ([further information online](#))

Report limits

We regard this report as a supplement to the Annual Report and Human Resources Report of Deutsche Bank AG. In addition to the information in this report, you can obtain basic corporate information and our key economic figures from our latest Annual Report, our Annual Financial Statements, and our Management Report. db.com/reporting ([further information online](#))

GRI disclosures: G4-28, G4-29, G4-30, G4-31, G4-32

Imprint

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Feedback from our stakeholders improves further development of our CR reporting. We look forward to new impulses and your opinion.

Publications

Publications relating to the financial statements

Annual Report 2016
(German/English)

Annual Financial Statements and Management Report
of Deutsche Bank AG 2016
(German/English)

Corporate Responsibility Report 2016
(German/English)

Human Resources Report 2016
(German/English)

List of Advisory Council Members
(German)

Online

All publications relating to our financial reporting are available at db.com/16 ([further information online](#))

Editorial comment

All the information in this report has been compiled in good faith and with the greatest care from various sources. To the best of our knowledge, the information and data contained in this report reflect the truth. Nevertheless, we cannot assume liability for the correctness or completeness of the information provided herein.

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Insofar as the masculine form is used in the contents of this report, it is assumed that this refers to both genders on equal terms.

We would like to thank all colleagues and external partners for their friendly support in making this report possible.

Forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 20 March 2017 under the heading "Risk Factors". Copies of this document are readily available upon request or can be downloaded from www.db.com/ir ([further information online](#)).

Annual Report 2016



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