



Non-Financial Report 2017

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About Deutsche Bank

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About Deutsche Bank

Ladies and Gentlemen,

When we announced our new strategic objectives in March, we declared unequivocally that we are still committed to our roots and underscored our intention to be a responsible corporate citizen.

We therefore welcome the increasing importance of non-financial reporting. Our clients, particularly the institutions, are increasingly basing their investment decisions not only on financial criteria, but also on how these and other projects they support might impact the environment, people's lives, and society. We welcome this development, and we want to support our clients actively. One way of doing so is to provide you with this report, which summarizes how we address societal issues. It covers the issues that the financial industry, in particular, commonly refers to as environmental, social, and governance, or ESG issues. Promoting these issues is also enshrined in the Ten Principles of the United Nations Global Compact to which Deutsche Bank is committed.

In 2017, we expanded the structures in our bank to give ESG issues a higher priority. We also created a Sustainability Council whose members are senior managers representing every business division and infrastructure function across the bank. The council's task is to advise the Management Board on ESG issues, develop preparatory materials for decision-making and coordinate our ESG activities across our bank's divisions.

We have already made considerable progress. Our asset management business, which will operate under the DWS name in the future, hosted its first ESG summit in Berlin. Some 300 participants discussed how to make the most of the opportunities presented by responsible investments. I think this discussion represents long-overdue and significant progress—20 years after the Microcredit Development Fund, our first sustainable investment fund, was set up.

We want the issue to reach a broader audience, especially as our wealth management clients care more and more about ESG issues. Our Wealth Management's Chief Investment Officer has published a special report on sustainable investing: "Act today to ensure our future—understanding ESG." Our Corporate & Investment Bank is underpinning this commitment: It has decided to continue its cooperation with Arabesque, a sustainable investing specialist, in order to satisfy the rising demand for socially responsible investments.

Our commitment should not be judged only by cooperative ventures, publications and events, but also by actual figures: In 2017, we arranged projects with total financing of about € 2.2 billion to promote renewable energies that generate more than 3,800 megawatts of capacity. This means Deutsche Bank remains one of Europe's largest financiers of privatesector projects to promote renewable energy.

At the same time, we are complying with our voluntary commitment on coal production financing. In 2016, we announced our intention to reduce the financing volume by 20% by 2020. We reached this target in 2017 and will continue to scrutinize our activities in this sector. Both the Management Board and the Sustainability Council will regularly review how the bank can help shape the transition to a low-emission economy.

Demands for our corporate clients to consider sustainability aspects increased further in 2017. We expressly welcome this development. It makes the dialogue with our clients easier, as do the extensive discussions on sustainable finance initiated by various authorities and governments. It is important to us that we actively participate in these processes, for example in consultations on the recommendations of the High-Level Expert Group on Sustainable Finance, formed by the European Commission, and of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We are following these developments very closely and are absolutely determined to play a prominent, active role in shaping them. This was also one of the reasons why we signed the "Frankfurt Declaration."

For the first time in 2017, Deutsche Bank published a statement in compliance with the UK Modern Slavery Act, whose purpose is to ensure that financial service providers do not engage in business activities that support human trafficking or slavery and that they report suspicious transactions.

We are convinced that with our commitment to sustainability as a bank and asset manager, we can be a force for good. That is why it is also a part of our #PositiveImpact brand campaign, which we kicked off with an internal launch in 2017. In the meantime, well over 10,000 employees have described in their own words the positive impact they are making for society, our clients, and their colleagues and have uploaded these stories onto an intranet microsite. Their fascinating stories motivate both us on the Management Board and our employees across the entire bank and show us all why it is worth giving your best every day.

Our colleagues around the globe not only do excellent work for our bank, but also for the communities in which they live. Last year, 22% of Deutsche Bank's employees volunteered for social projects outside the bank. I would also like to draw special attention to our support for refugees in Germany. Our initiative to engage 1,000 employees as integration coaches has already attracted more than 600 colleagues who are helping refugees to find their feet and become integrated into German society.

We on the Management Board also want the bank to be a place where staff not only act responsibly, but also have the freedom to realize their potential. I therefore consider it extremely important that we do not let up in our commitment to diversity and inclusion, which includes gender equality and equal treatment of staff with disabilities. Furthermore, we strongly support that no person should be disadvantaged on account of their sexual orientation. In this regard, we are delighted to report a special award: Human Rights Campaign has named us one of the world's best places to work for lesbian, gay, bisexual, and transgender, and intersex (LGBTI) people for the 15th time in a row. We are delighted that our dbPride initiative has been a standard-bearer for the cause over many years.

These are all encouraging signs. And we plan to build on them. If you would like to learn more about how we practice corporate sustainability and responsibility, I wholeheartedly recommend that you read this report.

Best regards,



John Cryan
Chairman of the Management Board of Deutsche Bank

Financial Targets

»In 2017 we recorded the first pre-tax profit in three years despite a challenging market environment, low interest rates and further investments in technology and controls. Only a charge related to US tax reform at the end of the year meant that we had to post a full-year after-tax loss. We believe we are firmly on the path to producing growth and higher returns with sustained discipline on costs and risks. The Postbank merger and partial flotation of DWS are both advancing well. We have made progress, but we are not yet satisfied with our results.«

John Cryan, Media Release, February 2, 2018

Group financial targets		
CET 1 ratio ⁽¹⁾	Comfortably above 13%	
Leverage ratio	4.5%	
Post-tax RoTE	~10% in a normalized operating environment	
Dividend per share	Aspiration to deliver competitive dividend payout ratio for FY 2018 and thereafter	
Adjusted costs ⁽²⁾	~€ 22 bn ⁽³⁾ by 2018	~€ 21 bn by 2021

⁽¹⁾ Full implementation of Basel 3

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

⁽³⁾ We recently announced our expectation that adjusted costs in 2018 will be approximately € 23 bn, versus our target of € 22 bn. The difference largely reflects € 900 m of costs associated with businesses that are being sold. Those sales had been expected to have been completed by 2018 but have now been delayed or suspended.

Corporate Profile

»Simultaneous with the capital increase we also announced a realignment of our business divisions:

- We have formed an integrated Corporate & Investment Bank focused especially on international corporates. It has a leading position in Europe and a global network.
- We are in the process of creating by far the largest private and commercial bank in Germany with more than 20 million clients – a clear commitment to our home market. Key to this was our reversing the decision made in spring 2015 to sell Postbank. Economies of scale are becoming increasingly important – especially in the light of digitalisation. Over 11 million clients are already using our digital offerings. In future we will have two brands – but with one legal entity, one IT system and a single management team. The integration is making progress as planned. [...]
- Our Asset Management business is well on the way to regaining its previous strength – supported by the prospect of greater autonomy that is already generating new impetus. In the course of the upcoming IPO the entire Asset Management business worldwide will be rebranded as DWS. This, too, represents a commitment to our home market and our roots.«

John Cryan's speech at the Annual Media Conference, February 2, 2018

Corporate divisions	Operating business divisions	Infrastructure
Corporate & Investment Banking	Global Transaction Banking	Control and service functions Group-wide, supra-divisional resource-planning, steering and control Risk, liquidity and capital management
	Origination & Advisory	
	Financing	
	Sales & Trading Fixed Income and Currencies	
	Sales & Trading Equities	
Private & Commercial Bank	Private & Commercial Clients Germany	
	Private & Commercial Clients International	
	Postbank	
	Wealth Management	
Deutsche Asset Management	Asset Management	

Our Brand

We are here to enable economic growth and societal progress, by creating positive impact for our clients, our people, our investors and our communities. Now, more than ever, we need to demonstrate the value of what we do. That we are a bank whose business is productive, meaningful and sustainable. A bank that is dependable, high performing and human. A bank that balances economic success with environmental and social responsibility. A bank that has positive impact.

We use hashtags to invite conversation and engage our stakeholders across markets. Positive impact is about what we make happen for others.

[#PositiveImpact](#)

Approach to Sustainability

Our commitment to sustainability is long-standing and grounded in the “triple bottom line” concept, which encompasses the dimensions of people, planet, and profit. For us, this means: sustainable business performance, that balances economic success with environmental and social responsibility. It aims to foster business that enables sustainable economic growth and societal progress, by creating positive impact for our clients, our people, our investors, and our communities.

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

The values and beliefs within our Code of Business Conduct and Ethics reflect our understanding of sustainability, which is also anchored in respective policies and processes. It is further informed by internationally recognized standards and principles and the formal commitments we have made. Examples include:

- Ten Principles of the United Nations (UN) Global Compact
- UN Principles for Responsible Investment
- UN Guiding Principles on Business and Human Rights
- G20/OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises

To take forward its expired Millennium Development Goals, the UN set a new 2030 Agenda for Sustainable Development, which also provides guidance in how we think and act.

Deutsche Bank’s Management Board is responsible for the integration of sustainability across the bank. A centrally organized sustainability team within our Communications & Corporate Social Responsibility (CSR) function acts as an interface between internal and external stakeholders.

In November 2017, our Management Board made the decision to strengthen governance by establishing a Group-wide Sustainability Council, composed of senior managers from across the business. The council will act as an advisory body to the Management Board and will further develop and enforce our sustainability approach.

Business Environment and Stakeholder Engagement

In addition to industry-specific aspects, wider economic, social, and environmental trends and challenges, as well as stakeholder expectations, shape our business environment. In doing so, they also inform our approach to sustainability:

Our Business Environment

Economic and Regulatory Environment

As a global financial institution, we operate in various countries, each of which imposes its own regulations (often with extra-territorial implications). These define how we operate, as well as our conduct, behavior, and standards to which we must adhere. Our strategy and execution model is affected by different political environments and a large number of regulatory requirements. We remain continually aware of these forces that influence our business, and we engage 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 recent times, international and national political systems have shown signs of fragmentation. This directly affects our business model. In 2017 alone, we saw crucial elections in France, the UK, and Germany, as well as a new US government whose Congress passed a comprehensive tax reform that had an immediate impact on our US tax position. The UK has formally declared its exit from the EU, and negotiations are under way. This will have repercussions on our structure, operations, client relationships, and staffing. Furthermore, wider political developments in the Euro zone (such as important national elections) will impact the stability of financial markets, market prices, and long-term investment decisions by companies. All of this affects our entire value chain.

Just as regulatory frameworks shape how financial service providers and economies develop, so, too, do structures of the international financial markets. It is remarkable how much has changed in Europe since the global financial crisis almost ten years ago: comparing H1 2007 (the peak of the boom) to H1 2017, revenue composition has shifted towards less-volatile sources, with the share of net interest income up to more than half of the total, and trading income much diminished.

As well as the issues discussed, we keep our eye on wider emerging issues that are gaining traction in recent years. These include financial crime and the response to it, digitization and data security, and demographic, environmental, and social change.

Financial Crime

World financial flows have grown exponentially in the last three decades. While these have benefited the world economy, they do present risks, including financial crime, which is multifaceted, borderless and constantly evolving. The same infrastructure that facilitates global flows of goods, capital, and people has also created the possibility of new security threats. According to an estimate from the UN, the amount of money laundered globally in a single year can reach as high as 5% of the global GDP. Therefore, we are continuously intensifying our Anti-Financial Crime (AFC) measures accordingly.

Digitization and Data Security

In the digital age, sectors are evolving dramatically and rapidly. Large digital companies and technology entrepreneurs are challenging established strategies and business models of incumbents across industries. This creates opportunities to innovate and establish a leadership position in the digital ecosystem.

Digital is enabling self-service, making it possible to deliver capabilities via scalable platforms in the location and time chosen by the client. Success is achieved by reducing friction for clients through cutting the number of steps or difficulty of doing something and creating new products and services. With digitization, the scale, scope, and speed of financial services is markedly different from previous eras. As competition intensifies and technology rapidly develops, companies must focus on problem-solving for clients' problems and improving the user experience quickly and efficiently.

At the same time, IT security is becoming hugely topical. This is in part driven by the increased number of digital transactions, as well as an increased migration of data access in households and companies to the cloud, with powerful mobile devices increasingly becoming the means of data access. This is an important signal for traditional banks, since customers are becoming justifiably worried about the eavesdropping activities and potential data abuse, particularly when it comes to sensitive financial data.

Demographic Change

Demographic change will affect today's consumer market in coming decades. An aging world population and declined populations in some countries will impact the needs and demands of our future clients. Combined with more fluid career paths and a growing expectation for a healthy work-life balances, demographic change 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 digitization and a multigenerational workforce on talent retention and leadership behavior.

Environment and Social Development

The Sustainable Development Goals address the most pressing economic, social, and environmental challenges of our time. These challenges include issues closely related to global warming and climate change, whose impacts remains a topic of public discourse. For example, 19 out of the 20 developed and emerging countries confirmed their commitment to the Paris Agreement on climate change during the G20 summit in Hamburg. Additionally, during the United Nations Framework Convention on Climate Change, at the 23rd Conference of the Parties (COP 23), participants negotiated measures to achieve the so-called 2°C goal. Public and private-sector collaboration will be critical in shaping the shift towards a low-emissions global economy and in forging a climate-resilient development "pathways."

Another enduring global trend is poverty and migration. More than 800 million people around the world live in extreme poverty, while 65 million people are refugees (half of them children). Around 57 million children below the age of ten have no access to schooling or education, and many youngsters are disenfranchised, even in the Western world. Goal 17 of the UN's 2030 Agenda aims to revitalize the global partnership for sustainable development by promoting effective public-private and civil society cooperation to tackle the worlds' greatest challenges. Leveraging their corporate citizenship, global firms like Deutsche Bank have the opportunity to make a tangible difference—especially when they join forces with others to promote impactful initiatives that create shared value.

Our Stakeholders

Our value chain comprises various stakeholders, including clients, investors, employees, and suppliers, as well as governments and regulators, communities, media, and civil society, including as non-governmental organizations (NGOs).

While the interests of our stakeholders may be conflicting, and we have to negotiate between these interests. We are open to constructive critique, while showing this with sensitivity when conducting due diligence and improving our sustainability approach.

Constructive engagement is integral to understanding the expectations and concerns of our stakeholders. It helps us to comprehend the positive as well as negative impacts of our business activities more broadly, and promote acceptance for what we do, as we strive to strengthen trust and partnerships, and improve our sustainability performance.

In 2017, our stakeholder engagement included:

- Deutsche Asset Management's Environmental, Social and Governance (ESG) Summit in Berlin, Germany. Bringing together some 300 participants, including more than 200 Deutsche AM clients and numerous speakers who are leading voices in the ESG field, the inaugural event aimed to foster discussion about trends, risks, and opportunities in responsible investing.
- Our Corporate Investment Banking division organized 250 client conferences and events with about 35,000 participants across all industries with the aim to connect with clients as well as society, including the 11th Annual Deutsche Bank Utilities, Power and Clean Tech Conference 2017 in New York, and the dbAccess China Environmental Protection & Clean Energy Corporate Day in Hong Kong.
- We spoke with investors about sustainability topics at sustainability roadshows, in individual meetings, and phone calls. We explained Deutsche Bank's strategic approach to sustainability, and business opportunities, as well as how we manage environmental and social risks. Investors raised topics such as climate change, and human rights, among others. Governance topics remained a key topic focusing on resolving past litigation cases and strengthening the bank's control environment.
- The works council is the elected representative of employees of the company and acts as a mediator between the bank and its employees. German Labor Law is a highly complex and comprehensive field of law with special needs and requirements. The works council has strong participation rights. We involve our works councils early and comprehensively. In doing so, we go beyond the mandatory legal requirements. The participation of the works council takes place at different levels: local business, corporation, Group, and European Union. To ensure a regular communication between the bank and the work councils, and in order to follow the participation rights, meetings take place frequently. In 2017, over 50 meetings took place with the General, Group, and European works council, including their respective committees.
- As recommended by the OECD Guidelines for Multinational Enterprises, our engagement with NGOs is a two-way communication. We are open to listening to concerns raised by NGOs on certain topics, and we provide information as long as we are able to while respecting our legal obligations on the confidentiality of client information. In 2017, we received approximately 70 letters and e-mails from NGOs on a broad range of topics with a focus on climate change and human rights. We replied either in writing or by organizing face-to-face meetings to discuss the issues in more detail.
- As in previous years, we formally responded to public debate and played an active role in global and regional trade associations through our memberships. We participated in events that brought policymakers together with academic and industry representatives to discuss current policy issues. For example, we were actively involved in discussions on sustainable finance, particularly the consultation by the European Commission's High-Level Expert Group. We acknowledge the emphasis that the newly-formed Central Bank and Supervisors Network for Greening the Financial System, and the Hesse state government (to name only a few) have placed on this. We will continue to coordinate the bank's internal policy work, specifically to contribute to the creation of a European standards framework.
- During the 2017 COP 23 to the United Nations Framework Convention on Climate Change, employees from our business units participated in panel discussions about sustainable finance.

Sustainability Ratings

Rating agencies specializing in sustainability regularly assess our sustainability performance. In 2017, we continued to score highly, even though our RobecoSAM results dropped, mainly due to current and former cases of litigation.

The following table reflects a selection of current results (Deutsche Bank, excl. Postbank):

Sustainability ratings¹

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
CDP climate score (on a scale from A to D-)	n/a ²	B	100/Band B ³
oekom research (on a scale from A+ to D-)	C/Prime ⁴	C/Prime	C/Prime
RobecoSAM (on a scale from 0 to 100)	69 ⁵	74	72
Sustainalytics (on a scale from 0 to 100)	66 ⁶	66	67

¹ Industry classification according to the Global Industry Classification Standard (GICS).

² No scoring in 2017 due to re-evaluation of our climate risk and opportunities in the light of TCFD recommendations.

³ On a scale from 0 to 100/A to E.

⁴ Sector average: C-; maximum in sector: C+.

⁵ Sector average: 40; maximum in sector: 88.

⁶ Deutsche Bank rank in sector: 28 out of 120.

Based on good performance in relevant sustainability ratings, our stocks are listed in the following indices:

- Dow Jones Sustainability Indices (World, Europe)
- FTSE4Good Index (World, Eurozone)
- MSCI Sustainability Index

Topics Covered in this Report

To inform our approach to sustainability and our non-financial reporting, we identify topics deemed material by our internal and external stakeholders. In doing so, we are guided by the international sustainability standard of the Global Reporting Initiative (GRI). We consider the opinions of our stakeholders, and we analyze relevant sources—for example, topics discussed at our Annual General Meeting (AGM), the thematic components in sustainability ratings, internal and external media reports, and insight from competitor analyses. The topics in this Non-Financial Report reflect the results of the GRI materiality analysis, which has already been carried out in recent years. In 2017, we reviewed the list of material topics and re-categorized certain topics to make them more visible and understandable, and to give due consideration to what is required by the new requirements of the German Commercial Code (Handelsgesetzbuch, HGB) on the disclosure of non-financial information. In addition, we bundled ESG-related products, namely "social investments" and "impact investments", under "products and services" and we also clarified titles.

All topics that are relevant to understand the impacts of Deutsche Bank's activities on the non-financial aspects are covered in this Non-Financial Report and are managed accordingly.

In accordance with § 315b (3) sentence 1 HGB, the Non-Financial Statement (which legally is referred to as separate Non-Financial Group Report) is part of the Non-Financial Report and is marked by a bracket in the margins throughout this Non-Financial Report. To identify the topics to be marked as part of the Non-Financial Statement, we have adapted our approach to materiality. According to §§ 315c in connection with 289c (3) HGB, for a topic to be marked as part of the Non-Financial Statement, it is additionally required that the information about the topic is necessary for understanding Deutsche Bank's situation (profit situation, net asset and funding position) and development. In order to assess this additional materiality criterion, we conducted interviews with the respective business divisions and infrastructure functions. On the basis of the assessment of non-financial risks, which includes an impact assessment on Deutsche Bank's profit situation, net asset and funding position, an initial classification was made. This was supplemented by discussions with the internal subject matter experts for the non-financial topics who have confirmed this assessment or added new arguments to rethink the results.

As the assessment approach is not fully comparable to the one in the previous year, we are not presenting the topics in a materiality matrix this year (table below).
















According to §§ 315c in connection with 289c (3) no. 3 and 4 HGB, Deutsche Bank is required to report on all known significant risks in connection with its own business activities and business relations, as well as its products and services that are very likely and have or will have a severely negative impact on material non-financial topics. No such risks were identified.








A description of the business model of Deutsche Bank Group according to §§ 315 in connection with 289c (1) HGB can be found in the Group Management Report starting on page 4. The description of the business model is part of Deutsche Bank's separate Non-Financial Statement.

As matters related to the environment and human rights at Deutsche Bank do not fulfil the materiality criteria of §§ 315c in connection with 289c HGB, we disclose relevant information such as our management approach, as well as results on matters related to environment and human rights, in our Non-Financial Report outside of the Non-Financial Statement.

We monitor all non-financial topics and their impacts on Deutsche Bank's situation and development closely in order to be able to identify changes of materiality and disclose them accordingly in future reports.

Materiality assessment for 2017

Matters according to the EU CSR Directive	Relevant areas of activity	Non-Financial Statement
Environmental matters Boundary: internal and external (clients, shareholders, society)	 In-house ecology	
Environmental and social matters Boundary: internal and external (clients, shareholders, society)	 Climate risks	
	 Environmental and social issues	
	 Sustainable products and services	
Social matters Boundary: internal and external (clients, society)	 Client satisfaction	Client satisfaction
	 Product suitability and appropriateness	Product suitability and appropriateness
	 Complaint management	
	 Data protection and data privacy	Data protection
	 Corporate citizenship	
Human-rights-related matters Boundary: external (clients and society)	 Human rights	
Employee-related matters Boundary: internal	 Talent management	Talent acquisition and development
	 Employee commitment	
	 Compensation and benefits	
Board diversity* and employee-related matters Boundary: internal	 Diversity	Gender diversity
Anti-corruption and bribery issues Boundary: internal and external (clients, shareholders, society)	 Anti-financial crime	Bribery and corruption sanctions and embargoes Anti-money laundering / Know your customer (KYC)
Further Deutsche Bank-related material topics Boundary: internal and external (clients, shareholders, society)	 Digitalization and innovation	Digitization and innovation
	 Culture and Conduct	Culture and Conduct
	 Information security	Information security
	 Public policy and regulation	Regulatory change

 Environmental matters
  Social matters
  Human-rights-related matters
  Employee-related matters
  Anti-corruption and bribery issues
 Board diversity
  Further Deutsche Bank-related material topics

*See Corporate Governance Report.

Clients

15	Product Suitability and Appropriateness
17	Client Satisfaction
20	Complaint Management
22	Products and Services
33	Digitization and Innovation

In general, we describe our Group-wide approach related to the aspects in this chapter. In those instances, in which we follow business-specific approaches, we additionally report on these. Where there is no Group-wide approach, we describe the approach of the respective business division.

Product Suitability and Appropriateness

In the ordinary course of its business, Deutsche Bank enters into transactions with, or offers products or services to clients. These activities are subject to local laws and regulations, which impose requirements in respect to appropriateness and suitability. It is our policy only to undertake activities where the bank is satisfied that a particular product or service is appropriate and suitable for a particular client. Prior to engaging in any activity, we take reasonable steps to determine the appropriateness and suitability.

On January 3, 2018, the Markets in Financial Instruments Directive (MiFID II)—in its relevant national transposition—and the Markets in Financial Instruments Regulation (MiFIR) came into effect. The new regulations affect the entire bank and all of our client groups. Deutsche Bank has trained its staff, provided timely information to its clients, and has made the necessary changes to its technology.

In accordance with the MiFID II regulation, we conduct broad market screenings of products to identify those that best match our specific customer needs. Our products have to comply with a set of defined requirements, for example relating to risk, complexity, transparency, and after-sales support. We assess the individual product quality and select the product that matches the desired customer demand and the customer investment profile. As a basic principle our rules state, that there should be no sales when it becomes obvious that the customer

- does not need the product,
- cannot afford the product mid- to long-term,
- has not understood the product, or
- the risk profile of the underlying does not match to the customer.

Before starting business with a new external product provider, a thorough due diligence of the company is conducted to ensure a high standard of quality in line with our own standards and customer needs.

The quality of our investment product offering range is reviewed on an ongoing basis.

We keep records of appropriateness assessments undertaken for specific client groups, including the result, and of whether the client was given a warning that a product or service is not appropriate for them or they have not provided sufficient information to enable an appropriateness assessment to take place, and, in those instances, whether the transaction was still executed.

The New Product Approval (NPA) and Systematic Product Review (SPR) processes, collectively the “Product Life Cycle” framework, provide the basis for ensuring that we can confidently offer clients our products and services. The framework has been established to manage the risks associated with the implementation of new products and services, changes in products and services during their life cycles, and, the process by which they are systematically reviewed, to ensure they remain fit for purpose and consistent with the needs, characteristics, and objectives of their intended market(s) throughout their lifespans. Applicable globally across all divisions, the respective processes cover different stages of the product life cycle review, with the NPA process focusing on pre-implementation and the SPR process on periodic review, post-implementation.

In addition to the above, the New Transaction Approval (NTA) process, applicable to the Corporate & Investment Bank (CIB) division, provides a framework for the coordination, documentation, and management of risks associated with entering into a subset of transactions, including the restructure of existing transactions, meeting certain pre-defined, risk-based escalation criteria. Such qualifying transactions, referred to as “structured transactions”, are subjected to enhanced levels of due diligence via the framework.

Clearly defined roles and responsibilities—together with standards to measure adherence—training, and a Red Flag process to take corrective action support consistent quality control. Our product and structured transaction frameworks bring together appropriate subject matter experts from various departments in order to identify the correct accounting and regulatory standards, as well as the legal, compliance, and control structure. All product developments must be approved by key control functions, including Compliance and Anti-Financial Crime. NPA councils at the regional and divisional levels must review product developments considered “material”, including new risk factors or businesses. In addition, any features causing concern, such as a potential reputational impact on the bank, are referred to the relevant management approval committees, such as the Regional or Group Reputational Risk Committees.

The provisions described apply to all our business divisions. In addition, we have developed product principles to provide particular protection for our clients in Private & Commercial Bank.

Private & Commercial Bank

Both in our home market of Germany and internationally, Private & Commercial Bank (PCB) offers our clients high-quality advice and a wide range of financial services from a single source, ranging from comprehensive services for retail clients, to solutions for demanding clients in Private Banking and Wealth Management, to business and commercial client coverage.

Product Principles

We have developed principles in Private & Commercial Clients (PCC) that define minimum standards for our product lines. They commit us to exclusively offering ethically justifiable and transparent products and services. In addition, we want to offer our clients responsible and foresighted advice that meets their needs and clearly shows them the respective benefits and risks.

- Our products relate to the real economy.
- They are transparent and easy to understand.
- They create benefits.
- They serve the individual without being detrimental to the world at large or the common good, i. e. the product actively advised should not be connected with:
 - speculation on food scarcity or bottlenecks that might affect the availability of food;
 - betting on death, illness, disability, or insolvency;
 - the manufacture and sale of nuclear weapons, cluster munitions, and land mines;
 - the promotion or use of child labor;
 - criminal acts such as drug trafficking, money laundering, and corruption; and
 - the violation of human rights.

Processes and principles are designed in a way that ensures compliance with legal and regulatory requirements (incl. product bans).

Within Postbank, the Customer Advisory Council has the mission to check Postbank’s services and products critically and to provide suggestions for improvements, and thus it helps to develop new products and services. In this way, the customer perspective can contribute decisively to Postbank’s products and services becoming continuously better, easier to understand, and less complicated, thereby raising the quality of the customer experience. The council exclusively consists of Postbank customers and is under the patronage of the member of the Management Board responsible for private clients. Proposals from the council in 2017 resulted, for instance, in new booths for customer counseling at 30 branches, to be built from November 2017 on. The booths are air-conditioned and soundproof to enhance comfort and privacy while counseling.

Within the Investment Advisory Business, we both offer and advise in-house (manufactured by Deutsche Bank) and third-party products (open architecture), which allows us to conduct a broad market screening of products to identify those that best match our specific customer needs. We assess the individual product quality and select the product that matches the desired customer demand and the customer investment profile. Our Product Guidelines for Investment and Insurance Products also explicitly define products that are not allowed to be advised to clients; for example, we do not advise or structure products or include those products in the Discretionary Portfolio Management (DPM) that invest in soft commodities (agricultural goods), and we do not advise Contract for Difference (CFD)¹ to clients.

¹ A CFD is a contract between two parties, typically described as buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (if the difference is negative, then the buyer pays instead to the seller). In effect, CFDs are financial derivatives that allow traders to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets.

Client Satisfaction

Client satisfaction is best reflected in our daily interactions as well as in the long-term relationships we have with our clients. To measure client satisfaction, we apply different frameworks in our businesses—as described below—depending on client types and preferences.

Corporate & Investment Bank

In order to systematically capture individual institutional clients' perception of our services, we engage in surveys called Broker Reviews at the clients' discretion, to gain a consistent understanding of where we can do better. Here, relationship managers and account owners regularly—usually once or twice per year—engage with the clients' management to personally assess client satisfaction in detail. As part of a Broker Review, clients engage in a detailed assessment of our relative performance by coverage team and product category, enabling a well-informed dialogue and putting Deutsche Bank in a position to take educated decisions with regards to proposed changes.

To assess client satisfaction among corporate clients, Global Transaction Banking (GTB) and Corporate Finance jointly engage in the Voice of the Client, covering more than 80% of our corporate client activities: Each year since 2015, approximately 2,100 key decision-makers and service recipients provide detailed feedback that Deutsche Bank uses to create client-specific action plans and to guide service and product development initiatives. Based on the feedback, a total of about 4,600 action items were derived in 2017. The clients and Deutsche Bank review that status and quality of follow-ups on these action items. 75% of participating clients are mostly or fully satisfied with Deutsche Bank's follow-up actions (assessment with 1 or 2 on a five-point scale).

Private & Commercial Bank

PCC Germany, PCC International, and Postbank

The public debate and critical media coverage surrounding Deutsche Bank continued in 2017; in PCC Germany, negative news increased due to footprint rationalization. Clients had to deal with many changes due to the implementation of the strategic reorganization and the reduction of branches, initiated in 2016.

In 2017, around 259,400 clients (approx. 3%) from PCC Germany took part in our client satisfaction survey. The continuous increase in client satisfaction over the last years did not continue in 2017. Also supported by our continued investment in a new more client-centric business model and the implementation of a clearly structured advisory process, we are confident to turn this trend around and achieve higher client satisfaction in the near term. Management attention is high on these measures, as they receive detailed monthly information on the latest client satisfaction index for each branch.

The result of the customer survey enables us to understand our customers' needs better. In order to increase customer satisfaction, we contact our customers to find out their expectations. This process includes private clients as well as business clients.

In addition to PCC Germany, around 24,000 clients from all PCC International countries took part in our 2017 survey. PCC International, after a slight decline in 2016 and despite the challenges faced in 2017, was able to improve client satisfaction results thanks to improved sales management communication and the launch of client-driven campaigns, which showed positive results in the target segments of affluent and SME customers. At the same time, the willingness to recommend Deutsche Bank has declined as a direct consequence of the footprint rationalization in some of our countries.

Postbank is surveying customer satisfaction on a quarterly basis. In addition to being asked about their satisfaction with Postbank's services as a whole, customers are asked about their satisfaction with reachability, speed of action, friendliness, accuracy, professional advice, and satisfaction with the sales channels and self-service systems, among others. In Q3 and Q4 2017 customer satisfaction again reached the level of the years before. In 2016, customer satisfaction temporarily went down as a consequence of enhanced fees for current accounts. It has recovered since the end of 2016.

Client satisfaction index for PCC Germany / PCC International

in % (unless stated otherwise)	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Client satisfaction PCC Germany			
Index PCC Germany	71.6	75.4	73.3
With our services	73.0	77.3	74.7
With our advice	72.8	76.7	74.2
With actively offered products and services	67.2	71.0	69.0
Willingness to recommend Deutsche Bank	73.5	76.5	75.4
Number of clients taking part in the survey	259,405	260,960	371,582
Client satisfaction PCC International			
Index PCC International	77.4	77.2	77.2
Willingness to recommend Deutsche Bank	75.5	77.3	77.1
Number of clients taking part in the survey	24,272	24,169	24,084

In 2017, PCC Germany continued with the mystery shopping program, a combination of approximately 2,000 test purchases in branches and a phone survey of around 8,300 existing clients, enquiring about the standard of service and advice we provide. The calls were followed up with a consultation.

PCC International conducted approximately 1,200 test purchases in branches. The mystery shopping index result has declined; however, it remains on a good level when compared with the competition. Within the EQUOS RCB research study in Spain, Deutsche Bank has been named Best Quality Service Bank for the third year in a row. EQUOS RCB includes almost all banks and saving banks in Spain. It represents more than 95% of the Spanish market (entities as well as territory). The mystery shopping was performed by the company QUALITY WATCH in Poland, and by STIGA in Spain and Portugal.

The mystery shopping index declined in 2017 for both subdivisions compared with previous years mainly because of the footprint rationalization (reduction of branches) which impacted the tests performed at the beginning of the year, mainly in Q1 (test results in Q3 are showing a clear recovery, but the year average shows a slight decline). PCC International, after a slight decline in 2016 and despite the challenges faced in 2017, was able to improve client satisfaction results.

For PCC Germany and PCC International, the results of the client satisfaction survey and 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.

In 2017, Postbank conducted 2,108 test purchases in its branches. Due to new product settings in Q4 2016, the mystery shopping index result significantly declined in Q1 2017, but has recovered since then. To accelerate the improvement process, Postbank established an online tool to support the quality of product counselling. It was run more than 100,000 times by its sales staff in 2017.

Mystery shopping index PCC Germany / PCC International / Postbank

in % (unless stated otherwise)	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
PCC Germany			
Mystery shopping index	78.5	81.0	80.8
PCC International			
Mystery shopping index	74.5	77.3	77.4
Postbank			
Mystery shopping index	68.8	77.6	79.1

Wealth Management

In Q4 of 2017, Deutsche Bank Wealth Management (WM) engaged Scorpio Partnership, a leading research and strategy consultancy to the global wealth sector, to conduct a review of relevant survey data (eleven historical projects across multiple regions) that provide an external view on WM performance and competitive positioning in regards to both the brand and client experience. The review utilized data pulled from Scorpio Partnership's existing High Net Worth Individuals (HNWI)/Ultra-High Net Worth Individuals (UHNWI) insight databases spanning from 2014 to 2017.

Broadly, the review indicated strong client satisfaction scores for WM, while noting regional challenges in brand awareness (global brand awareness in line with key competitors). However, the report also highlighted reputational risk regarding trust and confidence in Deutsche Bank.

The review underscored that WM clients place more importance on market knowledge, financial research and staff experience than clients of competitor firms, and that WM outperforms in those areas, as well as in stability/security and quality of execution. Overall WM client satisfaction is competitive with peers, with WM clients markedly more likely to refer new business to WM (likelihood to refer at 43.6% vs global WM average of 28.1%; 2016 data).

Deutsche Asset Management

Deutsche AM covers and services different type of clients and investors. Approximately 1.5 million end client accounts are serviced on our proprietary fund platform (IKS). These clients are serviced via telephone and e-mail by the Service Center (organizationally Germany Retail). However, the majority of Deutsche AM business is sourced by retail distribution partners such as commercial and private banks, independent financial advisors, and asset managers, as well as institutional clients such as corporates, insurance, and pension companies.

Client Service (Service Center)

For the Service Center, a dedicated client satisfaction survey is conducted on an annual basis. Our motto is to offer our customers and sales partners the best service at all times in an ever-changing world. A significant aspect of this customer-centricity is the annual quality surveys in the end customer segment and with our sales partners. Emphasis is placed on the perceived service quality, professionalism, and transparency of our service processes, among other things. The comprehensive approach ensures that customer feedback continuously flows directly into our quality assurance and optimization measures. In doing so, we respond quickly, deploying our innovative strength as a service for our customers and sales partners.

Institutional Clients

For institutional clients and investors, a client satisfaction survey was conducted by TELOS for 2017 (as of October 2017). The 2017 TELOS study is a client satisfaction survey for institutional clients in Germany on their mandated asset managers. In the context of the survey, 300 institutional investors such as insurance and corporates were interviewed. The results for Deutsche AM in the category Large national and international asset managers confirm, in comparison to the peer group, high standards in terms of client satisfaction. Deutsche AM outperformed the peer group in nine out of twelve categories.

Deutsche AM achieved very strong results especially in price/quality ratio, product offering, advise quality, reporting and market expertise. In the category price/quality ratio Deutsche AM even achieved the best results in the entire peer group. However, in the risk management category, clients saw a weakness. The Deutsche AM result was below average among peer group competitors. In 2018, Deutsche AM will focus on emphasizing towards clients our state-of-the-art risk management process.

Deutsche AM also received a strong rating in the summarizing question of the survey related to general client loyalty:

- if investors would recommend Deutsche AM to other investors
- if they intend to stay with Deutsche AM, and
- if they would select Deutsche AM as asset manager again.

Distribution Partners

The Deutsche Fondspreis 2018, Category Service, the most important and respected client satisfaction survey for retail distribution channels (banks, IFAs etc.) in Germany, is conducted annually by FONDS professionell. Within the survey, 5,504 financial advisors and professionals were asked via a reader survey to rate the retail distribution channels in six different categories with grades from 1 to 5.

The channels were, for example, analyzed in their basic qualities, which are defined as their image as well as the performance of their products. In addition, they were rated in the categories internal- and regional sales and in their internet and marketing appearance.

Within the annual FONDS professionell KONGRESS in Mannheim, Germany, on January 24-25, 2018, the so-called Serviceaward was given to the best performing retail distribution channels. Deutsche AM finished second, with top ratings and votings in all categories. In addition, Deutsche AM even managed to improve on its excellent ratings from 2017.

For the next year, it is our goal as Deutsche AM to further improve our client satisfaction through client-centered and simple solutions.

Complaint Management

The consistently high quality and rapid processing of complaints is of crucial importance to create a positive customer experience and thus ensure lasting customer loyalty.

We have a clearly defined set of core values in place to outline our expectations on staff conduct when dealing with clients and other stakeholders, including shareholders, regulators, and the communities where we operate. Those values should be reflected in the fair, prompt, and impartial handling of complaints, which includes a complaint handling policy framework to facilitate a consistent approach to complaint management, as well as oversight that satisfies regulatory requirements.

In order to support strong client relationships and client retention, our complaint handling policy and procedures is one method by which we demonstrate the following principles:

- Client satisfaction enhancement
- Reduction of mistakes and attributable costs
- Risk transparency enhancement
- Management information for quality optimization

During 2017, in order to meet enhanced regulatory expectations and obligations, our Group policy "Minimum Requirements for Handling and Recording of Complaints" which establishes a Group-wide framework, was revised and enhanced, including minimum requirements for the recording, handling, and reporting of complaints and measures to be taken for their resolution. The framework is in accordance with the European Securities and Markets Authority (ESMA) and MiFID II, and will allow for a number of improvements to existing processes:

- Globally consistent minimum requirements for the recording, handling and reporting of complaints and measures to be taken for their resolution
- Better qualitative analysis of complaints and complaints handling on a global, cross-divisional basis through a new centralized management information reporting process
- Improved reporting to Non-Financial Risk (NFR) committees and the Management Board (MB)

The business divisions are responsible for developing and implementing procedures that incorporate the objectives and minimum requirements set out in this policy

The approach described applies to all our businesses.

Private & Commercial Bank

For PCB, client complaints offer the opportunity to continuously improve services, products, and processes. The complaint management activities are focused on consulting services and enhanced investment advisory process.

PCC Germany, PCC International and Postbank

Within PCC Germany, the Head of Complaint Management reviews all serious complaints personally. He also provides the Bank with impartial advice on how best to develop and optimise our products and processes, ensuring that clients' interests are considered. He has no responsibility for profits in any way and is therefore a neutral decision-maker.

The guidance around complaint management applies to all employees. 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. To this end, we pass on process faults to responsible areas for the purpose of achieving quality improvements for our customers.

The central PCC complaint management team in Germany reports directly to the Head of Client Concern. Following our internal processes, complaints expressed at our branches are dealt with locally. A significant number of complaints are solved during initial contact with the customer. We acknowledge receipt of each complaint immediately, stating the estimated processing time to the customer. If we are unable to process a complaint within the stated time, the client will be notified accordingly. We issue a client information sheet with each first receipt, which is also available for download from our website, offering a clear description of how we handle complaints.

Correspondence with our clients aims to be comprehensible. Quality criteria are defined and complaint managers are constantly trained in communication. Internal controls contribute to a sustainable quality assurance.

We have established a separate process for hardship cases, for example where clients get into financial difficulty for reasons beyond their control. In 2017, four cases were resolved accordingly.

In addition, our Head of Complaint Management personally contacts selected clients who have given serious complaints. This direct dialogue helps us to better understand the reasons for complaints and provides insight into how we are perceived by our clients.

We aim to rectify complaints as quickly as possible, without excess bureaucracy, and to settle any justified compensation claims directly. Whether or not a complaint is justified is assessed by the complaint processor on the basis of the bank's policies and procedures. The year 2017 saw a further drop in the number of complaints received by PCC Germany. Topics raised included media reports dealing with legal disputes, closed-end funds and branch closures, most of which we were able to resolve locally at the relevant branch. For PCC Germany, we report to the Management Board on a monthly basis. The PCC Global Complaint Report goes out quarterly.

For PCC International, there was a further decline in the number of complaints received, reflecting the previous year's trend. Most were related to the implementation of new regulations and, in the case of Spain, legal provisions affecting such matters as mortgage incorporation costs and interest rate floor clauses.

Postbank applied the regulatory EU guidelines of the ESMA and the European Banking Authority (EBA) to optimize its complaints processes, making them more transparent for the customer and communicating them on its website. As a result, Postbank has seen a more timely integration of complaints management into planned sales activities and the placement of new products and services as a complaint prevention measure. In the challenging market environment, Postbank receives complaints about branch network and the adaptation of its product portfolio; nevertheless, the overall number of complaints was significantly lower than in the previous year.

Wealth Management

Regional Wealth Management Chief Operating Offices (COO) define the complaint management process in order to make sure that regional aspects are considered sufficiently.

Customer complaints with regard to alleged unsuitable advice or lack of product suitability are a key indicator for the WM risk profile. The number of customer complaints is an indicator for potential upcoming litigations or out-of-court settlements with customers that claim unsuitable advice or lack of product suitability.

A complaint Key Risk Indicator (KRI) tracks suitability-related client complaints. The KRI uses the absolute number of customer complaints with regard to alleged unsuitable advice / lack of product suitability received in a particular location/unit during the reporting period. We see a positive trend versus 2016, in other words a smaller number of complaints.

Products and Services

Corporate & Investment Bank

Many of our products and services have an indirect influence on the environment and society, by supporting our clients in creating economic growth and enabling them to provide services to the public, as well as by giving them access to new markets. It does this by launching a variety of environmental, social and governance (ESG) investment products.

Recognizing the importance of ESG matters for our clients, we implemented key knowledge groups to share best practices and know-how for products and services with a direct impact on ESG sustainability. Within our CIB division, there are competency centers for project financing linked to export credit agencies, often benefitting developing countries with infrastructure financing, as well as teams for financing renewable energy and for green bond issuance. In 2017, we strengthened our ESG research expertise with dedicated functions, and, for 2018, we plan for an extension of our sales capabilities to be able to better serve our institutional clients in ESG matters.

Economic Growth and Services for the Public

As a global bank, we need to be a trustworthy and professional partner to our clients, providing financial products and services to meet their individual needs, and connecting lenders and borrowers of capital globally. By linking public sector bodies and companies to financial institutions and private investors, we help to supply the capital resources needed to allow our clients to expand their business activities and drive innovation, thus helping the economy to grow and creating jobs.

In addition to our deposit-taking and lending activities, we provide access to capital markets for the public sector in about 50 countries. In this capacity, our CIB division supports the debt issuance and management processes for governments and sovereigns. As a strong and committed partner with global access to clients, we support countries' Department of the Treasury to meet their budget demands and to efficiently manage debt issuance programs. Deutsche Bank also supports sub-sovereign institutions, agencies, municipalities, and covered bond issuers to efficiently raise capital on international capital markets.

Liquidity creation is a core function of banks and an economic service of substantial importance to the economy, affecting infrastructure and the society as a whole. Our clients in the public sector and financial institutions received more than € 240 billion of liquidity in terms of issuance volumes in 2017. Our influence with issuances is limited, but it does enable our clients to provide mortgages at attractive rates to retail clients, to fund infrastructure projects and to fulfil other services to the public.

Launching a Variety of ESG Investment Products

We partnered with Arabesque, an ethical investment specialist, to launch a series of investment products in anticipation of a surge in demand for socially responsible investments from clients. The products will track the returns of the Arabesque Prime and Systematic indices by applying a proven quantitative stock selection mechanism to ESG investing in a systematic and transparent manner.

Deutsche Bank is partnering with Arabesque, as it is a specialist asset management firm offering a strong ESG-framework, a quantitative focus, and a flexible offering. In combination with our financial expertise we jointly provide innovative ways to deploy capital in products that generate a financial return and have a positive impact on the environment and society.

Infrastructure Financing

Our social and developmental engagement across the globe is best reflected by the many realized transactions and financing projects that have had a positive impact on infrastructure, health care, and safety in local communities. The following selection represents a few of our projects in 2017.

Ruiru II Water Supply Project in Kenya: Supplying Drinking Water to Over 300,000 People

The Ruiru II Water Supply Project in Kenya aims to provide steadily available drinking water for people in the Nairobi area, including the construction of a 55 meter-high dam, the transportation of raw water, and a purification plant. In June 2017, we signed off funding of € 180 million financed under a public-private partnership involving both Deutsche Bank and the French Department of Treasury.

The main expected benefit from the project is reducing the current water demand deficit in accordance with the development and socio-economic needs of its citizens. A third-party expert's assessment of the environmental and social impact of the dam concluded the project to be environmentally and socially sound, particularly in light of the mitigation measures addressing the displacement and relocation of people along the dam reservoir area.

Electricity Network in Yaoundé, Cameroon: Boosting Electricity Transmission Networks

Cameroon signed three credit agreements with Deutsche Bank in 2017 valued at a total of € 51.1 million to improve access to electricity for the population of Cameroon's capital city. The loans will help the Central African nation strengthen and stabilize its electricity transmission networks in the city of Yaoundé through the construction of a 400 KV power transmission line linking Edéa and Yaoundé to the Nyom substation. The commercial financing for the reinforcement of the electricity network follows two other loans signed in 2016 with Deutsche Bank to finance the first phase of a project to enhance the tourist and economic value in Yaoundé.

Automatic Train Stop System, Argentina: Improving Safety on the Railway

In May 2017, a loan agreement of € 41.2 million was signed by the Government of Argentina to install an automatic train stop system on suburban lines. The technology will ensure safer transportation in Buenos Aires, which became critical after a large-scale train accident in the city in 2012. By introducing high-quality infrastructure safety, the Argentinian railway will improve, and the new system is also expected to lead to the alleviation of chronic traffic jams in Buenos Aires. The loan agreement is a landmark deal for the Argentine government, since it is the first loan it has raised in the past 20 years with an export credit agency of an OECD country. The loan is co-financed by Deutsche Bank and the Japan Bank for International Cooperation.

New Hospitals in Guayaquil and Machala, Ecuador: 85,000 Treatments in 2017

Also in May 2017, Deutsche Bank and the Instituto Ecuatoriano de Seguridad Social (IESS), the Ecuadorian social security and health provider, signed a loan of € 39.1 million for the partial financing of the construction and equipment of two hospitals in Guayaquil and Machala. This follows transactions in 2016 totaling € 104.1 million financed by Deutsche Bank.

In Guayaquil, the 450-bed hospital was built at a total project cost of € 166.5 million. Inaugurated at the end of March 2017, this is Ecuador's largest hospital in terms of scale, technology, and medical specialties provided. Since then, more than 24,000 patients have been seen. In Machala, a new second-level hospital comprising 120 beds was built, replacing a 45-year-old, 62-bed hospital. These two hospitals have doubled the pre-existing infrastructure capabilities at more than 40,000 outpatient treatments and 45,000 emergency treatments.

Financing a Low-Carbon Economy

Public and private-sector collaboration will be critical to promoting and financing a shift towards a low-emissions global economy and climate friendly development. Energy efficient technologies and renewable energies are an essential part of this and significant investments will be required in the coming decades to finance these technologies. By signing the Paris Pledge for Action alongside over 400 private and public organizations in 2015, we made a commitment to contribute to the overall targets set by the Paris Agreement to limit global warming to 2°C above pre-industrial levels.

As with other industries, the financial sector is exposed to climate change. Accordingly, we seek to demonstrate how we contribute to the reduction of climate-related risks and how we support the transition to a low-emission economy through our core businesses. As a global bank, we can make an important contribution to raising the capital needed to implement 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. Within our CIB division, the bank has established centers of competence allowing us to focus expertise for green bond issuances and for renewable energy financing, and to offer these products and services to all our clients.

Financing Renewable Energy

We help our 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 2017, we arranged approximately € 2.2 billion in project finance for renewable energy projects generating over 3,800 megawatts and ranging from full to partial financing of the entire project life cycle.

The bank was the sole lead arranger, structuring bank, hedging bank, agent and security trustee, and account bank for the € 168.9 million Sleaford Renewable Energy Plant in the UK. The deal was refinancing an operational straw-fired, 40 megawatt biomass power plant in the UK. The loan was arranged by Deutsche Bank through institutional private placement.

We acted as mandated lead arranger, structuring bank, bookrunner, swap coordinator, and technical agent for a € 136.3 million combined term loan and letter of credit facility for a pool of community solar and commercial photovoltaic (PV) systems. The portfolio consists of 31 systems located in four states in the US, with a cumulative capacity of 81.4 megawatts.

We also acted as joint global coordinator, co-mandated lead arranger, and co-bookrunner on the € 74 million, 19.5-year project bond financing for a solar PV portfolio in Spain, consisting of seven projects with a capacity of 18.2 megawatts, owned by Sonnedix Power Holdings. The bond was unrated and based on a similar structure of the precedent Vela Energy transaction rated BBB by Standard & Poor's (S&P).

Across the world, we financed about 75 megawatts of renewable energy projects in Japan, totaling an underwriting volume of about € 190 million, as well as 3,250 megawatts in the Americas, totaling an underwriting volume of approximately € 1.3 billion.

Green Bonds

Green bonds are instruments whose proceeds are exclusively used to (re)finance assets or projects that meet a set of environmental criteria, such as renewable energy projects, low-carbon buildings, waste and pollution control solutions, or clean transportation projects. The first green bond was issued over a decade ago in 2007 by a public sector institution; however, the market experienced a significant turning point in 2014, when financial institutions and corporations also began funding their projects with green bonds. Today's green bond market sees the private sector, in other words financials and corporates, as major issuers of these bonds.

The global green bond market grew at an impressive pace in 2017, reaching an issuance volume of over US\$ 155.4 billion, an increase of 78% compared to 2016 (according to www.climatebonds.net).

Deutsche Bank has partnered with a number of global clients in landmark green bond transactions. Together with the African Development Bank, International Bank for Reconstruction and Development, and European Investment Bank, we realized large funding programs while also expanding the market, by enabling access to first-time issuers from new geographies. In 2017, we supported clients to issue more about € 10 billion in green bonds. Many of these transactions were of high strategic importance to the issuers, and moreover helped to advance and develop the green bond market itself. Examples of these transactions include the inaugural green bonds for Orsted (€ 0.75 billion and € 0.5 billion) and Enel (€ 1.25 billion), as well as the first green hybrid bond for TenneT Holding B.V. (€ 1.0 billion).

In addition to issuance activities, in 2014 we joined a coalition of major financial institutions that supports a set of voluntary guidelines for green bonds to finance environmental-friendly activities. The so-called Green Bond Principles are updated annually to take into account market developments and have been established as a market standard in the still nascent and self-governed green bond market.

Private & Commercial Bank

PCC Germany, PCC International, and Postbank

In PCC Mortgage Lending and Consumer Finance, we advise our private clients in responsible lending and borrowing. This includes options to protect against personal risks associated with repaying the loan. Our sales teams are regularly trained to comply with legal requirements and bank-internal policies on both advisory as well as underwriting procedures. We handle any payment difficulties of our clients with understanding and do our utmost to enable the repayment of the loan. To ensure high-quality credit advice, we submit our procedures to regular internal and external checks (e.g. mystery shopping campaigns).

In Germany, private clients receive, in cooperation with KfW bank, state-subsidized mortgage loans for the purchase and modernization of their own real estate. In 2017, a total of 4,150 KfW loans with a total volume of € 332 million were granted (2016: 5,864 loans with a volume of € 429 million). This includes 1,592 loans with a volume of € 204 million (2016: 2,392 loans with a volume of € 255 million) for construction and modernization projects that comply with higher energy standards than required by the German Energy Conservation Ordinance (EnEV).

The Commercial Clients division at PCC offers a complete range of standardized and tailor-made product solutions and services that support commercial clients in their day-to-day banking activities and help them to improve and optimize their cash and liquidity management. In addition, we offer a broad range of financing products that include loans for financing environmental and climate protection (e.g. energy efficiency, renewable energies, and clean technologies). In Germany, for example, we grant loans for energy-efficient building, sustainable energies and modernization that are subsidized by the KfW bank group. In 2017, we arranged 922 KfW loans for our commercial clients with a total volume of € 312.7 million (2016: 977 loans with a total volume of € 278.6 million). Of this, € 266.8 million was for company start-ups and general company financing, € 13.9 million for renewable energies, € 30.7 million for energy-efficient construction, and € 1.3 million for infrastructure.

Postbank, and its brands BHW and DSL Bank, has been a partner of co2online since 2005. The non-profit consulting firm promotes climate protection in the construction and housing sector. It is sponsored by the German Federal Ministry for the Environment and the European Union.

In 2017, Postbank arranged a total of 13,317 KfW loans with a total volume of € 790 million (2016: 16,144 loans with a volume of € 919 million). Postbank arranges KfW loans not just under the BHW brand but also through third-party sales under the brand of DSL Bank, a partner bank for financial service providers. The data shown below cover both brands. Loans for the energy-efficient modernization and the first-time purchase of modernized buildings or residential homes were arranged for 1,127 applications with a total volume of € 65.5 million (2016: 1,368 loans with a volume of € 81 million). Furthermore, financing arrangements for the purchase or construction of low-energy housing were concluded for 2,696 applications with a total volume of € 285 million (2016: 3,534 contracts with a volume of € 311 million).

Wealth Management

Given the increasing level of interest from investors and wealthy clients, the expansion of our ESG offering in investment services is a key initiative for Deutsche Bank WM. Having initially been favoured by institutional investors such as churches and charitable organizations, then progressively adopted by pension fund trustees, ESG investments are now finding favor with a growing numbers of individual investors and hence entering the investment “mainstream”. So we believe we are only in the early stages of the ESG “story” in terms of WM investment.

Our ESG investments are handled within the existing WM investment processes rather than outside them, with governance primarily done through existing structures within our discretionary portfolio management services.

Within Wealth Discretionary (WD), we exclude certain investment areas (e.g. cluster bomb munitions). We make our investment decisions (just as we would for non-ESG investments) on the basis of guidelines agreed with the client, which may specify the client’s desired ESG priorities. WM has experience in this area: Our first sustainability-themed investments were offered in 2002, and in 2009, WD launched an ESG management overlay.

When considering our product platform in this space, we concentrate on three areas: products identified as investing with an ESG or sustainable approach, impact investment products, and products that invest according to specific themes that correlate to environmental or social challenges.

WD is collaborating with one of the world’s leading rating agencies (oekom research AG) in the area of sustainable investment and therefore has access to research insights that provide a competitive edge, facilitating sustainable and responsible investments with a potential attractive rate of return. As of end 2017, WD manages assets in excess of half a billion euros based on this approach for our global investor base. In addition, dedicated teams are in place in both Germany and Italy that comprise portfolio managers with ESG expertise directly supporting relationship managers in the provision of ESG offerings to clients. The underlying assets are either segregated accounts or special funds, tailored to clients’ specific needs with regards to ESG criteria.

oekom’s ESG research analysis covers the world’s most important companies and countries in their role as securities issuer. The overall universe covers more than 6,200 issuers world-wide. Two different types of ratings are evaluated: a corporate rating and a country rating. The corporate rating assesses companies’ responsibility towards persons affected by corporate activities (social and governance sustainability) and the natural environment (environmental sustainability) across 5,500 issuers. The country rating uses about 100 individual criteria to evaluate countries’ sustainability-related efficiency. The universe comprises 700 countries and local authorities in total, including all EU, OECD, and BRICS states, as well as the most important Asian and South American countries.

WM also wants to improve our clients’ understanding of ESG-based investment approaches and ESG-related market developments. The Chief Investment Officer’s (CIO) first publication on the subject was released on November 8, 2017 (CIO Insights Special: “Act today to ensure our future – understanding ESG”). Further publications on this topic will follow, aimed not only at defining ESG as a topic and enhancing its understanding, but also to elaborate on the broad levels of ESG implementation that can be utilized to design a respective solution.

Deutsche Asset Management

As a fiduciary partner, at Deutsche AM we believe that responsible investing is in our clients best interests. Our approach to ESG issues is guided by our Responsible Investment (RI) Statement. The governance structure strengthened in 2017 includes a new position of Chief Investment Officer (CIO) for Responsible Investments who ensures that ESG issues are integrated into our investment processes in all asset classes across our Active, Passive, and Alternatives investment decisions and that we support the growth of dedicated ESG products and solutions.

To support our internal and external stakeholders in their investment decisions, we published a series of research papers on controversial topics and major trends in ESG investments. From September 27 to 28, 2017, we hosted our first global ESG Summit in Berlin, Germany, which welcomed around 300 participants, including more than 200 Deutsche AM clients. We were able to demonstrate the benefits of growing opportunities in responsible investments.

We were among the main sponsors of the Principles of Responsible Investment (PRI) in Person conference in September in Berlin, Germany. We also became signatories to the Climate Action 100+ initiative of investors engaging with the world's largest greenhouse gas emitters to improve governance on climate change risks, curb emissions, and strengthen climate-related financial disclosures.

The increasing number of international stewardship codes requires us to act as an active shareholder and enable our clients and our company to comply with growing supervisory regulations. Therefore, we continuously expand our proxy voting, corporate engagement activities, and the number of annual general meetings we attend.

To support ESG integration across our entire investment platform, we continuously update our ESG database (the ESG Engine)- and methodologies for comprehensive analysis of ESG information. We provided training to our investment professionals across all divisions in Active, Passive, and Alternatives on the assessment of ESG risks and opportunities.

Governance and Transparency

A consistent and strong management organization is an essential requirement for effective integration of ESG factors into investment and business processes. To this end, we have established a Global Leadership Team for Responsible Investments led by a member of the Deutsche AM Global Executive Committee. Other members of the committee include the Global Head of Responsible Investing, Global Client Group, and our CIO for Responsible Investments. The latter heads the CIO office for responsible investments, alongside ESG research and corporate governance, including proxy voting, data-base and the sustainability office.

Deutsche AM Investment GmbH signed the UN Principles for Responsible Investment (PRI) ten years ago, and our ESG governance principles are based on international standards and guidelines, such as the UN Global Compact, the Ceres Principles and the OECD Guidelines for Multinational Enterprises.

The Sustainability Office's key responsibilities are to:

- develop internal ESG governance structures reflecting local and division-specific regulatory requirements,
- govern the reputational risk and the New Product Approval (NPA) processes,
- prepare the mandatory transparency reports to inform all stakeholders of our ESG activities,
- engage with NGOs and other external parties, and
- coordinate ESG-related global memberships and projects within Deutsche AM.

Our global [RI Statement](#) is the basis for our ESG governance, including policies and guidelines. As a global asset manager, we have to adhere to regional and jurisdictional differences in regulation and have therefore developed divisional and regional guidelines (e.g. ESG integration policy for the Active investment division and ESG objectives for real estate investments).

We provide transparency on our ESG activities and integration improvements, for example via the [PRI report](#) and continuously update and improve our [Deutsche AM ESG webpage](#).

ESG Research

The ESG thematic research team continued to publish [responsible investing reports](#) in 2017, including the second issue of the [Sustainable Finance Report](#).

In cooperation with Four Twenty Seven, a specialist consultant in climate information, we advocate more accurate monitoring and handling of the physical effects of climate change on investment portfolios. Together, we published a research paper that identified and categorized the location, activity, and business sensitivity of facilities or companies to climate hazards, such as heat waves, floods, and cyclones. Our aim is to assess the implications of these climate events for individual companies in our portfolios.

Contribution to the Climate Change Debate

Our ESG analysis contributes to international climate debate from an investment perspective. In 2017, this included:

- the Head of Deutsche AM calling for the investment industry to move beyond carbon footprinting and towards improved disclosure of physical climate change risks at the “PRI in Person” conference in Berlin, Germany;
- speeches at the UN Climate Change Summit (COP23) in Bonn, Germany;
- contributions to the political debate on energy efficiency in buildings through the Institutional Investors Group on Climate Change (IIGCC) and through meetings with policy-makers; and
- participation in the Corporate Real Estate working group of the UK Government’s Green Finance Taskforce.

Corporate Governance

Active Shareholders – Ownership Obligations

In 2017, we strengthened the dialogue with companies in our portfolios and participated in national and international working groups and networks. For example, for our funds domiciled in Europe, we approached our investee companies with an engagement letter outlining our governance expectations and our updated [Corporate Governance & Proxy Voting Policy](#).

Stricter Governance Expectations

Also in 2017, we updated our Corporate Governance & Proxy Voting Policy as a structured approach to company engagement and voting guidelines. For example, we expect:

- sufficiently independent, diverse, experienced and well-balanced Boards and committees;
- permanent disclosure of relevant information on Board members;
- appropriate, transparent, and comprehensible executive compensation with clear qualitative and quantitative key performance indicators, relevant and adequate bonus-malus mechanisms (incl. clawback), and reasonable deferral periods and
- enhanced transparency by auditors (incl. the lead audit partner), including fees and rotation periods.

In order to achieve sustainable investment, we emphasize social and environmental practices and analyze compliance with relevant international frameworks.

As a basis for a constructive dialogue with companies on environmental and social issues, our portfolio managers and research analysts regularly use estimates provided by the ESG Engine, as well as topics addressed by NGOs.

Proxy Voting Season 2017

In 2017, we voted at more than 750 general and special meetings in 42 countries for our funds domiciled in Europe. We also re-launched local websites (dws.de and dws.lu), to display our voting decisions and statistics for our retail funds, at company and fund level. In accordance with US regulatory requirements, we exercise our proxy voting rights for locally domiciled mutual funds.

In 2017, we initiated harmonization efforts on processes and policies with several of our entities, complying with all regulatory guidelines as a minimum.

Thought Leadership in Corporate Governance

With our various activities in relevant working groups, policy bodies, networks, and commissions, we aim to be a thought leader in corporate governance and seek to actively shape domestic and global corporate governance developments for our investors.

We took part in the consultation centered on the changes of the German Corporate Governance Code and the revision of the European Fund and Asset Management Association (EFAMA) Code on External Governance, a reference document for both European regulators and asset managers. As a member of the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V. [DVFA]) Corporate Governance Commission, we promote the DVFA Scorecard on Corporate Governance as a measure of governance quality in Germany.

In connection with the Shareholders' Rights Directive II (SRDII), we held discussions that facilitated the launch of the European Commission Expert Group on the technical aspects of corporate governance processes. In our trustee role, we regard proxy voting as integral to our fiduciary duty. Therefore, we support the reduction of the complexity in the voting chain and support clear accountabilities for custodians and other service providers. We are now a full member of the International Corporate Governance Network (ICGN).

Governance Engagement

In 2017, we talked to over 71 companies during 81 governance engagements for our funds domiciled in Europe, a significant increase on the previous year. We noted that more and more chairpersons of Boards of Directors seek dialogue around issues such as executive remuneration, Board composition, succession planning, and shareholder rights.

We attended several AGMs in person and also voiced our criticism, particularly concerning shortcomings in governance associated with strategic mergers and acquisitions (M&A) transactions.

For greater transparency, we published our first [Proxy Voting and Governance Engagement Report](#), and aim to provide the second volume in Q1 2018.

ESG Engine

Our ESG Engine and solutions team is responsible for maintaining and improving our ESG database. It is responsible for ESG methodology, algorithms, and data. The ESG Engine consolidates and produces data, enabling ESG analysis that is data-driven. Seven leading ESG data vendors (Ethix, MSCI, oekom, RepRisk, Sigwatch, Sustainalytics, and TruCost) provide data to the database.

The structured ESG information is embedded within portfolio management, supporting our due diligence process and enabling us to offer clients bespoke ESG solutions based on criteria agreed with clients.

Our ESG framework is built on six pillars:

- Exclusion screening for companies that do not meet ESG criteria. In 2017, we enabled clients to screen for fossil fuel and coal activity by applying a more sophisticated screening methodology that flags environmental improvements that could offset negative legacies.
- Standards-based screening focused on human rights abuses, child/forced labor, health and safety, environmental impact, and business ethics.
- Corporate best-in-class ratings that seek to identify leaders and laggards with the peer group in regards to ESG issues, as set by ESG ratings agencies. These ratings provide a robust and reliable, 360-degree assessment of corporations based on a broad range of ESG indicators —from diversity of management to environmentally-friendly products, health care, and safety.
- Environmental risks and opportunities, including carbon. In 2017, we presented our carbon footprint report, which incorporates global reporting standards and allows our clients to monitor their carbon balances and implement programs to reduce their carbon footprint.
- ESG Engine assessment of whether a fixed income instrument is a green bond as defined by the Green Bond Principles.
- Screening based on sovereign standards to gauge responsible investments in around 200 sovereign nations.

In 2017, we consolidated our ESG Engine capacity further by rolling it out globally and integrating it within different corporate functions, such as the client reporting. We continue to develop the ESG methodology, especially in regards to carbon and climate risk sensitivity, opportunities from impact-investing, and the UN's Sustainable Development Goals (SDGs), integrating them within the ESG Engine.

ESG Integration

Active

In 2017, our Active portfolio management teams were responsible for € 9.6 billion of ESG assets under management (AuM) and for € 513 billion of total AuM. We appointed a Head of ESG Integration in Active portfolio management, with responsibility for further ESG integration in all management classes. Additionally, a global ESG “gatekeeper” structure now exists across all our investment teams to ensure full commitment to the different steps of the investment process.

We tightened our internal ESG Integration Policy for Active portfolio managers – starting by integrating ESG topics into investment guidelines in reporting. All ESG information provided by the ESG Engine is now fully integrated into our portfolio management system. Our funds managers consider all available information, which involves the identification of relevant sustainability and ESG topics and the assessment of their implications on the risk return profile. The outcome is explained in the research note, considered in the valuation, as well as in the investment recommendation. If additional information is needed, an engagement is initiated and coordinated by our Corporate Governance Center in partnership with research analysts and portfolio managers.

Portfolio managers are expected to be aware of any exposure to critical ESG issues. They can screen the portfolio for ESG issues (such as carbon ratings and controversial sectors), and receive a ESG fund score. In 2017, we started to standardize ESG reporting, thereby improving transparency on the ESG quality of our funds.

In order to engage our investment experts with ESG issues, we ran mandatory internal trainings for all active investment experts, including the European Federation of Financial Analysts Societies (EFFAS) ESG Certification Program.

Passive

In 2017, our Passive portfolio management teams were responsible for € 559 million of ESG AuM and for € 115 billion AuM. During the year, they achieved two major milestones: the implementation of proxy voting for applicable exchange traded funds (ETFs), supported by the Corporate Governance Centre; and expanding availability of the ESG Engine to portfolio managers helping to automated investment processes.

Alternatives

The Alternatives business continued to expand its initiatives to integrate ESG into investment processes across the various asset classes. In 2017, the Alternatives portfolio management teams were responsible for € 702 million of ESG AuM (excl. our sustainable investments funds as well as individual real estate and infrastructure assets) and for € 71 billion total AuM.

Real Estate

Our real estate investments continue to position ESG as integral to 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.

This year, we have continued our efforts to execute a systematic sustainability plan focused on collecting and analyzing data on the properties, using the data to improve the efficiency and quality of our properties and to set targets for energy improvement at a property and regional level.

We managed € 9.4 billion in properties globally with green label designations (incl. Leadership in energy and Environmental Design [LEED]; Building Research Establishment Environmental Assessment Methodology [BREEAM]; ENERGY STAR, a US-government-backed label for energy efficiency). Moreover, we benchmarked and tracked 5,1 million square meters of the portfolio in terms of energy and carbon data. Also, we have invested US\$ 1.4 million in energy efficiency projects in the US (799,692 square meters), garnering a project-level return on cost of 31% for the year (measurement period: Oct. 1, 2016 to Sept. 30, 2017).

In order to provide transparency to our investors, we reported on seven of our largest real estate funds through the Global Real Estate Sustainability Benchmark (GRESB), which provides an independent assessment of portfolios and funds using a peer-based approach and scoring based on several ESG metrics. In 2017, our seven funds (worth € 23.7 billion of AuM), achieved Green Star recognition through the GRESB assessment.

Infrastructure

Within infrastructure business, ESG is incorporated into the investment framework of the business. During due diligence, ESG considerations are incorporated into decisions made regarding a potential acquisition. During the holding period, Deutsche AM infrastructure monitors ESG attributes of the investments through quarterly reporting of key performance indicators, discussion at Board meetings, and integration of those issues into business plans.

The infrastructure business also places emphasis on reporting. We create an annual Sustainable and Responsible Investment (SRI) report for investors in our Pan-European Infrastructure Fund (PEIF) and Pan-European Infrastructure Fund II (PEIF II), which address issues such as health and safety in the fund's underlying investments.

The infrastructure business also manages a portfolio of € 407 million in renewable assets, both in debt and equity investments, including solar, wind and waste-to-energy.

Sustainable Investment Funds

Sustainable Investments (SI) operates investment initiatives within the Alternatives division that combines positive and stable financial returns with measurable economic, social and environmental outcomes ("triple bottom line"). Building on the UN's Sustainable Development Goals (SDGs), each fund positively contributes directly or indirectly.

In 2017, SI managed seven sustainable and impact funds with a combined volume of € 355 million.

Our extensive management 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 "triple bottom line" benefits, with financial returns alongside positive environmental and/or social outcomes.

Sustainable Investment funds and their contribution to the Sustainable Development Goals (SDGs)

Fund	Mission/Information
Africa Agriculture and Trade Investment Fund (AATIF)	Improve food security and end poverty (SDG1) through sustainable investment along the entire agricultural value chain in Africa.
SDGs	1, 2, 8, 9, 13, 14, 15
Clean Cooking Working Capital	Financing of clean cookstove companies in the developing world
SDGs	3, 7, 13
Essential Capital Consortium B.V.	Debt financing to health, energy, and financial service providers in low income communities in the developing world.
SDGs	4, 7, 10
European Energy Efficiency Fund (EEEF)	Energy efficiency and renewable energy in the public sector in Europe.
SDGs	11, 13
Microfinance funds	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high quality financial services
SDGs	1, 5, 8
Global Commercial Microfinance Consortium II	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high quality financial services
Microcredit Development Fund	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high quality financial services

We track and report on each SI investment funds based on the social and/or environmental performance of the investees. The indicators are sector-specific and monitored using fund-specific tools.

For our renewable energy, energy efficiency, and microfinance investment funds, we work with greenstem™ to monitor impact. At the same time, portfolio managers have visibility of the overall impact of the fund. In 2017, the European Energy Efficiency Fund (EEEF) made accumulated savings of 292,926 metric tons of CO2e and 203,252 MWh of primary energy (at Q3 2017).

For the first time in 2017, we published externally-verified impact results for the SI-advised African agriculture fund (Africa Agriculture and Trade Investment Fund). Progress along defined indicators (e.g. improvement in living and working conditions, investee company outreach to smallholder farmers) is tracked and summarized in the fund's annual report (www.aatif.lu).

Green Climate Fund

Deutsche Bank was the first commercial global financial institution to be accredited to act as an implementing entity for the Green Climate Fund. The Green Climate Fund was established by the UN climate accord to combat climate change and its effects. The accreditation of Deutsche Bank was initiated by the Sustainable Investments team, which is part of Deutsche AM. One of the first projects approved by the Green Climate Fund is to support setting up an investment fund targeting clean electrification projects in five African countries. The fund targets a size of US\$ 500 million out of which the Green Climate Fund has approved US\$ 80 million.

ESG and Sustainable Assets under Management

By the end of 2017, we reported € 20 billion of ESG AuM (2017: € 10.6 billion of ESG and sustainable AuM and € 9.4 billion of real estate investments in certified green-labeled buildings) and managed assets with a total volume of € 700 billion (as of Dec. 31, 2017).

We follow industry standards and guidelines in classifying ESG AuM. Through regional organizations such as European Sustainable Investment Forum (EuroSIF), US Forum for Sustainable and Responsible Investment (USSIF) and UK Sustainable Investment and Finance Association (UKSIF), investor reporting to the Global Sustainable Investment Association (GSIA) has become a global standard for categorizing ESG assets, and we follow its methodology.

While we are enhancing the level of ESG integration across our entire investment platform, the following table lists those assets that are managed under a dedicated ESG strategy.

ESG and sustainable assets under management

in € m.	Dec. 31, 2017	Dec. 31, 2016
Active management		
Retail and institutional funds, including screened, best-in-class, and themed funds for institutional clients ¹	9,637	7,515
Passive investments		
Exchange traded funds, products or mandates	559	76
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	355	2,327
Total	10,551	9,918

¹ Additional assets under administration with product initiators outside of Deutsche AM amount to € 1.65 billion, where either portfolio management or advisory on the product is provided by a third party

² The change in AuM for the SI business relates to a transfer of several funds as part of Deutsche Bank's sale of Oppenheim Asset Management Services (as of Dec. 2017).

ESG real estate investments

in € m.	Dec 31, 2017	Dec 31, 2016
Certified green-labeled buildings (Energy Star, LEED, BREEAM, etc.)	9,432	9,250

ESG Retail Funds

To ensure a consistent approach in classifying our retail funds as ESG, we established minimum ESG standards (MESGS) for all our Active ESG retail funds in 2017. The MESGS are built on the six pillars of ESG and apply market-common exclusions on controversial sectors, as well as violations of the UN Global Compact. They implement best-in-class methodologies, including the assessment of carbon risks.

Extract of our ESG product suite – with both active and passive retail products

Fund	Description of ESG approach / Information
DWS Stiftungsfonds	The fund invests flexibly largely in European bonds and equities under an responsible investment approach. The fund combines in its approach best-in-class ESG rating, exclusions, carbon rating, and norm compliance.
URL	https://www.dws.de/gemischte-fonds/de0005318406-dws-stiftungsfonds-ld/
Deutsche ESG European Equities	Fund management invests in shares of German and European companies by combining in its approach best-in-class ESG rating (environmental, social, governance), exclusions, carbon rating and norm compliance. This actively managed fund gives risk-aware investors the opportunity to participate in the development of the equity markets with a focus on Europe.
URL	https://funds.deutscheam.com/lu/Products/Funds/34840/Overview
Deutsche Invest I ESG Equity Income	Newly launched in 08/2017. Deutsche Invest I ESG Equity Income offers an equity investment with the opportunity for current income. Management invests globally in equities, primarily highly-capitalized companies by combining in its approach best-in-class ESG rating (environmental, social, governance), exclusions, carbon rating and norm compliance. Moreover, those stocks should offer at the same time attractive dividend yields that are higher than the market average and that can grow their dividend over time.
URL	https://funds.deutscheam.com/lu/Products/Funds/36347/Overview
Deutsche Invest I ESG Global Corporate Bonds	At least 80% of the sub-fund's assets shall be invested globally in interest-bearing debt securities denominated in euro or hedged against the euro that have an investment grade status at the time of the acquisition. The security selection process takes the ESG performance of a company beyond its financial success into consideration.
URL	https://funds.deutscheam.com/lu/Products/Funds/35689/Overview
db x-trackers II ESG EUR Corporate Bond UCITS ETF (DR)	The Bloomberg Barclays MSCI Euro Corporate Sustainable and SRI Index aims to reflect the performance of the following market: euro-denominated corporate bonds, investment grade bonds only, bonds with maturities of at least one year, minimum amount outstanding of € 300 million per bond, only bonds issued by companies with a MSCI ESG rating of BBB or above and a MSCI ESG Impact Monitor Score above 1 are included, bonds issued by companies involved in alcohol, tobacco, gambling, adult entertainment, genetically modified organisms (GMO), nuclear power, civilian firearms, military weapons (including mines, cluster bombs, chemical weapons) are excluded. Additional information on the Index and the general methodology behind the Bloomberg Barclays indices can be found on Barclays index website (www.index.barcap.com).
URL	https://etf.deutscheam.com/GBR/ENG/ETF/LU0484968812/-/ESG-EUR-Corporate-Bond-UCITS-ETF-(DR)

Digitization and Innovation

The Digital Revolution is transforming industries, including financial services. We are committed to being a leader in the digital ecosystem and view ourselves as a technology-led company. We use technology to transform our digital capabilities in business, IT, operations, and control functions. Digitization has a material impact on all of our businesses and thus all businesses need to include it in their risk assessments. We see digitization as a significant opportunity for our bank.

Governance and Management

Digitization within the bank is aligned to business needs, with ownership residing within the individual business or infrastructure units. Each of the bank's three divisions (Corporate & Investment Bank, Private & Commercial Bank, and Deutsche Asset Management) have dedicated digital leadership functions to drive digital initiatives and transformation within their business division, depending on their requirements.

The divisions are supported and augmented by shared digital and innovation capabilities. Our Innovation Labs are located in Berlin, London, New York, and Silicon Valley. They work in partnership with our businesses to identify solutions in the external ecosystem that enhance, improve, and reimagine the way we serve our clients. Data Science & Analytics operates across three hubs in Dublin, London, and Pune. These centers have delivered over 50 proof-of-concepts for several of our businesses using technologies such as our secure, distributed, high-performance data repository and a range of artificial intelligence techniques. The Digital Factory brings together agile, cross-functional teams to deliver digital banking products. We also have a number of external partnerships, including Axel Springer Plug & Play, The Floor, H-Farm, and a collaboration with the Massachusetts Institute of Technology (MIT) initiative on the Digital Economy.

Our Global Digital Forum is a Group-wide body that facilitates alignment and exchange on digital initiatives between the divisions. It is chaired by the bank's head of Data, Digital Strategy and Innovation. Other members include the digital leaders in each of the divisions. During 2017, we established the Digital Strategy team to ensure that the bank acts in a cohesive and coherent manner on digitization. The Digital Strategy team works closely with the Global Digital Forum members.

The digitization of Postbank is part of our wider program to integrate Deutsche Bank and Postbank. One of the implementation project's workstreams is developing an aligned digitization strategy for the new Private & Commercial Bank with synergies and innovation for both brands and their customers.

Banking in a Digital Ecosystem

We place great emphasis on the ability of technology to enable frictionless interactions with clients. For us, digital is enabling self-service for clients. Digital means delivering our capabilities via scalable platforms in the location and time chosen by the client. For this reason, we are actively building platforms to facilitate market interactions and deliver value for our customers in ways that make their lives easier.

There is a clear rationale behind our approach to digital:

- We have the scale, resources, industry knowledge and maturing digital abilities to turn disruption into opportunity.
- We invite fintechs to participate on our platforms to benefit customers and markets.
- We are evolving our organization to be ever more client-centric. Technology enables us to provide products and services that are brand new and unlike anything before.
- We need to be a driving force on platforms. The platform model allows us to make the most of our capabilities across divisions and create new financial services for our clients.
- Increasingly, we are harnessing our data to understand clients better, make more informed decisions and further strengthen our control functions.

Developments in 2017

Throughout 2017, we demonstrated significant progress in digitization across all of our divisions.

Corporate & Investment Bank

In our Corporate & Investment Bank, we took an unprecedented step by open-sourcing over 150,000 lines of code from our award-winning Autobahn platform for our investment banking clients. This step enables trading applications from different providers to use Autobahn as a shared foundation and work seamlessly with each Autobahn capability.

In addition to our open-source activities with Autobahn, we also made improvements to the Autobahn platform itself. In August 2017, we introduced Autobahn Click-to-Confirm, which allows an Autobahn client to manage FX, rates and credit trade confirmations online through a secure web-based portal. We also offer Cashflow Confirmation, which allows clients to manage derivative-related cash payments online.

We also deployed the Symphony Communication Services technology platform to the majority of Global Markets' staff and supporting infrastructure. It is a fully deployed encrypted cloud-based collaboration platform, including a mobile app and automated workflows bots, that enhances productivity and communication across the front office, and tech and operations teams. Symphony is owned and governed by a consortium of 20 buy- and sell-side institutions. We were a founding investor at the company launch in 2014.

In the Corporate & Investment Bank, we also established several programs focused on Robotic Process Automation (RPA) solutions in different product areas to reduce cost, enhance client service, and improve control over key processes.

We are involved in initiatives to build our distributed ledger technology (blockchain) market infrastructure in collaboration with other banks. We were one of the first banks to participate in the Utility Settlement Coin, a blockchain-based approach for clearing and settling financial transactions between banks, with reduced risk and faster execution.

In November 2017, our Global Transaction Bank launched its SWIFT gpi service. This new digital platform offers real-time tracking of payments and same-day use of funds for corporate clients. We view gpi as addressing the real needs of clients globally. Initial feedback has shown that many transactions between continents are rapidly processed end-to-end and with full tracking capabilities.

Our Global Transaction Bank also acquired a 12.5 % stake in the German trade finance start-up TrustBills. TrustBills is an online auction platform for buying and selling national and international trade receivables.

Private & Commercial Bank

Our continued investment in digital within retail and corporate banking is paying off. Of our Private & Commercial Bank's seven million customers, more than four million bank digitally. In January 2017, we launched digital account opening in Germany, meaning new customers can open an online account in seven minutes. This facility is available to German nationals with a registered address in Germany. On August 29, 2017, we reached our "mobile moment," the point where the majority of our customers log into their online account via a mobile device.

Through our developer portal, the bank contributes to the efficiency of the markets and allows programmers to test their ideas for digital services of the future. This collaborative approach will both help external parties and us to reduce time-to-market for new products and services for the benefit of our clients.

Our retail deposit marketplace, ZinsMarkt, has been live since May 2017 as an easy-to-use digital marketplace for fiduciary, fixed-term deposits for Private & Commercial Bank customers. Other partner banks are already offering their fixed-term deposits. ZinsMarkt was designed and developed using agile techniques, together with Deposit Solutions, a German fintech.

We also invested in digitalizing our branch network. During the last two years we equipped our advisors with around 10,000 iPads and developed several apps, the so-called Dashboard collection. This enables us to deliver advisory sessions in a state-of-the-art manner and allows us to capture digital signatures for contracts and requests, thereby reducing our paper usage.

At the end of 2017, Private & Commercial Bank launched its first artificial intelligence solution using natural language processing and built on IBM Watson technology. This allows our sales support staff to be more effective and quicker in responding to client requests and to focus more on how to create value for them.

In August 2017, Wealth Management rolled out Deutsche Wealth Online in Asia. This platform offers a full spectrum of services, allowing clients to receive portfolio information and investment-related publications and, additionally, to interact with their advisors to execute transactions. Wealth Management is further developing digital ecosystems, including the existing next-generation program (NextGen), which saw the launch of the DB NextGen App at the end of 2017.

We are also one of the leading banks in we.trade, a distributed ledger technology platform for trade finance. It allows small and medium-size enterprises using blockchain technology to manage, track, and secure domestic and international trade transactions. we.trade is a joint venture of nine banks in ten countries, and we are a shareholder.

The success of our digital solutions in the Private & Commercial Bank demonstrates the value of the Digital Factory, which we established in 2016. In this center, teams from across the business, technology, and compliance sit together and apply agile methodologies to accelerate development cycles. This has delivered multiple improvements to our retail banking mobile app quickly—essential for the fast-paced world we live in.

In 2017, Postbank focused on the digitization of its core business processes for its 13 million clients, for example in consumer finance, supporting its strategy “digital & persönlich” (digital & personal) and increasing digital efficiency. In addition, Postbank strengthened its sales channels with activities such as video identification for customer services, digital signature, and a new digital investment advisory offering.

The verimi initiative, in which we are founding members, provides cross-industry collaboration between leading German companies. This “master-key” allows customers to use a single sign-on to gain access to a range of services from collaborators and other participants. This is another example of how we deliver digital platforms to facilitate markets and make life easier for clients. Further information can be found at www.verimi.com.

Deutsche Asset Management

Deutsche Asset Management's digital vision is to create a real-time, digital, plug-and-play environment for clients and partners. A broad range of digital initiatives are under way to drive change across the value chain—including new client acquisition, customization of investment advice, research and portfolio management, middle and back office processes, distribution, and client engagement.

In July 2017, Deutsche Asset Management added our first partner to its White-label Investing Software Engine (WISE) platform: – an investment robo-advisory service offering a discretionary portfolio management solution. This allows both our customers and other market participants to access the combined knowledge and research of over 600 fund managers and analysts. As a paperless system, this digital offering not only saves the consumption of and logistics associated with paper, it also has the potential to make CO2-intensive processing steps unnecessary (e.g. face-to-face visits at the client's home or the client driving to the post office for identification).

Our people are critical for our digital journey. Our Deutsche Asset Management digital club movement, a design thinking journey, has enabled us to develop innovative and sustainable solutions within a short timeframe and to raise the digital literacy of our employees.

It is clear that this new standard for client convenience and self-service needs to be provided with the level of security our clients expect from us. The bank's activities to that respect are outlined in the Information Security section of this report.

Conduct and Risk

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Culture and Conduct

Culture is at the heart of how we operate. It guides our behaviors, conduct, and decision-making, as well as how we interact with one another, our clients, and society at large.

Definition and Goals

At Deutsche Bank, we are guided by our values of Integrity, Sustainable Performance, Client Centricity, Innovation, Discipline and Partnership which are enshrined in our Code of Business Ethics and Conduct. The code sets out the standards of conduct to which all of us are expected to adhere to.

Furthermore, the Management Board has identified four desired cultural outcomes:

- Active & visible leadership: aligning tone from the top with leadership action
- Empowering & effective managers: empowering managers to encourage personal development while achieving team goals
- Inspired & productive people: fostering people practices and processes that lead to an engaged and diverse organization
- Responsible & sustainable business practices: selectively growing our business with effective controls and risk limits

All culture-related activity across the Group contribute to these outcomes and Postbank will further align in 2018.

Achieving these outcomes is critical to realizing our strategic objectives to become simpler and more efficient, less risky, better capitalized, and better run with more disciplined execution. Continued emphasis on embedding our desired culture and driving appropriate conduct remains a key priority for all stakeholders, including senior management, employees, clients, shareholders, and regulators.

While we are aware that culture is difficult to measure, to maintain momentum, we are in the process of developing a dashboard of metrics from various sources across the bank to indicate progress against central standards. These metrics will cover qualitative data, such as results of the People Survey, as well as more quantitative measures currently tracked and governed as part of human resources (HR), risk, communications and compliance processes.

Governance

While achieving cultural outcomes is the responsibility of all employees, the Group Chief Executive Officer (CEO), has overall responsibility.

Each Management Board member is accountable in his or her division or function, with the Executive Committees (ExCo) responsible for developing and implementing culture-related initiatives. To ensure accountability and appropriate senior management focus, culture related initiatives planned by each division or function are owned at the ExCo level.

The Culture Integrity & Conduct (CIC) working group, chaired by the CEO and comprising Management Board nominated representatives from each division and function, serves as a central coordination and alignment function, ensuring culture activities pursued in each area align with our global vision for culture. The CIC meets at least six times a year and focuses on culture activities that reinforce desirable behaviors and that discourage undesirable ones. The group also has the remit of sharing best practices and challenging culture-related plans and ideas presented at the forum.

In addition to the CIC, the Conduct & Integrity (C&I) Council provides oversight, leadership, and Group-wide coordination of conduct and integrity-related initiatives, including regular updates to the CIC.

Actions

Active & Visible Leadership

Embedding our cultural values requires senior leaders to serve as role models and advocate the importance of culture and conduct.

Tone from the Top

Management Board members and their direct reports have featured in a series of videos, aligned to their focus areas, which have been shared internally to all staff via the intranet. These videos, coupled with e-mail communications to employees, reinforce key aspects of the bank's cultural outcomes and set the example of open and honest communication for the organization to follow. Examples of video series include:

- “Tower talks” with the CEO, Chief Administration Officer (CAO), and Chief Financial Officer (CFO)
- Interviews of the Chief Regulatory Officer and the Global Head of AFC underscore the importance of employees to be the “greatest advocates to combat financial crime”.

Senior Ownership of Culture Topics

To sustain the tone from the top and complement it with leadership action, accountability for driving culture efforts in each division and infrastructure function is with the respective ExCos. This ensures that actions undertaken in each area are aligned with the business goals of the underlying division or function and address the prevailing cultural issues.

Empowering & Effective Managers

Increasing manager accountability and building trust between managers and their teams helps to build a more engaged and better performing organization, and promotes a working environment where open and honest communication is encouraged.

Leadership and Management Programs

We continue to invest in a broad suite of leadership development programs, targeting different levels of role responsibility. The programs focus on sharing our expectations of leaders and developing their skills to engage and motivate our people. Programs offered in 2017 included:

- “Leadership fundamentals” for managers who are leading diverse teams and have a significant role to play in implementing the bank's strategy
- “Management fundamentals” and “Experienced manager essentials” for new managers and existing managers respectively, which lay out the bank's expectations of managers and help them to develop skills to engage with teams, such as providing regular feedback, conducting development conversations, and learning how to lead teams
- “Acceleration programs” for high-performing Vice Presidents and Directors, which provide training, coaching, and cross-divisional exposure to strengthen management and leadership capability and create a pool of future franchise leaders
- “Change management training” to enhance change management capabilities for different levels of seniority, with areas of focus including understanding change, becoming change agile, and helping others

Total Performance

We have launched Total Performance (TP) to manage performance and career development at the bank. TP is an integrated approach, based on regular, meaningful two-way dialogue. In contrast to a single rating, TP indicators reflect employee experience, their contribution to business delivery and behavior (what and how), capabilities, and career and personal development. Regular meaningful conversations prompt discussions around poor performance (incl. misconduct) and ensure that action plans to address the issues are not neglected but implemented and reviewed regularly and development is supported and monitored.

Last year's People Survey results reveal the impact of these efforts, with 68% of employees indicating that managers provide clear and regular feedback on strengths and areas for development (2016: + 6%-points). Employees also believe that they have a better understanding of how they contribute to implementing our strategy (2016: + 16% to 77%).

Inspired & Productive People

Encouraging positive conduct, sharing successes, and developing bank-wide processes to enable employees to perform better are key facilitators of the culture that we aspire to.

Consequence Management

The bank maintains a strong link between the expected behavior of its employees and the consequences of not meeting expectations. Consequences can include disciplinary sanctions for issues that arise from policy breaches or behavior below expected standards. There are guidelines how disciplinary sanctions should impact other HR-related processes such as compensation awards, promotions, performance management and key function holder appointments. Another example of potential consequences is a Red Flag. The Red Flags process monitors employee's adherence to certain risk-related policies and processes. A breach leads to an appropriately risk-weighted Red Flag, which is considered in compensation, promotion, and performance management decisions.

Increasing Employee Engagement

Our #PositiveImpact campaign aims to create staff momentum around a common purpose and rebuild credibility and trust. This starts with creating a new dialog with stakeholders and repositioning our brand "to enable economic growth and societal progress," and "to be a bank that creates a positive impact for clients, employees, investors, and society."

Our employee barometer survey, a global survey on internal communications and the Deutsche Bank brand, showed that approximately three out of four agreed with the new purpose and almost 74,000 employees had engaged with the #PositiveImpact intranet hub six months after the campaign launched. Based on the db-employee barometer survey, positive employee perception of the bank's brand increased to 47% in Q4 2017, compared to 37% in Q1 2017.

Responsible & Sustainable Business Practices

Developing a "controls mindset" and managing risk proactively as we grow our business, is critical to achieving our strategic objectives, particularly of becoming less risky.

Conduct Risk Framework

We manage and mitigate our conduct risk as part of our enterprise-wide risk management framework that is designed to deliver appropriate outcomes for our stakeholders. It is about treating customers fairly and acting with integrity in the financial markets where we operate. Our Group-wide Conduct Risk Management Framework has been designed to provide the bank's senior management with a holistic view of conduct risk. Conduct risk is defined as "the risk that the firm's employees or representatives or the firm's business practices could inappropriately and adversely affect the bank's clients, the bank, or the integrity of financial markets." Our Code of Business Conduct and Ethics, together with other policies and procedures, set out the required standards of professional conduct expected from all employees. We will not tolerate misconduct or inappropriate or unethical conduct but, given the nature of our business and the markets in which we operate, we recognize that conduct risk will always exist. Businesses must have adequate and effective controls in place and mitigants to conduct activities in line with conduct risk appetite.

Risk Awareness and Ownership

Our desired culture includes fostering an environment where all employees are empowered and encouraged to act as risk managers. This expectation continues to be reinforced through communications campaigns and mandatory training for all employees. Our Risk Management Principles policy provides employees with an overview of our approach to risk management, and, in 2017, we also created a number of 'I'm a risk manager' videos, providing tangible examples of how employees in different roles across the bank contribute to effective risk management.

In 2017, we also introduced a principles-based assessment of risk culture, in particular focusing on risk awareness, risk ownership, and the management of risk within risk appetite. Assessment results are incorporated into existing risk reporting, reinforcing the message that risk culture is an integral part of effective day-to-day risk management.

Tackling Financial Crime

We are committed to supporting the development of effective regulations and procedures, as well as internal standards, to combat financial crime. This is further described in the chapter "Anti-Financial Crime."

Our employee survey indicated that 83% (an increase of 17% compared to 2016) of employees felt that they are able to manage risks effectively without compromising the bank's principles, policies and procedures.

Public Policy and Regulation

In 2017, we took further steps to strengthen how we respond to regulatory change and leverage synergies within the bank. This included merging our Regulatory Affairs, Group Structuring, and the Government & Public Affairs unit, which now work in close cooperation, reporting to the Global Head of Government & Public Affairs and Group Structuring and, ultimately, to the Group Chief Regulatory Officer. Through these units, we identify relevant political and regulatory developments at an early stage and coordinate Group policy positions accordingly. Our vision is to "ensure preparedness for critical regulatory change and simplify the Group, supporting Deutsche Bank's strategy." Our aim is to ensure both compliance with relevant political and regulatory requirements (inbound) as well as to include industry-relevant topics in public discussions (outbound). Our Government & Public Affairs offices in Berlin, Brussels, and Washington, D.C. manage our relationships with key policy makers and provide them with information and data to further inform the policy-making, while setting out the bank's business strategy and its determinants. In addition, we liaise with our Chief Regulatory Office (CRegO) colleagues in the Beijing office to cover China.

We define a set of key topics that will inform our focus in the following twelve months. In 2017, these related to the German G20 presidency, the digitization of banking and society, the renewal of the Euro zone, Brexit, and the green / sustainable finance agenda. On each issue, we convened and participated in seminars, public panels, and individual conversations with policy-makers.

The risk of changing rules and regulations is inherent to our daily business. To address this adequately, we have developed a holistic framework to identify and implement new or changed regulations using a systematic approach that prioritizes significant regulatory risks to Deutsche Bank and allocates clear accountability for the identification, impact assessment and implementation of regulatory changes.

The framework governs how we manage regulatory change risk and helps to build our profile in regulatory policy debates, so that we engage constructively with regulatory stakeholders. It also ensures informed 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 contribute to the policy-making process, we provide political and regulatory stakeholders with information and data that set out our business strategy and determinants.

We set clear rules and procedures for interactions between our employees and external political and regulatory stakeholders. All staff must adhere to our global "Gifts, Entertainment and Business Events Policy," which regulates the conduct and recording of any gifts and event participations offered by or accepted by Deutsche Bank representatives. For interactions with EU institutions, our policy "Pre-Clearance of All Communications with EU Institutions to Discuss Policy Issues" is mandatory, ensuring a consistent communication at EU level and that all contacts to EU officials are centrally cleared. In the US we act in line with our internal policy regarding "Political Contributions in the US and US Lobbying Activities."

We are signatory to the EU Transparency Register, which requires us to disclose certain financial information and comply with a code of conduct. In the US, we are registered with the Office of the Clerk of the Senate and the office of the Clerk of the House of Representatives and file a quarterly disclosure on all legislative issues with the Office of the Clerk of the House of Representatives.

Anti-Financial Crime

As a responsible bank, we view how we conduct our business as at least as important as our financial performance. We have a long history of supporting regulations and procedures at international level to combat financial crime, and we consider this as vital to ensuring the stability of banks and the integrity of the international financial system as a whole. This helps to protect the bank from being misused for committing criminal offences. Besides that, ignoring financial crime provisions potentially exposes us to corporate criminal and/or regulatory liability, civil lawsuits, and a loss of reputation.

Anti-Financial Crime (AFC) policies are at least reviewed annually to ensure that new regulation is properly reflected in the policies.

Ultimate responsibility for AFC lies with our Management Board, while our AFC division is tasked with the day-to-day prevention of money laundering and terrorism financing, adhering to sanctions' and embargoes for regimes, and preventing fraud, bribery, and corruption or any other criminal activity. A key objective in 2017 was to strengthen the AFC division therefore, the department increased the number of staff by 60% during the year (excl. Postbank).

The AFC organization is subdivided into Regional, Global, and Central Functions. Their main responsibility is described as follows:

- Regional Functions take responsibility for the regions Deutsche Bank is operating in (Germany, Americas, UK and Ireland, Asia Pacific [APAC], and Europe, Middle East, and Africa [EMEA]).
- Global Functions manage Anti-Money Laundering (AML) / terrorism financing, sanctions & embargoes and anti-fraud, bribery and corruption.
- Central Functions manage topics like risk & controls, investigations, as well as regulatory governance & enforcement

Without prejudice to the Management Board's oversight duty and the delegation of the above-mentioned tasks to the AFC organization, ultimate accountability for the appropriate structuring and execution of transactions / business activities and their corresponding processes lies with the line managers and employees in the respective business divisions.

Every employee must carefully familiarize themselves and keep up to date with applicable policies and regulations to comply with them.

Employee Training and Engagement

We deliver training to help employees understand regulation, compliance, and AFC. There are a range of courses available depending on audience type (this section does apply to the AFC organization, excl. Postbank).

Graduates

- Graduate induction week for new joiners in AFC or Compliance departments
- Dedicated training sessions for graduates in all divisions highlighting the importance of managing AFC and conduct risk

AFC/Compliance Employees

- "First 100 days" induction process
- Various technical development programs on topics such as - "How to conduct an internal investigation"

Bank Employees

There is a Group-wide AFC curriculum on courses covering AML, fraud awareness, anti-bribery and corruption and sanctions. Uptake of these courses is very high, with very low overdue ratios for late or non-completion.

AFC Risk & Control

The Global AFC Risk & Controls Team, together with other AFC functions and business divisions or infrastructure functions, assesses and identifies risks of money laundering and terrorism financing, sanctions and embargoes, fraud, bribery and corruption, resulting from our products, services, and client activities. In order to meet these targets, clients, products, and transactions are assessed annually through the Global AFC risk assessment as well as quarterly via Top Risk reporting, which is a Group-wide process and part of our non-financial risk framework. Assessments are continuously enhanced and reviewed to adjust them to the new regulatory requirements.

The Global AFC Risk & Controls Team sets the framework and provides the technical platform for assessments that are conducted on country or legal entity levels.

The key objectives of the risk assessment are to better understand the risks inherent in our products and services, client activities, and the geographic locations we operate in.

Know Your Client, KYC

The bank's Know Your Client (KYC) Policy sets the rules that govern our Group-wide approach to KYC. In conducting KYC, we seek to comply with all relevant national and international laws and regulations. In 2017, the bank implemented a new KYC program that applies to every country we operate in, paying special attention to high-risk clients (such as politically exposed persons [PEP]), promoting greater business accountability, providing clearer guidance and application, as well as embedding and raising awareness of the bank's risk appetite thresholds. Postbank is applying a KYC framework adjusted to the Postbank business model.

Clients are assessed as part of due diligence and are regularly screened against internal and external criteria. In 2017, we continued to roll out an extended screening program, which serves as the basis for further enhancement with regards to screening effectiveness and efficiency.

As a consequence of due diligence, a client relationship may be declined or subject to monitoring or conditions imposed on accounts, transactions, or product usage. In cases of suspicious activity, regulatory and government bodies are informed according to existing legal and regulatory requirements.

KYC is an ongoing process throughout the lifecycle of the client relationship. As such, we must know not only the client but also the anticipated nature of the client relationship.

The New Client Adoption process deals with the on-boarding of potential clients. No funds or assets may be accepted or transacted, nor any legal commitment entered into (incl. the operation of an account, sale of a product, or rendering of a service), prior to fully completed adoption of the client.

In order to periodically assess client relationships, the business must ensure that regular reviews of all existing clients are initiated and duly performed. Review cycles depend on the risk category of a client relationship. In general, high-risk clients must be reviewed annually, medium-risk clients every two years, and low-risk clients every five years.

Assessing and understanding client-related money laundering and terrorist financing risks is a critical component of our AFC Risk Management framework, which helps us to mitigate and manage risk in line with our financial crime risk appetite.

The primary objective of risk segmenting our client base is to conduct appropriate due diligence and to ensure a comprehensive client profile is in place to enable the comparison of the results of ongoing monitoring and identify any discrepancies.

Our risk rating methodology considers the following aspects of each client relationship to determine a Client Risk Rating: country risk, industry risk, product risk, and entity-type risk. Irrespective of the risk type, if the client is a PEP or an ultimate beneficial owner of the client is a PEP, they will always be classified as high risk.

Anti-Money Laundering and Terrorism Financing

Within our AFC function, the AML unit is responsible for instituting measures to prevent money laundering and combat the financing of terrorism, including measures to

- comply with rules and regulations regarding identification (authentication), recording, and archiving;
- detect suspicious transactions and process suspicious activity alerts; and
- develop, update, and execute internal policies, procedures, and controls.

Irrespective of the value or amount, if there is a reasonable suspicion that funds have been derived from illegal origins or may be used in the context of terrorism financing, the transaction must be declined.

The AML unit is designed to comply with German rules as a minimum, as well as local laws and regulations in all countries the bank operates in. It includes policies, procedures, a designated Money Laundering Officer, independent controls, and regular employee training. The percentage of overdue AML trainings is 0.08% (excl. Postbank).

We are part of the Wolfsberg Group of Banks and have adopted the Wolfsberg Anti-Money Laundering Principles, as well as signing the Wolfsberg Statement on the Suppression of the Financing of Terrorism.

Despite our efforts to prevent money laundering there have been instances in which the bank agreed to pay civil monetary penalties to settle investigations into the bank's AML control function as further described in our Annual Report 2017, Notes to the Consolidated Balance Sheet, Note 29 – Provisions – Current Individual Proceedings – Russia/UK Equities Trading Investigation.

Respecting Sanctions and Embargoes

National authorities and supranational organizations (such as UN and EU) impose restrictive measures against countries, organizations, groups, entities, and individuals that infringe internationally accepted behaviors and norms, especially where these relate to weapons proliferation, terrorism, or the support of terrorist organizations, human rights violations, or corruption and bribery. Such measures are more commonly known as embargoes or sanctions.

Deutsche Bank has a responsibility to monitor, 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.

Our Group-wide Embargo Policy, Special Risk Country Policy, and a specific Office of Foreign Assets Control Policy help us to assess and reduce client risk as part of our on-boarding processes and periodically thereafter. It also helps us to manage risks related to particular transactions, countries, and goods.

In the wake of the implementation of the Joint Comprehensive Plan of Action entered into by world powers and Iran at the start of 2016, we have very cautiously relaxed our otherwise stringent policy towards Iran and, in 2017, we continued to execute legal payments in euros on behalf of our long-standing clients, subject to enhanced due diligence.

Please note that the bank has entered into agreements with certain U.S. regulatory and law enforcement agencies to resolve investigations concerning U.S. Embargoes-Related Matters as further outlined in our Annual Report 2017, Notes to the Consolidated Balance Sheet, Note 29 – Provisions – Current Individual Proceedings – U.S. Embargoes-Related Matters.

Fraud Prevention

Fraudulent incidents may give rise to material financial loss for either Deutsche Bank or its clients. They may also negatively impact the bank's reputation or trigger regulatory and legal action. Anti-fraud prevention and investigation is therefore important to mitigate exposure to these incidents for the bank and its clients.

Our Group-wide Anti-Fraud policy applies to all employees, laying out how to immediately escalate any known or suspected fraudulent incident, for example, via the 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. All individuals engaged for or on behalf of Deutsche Bank are called upon to report any concerns or suspicions regarding possible violations of laws, rules or regulations, or possible violations of internal Deutsche Bank policies, standards, or procedures, including Deutsche Bank's Values & Beliefs. In 2017, the AFC organization (excl. Postbank) recorded 159 whistleblowing cases. Any reports received are reviewed to establish their nature, content, and urgency, and if necessary an internal investigation is started on the incident.

In relevant business divisions Mandatory Time Away (MTA) is an important anti-fraud control for the prevention and detection of unauthorized or inappropriate activity by staff in sensitive positions.

By enforcing MTA, employees must be deterred and prevented from undertaking any unauthorized or inappropriate scheme or activity that might require continuous on-site presence and/or system access.

Combating Bribery and Corruption

Bribery and corruption risks can arise in our daily operations. Bribery means improperly offering, promising, giving, authorizing, soliciting, agreeing to receive or accepting anything of value to or from another person or entity. Corruption means any activity that involves the abuse of position or power for an improper personal or business advantage, whether in the public or private sector.

Deutsche Bank takes a zero-tolerance approach to bribery and corruption, in line with its Code of Business Conduct and Ethics, values and beliefs, and international law, including the UK Bribery Act 2010, the US Foreign Corrupt Practices Act 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 law and regulations, as well as best practice standards, our Anti-Fraud, Bribery and Corruption (AFBC) unit is responsible for:

- monitoring and advising on compliance related to bribery and corruption laws, regulations, and international standards;
- the ongoing design and development of appropriate measures to mitigate bribery and corruption risk; and
- administering controls and safeguards to mitigate bribery and corruption risk.

The ABC Policy sets out the minimum standards of behavior expected by all employees and third parties associated with Deutsche Bank (incl. partners, suppliers, service providers, and third parties, to the extent they perform services for the Group, subject to contractual agreements).

Staff reliability checks are conducted for all new hires. An updated reliability check process for existing employees was rolled out during 2017.

Every employee is responsible for the prevention, detection, and reporting of bribery and other forms of corruption in connection with our business. Bribery and corruption have serious consequences for employees and the bank. An employee who gives, receives or agrees to give or receive a bribe violates the ABC Policy, the Code of Business Conduct and Ethics and is committing a criminal and/or regulatory offence potentially exposing us to corporate criminal and/or regulatory liability and civil lawsuits locally and globally. The employee may also be subjected to civil or criminal fines and penalties and/or imprisonment. Senior management can be prosecuted and may be personally liable if they become aware that an act of bribery has taken place, or will take place, and do not take appropriate action to prevent it. Equally, we may terminate relationships with any third party found to be in breach of the principles and rules set out in the ABC 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.

Preventing Other Criminal Activities

As well as tackling fraud, bribery, and corruption offenses, the Global Head of AFC is responsible for ensuring that measures to prevent other criminal activities—derived from the German Penal Code—which could endanger institutional assets (see section 25 of the German Banking Act), are fit for purpose. Examples include damage to property, robbery, cybercrimes, and antitrust offences.

A dedicated Central Unit Coordination Team is in place to manage this and it is overseen by Group and Regional Financial Crime Governance Committees, chaired by the Global and Regional Heads of AFC respectively. Within Postbank, a Central Unit is implemented to oversee the prevention of other criminal activities.

Environmental and Social Issues

As a global bank, we work with clients across all sectors, including those where activities may pose a risk of negative environmental or social (ES) impact. As part of our corporate responsibility, we have established structures and processes that help us to understand and evaluate these impacts, and integrate ES considerations into our decision-making. Failing to do this may create reputational and financial risk; therefore, rigorously evaluating ES risk is an integral part of our wider [risk management](#).

Governance

We manage ES issues in accordance with the guiding principles of our broader sustainability approach. One such principle is to consider internationally acknowledged and recognized standards, and, to this end, we draw upon the following global frameworks (among others):

- 10 principles of the United Nations Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises

ES risk management falls under our Reputational Risk Framework which provides consistent standards for identifying, assessing, and managing reputational risk issues.

Sectors in Our Focus

Following a risk-based approach, we have defined sectors with high potential for ES risk. These include:

- Chemicals
- Energy utilities
- Infrastructure projects in certain countries
- Metals and mining
- Monocultures in agriculture and forestry
- Oil and gas
- Other activities with either high carbon intensity and / or potential for human rights infringements

Internal provisions embedded in our Reputational Risk Guidelines specify our approach to managing potential ES risks associated with these sectors. They define responsibilities, processes, and requirements for due diligence, as well as criteria for mandatory referral to our sustainability team. For sectors requiring mandatory involvement of our sustainability team, we provide detailed sector guidelines with further guidance on the scope of due diligence, as well as outlining good industry practice and principles.

These internal provisions and sectoral guidelines constitute our [ES Policy Framework](#), a summary of which is available on our [website](#).

Following our Group-wide ES management approach, Postbank has its own provisions for [managing ES risks](#). Due to different business models, especially when there are no investment banking activities, a different ES management approach is appropriate.

Issue Escalation

All ES issues deemed to pose, as a minimum, a moderate reputational risk are initially assessed within the respective business division through a Unit Reputational Risk Assessment Process. If a matter is deemed to pose 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. These are sub-committees of the Group Reputational Risk Committee (GRRC), which reports into the Group Risk Committee, a sub-committee of the Management Board.

The GRRC receives quarterly updates on ES issues. In 2017, these related to climate change, human rights (incl. indigenous people), nuclear power, and deforestation.

Matters assessed through the Reputational Risk Framework

in €	Dec. 31, 2017	Dec. 31, 2016
Number of transactions (on which final decisions have been made) reviewed		
To Unit Reputational Risk Assessment Processes only	83	83
Thereof with ES issues ¹	5	4
To Regional Reputational Risk Committees	76	59
Thereof with ES issues ¹	2	2
To Group Reputational Risk Committee or above	3	6
Thereof with ES issues ¹	1	1
Total	162	148
Thereof with environmental and social issues	8	7

¹ ES issues where the reputational risk is deemed to be moderate or above.

ES Targets and Measures

In line with our guiding sustainability principles, we set the following goals:

Strengthen ES governance, by

- regularly reviewing and validating our ES risk management approach, including respective policies and processes; and
- continually increasing awareness of ES issues across the bank and how they should be identified and addressed;

As well as within the business lines,

- Support the transition to the low-carbon economy; and
- Build client dialogue and transparency on ES topics.

Strengthen ES-Governance

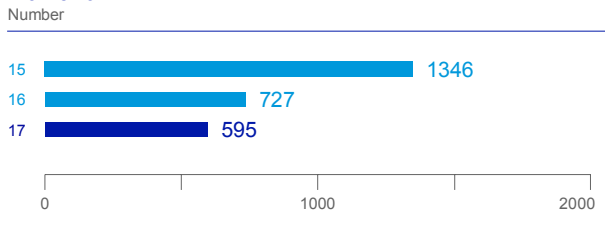
We continually review and validate our ES risk management processes. Having revised our referral criteria to focus referrals to our sustainability team on transactions with high ES impact, in 2017 we further refined these criteria and conducted employee training.

Our goal is to increase awareness of ES matters across business lines, and gradually enable our business teams to better assess the ES risks so they can identify and refer transactions with an enhanced risk profile to the sustainability team.

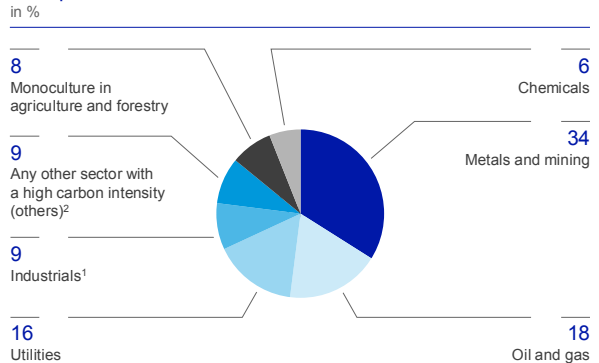
In 2017, we continued our training on this, and applications of the ES Policy Framework. This involved around 50 sessions for approximately 900 Corporate Finance employees, with topics such as human rights (incl. the UK Modern Slavery Act), protection of World Heritage Sites, and climate protection.

Together, these measures contributed to a decline in sustainability team referrals (from 727 in 2016 to 595 in 2017).

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.

In 2018, we will continue training and briefings within 'town hall meetings' and meetings on ES risks.

Low-Carbon Economy

As a global financial institution, we recognize our opportunity and responsibility to combat climate change by facilitating the transition to a low-carbon economy. Our goal is to ensure we have governance structures in place to support this.

In 2017, we acted on our 2016 commitment that neither the bank, nor our subsidiaries, will grant financing for new greenfield thermal coal mining or new coal-fired power plant construction. Moreover, we have committed to gradually reduce our exposure to the thermal mining sector. We have already exceeded our target (20 % reduction by 2020), and we continue to review our portfolio in this area.

During the reporting year, we enhanced our coal policy by clarifying that we will not finance new greenfield coal-related infrastructure. Furthermore, we are revising our due diligence processes for the oil and gas sector. Guidelines for this sector are expected to be finalized in the first half of 2018.

Client Dialog

We observe, ES issues becoming more and more important to our clients, so we use our expertise and resources to help them achieve their sustainability objectives. In 2017, we also intensified our client engagement in this area and we plan to develop a policy framework to support this. In doing so, we deepen our relationships and create business opportunities.

Human Rights

In line with our guiding sustainability principles, we deem the respect of human rights as important to our corporate responsibility. Addressing this robustly in our client transactions, as well as with our employees and vendors, demands that we look to international frameworks and principles of best practice.

Our Human Rights Statement and our ES Policy Framework, endorsed by a sub-committee of the Management Board, explain how we translate these voluntary guidelines into day-to-day practice.

Targets and Measures

We have set the following targets in 2017, which we will continue to follow in 2018:

- Improving our approach to combat modern slavery and human trafficking (aligning to the UK Modern Slavery Act)
- Respecting human rights across our client transactions and in interactions with our employees and vendors
- Periodically reviewing our internal policies and processes to deliver on our commitment to human rights.

Modern Slavery and Human Trafficking

In 2016, we set up a working group to analyze the implications of the UK Modern Slavery Act and review the bank's approach to combating this issue.

In 2017 based on the work of the group, we published a Slavery and Human Trafficking Statement, aligned to the UK Modern Slavery Act and signed by the representatives of the Management Board.

Furthermore, in dialogue with internal and external stakeholders, we agreed the following measures:

- Include modern slavery and human trafficking messaging in our:
 - whistleblowing policy,
 - handbooks for new employees, and
 - Master Services Agreements with vendors.
- Update our complaints management standards with information on human rights
- Integrate specific ES criteria including modern slavery and human trafficking into a new vendor certification process that will be implemented in 2018
- Update of our sustainability principles and Code of Business Conduct and Ethics

The working group will continue its work in 2018.

Client Transactions

To prevent serious negative human rights impacts through our business activities, we continued to review client transactions in critical sectors through our ES risk management approach. In a single transaction, a combination of factors may lead to human rights risks, and a combination of issues, including environmental risks, can lead to a referral to our sustainability team. Therefore, we do not separately disclose the number of transactions reviewed from the perspective of a human rights risk. Those referrals are part of our wider ES risk due diligence and, in 2017, we examined 595 clients and transactions on this basis.

Vendor Certification

Our aim is to ensure that the vendors we use are not involved in human rights infringements, and that they have procedures in place to respect human rights. We are currently implementing a new vendor certification process that will include specific human rights aspects.

For both new and existing vendors, we aim to conduct an in-depth analysis around the extent to which they may have a negative impact on human rights. In 2017, we analyzed 123 existing vendors, applying the same criteria as those that we will roll out with the new certification process in 2018. For vendors that were in scope (their business purpose or the countries they operate in were considered critical for human rights issues), we found that all had good policies and processes in place. The review process will continue in 2018, with approximately 300 existing vendors in scope yet to be analyzed.

Monitoring Progress

Human rights is a highly complex subject and requires us to continually broaden our knowledge and review our due diligence processes. We aim to increase awareness across the bank, and, in 2017, we trained 900 employees on human rights issues as part of our ES risk training. In 2018, we plan to develop a general human rights course for all employees, as well as a bespoke training for employees in procurement teams.

Remaining abreast of the latest insights and developments demands that we proactively and regularly scrutinize our policies and procedures, with input from our stakeholders.

In 2017, we invited non-governmental organizations (NGOs) to comment on our ES Policy Framework, including our approach to human rights. These insights will inform the 2018 update of the framework.

We remain actively involved in the discussions on the formal interpretation of the UN Guiding Principles on Business and Human Rights (UNGPs) for the financial sector. We do this primarily via our interaction in the Thun Group, which dedicated its 2017 annual meeting to an open and constructive dialogue on human rights. Participants ranged from representatives of the UN working group on Business and Human Rights, the Office of the United Nations High Commissioner for Human Rights (OHCHR), and the Organization for Economic Co-operation and Development (OECD); to banks, government representatives, civil society, law and consulting firms. A key topic was the Thun Group's 2017 discussion paper on the implications of UNGP 13 and 17 in a corporate and investment banking context.

Navigating existing conceptual and legal issues around implementation of the UNGPs, as well as the different approaches, remains an ongoing challenge. The debates revealed the need for clarification on definitions and implications of the principles "cause, contribute and direct linkage" and what this means in an investment and corporate banking context and beyond. We will continue to contribute to this debate.

Climate Risk

We proactively support the transition to a low-carbon economy and have committed ourselves – inter alia – to the Paris Pledge for Action. We emphasize our commitment by promoting green bonds markets and playing a leading role as one of the top European private-sector project financiers of clean energy.

We also assess the potential for climate-related risks to our business. Potential impacts are wide-ranging and include non-financial risks to our offices, staff, and processes in locations that may be affected by physical climate-related risks (e.g. extreme weather events), as well as credit and market risks of exposures to counterparties and assets that could be impacted by transition risks.

We are further developing internal policies and governance to mitigate climate risks. For instance, we have revised our approach to financing the carbon-intensive coal sector, and we seek to gradually reduce our existing exposure, while avoiding financing for new coal expansion. We continue to develop our approach to risk assessment (incl. scenario analysis), management and disclosure of climate risks, and we participate in a number of industry working groups to discuss next steps towards implementation of recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD).

Climate-Related Physical Risks

Physical risks resulting from climate change can be event-driven (acute) or result from longer-term (chronic) shifts in climate patterns. The management of our physical risks incorporates both risk assessment and controls at our offices, by our staff, and in our processes, which is part of our wider approach to business continuity and crisis management, as well as our credit and market risk assessment and controls relating to financial exposures to affected counterparties and assets.

Non-Financial Risk Management

Our Non-Financial Risk Management (NFRM) division comprises an in-house intelligence team, which measures and tracks country and city-specific risks including meteorological, climatological, hydrological, and geophysical risk to our assets and operations. Indirect risks driven by climate change are also assessed. Illustrative key risk indicators are shown below:

- Climate change scenarios indicate rising risk of natural hazards (drought, flooding)
- Climatic conditions generally increase the likelihood of an epidemic
- Location is exposed to (tropical) cyclones
- History of flooding events at our locations or key vendor infrastructure
- History of structural damage to buildings and infrastructure from storms
- Plausible natural disasters cause critical infrastructure outages (airports, airspace, roads, electricity)
- Power supply fails for more than one day, for example, as a result of extreme weather
- Water scarcity is a current or future risk
- Large populations and/or critical infrastructure are near risk areas of flooding or wildfire
- National organizational and financial resources to respond to a natural disaster are limited

Quantitative analysis and assessment of environmental and climate-related risks, trends, and patterns is supplemented by qualitative reporting and geospatial intelligence. The latter focuses on providing risk-type control functions and risk owners with internal and external geospatial data sets that map climate change and potential environmental impacts in relation to the bank's assets and operations.

These risk assessments inform strategic location planning and scenario design for testing and exercising crisis management, notably:

- Country or city-wide outage
- Loss of primary office facility
- Loss of business application
- Significant staff unavailability
- Loss of vendor (supply chain)

Country or city-wide outage exercises focus predominantly on improving resilience and reducing operational concentration risks. Off-shore centers and/or cities supporting critical functions are assessed, and NFRM findings and recommendations are shared with business lines. In 2017, we conducted outage risk reviews in London, New York, Manila, Tokyo and Mumbai, with scenarios identified for their likely outage timeline (i.e. in Manila, a major typhoon could impact operations over a one to two week timeline).

Robust business continuity and crisis management plans are in place to minimize disruption risk. We also ran crisis invocations related to environmental and climate change incidents across our regions in 2017. People and/or work strategy plans were implemented and minimal disruption to operations were encountered.

Credit and Market Risk Management

Physical risks are also considered in the assessment of credit and market risk exposures to sectors and assets that may be heavily impacted by acute events (such as insurance companies who underwrite climate-related risks). Where specific transactions or counterparties are assessed as having material exposure to such risks, this is taken into account in risk decision-making.

Overall, we maintain a diversified portfolio from a geographic and industry perspective to mitigate against the risk of outsized losses resulting from risks, including physical climate-related risks.

Climate-Related Transition Risks

Transition risks are primarily driven by the policy, technology, and market changes needed to facilitate the transition to a low-carbon economy. These factors have the potential to increase credit, market, and reputational risks for Deutsche Bank in terms of:

- policy actions to constrain activities that contribute to climate change (e.g. carbon pricing, shifting energy use toward lower-emission sources, promoting more sustainable land use practices), which may lead to certain sectors becoming uncompetitive and create stranded assets as “traditional” business models become obsolete;
- innovations required to support the transition to a lower-carbon economy, which will lead to “winners” and “losers” across the most impacted sectors;
- market pricing and volatility of commodities, products, and services, which may be influenced by supply / demand shifts in response to the changing policy landscape; and
- failure to adapt to climate risks, which may drive reputational and / or litigation risks from governments and / or shareholders

There is still a fairly high degree of uncertainty around key parameters of transition risks, for example, society’s willingness and ability to reduce carbon emissions and the timing and severity of policy action, in particular. Increasing visibility—both in terms of progress made towards a lower-carbon economy and of remaining gaps in relation to policy targets—will help us to further develop our approach to managing climate-related transition risks and to review our asset allocation and risk appetite.

Credit and Market Risk Management

As part of how we assess emerging risks, we have identified the industries and sub-sectors that will likely be most affected by climate-related transition risks, namely:

- Oil & gas may face a gradual decline in crude oil consumption in the medium to long term
- Utilities will likely continue the transition to renewable power generation
- Metals & mining may need to wind down coal mining activities and reduce their carbon footprint in steel production
- Automotive will need to reduce fleet/fuel consumption and promote electrification, requiring substantial investment
- Transportation may need to adjust technology and replace less effective assets

The bank sets dedicated risk strategies and concentration risk thresholds at industry-portfolio level covering both credit and market risk exposures. A component of the strategy setting process is an internal assessment of industry risk profile and outlook, which incorporates environmental and climate-change-related transition risks. We closely monitor our portfolio in industries or industry sub-sectors, assessed as having a high-risk profile.

The industry risk profile and outlook is also considered as part of how we assess Counterparty Probability of Default (CPD), which plays a key role in counterparty risk appetite decisions.

Moreover, innovation and changes to the regulatory environment may have a profound impact on commodity prices and volatility in the medium to long term. We regularly stress our trading portfolios under a range of severe scenarios—whereby commodity price shocks are included in the macroeconomic stress scenarios—to ensure that downside risks are manageable. In fact, we are not materially exposed to commodity price fluctuations via our trading book exposures.

Reputational Risk Management

Increased stakeholders' concerns or negative stakeholder feedback in relation to the social or environmental impact of our activities – including our impact on climate protection – may negatively impact our reputation.

Our ES Policy Framework is integrated into Deutsche Bank's Reputational Risk Framework and provides consistent standards for the identification, assessment, and management of reputational risks. These include processes for governance, referrals, and decision-making, to mitigate reputational risks from new transactions that Deutsche Bank may enter into.

Information Security

Clients expect to access the services they need anytime, anywhere, and through a variety of channels. Evolving and innovating our technology, service offering, and processes in many instances builds on partnering with service providers and the integration of fintech development. In parallel, cyber-attacks on businesses are increasing in scale, speed, and sophistication. Information security, therefore, is one of Deutsche Bank's material non-financial topics. Preserving the confidentiality, integrity, and availability of our clients' & partners' data and the bank's information assets is essential for upholding the trust placed in Deutsche Bank by our clients, shareholders, employees, and other stakeholders.

Governance

Our governance framework and cyber-security program are continuously enhanced to ensure that security policies and standards continue to mirror evolving business requirements, regulatory guidance, and emerging cyber threats. Information security policies support Deutsche Bank in complying with these parameters and build the foundation for actively managing and governing information security-related implementation processes. International standards and best practices are used to structure Deutsche Bank's comprehensive information security policy landscape. Our information Security Management System is certified to the international ISO 27001 standard since 2012 and was re-certified in 2015. Our policies provide a formal declaration of the Management Board's commitment to ensuring the security of the bank's information. A decision-making IT Security Committee with delegated authority from the COO representative of the Management Board, is furthermore well established to oversee all activities, including potential escalations.

Chief Information Security Office

In 2017, responsibility for both physical (Corporate Security) and information security was aligned in order to ensure that the protection of information assets and physical security of people, assets and buildings are designed and delivered in a holistic manner, leading to the formation of the Chief Security Office (CSO). This function sits in the Chief Operating Office. Within the Chief Security Office, Chief Information Security Office (CISO) remains the central and independent owner of information security for Deutsche Bank. CISO is mandated to ensure that the appropriate governance framework, policies, processes, and technical capabilities are in place to manage the related information security risk within Deutsche Bank. As such, CISO is responsible for setting and implementing the Group Information Security strategy globally, which has been reviewed and confirmed in 2017.

This mandate for Deutsche Bank's CSO CISO is complemented by a CISO governance & operations unit within Postbank.

CISO works with every business division and all employees of Deutsche Bank to ensure the bank's systems are protected as well as used safely and securely to achieve Deutsche Bank's business objectives. By driving excellence in information security, benchmarked in global & regional industry forums, we aim to build competitive advantage, protect our brand and reputation and hereby increase client and market confidence.

Cyber Threats

To protect the bank's information assets, we take a multi-layered approach to building information security controls into every layer of technology, including data, devices, and applications ("Defence in Depth"). This delivers robust end-to-end protection, while also providing multiple opportunities to detect, prevent, respond to, and recover from cyber threats. This approach is a key facet of our Group Information Security Strategy.

In addition to prevention methods and controls like threat operations, data leakage prevention, vulnerability management, and continuous staff awareness programs, we also prioritize detection, backed up by a robust response process. Our dedicated Cyber Incident and Response Centers in Germany, Singapore, and the US are set up to provide 24/7 coverage across different time zones (follow the sun-model), improving the bank's capability to detect threats and robustly respond to incidents globally.

“Human Firewall”

Strengthening the “human firewall” is a further key element to our information security strategy. In 2017, a global multi-channel awareness campaign for all Deutsche Bank Group staff covering the full range of information and corporate security topics was launched. Additionally, we educate our clients about cyber threats and how the bank protects their information assets through information material and events.

We recognize the importance of continuous training and education in a highly dynamic cyber-threat environment. In 2017, CISO reviewed its Information Security Profession Framework for all CISO staff and defined respective education requirements for all roles defined in the framework. In addition to our awareness measures, Deutsche Bank staff as a whole is trained through mandatory trainings. This is complemented by specific training for individuals in specialist roles and target groups.

Engaging Stakeholders

Regulators have recognized that information security threats pose a significant risk for financial institutions. To this end, we work closely with these authorities, globally and locally, to understand and pre-empt requirements. We also collaborate closely with national and international security organizations, government authorities, and peer organizations, recognizing that proactively sharing relevant indicators of compromise (IoC) and anomalies in the internet reduces risk for all involved parties.

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

Data Protection

All data, whether directly or indirectly related to a natural person, are protected by national and international regulations. Personal data includes, for example, information on customers, as well as of Deutsche Bank employees and employees of our service providers. In view of the fact that virtually all business processes require the processing of personal data in times of increasing digitalisation, the protection of these data represents a matter of special concern to us.

Our Group Data Privacy (GDP) department is a specialized and independent control function situated in Frankfurt, Berlin, New York, Singapore, London, and Birmingham. The department focuses on questions of legitimacy relative to the collection, processing, and use of personal data that have been provided to the bank. Our GDP-team directly reports to the Management Board and is supported by local Data Protection Officers of those countries in which we conduct business. Thus, there are direct and indirect reporting lines between our central and de-central data protection organization; regular reconciliation and constant exchange on data protection-related topics are performed on a global, European, and local level. In addition, Deutsche Bank participates in relevant committees and working groups, such as “Bundesverband deutscher Banken”, IBM Guide Share Europe, and Bitkom, thereby contributing to the interpretation and development of industry-specific and prevailing standards. The mandate for Deutsche Bank’s Group Data Privacy (GDP) is complemented by a Data Protection unit within Postbank.

Regulatory data protection is dealt with high importance at Deutsche Bank – data protection-related developments are observed and analyzed on a regular basis by us. We implement relevant changes or change our control processes accordingly. The same goes for technical developments and new digital business models—together with the responsible areas, these are checked by Group Data Privacy on compliance with data protection-related regulations and standards.

After more than four years of negotiations, the EU General Data Protection Regulation (GDPR) was enacted on May 24, 2016. With a transition time of two years, the regulation will take effect on May 25, 2018. Our main focus lies on implementing the extensive requirements jointly with our business divisions and infrastructure areas to ensure compliance by the end of May 2018. Non-compliance will entail significant fines and, resulting from this, considerable financial, regulatory and reputational risks. Currently, Group-wide processes, contracts, guidelines, and forms are being checked and appropriately amended to ensure compliance as part of a larger effort to implement the requirements of the GDPR. Moreover, we are currently revising the control framework of Group Data Privacy to ensure the comprehensive review of compliance with data protection-related requirements. The GDPR program is accompanied by three Management Board members.

In order to prevent data protection breaches, and to ensure effective dealing with these, appropriate processes have been implemented. They ensure that any incidents are reported immediately and proper measures can be taken.

People and Society

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People Strategy

Our agenda seeks to create an environment where our people can work in partnership and are enabled to deliver sustainable organizational performance.

The success of our strategy depends on the capabilities and experiences of our workforce—and thus on how we retain, motivate and develop our teams and acquire new talent as needed. This was reflected in our strategic HR priorities for 2017:

- Strengthen our talent agenda by expanding bank-wide leadership, management and acceleration program coverage
- Further embed diversity & inclusion in all people processes
- Invest in the future, e.g. social media engagement and digital learning
- Modernize the experience of HR through the implementation of “Workday”
- Support restructuring measures and enable internal mobility
- Deliver regulatory projects, e.g. MiFID II and Remuneration Ordinance for Institutions (Institutsvergütungsverordnung)
- Support strategic business initiatives, e.g. Postbank integration, Brexit, DWS Initial Public Offering (IPO)

During the reporting year, we made good progress against these priorities. For instance, we filled a third of job openings with internal candidates (excl. Postbank), increased the share of women in management positions, invested in digitization (e.g. “I am DB” app for graduates), and implemented restructuring measures in a socially responsible manner (e.g. closing of bank branches in Germany).

Our global priorities and standards are defined and monitored by the Global HR Executive Committee. This includes the global heads of HR, the divisions and entities sharing responsibility for HR management, as well as the HR heads responsible for processes and products in the regionally.

We embed our HR strategy within individual objectives of Management Board, as agreed with the Supervisory Board. In doing so, individual aspects and focus areas (e.g. reaching agreed diversity ratios or determining employee satisfaction) help us to measure individual performance and progress.

People Survey

We regularly run a global Spotlight People Survey to measure commitment and enablement among its workforce.

In 2017, all employees (excluding Postbank) were invited to participate in the online survey, which we conducted from the end of April to the mid of May. We saw a 44% response rate (2016: 47% of those questioned, with only a representative, random sample of around 20% of our workforce surveyed). Based on a five-point Likert scale, the survey showed that commitment, comprising five questions, remained largely stable (57% vs. 58% in 2016), as did enablement, comprising four questions (62% for both years)**.

Employees feel that good progress is being made to create a safer and better-run Deutsche Bank:

- Employees were more positive about their direct managers: More people cite that poor performance and misconduct were adequately addressed. Employees also affirmed that they receive regular and clear feedback, and that they feel supported with their development.
- In 2017, there was also improvement in how employees experience their work environment with people welcoming improvements in open and honest communication and the freedom to share their views. Employees also perceive significant improvements in their day-to-day work, feel better enabled to manage risks, and have a deeper understanding of how their job contributes to Deutsche Bank’s strategy.

Employees identified areas that require further attention:

- Among the most important aspects were: Trust and confidence in senior leaders' skills to effectively navigate the bank through change, specifically concerning their ability to manage change and translate words into action. Approximately a third of employees take a wait-and-see-approach to handling change, suggesting that continuous communication and employee engagement is needed.
- Better support: Employees feel they need more collaboration and quicker decision-making in their day-to-day work.

** The questions on commitment with regard to Deutsche Bank's values were revised; statements on trends are therefore merely indicative.

At Postbank, the annual employee survey was held between September 4 and 22, 2017. With a participation rate of 71%, more employees than ever before took part (2016: 67%). Employees were surveyed on the following nine topics: identification, leadership, customer orientation, business success/targets, productivity and efficiency, vision and mission, ability to change, communication, and digital transformation (new). The approval rates increased for all nine topics.

Recruiting and Talent Development

Talent Acquisition

In 2017, the voluntary staff turnover rate was 7.8% in 2017 (2016: 7.2%). The slight increase of 0.6% points is due to a higher fluctuation in the operations centers in the US and Romania. However, this fluctuation remains at a normal level.

Filling open positions in front-office roles and operations centers was a priority in 2017, along with hiring in line with the growing demand in regulatory roles (e.g. Anti-Financial Crime, Audit and Compliance). In addition, talent acquisition focused on insourcing external roles (1,446 employees), particularly in IT, as well as hiring 1,243 graduates and apprentices.

Graduates

Hiring junior talent is one of our key objectives. In 2017, we hired 619 new graduates (excl. Postbank), who started their program with an orientation event in July. With colleagues from 149 countries, new recruits can expect to experience diversity and multiculturalism. The new graduate class is just as diverse: 231 new employees from the US, 121 from Asia-Pacific and 98 from Germany. In terms of gender balance, 37% are female, and business functions span Technology and the Chief Operating Office (33%), Corporate Finance (27%), Global Markets (16%), and Private & Commercial Bank (5%).

Classroom-based training is followed by a twelve-month mandatory online continuous development program, anchored in the bank's values and beliefs, providing graduates with the technical and professional skills required.

When we hire graduates, major emphasis is on technology roles, in line with our strategic focus on digitization across our value chain.

Recognized for customer and employee engagement excellence in the financial services industry, "I am DB" is our graduate onboarding and engagement app. All new graduates have access to the app for up to a year before starting with us, giving them an opportunity to see our social media channels, careers and news portals, watch videos and interviews with senior managers, and find information on seminars and accommodation, among many other subjects. Furthermore, the app features a number of training opportunities in corporate culture and our expectations of employees.

Apprentices (Vocational Training)

In 2017, we hired 616 new apprentices (2016: 741), a decline that we attribute to our ongoing restructuring in Germany. 47% of new apprentices were female (2016: 46%), while 460 existing apprentices started permanent employment with us (2016: 419). We continue to provide apprenticeships beyond its own needs, and remain committed to high-quality education and career opportunities for young people.

Employee Development

In line with our strategic priorities, we focused on promoting internal career mobility and leadership capabilities in 2017.

Internal Career Mobility

Internal mobility plays a vital role in retaining qualified and talented employees and keeping their expertise and experience within the organization. We continued to develop and embed our internal mobility strategy and to uphold our commitment to filling vacant positions—at all levels of seniority—with suitable internal candidates whenever possible. In accordance with our Hiring Policy, all open positions are advertised to internal staff exclusively for at least two weeks. Only after two weeks do we look for external candidates.

Prioritising internal candidates is designed to help employees affected by restructuring find new roles with us. We also promote cross-divisional mobility to enable employees to expand their skills and experience for rounded careers. Furthermore, internal mobility contributes to redundancy and recruitment cost savings.

With ongoing restructuring, 32% (2016: 39%) of all job openings were filled internally in 2017 (excl. Postbank). In Germany, this was 66% (2016: 71%), due to redundancies as a result of restructuring in Germany as well as changes as a result of digitization and control functions.

To support internal mobility, we introduced Connect2Job our app to help employees access and apply for internal jobs more easily and comprehensively. With the app, employees can find job openings on their phone as well as using their PC at work. The profile-based search function uses an algorithm to match individual skills and competencies with the requirements of a job. With Connect2Job, we respond to employee demands for apps and builds transparency in the internal job market. The app is easy to use and an effective solution as the bank meets the challenges of digital change.

In 2017, 10,479 employees or 12.3% of the workforce, changed roles within the bank (excluding Postbank). Of these, 4,731 officers (Managing Directors, Directors, Vice Presidents, Assistant Vice Presidents, Associates) and 3,042 non-officers (employees without corporate title) changed roles within their division, while 1,762 officers and 944 non-officers moved to a different division. The number of cross-divisional job moves increased by 21% compared to the previous year.

Leadership Development

Our Leadership Capability Model defines the expectations of our leaders, giving a shared view of the capabilities vital to our leaders and ensuring business success in line with the corporate strategy and culture.

First introduced in 2015, the bank runs two Management Fundamentals programs, which are mandatory for new managers (excl. Postbank). A core program is designed for new managers up to Vice President who are taking on people management responsibilities 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: managing people, driving business and shaping culture. Management Fundamentals aims to help participants grow and develop as managers. To date, more than 2,000 employees have attended these cross-divisional programs in more than 20 locations around the world. We also have skill practice pods, launched in 2017, for experienced managers. Here we focus on topics such as “building talent” and “leading in challenging times”. To date around 550 employees have attended skill pods around the globe.

A cross-divisional program for senior leaders—Leadership Fundamentals—is also available. Refined in 2017, the program focuses on the fundamental mindsets and behaviors required to be effective leaders, such as inspirational leadership, focusing on being an authentic leader, and collaboration to deliver competitive advantage. The first module targets the participants’ understanding of themselves as leaders (strengths and development areas), and also focuses on what the bank expects of them as leaders of the firm. The second module gives participants a chance to understand the full Deutsche Bank franchise and connection points. In addition, module two covers aspects of culture and what it means to demonstrate the values and beliefs as role models. The Leadership Fundamentals has had around 400 participants to date.

Postbank offers its leaders a dedicated Management Curriculum program. The training courses are geared towards the different roles of a manager, such as “the manager as strategy developer”, “the manager as a change manager” or “the manager as a coach”. Many courses can be attended jointly by managerial and non-managerial employees. In 2017, 429 employees took part in a Management Curriculum training course (2016: 467).

Acceleration Development

The first-ever bank-wide Director Acceleration Program (DAP) was launched in May 2017 (excl. Postbank), with the development journey for participants spanning twelve months. The construct of the program is a four-day global module held in London for all participants where they hear from Management Board members on their expectations of leaders and gain key strategic insights and key professors from the London Business School. Participants are then invited to two modules in their nearest regional hub location (Europe: London [2], Frankfurt [2]; Americas: New York [2]; and Asia: Singapore [1], Hong Kong [1]). Themes range from leadership acceleration and organizational change to building talent as well as influence and communication. This classroom content is underpinned by 360° feedback and coaching.

For the first year, we embedded the Women Global Leaders (WGL) module within the DAP, as the criteria and outcomes of both programs are aligned and target the same talent pool. The incorporation of WGL allowed us to retain our key focus on senior female development, while providing them with an extended journey. The female executives who were identified for DAP (33%, which was the highest ever across a mixed acceleration program) began their twelve-month program with the WGL module and continued with their male counterparts from the global module onwards.

Our Vice President Acceleration Program ran again in 2017, completing its second year. This six-month development journey comprises two modules held in Europe (London, Frankfurt, Milan), the Americas (New York) and Asia (Singapore). The statistics from the first year of the program have shown a higher promotion rate and increased retention versus the wider Vice President population:

- Promotions: 24.6% of participants were promoted to Director in March 2017, compared with the 3.8% global promotion rate for Vice Presidents to Directors
- Retention: 94.0% of participants are still with the bank, compared with the 92.6% global retention rate for Vice Presidents in 2017 (as of August 2017)

Postbank has its own development programs, such as Advanced Professionals, a program aimed at supporting high performers in a specialist career and personal and professional stocktaking, or the Junior Management Program and the Management Program for non-managerial employees with the potential and drive to advance in preparation for the next career move.

Total Performance

Our approach to performance management comprises three main steps: defining expectations and setting objectives at the beginning of the year, holding regular feedback conversations throughout the year, and reviewing performance at the end of the year.

In March 2017, we rolled out Total Performance across all business divisions and infrastructure functions (excl. Postbank). This is our holistic program to develop and manage our people and their performance, emphasizing continuous and constructive conversations between employees and their managers. This development reflects findings from external studies and internal people surveys. For example, employees expressed a demand for more frequent, less formal conversations to discuss performance and development with their managers. Furthermore, they said they would feel more motivated if they had a better understanding of expectations and their personal contribution to the bank's strategy and business performance.

In 2017, 71.3% of the employees eligible for individual variable compensation (IVC) set their objectives, and 93% of all employees confirmed that they are aware of the expectations of their role. 99% of in-scope employees completed the IVC-relevant considerations at the end of the cycle.

Postbank calculates its employees' variable salary components based on the success of the Postbank Group, as well as on target agreement and performance assessment processes. As part of these processes, employees are assessed on a regular basis, or at least once annually after the end of the calendar year. Moreover, monitoring appraisal interviews are also held over the course of the year. For managers, remuneration components are tied into incentives promoting sustainable action. Parts of the variable remuneration package are deferred and dependent on the sustainable development of the company.

Diversity & Inclusion

Diversity is crucial for the success of any global organization, and it represents a key priority and integral part of our People Agenda. We aim to attract, develop and retain the best people from all cultures, countries, ethnicities, genders, sexual orientations, abilities, beliefs, backgrounds, and experiences. Managers at all levels are trained on these principles and supported by HR to build diverse teams, where employees respect one other, develop their full potential, and collaborate to achieve sustainable outcomes.

In 2017, we continued to promote the diversity of our workforce and to create wider awareness for diversity and an inclusive work environment. We made good progress, not only on gender equal opportunities, but also in cultural and generational diversity, and equal opportunities for LGBTI (Lesbian, Gay, Bisexual, Transgender, Trans- and Intersexual) employees. These are key pillars of our Diversity & Inclusion agenda.

Gender Diversity

We continued to advance women in the workplace throughout 2017 (excl. Postbank). The percentage of women on the Supervisory Board stood at 35% at the end of the year, above the statutory requirement of 30% for listed and co-determined German companies under gender quota legislation introduced in 2015.

The Supervisory Board's target for the Management Board was set in 2015 of at least one female member by June 30, 2017. This target has been met with the appointments of two female executives to the Management Board. As of year-end 2017, 18.0% of positions at the first management level below the Management Board of Deutsche Bank were held by female executives (2016: 15.7%). At the second level below the Management Board, this percentage stood at 19.6% (2016: 19.5%). The bank had set ambitious targets for 2017 of 17% and 21%, respectively, in accordance with legal requirements in Germany. In 2011, we signed a voluntary declaration to substantially raise the proportion of female managers globally by the end of 2018. As of year-end 2017, the percentage of female Managing Directors and Directors stood at 21.9% (December 31, 2016: 21.3%), a 15% increase since 2011. The share of female officers was 33.2% at the end of 2017 (2016: 32.8%).

As one of only two DAX companies, we have been listed in the Bloomberg Financial Services Gender-Equality Index (BFGEI) since it began in 2016. It recognizes firms with strong commitments to gender equality and provides investors and organizations with standardized aggregate data on gender, HR policies, and gender-conscious product offerings, as well as community support and engagement.

Postbank has set itself the objective of increasing the percentage of women in executive positions. For this purpose, it started a comprehensive diversity management program in 2012 and differentiated its targets further in 2015. At the end of 2017, 35% of the Supervisory Board members of Postbank AG were women (2016: 35%). On the Management Board, this figure stood at 17%, excluding the general representative (2016: 17%). The share of women among executive managers at the Postbank Group again rose one percentage point to 19% in 2017.

LGBTI

Deutsche Bank actively supports lesbian, gay, bisexual, transgender, trans- and intersexual (LGBTI) causes. As one of the first companies, the bank is dedicated to the application of the UN Code of Conduct tackling discrimination of LGBTI people. In Germany, we also explicitly expressed our support of the law giving same-sex marriages the same rights as heterosexual couples, thus officially recognizing same-sex marriage.

During the year, Deutsche Bank completed "Powering Progress", an innovative competition for first-year and sophomore college students in the US to demonstrate their passion for social change by designing a project to help non-profit LGBTI community organizations grow.

Every year, Deutsche Bank supports a number of external initiatives and events, a number of them led by or involving the bank's dedicated employee resource group for LGBTI employees and their allies, dbPride. In May 2017, employees around the globe were joined by the entire Management Board in acknowledgment of International Day Against Homo-, Trans-, and Biphobia (IDAHOT). They marked the occasion with team photos published on a pin board on the intranet. Throughout the year, the bank participated in events at various locations, such as panel discussions in India, Singapore, and London on topics relevant to the LGBTI community. Once again, colleagues, clients, friends, and families participated in Christopher Street Day (CSD) events in various cities world-wide, such as Cologne, Berlin, New York, Dublin, and Manila.

Honoring its commitment, Deutsche Bank has been awarded a perfect score of 100 points in the annual Human Rights Campaign's Corporate Equality Index for the 15th year in a row.

Furthermore, the Financial Times and OUTstanding, a professional network for LGBTI executives, celebrated four employees in their 2017 Leading LGBTI and Ally Executives lists, which are now in their fifth year and recognize executives who promote LGBTI inclusion within and outside their workplace.

By signing the Charta der Vielfalt (diversity charter) in 2006, Postbank committed itself to creating an open-minded working atmosphere where all employees, with their differences and commonalities, are welcomed and respected. Discrimination on the basis of gender, nationality, ethnic origin, religion, sexual orientation, age, and disability is not tolerated.

Colleagues with Disabilities

As an integral part of our commitment to inclusion, we strive to enable the full participation of people with disabilities. A number of measures are in place to ensure this and also to foster social participation, self-determination, and inclusion in the workplace. In addition to adapting workstations and devices for any special requirements, we also pay particular attention to accessibility of building entrances, elevators, restrooms, and parking. People with severe disabilities may be eligible for flexible or reduced working hours and exemptions from overtime, as well as six days' special leave each year.

In Germany, the proportion of employees with a disability had increased to 5.7% as of year-end 2017 (2017: 5.6%). These individuals are supported by the representative body for disabled employees and HR, while dbEnable is our dedicated resource group, focusing on disability and integration in the workplace. Through its successful and longstanding cooperation with the Association of Sheltered Workgroups (Genossenschaft der Werkstätten [GDW]) in Germany, the bank also ensures a number of external jobs for people with disabilities. Through the GDW, Deutsche Bank assignments are coordinated and carried out in a number of dedicated workshops. The assignments range from digitization, printing and copying, file destruction and disposal of waste equipment to stamp production and plant care.

Remuneration and Benefits

Compensation Framework

As part of our Strategy 2020, we implemented a new global compensation framework, effective since 2016, which remained largely unchanged in 2017, despite restructuring. Initially applicable to officers and key subsidiaries, the new system was extended to cover smaller entities and the substantial group of non-officers in Germany during 2017. The new framework—including the target ratios of fixed to variable compensation by corporate title and by division or function—represents a more transparent approach. It ties employee compensation more closely to the bank's performance and creates a stronger link between individual performance and pay. Variable compensation comprises a "Group VC Component" for all employees and—depending on division and corporate title—an Individual VC Component or a so-called Recognition Award. This means that part of the bank's workforce is no longer subject to discretionary decisions on variable compensation. Instead, variable compensation is based on corporate results and determined in line with global guidelines.

While variable compensation payments had been limited significantly in 2016 due to the operating environment (employees received the 'Group VC Component' only, with only those at lower levels of the organization being awarded individual variable compensation), a larger total amount of year-end, performance-based variable compensation was determined for 2017, covering all compensation components and recognizing employees' sustainable performance and contributions.

The structure of the 'Group VC Component' remained unchanged in 2017 and is based on four key performance indicators: Common Equity Tier 1 (CET1) capital ratio (fully loaded); Leverage ratio; Adjusted costs; and Post-tax return on tangible equity (RoTE). Throughout 2017, we made good progress towards our 2020 financial targets, and our Management Board defined a target achievement rate of 55% as a basis to calculate the Group VC Component awarded to each eligible employee.

For the Individual VC Component, which is based on results both of the Group and the individual division, divisional budgets in the amount of the respective reference target were awarded based on individual performance.

Together, these decisions led to a total amount of year-end, performance-based VC for 2017 of € 2.2 billion (incl. the individual VC Component, the Group VC Component, and Recognition Awards). The variable compensation for the Management Board of Deutsche Bank AG is not included, as it is determined by our Supervisory Board in a separate process. Fixed pay for 2017 decreased slightly by 4% from € 8.3 billion to € 8.0 billion.

Pensions

With a 98% funding ratio as of December 31, 2017, we met our annual target of funding of 90% to 100% of pension obligations. This is presumably the highest level of any DAX 30 company. In the current low-interest environment, we also decided to start making additional contributions to the BVV finance sector pension fund in Germany to support employees' rights to future pension benefits.

Work-Life Balance

We offer a range of benefits to help employees manage professional and personal commitments for a healthy work-life balance. In various regions, we have created a progressive and family-friendly parental leave framework. For instance, at the start of 2017, we implemented a consistent approach to parental leave in the Asia Pacific region so that we no longer differentiate between male and female parents, but instead take a gender-neutral view that takes into account primary and secondary caregivers. A minimum duration of parental leave is assigned to each of these roles. In the UK, we harmonized continued pay during parental leave for male and female employees, ensuring a consistent and gender-neutral approach.

We assist employees returning from parental leave, for instance in finding suitable childcare. In certain locations in Germany, we offer childcare places with accredited external professionals. Furthermore, working parents can make use of free advice and placement services (e.g. emergency care, au pairs, day care, nannies, and domestic support) offered by partner organizations. In India, for example, we partnered with respected childcare providers as of July 1, 2017, also contributing to employee childcare costs.

In Germany (excl. Postbank), we offer a range of flexible working options—from part-time, to close to full-time, as well as job sharing and remote working schemes. Using dbZeitinvest, our personal flextime account, employees can also save up to one year of overtime for a longer period of leave or a reduction in working hours. More than 6,000 employees currently use dbZeitinvest.

We have adjusted annual leave allowances in several locations. In the UK, annual leave increased from 25 to 30 days (effective Apr. 2018). For DBOI India, we matched the leave provided by our other entities, increasing it from 21 to 25 days (effective Jan. 2018).

We recognize rising pressures on employees to take care of dependent family members, while honoring their professional commitments. In Japan, the bank now covers 50% of the cost of up to 200 hours of care for dependent parents via external providers effective January 1, 2017. In Germany, we work with a partner to provide comprehensive advice and placement of regular and emergency services to employees caring for close family members. Those wishing to care for their relatives themselves may reduce working hours or take leave for up to two years, which exceeds that stipulated by law.

Health Management

Our core health offering includes preventative medical examinations for physical and mental health, fitness and nutrition (excluding Postbank). Reports show that these contribute to improvements in fitness, blood pressure, nutrition and non-smoking. In addition, our Employee Assistance Program (EAP) supports staff dealing with issues in their personal and professional lives with a confidential 24/7 support hotline staffed by psychologists and therapists. For World Mental Health Day in October 2017, we raised awareness on “mental health in the workplace” across various locations.

Medical Check-Up

Our medical check-up program provides an extensive physical and psychological preventive examination for all staff age 40 or over and for Managing Directors or Directors, regardless of age. In 2017, 3,741 such examinations were conducted (2016: 4,601). For our Check-up 40+ program, we saw an acceptance rate of 48.7% (2016: 59.9%) and 52.3% for the executives' check-up (2016: 50.8%). Long-term evaluations have shown that these measures contribute to sustainable improvements in blood pressure, cholesterol, non-smoking, nutrition, and fitness, among others.

Employee Assistance Program

The average up-take of our EAP, available to all employees in Germany, has remained at approximately 1.4% in recent years. This is broadly in line with the service provider's other clients (2017: 383 new cases; 2016: 452). The increase of 9% in 2016 over the previous year was due to our restructuring activities. In 2017, the number of new cases declined by 15.4% over 2016. At the end of the individual assistance cycle, participants' effectiveness increased from 32% to 65% on average (categories: no longer impacted / only minor impact). Two-thirds of cases were not work-related and are primarily due to personal issues.

Work Reintegration Management

In line with chapter 84, paragraph 2 of the German Social Security Code IX, work reintegration management (Betriebliches Eingliederungsmanagement [BEM]) remains an important part of our work and health culture. We emphasize its importance in securing and fostering employment by supporting employees who are unable to work—consecutively or overall—for more than six weeks in one year. By taking into account their situation and involving the individual, BEM aims to determine the approach to reintegration at an early stage, with a range of options—from staged re-entry to full-time work. This is based on recommendations by medical professionals and health plans like the Hamburger Modell. In 2017, 429 people made a staged re-entry into work (2016: 549).

Postbank has developed its own integrated company health management program. The range of measures offered is wide and includes personal consultations on specific health questions, effective short exercises for the workplace and personalized, regular courses focusing on a selection of topics. A free flu vaccination is also included. Central contacts for health are also available at 13 major Postbank sites to help employees find advice and assistance on specific topics.

Digitization

As a key element of our corporate strategy, we are investing in digitization. This is not only applicable to our client-facing businesses—it also has a significant impact on how we operate and, more specifically, how our employees work. Therefore, it is key to our strategic HR agenda, with people processes becoming more automated and employees being encouraged and required to develop digital skills.

Reflecting the various aspects and opportunities within digital change, our HR function introduced a new series of WebEx sessions centered on “Enabling the Bank’s Digital Transformation” in August 2017. These aim to foster a common understanding of what digitization means for HR and the bank overall. With an audio-visual library, which will continue to grow over time, the new series provides an overview of trends, technologies, and digital challenges in HR policy.

New digital solutions include the apps Connect2Job and I am DB ([see above](#)).

To proactively address new and emerging trends—including digitization and demographic change—in today’s working environment and society at large, we started our Arbeiten@DB 4.0 (Working@DB 4.0) initiative at the end of 2015. It focuses on identifying more flexible approaches to career and leadership, reflecting on employees’ needs and requirements at all stages of their career, including those transitioning into retirement.

As part of a wider commitment to digitization, there has been significant progress in 2017 to ensure that our employees have a more engaging experience when it comes to accessing learning. In this work, it has been critical to provide accessibility in learning, across the population (excl. Postbank). While we have for many years had an extensive training offering around the world, the investment in a new learning system in 2016, Connect2Learn enabled us to completely change the experience for the employee. An approach was designed that sought to create learning that meets accessibility standards and is available in multiple languages and formats. Previously, cross-divisional learning was available mostly in the classroom for 19% of employees, with some online libraries available to 6% of employees. The new offering is accessible to 100% of employees, with a selection of facilitated, interactive virtual classroom sessions available in seven languages.

The new offer, which includes a newly designed front end to make the user experience more intuitive, is designed to help employees navigate to learning that is appropriate and accessible at the point of need, across a number of behavioral and management topics.

There are 100 learning paths available under 40 topic areas, guiding employees to articles, TED Talks, podcasts, videos, and book abstracts, with a new virtual classroom experience available in seven languages. This is also all accessible on PC and iPad for employees globally.

In addition to the employee learning offer, we have created the manager zone. This is a single point of access for managers to see learning for themselves, with a dashboard view of learning for their employees, and, critically, provides them with support in follow-up learning and coaching their employees, including complete guides on all 40 topics, and the information required to run their own team workshops on each topic.

In the first ten weeks, 13.5% of employees had accessed the content, with 55% of them exploring six items or more (excl. Postbank).

In addition to this core improvement to our all employee offerings, we are working in 2018 to evolve our approach to how technology enables learning across the bank—this includes the review and development of various apps and tools to support employees—and the evolution of our online required training to make it more engaging.

Through the Mein HR-Portal (My HR Portal), Postbank offers its employees a variety of digital functions, such as an overview of their leave and forms to request leave, notifications of illness for themselves and others, and forms where they can enter their working hours. They can also view their payslips there. In addition, Postbank Akademie has developed an extensive digital training program that includes educational videos on mandatory training topics, such as fire protection and occupational health and safety, and more complex issues, such as information security or money laundering.

Restructuring

While implementing our strategy, as of December 31, 2017, Deutsche Bank had 97,535 employees—a decrease of 2,209 employees or 2.2% compared to 2016. This is calculated on a full-time equivalent (FTE) basis, meaning part-time employees are included accordingly.

Our regions were impacted differently by restructuring. Germany saw the largest decline in employee numbers (2,073 FTE), largely driven by the restructuring of its Private & Commercial Bank (PCB) corporate division; while in Asia-Pacific, the number of employees increased due to the insourcing of business-critical external roles, especially in IT.

Works Councils in Germany

The involvement of works councils in Germany is governed by the Works Constitution Act, which stipulates the rights and duties and prescribes the cases (and form) in which employers are obligated to involve a works council. With members elected every four years, these councils represent the interests of our employees, entering discussions and negotiations with the employer.

Our executive employees have their own representative body, which is governed by German law (Sprecherausschussgesetz).

The works councils have different rights of involvement (such as negotiating on balance of interest agreements as part of restructuring measures and negotiating on bargaining agreements, e.g. compensation-related). In Germany, the individual rights and responsibilities of local, general, Group, and European works councils are governed by law. We have a close and constructive relationship with employee representatives based on mutual trust and involving these bodies early and to the fullest extent is common practice.

As part of our Strategy 2020, we have implemented several restructuring measures. In 2017, two agreements covering non-executive staff were completed, with approximately 300 jobs (gross) affected in Wealth Management and CRO. The previous year, we had completed 14 balance of interest agreements, with a planned reduction of more than 4,000 jobs in Germany by the end of 2018. The cuts relate mainly to our Private & Commercial Bank (PCB), Global Transaction Banking, Chief Operating Office, the Finance and Risk Management functions, HR, Communications & CSR and DB Research. In 2017, two agreements covering non-executive staff were completed, with approximately 300 jobs (gross) affected in Wealth Management and Risk Management.

Key Employee Figures

Key employee data is shown below. For full details, as well as our strategic HR priorities and achievements, please refer to our Human Resources Report 2017.

	2017	2016	2015
Employee Commitment			
Commitment Index	57%	58%	63%
Response Rate	44%	47%	63%
Enablement Index	62%	62%	68%
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Employees (in FTE)	97,535	99,744	101,104
Regions (in %, FTE)			
Germany	43.6%	44.7%	45.3%
Europe (excl. Germany), Middle East, and Africa	24.1%	24.1%	23.5%
Americas	10.9%	11.0%	11.3%
Asia Pacific	21.4%	20.2%	19.9%
Divisions (in %, FTE)			
Corporate & Investment Bank	17.7%	17.2%	17.0%
Private & Commercial Bank	44.5%	45.2%	46.1%
Deutsche Asset Management	3.9%	3.9%	3.9%
Non-Core Operations Unit	0.0%	0.1%	0.1%
Infrastructure	33.9%	33.6%	32.9%
	2017	2016	2015
Talent Management			
Hired global Graduates	619	813	766
Hired apprentices	616	741	863
Number of apprentices as at year-end	1,641	1,902	1,936
Total Hires (in k, FTE)	10.3	10.5	13.5
Voluntary staff turnover rate	7.8%	7.0%	7.0%
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Genderdiversity			
Women in Supervisory Board	35.0%	35.0%	35.0%
Women in Management Board	2	2	1
Women in Management Board level—1	18.0%	16.0%	18.0%
Women in Management Board level—2	19.6%	19.5%	15.3%
Female staff (based upon global Corporate Titles, in FTE)			
Female Managing Directors and Directors	21.9%	21.3%	20.5%
Female Officers	33.3%	32.8%	32.5%
Female Non Officers	55.8%	55.6%	55.5%
Total Female Staff	41.6%	41.5%	41.7%
Age (in %, head count)			
up to 29 years	16.2%	17.1%	18.4%
Female Staff	7.6%	7.9%	8.6%
Male Staff	8.6%	9.1%	9.7%
30 - 39 years	30.1%	29.9%	29.7%
Female Staff	12.5%	12.4%	12.5%
Male Staff	17.5%	17.5%	17.2%
40 - 49 years	27.7%	28.2%	28.6%
Female Staff	12.9%	13.4%	13.8%
Male Staff	14.8%	14.8%	14.9%
over 49 years	26.0%	24.8%	23.3%
Female Staff	13.2%	12.6%	11.8%
Male Staff	12.8%	12.1%	11.5%
Length of company service (in %, head count)			
up to 4 years	34.5%	34.2%	34.8%
5 - 14 years	27.3%	27.3%	27.5%
more than 14 years	38.2%	38.5%	37.7%

¹ Excl. Postbank

² Excl. legal entities outside of Deutsche Bank's corporate title system, primarily Postbank. DB Investment Services integrated in 2016.

Numbers may not add up due to rounding.

Corporate Social Responsibility

Our Corporate Social Responsibility (CSR) agenda and initiatives aim to boost the bank's perception to be a socially-minded enabler, a reliable partner, and a catalyst for change. They also help to build trust, employee and client loyalty, and strengthen our [reputation](#) – thus indirectly mitigating other material risks. We have been working for a better future since the early 20th century. In the last decade, we consistently reviewed and strengthened our initiatives, making them more strategic and focused around our education, enterprise, and community pillars. This improves the impact of our CSR investments along recognized theory of change models. Indicators for 2017 show that we are on the right track: We were able to reach almost 5.2 million people, 2.1 million with our CSR programs, 3.1 million with our Arts, Culture & Sports projects. We invested € 64.2 million in these initiatives, while 17,417 employees (22% of Deutsche Bank staff, excluding Postbank) took an active role as corporate volunteers.

The UN's 2030 Agenda for Sustainable Development is a plan of action to shift the world to a more sustainable and resilient path. Our CSR initiatives contribute to this global effort, focusing on supporting specific Sustainable Development Goals (SDGs): With our *Born to Be* initiatives, we contribute to goals 4 (quality education) and 5 (gender equality), which aim to ensure an inclusive and equitable quality education and empower women and girls who tend to be more marginalized. Social entrepreneurs who are supported through our *Made for Good* program contribute predominantly to goal 8 (decent work and economic growth). Our community development initiatives and the Urban Age project support goal 11 (sustainable cities and communities).

SDG goal 17 (partnerships for the goals) is addressed holistically through our partnerships with key stakeholders, advocacy groups, or non-profit organizations such as the London Benchmarking Group, the Centre for Social Justice in the UK, the Committee Encouraging Corporate Philanthropy in the US, and PHINEO in Germany to tackle societal challenges. We also support socio-political research projects such as the global expert poll to identify the "Best Countries to be a Social Entrepreneur", or the joint survey by New York University and the Youth Development Institute on progress made in Mexican communities in the US. This is how we create shared value and promote social return on investment (SROI) analyses, targeted impact measurements, and cross-sector benchmarking.

Governance Principles

We require transparency and integrity in all business dealings, to avoid any improper advantage or the appearance of questionable conduct by employees or third parties with whom we do business or who act on our behalf ([see Combatting Bribery and Corruption](#)). Dedicated CSR policies and procedures, such as the Donations, Membership and Sponsorship (DMS) Policy constitute the mandatory operating framework for all Deutsche Bank Group companies, their employees, and external partners acting on their behalf. CSR is a corporate center function, reporting directly to the CEO. Our global CSR agenda underpins the bank's ambition to enable economic growth and societal progress by creating a positive impact for clients, employees, investors and communities. Our citizenship is brought to life by our regional units and endowed foundations. New CSR project proposals are evaluated along a standardized framework, and are subject to sign-off by local CSR teams, regional CSR councils, and/or Board members, depending on the value of the investment.

In markets with defined legal or regulatory demands concerning social commitment, our CSR initiatives go beyond the minimum requirements since we enhance our financial support with the professional expertise and networks of the bank and its employees. We welcome the Companies Act 2013 in India, fully embrace the Black Economic Empowerment (BEE) legislation in South Africa and have received a consistent "Outstanding" rating for our Community Reinvestment Act (CRA) performance by the Federal Reserve Bank of New York. Over the last 20 years, we have provided US\$ 2.5 billion in loans, grants and investments for affordable housing, small business financing, health-care services, and education initiatives in the US.

Born to Be – Our Youth Engagement Program

The global *Born to Be* youth engagement program of the bank and our foundations is designed to break the cycles that limit prospects for employment through a range of interventions and to prepare young people as the workforce of tomorrow. In 2017, we supported 158 education-led projects in 25 countries, helping 1.2 million young people reach their full potential. 62% of our *Born to Be* initiatives focus on skills development, 55% raise aspirations and 59% increase access to education and employment opportunities (many projects serve more than one objective). By partnering with local not-for profit organizations, we ensure focus is placed on addressing the most pressing issues affecting young people in each region. In 2017, 65% of the *Born to Be* projects were supported by 4,637 employees volunteering their time or serving as mentors to young people.

The highlights in 2017 include the launch of *Build Your Future* (Baut Eure Zukunft) in Germany. As a joint initiative of Social Impact, Deutsche Bank and Deutsche Bank Foundation, it takes innovative design thinking into schools, encouraging students to embrace an active role in tackling challenges like bullying or poverty. To promote careers in science, technology, engineering, and maths, we have launched two new programs: Maths in the City has been designed with input from employees in the UK and enables students to explore ways to apply maths in the workplace. In the US, the new Early College program provides students with both a high school diploma and an Associate of Science degree, as well as an IT industry certification.

Made for Good – Our Enterprise Program for Social Good

As a provider of socially-motivated finance for 30 years, we have led the way in supporting disadvantaged or micro-entrepreneurs, and empowering non-profits or commercially viable social businesses ([see Sustainable Investments](#)). In 2017, *Made for Good*, our enterprise program for social good, has focused on leveraging the expertise of employees to help grow 4,466 innovative enterprises in 12 countries that tackle urgent social and environmental challenges. They in turn reached more than 200,000 individuals. The start-ups and early-stage social businesses benefited not only from business advice, mentoring and training (86% of projects), but also from improved access to networks (75%) and funding (43%). In total, 515 colleagues volunteered 15,600 hours of their time to empower social enterprises or charities.

The highlights in 2017 include the second wave of the Impact Fund targeted at social start-ups that pursue innovative education concepts and foster equal opportunities. Six finalists pitched for non-repayable grants with a total volume of € 100,000 as well as for coaching to further scale their business model. In the UK, Deutsche Bank Awards for Creative Enterprise celebrated their 25th anniversary—more than 200 creative enterprises have benefited from access to business knowledge and funding since the start. In the US, we partner with Hot Bread Kitchen, an organization that has created over 200 jobs for underserved individuals, helping them to overcome food industry barriers, achieve economic independence, and contribute to neighborhood revitalization. In Asia, we partner with the Singapore International Foundation's Young Social Entrepreneurs program. In Germany, the Landmarks in the Land of Ideas competition continued to build the network of innovative entrepreneurs who promote an open-minded society. The 2018 winners will focus on „Connecting worlds – strengthening bonds“.

Building Stronger and More Inclusive Communities

An integral part of our CSR agenda is to care for those at the margins of society. We help build stronger and more inclusive communities by helping disadvantaged people to help themselves, contributing to the revitalization of distressed areas, and making cultural programs available to all ([see Arts, Culture, and Sports](#)). Through our investments, donations, and volunteering, we tackle issues like poverty, forced migration, joblessness, and homelessness. We also provide relief in emergencies and encourage forward thinking on emerging challenges. In 2017, we supported 147 community projects in 25 countries, impacting the lives of almost 700,000 people.

Through global research programs like Urban Age, a joint initiative by the non-profit [Alfred Herrhausen Gesellschaft](#) and the London School of Economics and Political Science, we foster fresh thinking on issues likely to impact communities in the future. Since 2005, Urban Age has become an international network of expertise, finding better solutions to the problems of urban living and megacities.

The recent refugee influx to Europe, especially to Germany, continues to bring integration challenges. As one of the founding members of *Wir Zusammen* (We Together), we pledged to engage 1,000 colleagues as integration coaches for refugees by the end of 2018. So far, more than 600 colleagues put themselves forward as integration coaches to help new arrivals learn the language, embrace the culture, gain new skills, or find a job. In addition, we have extended the scope of several *Made for Good* and *Born to Be* programs to accommodate refugees.

Last year's disaster relief efforts supported victims of the Somalia famine, the floodings in South and Southeast Asia, and the hurricanes in the US and the Caribbean. In London, the bank and our colleagues donated towards the Grenfell Tower Dispossessed Fund, as well as the UK Solidarity Fund for those affected by recent terror attacks.

The highlights in 2017 include several non-profit partnerships in India to improve access to clean water, which have reached 85,000 people, and a further 65,000 benefit from watershed management projects. We also saw the 20th anniversary of StreetSmart, a fundraising charity for homeless and vulnerable people. We have supported this organization for eleven of these years, and £ 6.1 million have been raised in this period simply by adding £ 1 to bills in over 1,000 restaurants, pubs, and hotels, impacting an estimated 1,800 individuals each year.

Plus You – Our Volunteering and Giving Community

We encourage our employees to underpin the pillars of the bank's citizenship where they can. In 2017, more than one in five employees (excl. Postbank)—17,417 people globally—volunteered over 235,000 hours in our education, enterprise, and community projects. Volunteering not only boosts the impact of our CSR programs, but also has a positive impact on the personal development, motivation, and loyalty of our colleagues. We therefore focus our volunteering program on employee skills and knowledge—enabling people to become coaches for social enterprises in the *Made for Good* context or mentors to young people in *Born to Be*. But community challenges continue to be an integral part of our engagement efforts, both for employees and for vocational or graduate trainees. We incentivize volunteering through paid leave, charitable donations, and in-kind support.

In addition to giving time and sharing their skills, many employees participate in fundraising activities for non-profit organizations. Our Charities of the Year, *Donate One Day*, and payroll giving schemes make it easy to donate, and the matched giving programs in the US, the UK, South Africa, Singapore and Australia incentivize personal contributions. In Hong Kong, India and Singapore, colleagues participated in a joint fundraising effort for Hair for Hope, raising more than € 100,000. In 2017, a total of € 10.5 million was raised via these giving programs (total donations of employees and the bank).

The highlights in 2017 include the annual Charity Trading Day in South Africa, which raised three million South African rand (approximately 200,000 euros) for *Born to Be* projects like the Empowervate's Youth Citizen Action Programme, which motivates young people to create positive change. In the fall, employees across Asia Pacific turned the region into a community of volunteers and givers. DeutscheBike charity races continued in several places and were extended by the first-ever DeutscheRun team marathon engaging some 380 participants in total. Sal Oppenheim employees have taken part in a similar annual initiative (Stadtradeln) since 2008 to raise awareness for climate change and sustainable mobility.

CSR Targets

We aim to further strengthen the impact of our initiatives by prioritizing our strategic pillars and engaging our colleagues as corporate volunteers.

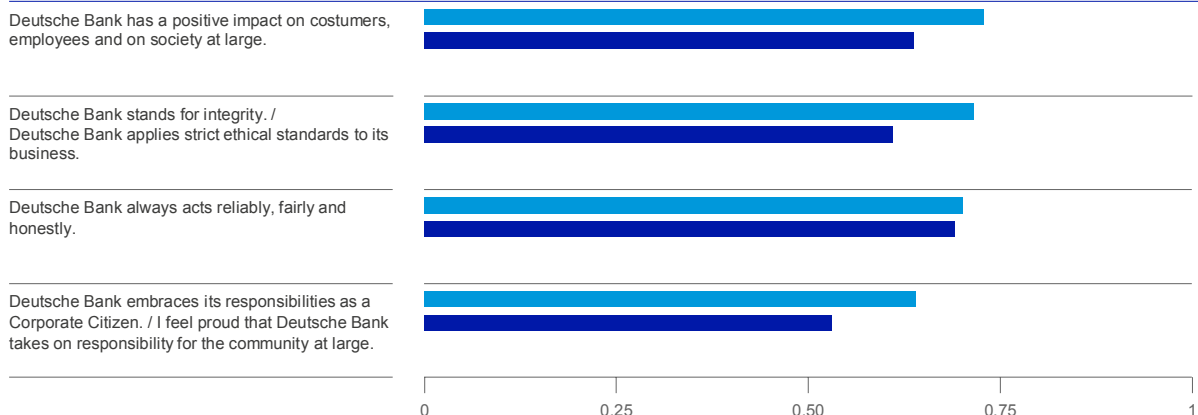
With our *Born to Be* youth engagement program, we are well on track to making a positive impact on the lives of five million children and youngsters by 2020.

For our *Made for Good* enterprise program, we have set ourselves the ambitious goal to reach a total of 20,000 enterprises by 2020.

With our community initiatives, we are well on track to making a positive impact on four million lives by 2020.

Despite the challenging operating environment, we were able to engage more colleagues in our *Plus You* volunteering and giving community. Going forward, we aim to keep volunteering participation above 20%, continuing our focus on skills-based opportunities and engaging our colleagues in an increasing share of our projects. We will continue to encourage fundraising for charities and aim to maintain annual matched giving totals at around € 10 million. New regional *Plus You* intranet portals will be set up as a resource to bundle engagement and facilitate tracking.

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

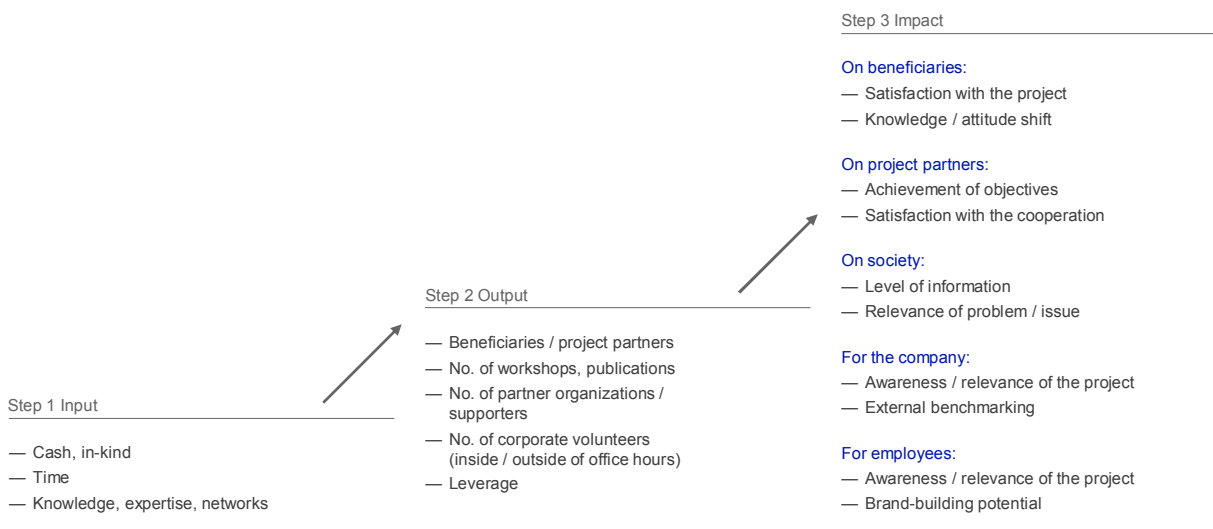


Source: ■ representative global B2B survey in 14 countries, 2017. ■ representative global employee survey, 2016.

Tracking our Impact

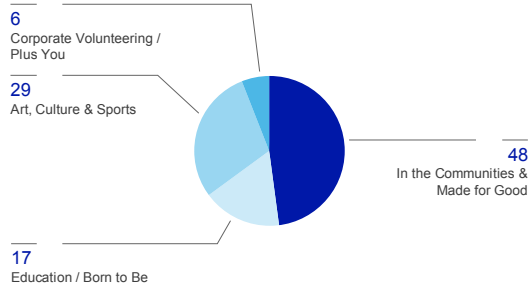
To ensure that resources are deployed efficiently, and projects are fully aligned with the strategic objectives of our CSR agenda, we annually monitor the direct impact of our investments and systematically collect feedback from our community partners via the Global Impact Tracking (GIT) tool. Based on the London Benchmarking Group (LBG) methodology and launched in 2012, we monitor all CSR investments with our GIT (2017: 70% of total investments). The learnings we derive from the analyses enable us to improve our CSR portfolio over time.

How we assess the focus and efficiency of our programs



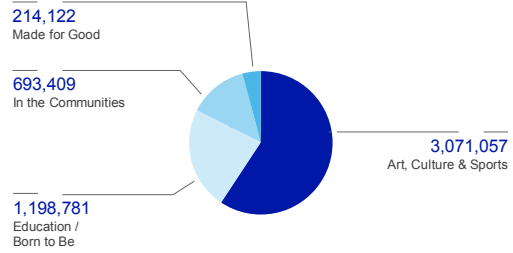
Input: Corporate social responsibility investments per area of activity

Total € 64,2 m., in %



Output: Beneficiaries in 2017/2018

Total 5,177,369



Source: Global Impact Tracking 2017

Impact: How do our projects impact the beneficiaries ?

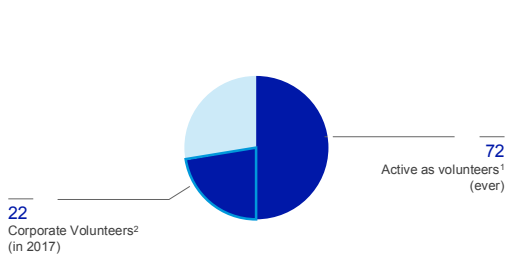
Projects in total, in %

	Basis	Total n=420	Education/ Born to Be n=158	Made for Good n=56	In the Communities n=147
Lives touched/ low impact		40	35	18	39
Lives enhanced/ medium impact		35	44	20	34
Lives changed/ high impact		43	52	75	29

Source: Global Impact Tracking 2017

Share of volunteers

In % (excl. Postbank)

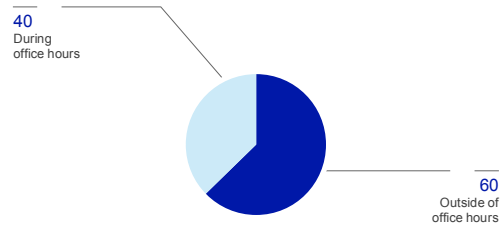


¹ Source: representative global employee survey, 2016.

² Source: Corporate volunteering database.

Corporate volunteering time invested in 2017

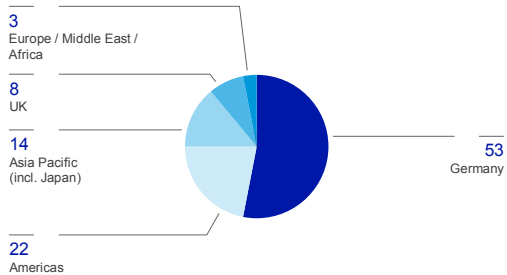
235,783 hours in / outside of office hours, in % (excl. Postbank)



Source: Corporate volunteering database.

Corporate social responsibility investments per region¹

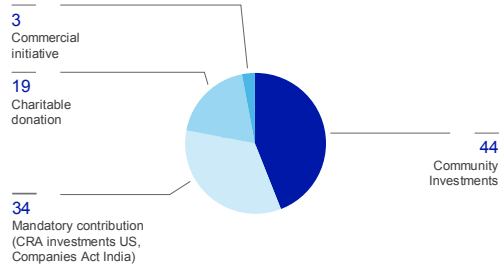
Total € 64,2 m., in %



¹ Regional allocation methodology changed vs. 2016

Motivation of contribution

In % of projects



Source: Global Impact Tracking 2017

CSR key performance indicators

	2017	2016	2015
Total CSR investments, in € m. (excl. Postbank)	64.2	73.5	76.8
External perception of Deutsche Bank as a responsible corporate citizen (global B2B market) / (in %) ¹	65%	65%	68%
People reached with CSR initiatives in m.	5.2	4.9	4.7
thereof:			
Born to Be, Made for Good, In the Community	2.1	2.4	2.3
Art, Culture & Sports	3.1	2.5	2.4
Born to Be			
Born to Be projects supported by corporate volunteers (in %)	65%	60%	52%
Cumulative Born to Be beneficiaries in m. (since 2014)	3.9	3.0	2.1
Made for Good			
Made for Good enterprise projects supported by corporate volunteers (in %)	38%	31%	N/M
Cumulative number of participating social enterprises (since 2016)	11,754	9,812	N/M
Cumulative number Made for Good beneficiaries (since 2016)	306,872	147,538	N/M
In the Community			
Community projects supported by corporate volunteers (in %)	52%	50%	39%
Cumulative number of beneficiaries of community projects (since 2015)	2.4	1.8	1.0
Plus You - Volunteering and Giving (excl. Postbank)			
Employees participating in the bank's volunteer programs	17,417	16,651	17,382
in % of total staff	22%	20%	22%
Hours invested by corporate volunteers	235,783	188,000	185,000
Total employee donations and matching by Deutsche Bank, in € m.	10.5	12.6	13.0

¹ Representative global B2B survey in 14 countries (2015: 16 countries); top 2 ratings on 5-point scale

Arts, Culture, and Sports

Deutsche Bank has been involved in art, culture, and sports for decades. Since 2016, these initiatives have been bundled in the Art, Culture & Sports unit.

With our commitment, we are investing in the future of society by making our initiatives and projects accessible to as many people as possible and supporting promising talent. In this way, the unit reflects the bank's stance as a dedicated, future-oriented, responsible company.

Under our Art, Culture & Sports policy, we define control principles and responsibilities for art-, culture-, and sports-related activities at Deutsche Bank.

New Forum for Arts, Culture and Sports

During 2017, we began preparations for the new forum for art, culture and sports that will be launched in 2018. In an area encompassing 3,000 square meters at Unter den Linden 5 in Berlin, Germany, we will present permanent and changing art exhibitions, as well as cultural and sporting events, from concerts and readings to broad-based discussion formats.

The Deutsche Bank KunstHalle in Berlin, Germany, which has been our own exhibition hall for 20 years, is merging into a new cross-activity forum in 2018. Cultural education programs and initiatives will continue to play a key role in the new forum. In addition, free entry once a week is planned.

Global Art Program

We have promoted contemporary art for more than 35 years and our collection is one of the world's most renowned corporate art collections. ArtWorks—our global art program—aims to make art accessible to all, and in 2017, more than 90,000 art enthusiasts visited the Deutsche Bank KunstHalle, while 5,500 children and young people took part in our free educational program for contemporary art. As part of our Artist of the Year award, we showcased the work of emerging artists like Kemang Wa Lehulere, the 2017 Artist of the Year.

Cultural Commitment

Promoting culture is an important pillar of our corporate responsibility activities. As an example, we have been a partner of the Berliner Philharmoniker since 1989. Together, we have enabled educational programs that have introduced classical music to more than 50,000 children and young people.

Our support of the Junge Deutsche Philharmonie and the Schloss Belvedere Music Academy aims to promote young musicians. While the Junge Deutsche Philharmonie prepares music students for careers in orchestras, the Schloss Belvedere Music Academy supports some 120 students looking for a music and school education.

Talent Promotion in Top-Class Sports

For more than 40 years, we have supported the German Sports Aid Foundation. In 2017, we sponsored 400 Sports Aid athletes, providing each of them with a scholarship of 400 euros a month. Our initiatives *Sprungbrett Zukunft* (Springboard into the future) and *Unternehmen suchen Spitzensportler* (Corporations Seeking Elite Sportspeople) help young top athletes to advance their careers.

The Deutsche Bank Equestrian Sport Academy, established in 2016, adds a talent promotion component to our 60 year involvement in equestrian sports. With the academy we promote up to ten exceptional young dressage talents, selected by the trainer of the German national equestrian team. They receive targeted training, access to selected tournaments, and advice from Deutsche Bank mentors. To encourage a wide spectrum of young athletes, academy participants will become tutors themselves and train talented amateur riders.

Environment

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In-house Ecology

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

To understand and report our operational emissions, we apply the international greenhouse gas (GHG) standard ISO 14064. We also apply ISO 50001 in our energy management strategy in Germany, while across Europe we follow the European Energy Directive (EED) in all relevant countries, based on the energy audit requirements of local legislation.

As part of our ISO 14064 commitment, we have developed an internal governance framework to manage data collection and define our management approach to environmental reporting, as well as established an environmental management system to capture data. Due to the timing of this publication and the availability of data sources such as energy bills, we have performed limited amounts of extrapolations to complete the year's data set. We continue to assess whether this makes a material difference to our data.

Together with other divisions within the bank and our facility management partners, we collate data from multiple sources including our utilities and energy bureau, travel providers, engineering maintenance logs, and waste and paper records. Each year, our Eco-Performance Management Office (Eco-PMO) also conducts an in-depth analysis of the data to help us evaluate the performance of initiatives against targets and to leverage synergies between our geographical regions.

The general philosophy of the management approach has been to reduce consumption by operational activities, for example increasing energy efficiency, reducing energy consumption with new technology, and optimizing the operation of our buildings. To this end, we take a full life-cycle approach, ensuring that energy efficiency is considered—from design and specification to procurement. We also seek to maintain the supply of renewable electricity where it is available as part of a de-regulated market.

In line with this, we set an annual target of a 1% reduction in our electricity consumption between 2015 and 2018. In 2017, we exceeded this with a 1.7% reduction, or 5 GWh of energy savings, and have revised our 2018 target to 1.5%. We also set targets to reduce electricity consumption by 2% a year. We track progress monthly via energy target reports at a global and regional level. These help to ensure the timely implementation of energy-efficiency measures wherever possible. Further details on energy performance can be found in the footnotes to the data tables below.

The measures and the initiatives required to meet our targets were fully established by the end of 2017, with measurement and verification managed by the Eco-PMO. Further measures in other divisions include reducing paper consumption and waste by implementing pull-print technology, which has been a success.

The Management Board endorses our commitment to carbon neutrality and the Global Head of Service Delivery in Corporate Services reviews progress annually as part of ISO 50001. This review takes into account global trends and developments; for example, in 2017, we expanded our energy KPI (kWh/m²) to take into account energy utilization (kWh/headcount).

We continue to report on the environmental impact of our operations, which derives mainly from the buildings and travel, while energy, GHG emissions, water, paper, and waste are the main drivers of environmental impacts. Significant progress has also been made in how we report supply chain emissions, which we capture in our CDP submission.

As part of the energy management framework, we have Standard Operating Procedures (SOPs) in place to ensure that we adhere to its due diligence obligations. These documents are available to all employees and we track progress via the Three Lines of Defence (3LoD) framework. Topics covered include utility management (cost and consumption) and load capacity management (appropriate infrastructure equipment for energy management).

Data Collection Process

Data on energy consumption, GHG emissions, waste, paper, and water consumption, including Postbank's, are consolidated in a global database that systematically analyzes data for the past 10 years. We analyze the impact of environmental initiatives, highlighting how renewable electricity has reduced carbon emissions for example. 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 for and offsets purchased at the appropriate level to meet our neutrality targets. Data covers all locations, (currently 87% of our carbon emissions come from actual metered or invoiced data, with consumption extrapolated for non-reporting sites) and are quantified and reported in line with the international GHG standard ISO 14064. Waste, paper, and water data are also captured in this database, with data for copier paper consumption in 17 countries including Germany, the UK, and the US, and cover 76% of employees. Water consumption data is extrapolated based on floor area with actual water consumption data covering 58% of floor area across the globe. Full-time equivalent (FTE) and floor data refer to respective annual average numbers.

Greenhouse Gas Reporting

In 2017, total emissions (from market-based reporting) amounted to 226,769 metric tons of CO₂e, while emissions from location-based reporting were 433,169 metric tons of CO₂e. The difference between location and market emissions of 206,400 metric tons of CO₂e is primarily due to the renewable energy contracts in the three largest electricity consuming countries where we operate: 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 arisen from improved extrapolation methodologies (base-year market-based methodology emissions were 698,408 metric tons of CO₂e).

All data relates to 2017 and is presented as available at the time of reporting (though as already mentioned, some is extrapolated from 2016). Performance changes reflect:

- electricity grid factor changes,
- energy data updates where data was unavailable at the time of reporting last year,
- assumption changes, and
- extrapolation methodology changes.

Reporting Scope

Our greenhouse gas (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 where our operational policies are implemented. Reporting scopes are defined as:

- Scope 1: the combustion of fossils fuels, owned and leased vehicles, and refrigerant leakage from cooling equipment
- Scope 2: delivered energy including electricity, district heating, steam, and cooling
- Scope 3: indirect emissions from business travel (air, rail, taxi, rented vehicles), where emissions sources are controlled by others

We report according to the GHG Protocol's Scope 2 Guidance: an amendment to the Corporate Standard (June 2017). In line with the requirement for dual reporting, the table below shows GHG emissions from the market-based approach, using supplier-specific emission factors and Reliable Disclosure Systems for Europe (RE-DISS), residual emission factors for non-renewable electricity consumption in European countries, or country grid average factors.

Emission Factors

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 US 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. Austria, Italy, the Netherlands, Belgium, Luxembourg, and Switzerland also hold zero-carbon electricity contracts.

Carbon Neutrality

In line with our commitment to achieving a low-carbon economy, and based on our global environmental data management, we seek to reduce our energy consumption and GHG emissions by making our own operations as energy-efficient as possible. Additionally, we strive to use renewable energy sources where available. We have offset unavoidable carbon emissions covering GHG Scopes 1 and 2 and business travel since 2012, by purchasing and retiring high-level emissions reduction certificates.

Looking at the purchased carbon credits for our carbon-neutrality in 2017, we invested in a diversified project portfolio that supports climate change mitigation and economic development in Africa, Latin America, and Asia. All offsetting projects complied with well-recognized global standards, including the Gold Standard (60%) and Verified Carbon Standard. Our carbon-neutral measures remain subject to external assurance.

	Dec 31, 2017			
	Africa	Americas	Asia	Share
Wind		50,000		20 %
Biomass / Biogas			50,000	20 %
Cookstoves	50,000			20 %
Geothermal			50,000	20 %
Hydro				–
Forest / REDD	25,000	25,000		20 %
Solar / PV				–
Share	75,000 30 %	75,000 30 %	100,000 40 %	0 100 %
Total				250,000

Eco-Efficiency Tables

GHG Emissions¹

in t of CO ₂ e (unless stated differently)	Variance from previous year (in %)	Dec 31, 2017 ²	Dec 31, 2016 ³	Dec 31, 2015 ³
Total Market based GHG emissions¹	(6.07)	226,769	241,432	244,592
Market based emissions from building energy use	(6.09)	146,063	155,531	150,024
Emissions from business travel ³	(3.24)	76,969	79,546	90,862
Scope 1, direct GHG emissions	(9.61)	53,190	58,847	50,305
Natural gas consumption	(4.63)	31,444	32,971	27,504
Liquid fossil fuels ^{2,4}	(24.52)	742	983	1,405
HFCs ^{3,5}	(41.21)	3,736	6,355	3,705
Owned/leased vehicles	(6.86)	17,268	18,539	17,691
Scope 2, indirect GHG emissions	(6.33)	113,877	121,578	121,116
Market based emissions from electricity consumption ⁶	(5.43)	73,685	77,912	83,937
Steam, district heating and cooling	(7.95)	40,193	43,665	37,179
Scope 3, other indirect GHG emissions	(2.14)	59,701	61,007	73,171
Air travel ⁵	0.12	55,984	55,916	67,423
Rented vehicles and taxis ⁷	(34.78)	2,378	3,646	4,428
Rail travel	(7.27)	1,340	1,445	1,321
Emissions reductions	N/M	0	0	0
Off set of market based GHG emissions by retirement of high-quality carbon certificates ⁸	0	100	100	100
Market based GHG emissions (incl. renewables, excl. carbon credits)/rentable area per sqm ⁹	0	0	0	0
Market based GHG emissions (incl. renewables, excl. carbon credits) per FTE ¹⁰	(3.35)	2	2	2
Total energy consumption in GJ⁷	(1.70)	3,579,174	3,641,101	3,710,868
Total energy consumption in GWh⁸	(1.68)	994	1,011	1,031
Electricity consumption in GWh	(5.32)	570	602	609
Energy from primary fuel sources (oil, gas, etc.) in GWh ⁹	(5.46)	173	183	176
Delivered heat and cooling in GWh	(8.00)	184	200	166
Electricity from renewables in GWh	(5.33)	462	488	494
Space-normalized energy consumption in kWh per sqm	(0.696)	285.200	287.200	272.700
FTE-normalized energy consumption in kWh per FTE	1.231	10,118.000	9,995.000	10,325.000

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 (2016 and 2017), GHG Protocol, eGRID, and IEA (2016), RE-DISS (2016) 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 Data reported under 2017 relates to the period Oct. 1, 2016 to Sept. 30, 2017. Q4 2016 is used to represent activity of Q4 2017, with an uncertainty of +/- 5% across all KPIs (excl. water +/-10%).

³ Previous-year data is reviewed annually and error corrections are applied if necessary. To better reflect the use of company-owned vehicles for business travel, the methodology was reviewed and updated historically, excl. distance traveled for private use.

⁴ Emissions from liquid fossil fuels decreased in 2017, largely driven by a reduction in diesel use in Germany.

⁵ Emissions from HFCs decreased in 2017. The decrease is in the expected range factoring in maintenance work conducted.

⁶ 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 metric tons of CO₂, while eGRID factors are specified in CO₂e. However, as the proportion of non-CO₂ GHG emissions is minute compared to CO₂, we are reporting all emissions from electricity in CO₂e.

⁷ Emissions from rented vehicles and taxis has reduced, largely driven by a reduction in spending on taxis in Germany and India.

⁸ For 2017, carbon neutrality was accomplished by the purchase and retirement of verified emissions reduction units.

⁹ All floor area metrics use an annual average derived from Oct 2016 to Sept 2017 data (3.486 million m²).

¹⁰ All FTE metrics use an annual average for 2017 (98,262).

¹¹ 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.

¹² 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 10.8 GWh from 149 initiatives (these saving are in-year, i.e. a saving completed in June only gets 6 months of saving towards 2017). In branches the reduction was 0.7 GWh from 39 initiatives (these saves are annualized, i.e. a saving completed in June counts for the entire 12 months of 2017). The types of energy included in the reductions are electricity, district cooling, district heat, natural gas. These totals exclude saving made in the Postbank portfolio.

Distance Travelled

in km (unless stated differently)	Variance from previous year (in %)	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total distance travelled	(1.74)	662,956,314	674,663,076	782,091,474
Total air travel¹	0.01	506,247,191	506,218,268	609,585,770
Short-haul air travel	(0.30)	21,021,459	21,084,036	23,180,278
Medium-haul air travel	(4.15)	61,931,538	64,615,405	74,140,705
Long-haul air travel	0.66	423,294,193	420,518,827	512,264,786
FTE-normalized travel in km per FTE	2.98	5,152	5,003	6,106
Total rail travel²	0.65	44,631,811	44,343,789	43,648,162
Total road travel³	(9.69)	112,077,313	124,101,018	128,857,543
FTE-normalized total distance travelled in km per FTE	1.200	6,747.000	6,667.000	7,834.000

¹ Domestic and international air travel is derived from 99.6% of actual flight data; the remaining 0.4% is extrapolated based on cost. Air travel uses GHG Protocol emissions factors. No radiative forcing factor is applied. Although there has been an intermittent travel ban, an increase in long-haul flights has led to a small increase in emissions from air travel.

² Rail travel is derived from 96.6% of actual rail travel data; the remaining 3.4% 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 the UK, the UAE, the Czech Republic, and the Russian Federation, actual distance traveled and fuel data is used. Road travel uses DEFRA (2016 and 2017) emissions factors.

Waste and Paper

in t (unless stated differently)	Variance from previous year (in %)	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Waste				
Waste disposed ¹	(12.13)	9,714	11,055	9,328
FTE-normalized waste disposed in t per FTE	(9.091)	0.100	0.110	0.090
Waste produced ²	(11.86)	22,265	25,260	26,671
FTE-normalized waste produced in t per FTE	(8.000)	0.230	0.250	0.270
Waste recycled ³	(11.65)	12,551	14,206	17,343
FTE-normalized waste recycled in t per FTE	(7.143)	0.130	0.140	0.170
Waste recycled in %	0	56	56	65
Waste composted	(3.68)	2,982	3,096	957
Waste with energy recovery ³	(13.96)	5,178	6,018	6,068
Waste incinerated (without energy recovery) ³	(19.21)	1,228	1,520	1,461
Waste landfilled	(22.38)	326	420	842
Hazardous waste	(3.72)	207	215	506
Non-Hazardous waste	(11.96)	22,046	25,042	26,165
Paper				
Copy/print paper consumed ^{4,5}	(6.69)	3,194	3,423	4,089
Recycled paper ⁵	(46.92)	198	373	863
Recycled content in %	(45.45)	6	11	21
FTE-normalized paper consumption in kg per FTE	(3.903)	32.500	33.820	40.960

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 twelve other countries, covering 60% of FTEs. Waste data does not include project waste, e.g. from refurbishments.

² In 2017, a reduction in waste produced from sites within Germany has driven the decrease in total waste, mainly in recycled waste.

³ Waste incinerated (with and without energy recovery) has decreased in 2017, largely driven by the decrease in waste generation from Postbank sites.

⁴ Copier paper data ("materials used" in GRI G4 reporting terminology) is extrapolated based on consumption per FTE from 17 countries covering 76% of FTEs.

⁵ A reduction in the number of printers, print pooling, and behavioral change among staff has contributed to a reduction in paper use. A lower percentage of paper purchased in 2017 was from recycled paper. We continue to purchase paper originating from sustainably managed forests.

Water

in m ³ (unless stated differently)	Variance from previous year (in %)	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total water consumed (potable)¹	(0.25)	2,062,159	2,067,346	1,609,581
FTE-normalized water consumption in cbm per FTE	2.741	20.990	20.430	16.120
Space-normalized water consumption in cbm per sqm	0.852	0.592	0.587	0.426

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.

Supplementary Information

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83	Abbreviations and Acronyms

About this Report

This is our first Non-Financial Report, providing insights on developments from January to December 2017. The report replaces the former Corporate Responsibility (CR) Report, which had been published since 2002. The next Non-Financial Report will be published in March 2019. The last CR Report was published in March 2017.

The non-financial topics identified as material to understand the development of the business, the business results and the position of Deutsche Bank, as well as necessary to understand the impacts of our activities on the aspects, are marked throughout this report. The overview table of topics covered by our Non-Financial Statement is part of this report's [materiality assessment 2017](#).

To fulfil the requirements of the German law on non-financial reporting and the application of an externally recognized framework (CSR RUG, § 289d HGB), we continue to align to the Global Reporting Initiative (GRI). In this respect, this report has been compiled in accordance with the core option of the GRI SRS guidelines. Our full GRI content index is available in the [online report](#) and on our corporate website. This report also serves as our Communication on Progress for the UN Global Compact. The information contained in this report is subject to additional external assurance ([see Independent assurance statement](#)). References to information outside the Group Management Report do not form a part of the Non-Financial Report and the external assurance.

The system for data generation and the aggregation of our greenhouse gas emissions is based on the GHG Protocol and ISO 14064. It is subject to additional external assurance ([see Independent assurance statement](#)).

As well as reporting on our corporate responsibility performance annually, we strive for transparency throughout the year by disclosing to sustainability rating organizations (see Sustainability Ratings) and publishing information on our corporate responsibility website, as well as regional publications and other regular updates (www.db.com/cr).

This Non-Financial Report 2017 is also available in German. (see www.db.com/nichtfinanzieller-bericht).

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 access information and our key economic data from our Annual Report, our Financial Statements, and Management Report (see db.com/reporting or <https://geschaeftsbericht.deutsche-bank.de/2017>).

Limited Assurance Report of the Independent Auditor regarding the separate non-financial group report

To the Supervisory Board of Deutsche Bank Aktiengesellschaft, Frankfurt am Main

We have performed an independent limited assurance engagement on the separate non-financial group report as well as the by reference qualified part "Our Organization" (further „non-financial group report"), of Deutsche Bank Aktiengesellschaft, Frankfurt am Main (further „Deutsche Bank") according to § 315b HGB for the period from January 1 to December 31, 2017.

Management's Responsibility

The legal representatives of Deutsche Bank Aktiengesellschaft are responsible for the preparation of the non-financial group report in accordance with §§ 315b, 315c in conjunction with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances.

Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the non-financial group 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 are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed of the non-financial group report within a limited 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" published by IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the non-financial group report, has not been prepared, in all material respects in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. 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 procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

- Inquiries of personnel at Group level who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries for Deutsche Bank
- A risk analysis, including a media research, to identify relevant information on Deutsche Bank's sustainability performance in the reporting period
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of disclosure on environmental, employee and social matters, respect for human rights as well as combatting corruption and bribery matters, and further matters including the collection and consolidation of quantitative data
- Inquiries of personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
- Evaluation of selected internal and external documents
- Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on group level
- Assessment of the overall presentation of the disclosures in the non-financial group report

Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that the non-financial group report of Deutsche Bank Aktiengesellschaft for the period from January 1 to December 31, 2017 is not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use / Clause on General Engagement Terms

This report is issued for purposes of the Supervisory Board of Deutsche Bank Aktiengesellschaft, Frankfurt am Main, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Deutsche Bank Aktiengesellschaft, Frankfurt am Main, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 12, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Laue
Wirtschaftsprüfer
[German Public Auditor]

Glöckner
Wirtschaftsprüfer
[German Public Auditor]

Limited Assurance Report of the Independent Auditor

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

We have performed an independent limited assurance engagement on the disclosures on sustainability performance in the Non-Financial Report 2017 (further „Report“), of Deutsche Bank Aktiengesellschaft, Frankfurt am Main (further „Deutsche Bank“) for the period from January 1 to December 31, 2017.

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 Standards 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 are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed of the Report within a limited 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 plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Report, has not been prepared, in all material respects in accordance with the aforementioned Reporting Criteria. We do not, however, issue a separate conclusion for each disclosure. 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 procedures 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 engagement, we performed amongst others the following procedures:

- Inquiries of personnel at Group level who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries for Deutsche Bank
- A risk analysis, including a media research, to identify relevant information on Deutsche Bank's sustainability performance 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, including the collection and consolidation of quantitative data
- Inquiries of personnel who are responsible for providing the data and information, carrying out internal control procedures and consolidating the data and information
- Evaluation of selected internal and external documents
- Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on group level
- Assessment of the overall presentation of the disclosures in the Report

Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that the Non-Financial Report 2017 of Deutsche Bank Aktiengesellschaft for the period from January 1 to December 31, 2017 is not prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction of Use / Clause on General Engagement Terms

This report is issued for purposes of the Management Board of Deutsche Bank Aktiengesellschaft, Frankfurt am Main, only. We assume no responsibility with regard to any third parties.

Our assignment for the Management Board of Deutsche Bank Aktiengesellschaft, Frankfurt am Main, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 12, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Laue
Wirtschaftsprüfer
[German Public Auditor]

Glöckner
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Abbreviations and Acronyms

AATIF	Africa Agriculture and Trade Investment Fund
ABC	Anti-Bribery and Corruption
AFBC	Anti-Fraud, Bribery and Corruption
AFC	Anti-Financial Crime
AML	Anti-Money Laundering
APAC	Asia Pacific
AuM	Assets under Management
BEE	Black Economic Empowerment
BREEAM	Building Research Establishment Environmental Assessment Methodology
BRICS	Brazil, Russia, India, China and South Africa
BVV	BVV Versicherungsverein des Bankgewerbes a.G. und BVV Versorgungskasse des Bankgewerbes.V.
CAO	Chief Administration Officer
CDP	Former Carbon Disclosure Project
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1
CFD	Contract for Difference
CFO	Chief Financial Officer
CIB	Corporate and Investment Bank
C&I	Culture & Integrity
CIC	Culture Integrity & Conduct
CIO	Chief Investment Officer
CISO	Chief Information Security Office
COO	Chief Operating Office
COP	Conference of the Parties
CPD	Counterparty Probability of Default
CRA	Community Reinvestment Act
CSD	Christopher Street Day
CSO	Chief Security Office
CSR	Corporate Social Responsibility
DAP	Director Acceleration Program
Deutsche AM	Deutsche Asset Management
DPM	Discretionary Portfolio Management
DVFA	German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management)
EAP	Employee Assistance Program
EBA	European Banking Authority
EEEF	European Energy Efficiency Fund
EFAMA	European Fund and Asset Management Association
EFFAS	European Federation of Financial Analysts Societies
ES	Environmental and Social
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
EMEA	Europe, Middle East and Africa
ETF	Exchange Traded Fund
EU	European Union
ExCo	Executive Committee
FTE	Full-Time Equivalent
G20	Group of Twenty, an international forum that brings together the world's 20 leading industrialised and emerging economies
GDP	Group Data Privacy
GDPR	General Data Protection Regulation
GDW	Association of Sheltered Workgroups, Genossenschaft der Werkstätten
GHG	Green-house Gas
GIT	Global Impact Tracking
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GRRC	Group Reputational Risk Committee
GSIA	Global Sustainable Investment Association
GTB	Global Transaction Banking
HGB	German Commercial Code (Handelsgesetzbuch)
HNWI/UHNWI	High Net Worth Individuals/Ultra-High Net Worth Individuals

HR	Human Resources
ICGN	International Corporate Governance Network
IDAHOT	International Day Against Homo-, Trans, and Biphobia
IIGGC	Institutional Investors Group on Climate Change
IKS	Proprietary Fund Platform
IoC	Indicator of Compromise
IPO	Initial Public Offering
IREC	International Renewable Electricity Certificate
IVC	Individual Variable Compensation
KRI	Key Risk Indicator
KYC	Know Your Customer
LEED	Leadership in Energy and Environmental Design
LBG	London Benchmarking Group
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
LoD	Lines of Defence
MB	Management Board
MESGS	Minimum ESG Investment Standards
MiFID II	Markets in Financial Instruments Directive II
MiFIR	Markets in Financial Instruments Regulation
MTA	Mandatory Time Away
NFR	Non-Financial Risk
NFRM	Non-Financial Risk Management
NGOs	Non-Governmental Organizations
NPA	New Product Approval
NTA	New Transaction Approval
OECD	Organisation for Economic Co-operation and Development
OFAC	Office of Foreign Assets Control
PCB	Private & Commercial Bank
PCC	Private & Commercial Clients
PEP	Politically Exposed Person
PRI	Principles for Responsible Investment
REC	Renewable Electricity Certificate
RE-DISS	Reliable Disclosure systems for Europe
REGO	Renewable Energy Guarantee Origin
RI	Responsible Investment
RoTE	Post-Tax Return on Tangible Equity
RPA	Robotic Process Automation
SDG	Sustainable Development Goal
SI	Sustainable Investments
SOP	Standard Operating Procedure
SPR	Systematic Product Review
SRDII	Shareholders' Rights Directive II
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TCFD	Task Force on Climate-Related Financial Disclosures
TP	Total Performance
UCITS	Undertakings for Collective Investments in Transferable Securities
UK	United Kingdom
UN	United Nations
US	United States
VER	Verified Emission Reduction
WD	Wealth Discretionary
WGL	Women Global Leaders
WISE	White-label Investing Software Engine
WM	Wealth Management

Imprint

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

Publications

Publications relating to the financial statements

Annual Report 2017
(German / English)

Annual Financial Statements and Management Report of Deutsche Bank AG 2017
(German / English)

Non-financial Report 2017
(German / English)

Human Resources Report 2017
(German / English)

List of Advisory Council Members
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Online

All publications relating to our financial reporting are available at www.db.com/ir

Photos

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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 March 16, 2018 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from www.db.com/ir.

Annual Report 2017



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