

## 6.4 Escalation Procedures

The ARRC escalates unresolved issues first to the RGB and then if necessary to the North America Executive Committee regionally, and to the Group Reputational Risk Committee globally.

In the event that a business line does not agree with the decision of the ARRC, an appeal may be made to the Group Reputational Risk Committee (GRRC) through the RRN. The presentation papers submitted to the ARRC shall be circulated to the RRN by the Committee Secretary for its consideration, together with any additional material that the business line may wish to include.

## 6.5 Tracking of Open Issues

The Secretary shall maintain a list of all decisions taken and any related follow-up actions. The secretary is responsible for following up on open issues and for providing members with timely status reports of open items.

## 6.6 Submission of Documents

A meeting agenda and supporting materials will be distributed to members before each meeting by the Secretary.

Minutes and follow-up actions from a meeting will be maintained by the Secretary. Notices of items approved subsequent to a meeting (conditions are fulfilled for a conditionally-approved item)

Status reports of action items and open items will be provided periodically but no less than quarterly.

## 6.7 Role of Chairman

The Chairman of the ExCo is the North America CEO. The Chairman chairs each meeting and sets the tone for the committee by clearly articulating the mission statement.

Additionally, the Chairman:

1. Sources the agenda
2. Proposes new members
3. Cast deciding vote in a tie situation
4. Reports ExCo activities and issues to the GEC.

# Section 7: Risk Appetite

## 7.1 Definition

The concept of risk when applied to reputational risk is different than credit, market or operational risk in that reputational risk (or "headline" risk) never really goes away – it is a risk that can never be fully mitigated. One reason is that headline risk can easily and erroneously accrue to DB, and yet be as damaging as a true market risk event. For example, DB was slandered in newspapers across the US for abandoning foreclosed properties when DB was not responsible for upkeep of the properties – a third party servicer was responsible.

A risk appetite is defined, by DB Group, as the maximum level of risk that DB is prepared to accept, in the aggregate, relative to its financial capacity to assume losses, in order to deliver its business objectives. The DB Group's risk appetite statement defines the Group level risk tolerance that is translated into financial targets for business divisions and risk limits, targets or measures for major risk categories throughout the Group. The risk appetite is an aggregation of risk capacity, risk tolerances and risk limits.