



Mr. Dominic Renfrey  
International Network on Economic, Social and  
Cultural Rights (ESCR-Net)

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Dear Mr. Renfrey,

Thank you for your letter raising concerns about the social impacts of a POSCO steel plant and port project in Odisha, India, dated March 20, 2013. We welcome the opportunity to address your questions.

In your inquiry, you asked us to use our influence as a high-profile and respected shareholder in POSCO. We have reviewed our data which shows that combined fund holdings (both debt and equity) on behalf of clients accounted for a maximum of about 5mil € (as of March/2013). This compares with a market capitalization of POSCO of around 18 bil €. We have no holdings on our own account. In addition, DB has no corporate finance related exposure to the project in Odisha, India.

Even though the holdings on behalf of clients are de minimis, I would like to comment on our investment process in general and the specific due diligence performed with regard to POSCO.

Our investment process incorporates various ESG related tests and evaluations which constitute an important part of our risk classification of companies. We perform these tests even in cases where our mandates are not designed as strict ESG funds. In determining the ESG performance and attached risks of companies, our team uses specialized external data provider (e.g. Sustainalytics, MSCI etc.), sell-side research or other relevant public information.

We are aware of the controversies related to the POSCO steel plant and port project in India. We closely monitor the progress of the company on a regular basis. In this context, all relevant information sources, including non-profit organizations, are used by our team.



Also for our corporate finance and capital market related transactions we conduct environmental and social Due Diligence in accordance with the DB Environmental and Social Reputational Risk Framework, which is part of the DB Global Reputational Risk Program.

We have engaged the company regarding the issues highlighted by the ESCR-Net letter and Briefing Note. POSCO provided us with information on:

- Process for land acquisition and land clearance;
- Community consultation process;
- Review of the environmental clearance by India's National Green Tribunal (NGT).

Furthermore, POSCO has assured us, that they will comply with any additional conditions which might result from the review by an Expert Committee as instructed by the NGT. The Ministry of Environment and Forest constituted this four-member Expert Committee in May 2012. It submitted its report in October, and we understand that discussions are ongoing in order to reconfirm the environmental clearance of the project.

We will keep an open dialogue with the company on their efforts towards resolving the controversies around the project in India.

We hope that the aforementioned information is helpful. Please do not hesitate to contact us if you have any other questions.

A handwritten signature in black ink, appearing to read 'Sabine Miltner'.

Sabine Miltner  
Group Sustainability Officer