

# Compliance: Conformity with the law and adherence to regulations and standards

In our view, responsible corporate governance does not only mean adherence to laws, regulations, and standards. It requires a stringent compliance system. We have defined strict rules and guidelines for our staff across the entire spectrum of our areas of activity. Through our conformity with the law, we ensure that the company, its shareholders, clients and employees are protected as comprehensively as possible.

We expect all of the employees of DWS to adhere to our compliance standards – by conducting themselves honestly, responsibly and ethically. Our Code of Ethics describes the values and standards for ethical business conduct and serves as the guiding principle for all of our interactions – regardless of whether they are with clients, competitors, business partners, government and regulatory authorities, shareholders or among one another. At the same time, it forms the foundation of our compliance principles, which provide our staff with precise guidelines for proper behavior. That is how we strive to ensure conformity with all applicable laws, regulations and standards.

In order to promote our responsible behavior on the part of our staff, we have expanded our mandatory training on compliance issues. Failure to complete mandatory compliance trainings now carries clear consequences, for example in regard to compensation. Furthermore, to support our controls systems we have substantially expanded our “Red Flag” monitoring system. It reports all violations of compliance requirements in specific areas.

## Our Compliance Control Framework

The Compliance department of DWS is independent of our operational business. Using our Compliance Control Framework as a basis, we are raising the level of awareness of conformity with the law in our operational business areas. The framework specifies the functions of the Compliance team in detail.

The team is responsible for:

- providing advice to individual business units on applicable laws, directives, standards, and regulations as well as providing compliance support

- monitoring trades, transactions and business processes in order to identify any potential compliance risk
- developing globally or locally applicable principles, standards and guidelines for Compliance, communicating them and verifying adherence
- maintaining DWS` internal watch and restricted lists of projects to which special attention must be paid
- helping to achieve adherence to the DWS` internal confidentiality regulations ('Chinese walls')
- implementing any measures arising from the anti-money laundering program
- ensuring that any occurrences which give reason to suspect money laundering or the financing of terrorism are identified and reported to law enforcement authorities
- providing regular training and education for staff on the applicable regulations, rules and internal standards
- coordinating risk control and monitoring the management of reputational risk
- communicating with regulatory agencies around the world on a daily basis

## Anti-Money Laundering (AML) program

Our anti-money laundering program provides strong support for international efforts to combat money laundering, financing terrorism and other criminal acts. We scrutinize clients and current transactions using meticulous procedures and an automated monitoring system through this compliance program.

DWS` anti-money laundering standard complies with the German Anti-Money Laundering Act and the guidelines of the German financial supervisory authority. It is also in line with the recommendations of the Financial Action Task Force on Money Laundering, an intergovernmental organization.

Our anti-money laundering requirements apply worldwide to all business units of DWS, regardless of their location. All our employees and senior managers are required to comply with them to prevent our name or our products and services from being misused for money laundering purposes. To ensure that we always apply the best possible compliance practices, we routinely review our goals and strategies for the prevention of money laundering.

## Anti-Bribery & Corruption

Within the scope of our Anti-Financial Crime/Anti-Bribery & Corruption program, DWS has committed itself to fully complying with all local and international anti-corruption

and anti-bribery laws. Our employees and senior managers are strictly prohibited from receiving, accepting, offering, paying or authorizing any bribe or any other form of corruption. DWS also expects transparency and integrity in all business dealings to avoid any improper advantage or the appearance of questionable conduct on the part of employees or third parties with whom we do business.

To ensure compliance, DWS has an anti-corruption policy that is backed by:

- appropriate Anti-Bribery & Corruption training measures for staff
- recording and monitoring of gifts and invitations
- a worldwide whistleblowing hotline for reporting suspicious cases anonymously
- risk-based procedures for monitoring third parties

## How we combat financial crime

DWS is committed to ensuring the robust risk management of financial crime. We have established a Client & Asset Acceptance Forum (CAAF), a group-wide oversight and governance body. Its responsibilities include ensuring conformity with anti-money laundering and combating financing terrorism legislation. Risk based this forum examines and assesses all risks relating to client adoption and continuation of relevant customer relationships as well as acceptance of assets within DWS Group.

## How we assess and accept clients

DWS has developed effective procedures for continuously assessing clients (Know Your Customer or KYC) and a process for accepting new clients (New Client adoption or NCA) in order to facilitate comprehensive compliance. Furthermore, they help us to minimize risks relating to money laundering, financing of terrorism and other economic crime. Our KYC procedures start with intensive checks before accepting a client and continue in the form of regular reviews. Our procedures apply not only to individuals and corporations that are or may become our direct business partners, but also to people and entities that stand behind them or are indirectly linked to them.

## How we check and approve new products

DWS has put in place a Product Lifecycle Framework to ensure that systems and controls for the design, approval, marketing and ongoing management of products throughout their lifecycle are established. A structured Product Governance process as well as a New Product Approval (NPA) and Systematic Product Review (SPR)

processes provide the basis for ensuring that we can confidently offer clients our products and services. We have created this framework to manage the risks associated with the implementation of new products and services, changes in product 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 lifespan. Applicable across all divisions, the respective processes cover different stages of the product life cycle review, with the NPA process focussing on pre-implementation and the SPR process on periodic reviews, post implementation.

## Data protection: Preventing abuse, protecting rights of self-determination

Comprehensive data protection policies, rules, standards and processes apply to personal data protection in our day-to-day operations. They ensure compliance with all relevant statutory regulations, which may vary considerably from one country to another.

Preventative measures and thorough controls help prevent loss of data and violations of data protection regulations. We always investigate complaints thoroughly. We provide regular training in order to raise awareness of data protection among our staff and to ensure compliance with regulations.

Our Group Data Privacy (GDP) office coordinates, assesses and monitors practices in this field. It works closely with a network of global data protection experts within the Bank.

## Raise questions and protecting whistleblowers

It is thus crucial that integrity always comes above everything else. We maintain an open and supportive environment that encourages employees to raise questions and concerns.

Despite all efforts, there will be times when an employee engages in misconduct by violating laws, rules, regulations, internal policies or principals of ethical conduct. We all have a duty to report suspected misconduct, and the bank provides a range of channels through which you can do this.

You can also make reports anonymously via DWS` Whistleblowing Hotline, which is an electronic platform and a telephone reporting system provided by a third party vendor. DWS is committed to creating an environment where every employee feels

safe to report concerns of misconduct. We operate an anti-retaliation policy regarding whistleblowers.

## Using “Red Flags” to monitor risk-related behavior

The Risk Culture program’s Red Flags initiative uses objective measures to assess employees’ adherence to risk-related policies and processes. It allows senior managers to address risks more effectively and creates a stronger link between behavior and reward.

Senior executives in breach of an applicable policy or process receive a Red Flag. All Red Flags are risk-weighted depending on the severity and frequency of the incident. Aggregated Red Flag scores are taken into account in reviews of performance, pay and promotion.

## Our Three Lines of Defence

Our businesses, control and audit function constitute jointly the internal control framework of DWS – the “Three Lines of Defence”.