

Non-Group Policy

# Conflicts of Interest Policy – DWS Group



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**1. KEY DATA**

**Summary**

This Policy sets out the arrangements in connection with the identification, documentation, escalation and management of conflicts of interest for the DWS Group.

## 2. INTRODUCTION

As a global asset manager and financial services provider, conflicts of interest are inherent in DWS Group (DWS) business. It is essential that DWS (former Deutsche Asset Management / DeAM Group) is able to identify actual or potential conflicts of interest and manage them fairly and appropriately, including preventing a conflict of interest from adversely affecting the interests of a Client. Conflicts of interest can arise in many contexts, some of which may arise from belonging to the Deutsche Bank Group. For example, in addition to conflicts of interest that may arise between DWS and a Client, potential conflicts of interest can arise between one Client and another, an Employee (or Third Party Representative) and a Client, or between DWS and its various shareholders.

Management are responsible for putting a framework in place and implementing systems, controls and procedures to identify, escalate and manage conflicts of interest. Every Employee, however, is responsible for identifying and escalating potential conflicts of interest so that they may be appropriately managed and resolved.

The failure to identify, escalate and appropriately manage actual or potential conflicts of interest and to comply with relevant Rules may expose DWS and Employees to fines, penalties, judgments, damages, and settlements related to regulatory or legal actions and may result in damage to DWS's reputation and a general loss of trust.

## 3. DEFINITIONS/GLOSSARY

Unless otherwise defined, capitalized terms used in this policy have the following meanings:

Term	Definition
"Deutsche Bank"	means Deutsche Bank AG (DB), its domestic and foreign branches, its representative offices and DB Group Entities;
"Client"	means any of the following: a) an existing client of DWS; b) a potential client of DWS (where DWS is seeking to enter into a relationship with the potential client in respect of services or transactions); or c) a former client of DWS where fiduciary or other duties remain in place;
"Close Personal Relationship"	means any of the following: a) a romantic relationship of an Employee; b) a personal business, commercial or financial relationship; c) a cohabitee of an Employee;
"COI Framework"	means the conflicts of interest framework for the oversight and governance of conflicts of interest;
"DB Group Entity"	means any legal entity in which Deutsche Bank AG, directly or indirectly, holds more than 50 per cent of the equity or voting capital share (or equivalent);
DWS Group (DWS)	stand-alone asset management business of the Deutsche Bank AG, consist of DWS Group GmbH & Co. KGaA (Group Financial Holding and listed Company), DWS Management GmbH (General Partner Company) and any DWS Group entity
DWS Entity	means any legal entity in which DWS Group, directly or indirectly, holds more than 50 per cent of the equity or voting capital share (or equivalent);
"Employee"	means any of the following: a) a permanent or temporary employee of DWS; b) a Board Member whether or not an employee of DWS; or c) a natural person employed by DWS as a contractor;



“Family Member”	means in relation to an Employee, a spouse, civil partner, domestic partner, parent, sibling, children or step-children, grandparent, aunt, uncle, nephew, and niece;
“Information Barriers”	means the physical and electronic information barriers within DWS (otherwise known as “Chinese Walls”);
“Executive Board”	means the Managing Directors of DWS Management GmbH, which manages the DWS Group GmbH & Co. KGaA;
“MiFID”	means the EU Markets in Financial Instruments Directive 2014/65/EU;
“Outside Business Interest”	means any interests or activities undertaken by an Employee outside their role at DWS which are disclosable to DWS under the DWS’s policies and procedures including without limitation, external business interest, directorships, external employment and political office appointments;
“Rules”	means any laws, regulations, rules, supervisory expectations, codes of conduct/ethics, and standards of good or best practice relating to conflicts of interest applicable to DWS;
“Management”	means those Employees who are responsible for the day-to-day running of individual businesses and infrastructure functions of DWS;
“Shareholder/Shareholders”	refers to Deutsche Bank and its shareholders as well as any minority interest shareholders of DWS in some cases;
“Supervisory Board”	means the supervisory board of DWS;
“Third Party Representative”	means any of the following: an appointed representative (or where applicable, tied agent) of DWS who is involved in DWS’s provision of services to a Client; an employee of an appointed representative (or where applicable, tied agent) of DWS as well as any other natural person who is involved in the provision of services to DWS or its appointed representative (or where applicable tied agent) under an outsourcing arrangement;
“Values and Beliefs”	means the values and beliefs set out in the DWS’s Code of Business Conduct and Ethics; and
“Vendors”	means vendors, suppliers or service providers, consultants and advisors to DWS.

**4. SCOPE**

**4.1. Purpose**

This policy sets out the DWS’s arrangements in connection with the identification, documentation, escalation and management of conflicts of interest. This policy describes:

- i. what a conflict of interest is;
- ii. general types of conflicts of interest;
- iii. common examples of situations in which conflicts of interest may arise;
- iv. DWS’s general approach to managing conflicts of interest
- v. the responsibilities of Employees (including Management) in connection with the identification, documentation, escalation and management of conflicts of interest;
- vi. DWS’s organisational arrangements with respect to the management of conflicts of interest;
- vii. the manner in which DWS identifies and manages conflicts of interest and the associated systems, controls, policies and procedures; and
- viii. the consequences for those who do not comply with this policy.

**4.2. Applicability**

This policy applies globally to DWS and all Employees.

## 5. WHAT ARE CONFLICTS OF INTEREST?

There are many conflicts of interest that apply to a wide range of behaviours and circumstances. Typically, a conflict of interest arises when two or more persons have competing interests and a duty of care or trust exists between those persons. For example an Employee may face a conflict of interest in the course of working for DWS, which could have the potential to compromise or bias his or her professional judgment and objectivity or otherwise hinder the proper discharge of duties and responsibilities owed by the Employee to DWS. Failure to recognise and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for Clients, DWS and Employees.

Conflicts of interest relevant to DWS include those that arise between:

- i. DWS and one or more Clients;
- ii. an Employee and a Client;
- iii. a Third Party Representative and a Client;
- iv. two or more Clients in the context of the provision of services by the DWS to those Clients;
- v. individual Employees of DWS;
- vi. a Shareholder and DWS;
- vii. DWS and/or DWS Entity and/or Deutsche Bank AG and/or DB Group Entities;
- viii. a Third Party Representative and DWS; or
- ix. DWS and its Vendors.

## 6. GENERAL TYPES OF CONFLICTS OF INTEREST

A non-exhaustive list of common types of conflicts of interest is set out below.

Conflicts of interest relating to Clients can be where DWS, an Employee or a Third Party Representative:

- i. is likely to make an inappropriate financial gain or avoid financial loss at the expense of a Client;
- ii. has an interest in the outcome of a service provided to a Client or of a transaction carried out on behalf of a Client which is different from the Client's interest in that outcome;
- iii. has a financial or other incentive to favour the interest of one Client or group of Clients over the interests of another Client or group of Clients;
- iv. carries on the same business as a Client;
- v. receives or will receive from a person (other than the Client) an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than a standard commission or fee for that service; or
- vi. has a financial or other incentive to favour the sale of a particular product or service to a Client, which is not in the best interest of the Client.

Conflicts of interest relating to DWS can be broadly described as scenarios where:

- i. an Employee's interest in the outcome of a particular activity or endeavour differs from DWS's interest;
- ii. an Employee (or, where applicable, a Family Member or Close Personal Relationship) receives a financial or other significant benefit as a result of the Employee's position at DWS that is inappropriate in nature;

- iii. an Employee has the opportunity to influence DWS granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the Employee or a Family Member or Close Personal Relationship;
- iv. an Employee's existing financial or other interest or previous engagement in an endeavour or activity or relationship with another person, impairs or could impair his or her judgment or objectivity in carrying out his or her duties and responsibilities to the Bank;
- v. a conflict of interest arises in connection with a transaction or arrangement entered into between
  - a. DWS and DWS Entity/Entities
  - b. DWS and a material shareholder
  - c. DWS and Deutsche Bank/ DB Group Entitiesdue to the close relationship between the parties.

For the purposes of this policy, conflicts of interest include situations, which may not be actual conflicts of interest but give rise to a perception of a conflict of interest.

Appendix 1 includes a non-exhaustive list of specific examples of conflicts typical for DWS that give rise or may give rise to conflicts of interest, which require, as applicable, appropriate management, mitigation or prevention.

## 7. APPROACH TO CONFLICTS MANAGEMENT

DWS seeks to ensure that a conflict of interest does not adversely affect the interests of Clients, DWS, its shareholders or other stakeholders through the identification, prevention or management of the conflict of interest.

DWS may use a number of means (which may be used individually or in combination) to manage a conflict of interest including:

- organisational arrangements, systems, controls, policies and procedures designed to prevent the conflict of interest arising or to mitigate the associated risk of damage;
- disclosure designed to inform the affected parties of the conflict of interest and its likely impact on them; or
- avoiding the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means.

## 8. EMPLOYEE RESPONSIBILITIES

In addition to the specific organisational arrangements and systems, controls, policies and procedures addressing particular conflicts of interest, this policy sets out below the standards of behaviour Employees are required to meet when performing their roles at DWS.

### 8.1. Management

Management are responsible for overseeing the identification, documentation, escalation and management of all conflicts of interest as they arise within their relevant areas of responsibility at DWS. Members of Management are required to:

- promote an appropriate culture which emphasizes the importance of ethical treatment of Clients and the fair handling of conflicts of interest;
- be engaged in the implementation of policies, procedures and arrangements for the identification, documentation, escalation, management and ongoing monitoring of conflicts of interest;

- be engaged in the clear communication of policies, procedures and expectations and the sharing of best practice throughout DWS;
- adopt a holistic view to identifying potential and emerging conflicts of interest and to facilitate informed judgments with respect to materiality and the manner in which conflicts are handled;
- raise awareness of conflicts and ensure Employees are directed to complete regular training both at induction and in the form of refresher training;
- sponsor systems and controls to document, track, manage and mitigate conflicts of interest risk, and regularly review their effectiveness;
- consider the implications and take corrective action where required, in connection with performance measurements or incentive schemes that may incentivise an Employee to act contrary to the duties and responsibilities owed to DWS and under applicable Rules; and
- use management information to remain sufficiently up-to-date and informed in connection with the matters listed above.

## 8.2. All Employees

Employees are responsible for identifying and managing conflicts of interest on an ongoing basis and DWS requires that all Employees:

- i. comply with this policy, Rules and other applicable policies and procedures relating to the identification, documentation, escalation and management of conflicts of interest;
- ii. act with integrity and exercise good judgment and discretion in line with the Values and Beliefs;
- iii. act with the requisite degree of independence and objectivity when discharging their responsibilities at DWS;
- iv. avoid situations giving rise to conflicts of interest or the perception of a conflict of interest wherever possible and not allow:
  - a. personal financial interest;
  - b. Family Members or Close Personal Relationships;
  - c. previous, current or potential future involvement (whether at DWS or externally) in an activity or endeavour; or
  - d. different roles and responsibilities at DWS and at DB Group,
- v. to compromise or otherwise call into question their judgement, ability to act objectively or properly to discharge their duties and responsibilities owed to DWS and/or Clients, or otherwise to give rise to the risk of reputational damage to DWS including the risk of the appearance of impropriety around the manner in which business is awarded to or by DWS or of DWS having obtained an improper advantage or treatment;
- vi. immediately notify their supervisor and/or Compliance of the existence and nature of an actual or potential conflict of interest;
- vii. immediately disclose conflicts of interest to the chairperson when participating in decision making fora and if the chairperson so determines, remove themselves from the decision making process and not seek to influence such decisions any further;
- viii. not be in a supervisory, subordinate or control relationship (having influence over conditions of employment) with closely related persons including Family Members or Close Personal Relationships;
- ix. not misuse information obtained in the course of working at DWS in connection with e.g. portfolio management, trade execution, investment advisory or any other regulated financial service and activity;
- x. manage work-related information on the basis of the “Need to Know” principle, respecting information barriers and duties of confidentiality at all times;
- xi. challenge and escalate promptly issues of concern to their supervisors and Compliance so that conflicts of interest may be appropriately reviewed, managed and resolved; and
- xii. upon joining DWS and on a periodic basis thereafter, complete all attestations required by Compliance, including, where relevant, attesting to the completeness and accuracy



of any relevant disclosures and questionnaires in relation to this policy within the timeframes set by Compliance.

In addition, DWS requires Employees who act in a supervisory capacity to:

- xiii. actively seek to identify, document and mitigate conflicts of interest in their area of responsibility including and in connection with any current or planned activities;
- xiv. assess any conflicts of interest reported to them to determine if a conflict of interest exists;
- xv. determine, after consulting Compliance and other control functions as required, the best course of action to resolve, manage or avoid the conflict of interest, including further escalation to a higher management authority where necessary or the (temporary or permanent) withdrawal of responsibility for a given matter or activity from the Employee concerned; and
- xvi. review on an annual basis or more regularly if required, any reported conflicts of interest to ensure these are being managed in accordance with any agreed resolution.

## 9. ORGANISATIONAL ARRANGEMENTS

DWS maintains and operates organisational, procedural and administrative arrangements designed to identify and manage actual or potential conflicts of interest.

### 9.1. Corporate Governance Fundamentals

DWS is committed to maintaining a corporate governance framework aligned with international standards and legal requirements. In support of this objective, DWS applies and acknowledges a clear and comprehensive set of corporate governance principles of the DB Group documented in “Corporate Governance Fundamentals”. All Employees are expected to comply with these principles.

### 9.2. Executive Board and Supervisory Board of DWS Group

DWS Group operates within a GmbH & Co. KGaA (Kommanditgesellschaft auf Aktien) legal structure and the designated management team – under the structure Managing Directors of DWS Management GmbH, the General Partner of the KGaA.

Further, DWS Group complies with the obligations under the German Corporate Governance Code relating to managing conflicts of interest, through requirements set out in the respective terms of reference for the Executive Board and the Supervisory Board. The Supervisory Board issues terms of reference for both the Executive Board and itself in accordance with Law. These set out the requirements to document proceedings at the meetings, including material points of discussion and substantial considerations. Key conflicts of interest related obligations of the Supervisory Board and the Executive Board are set out in Appendix 2.

### 9.3. Board Members of DWS Group-Entities

The duties of Board Members are owed to their respective DWS Group Entity and are not owed to any one shareholder, business line or creditor.

Board Members must generally act in the best interest of the DWS Group Entity they represent and ensure that procedures are in place so that transactions/agreements between

DWS Group GmbH & Co. KGaA and DWS Management GmbH  
DWS Group Entities

DWS Group and DB AG/DB Entities

are generally undertaken only on an arms-length basis.

In this context, Boards may consider the aligned interests of DWS as an element in their decision-making process. DWS’s interest may be given significant weight where the Board Members consider this in the best interest of the relevant DWS Group Entity. The responsibility to weigh the

merits of the DWS Group Entity's interests and DWS's interests in the decision-making process is a key part of a Board Member's role and responsibilities.

In order to ensure that appropriate business decisions are made, Board Members must ensure that such decisions are unaffected by conflicts of interest. Board Members must therefore proactively identify conflicts of interest resulting from their Board position (whether as a member of the management or the supervisory function) and disclose such conflicts of interest as required by the applicable terms of reference and Rules. In particular, the Board Member must refrain from any action that might be detrimental to the DWS Group Entity for which they are a Board Member. Material conflicts of interest, individually and collectively, should be adequately documented, communicated to, discussed and duly managed by the relevant Board.

In general, a Board Member must not be involved in any kind of business, which is in competition with the DWS Group Entity in which the Board membership is held. Board Members cannot represent the DWS Group Entity in dealings with himself or herself, or with a third party represented by himself or herself, unless the relevant Rules permits such representation on the basis of consent (for example, by way of shareholders', supervisory or unitary management board resolution) and such consent is granted.

A Board Member must neither transact business within the DWS Group Entity's line of business for their own account or for the account of others, nor be a general partner of a partnership or a member of the management or supervisory board of another company in the same line of business, without prior approval by the shareholders of the relevant DWS Group Entity or the Board, as applicable under the relevant Rules.

#### **9.4. DWS, DWS Entities, shareholders and DB Group Entities**

Transactions or arrangements entered into between the parties referred to in point 8.3 need to be made on an independent, arms-length basis, in the interests of the group entity of DWS that is being represented, its shareholders, and in compliance with applicable Rules. Employees involved in such transactions and arrangements must be conscious of the risk of conflicts of interest and the need to manage such matters appropriately.

#### **9.5. Segregation of Functions**

DWS operates a clear structural segregation of business lines and infrastructure functions to allow for the independent running of businesses and infrastructure functions and this is reflected in the composition of the Executive Board, its terms of reference and the Executive Board's Business Allocation Plan.

Each business line of DWS reports to a nominated member of the Management Board who is responsible for overseeing and managing the business line within the division.

Infrastructure functions of DWS report independently from business lines to nominated members of the Management Board who are not directly responsible for business lines.

DWS also operates an internal control environment underpinned by a "Three Lines of Defence" framework that articulates risk, control and reporting responsibilities in a consistent operating model across all three lines of defence. This requires the independence of control functions, including Compliance, Risk, and Audit.

#### **9.6. Committee Governance**

Each committee of DWS must adhere to DWS Group and DB's Committee Governance Policy requirement and needs to have terms of reference in place. These terms must include the requirement for members of committees to consider potential conflicts of interest when determining the composition of the committee, taking into account the tasks and responsibilities of that committee.

Further, the terms of reference must require committee members to disclose potential conflicts of interest on an ongoing basis to the chairperson and the chairperson to take appropriate action to resolve such conflicts of interest. All committee members and participants in committees are

expected to comply with the terms of reference of committees they participate in and to disclose conflicts of interest as they arise.

## 10. SYSTEMS, CONTROLS, POLICIES AND PROCEDURES

DWS employs a number of systems, controls, policies and procedures to manage conflicts of interest. A summary of the key policy requirements and controls are set out below. Employees are expected to know the detail of these underlying policies and comply fully with requirements set out in these policies.

### 10.1. Minimum Standards Conflicts of Interest Framework

DWS Group applies and acknowledges the conflict of interest framework of DB. The COI Framework for the oversight and governance of conflicts of interest consists of four elements as set out below.

#### 10.1.1. Conflicts of Interest Register

The Conflicts of Interest Register is a register of the types of conflicts of interest of that have arisen or, may arise, in relation to regulated services or activities. Additionally, the Conflicts of Interest Register identifies and records conflicts, which can emerge because of being a member of the DB Group or from the structure of the DWS Group.

The information contained within the Conflicts of Interest Register facilitates the effective identification, escalation and management of potential conflicts of interest and provides a basis for the training of Employees.

#### 10.1.2. Business Selection and Conflicts Office

The COI Framework also provides for the operation of a Business Selection and Conflicts Office (the “Conflicts Office”/BSCO). The Conflict Office operates for and is independent of the Bank’s business divisions (divisions reflects the DB Group structure around the types of clients) and reviews transactions, products and activities which could give rise to actual or potential conflicts of interest. The Conflicts Office oversees the operation of DB-Group-level transactional conflict clearance and assists in conjunction with Compliance and Legal in the management of conflicts of interest by monitoring, clearing and if appropriate, limiting or prohibiting business activities and/or the involvement of Employees in such activities. The Conflicts Office’s mandate includes assisting in the management and resolution of episodic conflicts of interest that may arise between business divisions outside of the conflict clearing process. The Conflicts Office also provides general oversight over conflict management activities prescribed under the COI Framework and is required to regularly report on such matters to the Management Board

In order for DWS as a group to be in a position to identify and manage conflicts of interest, material transactions involving Clients, DWS, DB and the DB divisions are logged internally and analysed against existing relationships and transactions of the entire DB Group.

Where required under relevant policies and procedures for deal logging, Employees must log business opportunities at the earliest possible time and prior to signing a confidentiality letter or mandate; receiving any non-public information or making a commitment, oral or written, to act for a Client.

Identified or potential conflicts of interest are evaluated by the Conflicts Office which may result in escalation to Senior Management, Compliance and Legal, as applicable or resolution through the business selection process or other conflict resolution fora.

#### 10.1.3. DWS Conflicts Oversight and Governance

The COI Framework sets out the organisational and administrative requirements, which DWS, its business lines and its infrastructure functions must meet in order to identify, document, escalate, manage and report on conflicts of interests. Business lines are required to undertake product

reviews, new product and transactional approvals and assessments of suitability and appropriateness as applicable, all of which are targeted at identifying, escalating and managing conflicts of interest.

The appropriate organisational and supervisory structures must promote sound and objective decision-making.

#### **10.1.4. Compliance**

Compliance, as a 2nd Line of Defence function, is the “Risk Type Controller” for the conflicts of interest risk types assigned to it under DWS’s risk governance framework and is responsible for the design of the risk management framework, setting and monitoring control standards, setting the risk appetite (in conjunction with the business and the Management Board), monitoring, and conducting risk assessments relating to those conflicts of interest risk types across DWS.

#### **10.2. Information Barriers and the Control Room**

DWS respects and expects Employees to respect the confidentiality of information. DWS operates a “Need to Know” approach aimed at complying with all applicable Rules with respect to the handling of such information. Access to confidential information is restricted to those who have a proper need for the information to discharge their responsibilities consistent with the legitimate interest of Clients or DWS.

The principal way in which DWS structures its business to manage inherent conflicts of interest is through the maintenance of Information Barriers in accordance with DWS’s Information Barriers policies. These are designed to restrict information flows between different areas of DWS and between DWS and DB Group. Information Barriers and other measures are put in place to enable DWS and Employees to carry out business on behalf of Clients without being influenced by other information held within DWS, which may give rise to an actual or potential conflict of interest.

DWS also has in place secure and confidential systems maintained within the Compliance Control Room, to record material information to assist in the identification and management of potential conflicts of interest. The Control Room is responsible for the maintenance of the “Watch List” and “Restricted List”. These lists assist with the maintenance and monitoring of the Information Barriers by tracking the flow of non-public information within DWS. This enables DWS to identify and manage potential conflicts of interest arising from sales, trading and Research activities in the period before, during and after investment banking transactions.

#### **10.3. Execution/ Client Order Handling**

DWS requires Employees to act honestly, fairly and professionally in accordance with the best interests of a Client, including when executing, receiving or transmitting orders on behalf of a Client. A Client’s interests are protected by DWS’s best execution and dealing policies, which, for example, prohibit improper, conduct by the traders, such as front-running Client or Portfolio Managers orders.

#### **10.4. Inducements**

MiFID and its implementing legislation contain rules prohibiting DWS from paying or receiving any fee or commission or non-monetary benefit in relation to the provision of a MiFID service to a Client (an “Inducement”), unless such payment or receipt falls within an exception.

An Inducement could create a conflict of interest where the payment or receipt of the Inducement would distract DWS from its obligations to serve the best interests of its Client.

In order to closely monitor potential conflict of interest scenarios concerning Inducements, DWS has established policies, procedures and controls around Inducements with which all relevant Employees are required to comply.

#### **10.5. Remuneration Practices**

DWS recognises that remuneration is a factor that may influence the conduct of Employees. DWS has remuneration policies and procedures which set out appropriate governance to prevent remuneration structures which may incentivise an Employee to act contrary to their responsibilities, regulatory requirements or the Bank’s Code of Business Conduct and Ethics.

In alignment with European as well as German requirements, DWS has implemented a “Compensation Policy for Investment Services” as a supplementary policy, which specifically addresses remuneration in connection with the provision of investment services and ancillary services under MiFID. The purpose of this policy is to align the commercial interests of DWS and Employees with the effective management of conflicts of interest, and with risk management objectives regarding conduct of business standards, in order to ensure that Client interests are not adversely affected by the Bank’s incentive and remuneration practices.

#### **10.6. Outside Business Interests**

A conflict of interest may arise in respect of Outside Business Interests. DWS is subject to the relevant DB policies and procedures to ensure that conflicts of interest arising from such activities are identified, managed or avoided. This includes the imposition of disclosure and approval requirements and the prohibition of those activities that give rise to conflicts of interest.

An electronic register of Outside Business Interests is maintained by DWS, reviewed periodically and utilised for conflicts management purposes.

#### **10.7. Employee Trading**

A conflict of interest may arise by virtue of the personal trading activities of its Employees (“Employee Trading”). DWS is subject to DB’s Policy for Employee Trading. Under this policy all in-scope Employees must disclose and obtain approval for personal trading accounts and obtain pre-clearance for specific trading activity.

This disclosure and pre-approval process is based on a tiering of Employees in consideration of their roles and responsibilities. The approval (or rejection) of a trading request is based on consideration of DWS’s activities and engagement with its Clients in order to identify and thereby manage or avoid any conflicts of interest.

DWS monitors compliance with these requirements and breaches are subject to the Red Flags programme and disciplinary processes.

#### **10.8. Gifts and Entertainment**

A conflict of interest may arise where an Employee receives or offers a gift or entertainment that constitutes an inappropriate incentive for an Employee, Third Party Representative, a Client or Vendor to act in a certain way. DWS does not permit the offering or acceptance of gifts or entertainment by an Employee unless it is reasonable, proportionate and for a legitimate business purpose. DWS is subject to DB’s Policy dealing with Gift, Entertainment and Business Events.

Where applicable, in-scope Employees must obtain pre-approval for gifts and entertainment and approval will not be granted by DWS where such gift or entertainment would give rise to an actual or potential conflict of interest, is inappropriate in nature or otherwise breaches any of the applicable policies, including but not limited to the Gifts, Entertainment and Business Events Policy and the Anti-bribery and Corruption Policy.

#### **10.9. Vendors and Third Party Representatives**

DWS operates multiple systems, controls, policies and procedures to manage the interaction with Vendors and Third Party Representatives. DWS carries out due diligence on Vendors and Third Party Representatives and has contractual arrangements in place to protect the interest of DWS and Clients. Conflicts of interest may arise with regards to Vendors and Third Party Representatives where, for example, an Employee involved in the procurement or hiring process has a close relationship with a particular Vendor or Third Party Representative. Employees are expected to follow the Code of Business Conduct and Ethics and identify, escalate and manage potential conflicts of interest accordingly. It is the Employees’ responsibility to escalate all matters that might reasonably be expected to impact their independence and objectivity, or otherwise interfere with their respective duties to DWS or its Clients or give rise to a perception of a conflict of interest. Furthermore, DWS seeks to manage actual or potential Vendor relationships which are also actual or potential Client relationships independently and on an arm’s length basis and sets out the rules

of engagements between DWS, Vendors and Clients so as to manage actual or potential conflicts of interest.

The Procurement Policy governs the appropriate handling of relationships with Vendors and all Employees are expected to comply with it.

#### **10.10. Disclosure and Client Consent**

While DWS has procedures to prevent or manage conflicts of interest, in certain circumstances those arrangements may not be sufficient to protect a Client's interest from material damage and the Client must be made aware, or alternatively, DWS may decide in the particular circumstances, that the Client should be made aware of a potential for a conflict of interest and the arrangements that will be put place to manage the conflict. Where permissible by applicable Rules and appropriate, disclosure to an affected Client may be made to inform the Client of the arrangements or to specifically seek Client consent to act.

Where it applies, MiFID does not permit disclosure of a conflict of interest to a Client as the sole means of managing the conflict of interest except as a measure of last resort. Such disclosure is required to be made prior to the provision of the relevant investment service and/or ancillary service in a durable medium and must be in sufficient detail so as to enable the Client to make an informed decision as to whether to accept the provision of the relevant service. The disclosure must state that it is being provided to the Client because DWS's organisational and administrative arrangements established to prevent or manage that conflict of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the Client will be prevented. The disclosure should take into consideration the nature of the Client and include a specific description of the conflict of interest that has arisen in connection with the proposed service. The disclosure must include an explanation as to the general nature and source of the conflict of interest, the risks to the Client that arise as a result of the conflict of interest and a description of the steps undertaken to mitigate these risks.

#### **10.11. Escalation**

DWS operates escalation and resolution procedures for conflicts of interest (Client related or otherwise) that arise within or between different areas or entities of DWS and/or between DWS Group Entities.

Employees must follow the internal escalation process prescribed in the DWS's policies and procedures in connection with conflicts of interest. In the absence of a specific escalation process, Employees must inform their supervisor and/or Compliance of the existence and nature of the conflict of interest. Supervisors at the Bank are responsible for assessing the actual or potential conflict of interest and determining, after consulting relevant control functions, the best course of action, including further escalation to a higher authority and where appropriate, notification to Country or Regional Management or relevant Boards.

#### **10.12. Whistleblowing**

DWS provides appropriate channels for the reporting/whistleblowing of conflicts of interest within DWS where an Employee considers this to be the appropriate channel to draw the matter to the attention of the Bank.

DWS's Whistleblowing Policy sets forth the procedures for Employees to report any concerns or suspicions regarding possible violations of laws, rules or regulations or possible violations of the DWS policies, standards or procedures.

#### **10.13. Controls Testing and Risk Assessment**

DWS tests its controls relating to the management of conflicts of interest on a regular basis to identify and remediate gaps identified in those controls. This testing programme is supplemented by regular risk assessments conducted by various functions within DWS, including Compliance. The policies, procedures and controls relating to conflicts of interest are assessed, enabling new conflicts of interest or gaps in the controls for existing conflicts of interest to be identified and escalated for remediation.

#### **10.14. Training**

DWS provides and expects relevant Employees to attend or take regular training on conflicts management and conflicts of interest related topics. This training is critical in ensuring that Employees are able to identify and escalate conflicts of interest and are aware of the processes by which they are identified, escalated and resolved. Appropriate resources are dedicated to the training and building of awareness of conflicts of interest to develop the knowledge and understanding of Employees.

### **11. BREACH OF POLICY**

Failure to comply with the above outlined Rules, this policy and associated policies will result in disciplinary action up to, and including, dismissal. In determining the level of disciplinary action in any particular case the seriousness and/or frequency of the offence will be taken into account. In addition, Employees may run the risk of fines, penalties, judgments, damages, and settlements related to regulatory or legal actions against the Bank and them as individuals.

DWS promotes a number of core behaviours, policies and procedures, which are integral to fostering the risk culture, including its awareness of conflicts of interest scenarios. Adhering to these rules is vital in order to meet regulatory expectations within the financial sector as well as the own conflicts of interest management standards. An important part of driving a strong risk culture is the consistent monitoring of breaches against the DWS's policies, procedures and control processes. For that purpose the DWS's Red Flags process was developed and uses objective indicators to capture Employee breaches against pre-existing policies, procedures and control processes.

In countries where it applies, the DWS's Red Flags process aims to help prevent potential future risks through comprehensive and forward-looking risk assessment. In addition, the consistent collation of breach-data better enables the consideration of such breaches in compensation and promotion decisions. Furthermore, the DWS's Red Flags process provides a procedural foundation for Employees' awareness of risk culture within the Bank and thereby allows for appropriate investigation of breaches and implementation of remediation and mitigating actions.

## APPENDIX 1 – NON-EXHAUSTIVE LIST OF SPECIFIC EXAMPLES OF CONFLICTS OF INTEREST

The below is a non-exhaustive list of specific examples of transactions and activities at DWS that give rise to conflicts of interest which require appropriate management, mitigation or prevention:

- employee trades of a public company's stock or other securities after receiving price sensitive information or confidential information from clients;
- a Family Member or a Close Personal Relationship who has an interest in a transaction or activity where either a Client or DWS also has an interest and the Employee favours the Family Member or a Close Personal Relationship;
- as a result of excessive or lavish gifts or entertainment provided to an Employee, such Employee's judgement is improperly influenced, or the Employee engages in improper conduct;
- DWS holds a proxy for a Client and votes the shares in a way that reflects the DWS's interests or that of another Client rather than those of the first Client;
- employee sells clients an unsuitable product on the basis of higher fee capture or on basis of other benefits (for example inducements)
- DWS allocates trades and IPOs to favoured clients and performance fee accounts
- employee front- parallel or after runs a client or fund transaction in order to make a financial gain or avoid a loss
- employee trades excessive to generate commissions that benefit the broker or investment firm
- the compensation of an employee is not aligned with its clients interest (for example short term performance vs. long term objectives)
- DWS provides investment advice to a Client in respect of products manufactured by the DWS Group itself;
- an Employee recommends an investment in an asset management fund to a Client so that DWS can withdraw its seed capital, as opposed to acting in the Client's best interest;
- DWS recommends and sells products manufactured by DWS to advisory Clients in circumstances where DWS places its financial interest ahead of the Client's interest;
- an Employee recommends the selection of a Vendor by the Bank where the Vendor is associated with an Employee and the Employee fails to disclose his or her relationship with the Vendor to DWS;
- a unit of DWS acts as a distributor and/or advisor in connection with products manufactured by another unit of DWS;
- DWS provides investment advice to a Client in respect of products manufactured by an entity from which DWS receives an inducement;
- DWS provides investment advice to a Client and is paid by transaction volume/turnover.



## APPENDIX 2 – KEY OBLIGATIONS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

### Supervisory Board

Key Supervisory Board member obligations in connection with conflicts of interest are:

- members must avoid activities that could lead to conflicts of interest;
- members must not pursue any personal interests through their Supervisory Board role or take personal advantage of opportunities of the DWS;
- members must disclose to the chairperson of the Supervisory Board circumstances leading to actual or potential conflicts of interest (in particular where a Supervisory Board member is engaged in a mandate for Clients, Vendors or business partners of the DWS);
- members must abstain from voting on any agenda items where a conflict of interest has been identified that may impact the member's ability to make an objective decision;
- the Supervisory Board mandate of any member must be terminated where a permanent conflict of interest is identified; and
- a member must inform the chairperson of the Supervisory Board if they are aware that another member has not properly disclosed an actual or potential conflict of interest and the chairperson of the Supervisory Board must decide on the appropriate further course of action.

### Executive Board

Executive Board member obligations in connection with conflicts of interest are:

- members must avoid activities that could lead to conflicts of interest;
- members must not pursue any personal interests through their Executive Board role or take personal advantage of opportunities of DWS;
- members must disclose to the Supervisory Board (and other Executive Board members as appropriate) circumstances leading to conflicts of interest between their own personal interests, interests of Family Members or Close Personal Relationships or companies they are associated with, and the interests of DWS;
- transactions between Executive Board members and DWS/DB must comply with the customary standards in the sector and material transactions must be approved by the Supervisory Board;
- where an Executive Board member and their immediate family, either individually or collectively, hold shareholdings of over 5% equity capital of a company that has business relations with DWS, that member must inform the chairperson of the Supervisory Board and such relationships will be considered by Audit;
- transactions by Executive Board members of shares of DWS, or derivatives thereof, must be reported to the Bank's German regulator Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) and DWS; and
- Executive Board members may not accept external mandates unless approved by other members of the Executive Board and the chairman's committee of the Supervisory Board.