UK Stewardship Code Report 2023

DWS Investments UK Limited

DWS

Important information

The information in this document has been produced by DWS Investments UK Limited (DWS UK) to demonstrate its adherence to the Principles under the UK Stewardship Code 2020 and covers the reporting period 1 January 2023 to 31 December 2023. DWS UK is authorised and regulated by the Financial Conduct Authority (FCA reference number: 429806).

DWS UK is a subsidiary of DWS Group GmbH & Co. KGaA and DWS is the brand name under which DWS Group GmbH & Co. KGaA and its subsidiaries operate their business activities. Many if not all of the activities described in this document are conducted by affiliates of DWS UK within the DWS group. Information is correct, to the best of our knowledge, as at the date of publication. DWS specifically disclaims all liability for any direct, indirect, consequential, or other losses or damages including loss of profits incurred by any third party that may arise from any reliance on this document or for the reliability, accuracy, completeness, or timeliness thereof.

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Dear Reader,

It is with great pleasure that DWS Group ("DWS") is presenting you with our 2023 UK Stewardship code ("UKSC") report on behalf of DWS Investments UK Limited. We hope that you will find the information provided herein help-ful in understanding our approach to stewardship and how it guides us in ensuring that we adhere to our fiduciary duty to responsibly manage our client's capital to create long-term value for our clients and their beneficiaries.

2023 was another volatile year for markets as interest rates continued to rise in the face of ongoing inflation as well as escalating geopolitical tensions. Investors continued to allocate capital into ESG and sustainable funds, which have shown relative resilience against a challenging market environment. This continued high client demand – arising from climate change and specifically the transition to a low-carbon economy: demanding climate and specifically climate transition related strategies represent an opportunity for asset managers. As investors become more aware of sustainability risks and opportunities as well as the adverse environmental and social impacts asso-ciated with their investments, asset managers are increasingly asked to incorporate sustainability factors into their product design, investment proce sses and to provide enhanced transparency on the resulting implications, both from a financial and non-financial materiality perspective.

In this environment, we continue to prioritize stewardship by using proxy voting and issuer engagement to help deliver toward our clients' investment goals.

Sincerely,

Dr. Stefan Hoops **Sam Manchanda**

Our senior investments team

Dr. Stefan Hoops

CEO and Head of Investment Division: Frankfurt

Stefan first joined Deutsche Bank Group in Fixed Income Sales in 2003. Between 2006 and 2007 he worked for Lehman Brothers in Germany. In 2008, he moved to Deutsche Bank's Credit Trading in New York, and took on various leadership roles within Global Markets in the United States and Germany in the following years, including Global Head of Institutional Sales. In October 2018 he was named Head of Global Transaction Banking. From 2019 he headed Deutsche Bank's Corporate Bank, which encompasses all of Deutsche Bank's corporate and commercial client activities. Stefan was appointed CEO of DWS Group (the "Company") in 2022 and officially took on the responsibility as Head of Investment Division on 1 January 2023. He has a Master's degree in Business Administration and PhD in Economics from the University of Bayreuth.

Vincenzo Vedda

Head of Portfolio Management – Public Markets: Frankfurt

Joined the Company in 2013 with 9 years of industry experience. Prior to his current role, Vincenzo was Head of Client Coverage EMEA ex Germany and Global Head of Wholesale and Digital Coverage and before the Global Head of Trading. He is a member of the board of DWS Investment GmbH since the beginning of 2023 and a member of the DWS Management Committee. Before joining DWS, he held a number of positions within the equity division at Morgan Stanley in London and Frankfurt. Prior to this, he worked within the fixed income division at DZ Bank in Frankfurt. Vincenzo began his career in internal audit at Morgan Stanley in London.

Degree in International Business Administration from International Business School Bad Nauheim

Bjoern Jesch

Global Chief Investment Officer; Chief Executive Officer - DWS CH AG: Zurich

Rejoined the Company in 2020 and has 30 years of industry experience. Prior to rejoining, Bjoern worked as Global Head of Investment Management at Credit Suisse. Before that, he was a CIO & Head of Portfolio Management at Union Investment. Previously, he held several roles such as Head of Global Investment Solutions Germany, CIO Head of Portfolio Management Germany, Head of Portfolio Solutions & Head of Investment Office at Private Wealth Management division of Deutsche Bank. Before that, Bjoern served as Head of Investment Centre at Citibank Privatkunden AG.

Bank Training Program ("Bankkaufmann"); General Manager Degree from Harvard Business School; Certified FX Trader

Petra Pflaum

Chief Investment Officer – Responsible Investments: Frankfurt

Joined in 1999. Prior to her current role, Petra served as EMEA Head of Equities and, before that, as Co-Head of Global Research and Global Head of Small & Mid Cap Equities. Earlier, she worked as a senior equity portfolio manager and as a member of the equity investment management team focusing on institutional clients. Before DWS, Petra was a research analyst at BHF-BANK.

Educational background: Bank Training Program ("Bankkauffrau") at BHF-BANK; Master's Degree in Business Administration ("Diplom-Betriebswirtin (FH)") from University of Trier; Studies at University of St. Thomas; CEFA - Certified European Financial Analyst

Nicolas Huber

Head of Corporate Governance: Frankfurt

Joined in 1999. Prior to his current role, Nicolas served as Head of ESG Initiatives and worked in the ESG Head Office. Previously, he was Head of Green Investments. Before joining, he held several senior portfolio management and research roles at Zurich Invest, Nordinvest and at CRM Capital Research and Management.

Educational background: Bank Training program (“Bankkaufmann”) at Berliner Bank; Investment Analysis Program at DVFA; Business and Environment Programme for Sustainability Leadership at University of Cambridge; Certified Sustainability Investment Manager (Euroforum)

DWS UK board employee director

Sam Manchanda

Director on DWS Investments UK Limited Management Board, Head of UK & Head of Xtrackers, North EMEA – Client Coverage Division

Sam is responsible for the DWS client coverage teams in the UK, across all channels, for all products and also for our Xtrackers specialists in the North EMEA region. Prior to this role, Sam held a variety of client coverage and specialist sales roles in Asia. Over this period Sam held roles comprising Head of Insurance APAC, Head of South East Asia and Head of Xtrackers, South Asia. Before moving to Asia, Sam was part of the Deutsche Bank Global Markets division, covering fixed income and fund sales. Sam began his career at Lehman Brothers and holds a BSc in Chemistry from the University of Bristol and an MSc in International Management from the University of Exeter.

1 / Purpose and Governance: Purpose, Strategy and Culture

Context

Signatories should explain:
—the purpose of the organisation and an outline of its culture, values, business model and strategy; and
—their investment beliefs, i.e., what factors they consider important for desired investment outcomes and why.

DWS as an organisation

We are a global asset management firm with € 896 billion in assets under management ("AuM") as of 31 December 2023. We are headquartered in Germany with approximately 4,500 employees operating globally. DWS Group consists of 75 consolidated entities, of which 47 are subsidiaries and 28 consolidated structured entities, with DWS KGaA as the parent holding company. DWS KGaA has no branches of its own. However, six of our subsidiaries have a total of 24 branches across all regions including 14 branches in EMEA, eight in the Americas and two in Asia Pacific. These branches mainly provide distribution and supporting services.

We serve a diverse client base of retail and institutional investors worldwide, with a strong presence in our home market in Germany. These clients include large government institutions, corporations, and foundations as well as millions of individual investors. DWS is the holding company of a group that includes regulated asset managers which act as fiduciary for their contracted clients. We are conscious of our heritage of serving clients for more than twenty years and we are committed to acting and investing in our clients' best interests.

We offer individuals and institutions access to our investment capabilities across all major asset classes in Active, Passive including our Xtrackers range and Alternatives, suitable to their individual investment. Alternatives include real estate, infrastructure, liquid real assets, and sustainable investments. In addition, our solution strategies are targeted to client needs that cannot be addressed by traditional asset classes alone. Such services include insurance and pension solutions, asset-liability management, portfolio-management solutions, and asset-allocation advisory.

Our product offerings across asset classes are managed by a global investment platform and distributed across EMEA (Europe, Middle East, and Africa), the Americas and Asia-Pacific through a single global distribution network. We also leverage third-party distribution channels, including our largest shareholder Deutsche Bank Group ("DB").[1]

Many of the stewardship capabilities and activities described and referred to in this report are conducted by other entities in the DWS Group and not directly by DWS UK. As a general rule, all activities and capabilities described in this report refer to activities and capabilities performed for the benefit of all DWS Group legal entities, including DWS UK, and client portfolios managed by DWS with the exception of proxy voting and engagement activities, which are performed on a regional basis and subject to regional policies and procedures. For the purposes of this report, all references to proxy voting and engagement capabilities and activities refer to the capabilities and activities of DWS Investment GmbH pursuant to its Corporate Governance and Proxy Voting Policy and Engagement Policy. All UK-domiciled clients of DWS Group have either contracted directly with, or are invested in funds managed by, DWS Investment GmbH, DWS International GmbH, or DWS Investment S.A. Currently, no UK-domiciled clients of DWS UK require proxy voting or engagement services from DWS Investment GmbH or any other legal entity in the DWS Group.

DWS Investment GmbH's Corporate Governance and Proxy Voting applies solely to in-scope portfolios and mandates according to the pooled voting rights agreements between DWS Investment GmbH, DWS Investment S.A. and for specific portfolio management mandates of DWS International GmbH. For the avoidance of doubt, all references to:

i. proxy voting activity in this report solely refer to the activities of DWS Investment GmbH on behalf of these entities with the exception of specific references to the proxy voting activity of other DWS legal entities as specified in the text of this report; and

ii. engagements with publicly traded issuers in this report will refer to the activities of DWS Investment GmbH on behalf of those entities specified in this paragraph.

[1] DWS Group GmbH & Co. KGaA is held 79.49% by Deutsche Bank Group and 20.51% by external investors (as of 31 December 2023).

Similarly, pursuant to DWS Investment GmbH's Engagement Policy, DWS Investment GmbH conducts engagements based on certain equity investments for which DWS International GmbH and DWS Investment SA have directed or delegated voting rights. Furthermore, DWS Investment GmbH conducts engagements in relation to certain fixed income investments for DWS International GmbH, DWS Investment SA and DWS CH AG.

The descriptions in this report of such activities are examples of the relevant processes and operational set-up related to specific products and regions of other DWS Group entities. Due to differing local regulations and industry practices, some of the processes outlined throughout this report may be handled differently and independently by the local entities or their respective representatives.

Since 23 March, 2018, DWS Group GmbH & Co. KGaA has been listed on the Frankfurt Stock Exchange. DB continues to hold a majority of the shareholding [2], however the listing of DWS Group GmbH & Co. KGaA on the Frankfurt Stock Exchange was an important step towards establishing our identity as a standalone publicly listed asset manager operating in a fiduciary capacity for its clients worldwide.

Our purpose

As fiduciary of its clients' wealth, DWS aims to work to create long-term value for its clients. This includes the consideration of relevant risks and opportunities for their assets – according to the individual investment objective, risk appetite and time horizon of its clients. DWS seeks to offer its clients options to also consider sustainability related risks and opportunities in their investments, such as thought leadership, ESG data and analytics as well as access to sustainable and responsible investment options – specifically those addressing climate change. At the same time, as one of the largest asset managers in Europe, DWS recognizes its role in the sustainable transformation and its responsibility to provide a positive contribution. As such, DWS aims to engage with its main stakeholders, such as its clients and issuers and index providers. DWS' ambition is to enable its clients to navigate the sustainable transformation of the real economy by providing them with investment expertise and solutions.

We believe that investment stewardship, exercised through engagement with issuers to establish a constructive dialogue combined with the appropriate exercise of voting rights, plays an important role in fulfilling our fiduciary responsibilities to clients. We publish DWS Investment GmbH's voting and engagement results in DWS Investment GmbH's annual[3] Stewardship Report (formerly titled the "DWS Active Ownership Report").

Our responsibility

As a fiduciary, we seek to consider material risks and opportunities that may impact our clients' investments and aim to increase client awareness, enabling them to make more informed sustainable and responsible investment decisions.

As fiduciary of its clients' wealth, DWS aims to work to create long-term value for its clients. This includes the consideration of relevant risks and opportunities for their assets – according to the individual investment objective, risk appetite and time horizon of its clients. DWS seeks to offer its clients options to also consider sustainability related risks and opportunities in their investments, such as thought leadership, ESG data and analytics as well as access to sustainable and responsible investment options – specifically those addressing climate change. At the same time, as one of the largest asset managers in Europe, DWS recognizes its role in the sustainable transformation and its responsibility to provide a positive contribution. As such, DWS aims to engage with its main stakeholders, such as its clients and issuers and index providers. DWS' ambition is to enable its clients to navigate the sustainable transformation of the real economy by providing them with investment expertise and solutions.

Stewardship supports the responsible allocation, management, and oversight of investment capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

[2] DWS Group GmbH & Co. KGaA is held 79.49% by Deutsche Bank Group and 20.51% by external investors (as of 31 December 2023).
[3] This report exclusively describes the activities of DWS Investment GmbH, DWS International GmbH and DWS Investment S.A.

Our culture

We have developed a distinct set of values to position ourselves for the future. Specifically, all our employees are personally responsible and accountable for living up to our core values of "Client Commitment, Entrepreneurial Spirit and Sustainable Action". We want to continue to foster an environment that is open and diverse, where staff opinions and "speaking-up" are valued and encouraged without fear of retaliation, and our success as an organization is built on respect and collaboration, in serving our clients, stakeholders and communities. With regards to reputational risk, our brand is one of our most important assets.

Our corporate culture is one of our greatest and most intangible assets. Therefore, enhancing and protecting our corporate culture, which is grounded in trust, accountability, transparency and propelled by a shared business vision remains of paramount importance. Our 2023 culture integrity and conduct plan included six initiatives designed to drive our corporate culture, which is further broken down into actionable milestones across focus areas that include trust, accountability, and purpose. These initiatives are intended to foster a transparent and robust culture for employees that facilitates ethical behaviour and appropriate decision-making, supported by other divisional messages.

Our values

Client commitment

The trust of our clients will always be one of our greatest assets. As investors, we are committed to acting on behalf of our clients and investing with their best interests at heart so that they can reach their financial goals, no matter what the future holds. We work every day to deliver outstanding investment results, in both good and challenging times. This is what defines us.

Entrepreneurial spirit

We continuously invest in our diverse mix of people, empowering them to make change and fostering their creativity, courage, and long-term thinking. Our entrepreneurial and collaborative spirit empowers them to share their perspective and have their voices heard. We always question the status quo, make swift – yet considered – decisions, and strive to simplify and perfect how we do things – all for our common goal of serving our clients.

Sustainable action

ESG themes are rapidly transforming businesses, society, and our planet. While there are risks associated with any change, there are new opportunities for investments, too. We understand that, both as a corporate as well as a trusted advisor to our clients, we have a crucial role in helping navigate the transition to a more sustainable future.

Please view our website here: https://www.dws.com/en-gb/Our-Profile/who-we-are/ for more details.

Our sustainability strategy

In 2023, we updated our sustainability strategy and refined our strategic priorities. Our ambition is to enable our clients to navigate the sustainable transformation of the real economy by providing them with investment expertise and solutions. Climate change remains the core theme of our updated sustainability strategy, which we have built around three priorities:

1. **Focus on climate related investing:** We seek to provide access to climate-related investment opportunities, going hand-in-hand with our thought leadership and modular advisory approach.
2. **Strengthen engagement with issuers and other relevant stakeholders:** Transformation will be key to succeed in climate risk mitigation. In that context we aim to continuously evolve our engagement approach with issuers, clients, and index providers as well as other industry groups.
3. **Advance own corporate transformation:** Following our commitment to net zero, we seek to focus on delivery against our net zero targets. Furthermore, we seek to strengthen our corporate sustainability agenda and supporting organisational change process.

Across our activities, we acknowledge differences in client preferences and regulatory frameworks, and we seek to take those into account in our product offering, engagement, and proxy voting activities. Our sustainability strategy is underlined by Key Performance Indicators (KPIs) that are tracked and monitored on a regular basis.

To mitigate climate change, transformational change is required across all parts of the real economy. Both, as a corporate and trusted advisor to our clients, we have a critical role to play in supporting the transformation to a more sustainable future. DWS Group's ambition is to become climate-neutral by 2050, in line with the Paris Agreement, both at the operational and portfolio level. As a founding member of the NZAM initiative, we have set specific net-zero interim targets for 2030 for in-scope assets. In navigating the path to net zero, we intend to focus on systematic engagement with key stakeholders along the entire investment value chain, such as our clients, issuers but also index providers.

The guiding principle of our actions towards portfolio net zero is to support the transition of the real economy and to contribute to a real-world reduction in carbon emissions. Therefore, engagement rather than divestment, remains our preferred mechanism.

Further information on DWS Group's sustainability and climate strategies can be found in our integrated Annual Report and Climate Report here: https://group.dws.com/ir/reports-and-events/annual-report/

Our investment approach

In our ESG-related policies, we outline our approach to responsible investing and the principles that guide us as a fiduciary to our clients, our approach to ESG integration across asset classes, our sustainability governance at DWS Group, our stewardship principles, and our collaboration with our clients to facilitate responsible investing.

In addition to applying ESG integration across the platform, we manage investments across a wide range of strategies that incorporate ESG factors, from ESG screening strategies to sustainable investment strategies, real estate strategies promoting environmental and social characteristics, and infrastructure strategies focusing on, for example, energy efficiency in supply chains. We have long recognised the importance of ESG factors in investing and were among the early signatories of the United Nations ("UN") backed Principles for Responsible Investment[4] ("PRI") in 2008.

Our ESG Investment process is guided by the PRI and our investment approach incorporates the following:

- **Standards:** Our investment approach is based on ESG data relevant to the investments that we manage on behalf of our clients. We also aim to incorporate best practices for educating our investment professionals on how to undertake a comprehensive assessment of investment risks and opportunities related to ESG factors by enabling them (and in certain cases requiring them) to incorporate sustainability risks and opportunities into the investment process, the analysis, and final decisions as appropriate for each individual investment strategy. ESG integrated fundamental analysis entails identifying the important global sustainability trends and the ESG factors that appear likely to have a negative effect on a company's financial performance. The results of an ESG-integrated analysis support the estimate of the credit trend (in case of Fixed Income) and investee company valuation (in case of Equities) as well as the investment recommendation, where applicable.
- **Engagement:** We encourage good governance and sustainable corporate practices at our issuers with the goal of increasing the value of our managed equity and fixed income investments. Across DWS Investment GmbH, many of our businesses are subject to policies, procedures, and commitments that seek to operationalize this view. In some cases, these policies, procedures, and commitments apply globally, and in other cases, it is necessary to take a differentiated approach that is consistent with local market standards and applicable regulations. In Europe, DWS Investment GmbH's responsible investment approach and stewardship activities continue to be influenced by, for example, the European Union's non-binding guidelines on reporting information, recommending an "outside in" and an "inside out" perspective. Depending on the investment under analysis and/or the product within which an investment shall be made, both DWS Investment GmbH's stewardship approach and engagement activities may consider both exogenous and endogenous ESG factors where such factors appear likely to have a negative effect on a company's financial performance.

[4] See https://www.unpri.org/about-us/about-the-pri.

Activity

Signatories should explain what actions they have taken to ensure their investment beliefs, strategy and culture enable effective stewardship.

Reflecting our approach in the investment process

We take an asset class specific approach with regards to ESG integration, differentiating between our Active, Passive and Alternatives businesses. It is our ambition to apply a high standard of due diligence in reviewing potential, financially material sustainability risks and opportunities in the selection and monitoring of investments managed by DWS Investment GmbH.

We work across all asset classes to advance ESG integration in line with client interests and business-specific goals. This includes regularly re-evaluating and improving the use of ESG standards and KPIs in our investment processes.

We integrate ESG factors in the Active business's investment process with the aim of improving the assessment of the future expected risk and return of individual securities and promoting outcomes that support the financial performance of our investee companies. Our approach is designed to identify, describe, and assess financially material sustainability risks and opportunities as well as their impact on credit trend (in case of Fixed Income) and investee company valuation (in case of Equity). This is governed by the ESG Integration Policy for Active Investment Management, which is reviewed on a regular basis. In 2023, the policy underwent a comprehensive review which streamlined the policy focus to the integration of financially material sustainability risks and opportunities in the investment process, reduced the scope of our engagement activities as well as policy's requirements towards principle adverse impact indicators.

Our Passive business maintains an ESG Integration Key Operating Document which sets out minimum standards for index inclusion especially regarding products that are taking environmental and/or social characteristics into account. This document also defines the consideration of ESG factors and sustainability risks within the Passive investment process and is solely applicable to all European passively managed portfolios across all asset classes.

Within Alternatives, the integration of ESG factors into the investment process takes place in pre-investment due diligence and during active portfolio management. The inherent differences between the liquid and illiquid asset classes managed by DWS require that the approach to integrating ESG factors into the investment process for alternative asset classes must be tailored specifically to each asset class. The scope of illiquid investments comprises direct investments into unlisted real estate, unlisted infrastructure, direct lending to companies, and private equity.

Continuous improvement in our stewardship activities

We aim to continuously improve our approach to stewardship on behalf of our clients. Issuers with significant issues (e.g., weaknesses in strategy, financial and non-financial performance, risk, capital structure, and exposure to ESG risk factors) that could result in financially material impacts on the company's performance, reputation or negatively impact society and the environment and may lead to financially material impacts on the investee company's performance at a later stage, are reviewed and included in DWS Investment GmbH's focus and strategic list (please refer to Principle 11, section "key portfolio companies" for details). DWS Investment GmbH's engages with issuers on a range of topics spanning from poor financial or non-financial performance, lack of or limited ESG disclosures, lack of incorporation of ESG in company strategy, weak risk management practices, high exposure to climate transition risk, exposure to human rights related risks, and violations of international norms. In 2021, DWS Investment GmbH's enhanced its engagement framework to incorporate a more comprehensive screening criteria process (see Principle 5). During 2023, DWS Investment GmbH added DWS CH AG to DWS Investment GmbH's engagement framework with respect to fixed income investments.

Engagements conducted by DWS Investment GmbH are recorded in its engagement database, which is used to document DWS Investment GmbH's engagement activities, track progress, and promote accountability. This database empowers relevant DWS investment professionals who are managing portfolios subject to DWS Investment GmbH's proxy voting and engagement policies, and relevant reporting teams, with a central repository for DWS Investment GmbH's engagements with issuers, areas of concern, and engagement status updates.

Within Alternatives, we will continue to seek to identify opportunities to further strengthen our current stewardship activities across our investments in privately held investee companies and real assets as necessary and appropriate.

Learnings from external perspectives

Our ESG integration activities are regularly assessed by the PRI. The PRI reviews and measures our progress in implementing responsible investment practices – and indicates areas where improvements could be made (see Principle 5).

Outcome

Signatories should disclose:

- **how their purpose and investment beliefs have guided their stewardship, investment strategy and decision-making; and**
- **an assessment of how effective they have been in serving the best interests of clients and beneficiaries.**

ESG integration in our investment strategy and decision-making

Our approach to integrating ESG into the investment process for relevant asset classes under our management is guided by regulatory requirements, client requests, the PRI, and dialogue with other relevant stakeholders.

Accordingly, pursuant to our internal ESG Integration Policy for Active Investment Management and relevant procedures, we seek to identify and assess potential sustainability risks and opportunities that are financially material to the valuation of investee companies as part of our fiduciary duty across our Active business.

The Active ESG Integration team provides support to Active investment professionals with the identification and assessment of relevant ESG risks and opportunities, as mandated by the ESG Integration Policy for Active Investment Management. Active ESG Integration team members conduct 1:1 meetings and deliver specialized trainings to Active investment professionals and other relevant staff. During 2023, these trainings covered updates to DWS Investment GmbH's engagement framework and updates to the ESG Integration Policy for Active Investment Management.

Our approach to ESG integration for Active includes the activities performed by DWS Investment GmbH's pursuant to DWS Investment GmbH's engagement framework, which is designed to define and track sustainability outcomes for relevant issuers. During 2023, DWS Investment GmbH conducted 624 engagements with issuers. More details on DWS Investment GmbH's 2023 engagement activities can be found in Principles 2, 4, and 7.

DWS Investment GmbH's engagement process is partially driven by the output of our proprietary ESG tool, the ESG Engine. The ESG Engine incorporates data from five external commercial ESG data providers and is central to our ESG Integration process across Active portfolios. We are continuously working to improve the application of the ESG Engine as well as enhance our data and methodologies to ensure that our purpose and investment beliefs related to ESG topics are reflected in Active's investment process. See Principle 2 for more details on the ESG Engine.

Serving the best interests of clients and beneficiaries

External assessments

DWS participates in external assessments that consider our stewardship capabilities and activities in addition to other information related to our efforts to invest responsibly as a fiduciary and operate sustainably as a company. In particular, we scored above the median, amongst all signatories, across the 12 modules assessed by the PRI annual assessment for the calendar year 2022, which was published in 2023. We reached 5 stars in two modules and 4 stars in nine modules of the 12 PRI assessment modules relevant for us. For more details, please refer to Principle 5.

In addition, we pursue other group-level sustainability ratings that have been deemed to be important based on their significance to our stakeholders. In 2023, DWS Group was rated by CDP (result 'B: Management Level') and we were again included in the FTSE4Good index based on being scored above the relevant sub-sector average.

We have also received awards[5] and been acknowledged in industry surveys for the progress we are making in terms of responsible investment and stewardship. For example, DWS Investment GmbH was included in the external ShareAction Voting Matters 2023 report, which includes a ranking of the 68 world's largest asset managers' approaches to responsible investment. Please find the 2023 report here: https://shareaction.org/reports/voting-matters-2023#0

See Principle 6 for detail on how we use research and client feedback to improve our investment decision making and how DWS Investment GmbH uses this information to strengthen its stewardship activities.

See Principle 2 for detail on how we consider the development of our group-level net flows, both overall and ESG-product specific, in the evaluation of whether we have been effective in serving the best interests of its clients.

[5] See for example: https://www.dws.de/das-unternehmen/auszeichnungen/

2 / Purpose and Governance: Governance, Resources, and Incentives

Activity

Signatories should explain how:
—their governance structures and processes have enabled oversight and accountability for effective stewardship within their organisation and the rationale for their chosen approach;
—they have appropriately resourced stewardship activities, including:
—their chosen organisational and workforce structures;
—their seniority, experience, qualifications, training, and diversity;
—their investment in systems, processes, research, and analysis;
—the extent to which service providers were used and the services they provided; and
—performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decision making.

Our sustainability governance structure

Introduction

Sustainability Governance at DWS starts with our Executive Board (the "Executive Board"), which has the overall responsibility for managing the firm's business activities with the objective of creating long-term value for our clients. This includes the management of sustainability-related opportunities and risks. The Executive Board is also responsible for approving our sustainability strategy, targets and KPIs. The Executive Board further signs off on group-wide external sustainability disclosures and is responsible for embedding ESG criteria in the remuneration framework.

Group Sustainability Committee (GSC)

The Executive Board has delegated its authority for the implementation of the sustainability strategy to the Group Sustainability Committee ("GSC"). The GSC is mandated with implementing the sustainability strategy as approved by the Executive Board on both fiduciary and corporate levels across all divisions and legal entities. This includes facilitating sustainability-related discussions, overseeing climate-related opportunities and risks, and allocating further responsibilities with regards to sustainability activities across the organisation.

The GSC is chaired by the Head of the Product Division, who is a member of the Executive Board, and it includes representation from all divisions and relevant infrastructure functions. Relevant legal entities are regularly informed about discussions and decisions of the GSC. This includes keeping DWS UK informed in support of their climate governance under the Financial Conduct Authority UK Task Force on Climate Related Financial Disclosures ("TCFD") rules.

ESG Advisory Board

The ESG Advisory Board advises the Executive Board on a range of long-term sustainability trends, challenges, and opportunities. It consists of internationally recognized sustainability experts from diverse disciplines.

No changes were made to the composition of the ESG Advisory Board in 2023.

Risk and Control Committee

The responsibility for approving key risk management principles, risk appetite metrics, and thresholds related to sustainability risks and adverse impacts has been assigned to the Risk and Control Committee.

Reputational Risk Committee

The Reputational Risk Committee is responsible for evaluating and monitoring matters which might trigger potential reputational risk.

Further detail is available in our latest Annual Report available here:
https://download.dws.com/download?elibassetguid=7b94678556314820b24fabbad5bbc6e6&publishLocationGuid=eacbc9cf4b8e4d2189eb69cd09e2ff4f

Our responsible investment and stewardship governance structure

In addition, four investment division fora have responsibility for the oversight of ESG-related processes:

- The global Sustainability Assessment Validation Council ("SAVC") is designed to operate as a quality assurance function on ESG assessments provided by the ESG Engine.
- The global ESG Methodology Council ("EMC") is designed to define and oversee ESG assessment and grading methodology. The processes run by the ESG Engine and Solutions team are under the governance of the EMC.
- The regional Proxy Voting Group ("PVG") has the mandate to discuss individual proxy voting cases where the voter wants to deviate from the Corporate Governance and Proxy Voting Policy.
- The regional Engagement Council ("EC") oversees the engagement activities defined by DWS Investment GmbH's engagement framework, such as providing guidance to the engagement leads, performing quality checks and tracking engagement progress. The objective of this regional council is to facilitate the discussion of important engagement related financial and non-financial issues and to drive engagement for the assets subject to DWS Investment GmbH's Corporate Governance and Proxy Voting Policy and Engagement Policy

These fora have been implemented to support the continuous operations of the firm's ESG investment and stewardship activities. This approach establishes governance across all major stages of our stewardship value chain: ESG data, ESG investment methodology, proxy voting, and issuer engagement.

Roles and responsibilities in relation to investment stewardship

The roles and responsibilities of our approach to integrating ESG factors and sustainability considerations into investment research, decision making processes, and stewardship are performed by the investment division. These responsibilities are split across various investment division teams based on team function and to ensure accountability.

CIO & Research

The CIO Office is responsible for delivering market and economics views both to the Investment Division and internal and external stakeholders. Relevant climate and ESG issues are taken into consideration in defining the Strategic View (12 months). In 2018, the CIO Office incorporated ESG aspects into the quarterly CIO View publication for the first time. Furthermore, the internal version of the CIO Daily Newsletter contains an ESG section that comments on material information related to ESG and climate-related risks and opportunities.

DWS Group's Research Institute is responsible for delivering research on key investment themes, including sustainability. In 2023, the team continued to publish reports and articles[6] on key sustainability topics with a focus on solutions to European transformation including transport electrification, real estate, direct lending and energy efficiency, as well as reports on the hidden costs of water, the implications of ocean heating, the third annual report on ESG in Strategic Asset Allocation, navigating the jungle of climate indices, the investment opportunities of the European carbon market, and the first of a series of reports with input from World Wide Fund For Nature ("WWF") Germany on biodiversity. See Principle 4 in relation to our publications on European Transformation.

CIO for Responsible Investments

The CIO for Responsible Investments reports into the Global Head of Portfolio Management – Public Markets. The CIO Office for Responsible Investments supports ESG incorporation for the investment platforms of Active, Passive including Xtrackers and Alternatives. It develops structures and processes with the aim of integrating ESG considerations into the investment process. With respect to our stewardship activities, the CIO for RI manages the Active ESG Integration team, the ESG Engine and Solutions team and the Corporate Governance Center

Active ESG Integration team

The Active ESG Integration team supports investment professionals in Active with the integration of ESG factors into the investment process, conducts trainings for Active investment professionals, performs engagement activities on behalf of DWS Investment GmbH and is responsible for the first line oversight on the integration of ESG in the Active investment process according to DWS ESG Integration Policy for Active Investment Management.

ESG Engine & Solutions team

The ESG Engine and Solutions team is responsible for the ESG Engine, the firm's proprietary ESG tool covering listed companies. They focus on the design and implementation of ESG algorithms as well as ensuring the quality of results.

[6] https://www.dws.com/insights/global-research-institute/

Key responsibilities of the ESG Engine & Solutions Team include:

- identifying the most appropriate data vendors and data points for ESG data;
- managing data provided by ESG data vendors;
- designing and implementing the algorithms to derive the ESG assessments;
- running the ESG Engine and ensuring result quality maintaining the DWS ESG Engine; and
- ensuring that the relevant data is delivered to the relevant parties (most notably portfolio management, research, Sustainability Risk Management, Client Reporting, or the Investment Guideline team within DWS).

See below for a detailed description of the ESG Engine.

Corporate Governance Centre (CGC)

The CGC is organised by regional focus areas to account for varying market practice standards and proxy voting operational procedures and for engagement purposes. For DWS legal entities subject to DWS Investment GmbH's Corporate Governance and Proxy Voting Policy and DWS Engagement Policy, the CGC defines standards and ex-pectations for good corporate governance for in-scope portfolios and mandates and engages with issuers in scope on corporate governance topics. For other DWS legal entities that have their own processes and policies in place, the CGC provides guidance and support on relevant stewardship topics.

The CGC's approach to corporate governance is based on relevant national and international legal frameworks and best practice codes, such as the German Corporate Governance Code, UK Corporate Governance Code, International Corporate Governance Network ("ICGN") and the G20/OECD Principles of Corporate Governance as well. The CGC actively participates in relevant global investor working groups, and regularly provides, where feasible, input to German and international consultations on regulation. The CGC in addition, may consider data from the ISS Governance Quality Score in support of DWS Investment GmbH's proxy voting activities.

In cases where designated proxy voters recommend voting against certain guidelines of the DWS Corporate Governance and Proxy Voting Policy, they are obliged to submit a case to the regional Proxy Voting Group (PVG), chaired by the Head of Corporate Governance. The regional PVG discusses those individual voting cases, while the final decision is taken by the Chair of regional PVG.

Class Action Advisory Meeting (CAAM)

In specific cases, we may decide to recommend filing individual claims against portfolio companies on behalf of in-scope DWS funds in a CAAM. For funds managed by DWS Investment GmbH or DWS Investment S.A., the CAAM acts as an established governance function and assesses and opines on relevant cases.

The CAAM consists of representatives of all relevant stakeholders including Compliance, Legal, portfolio management, the CGC, the Chief Operating Office, Operations, and Communications.

During a CAAM, the relevant parties assess a wide range of information received on each individual case to discuss the extent of damage, the probability of success, the jurisdiction, the time-horizon, the nature of the case and the costs associated with the case. Based on the outcome of the assessment performed during a CAAM, representatives of the CAAM will present the case to the management boards of the affected funds for approval to file a claim.

The CAAM process is applicable only for funds managed by DWS Investment GmbH or DWS Investment S.A.

Appropriate resourcing regarding seniority, experience, qualifications, training, and diversity

Seniority and Experience

The Global Head of Portfolio Management – Public Markets , Global CIO, and CIO for RI all have 20 or more years of experience in financial services. Their experience includes years working with publicly traded companies and overseeing or participating in stewardship activities. They work collaboratively with each other and their respective teams. They manage diverse teams across the globe and are well respected within DWS Group.

Table 2.1 List of key DWS colleagues in the investment division contributing to stewardship

Role	Years at DWS	Years in Industry
CEO and Head of Investment Division*	2	21
Global Head of Portfolio Management – Public Markets	11	20
Global CIO**	15	31
CIO for RI	25	28
Head of Corporate Governance	25	33

Note: The "Years in Industry" column refers to years of experience in financial services and is not limited to asset management.
*The "Years at DWS" figure for our CEO and Head of Investment Division includes 2 years of experience since joining DWS in 2022 from the Corporate Banking division of DB with 20 years of industry experience, 18 years of which were from roles in the Global Markets and Global Transaction Banking/Corporate Banking divisions of DB.
**The "Years at DWS" figure for our Global CIO includes 4 years of experience since joining DWS in 2020 from a company independent of DB and 11 years of experience from the Private Wealth Management division of DB.

Qualifications and training

Since 2011, the Active ESG Integration team has organised internal trainings for Active investment professionals to help them better understand how to assess ESG risks and opportunities and to improve their understanding of the integration of ESG into the Active investment processes and the ESG methodologies applicable to Active.

In 2023, the Active ESG Integration team continued to educate investment professionals on ESG integration through training sessions on DWS Investment GmbH's updated Engagement Policy and the engagement framework applicable to funds managed by DWS Investment GmbH, DWS International GmbH, DWS Investment S.A, DWS CH AG, and how to integrate ESG factors into fundamental research. In total, more than 20 such training sessions were conducted.

In 2024, the Active ESG Integration team will continue to offer training sessions to increase the focus on net zero alignment in DWS Investment GmbH engagements, and to prepare for and oversee DWS Investment GmbH's engagement activities. These activities support our Active investment professionals subject to DWS Investment GmbH's engagement policy with making better-informed investment decisions, effectively engaging with companies in in-scope portfolios, and working to achieve desired sustainability outcomes.

ESG-related training has been another core area of focus, offering a wide range of development measures, from online training to external certification. We currently have 346 employees across the firm who are Certified Environmental, Social and Governance Analysts (European Federation of Financial Analysts Associations Certified ESG Analyst®). We also maintain a central ESG Educational Framework library of ESG-related content that is available to all employees.

Diversity

We are committed to further promoting an inclusive culture that respects and embraces the diversity of staff, clients, and communities and that nurtures an environment where every perspective matters. With staff across 70 nationalities, speaking more than 78 languages, locally rooted, yet globally connected across 21 countries, we appreciate their differences, encourage respectful treatment of others, listen openly without judging, and value staff insights. This helps bring staff closer together and contribute to a thriving and inspiring workplace.

We are proud of the progress we are making to foster a more diverse and inclusive workplace. But we know that the process of building a more just and equitable society is not easy or quick. Driving real change requires long-term commitment and action. It requires every individual to push beyond comfortable boundaries. This includes regularly examining our culture and talent practices, tackling unconscious bias, and building a network of allies. It means speaking up as we work with peers to advocate for change, both within our industry and the society we serve, and also putting building blocks in place across the firm that enable diverse and multicultural talent to thrive.

Diverse representation

We aim to attract, develop, and retain the best people from all cultures, countries, races, ethnicities, genders, sexual orientations, abilities, beliefs, backgrounds, age groups and experiences. To this end, we follow an integrated and multi-dimensional approach to Diversity, Equity, and Inclusion (DE&I). We also aim to offer part-time employees the same opportunities as full-time employees. In 2023, 6.1% employees globally work part time (2022: 7.1%).

As part of our broader sustainability strategy (see Principle 1) and its human rights commitments, we worked on continuing to reach voluntary goals at the DWS Supervisory Board and Executive Board-1 and Executive Board-2 levels per the German Gender Quota Law (FüPoG – Erstes Führungspositionengesetz). Our efforts will also continue to align us to the German Executives Positions Act II (FüPoG II – Zweites Führungspositionengesetz). Proportion of women is one of the KPIs that we are tracking internally with continued success in meeting our voluntary goals.

Employee Inclusion and Engagement Networks (“EINs”)

Our internal employee inclusion and engagement networks are spearheaded by colleagues across all regions. Many of these networks leverage diversity in its broadest sense – from race, colour, religion, age, physical or mental disability, medical condition, sexual orientation, gender, and veteran status - to create a greater sense of purpose for employees.

These networks inspire inclusiveness in daily interactions across the firm. Participation in the networks is voluntary and they are open to all employees. These employee-led groups are driven by a common purpose: making a better workplace – for everyone. By sharing information, educating, and engaging with our communities, the networks contribute to business development as well as recruitment, retention, and professional development.

Continuing our focus on gender diversity

We aspire towards greater female representation across DWS and continue to monitor and report on our progress to the Executive Board. Individual goals and targets form part of Balanced Scorecards allocated to senior leaders across the firm – and these are aligned to performance evaluation and compensation. We are also committed to ensuring that we:

- Increase diversity in decision making bodies, including voting committees, legal entity boards, and other bodies;
- Reflect gender diversity within our product range, e. g. DWS Invest ESG Women for Women; and
- Participate in the Gender and Ethnicity Pay Gap Report for DB in the UK.

Implementing German Gender Quota Legislation at DWS

The percentage of women on the DWS Supervisory Board was 41.6% at the end of 2023 (2022: 33.3%), which exceeded the statutory requirement of 30% for listed and co-determined German companies under gender quota legislation. Similarly, we had two women on the Executive Board at the end of 2023 which is above the requirement according to FüPoG II. As of year-end 2023, 36.2% of the executive positions at the first management level below the Executive Board were held by women (2022: 34.5%). At the second level below the Executive Board, this percentage stood at 36.3% (2022: 33%).

EEO-1 reports

We published our consolidated EEO-1 reports for the US workforce. The EEO-1 report is a mandatory annual data collection that requires all private sector employers with 100 or more employees to submit demographic workforce data including data by ethnicity, sex, and job categories to the US Equal Employment Opportunity Commission annually.

External partnerships

In nurturing an inclusive work environment, we have developed several key external partnerships across the globe. These partnerships not only help to drive our internal agenda, but they also enable us to share good practice and to positively impact the societies we are operating in.

These partnerships include:

- Financial Supporter of Level20, a not-for-profit organization dedicated to improving gender diversity in the European private equity industry
- Member of the Human Rights Campaign’s Business Coalition opposing Anti-LGBTQI+ State Legislation – Founding member of Morgan Stanley’s diversity and inclusion initiative “The Equity Collective,” which is comprised of 27 leading wealth and asset management firms that work to empower the next generation of diverse leaders
- Sponsors for Educational Opportunity which provides access to internships, intensive training, coaching and opportunities for students who have been historically excluded from industries across Wall Street and corporate America, including Black, Latino, and Native American undergraduates

Investing in systems, processes, research, and analysis

Our in-house capabilities

We have invested in building out our investment capabilities with respect to the consideration of ESG factors in the investment process, which includes partnering with leading external ESG specialists. For example, our proprietary ESG Engine uses data from various sources including leading commercial ESG data vendors. The ESG Engine[7] is our business-managed application tool that empowers our employees to meet growing client demand for ESG solutions.

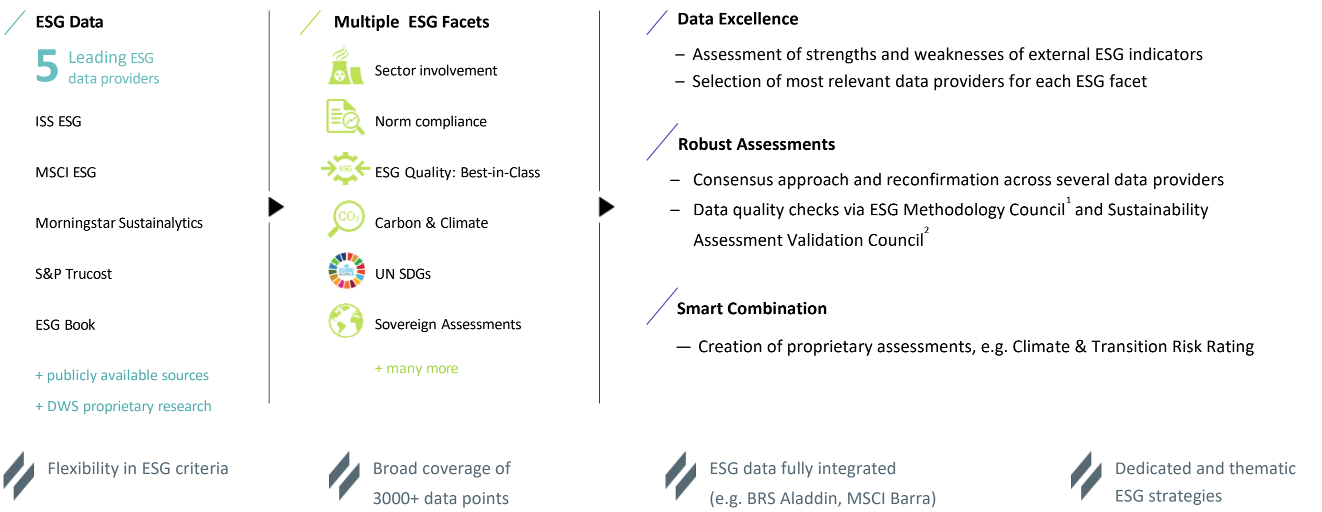
Additionally, DWS Group's Direct Real Estate business has begun deploying smart building technology that captures real-time data to allow the business to manage and operate portfolio assets more efficiently and sustainably.

The ESG Engine system

The ESG Engine derives so-called ESG assessments (A-F letter coded grades and numerical scores on a 0–100-point scale) to clearly quantify and qualify ESG risks and opportunities. This coded information is supplemented with a variety of raw ESG data as published by our data vendors, most notably ESG specialist written narratives. The ESG Engine produces ESG assessments for liquid securities in corporate and sovereign fixed income, equities, listed real estate, mutual funds, and exchange-traded funds ("ETFs"). It supports solutions in Active as well as Passive mandates. The ESG Engine runs on a regular production schedule, picking up the latest available information from our data vendors. The vendors continuously check for significant events and corporate actions and update their records accordingly. Fundamental revisions are usually conducted on an annual basis. At the same time, there is a continuous feedback loop with the contracted data providers to improve and extend the data sets used by the ESG Engine. The resulting ESG assessments for individual liquid securities generated by the ESG Engine are published into BRS® Aladdin[8], our portfolio management system. This allows for easy and flexible integration of the ESG Engine output into our liquid investment platform, including its research platform, and consumption by our investment professionals.

The ESG Engine thereby allows our investment professionals to conduct an assessment of about 10,000 companies that issue publicly traded securities. Using the ESG Engine, our investment professionals focused on publicly traded securities can conduct granular ESG assessments on the issuers in managed portfolios. The second chart below provides an overview of some of the broad-ranging signals that the ESG Engine can detect.

Chart 2.1 Understanding the structure of the DWS ESG Engine



[1] The ESG Methodology Council (EMC) is co-chaired by the head of CIO for Responsible Investments and the head of ESF Advisory and ESG Product Methodology. The EMC meets weekly to discuss the implementation of the assessment methodologies in the ESG Engine, among others.
[2] The Sustainability Assessment Validation Council (SAVC), chaired by the Global Head of Research, consists of ESG specialists from DWS's research department and reviews ESG Engine assessments before they become effective. The council applies corrective adjustments if a results is found materially incorrect, especially due to current insights gained from engagements and company disclosure reviews.
Source: DWS Group GmbH & Co. KGaA as of August 2024.

[7] https://www.dws.com/solutions/esg/esg-engine/
[8] https://www.blackrock.com/aladdin

Chart 2.2 DWS ESG Engine signals

As of March 2024. Source: DWS Group GmbH & Co. KGaA

Our ESG vendors and service providers

As per chart 2.1, throughout 2023, the ESG Engine used data from five ESG data providers: ISS-ESG (for sector tests, norm tests, ESG ratings, climate data, water risk, the UN Sustainable Development Goals ("SDGs"), the Sustainable Finance Disclosure Regulation ("SFDR") /EU taxonomy data), MSCI ESG (for sector tests, norm tests, ESG ratings, net zero and climate data, water risk, SDGs, SFDR/EU taxonomy data, fund data), Morningstar Sustainalytics (for norm tests, ESG ratings; for funds: sector tests, norm tests, ESG ratings), S&P TruCost (for sector tests, climate and net zero data, water risk), and ESG Book (for water risk). Supplementary information is also processed to cover green and sustainability bonds and sustainable structured finance. Data from ESG data providers is processed in our ESG Engine, which calculates cross-vendor ESG assessments. Our multi-data vendor approach turns the multiplicity of subjective assessments into a strength: verdicts that are supported by a cross-vendor consensus are prioritised.

Additional ESG data is sourced from non-governmental organizations ("NGOs") directly or from one of our commercial ESG data providers. This data originates from NGOs such as Freedom House (civil liberties and political rights, sovereigns), Transparency International (corruption, sovereigns), Amnesty International (death penalty status, sovereigns), Germanwatch (climate policy, sovereigns) and Urgewald (fossil fuel data, corporate issuers), among others.

The ESG Engine also includes data and figures from internal assessments that take into account factors beyond the processed vendor data and figures, such as the plausibility of the data, an issuer's willingness to commit to a path of improvement.

Investment views related to ESG topics on investee companies and stewardship criteria, and changes to these views, are communicated directly to investment professionals, as well as centrally documented within BRS® Aladdin.

DWS ESG filters and ESG AuM

In 2021, we introduced a framework for ESG product classification or disclosure (the "ESG Framework") that we updated during 2022 for our EU-domiciled funds in relation to the refinement of EU regulation, notably the issuance of SFDR Level II Regulatory Technical Standards and MiFID II requirements. Under the current version of the global ESG Framework, our European domiciled actively managed retail funds apply one of two DWS ESG filters that rely on output from the ESG Engine: "DWS ESG Investment Standard" or "DWS Basic Exclusions." The "DWS Basic Exclusions" filter represents our basic approach to incorporating certain exclusions in the investment policy of the relevant fund. Products applying this filter only are excluded from the 2023 ESG AuM number. The "DWS ESG Investment Standard" filter enhances the investment policy exclusions in comparison to the "DWS Basic Exclusion" filter.

Based on our global ESG Framework, the following products were considered as ESG AuM at the end of 2023:

- Liquid actively managed products: retail mutual funds which follow the “DWS ESG Investment Standard” filter, or have a “sustainable investment objective”, and US mutual funds which have been labelled as ESG and seek to adhere to an ESG investment strategy.
- Xtrackers ETFs which apply a screen comparable to the “DWS ESG Investment Standard” filter, or which track indices that comply with the EU Benchmark regulation on EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks, or have a “sustainable investment objective”, and other liquid passively managed funds which have been labelled as ESG and/or seek to adhere to an ESG investment strategy.
- Liquid mandates or special funds for institutional clients or white label products in-scope of SFDR and that report pursuant to Article 8 SFDR which follow the “DWS ESG Investment Standard” filter or a comparable ESG filter aligned with the client, or which are in scope of SFDR and report pursuant to Article 9 SFDR.
- Liquid mandates or special funds for institutional clients or white label products which are out of scope of SFDR but comply with certain of the “General Industry Standards and Guidelines for Sustainable Investing”.
- Illiquid products which are in scope of SFDR and report pursuant to Article 9 SFDR
- Illiquid products which are out of scope of SFDR, but which have a “sustainable investment objective”.

Operational enhancements in 2023

The most important enhancement to the ESG Engine that took place in 2023 were refinements to the existing methodologies pertaining ESG quality, funds, and carbon risk. These changes to existing methodologies were made in order to ensure that we further refine our assessment of relevant ESG factors in the Active and Passive investment processes. All three methods are based on a cross-vendor approach, here considering MSCI, Sustainalytics and ISS, and use relative best-in-class techniques as well as measures to determine absolute levels of ESG risk. The approaches for ESG quality, funds and carbon risk have been simplified and streamlined, as well as adapted to the latest sets of data and recalibrated. This increased transparency and ease of use for the investment division.

In 2023, we further amended the DWS ESG filters to take into account, amongst other topics, the requirements of our DWS Coal Policy. For funds reporting under Article 8 and 9 SFDR we also began excluding companies without ESG data coverage in the “DWS Norm Assessment” to ensure compliance with good governance practices. Additional adjustments to the “DWS ESG Investment Standard” filter in 2023 include the introduction of new exclusions in controversial sectors as well as the introduction of the “UN Global Compact Assessment”.

Performance management and reward programmes

The consideration of ESG criteria and ESG risks form an integral part of the performance-based component of variable compensation at DWS. This is assessed and measured by ESG-related targets as well as how our employees adhere to the sustainability principles stipulated in our core values. Performance-related variable compensation of the Executive Board has been linked closely to ESG ambitions: through individual objectives in the Short-Term Award (STA) as well as through joint targets in the Long-Term Award (LTA). Overall, at least 20% of the total variable target compensation is linked to ESG targets.

The Short-Term Award is used to reward the achievement of individual and divisional objectives of an Executive Board member. The performance criteria on which the Short-Term Award is based are short-term objectives for a financial year. The agreed objectives support our business and strategic objectives and are aligned with the individual Executive Board members' areas of responsibility and the specific challenges associated with it. The Short-Term Award is determined based on the objectives listed in the individual Balanced Scorecard as well as on up to three further individual objectives. The portion of the Short-Term Award determined by the Balanced Scorecard accounts for 20% of the performance evaluation. The additional individual objectives account for an equivalent share of the Short-Term Award. The sum of the Balanced Scorecard and the additional individual objectives amounts to 40% of the total reference variable compensation.

The focus of the assessment of variable compensation is on the achievement of long-term and strategic objectives. The LTA, which covers the long-term strategic targets, comprises 60% of the total reference variable compensation. The LTA consists mainly of the DWS Group component linked in accordance with our strategy through three selected performance indicators as key metrics for the success and growth of the business:

- Adjusted cost-income ratio (CIR) (weight 50%)
- Net flows (excluding Cash) (weight 20%)
- Environmental, Social and Governance footprint (weight 30%).

Adjusted cost-income ratio (CIR)

The adjusted cost-income ratio underscores the consistent focus of our management on further increasing operational efficiency and cost control in order to generate long-term growth and maximise shareholder value.

The adjusted cost-income ratio (adjusted for litigation expenses, restructuring and severance costs as well as costs incurred in the context of transformation) at 64% in 2023 comfortably meets our outlook of below 65% for 2023.

Net flows (excluding Cash)

Net flows represent assets acquired or withdrawn by clients within a specified period. Inflows and outflows constitute a key driver of change in AuM. For that reason, this financial indicator has represented a key yardstick for measuring the organic growth of DWS.

Supported by all three pillars – Passive including Xtrackers, Active and Alternatives – we recorded net flows (excluding Cash) of € 23 billion in 2023.

Environmental, Social and Governance footprint

We are strategically committed to sustainability with a focus on climate change and stakeholder engagement.

Based on the communicated medium-term targets that we are seeking to achieve by 2025 as well as our ESG footprint ambitions, we defined ambitious targets for 2023. The success of our efforts against these targets which was measured at the end of the year on the basis of the defined assessment matrix of 2023 is as follows:

Overall achievement DWS Group component 2023

Objectives		Medium-term targets/ambitions	Weight	Result	Target achievement level	Achievement level (weighted)	Overall achievement level
Adjusted cost-income ratio		Adjusted cost-income ratio of <59% in the medium term to 2025	50%	64%	100%	50%	104.9%
Net flows (excluding Cash)		Positive net flows to 2025 in order to achieve strategic growth targets	20%	€2.3bn	100%	20%	
Environmental, Social and Governance (ESG) footprint[1]			30%		116%	34.9%	
Thereof:							
Environment	Sustainability rating	Maintain or improve our CDP (Climate change) B score by 2024	7.5%	B	100%	75%	
	Scope 3 operational emissions (travel – air and rail)	Achieve a minimum 46% reduction of in-scope operational emissions by 2030 compared to base year 2019 (aligned to our 2030 interim net zero target)	7.5%	(42%)	140%	10.5%	
Social	Volunteer hours per employee	Perform 90 minutes of volunteering on average per employee per year by 2024	7.5%	104 minutes	130%	9.8%	
Governance	Ethic, conduct and speak-up culture[2]	N/A	7.5%	74.7%	95%	7.1%	

[1] The Group ESG objectives have changed compared to 2022. ESG net glows with a previous weighting of 6% are no longer reported. The weighting of the remaining four ESG objectives relevant to the compensation have increased accordingly by 1.5 percentage point.
[2] The percentages figure reflects the lecvel agreement in a predefined set of questions within the Annual People Survey. The survey is conducted on a platform hosted by an external company.

Outcome

Signatories should disclose:

— **how effective their chosen governance structures and processes have been in supporting stewardship; and**

— **how they may be improved.**

Measuring our progress

Sustainability KPIs

We made progress in 2023 against our sustainability KPIs and remains confident of meeting the medium-term ambitions. ESG AuM increased driven by market movements and net flows. Our operational emissions remain on track to meet DWS Group's 2030 interim net zero target despite an increase in travel emissions. Our global managed portfolio's inflation-adjusted weighted average carbon intensity ("WACI") increased during 2023 which led to a cumulative decline of 5.2% since 2019. Our CDP score for 2023 is B, compared to A- in 2022. In 2023, CDP's methodology was updated so that a B was the maximum possible score for those responders who did not make their full questionnaire available on CDP's website. DWS Group continued to increase the proportion of women at the first and second management levels below the Executive Board and significantly increased the volunteering hours of employees. Finally, DWS Investment GmbH conducted 624 engagements during 2023, an increase of 17% versus 2022. Further details of our achievements in 2023 our sustainability KPI ambitions can be found in the related sections of our latest Annual Report: https://download.dws.com/download?elibassetguid=7b94678556314820b24fabbad5bbc6e6&publishLocationGuid=eacbccf4b8e4d2189eb69cd09e2ff4f

Sustainability KPIs

KPI	Medium-term ambition	Full Year 2023	Full year 2022
ESG AuM[1]	Continue to grow our ESG AuM through a combination of flows into existing products, flows into new products and supporting the transfer by existing clients of their assets from non-ESG products into ESG products	€ 133.5 bn.	€ 117.0 bn.
Scope 1 and 2 operational emissions[2]	Achieve a minimum 46% reduction of in-scope operational emissions by 2030 compared to base year 2019	(64)%	(63)%
Scope 3 operational emissions (travel – air and rail)[2,3]		(42)%	(52)%[4]
Scope 3 portfolio emissions (net zero) – inflation adj. WACI	Achieve a 50% reduction in the inflation-adjusted WACI related to scope 1 and 2 portfolio emissions by 2030 compared to base year 2019 (aligned to our 2030 interim net zero target)	(5.2)%[5]	(6.3)%[6]
Sustainability rating	Maintain or improve our CDP (Climate change) B score by 2024	B	A-
Proportion of women	Achieve 32% of positions at the first management level below the Executive Board held by female executives and 33% at the second management level below the Executive Board by 2024	36.2% – 1. level 36.3% – 2. level	34.5% – 1. level 33.0% – 2. level
Volunteer hours per employee	Perform 90 minutes of volunteering on average per employee per year by 2024	104 minutes	84 minutes
Corporate engagements	Conduct 475 or more corporate engagements per annum by 2024	624	532

[1] As of period end. For details on ESG product classification, please refer to section 'Our Responsibility – Sustainable Action– Our Product Suite'.
[2] DWS Group scope 1 and 2 operational emissions and scope 3 rail emissions are determined on a pro-rata average number of effective staff employed (full-time equivalent) basis from DB data.
[3] **DWS Group flight data is sourced from DB and the associated air emissions are calculated using DB** (https://www.dws.com/AssetDownload/Index?assetGuid=242d5412-cf67-4ca6-a363-7b70d585bfef&consumer=E-Library).
[4] Prior year data updated due to revised methodology (previously (50%)).
[5] Refers to our AuM at the end of 2022 and emissions for 2021 compared to baseline year 2019. Further details are available in the Net Zero Annual Disclosure Base Year 2021 report (https://www.dws.com/AssetDownload/Index?assetGuid=242d5412-cf67-4ca6-a363-7b70d585bfef&consumer=E-Library)
[6] **Refers to our AuM at the end of 2021 and emissions for 2020 compared to baseline year 2019. Further details available in the Net Zero Annual Disclosure Base Year 2020 report** (https://www.dws.com/AssetDownload/Index?assetGuid=96bf52fa-b9cf-42fc-84c9-141abbacb531&consumer=E-Library).

How our regional stewardship processes support our ambition

To measure the effectiveness of our stewardship processes, we focus on one indicator in particular – the scope of percentage of equity holdings in EUR for which we exercised our voting rights as per DWS Investment GmbH's Corporate Governance and Proxy Voting Policy. In 2023, we submitted votes at a total of 5,563 general and special meetings at 4,012 investee companies covering approximately 95% of equity holdings in EUR in scope for voting.[9] As with previous years, we increased our proxy voting coverage while trying to ensure not to compromise the quality of the analysis. The majority of the voted meetings were for companies listed in the United States, followed by Asia-Pacific countries.

The equity holdings in EUR in scope for voting represents our EUR equity exposure and the voting rights per end of December 2023 for the shares eligible for voting of the funds of legal entities in scope as listed in footnote 3 above. It may be noted that the actual shares voted may differ based on the record date for the relevant general meeting of the investee companies. Source: Aladdin, ISS and DWS Investment GmbH.

In Principle 5 we further assess the effectiveness and future development of our policies and processes in this area.

DWS Investment GmbH engagements are based on the objective of improving the management of certain financial and non-financial risks and opportunities within an issuer. In 2023, DWS Investment GmbH conducted 624 engagements with 541 issuers, which is an increase to previous years (532 engagements in 2022). In this context, we review the number of engagement targets that have been accomplished during the reporting year and reassess the appropriateness of the set timeline for a sub-set of our engagement targets. Any changes or deletion of engagement targets need to be assessed and decided in the context of the Engagement Council.

Room for improvement

We are committed to refining our stewardship processes, and we therefore regularly review our processes, policies and collect feedback from internal and external stakeholders. Looking to the future, we believe that transformation will be key to succeeding in climate risk mitigation. In that context we aim to continuously evolve DWS Investment GmbH's engagement approach such as with issuer and clients, as well as other industry groups. We are currently working to develop a sector-specific net zero standard which will serve as the foundation of DWS Investment GmbH's net zero-related engagement activities and associated oversight. Going forward we are planning to:

- Define sector-specific thematic standards and expectations beyond Net Zero (e.g., deforestation) to ensure comprehensive engagement objectives.
- Enhance our escalation process by introducing criteria (i.e., redlines) for each focus topic that triggers vote sanction and further escalations thereby establishing a well-defined and transparent link between engagement, voting and escalations.
- Further expand the use of publicly available frameworks and their data whenever possible.

[9] The equity holdings in EUR in scope for voting represents our EUR equity exposure and the voting rights per end of December 2023 for the shares eligible for voting of the funds of legal entities in scope as listed in footnote 3 above. It may be noted that the actual shares voted may differ based on the record date for the relevant general meeting of the investee companies. Source: Aladdin, ISS and DWS Investment GmbH.

3 / Purpose and Governance: Conflicts of Interest

Context

Signatories should disclose their conflicts policy and how this has been applied to stewardship.
As a global asset manager, we must be aware of conflicts of interest risk at DWS Group. As a fiduciary investor, it is essential that we are able to identify actual or potential conflicts of interest and manage them fairly and appropriately, including preventing any conflict of interest which could adversely affect the interests of a client.

As a result, we set out our principles, arrangements, and procedures in connection with the identification, documentation, escalation, and management of conflicts of interest in our "Conflicts of Interest Policy". This policy, as with all our policies, is reviewed annually and updated when required. Further details can be found here:

https://download.dws.com/download?elib-assetguid=24592e66bb8b4b3684a7cd8f3397f11e&

https://www.dws.com/globalassets/cio/dam-us/pdfs/conflicts-of-interest-policy.pdf

Framework and arrangements

We have a number of means 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 associated risks.
- Disclosure directed to inform the affected parties of the conflict of interest and its likely impact on them or to specifically seek client consent to act accordingly.
- Avoidance of 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.

We elaborate on the policy to address conflicts of interests with regard to stewardship in our Engagement Policy applicable to DWS Investment GmbH, DWS International GmbH, DWS Investment S.A., and DWS CH AG (fixed income investments only). Further details can be found here:

https://download.dws.com/download?elib-assetguid=e609c46cc03148eead59178e865d9fed&&&&&&&&&&&&&&&&.

We apply this ethos to all aspects of its activities including investment stewardship.

Ownership structure

Conflicts arising from DWS being majority owned by DB are addressed by maintaining strict segregation of duties between DB and DWS and by controlling and clearing access to sensitive information and transactions through Compliance. We do not exercise its voting rights for shares of DB held in investment portfolios, or of DWS itself.

The exercise of voting rights is carried out solely following our proprietary processes and policy and is fully independent from DB. The policies and processes described and referred to in the following are applicable for holdings in funds domiciled in Europe. Processes and policies may differ for funds domiciled and managed in different regions.

By applying our Conflicts of Interest Policy to all aspects of our activities, we have identified the below list of actual and/or potential conflicts of interest related to investment stewardship (non-exhaustive).

Cross-directorships

Where DWS employees hold directorships or other positions of influence in organisations other than DWS, conflicts of interest may arise between DWS and these organisations. Before agreeing to a directorship or position of influence with an external organisation, regardless of the listing status or profit-making nature, employees must first obtain approval from Compliance and business management. The external appointment is assessed for potential conflicts of interest in line with the Conflicts of Interest Policy, Outside Business Interests Policy, and business considerations.

Proxy voting

Within DWS Investment GmbH's proxy voting activities, there is a potential for a conflict of interest where client or beneficiary interests diverge from each other, and DWS Investment GmbH could vote in a manner that favours one client over another. This is managed by clearly allocating vote responsibilities within DWS Investment GmbH managed strategies and by ensuring that this approach is applied consistently so that all clients are treated equally. The CGC approves all votes to ensure alignment with the Corporate Governance and Proxy Voting Policy.

If a client transfers voting rights to DWS Investment GmbH, and it manages these assets on their behalf, it has the discretion on the voting decisions based on our Corporate Governance and Proxy Voting Policy for the pooled European legal entities subject to this policy. If the client outsources this responsibility elsewhere then that is documented in the contract and the client will make alternative arrangements for voting. As a result, currently all client assets where DWS Investment GmbH has been contracted to provide proxy voting will be voted in accordance with the Corporate Governance and Proxy Voting Policy voting guidelines, which ensures the equal treatment of all clients / beneficiaries.

Please refer to Principle 12 for detail on DWS Investment GmbH's proxy voting activities in 2023.

Securities lending

A conflict of interest in relation to investment stewardship may arise from securities lending. The securities lending programme benefits clients and fund investors by increasing the income derived from investments held by the client or the fund. However, when a security is lent the voting rights are effectively transferred to the lender. This has the potential to weaken the voting power of clients and fund investors in the pursuit of increasing income.

In practice for all active portfolios generally all shares are recalled before the votes are required to be exercised. For all passive portfolios, DWS Group does not lend entire positions so DWS Group can vote on items where the full weight of holdings is not required. In relation to passive investments, the business will only recall all stocks ahead of a vote if there is a stipulation in the voting item that requires the full weight of a holding to be voted on.

For further details on securities lending and conflict mitigation, please refer to Principle 12.

Differing individual vote intentions

During the ordinary course of business, there may be instances where the responsible portfolio manager or analyst proposes a recommendation different from the voting guidelines in DWS Investment GmbH's Corporate Governance and Proxy Voting Policy (i.e., substantial corporate transactions and M&A). In relation to M&A transactions where DWS Investment GmbH holds both companies in its managed portfolios, these cases must be decided on a case-by-case basis, according to our Conflicts of Interest Policy and the DWS Investment GmbH Corporate Governance and Proxy Voting Policy. In such cases, the regional PVG, as described under section 2 has the mandate to discuss those cases. A decision by the Chair of the regional PVG is made on a fund level to ensure that no individual fund or account managed by us is unfairly disadvantaged.

Differing objectives between fixed income and equity portfolio managers

In the event that members of the CGC or Active ESG Integration team intend to meet with an issuer, relevant DWS fixed income and equity analysts will be notified to provide equal opportunity for all parties to participate in engagement meetings relevant to their mandates. If there are different expectations from an equity and fixed income perspective on issues to be raised during the engagement activity, two separate meetings will be organised.

Outcome

Signatories should disclose examples of how they have addressed actual or potential conflicts.

Examples of management of actual conflicts

DWS target funds: Proxy voting process

A conflict may exist when a DWS fund holds a position in another DWS fund (or an affiliate) and exercising the voting rights of the other fund could result in reputational risks for the firm. In cases where the DWS fund's participation in a particular vote is necessary to establish a quorum, DWS may elect to vote the relevant investee company shares.

DWS Investment GmbH mitigates this conflict by not voting at the relevant meetings of the DWS funds in which other DWS funds managed by DWS hold an interest. Furthermore, cases where DWS participation in a particular vote is necessary to establish a quorum will be discussed with and approved by Compliance when appropriate.

Clients seeking influence on votes

On rare occasions, a conflict may arise where clients who are affiliates of investee companies may seek to influence voting decisions, especially prior to annual general meetings ("AGMs"). In such cases DWS Investment GmbH would remain impartial and vote according to the Corporate Governance and Proxy Voting Policy.

DWS Investment GmbH further mitigates this conflict by ensuring that client related functions are strictly separated from the stewardship function from a divisional reporting line standpoint. DWS Investment GmbH also does not accept any guidance or demand by clients on any voting decision to ensure that we follow our stringent voting process based on our policy.

Exercise of voting rights at affiliates of DWS / Deutsche Bank (DB)

As a global investor, a conflict may exist by virtue of DWS holding shares of its majority shareholder, DB. Exercising voting rights of DB could cause conflicts of interest where voting against specific agenda items, such as the omission of dividends, the election of directors, the approval of remuneration reports or capital issuances.

To avoid any potential reputational risks and/or conflicts of interest, this conflict is mitigated by the fact that DWS Investment GmbH does not exercise any voting rights related to holding shares of DB. Pursuant to Sec. 136 of the German Stock Corporation Act DWS Investment GmbH is restricted from voting on specific agenda items at DB's AGM.

4 / Purpose and Governance: Promoting Well-Functioning Markets

Context

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

DWS Group recognizes that market-wide and systemic risks need action and attention by investors to complement ESG integration, stewardship, and the management of investment strategies with an impact or sustainability focus.

Activity

Signatories should explain:

— **how they have identified and responded to market-wide and systemic risk(s), as appropriate.**

— **how they have worked with other stakeholders to promote continued improvement of the functioning of financial markets;**

— **the role they played in any relevant industry initiatives in which they have participated, the extent of their contribution and an assessment of their effectiveness, with examples; and**

— **how they have aligned their investments accordingly.**

Identifying market-wide and systemic risks

We have governance structures and processes in place which systematically identify, measure, assess, model, aggregate, mitigate, and monitor risks. These structures and processes are in place across the organisation in all regions and business divisions, and infrastructure divisions and are part of our overall Risk and Governance framework. See our latest Annual Report for more detail on this framework:

https://download.dws.com/download?elibassetguid=7b94678556314820b24fabbad5bbc6e6&publishLocationGuid=eacbc9cf4b8e4d2189eb69cd09e2ff4f

We are exposed to a variety of risks as a result of our business activities. These risks include non-financial risks, market risk, credit risk, strategic risk, and liquidity risk. The corporate risk profile of DWS is driven by various external and internal factors, including fiduciary risk. As an asset manager, our fiduciary obligation is paramount and requires us to put the interests of our clients first. We achieve this by managing the risks of the investment portfolios managed on behalf of our clients and by complying with regulatory requirements and contractual obligations.

In this context, there are two core principles we embrace in our governance over relevant risk types: every employee needs to manage risk and is obligated to ensure that we operate in the best interest of our clients and our franchise; and we maintain strict segregation of duties to enable us to operate a control environment that is designed to protect the franchise, our clients, and shareholders.

To identify the existing risk types where sustainability factors are a risk driver, in 2023 we performed a scenario-based risk assessment. During this assessment, the respective owners of key sustainability activities within the first line of defence evaluated the inherent risk of ESG related risk scenarios, and, where relevant, documented controls to reduce that risk to an acceptable level. Using this evaluation as an input, we reviewed existing risk types for both portfolio and corporate risks and determined whether sustainability factors may potentially be relevant risk factors. A first set of adverse impact types was added as an add-on to the risk taxonomy. We aim to consider adverse impacts going forward as an additional risk dimension next to corporate (financial and non-financial) and investment (fiduciary) risks. National or regional regulations as well as existing contractual relationships may supersede the consideration of adverse impact for certain regions or asset classes.

Sustainability risks and sustainability factors have potential impacts on the portfolio risk profiles, for both liquid and illiquid alternative asset classes. The number of sustainability factors potentially impacting the valuation of assets contained in a managed portfolio led to the conclusion that a comprehensive measurement and management of sustainability risk requires a diverse set of risk indicators and measures.

As part of fiduciary sustainability risk management in liquid asset classes, we established a risk management framework for sustainability risk to manage sustainability factors potentially impacting a fund's risk profile. The sustainability risk management process is designed to identify, measure, monitor, and report sustainability related risks on an overall fund level, as well as on issuer specific levels as part of the issuer concentration risk framework.

To identify and assess the sustainability risk profile of a fund, we consider our climate transition risk assessment as well as our norm controversy assessment in the risk management processes in combination with each fund's gross and risk-adjusted exposure information as well as relevant benchmark data (if applicable). The process includes fund-level risk appetite setting and measurement, monitoring and reporting activities against the defined risk appetites. We implemented the portfolio sustainability risk management framework across all European domiciled products.

Within fiduciary sustainability risk management in alternative asset classes, we identify and assess the level of sustainability risk taken by illiquid alternatives funds domiciled in Europe based on individual asset level risk scores or ratings, which are formed by both quantitative and qualitative data points. These can be based on external ESG data providers (e. g., S&P Global for real estate, Global Real Estate Sustainability Benchmark for infrastructure), as well as internal subject matter experts. These processes were further enhanced in 2023, which capabilities to determine a fund's risk appetite, measurement, and monitoring of risks scores, and reporting of risk scores.

Forward-looking identification of market-wide and systemic risks

DWS has a hybrid model for identifying and responding to market-wide and systemic risks, where a top-down approach driven by research and our CIO View is further integrated with a bottom-up approach where the insights developed within the investment teams across the asset classes and regions are regularly discussed. Such views are integrated with other functions at DWS. The key activities for identifying market-wide and systemic risks are as follows:

1. Forward-Looking Risk Council (including scenario analysis),
2. CIO Office and CIO View,
3. Long-Term Capital Markets Forecast
4. Climate Scenarios
5. DWS Research

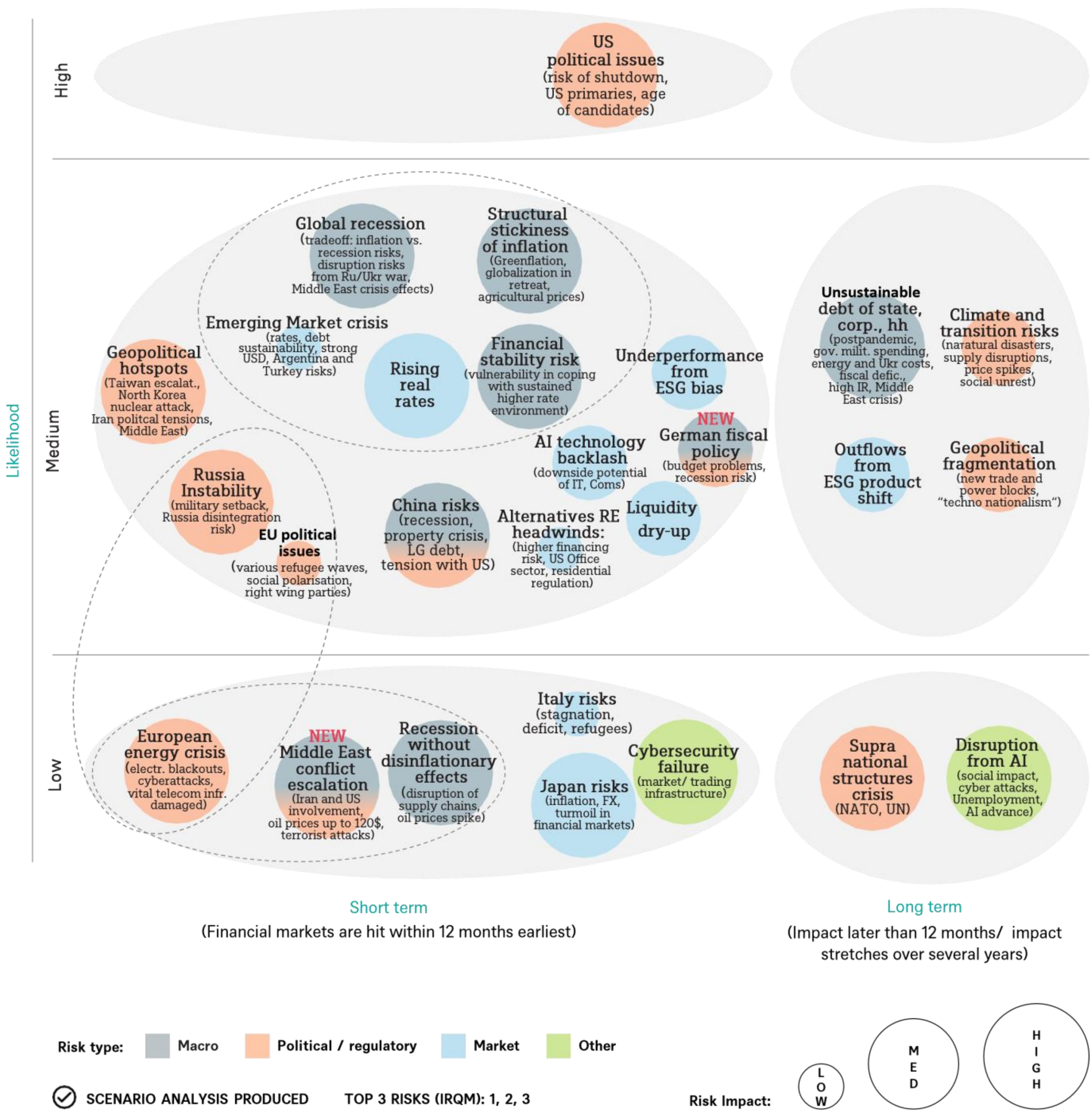
1. Forward Looking Risk Council and Scenario Analysis

Our CFO division including the Finance and Risk functions, together with the Research House[10], regularly organise a Forward Looking Risk Council. The Forward Looking Risk Council is formed with the aim of identifying key investment platform risks that are relevant across asset classes and investment strategies managed by DWS. The risks selected are based on fundamental analysis and are qualified in terms of likelihood, time horizon and investment platform risk exposure. Examples of systemic and market-wide risks that were identified in the past include:

– **Macro risks:** resurgence of inflation, policy effectiveness, recession, debt crisis etc.
– **Political risks:** election outcomes, fiscal policy, geopolitical risks etc.
– **Market risks:** liquidity dry-up in certain segments of the market, valuation risk, bond risk premia re-pricing etc.
– **Other risks:** the COVID-19 pandemic, climate change, cybersecurity failure, etc.

[10] DWS division responsible for producing research. DWS does not produce investment research that is sold to third parties.

Chart 4.1 Illustration of Key Investment Platform Risks



Time: risk may occur short term within 12 months (ST) or long term (LT); Probability: < 10% (L/ Low), 10-40% (M/ Med), 40-50% (H/ High); Impact: Material impact on macro variables globally (H/High), regionally (M/ Med), with limited regional / sectoral impact (L/ Low).
Source: DWS Risk Management, DWS Macro Research. December 2023

Each of the financial and non-financial risks (including risk exposures related to relevant ESG factors) highlighted in Table 4.1 are based on a more detailed description of the risks, broken down by category, topic and region, risk, rationale, and implications, as well as impact, timeframe, and likelihood assessment.

Table 4.2 Examples of identified risks

Topic/Region	Risk / Rationale / Implications	Time*	Prob*	Impact*
Global recession	a. Central banks facing the awkward choice of either tolerating higher inflation or risking recession.	ST	M	H
	b. Disruptive events in the course of the Russia - Ukraine war: e.g. cyber and/or kinetic attacks on infrastructure	ST	L	H
	c Further escalation of the Middle East crisis, causing economic contagion effects and/or commodity price spikes	ST	L	H
Inflation: Structural stickiness	Inflation remains higher than in previous cycles. Reasons: a. '**Greenflation**' due to energy transition & climate goals. b. **Globalization reverse.** Self-sustainability aims in crucial goods; re-shoring. c. **Agricultural prices:** effects of Ukraine war/fertilizer shortage. Extreme weather depressing output/transport capacities.	ST	M	H
Fin. sector stability	Financial stability risks increasing along with the rise in global interest rates. Central banks tightened policy following a long period of zero (negative) interest rates, which triggered distortions/adverse incentives. (s. U.S. part).	ST	M	H
Rising debt of states, firms, HH	Pandemic-induced shocks on fiscal balances in DM and EM, reinforced by fiscal pressure from growth slowdown and geopolitics. Strongly rising military spending (NATO, Asia, Middle East). Higher energy costs, esp. in Europe. Vast Ukraine reconstruction costs. Higher fiscal deficits, lower growth potential, higher interest costs → debt sustainability/taxes.	LT	M	H
GeopoliticsUkraine/Russia	**Base case:** Prolonged war of attrition, continuing into winter and beyond. Few visible advances by either side, confirms Russia's fortifications but severely depleted offensive capabilities; growing internal pressures likely to hobble Russian mobilization efforts. **Main risk scenario:** Military setbacks and/or Russian presidential elections looming (3/2024), could serve as focal point for palace coup, revolutionary movements, civil war like hostilities up to Russian state disintegration.	ST	M	H
Israel - Gaza Middle East	In our base case we assume that the Israel-Hamas war remains contained. An escalation could happen if Iran enters the war more explicitly, or would back increasingly military strikes on Israel from Hezbollah and out of Lebanon. Extreme scenarios include further countries getting involved. While Türkiye is a NATO member and has close ties with Western nations, Iran has a long-standing feud with the West, they now share common interests on the issue, a tendency that could change the balance of power in the region. Other risks stem from greater U.S. involvement and blocking of strait of Hormuz thus affecting oil and gas transport in the region and fueling energy prices.	ST	L	H
Geopolitics Fragmenta-tion /National interests	Multilateral framework & organizations versus bilateral/regional special purpose alliances. Emergence of new trade/power blocks (BRICS!) leading to distortions in global co-operation, competition, comparative advantage-led systems. 'Techno nationalism': Self-reliance, policy aims to reduce dependency or creating jobs at home. Large state subsidies to chips and semis in China, Taiwan, South Korea, Japan. US Chips act, US inflation reduction act with protectionist content. → Potential disruptions of global supply chains; lower growth potential, higher inflation.	LT	M	M
(Negative) disruption from AI	High costs of ChatGPT. Training a single AI model could imply as much as 5x the lifetime emissions of a car. Concerns over ethics, copyright, accuracy, and social impact (labour market, political repercussions), as well as potential catastrophic transformative character of AI advance. Vulnerability to cyber attacks.	LT	L	H
Climate/transition	Pandemic & Russia's war on Ukraine caused a setback for climate targets while urgency to act is rising. Climate related damages sooner & stronger (nature catastrophes, supply disruptions, price spikes, social unrest)	LT	M	M

For risks with significant likelihood and impact, we run a dedicated scenario analysis that has three main objectives:

1. Obtaining insights about risk drivers and potential risk outcomes

2. Understanding potential risk impact on asset classes and client portfolios
3. Using the insights to take action in terms of portfolio risk adjustment or other preventive actions

The scenario analysis process follows three main steps before conclusions can be drawn or mitigation actions can be developed, agreed, and initiated:

1. **Develop scenario description**
A scenario narrative is created providing a realistic outline of the risk event and its possible outcome at some point in the future with the support of research analysts from the investment division.
2. **Translation of scenario into factor shocks**
The scenario narrative is used to explore the effects on financial market factors, for example, equity or fixed income indices as well as currencies. Impact estimates are obtained both from expert judgement by asset class specialists, as well as from quantitative techniques applied by the Risk function.
3. **Portfolio impact analysis**
Factor shocks are used to derive potential client portfolio performance impact both for individual portfolios and across asset classes. Based on the scenario description, asset class specialists from the investment division provide impact estimates on factors such as treasury yields, investment grade credit spreads and equity markets in Europe, USA as well as Emerging Markets, consistent with the main exposures of the investment platform. The Risk function use these estimates, vets them for consistency and then applies the refined inputs to run the resultant impact analysis across portfolios.

The results of the impact analysis provide insights into the gain or loss drivers of the relevant portfolios, strategies, and asset classes managed by DWS. Based on these results, the relevant portfolio manager reviews and optimises exposure, while the CFO division identifies pockets of risks which require further scrutiny or potentially mitigation action.

Chart 4.2 Outlining the scenario analysis process:

Scenario description
Key risks are shortlisted and fundamental risk scenarios formulated by research analysts

Transalation of scenario into factor shocks
Market reaction to the scenario is estimated by asset class specialists

Portfolio impact analysis
Portfolio impact from the risk sceneraio is calculated and platform exposure analysed by IRQM

Scenario description

What is going to happen if inflation turns out to be materially higher than projected in our CIO View? Together with Research and Portfolio Management we modeled the following risk scenario (20%-25% probability):

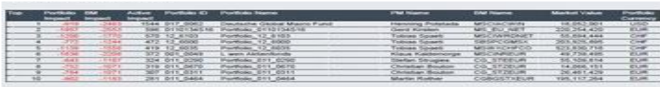
In Europe, tighter labor markets drive inflation to 1.9% in 2018 and 2.4% in 2019 (core inflation 1.5% in 2018 and around 2% in 2019) – clearly overshooting its long-term trend. Headlines inflation would peak at 2.4% in Q3 2018 and at 2.8% in Q4 2019. Oil price moves to 70 end of 2018 and even higher 2019 towards 80.

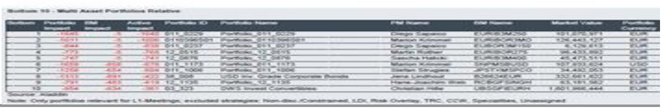
As a consequence, ECB takes a hawkish stance already in 2018. Guidance would include a stop of additional QE buying in September 2018 and later (as "traditional effects" fade out and inflation stays high) markets are prepared for a first hike already by the end of 2018, say an increase of the depo rate from actual ~40 to 20bps. As inflation pressure remains, and additional tightening by March 2019 increases depo rate to 0 and a 25 bps increases in the rate takes place. Kicking-off a tightening cycle.

In the U.S., we see core PCE inflation rising up to 3% and headline up to 3.5% in the next two years, as a result of one or a combination of the following catalysts; aggregate demand acceleration further, labor costs and inflation becoming more responsive to diminished slack, robust global demand beginning to pressure resources outside the U.S. too, or longer-term inflation expectations rising meaningfully.

The Fed responds to such an overshoot in inflation by raising the funds rate to 4% in total of 10 steps (base case is 6 rate hikes) by end of 2019 with balance sheet reduction continuing or even stepped up, raining the risks of a classic "overheating-economy-Fed-tightening-induced" recession on a 2020 horizon.

Tsy 2Y USD_2yr - Yield	155.00bps
Tsy 10Y USD_10yr - Yield	125.00bps
CPI 1yr USD_CPI_1yr-Yield	-90.00bps
Crude oil NYME 1 USD_COMD_CL_1 – Price level	13.50pct
US Cash Bonds IG USD_LEM_CREDIT– Spread Yield	65.00bps
DEM 2Y EUR_2yr – Yield	50.00bps
DEM 10Y EUR_10yr – Yield	100.00bps
EUR/US EUR_FX_USD-FX	-6.00pct
S&P 500 SPX –Index level	-20.00pct
MSCI EUROPE (EUR) MXEU – Index level	-25.00pct
MS Emerging Mkts MXEF – Index level	-25.00pct
EU Credit IG EUR_LEM_CREDIT– Spread Yield	65.00bps
US HY Market USD_HY_Market –Spread Yield	100.00bps
Middle East and Africa USD_EM_CORP_MIDAF – Spread Yield	100.00bps





DWS first implemented this analysis during the COVID-19 pandemic. Starting in January 2020, DWS started to assess the economic impact based on a global infection scenario modelled by DWS's Macro Economics team. Economic implications, as well as financial market reactions in terms of equity, bonds, currencies, and alternative assets, were estimated. Based on portfolio exposures, the potential impact of the pandemic on client portfolios and the investment platform was derived. The information was used within both DWS's Investment and CFO divisions to assess where significant effects might require mitigating action. Due to the positive experience resulting from this exercise, DWS has institutionalised the approach. See below for a relevant case study focused on the 2023 US regional banking crisis.

2. CIO Office and CIO View

The CIO Office is responsible for aggregating the single-security, sector, and regional views of DWS's research and investment platform for the next 12 months into one consistent view across all asset classes and regions – resulting in the CIO View. This includes defining risks and opportunities for all investors and clients of DWS. The CIO View is communicated both internally and externally through meetings, publications, the media, and industry events. The market-related events deemed most important by the CIO Office are analysed on a daily basis and commented to relevant stakeholders through the DWS CIO Daily newsletter, which is distributed to all DWS employees every day by 8:30am CET and is available to clients by 10:00am CET at the latest.

The CIO View refers to our house view on macroeconomic topics and individual asset classes, providing financial-market forecasts, model multi-asset allocations and DWS's views on market risks. The CIO View is designed to serve as the foundation for the investment decisions of our portfolio managers pursuant to our fiduciary duty to our clients. The CIO View publications are intended to serve as a means of sharing our investment expertise with clients. In 2018, we incorporated ESG aspects into our quarterly CIO View publication for the first time, recognising the impact that ESG factors and sustainability issues have on the asset-management industry and markets in general. Since the beginning of 2021, our publications reflect the ESG perspective whenever it is applicable.

Strategic CIO View generation process

In this bottom-up process, we divide our investment universe into individual components, so-called "alpha sources". For each of these alpha sources, there is an analyst with primary responsibility who, as part of the strategic investment process, must provide a qualitative assessment and a forecast for the performance of the respective alpha source for the next 12 months once per quarter, or at shorter intervals in times of increased uncertainty. Depending on the alpha source, the overall assessment is made up of individual elements, such as the credit analysis of individual issuers in the case of corporate bonds. This research is further supported by proprietary economic and political research, which provides forecasts and probabilities regarding economic developments, political events, and monetary policy.

The analysts will present their conclusions in asset-class meetings, where an asset-class view will be formed taking into consideration both core scenarios and tail risks. The collective findings are then presented simultaneously in a cross-asset-class meeting, the "CIO Day", at the end of which the house view (the DWS CIO View) is determined. This process takes place on a quarterly basis. Ad -hoc events may take place if, and when, required but in 2023 no ad-hoc CIO Days were held.

This integrated and cross-asset-class process is designed to ensure that insights from one asset class are available for the entire research and investment process. For example, insights on the housing market from real estate research can be compared with the assessment from mortgage-backed securities or covered bonds, and similarly, insights from commodity research may be useful to forecast default rates of high-yield bonds (from the energy or mining sector). Since 2022, the CIO Day includes one-year forecasts for digital currencies and the price of EU carbon allowances. Both the CIO Office and the Research Institute have published reports to educate clients and investment professionals on these new asset classes.

Tactical CIO View generation process

The strategic process is complemented by a tactical process, where the focus is on the upcoming quarter. Research analysts formulate their positioning recommendation for the respective alpha source under their responsibility. These recommendations are tracked and measured. With the positioning recommendation, the analyst must also specify a target and review (risk) level, where a breach of the review level triggers a reassessment of the recommendation under current (and potentially changed) circumstances.

3. Long-Term Capital Markets Forecast

We develop our Long-Term Capital Markets Assumptions (LTCMA) research agenda[11], to complement our twelve-month forecasting framework. Central to this approach is our belief that clients should consider a long-term perspective beyond 1–5 years when it comes to constructing investment portfolios.

The DWS LTCMA estimates long-term return forecasts for 600+ indices across major asset classes (equities, fixed income, commodities, listed and private real estate equity, listed infrastructure equity, listed and private infrastructure debt, hedge funds); volatility and correlation of these indices (based on lengthy historical timespans covering a number of market cycles) are also part of the estimates. The framework is run by the DWS Research House, in consultation with asset-class experts across the investment division. The models are evaluated quarterly and fed into the DWS Long View report (an annual publication with quarterly newsletter updates) and serve as building blocks for strategic asset allocations ("SAAs") built by the Multi-Asset team. The client coverage division and structuring team also leverage the results for their work with institutional clients on long-term allocation frameworks and asset-liability studies.[12]

Process to develop the DWS LTCMA

While the model to develop the DWS LTCMA is quantitative and systematic in nature, it combines a top-down and a bottom-up approach, together with macro and micro data at the constituents' level. The aim is to identify the fundamental drivers of long-term total returns in each asset class and make them as comparable as possible. The three key pillars we have identified are Income, Growth and Valuation; these are interpreted in the appropriate manner in each asset class. For example, in equities, income means dividends plus share buybacks (net of capital issuance); growth means nominal earnings growth (which at the index level we proxy via inflation as well as trend real GDP growth); valuation builds on the paradigm of mean-reverting long-term / cyclically adjusted valuation ratios. Similarly, in fixed income, the key drivers of index total returns are yield, roll return, valuation, and credit migration / credit default.

Example: DWS response to identified market-wide wide and systemic risks via input into investment strategy

The Multi-Asset team constructs SAAs for public funds or institutional clients subject to constraints, risk tolerance, diversification requirements etc – but it all starts with the

LTCMA's return forecasts. Some of DWS's institutional clients independently construct their own SAAs but utilise our LTCMA as one of their inputs.

In 2023, the Multi-Asset team published[13] an update to their framework, which includes alignment with the goals of the Paris Agreement, the EU's SFDR Principle Adverse Impacts ("PAIs"), and the EU Taxonomy.[14]

4. Climate Scenarios

In 2022, the LTCMA framework was applied to analyse potential ten-year asset class return implications from the Bank of England's climate scenarios[15]. The analysis concludes that the climate action scenario would likely produce higher returns compared to a no additional action scenario.

As part of the 2023 Climate Report[16] included in our Annual Report, we performed a climate scenario analysis, utilizing data from the MSCI Climate Value-at-Risk (CVaR) model to analyse impacts of climate change on our portfolios.

The MSCI CVaR model incorporates relevant regional, sectoral, and company-specific factors, as well as climate pathway assumptions tailored to assumed temperature increases. The inherent complexity of climate systems and their impact on micro and macroeconomics introduce a substantial degree of uncertainty in determining the implications for our investees' financial valuations. Additionally, the response of investees to policy shifts and physical climate change is not entirely predictable and not part of the modelling. In 2023, MSCI released a major enhancement for the climate transition risk model resulting in an overall increase of transition scenario risks across their universe of constituents; the model change had a pronounced impact on the estimated technological opportunities (i.e. the potential upside), while the impact on expected policy risks was limited.

The analysis should be regarded as guidance and a tool for relative value analysis on how climate change might impact sectors, regions, or asset classes under certain assumptions, rather than as an exact prediction of valuations of individual

11 https://www.dws.com/en-gb/insights/global-research-institute/dws-long-view-2023/
12 https://www.dws.com/insights/global-research-institute/esg-in-strategic-asset-allocation-the-2023-update/
13 https://www.dws.com/insights/global-research-institute/esg-in-strategic-asset-allocation-the-2023-update/
14 www.dws.com/AssetDownload/Index?assetGuid=63114926-e589-4c3a-b6b6-bb0d0d6f06cc&consumer=E-Library
See from p.8. The comments, opinions and estimates contained herein are for informational purposes only and set forth our views as of the date of this report. Th underlying assumptions and these views are subject to change without notice at any time, based on market and other conditions, and should not be construed as a recommendation.
15 www.dws.com/AssetDownload/Index?assetGuid=63114926-e589-4c3a-b6b6-bb0d0d6f06cc&consumer=E-Library
See from p.8. The comments, opinions and estimates contained herein are for informational purposes only and set forth our views as of the date of this report. Th underlying assumptions and these views are subject to change without notice at any time, based on market and other conditions, and should not be construed as a recommendation.
16 https://group.dws.com/responsibility/ See page 13-16.

investments or portfolios. We recognise that there are critiques on the limitations and assumptions of climate scenario modelling practices in financial services. For instance, climate scenarios may not reflect many of the most severe impacts we can expect such as tipping points. We will continue to monitor the development of climate scenario methodologies.

5. DWS Research

Our research platform within the investment division covers macroeconomics, fixed income, equities, and alternatives generating more than 500 top-down recommendations and over 3,000 bottom-up recommendations. As the broader asset management industry evolves, we will continue to further modernize and digitise our platforms to improve and enhance internal research and development for our products and services.

Case Study 1: Risk identification and DWS' response through the CIO View generation

The 2023 U.S. regional banks crisis was a significant event that unfolded early in the year and had widespread implications. Experts in the CIO Office identified SVB as a major risk and worked with the Investment Platform leadership to develop and implement DWS's response. The crisis started with the collapse of Silicon Valley Bank (SVB) in March 2023. SVB's failure was due to a combination of devalued assets after the sharp rise in interest rates and bond yields at a time when depositors were withdrawing money. Shortly thereafter, First Republic Bank experienced similar withdrawals as customers withdrew funds, fearing for the safety of their deposits. In an unprecedented move, the Federal Reserve, along with the FDIC and the Treasury, announced that all depositors of SVB and Signature Bank would be made whole, even those with uninsured deposits. The Federal Reserve established a Bank Term Funding Program to provide loans to eligible banks.

During this period, Credit Suisse, the second-largest bank in Switzerland at the time, faced collapse due to a series of public scandals, alleged management issues, and significant financial losses. Credit Suisse's issues were compounded by global financial instability triggered by the uncertainty related to the collapses of SVB and Signature Bank in the US. Despite these circumstances, Credit Suisse's largest shareholder, the Saudi National Bank, declined to increase its stake, which contributed to Credit Suisse's decline. Ultimately, to prevent an uncontrolled bankruptcy and stabilize the financial system, UBS Group AG acquired Credit Suisse for 3 billion CHF. This acquisition marked the end of Credit Suisse, which had been a prominent financial institution since its founding in 1856.

In response to the unfolding crisis described above, we put together an investment division task force in early March, consisting of asset class heads, sector specialists from both the equity and fixed income side, as well as economists, to analyse the development and validate in light of the new information, the findings which have been derived as part of the regular, quarterly strategic CIO View generation process. Our assessment of the likely outcome stemming from the strategic CIO View generation process of manageable contagion from the banks in question to other financial institutions, combined with the expected strong reaction by regulators as well as central banks, ultimately proved correct.

Based on these findings, recommendations were formulated for portfolio management, which in term was input for external communication. Building on this, six research notes were published on March 13, 15, 16, 20, 24, and 27, partly for use as talking points by our client coverage division staff and partly to be sent directly to our clients.[17][18][19]

Case Study 2: Political Uncertainty and Geopolitical Risk Identified

Continued elevated levels of political uncertainty worldwide, an increase of protectionist policies as well as geopolitical risk could have adverse consequences on the economy, market volatility and investors' confidence. Examples are the escalation of US-China relations concerning new sanctions (more tariffs, non-tariffs measures, and export restrictions), political backlashes in French presidential and US elections, or events in regional hotspots. The Forward Looking Council and CIO Office (described earlier under Forward-looking identification of market wide and systemic risks), play key roles in identifying and helping DWS manage sources of risk.

Case Study 3: Climate Risks Identified

Risks and opportunities from climate-related events can be categorized into two types: transition risks and opportunities, and physical risks. Transition risks and opportunities focus on the impact which policy changes, designed to bring about a transition to a greener economy, may have on individual companies. This includes potential increased costs to companies and business opportunities that may arise from adopting or developing low-carbon technologies and climate solutions. Climate change is also likely to cause acute or chronic physical climate effects, resulting in property damage or business interruptions – such effects are referred to as "physical risks". Policy risks are expected to be more material for carbon-intense industries, such as energy, utilities, and materials. However, sectors showing high policy risks also demonstrate higher potential in technology opportunities that may be leveraged by early adopters of policy changes. APAC and Europe are estimated to benefit slightly more from adoption of low-carbon technology in most sectors. Regarding physical risks, APAC and South/Central/Latin Americas regions may be impacted more significantly from extreme climate events. Among

[17] https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/
[18] https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/
[19] https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/

the climate events considered, heatwaves may result in a multitude of adverse effects on labour availability, productivity, and thermal efficiency. Companies in capital-intensive sectors including utilities and energy, especially those where production facilities are located at coastal locations, are more likely to suffer from acute events, especially flooding and tropical cyclones.

Case Study 4: DWS response to identified risk factors through stewardship

The 2023 Stewardship Report[20] describes our thematic engagements on net zero, and oceanic ecosystems, which has been built on the work that began in 2021. In 2023, more than 3,700 investee companies received our pre-season engagement letter and we voted at 5,563 general and special meetings at 4,012 investee companies covering approximately 95% of equity holdings in EUR in scope for voting[21]. We supported 79% of all environmental shareholder proposals and 63% of all social shareholder proposals. We held 624 engagements with 521 issuers, including 214 net zero engagements. In addition, we sent questions to the annual general meetings (AGMs) of 70 investee companies. We voted against the re-election or discharge of directors at more than 50 companies because of involvement in ESG-related controversies.

One of our priorities in 2023 was to make progress against our 2020 commitment to net zero as a signatory to NZAM. In support of our ambition, we continued to send thematic engagement letters to 80 additional companies[22] with high carbon intensity (inflation-adjusted WACI) portfolio contribution in 2023. See Principle 5 for more information.

Our activities to promote continued improvement of the functioning of financial markets

We have a long track-record in using investor influence with the intention to help society manage systemic risks, particularly regarding the climate crisis. For instance:

- Since 2009, DWS has continued to participate in signing an annual investor letter to governments calling for stronger climate policies[23].
- DWS responded[24] to the European Commission's consultation on the implementation of the EU's SFDR, calling for improvements in the policy's effectiveness for financial markets' response to climate and sustainability priorities.
- [25]Through industry associations, DWS experts also contributed to consultation responses from different governments and regulators. Other examples of DWS collaboration with other institutional investors, to address systemic issues, can be seen under Principle 10.

A full list of our bilateral public responses to regulatory consultations can be found on the DWS Public Dialogue website: https://group.dws.com/corporate-governance/dws-public-dialogue/.

Case Study 5: European Transformation initiative

Before DWS' Capital Markets Day in December 2022, we published a press release[26] stating that contributing to the transformation of Europe's economies will be a strategic corporate priority for DWS. DWS' CEO stated that we will leverage our existing private market products and create new investment products to provide capital to support transformational change in Europe's economies. A research partnership with the Frankfurt School of Finance and Management was also announced.

[20] https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/
[21] The equity holdings in EUR in scope for voting represents our EUR equity exposure and the voting rights per end of December 2023 for the shares eligible for voting of the funds of legal entities in scope as listed in footnote 3 above. It may be noted that the actual shares voted may differ based on the record date for the relevant general meeting of the investee companies. Source: Aladdin, ISS and DWS Investment GmbH.
[22] https://www.dws.com/AssetDownload/Index?assetGuid=9449c435-bf83-4cf6-bcfd-e5ee446d21b8&consumer=E-Library
[23] www.theinvestoragenda.org/focus-areas/policy-advocacy Investor Agenda 2021
[24] https://group.dws.com/corporate-governance/dws-public-dialogue/
[25] www.dws.com/our-profile/media/media-releases/deutsche-bank-dws-set-european-transformation-as-strategic-priority/
[26] www.dws.com/our-profile/media/media-releases/deutsche-bank-dws-set-european-transformation-as-strategic-priority/

The DWS Research team published a major report[27] shortly after this announcement, analysing that if Europe wishes to maintain the same level of sustainable prosperity, transformation is needed. The report identified policy recommendations, which will be taken up where possible, through consultation responses and trade associations that DWS experts participate in. For instance, the transformation report concluded that sustainable finance policies need reform to ensure sustainable-focused investors are not disadvantaged compared to traditional investors. Follow up reports[28] were published in early 2023 on vehicle electrification, lending to small and medium-sized companies, and on energy efficiency.

Case Study 6: Engagement with Index Providers

DWS developed a strategic framework to engage on sustainability considerations with providers of indices for our European Passive business. Across European financial markets, trillions of Euros of capital benchmarked to core indices offered by index providers, and hundreds of billions of Euros benchmarked to these indices by our Passive instruments. By engaging with index providers in Europe and formally requesting improvements, our European Passive will be able to contribute to the achievement of our sustainability-related targets. This engagement process is in addition to any sustainability-related due diligence and assessment carried out on index providers and their index(es) in question during the index selection process for Passive. Our European index provider engagement framework focuses on:

1. Integration of sustainability-related criteria into benchmark indices.
2. Adequate sustainability reporting and transparency.
3. Improvement of sustainable index offering.
4. Alignment of strategy and product offering with Net Zero and reduction of carbon risks.
5. Internal governance and conflicts of interest management.
6. Implementation of the framework began at the end of 2021.

Case Study 7: Public Policy Engagement on Energy Efficiency

An example of continuous contribution to public policy development is on energy efficiency. Through DWS' European Transformation initiative (described in the earlier case study) DWS aims to support the climate and energy security goals of the European Union. As part of Europe's response to the energy crisis that followed Russia's invasion of Ukraine, the European Commission announced plans to evolve the Energy Efficiency Financial Institutions Group (EEFIG) into an Energy Efficiency Financing Coalition also involving Member States[29]. A DWS expert was a founding member of the European Energy Efficiency Financial Institutions Group[30] (EEFIG) in 2013 and joined the initiative's Steering Committee in 2018. To celebrate the ten years of EEFIG and to provide input to the new Coalition, DWS gave a keynote speech at the final EEFIG plenary event in June 2023 giving recommendations for the Coalition.[31] In parallel, through the Institutional Investors Group on Climate Change (IIGCC), we along with other financial institutions provided input to policy discussions on reforming the Energy Performance in Buildings Directive (EPBD). In response to our contribution to these policy discussions, IIGCC released a statement that "DWS played a leading role in providing views to policy makers on the current and previous policy debates on the EPBD." [32][33]

Our role in relevant industry initiatives

To promote well-functioning financial markets through building and sharing of knowledge and good practice, DWS experts are involved with a number of organisations. The case study #7 on the Energy Efficiency Financial Institutions Group (EEFIG) is one of more significant contributions over many years. Below is a list of the most relevant initiatives.

[27] www.dws.com/insights/global-research-institute/a-framework-for-european-transformation/
[28] https://www.dws.com/insights/global-research-institute/european-transformation-research-hub/
[29] https://energy.ec.europa.eu/topics/energy-efficiency/financing/european-energy-efficiency-financing-coalition_en
[30] https://eefig.ec.europa.eu/index_en
[31] https://www.iigcc.org/insights/net-zero-resilient-infrastructure-net-zero-and-climate-resilient-investing-begins-in-the-physical-world
[32] https://www.iigcc.org/insights/net-zero-resilient-infrastructure-net-zero-and-climate-resilient-investing-begins-in-the-physical-world
[33] https://www.iigcc.org/insights/net-zero-resilient-infrastructure-net-zero-and-climate-resilient-investing-begins-in-the-physical-world

Table 4.2 DWS' Role in Relevant Industry Initiatives

Name	Type of engagement	Events / developments 2023
Corporate Governance		
Berufsverband der Investment Professionals (DVFA)	Member	DWS continued to be an active supporter of the DVFA. Furthermore, DWS has remained an active promoter and co-initiator of the DVFA-Corporate Governance Scorecard.
Bundesverband Investment und Asset Management (BVI)	Member	DWS remained active in several political engagement and sustainability groups of the BVI, providing consultations on several national and European legislative initiatives and collective comments regarding ESG issues, annually reviewing the Guidelines on German AGMs, as well as drafting and developing several position papers on virtual AGMs.
European Funds and Asset Management Association (EFAMA)	Member	DWS continued to be part of the workstreams regarding ESG & Stewardship Standing Committee as well as Sustainable Finance, providing feedback to various topics.
Global Institutional Governance Network (GIGN)	Member	DWS continued to be a member of an investor group focused on good corporate governance and improving long-term shareholder value.
International Corporate Governance Network (ICGN)	Committee member	DWS was a member of the Global Governance Committee participating in meetings on topics around supply chains and controlled companies as well as consultations.
UK The Investment Association (IA)	Member	A DWS employee acted as an Advisory Board member. Further activities of different DWS employees included being Chair of the IA ETF Committee, being a member of the IA Stewardship & Governance Committee, contributing to a thought leadership working group focused on UK corporate governance best practices, and being a member of the Sustainable and Responsible Investments Committee. DWS employees also participated in the TCFD Implementation Forum on a regular basis.
Corporate responsibility and sustainable finance		
Dutch Association of Investors for Sustainable Development (VBDO)	Member	DWS is a member of the Dutch Association of Investors for Sustainable Development (VBDO).
Global Impact Investing Network (GIIN)	Member	A DWS employee was a guest panellist on a GIIN webinar on Climate Related Investment Strategies. A DWS employee participated on their Investor Council events and attended the annual meeting in NYC.
Principles for Responsible Investment (PRI)	Signatory	DWS has been signatory to the PRI since 2008. DWS employees participated on a regular basis in relevant working groups.
Climate		
Asia Investor Group on Climate Change (AIGCC)	Member	DWS is a member of the AIGCC. DWS employees participated in several webinars offered by the organization.
CDP	Signatory and reporter	DWS has been an investor signatory of CDP since 2006. As a CDP reporter, DWS provided annual environmental disclosure and performance which is scored by CDP.
Ceres Investor Network on Climate Risk and Sustainability	Member	DWS employees participated in working group sessions including on net zero in private equity. As part of the Valuing Water Finance initiative's investor engagement, DWS continued the engagement with a German apparel company.
Climate Action 100+	Signatory	DWS (DWS Investment GmbH) has been a signatory to Climate Action 100+ since 2017.

Table 4.2 DWS' Role in Relevant Industry Initiatives

Name	Type of engagement	Events / developments 2023
Coalition for Climate Resilient Investments (CCRI)	Founding member	DWS is a founding member of the Coalition for Climate Resilient Investment (CCRI). A former DWS expert was given a special mention in CCRI's physical climate risk assessment methodology[34]. In 2023, CCRI ceased being a separate initiative. Its activities will be taken forward in part by IIGCC. DWS experts gave input to IIGCC's adoption of a stronger focus on physical climate risk and to consider how infrastructure investments' approach to physical risk can be strengthened.
EU Energy Efficiency Financial Institutions Group (EEFIG)	Founder and steering committee member	A DWS employee is a member of the EEFIG steering committee. As such, the activities of the employee included providing advice to the EU Commission on energy efficiency policy. In recognition of our long input to EEFIG, DWS's ESG client officer was invited to give a keynote speech[35] to the final EEFIG event with recommendations for the evolution of EEFIG into a new high-level coalition. See also the earlier case study on EEFIG.
Global Investor Statement on Climate Change	Signatory	DWS remained signatory to the Global Investor Statement on Climate Change and has been one of the longest standing supporters since the statement was initiated in 2009.
Global Off-Grid Lighting Association (GOGLA)	Member	DWS became a member of GOGLA in January 2021. DWS employees participated in various workshops and conferences on off grid solar.
Green Climate Fund (GCF)	Accredited entity status	Following GCF's commitment for a total USD 80m for DWS Universal Green Energy Access Programme, the fund drew down the first half of the funding to be invested in de-centralised renewable electrical energy production and distribution in Africa. The Fund also executed its first investments and is pursuing additional transactions in the pipeline.
Institutional Investors Group on Climate Change (IIGCC)	Member	Various DWS experts contributed to working groups covering net zero, physical climate risk and resilience, providing feedback on formulation of net zero investor expectations for banks. A DWS expert provided input to IIGCC's policy positions and lobbying strategy. Another DWS expert provided guidance on white papers and contributed as a speaker for a webinar.
Investing in a Just Transition	Signatory	DWS continued to support the PRI Investor Statement on a Just Transition on Climate Change.
Net Zero Asset Manager Initiative (NZAM)	Founding signatory	DWS has been a founding signatory to the NZAM initiative since 2020. DWS provided its second Net Zero Annual Disclosure in 2023 and maintains regular engagement with the network.
Science Based Targets Initiative (SBTi)	Commitment	DWS committed to SBTi in 2021 and regularly engaged with SBTi in context of its net zero activities. DWS provided feedback to SBTis consultation on the draft Net Zero Standard for Financial Institutions.
Spanish Sustainable Investment and Finance Association (SpainSIF)	Member	DWS sponsored the 2023 SpainSIF annual report.
Taskforce on Climate related Financial Disclosure (TCFD)	Supporter	DWS has been a TCFD supporter since 2017 and has issued a Climate Report since 2020.
Social Commitments		
Charta der Vielfalt ("Charta of Diversity")	Signatory	DWS joined the "Charta der Vielfalt", reporting on its activities on social media.
The US Institute	Member	As part of the Diversity & Inclusion working group, DWS employees participated in several discussions regarding advancing diversity practices in the industry. As part of the Head of HR working group, a DWS employee

[34] https://www.iigcc.org/insights/net-zero-resilient-infrastructure-net-zero-and-climate-resilient-investing-begins-in-the-physical-world
[35] https://download.dws.com/download?elib-assetguid=bbbf9d548e4845b689a2978a82f208d5

Table 4.2 DWS' Role in Relevant Industry Initiatives

Name	Type of engagement	Events / developments 2023
		continued to participate and contribute to broader discussions on challenges and best practices in the industry.
Diversity Project	Member	DWS took part in the Female Fund Manager Scheme which sponsored a DWS employee to participate in a trainings series to develop their skills to become portfolio managers. Furthermore, DWS took part in the Upreach work experience Programme and DWS employees are part of Diversity Project's workstreams: Menopause, Gender, and Disability.
Real Estate and Infrastructure		
Better Buildings Partnership (BBP)	Member and signatory of Climate Commitment	DWS has been a signatory to BBP since 2013. It has committed to deliver net zero carbon real estate portfolios by 2050. Further, DWS employees continued to participate in working groups focusing on net zero, embodied carbon of development, refurbishment, and fit-out works, as well as resilience.
Carbon Risk Real Estate Monitor (CRREM)	Member	DWS continued to participate in the Scientific & Investor Committee focused on accelerating the decarbonization and climate change resilience of the EU commercial real estate sector. Further, another DWS key activity comprised integrating the CRREM tool into transaction ESG screenings (due diligence), annual fund business planning and risk assessment, and SFDR targets. Moreover, DWS participated in the Embodied Carbon study and the CRREM/ULI America project.
European Association for Investors in Non-Listed Real Estate Vehicles (INREV)	Member	A DWS employee co-chairs the INREV ESG Committee and participated in development of INREV ESG SDDS and a number of white paper guidance documents, in particular in relation to SFDR regulation.
Global Infrastructure Investors Association (GIIA)	Founding member	As a founding member of the GIIA, DWS Infrastructure is working jointly with governments and other stakeholders to boost the role of private investment in providing infrastructure that improves national, regional and local economies. DWS employees participated in various working groups, for example, regarding UK water and ESG.
Global Real Estate Sustainability Benchmark (GRESB)	Member	A DWS employee chairs the GRESB Real Estate Standards Committee. DWS experts continued to participate in the Real Estate Benchmarking Committees, contributing to develop a GRESB roadmap for the future. Besides, 20 portfolios reported to the GRESB in 2023.
Urban Land Institute (ULI)	Founding member	DWS is a member of the Urban Land Institute (ULI) Greenprint Center for Building Performance and participated on a regular basis in industry meetings on net zero to share best practice and maintain awareness.
US Department of Energy Better Buildings Challenge	Member	DWS had committed to a 20% reduction in energy and water use by 2030 for its portfolio of US office properties and had previously met a 2020 target three years early. The progress was published on the website of the US Department of the Energy Better Building Challenge. DWS continues to report the performance for relevant assets.
Transparency and Reporting		
Operating Principles for Impact Management (OPIM)	Signatory	DWS became a signatory of the Operating Principles for Impact Management in 2019 and participated in signatory knowledge share webinars. DWS has 4 funds adopting the impact principles.
Schmalenbach Gesellschaft für Betriebswirtschaft	Member	Since 2015, a DWS employee has been an active member of the working group “Integrated Reporting and Sustainable Management” and since 2021, a DWS

Table 4.2 DWS' Role in Relevant Industry Initiatives

Name	Type of engagement	Events / developments 2023
		employee has been an active member of the working group "Sustainable Finance".

Public Advocacy and other Stakeholders

DWS engages regularly with NGOs on diverse sustainability related topics and has also contributed to their research and publications. Amongst others, DWS collaborates with Reclaim Finance, ShareAction, Greenpeace, and the WWF.

Table 4.4 DWS' Collaboration with NGOs

Name	Type of engagement	Events / developments 2021
NGO		
Greenpeace	Stakeholder	DWS was in exchange with Greenpeace in context of its fossil fuel investments.
Reclaim Finance	Stakeholder	DWS continued its regular exchange with Reclaim Finance on fossil fuel investments and engagement related topics and provided input into their research.
Urgewald	Stakeholder	DWS continued its regular exchange with Urgewald on fossil fuel investments related topics and provided input into their research.
World Wide Fund for Nature Germany (WWF DE)	Stakeholder	Since 2021, DWS has been partnering with WWF in the context of DWS Concept ESG Blue Economy fund and on a multi-year marine conservation project in the second largest coral reef in the world. In 2023, DWS entered into a technical collaboration on biodiversity with the WWF.

Global regulatory consultations are a key component of our stewardship efforts, and we regularly engage with global regulators and authorities (e.g., the European Commission, Members of the European Parliament, ECB, ESMA, members of the German Bundestag, German Federal Government officials, Bundesbank, CSSF) to discuss developments in the capital markets and funds industry. Furthermore, we communicate with exchanges and other capital markets participants and periodically provide input on prudential oversight. Through our entries in the EU Transparency Register and the German Lobbying Register, we provide transparency on our public-policy advocacy. In addition, we make all our public responses to official regulatory consultations available on a microsite.[36]

How we have aligned our investments according to analysis of market-wide and systemic risks

As laid out above, identifying and responding to market-wide and systemic risks are embedded in our investment process. The research process is driven through a hybrid model that is both top-down and bottom up and is tactical (time frame: next quarter), strategic (time frame: next twelve months) and long term in nature (time frame: next decade). This approach also enables us to share insights across the organisation and with external stakeholders such as investors or the public, and it helps the development of new products and client solutions. It informs our clients and other relevant stakeholders on risks and opportunities and is able to drive re-allocation in assets. Through our work with investee companies and other stakeholders, we endeavour to support a well-functioning financial system.
Our investment decisions are constrained by fund prospectuses that set out clear guidelines that investors should take into consideration when choosing investment products. Value-focused investments may over- or underperform the broader benchmark in a growth-driven equity market, but it is important that the focus remains on fulfilling the guidelines as set out in the relevant fund prospectus, while integrating market-wide and systemic risks. At DWS, this approach is integrated across functions, products, and distribution. Subject to guidelines set out in the relevant fund prospectus or mandate; our investments are aligned with what is described in this Principle.

We believe our business is well-positioned to capture market opportunities and address asset management industry challenges. As illustrated above, changing market conditions and investor needs have created significant opportunities for us and industry, yet also require us to continuously monitor risks, run stress tests, and scenario analyses.

[36] https://group.dws.com/corporate-governance/dws-public-dialogue/

Outcome

Signatories should disclose an assessment of their effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets.

Effectiveness of our response to market-wide and systemic risks

Evaluating the effectiveness of any financial institution's response to market-wide and systemic risks outside of its portfolio activities and operations is difficult as we are not able to assess the impact that a different course of action would have resulted in. On the previous pages of this chapter, we have described the process followed at DWS. However, there are inevitably risks and here are some tangible examples of how we addressed such residual risks at DWS and how we work internally and with our partners to promote a proper functioning of markets:

- **Contradictory Research Recommendation Process.** Within DWS, research is integrated by the various investment teams. Situations occur where different teams may take a different view on the upside or downside in prices on a specific security. This may be due to a different time frame for the investment, asset class (fixed income, equities), or investment style (Value and Growth). To ensure that the divergence of views is not a result of some more relevant risk, a monthly review focuses on the rationale for divergence in recommendations. If the risk is deemed material, an escalation process takes place. There were 23 reviews and zero escalations in 2023. The Research Governance Forum determined that there were no real contradictions across the 16 securities reviewed last year. The process can also be called upon if material events occur and other researchers may have not identified the matter. This is particularly useful in times of crises.
- **Ensuring that the ESG grade fully reflects the risk and opportunities of the underlying security.** There are situations where different ESG data providers may use the same 'materiality' framework but generate different ESG scores on the same security. To manage such risks, and to promote better functioning of financial markets, DWS is engaged and acting on multiple fronts:
  - Using a multivendor approach to ESG grades.
  - Calling for an official definition of ESG and sustainability standards.
  - Maintaining the SAVC to review ESG grades from vendors based on DWS proprietary research insights and review cases where there are different opinions from vendors, as well as when new material information emerges, that may lead to future changes in grades or require the SAVC chair to adjust a grade as appropriate.
  - Engaging with ESG data providers to clarify ESG grades and their methodologies.

We continuously review our processes and governance over our investment processes in support of our goal to proactively manage risks and opportunities. In addition, engaging with stakeholders on market-wide and systemic risks, is, in our view, an indicator of the effectiveness of what we do. Please refer to Principle 9 and 11 for examples.

Effectiveness of our efforts to promote well-functioning markets through engagement, publications, and public advocacy

We consider stewardship as an indispensable tool for advancing enhanced management policies and practices at our issuer to deal with financial and non-financial risk. Proxy voting empowers shareholders to influence corporate governance structures and ultimately to promote responsible and sustainable business practices. Additionally, engagement with issuers can impact corporate behaviour by fostering transparency and addressing areas where we believe there is room for improvement.

As reported in our latest Climate Report, a growing proportion of our publicly traded equity and bond holdings are in issuers that have or have committed to obtaining a science-based target. It is our belief that DWS Investment GmbH's engagements with our issuers along with the independent activity of other investors and other stakeholders contribute to this growth, even though it is difficult to assess our own contribution. While this is a sign of progress, we believe that more investors need to independently advocate for more ambitious target setting and the pursuit of science-based targets so that collectively, we can accelerate the transition to net zero.

DWS Research Institute reports have identified systemic risks impacting society and the proper functioning of financial markets. The impact of such issues, particularly climate-related issues, are regularly highlighted in our research and marketing material, conferences and in our stakeholder engagement. The objective of our efforts is to further increase awareness and bring the debate to a level where such issues are further addressed through the actions of policymakers or changes to existing market practices or standards. The most relevant issues we are focused on include:

– **The need for increased Energy efficiency and electrification.** The earlier case study set out in Principle 4 on the Energy Efficiency Financial Institutions Group (EEFIG), noted the positive feedback from the European Commission officials to DWS. The success of EEFIG can be seen in the EU's plans to evolve the group to a high-level coalition which aims to strengthen private financing of energy efficiency and electrification.
– **Increasing awareness and driving action beyond the reduction in carbon emissions.** We aim to educate investors on other climate-related risks, especially in terms of reductions, water scarcity, and biodiversity loss, and why these issues are relevant to the financial performance of our issuers.

Case Study 1: Environmental risks beyond carbon – focusing on Biodiversity and the Climate-Water-Nexus

DWS' 2023 UKSC response highlighted 2022 DWS research reports on water, oceans, and earth systems. In 2023, we continued to publish reports and articles on nature and biodiversity. To coincide with the UN Water Conference in March 2023, we published an article on the "Hidden Cost of Water" on the growth of corporates using a hypothetical internal scenario analysis to account for the costs of water pollution/scarcity in comparison to carbon pricing. We also held a webinar with Ceres to discuss developments in investor engagement with companies on water[37]. We published "A new boiling point: Oceans heat up"[38] to analyse implications of the heating of the oceans The Research Institute team use these and other reports to educate clients and to participate in internal discussions to inform the strengthening of engagement with investees, which is a key part of DWS's sustainability strategy. Future Stewardship Code responses may outline the results of these discussions.

Within this context, in 2021 DWS launched the DWS Concept ESG Blue Economy Fund, an equity fund focused on the blue economy. WWF supports DWS in defining and evaluating the engagement approach, assessing the transformation capability of companies, and identifying and evaluating engagement candidates. In addition, WWF supports the development of blue economy specific KPIs. For more information on this partnership, please refer to the fund's prospectus and engagement reports. In addition, DWS has a partnership with WWF supporting a multi-year marine conservation project in the second-largest coral reef in the world[39]. Since 2020, DWS has supported the marine conservation organization Healthy Seas in its efforts to rid the world's oceans of ghost nets, saving the lives of countless marine creatures[40].

In 2023, the Blue Economy Fund published its second engagement report[41]. In the fund's second year of engagement activity, the team continued engagement with five companies. Specific and measurable goals were defined for the companies with the aim of enhancing protection for and improving the ocean habitat. The fund's engagement report profiles the discussions with three of these companies.

Case Study 2: Carbon pricing

The importance of carbon pricing to address climate change is supported by 90+ government finance ministers[42], World Bank expert reports[43], and is a core part of the International Energy Agency's Global Climate and Energy Model, However, carbon pricing has not received much focus from investors. In 2023, the Research Institute published a report "Investing in carbon: a new asset class"[44] on the investment opportunity in the European emissions trading system (EU ETS).

The report coincided with Xtrackers launching a European carbon Exchange Traded Commodity (ETC) for institutional investors. At the quarterly CIO Day, the Research Institute team continued to present forecasts for the next year's EU carbon prices. As well, the CROCI team analysed how higher global carbon prices could impact equity valuations. DWS research on carbon pricing is used to educate European institutional clients about the investment potential of the Xtrackers carbon ETC. Stronger investor understanding of the European carbon market may help more investors to provide views to policymakers for future policy

[37] DWS Research Institute (March 2023) Hidden Cost of Water https://www.dws.com/insights/global-research-institute/world-water-day-2023/
[38] DWS Research Institute (June 2023) https://www.dws.com/insights/global-research-institute/a-new-boiling-point-oceans-heat-up/
[39] https://www.dws.com/en-gb/our-profile/corporate-social-responsibility/wwf/
[40] https://www.dws.com/en-gb/our-profile/corporate-social-responsibility/healthy-seas/
[41] See download section of the fund's page https://funds.dws.com/en-gb/equity-funds/lu2363960969-dws-concept-esg-blue-economy-gbp-d-rd/
[42] Coalition of Finance Ministers for Climate Action (2023) https://www.financeministersforclimate.org/
[43] Such as World Bank (2021) Report of the Task Force on Net Zero Goals and Carbon Pricing https://www.carbonpricingleadership.org/netzero
[44] DWS Research Institute (December 2023) Investing in carbon: a new asset class. https://www.dws.com/insights/global-research-institute/investing-in-carbon/

reforms. Previously in 2022, as part of the IIGCC policy advisory group, a member of the DWS research team suggested that IIGCC's letter[45] call for policymakers not to restrict financial institutions from participating in the EU ETS. This recommendation was also made by other financial institution associations. When EU ETS legislation was being debated, restrictions on financial institution market participation was proposed but not adopted in the final legislation. EU carbon market policy will continue to be a topic for the IIGCC's policy advisory group which DWS is a member of.

Stakeholder Engagement

In addition to issuers our relevant stakeholders include retail and institutional investors, employees, shareholders, and suppliers, as well as regulators, communities, media, civil society, public organisations, and NGOs.

We consider constructive engagement with our stakeholders to be integral to understanding the expectations and concerns of our stakeholders. It not only helps us to comprehend the positive as well as negative impacts of our business activities more broadly, but also promotes acceptance of what we do, as we strive to strengthen trust and partnerships, and improve our sustainability performance. We are convinced that engaging with our stakeholders is crucial to creating a common understanding and a collaborative approach to shared global challenges.

While the interests of our stakeholders may occasionally be in conflict, we aim to navigate any such conflicts with the goal to operate in the best interest of our clients. We are open to constructive critique and dialogue from stakeholders, which we believe helps us remain aware of stakeholder interests and improve our sustainability approach.

Within our Communications, Brand & CSR sub-division, a Public Affairs & Regulatory Strategy team was established in 2021. It provides relevant ad-hoc updates on political developments and potential impactful regulatory dossiers to senior management, coordinates the development and delivery of DWS positions on important regulatory debates, and it acts as a clearing house for memberships in trade bodies and business organisations close to political stakeholders. In our engagement with political and regulatory stakeholders, we regularly highlight the importance of rules supporting the economic transition towards a more sustainable way of making business. For example, we have highlighted the role of shareholder rights to strengthen board accountability in terms of governance and credible net-zero business plans. A full list of public consultation responses by DWS since 2021 can be found here: https://group.dws.com/corporate-governance/dws-public-dialogue/.

All of our identified stakeholders have responsible points of contact within DWS Group. Each commitment or membership is evaluated by the responsible person, who decides whether it is important and worthwhile.

See Principle 4 for a list of our stakeholder engagement activities and initiatives that we participated in during 2023 in a previous section of Principle 4.

[45] https://www.iigcc.org/insights/iigcc-publishes-open-letter-on-eu-ets-reform-and-cbam

5 / Purpose and Governance: Review and Assurance

Context

Signatories review their policies, assure their processes, and assess the effectiveness of their activities.

Our approach to stewardship continues to evolve. As such, our related policies and processes are constantly being reviewed and scrutinised. We also discuss our processes with other relevant internal stakeholders like the legal entity management board, portfolio managers and analysts to identify areas for improvement and to assess the effectiveness of our processes. Another trigger for re-evaluating our processes is the development of our clients' demands and expectations in terms of enhanced stewardship practices. Furthermore, as a signatory to the PRI, we are striving to achieve the best assessment as an asset manager by positioning our policies and processes towards best-in-class stewardship.

Activity

Signatories should explain how:

- **how they have reviewed their policies to ensure they enable effective stewardship.**
- **what internal or external assurance they have received in relation to stewardship (undertaken directly or on their behalf) and the rationale for their chosen approach; and**
- **how they have ensured their stewardship reporting is fair, balanced, and understandable.**

DWS Investment GmbH's investment stewardship policies (e.g., Corporate Governance and Proxy Voting Policy and Engagement Policy) and processes are reviewed periodically to maintain and further improve their effectiveness.

Engagement Policy developments in 2023

In 2023, DWS Investment GmbH engaged with issuers on behalf of the DWS legal entities specified in Principle 1. DWS Investment GmbH's engagement framework is overseen by the regional EC. The EC is composed by representatives of the different asset classes of the investment division (Passive, CROCI, equities, fixed income, and multi-asset). The EC meets on a regular basis to discuss and review the engagement process, recommend escalations and modifications of target plans for issuers on our focus and strategic lists (please refer to principle 11 for details). This strategic list contains 50 issuers that are of strategic importance for us and our clients and where we believe there is potential to improve ESG quality in relation to financial performance. Furthermore, the EC reviewed the requests from the engagement leads to expand the timeline of set targets and discuss the potential change and/or deletion of specific engagement targets as well as relevant thematic engagement letters. The co-chairs of the EC (head of ESG integration and head of CGC) gave the final sign-off for those proposed improvements.

Furthermore, during 2023 our internal process for engagement count and reporting (externally in DWS Group Annual Report) underwent a audit in order to secure a "reasonable assurance" quality status.

Corporate Governance and Proxy Voting Policy developments in 2023

We seek to place particular emphasis on corporate governance and have developed our understanding over several years of activity in the German as well as international markets. Additionally, our approach to corporate governance is based on relevant national and international legal frameworks and best practice codes, such as the German Corporate Governance Code, UK Corporate Governance Code, International Corporate Governance Network (ICGN) and the G20/OECD Principles of Corporate Governance as well. We actively participate in relevant global investor working groups, and we regularly provide, where feasible our input on German and international consultations on regulation. The annual update of the policy is led by members of the CGC and considers feedback from representatives of portfolio management/equity analysts and the ESG Integration team. Once the updates have been discussed with our proxy advisors, the changes are then presented to the management boards of the three European legal entities in scope for the Policy's application for approval.

In 2023 we updated our Corporate Governance and Proxy Voting Policy with a focus on voting on climate-related proposals, executive compensation, and market-specific aspects for Japanese investee companies:

– **Say on Climate/Decarbonisation Plans**
  A new section in our Corporate Governance and Proxy Voting Policy lays out our minimum expectations on carbon transition plans including oversight of climate issues, TCFD reporting and setting targets that cover all relevant emissions based on a credible science-based methodology. We have further expanded our expectations towards our investee companies on the following topics: thermal coal phase-out, inclusion of emissions reduction targets into the executive compensation plans, CAPEX alignment with their respective GHG emission reduction target, climate lobbying for investee companies with high carbon exposure.
– **Executive Compensation**
  In the context of challenging economic conditions, our amendments focused on pay-for performance alignment and appropriate pay structures, such as performance metric selection within the annual bonus and long-term incentive plan and fixed salary increases.
– **Japanese Investee Companies**
  We reviewed our expectations for large-cap Japanese investee companies given the development of corporate governance topics in the Japanese market. We expect at least a majority of independent board members and 25% female board representation for prime listed companies. Please refer to principle 7.

Stewardship reporting

Our stewardship reporting in 2023 consists of reported activity in our Climate Report, PRI reporting, the DWS Stewardship Report (as of 2023, the DWS Active Ownership Report was renamed the DWS Stewardship Report), and the submission of this report in accordance with the requirements of the 12 Principles of the UKSC.

DWS Stewardship Report (DWS Investment GmbH's activities)

The DWS Stewardship Report focuses on DWS Investment GmbH's voting and engagement activities in detail. This report has been developed to demonstrate and explain on an annual basis how we are fulfilling our stewardship obligations and responding to greater demands from clients, regulators, and the public to increase transparency and disclosure on stewardship activities. The scope of the report has expanded over time, while aiming to keep a format that allows for comprehensive assessment and ensuring a balanced perspective for the reader. More recently, the report has been modified to focus more on effectiveness and outcome orientation and to provide updates on the latest developments. The DWS Stewardship Report is available here:
dws.com/AssetDownload/Index?assetGuid=dfac4184-3dca-43c9-a743-431c33da1639&consumer=ELibrary&elib-assetguid=309b928d62a14312984e5e2eecdf917b

Please refer to Principle 9 for specific data on proxy voting, engagements as well as case studies.

Our approach to address climate change and climate reporting

Mitigating climate change will require transformational change across all parts of the real economy. As an asset manager, we see it as part of our responsibility to work toward becoming climate-neutral in our actions and have underlined this ambition by becoming a founding member of the Net Zero Asset Managers initiative (NZAM). This initiative calls on asset managers to commit to supporting the goal of net zero greenhouse gas emissions by 2050 at the latest.

As a signatory to the NZAM, in 2021 DWS set itself an interim 2030 target of reducing the WACI of our in-scope AuM by 50% relative to the baseline year of 2019, on an inflation-adjusted basis.

Our interim net zero target applies to in-scope AuM, primarily comprising publicly traded equities, corporate bonds and direct real estate holdings in European-domiciled mutual funds, other pooled investment vehicles, and mandates of institutional clients who are themselves members of the Net Zero Asset Owners' Alliance. As of 31 December 2023, the AuM in scope for our interim net zero target was € 350.3 billion (39.1% of our total AuM), which includes € 28.1 billion of illiquid real estate assets that are not part of the WACI calculation.

As an NZAM signatory, we regularly report our progress against our net zero commitment. As of 31 December 2023, WACI adj. of the AUM in scope for our interim 2030 net zero target decreased by 33.6% compared to the 2019 base year. This decrease in WACI adj. is attributable to the following factors:

1. the ongoing self-decarbonisation of issuers;
2. price movements in equity and bond markets (i.e. outperformance of low-carbon sectors); and
3. changes in portfolio holdings, including due to the implementation of the DWS Coal Policy in 2023.

The ongoing impact of these factors may introduce short term volatility in the decarbonisation path of in-scope portfolios, but we remain committed to achieving our 2030 ambition subject to our fiduciary duty to our clients.

Further details on the methodology, metrics and reconciliation of figures including an extract of our latest CDP disclosure are available in our Net Zero Annual Disclosure that can be accessed on our website:
https://www.dws.com/AssetDownload/Index?assetGuid=242d5412-cf67-4ca6-a363-7b70d585bfef&consumer=E-Library

We employ the inflation-adjusted WACI instead of the standard WACI to strip out the effect of price increases. Due to a lag in reporting and availability of emissions data, the Year 3 calculations are based on DWS portfolio holdings as of year-end 2023 using the emission data from the previous year of those respective holding companies, which is 2022. Similarly, the baseline figure was based on year-end 2020 portfolio holdings and 2019 emissions.

The guiding principle of our actions towards net zero is to help support the transition of the real economy to net zero. Therefore, engagement rather than divestment, remains our preferred mechanism. For further details on our net zero engagements, please refer to our Annual Report 2023 'Active Ownership' in the section 'Our Investment Approach'.

Whilst engagement is an important tool to help deliver against our net zero goal, we also focus on product innovation, and engagement with institutional clients. Further details on our approach can be found in our latest Annual Report.

Throughout 2023, we continued to guide our climate-related activities and disclosures by considering the recommendations of the TCFD. In parallel, we incorporated our Climate Report into our Annual Report in 2023, which contains additional information regarding our impact on climate change, actions supporting net zero, and TCFD information.

In the UK, the Financial Conduct Authority ("FCA") published its policy statement in relation to climate-related financial disclosures to extend mandatory TCFD reporting to asset managers. DWS UK is in the scope of this reporting obligation for phase one and published a TCFD Entity Report in June 2023. The entity-level TCFD Report and Group Climate Report can be found here: https://group.dws.com/responsibility/

PRI reporting

DWS Group was among the early signatories of the PRI in 2008 and has submitted PRI Assessment Reports in line with the updated PRI Assessment Report reporting requirements and timeline established by the PRI.

Other reporting developments in 2023

Monitoring ESG Integration Activities

In 2023, we were able to comply with the requirements of a newly introduced reasonable assurance process designed to strengthen the integrity of our stewardship reporting activities. The Active ESG Integration team performs quality checks on engagement documentation in the engagement database to confirm if the new entry is an engagement as per DWS Investment GmbH definition and if there are any missing fields that could be in detriment of our stewardship reporting activities. Meeting the requirements for assurance and addressing challenges from our auditors in 2023 was achieved by providing information and evidence on our 6-eye principle introduced back in 2022, that requires three members of the Active ESG Integration Team to act as controllers and take joint responsibility for confirmation. The Head of the ESG Integration team finally approves the engagement count.

In 2023, we also further streamlined the process for engagement reporting to clients by separating responsibilities between the client reporting team and the Active ESG Integration team to help improve process efficiency.

Regulatory limitations around stewardship reporting

As a global asset manager, we are bound by the laws and regulations in different jurisdictions. In some of these jurisdictions, the exercise of investment stewardship, i.e., proxy voting, is impeded due to documentary and bureaucratic obstacles (e.g., Power-of-Attorney requirements on a fund basis) which also needs to be weighed against the economic interests of our clients. These hurdles are especially observed in the Nordics, Poland, and Brazil.

The increasing demand from stakeholders for investors and asset managers to use stewardship to influence company behaviour to promote an increased focus on sustainability is widely recognised. However, there are national regulations that prohibit a meaningful collaboration between investors to protect companies from joint actions commonly known as “acting in concert”. Please find more detail on the regulatory conditions in Principle 10.

Although our approach to stewardship focuses on quality over quantity for exercising voting rights, we were able to expand our voting universe further and increase the percentage of equity holdings in EUR to be voted. DWS Investment GmbH’s Corporate Governance and Proxy Voting Policy requires further in-depth analysis at the investee company level for individual proxy voting research. Please find more information on this under Principle 12. Regarding our submission of questions to AGMs of issuers, please refer to Principle 11.

Internal assurance

Reporting on DWS Investment GmbH’s proxy voting activities is subject to a six-eye principle process. All relevant voting statistics are reviewed by the Head of Corporate Governance. This applies to all voting statistics in our DWS Stewardship Report, Annual Report and Climate Report. Proxy voting statistics are also delivered to the boards of the pooled European legal entities as well as to senior management through regular reporting.

When reporting on DWS Investment GmbH’s engagement activities, there is a six-eye principle in place. All DWS Investment GmbH’s engagement counts are approved by the Head of Active ESG Integration. Engagement count figures are delivered to the finance department as well as to senior management.

External assurance

As stewardship standards continue to evolve globally, an external assessment of our stewardship processes and policies by an external auditing firm may become more relevant in the future when universally accepted standards on stewardship reporting are established. In the future, DWS may seek to request a SOC1 (System and Organisation Controls) report on our investment stewardship reporting to gain external assurance from an auditor that ensures that our data is fair, balanced, and factually correct. However, DWS does not currently have any plans to pursue external assurance of the stewardship activities of DWS Investment GmbH or any of DWS legal entities.

Although not auditor-supported external assurance, our successful application to the Financial Reporting Council’s (“FRC”) to be a signatory to the UKSC in 2023 for the 2022 reporting period confirmed that DWS UK would again be listed as a signatory to the UKSC. This repeated recognition by the FRC also reflected that we were able to successfully address areas highlighted for improvement. We aim to meet the expected standard of reporting against the 12 Principles of the UKSC for the reporting period of 2023 in a way that is proportionate to DWS’ size and type, also compared to other applicants. This reflects the perception that our report is clear and engaging, effectively demonstrates DWS’ application of the 12 Principles, and provides case studies that clearly demonstrate our investment approach, activities, and outcomes. Following the same reporting approach as in the prior years, and again reflecting on the feedback received from the FRC, we are confident that this year’s UKSC report will also be fair, balanced, and understandable.

Similarly, as a signatory to the PRI, DWS Group regularly participates in the PRI’s transparency report. The parameters of this report are designed to assess a reporting entity’s approach to responsible investment across several areas including organizational overview, investment and stewardship policy, and asset-class-specific information.

Outcome

Signatories should explain how their review and assurance has led to the continuous improvement of stewardship policies and processes.

Case study 1: Engagement analysis and following improvement of our database

We internally analyse DWS Investment GmbH’s engagements with issuers. This analysis can be found in our annual Stewardship Report which has led to a year-on-year increase in the total number of engagements with issuers in an increasing number of countries. During 2023, we improved DWS Investment GmbH’s engagement database to support a better oversight of DWS Investment GmbH’s engagement activities. It is accessible to a pre-defined group of users and documents all engagement activities driven by DWS Investment GmbH on behalf of DWS Investment GmbH, DWS International GmbH, DWS Investment S.A., and DWS CH AG (fixed income only).

Case study 2: Remediation of conflicting information

DWS uses several external independent sources that provide market information relating to the conditions of upcoming events (such as corporate actions or bondholder meetings). Examples of these external vendors include DTCC, WMI and Bloomberg. If DWS receives conflicting information from one of these external vendors, the source that deviates from the original information in our possession may be challenged on a case-by-case basis. Whenever the deviating source is a custodian, we require that this party go back to their market sources to confirm the accuracy of the information.

Independent audits

KPMG has audited DWS Group's consolidated financial statements and summarised management report contained in our latest Annual Report. The information in this report pertains to the 2023 business year, which covers the period from 1 January 2023 to 31 December 2023. KPMG provided an unqualified audit opinion of the information reviewed.

The Independent Practitioner's Reports can be found under section 'Consolidated Financial Statements – Independent Auditor's Report' in our latest Annual Report here: https://download.dws.com/download?elibassetguid=7b94678556314820b24fabbad5bbc6e6&publishLocationGuid=eacbc9cf4b8e4d2189eb69cd09e2ff4f

External assessments

The PRI Assessment Report is designed to provide feedback to signatories to support ongoing learning and development and the results of our latest PRI Assessment Report submission affirm our continued efforts and progress in deploying ESG incorporation across different asset classes. The PRI Assessment Report published in September 2023 relates to DWS Group's activities from calendar year 2022 (2022 assessment). The PRI recently changed their framework starting with the 2021 assessment such that results cannot be compared to prior assessments based on the prior framework. In the PRI assessment for the reporting year 2022, we reached 5 stars in two modules and 4 stars in nine modules of the 12 PRI assessment modules relevant for us (from 1 to 5 - the higher the better).

The PRI detailed framework and the evaluation of the PRI Assessment Report help us not only to identify and assess the gaps we still have in our organisation versus the PRI suggested best practice but also help us to set up DWS priorities on ESG Integration and Stewardship. Furthermore, through the different reports and webinars offered by PRI, we have been able to understand best practices, which has been the basis for our conversation with internal stakeholders and changes in our ESG related policies and processes.

Table 5.1 Results of DWS 's annual PRI assessment for reporting year 2022

Module Name	Summary Stars (Scores)	Median for PRI Signatories	DWS Group vs. Median	PRI Signatories Group Size
Policy Governance and Strategy	★★★★☆ (84%)	59%	Better	3774
Direct - Listed Equity - Passive equity	★★★★☆ (78%)	42%	Better	289
Direct - Listed equity - Active quantitative	★★★★☆ (70%)	65%	Better	305
Direct - Listed equity - Active fundamental	★★★★☆ (85%)	71%	Better	1174
Direct - Listed equity – Other (LRA)	★★★★☆ (82%)	50%	Better	78
Direct - Real estate	★★★★★ (92%)	62%	Better	480
Direct - Fixed income – SSA	★★★★☆ (88%)	59%	Better	689
Direct - Fixed income - Corporate	★★★★☆ (88%)	58%	Better	845
Direct - Fixed income – Securitised	★★★☆☆ (52%)	64%	Worse	352
Direct - Fixed income - Private debt	★★★★☆ (69%)	69%	Median	417
Direct – Infrastructure	★★★★★ (100%)	79%	Better	260
Confidence building measures	★★★★☆ (85%)	80%	Better	3774

In 2023, DWS Group reached 4 or 5 from 5 possible stars (0 to 5, the higher the better) across almost all modules we reported from a total of 12 modules.
We received 5 stars in the Real Estate and Infrastructure module. The modules granted 4 stars include Policy, Governance and Strategy, Confidence building measures, Listed equity and Fixed income apart from Securitized where we performed with 3 stars.
NOTE: PRI does not assign an overall organization score.

Since 2016, DWS UK has been a signatory to the UK Stewardship Code. DWS UK's status as a signatory to the UKSC has been confirmed and maintained since the FRC began requiring in 2020 that potential UKSC signatories would need to meet the requirements of an annual assessment. Our latest assessment for the 2022 reporting period confirmed that DWS Investment GmbH continued to meet the standards and expectations of the FRC needed to maintain UKSC signatory status. Achieving UKSC signatory status will require DWS to again meet the FRC's high standards for stewardship through external assessment and we are seeking to maintain our UKSC signatory status for the 2023 reporting period with this report.

6 / Investment Approach: Client and Beneficiary Needs

Context

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them. Signatories should disclose:

- **The approximate breakdown of:**
- **The scheme(s) structure, for example, whether the scheme is a master trust, occupational pension fund, defined benefit, or defined contribution etc.;**
- **The size and profile of their membership, including the number of members in the scheme and the average age of members;**

OR

- **Their client base, for example, institutional versus retail, and geographic distribution;**
- **Assets under management across asset classes and geographies;**
- **The length of the investment time horizon they have considered appropriate to deliver the needs of clients and/or beneficiaries and why.**

The length of the investment horizon lays the foundation for each investment strategy, whether for fund products or individual mandates. Different asset classes, investment styles, and client groups have different investment horizons and corresponding needs for ESG incorporation. DWS offers a wide range of products and mandate services for institutional clients, and products suitable for retail end investors, worldwide, who all have different profiles and time horizons for investment. In the case of institutional clients, our service offering prioritises the enhanced customisation of investment universes to allow for negative screening and positive ESG tilting to align with the core values and beliefs of each individual investor including mitigating the risk of asset stranding. Our product offering suitable for retail investors typically seeks to solve for homogenous ESG incorporation needs through ESG-specific variants applied to relevant investment universes, focused on ESG topics such as climate where we observe or anticipate retail demand.

To reflect the required needs of our institutional and retail clients in our target markets, we have established an overall product strategy process which is designed around regulatory requirements, trends, and signals identification with a focus on industry and market trends, internal capability assessment, prioritization and implementation of initiatives which are translated into our financial and product ambitions that incorporate ESG pursuant to investor demand.

Product strategy process

Our products and investment solutions are designed to meet current and future demand from current and prospective clients. When formulating a client- centric product strategy, we analyse industry and market trends and derives internal strategic signals, followed by an internal capability assessment and implementation of strategic initiatives.

In 2023, the demand for products and investment solutions that incorporate ESG factors has continued from prior years, with increasing regional divergences between the demands of investors, as well as an increased focus on portfolio decarbonisation and net zero alignment. Not only have investors continued to demand ESG-incorporated products and become more sophisticated, but regulators have also sharpened their definitions and guidance. Investor demands have become more sophisticated, in line with increased regulatory clarity amongst the EU's SFDR and UK Sustainable Disclosure Regulations (SDR). We, therefore, seek to launch new and innovative ESG products and solutions to meet the needs of our clients globally. At the same time, we acknowledge differentiated client demand as well as further regulatory clarifications and, therefore intend to launch both "ESG" and non-ESG new products.

Recent ETF product launches have targeted, amongst others, alignment with the Paris Agreement and investments that are thematically focused on the transition to a low-carbon economy. Other recent product launches have focused on other ESG focus areas such as Biodiversity, Sustainable Bonds, and Green Infrastructure. Given DWS' strong market position in Europe, European transformation remains a key theme that we will seek to address through investment in relevant real asset areas such as green infrastructure or energy as well as targeted investments in other asset classes.

Further details can be found in our latest Annual Report and Climate Report.

Strategic asset allocation

For institutional clients, their investment horizon is considered in analysis and ongoing dialogue, which entails integrating their balance sheet status, cash flows, risk preferences, objectives, and relevant constraints. Our SAA analysis is intended to create a long-term, target allocation portfolio that plausibly creates the best conditions for long-term optimal risk and return outcomes consistent with our clients' investment goals.

ESG in the investment process

Our investment division is organised by investment approach (liquid Active and Passive plus Alternatives) and region (Americas, EMEA, APAC), with tailored approaches for the incorporation of ESG factors in our investment processes. While having already capabilities in this area, we seek to further embed ESG considerations into our investment processes, which are designed to further improve our ability to assess the expected future risk and return profile of liquid securities for Active and Passive and illiquid assets for Alternatives.

Our investment process for Active integrates top-down and bottom-up views to support effective management of investment strategies across different asset classes, geographies, and time horizons.

Active bottom-up view

Our Active equity research combines sector specialisation with local country knowledge and thematic expertise. We apply a standard approach that manifests itself in global standards for investment analysis, in company valuations and in investment research. This further allows us to use our analytical research findings in different strategy-specific contexts based on the range of investment strategies managed by DWS. In accordance with our approach to ESG integration for Active, ESG information relevant to investee companies is integrated into the fundamental research work of Active investment professionals. Active research analysts "translate" their analytic research into investable recommendations, which may be fed into portfolio construction. Research recommendations are supported by written summaries, which can include models, standardised short financial notes, and long notes, in the BRS® Aladdin [46], our portfolio management system front office system.

For Active fixed income, research is performed on two levels: macroeconomic and fundamental analysis, including relative value assessment where applicable. For the former, economists provide their analysis of the world economy and the main economic regions. Within macroeconomic research, major trends are identified and their impact on various components such as gross domestic product growth (GDP), inflation, trade flows is thoroughly analysed. For the latter, research analysts focus on key fixed income market segments, individual issuers, and types of securities. They provide views on the fundamental situation and offer an assessment of the underlying market price (relative value recommendation) where applicable. In accordance with our approach to ESG integration for Active, ESG information related to individual issuers is integrated into the fundamental research work of our Active investment professionals.

Active top-down view

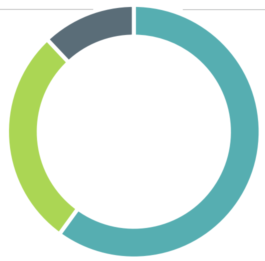
The CIO View is the basis of our investment process and is based on our global platform of investment professionals, spanning all asset classes, and including defined CIO View signal providers. The input from our global platform of investment professionals' results in high-level output in the form of forecasts for different time horizons, ranging from one to three months to ten years, qualitative outlooks on the economy and the various asset classes, allocations, and risks to main scenarios to generate one consistent tactical and strategic view.

Breakdown of AuM

AuM were €896 billion as of 31 December 2023, an increase of €75 billion compared to 31 December 2022. The increase was driven by a positive market impact of € 57 billion and net flows of €28 billion, partly offset by foreign exchange impact of €(12) billion. Net inflows were driven by Passive including Xtrackers, Active Cash and Active Multi Asset, partly offset by net outflows in Active Equity and Active Systematic and quantitative investments. See Chart 6.1 for a breakdown of AuM by asset class, Table 6.1 for a breakdown of AuM by region, and Table 6.2 for a breakdown of AuM by client channel. DWS does not currently disclose a breakdown of AuM at the regional level by client channel.

[46] https://www.blackrock.com/aladdin

Chart 6.1 AuM by asset class



Source: DWS Annual Report 2023.

Table 6.1 AuM by region

Region	AuM bn EUR	Share of total
Germany	411	46%
EMEA ex Germany	222	25%
Americas	218	24%
APAC	45	5%

Source: DWS Finance

Table 6.2 AuM by client

Region	AuM bn EUR	Share of total
Retail	407	45%
Institutional	489	55%

Source: DWS Finance

Activity

Signatories should explain:

— **how they have sought beneficiaries' views (where they have done so) and the reason for their chosen approach;**

OR

— **how they have sought and received clients' views and the reason for their chosen approach;**

— **how the needs of beneficiaries have been reflected in stewardship and investment aligned with an appropriate investment time horizon;**

OR

— **how assets have been managed in alignment with clients' stewardship and investment policies;**

— **what they have communicated to beneficiaries about their stewardship and investment activities and outcomes to meet beneficiary needs, including the type of information provided, methods and frequency of communication;**

OR

— **what they have communicated to clients about their stewardship and investment activities and outcomes to meet their needs, including the type of information provided, methods and frequency of communication to enable them to fulfil their stewardship reporting requirements.**

Core stewardship values and related firm policies

We publicly disclose the current version of DWS Investment GmbH Corporate Governance and Proxy Voting Policy and Engagement Policy and DWS Group's Conflicts of Interests Policy on our website[47]:

- Corporate Governance and Proxy Voting Policy: The Corporate Governance and Proxy Voting Policy was designed with the intent of being in the best economic interest of clients. The policy is updated periodically based on European regulations, proprietary DWS Investment GmbH's corporate governance understanding, best practices, market standards as well as consideration of feedback from other stakeholders and proxy advisors ISS and IVOX Glass Lewis. We recognise that certain ESG factors may impact the value of an investment over time, and, therefore, consider relevant ESG factors in light of our fiduciary obligation to vote proxies. The guidelines have been developed with the objective of enhancing shareholder value over time.
- The policy is available here: https://www.dws.com/AssetDownload/Index?assetGuid=4f6b86d3-a8a8 42a0-b10c-a87585398cb7&consumer=E-Library
- The Engagement and the ESG Integration Policy has been established and designed with the intent of being in the best economic interest of clients. The policies are updated periodically based on regulations, proprietary DWS ESG Integration and Engagement understanding, best practices, market standards as well as consideration of feedback from other internal and external stakeholders (e.g. PRI). We recognise that certain ESG factors may impact the value of an

[47] www.dws.com/en-gb/solutions/esg/corporate-governance/

investment over time, and, therefore, consider relevant sustainability risks in light of our fiduciary obligation to conduct our research, investment decision and engagement activities in what DWS Investment GmbH considers to be the best economic interest of our clients. The guidelines have been developed with the objective of enhancing shareholder value over time.

– Engagement Policy is available here: https://download.dws.com/download?elib-assetguid=e609c46cc03148eead59178e865d9fed
– DWS Group Conflicts of Interests Policy is available here: https://download.dws.com/download?elib-assetguid=24592e66bb8b4b3684a7cd8f3397f11e&&&&

Engagement approach, process, and reporting

As an asset manager, we aim to provide a high degree of transparency on how we interpret and deliver against our fiduciary duty, and how we are fulfilling this duty with respect to stewardship. This is facilitated through disclosures on our website, which includes links to DWS Investment GmbH's Corporate Governance and Proxy Voting Policy and Engagement Policy, DWS Investment GmbH's DWS Stewardship Report, and DWS Investment GmbH's voting records.

For the purposes of this report, issuer engagement refers to purposeful interactions between DWS Investment GmbH and current or potential issuers that issue publicly traded securities to influence or identify the need to influence them on matters such as strategy, financial and non-financial performance, risk, capital structure, social and environmental impact, and corporate governance, including disclosure, culture, and remuneration.

We differentiate between three types of engagement with issuers of publicly traded securities:

– **Individual engagement**
  The most common form of issuer engagement, which involves direct communication with representatives of the issuer of a publicly traded security that is part of our investment universe.
– **Thematic engagement**
  Issuer engagement that targets a universe of issuers where a concentration of high potential risk (according to the "principal adverse impacts", SDG obstructers, etc.) around a specific theme appears. Potential themes are climate change, human rights, gender and diversity, ethics, and controversies.
– **Collaborative engagement**
  Engagement carried out in alignment with the engagement activities of third-party investors, where permitted by law and regulation. This approach is rarely used due to concerns around unlawful collaboration. See Principle 10 for more information on collaborative engagement.

The issuers that DWS Investment GmbH engages with are identified according to a documented screening and prioritisation process. For example, DWS Investment GmbH's engagement criteria may include, amongst others, climate change issues, norm violations, or corporate governance concerns.

Voting results

DWS Investment GmbH's proxy voting records for in scope portfolios are updated by its proxy voting vendor soon after voting. These records are updated on a regular basis on the DWS website.
https://www.dws.com/AssetDownload/Index?assetGuid=4f6b86d3-a8a8-42a0-b10c-a87585398cb7&consumer=E-Library

Annual reporting on voting and engagement

DWS Investment GmbH publishes a Stewardship Report on an annual basis that describes its proxy voting and engagement activities.[48] The 2023 report covers DWS Investment GmbH's proxy voting and engagement activities and provides our clients with policy details, proxy voting positions and expectations on important issues. Additionally, the report provides a deeper insight into how DWS Investment GmbH conducts stewardship activities with issuers and contains a full list of engagements by issuer, region, and topics of discussion. It includes detailed case studies which outline the case for engagement, objectives, targets, responsiveness, progress, and next steps. See Principle 9, Principle 11, and Principle 12 of this report for case study examples. Note that all engagement case studies in this report describe the engagement activities of DWS Investment GmbH and any reference to "DWS," "we," "use," or "our" in these case studies refer to DWS Investment GmbH acting on behalf of the DWS legal entities and in-scope portfolios subject to DWS Investment GmbH's Engagement Policy (see Principle 1).

[48] www.dws.com/resources/proxy-voting

Regulatory client reporting

The EU's SFDR came into effect on 10 March 2021. It creates a comprehensive disclosure and reporting framework for financial products offering to EU-domiciled investors and applies to EU-domiciled entities offering such products. The SFDR aims to make the sustainability profile of funds more comparable and better understood by EU investors.

The SFDR framework requirements are designed to provide a harmonised, sustainability-related disclosure for financial products offered to EU investors prior to choosing an investment product and throughout the investment period.

Articles 8 and 9 of the SFDR define:

- **Article 9** financial products as those which has sustainable investment as its objective.
- **Article 8** financial products as those which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

Article 6 of the SFDR applies to all other financial products that do not meet the definitions of Article 8 or Article 9 and it requires disclosure of information on if and how sustainability risks are integrated into investment decisions.

Throughout 2021, we updated our relevant pre-contractual and disclosure documents, periodic reports, and website disclosures at both the product and legal entity level to bring ourselves in alignment with the SFDR. In 2021, we also published the PAI Statements and the Sustainability Risk Policies on our website as required by SFDR. In addition, in 2021, we also adjusted our existing Compensation Policy according to the requirements of Article 5 of the SFDR.

The SFDR's level 2 came into effect on 1 January 2023. It requires detailed sustainability-related disclosure, including mandatory reporting templates and methodology that must be used by reporting entities. Throughout 2022, we updated our relevant pre-contractual and disclosure documents and website disclosures to bring ourselves into alignment with these requirements such that all necessary updates were completed prior to the 1 January 2023 regulatory effective date. Since 2023, we have continued to meet these requirements in periodic reporting at the product level.

We offer publicly available, standardised reporting (Annual Financial Statement) on the ESG quality for of our liquid ESG-labelled Article 8 and Article 9 mutual funds and Xtrackers ETFs via our retail websites:

https://funds.dws.com/

https://etf.dws.com/

Client-driven client reporting

ESG reporting

For our institutional clients in segregated mandates for liquid strategies, we offer a standardised ESG Report at the portfolio-level, which provides metrics covering a variety of ESG facets, including but not limited to, the overall DWS ESG Quality Assessment of the portfolio, the DWS Norm Controversy Assessment of the portfolio, the DWS Climate & Transition Risk Assessment of the portfolio, the portfolio's exposure to controversial sectors, and the portfolio's carbon footprint. Within this report clients can see all developments for certain ESG key figures when checking to most current monthly ESG report for the portfolio against a historic version. Clients can also compare ESG signals and grades to the related benchmark to see progression against the investment universe.

DWS may also offer customised ESG reporting to meet specific institutional client needs.

Engagement reporting

Where possible, we prepare engagement reporting for institutional clients subject to DWS Investment GmbH's Engagement Policy. This includes standardised information on the area of engagement for issuers included in the client's portfolios as well as generic statistics e.g., the percentage of issuers engaged in the portfolio.

Proxy voting reporting

In addition to DWS Investment GmbH's disclosure of its proxy voting activity on our website, proxy voting reports are also provided for institutional clients whose voting rights are delegated to DWS Investment GmbH. These reports include, for example, aggregated information on portfolio or issuer level, like the number of votable meetings and number of meetings voted as well as the voting decision "For, Against, Abstain or Withhold" on portfolio or issuer level.

Broader client communication on ESG stewardship topics

We value feedback from our clients on their experience with our services as it helps us further improve our services. To assess the experience of our clients, we review client complaints and proactively conduct client satisfaction assessments, which enable us to gain a 360-degree view of the quality of the services we deliver to our clients.

Complaint management

We review complaints on an ongoing basis to assess the client experience and minimize risks. All complaints raised by our retail and institutional clients are handled in a standardized fashion. We are committed to handling all complaints fairly, effectively, and promptly. Our complaint registers provide valuable insights into how we are performing from our clients' perspective. A robust and consistent client complaint handling process and transparent reporting helps to process these insights. We seek to identify and remediate client complaints to learn from them and train our client-facing staff accordingly. Our goal is to reduce the frequency of mistakes, enhance risk transparency, and manage information. The DWS Code of Conduct includes a complaint handling policy framework that establishes a standardized approach to complaint management, as well as promote proper oversight according to regulatory requirements.

In 2023, the number of complaints raised by our clients dropped significantly compared to 2022 (minus 62%). The higher level of complaints experienced in the 2022 reporting period was caused by concerted action in the form of protest mails addressed to us. As such, it is our belief that the volume of complaints logged in 2023 fairly reflects business as usual, with the majority of complaints raised by retail funds investors.

Client satisfaction surveys

To measure client satisfaction globally in a consistent way, a new client satisfaction survey was piloted in 2022 with our top 50 global clients, including our strategic distribution partners, using the net promoter score methodology. The net promoter score rates the likelihood of recommending us to a business contact and the output from this survey is designed to help us enhance the client experience for our clients and to further strengthen our client centric orientation. We achieved a score of 50% (on a minus 100% to plus 100% scale) in the pilot and senior management regularly reviews our progress against the interim results by comparing our scores against the industry benchmark to set ambitious targets for improving client satisfaction. In 2023, we expanded the annual client satisfaction survey to include 120 of our other key clients in addition to our top 50 global clients. For 2023, we again scored 50% across all clients and we intend to repeat the survey for the same population again next year so that we can measure our year-over-year progress. Overall, we achieved a participation rate of 56% based on the proportion of clients for whom there was at least one answer, even if there are several contacts per clients for some.

Further Client Communication on ESG Stewardship Topics

The client coverage division aims to serve the investment needs of clients across all client segments and regions by offering tailored portfolio management services. We aim to build long-term client relationships founded on trust, deliver high-quality investment solutions, and provide high-quality service to our clients. We conduct business in accordance with our fiduciary duty and in the best interest of our clients. Our relationship managers work collaboratively with product specialists, portfolio managers, and client service specialists to bring suitable investment products and solutions to our clients across all regions. To best serve our clients, we provide ongoing training to our staff on various topics, including investment research, macroeconomics, ESG topics, and new product solutions. As we did in previous years, we also continue to host seminars, conferences, and webinars for our clients.

In addition to daily interactions with our clients, there are several important client events. After two years of interacting primarily on virtual basis due to health and safety concerns during the Covid-19 pandemic, in 2023, we hosted one of our largest client events, the “DWS Investment Conference”, in person at the Alte Oper in Frankfurt am Main with around 1,200 registered participants. In 2023, we also held the “Investorendialog” event for our institutional clients. In addition to client events in Germany, further events in hybrid format took place in other countries. Our client service teams offered a range of webinars on various topics including geopolitical and social change as well as digital and sustainable transformation. We also provide our clients with Research House articles and our DWS CIO view.

In addition, we also host online webinars and publish themed research papers [49] on ESG topics to proactively provide information and help educate our clients. We aim to offer clients different pathways on how to incorporate ESG risks and opportunities into their portfolios and educate them on how to align their portfolios with a net zero pathway. We offer tailored ESG Advisory services for corporate clients across all regions.

DWS also supports important CSR topics together with employees and our clients. Since 2020, DWS has supported the marine conservation organization Healthy Seas in its efforts to rid the world's oceans of ghost nets, saving the lives of countless marine creatures. Together with our partner Healthy Seas, over the last couple years, we have jointly organised several employee social days as well as client events that support the goals of Healthy Seas.[50]

Table 1 – Summary of DWS stewardship and ESG reporting and frequency

Report Name	Firm or Fund Level	Short Description	Frequency
Annual Report*	DWS Group GmbH & Co. KGaA	Our Annual Report combines the financial and non-financial information necessary to evaluate our performance and, as we are a German-listed asset manager, the content is primarily guided by the legal requirements of the German Commercial Code.	Annually
Climate Report*	DWS Group GmbH & Co. KGaA	Our Climate Report describes our climate-related ambitions and provides transparent disclosures on our climate action through our fiduciary and corporate activity. Our Climate Report follows the recommendations of the TCFD.	Annually
UK TCFD Report	DWS Investments UK Ltd. and DWS Alternatives Global Ltd.	In the UK, the FCA published its policy statement on climate-related disclosures to extend mandatory TCFD reporting to asset managers. Our legal entities DWS UK and DWS Alternatives Global Limited are in scope of this reporting obligation, and both have published a TCFD Entity Report in 2024 that corresponds to the calendar-year 2023 reporting period.	Annually
DWS Stewardship Report (formerly DWS Active Ownership Report)	DWS Investment GmbH (with discretion to vote for certain AuM of DWS International GmbH, DWS Investment S.A. (incl. SICAVs and PLCs) and DWS CH for fixed income engagements only.	This report describes DWS Investment GmbH's proxy voting and engagement undertakings on behalf of in-scope DWS legal entities (see Principle 1).	Annually
UK Stewardship Report	DWS Investments UK Ltd.	A description of how we applied the FRC UK Stewardship Code's Principles in the prior calendar year reporting period.	Annually
EU SFDR Reporting	Fund	Harmonised, sustainability-related disclosure for financial products prior to and throughout an investment, specifically important for article 8 and 9 funds.	Annually
ESG Reporting	Fund	Standardised ESG Report at portfolio-level providing metrics on ESG facets, such as DWS ESG Quality Assessment and the DWS Climate & Transition Risk Assessment of the portfolio.	Monthly**
Proxy Voting Reporting	Fund	Summary statistics including aggregated information on portfolio or issuer level, like the number of votable meetings and meetings voted and the voting decisions.	Quarterly**

* Starting with the 2023 reporting period, DWS Group's Climate Report is now incorporated into DWS Group's Annual Report.
** Possible frequency: monthly, quarterly, annually

[49] www.dws.com/en-gb/solutions/esg/research/
[50] https://www.dws.com/our-profile/corporate-social-responsibility/healthy-seas/

Outcome

Signatories should explain:

— **how they have evaluated the effectiveness of their chosen methods to understand the needs of clients and/or beneficiaries;**

— **how they have taken into account the views of clients and what actions they have taken as a result;**

— **where their managers have not followed their stewardship and investment policies, and the reason for this;**

OR

— **where they have not managed assets in alignment with their clients' stewardship and investment policies, and the reason for this.**

We conduct business in accordance with our fiduciary duty to act in the best interest of our clients. We aim to focus our client meetings on investment stewardship activities, and we gain important insights into our clients' stewardship priorities during these meetings. For example, several key clients require annual reporting on ESG integration, and proxy voting and engagement activities applicable to their portfolios.

In 2022, we launched an enhanced standardised ESG client reporting for our institutional clients that continues to be in demand. This enhanced reporting shows more ESG metrics and higher granularity for individual ESG metrics in line with client requests for more transparency about certain sustainability indicators and their drivers of their portfolios.

We aim to create constructive client dialogue, whereby valuable views and feedback are exchanged. In 2023, feedback from our clients enabled us to further enhance our engagement activities. The feedback has shown that clients value quick information and regular research reports, especially in turbulent times. We have therefore adapted the regular research updates by the CIO Office to our client's wishes. We regularly achieve open rates of at least 20%.

In 2023, we continued to publish the questions DWS Investment GmbH asked at the AGMs of our issuers on our website and DWS Investment GmbH's thematic engagement letters on the website. By doing so, we enable our clients and other stakeholders to understand our engagement priorities and provide transparency into our activities.

7 / Investment Approach: Stewardship, Investment and ESG Integration

Context

Signatories should disclose the issues they have prioritised for assessing investments, prior to holding, monitoring through holding and exiting. This should include the ESG issues of importance to them..

At DWS, we believe that issuers should take more responsibility for the way in which their goods are produced, services are provided, and resources are used. We expect issuers to integrate their environmental and social impacts and the possible reaction of their relevant stakeholders into their thinking, strategy, and remuneration systems, to secure sustainable value creation and promote long-term financial performance.

For details see below and Principle 5 for the latest updates to DWS Investment GmbH's engagement framework.

CIO View

The DWS CIO View aggregates the single-security, sector, and regional views of DWS's research and investment platform into one consistent view across all asset classes and regions. It therefore is an important step in our investment process. The CIO View is our house view on macroeconomic topics and individual asset classes, providing financial-market forecasts, multi-asset model allocations and DWS's views on market risks. As part of our fiduciary responsibility, our portfolio managers use the CIO View as a foundation for their active investment decisions. The CIO View is then transformed into various publications and presentations in order to share our investment expertise with clients. In 2018, we incorporated ESG aspects into our quarterly CIO View publication for the first time, recognising the impact that ESG issues have on companies, the asset-management industry, and markets in general. In 2019, we added ESG as a standing agenda item in our CIO Day, a meeting involving more than 50 investment professionals covering all major asset classes and regions, in which we determine our strategic view on markets and the economy.

Throughout 2023, we continued to focus on fundamental ESG thematic research and working to ensure that relevant ESG topics are addressed in DWS CIO View publications where appropriate. Various topics which were relevant to climate change were either part of our CIO Day or external publications on our public website. See our latest Climate Report for additional detail.

See Principle 4 for more information on the CIO Office and CIO View.

ESG-integrated analysis and investment decision for liquid investments

Across Active, it is our aim to identify and assess material sustainability risks and opportunities that may impact the value of our investments in our managed portfolios to support delivery of the best possible risk-adjusted investment returns for our clients.

Integrating ESG factors into our Active investment research supports ESG-informed investment decision-making. We seek to ensure that our Active portfolio managers get the highest possible level of transparency into ESG-related risks and opportunities and relevant macro trends impacting issuers through internal research notes. Material information available from DWS Investment GmbH's investee engagements feeds into research analysis and portfolio construction for those DWS entities subject to DWS Investment GmbH's Engagement Policy (see Principle 1).

Our ESG integration approach in fundamental analysis considers both types of sustainability factors, exogenous (outside-in) and endogenous factors (inside-out). Both sustainability factors are the basis for our sustainability risk and opportunity assessment process. Material sustainability risks need to be identified, monitored, managed, and documented in research notes. The level of materiality is determined by the relevant Investment Professional. Relevant sustainability risks and opportunities are those that could result in financially material impacts on the issuer's performance, reputation, or negatively impact society and the environment initially and may lead to financially material impacts on the issuer's performance at a later stage. If sustainability factors are considered material by the research analyst, an assessment of their impact on the overall research assessment is carried out. Therefore, analysts' research notes are required to describe and assess identified materially relevant sustainability risks and opportunities and their impact on credit trend (in case of Fixed Income) and valuation (in case of equities).

Risks arising from the consequences of climate change or violations of internationally recognised guidelines are subject to a higher level of scrutiny. Relevant internationally recognised guidelines include, the principles of the UN Global Compact ("UNGC"), the ILO core labour standards, the UN guiding principles for business and human rights, and the OECD guidelines for multinational companies.

We seek a dialogue with issuers, which may be focused on the need for better corporate governance, greater consideration of ESG criteria (e.g., via engaging as a shareholder in the investee company, or by exercising voting and other shareholder rights) financial topics, etc. Where relevant, Research Analysts are required to integrate in their research analysis key takeaways from engagement activities.

In our research, we consider ESG assessment grades of the ESG Engine as a starting point for ESG integration, while more specific data and information of the ESG Engine pertaining to material ESG issues are used to facilitate discretionary integration of ESG factors. Hence, analysts may go beyond the data provided by the ESG Engine and leverage other sources of information and their sector expertise to close potential information gaps where possible.

Our Active portfolio managers integrate ESG risks and opportunities into their investment decisions and monitor the exposure of their managed portfolios to critical ESG issues and the potential impact on expected risk-adjusted returns. Internal research notes are designed to support our portfolio managers with the investment decision-making process (i.e. relative value/peer group assessments, considerations regarding Net Zero etc.). Portfolio managers have access to our internal research notes via BRS® Aladdin Research. The signals of the ESG Engine are also fully embedded in BRS® Aladdin's portfolio construction and

monitoring tools. Portfolio managers are able to screen their portfolios for ESG issues, including whether issuers are involved in controversial behaviours or engaging in human rights violations according to a comprehensive assessment of international norms, and assess the general ESG quality of portfolios holdings with respect to climate transition risks and opportunities and exposure to controversial sectors. Our portfolio managers are thus expected to integrate material sustainability risks and opportunities in the portfolio construction and monitoring process within the eligible investment universe.

Activity

Signatories should explain:

- **how integration of stewardship and investment has differed for funds, asset classes and geographies;**
- **how they have ensured:**
- **tenders have included a requirement to integrate stewardship and investment, including material ESG issues; and**
- **the design and award of mandates include requirements to integrate stewardship and investment to align with the investment time horizons of clients and beneficiaries;**

OR

- **the processes they have used to:**
- **integrate stewardship and investment, including material ESG issues, to align with the investment time horizons of clients and/or beneficiaries; and**
- **ensure service providers have received clear and actionable criteria to support integration of stewardship and investment, including material ESG issues.**

We have continued to evolve our approach to ESG integration and stewardship across asset classes managed over recent years and expect to continue making progress in the future. Our achievements include the following:

- Consistently enhancing and improving our ESG Engine.
- Consistently reviewing the quality of integrating ESG information into our internal fundamental research as well as investment decisions. We screen our investment universe with a focus on important ESG factors, such as controversial sectors and practices, norm violators, carbon footprint, carbon intensity and board structures.

Stewardship overview

DWS anticipates that both publicly traded and privately held issuers will need to prioritize sustainable production of goods, provision of services, and utilisation of resources. We consider stewardship as an indispensable tool for advancing enhanced management policies and practices at our issuers to deal with financial and non-financial risk. Engagement with issuers can impact their corporate behaviour by fostering transparency and drawing their attention to addressing areas where we believe there is room for improvement.

Stewardship for liquid assets

With respect to liquid assets, proxy voting, and engagement empowers investors in securities issued by publicly traded companies to influence among others the issuer`s corporate governance structures and promote responsible and sustainable business practices. DWS Investment GmbH's stewardship activities do not systematically differentiate between asset classes, nor between strategies managed by Active or Passive. However, for individual cases and specific issuer strategies, the topics DWS Investment GmbH's discusses during engagements may differ.

We generally believe that good governance and a responsible strategy towards the environment and society benefits debt and equity holders alike. For example, regulatory and reputational risks are two important ESG factors that can affect a specific bond issue or equity, especially in the financial, energy and utilities sectors. During our review of our engagement approach, we aim to strengthen the involvement of co-ordination between equities and fixed income.

In 2023 we continued to ensure dialogue between ESG Integration for Active and the investment professionals on ESG integration related topics (for more details see Principle 2 – Trainings). In addition, we have made ESG-related training a core area of focus and offer a wide range of solutions for staff, including online training content and certification.

Furthermore, we engage within the corporate and financial investments of Investment Grade (IG), High Yield (HY) and Emerging Market Credit in the same way as within Equity. Transparency of non-listed companies especially relevant for HY and EMC is usually lower than for listed companies. Therefore, engagement with those is often focused on asking for more disclosure of ESG-related relevant issues.

Equities

For full details of our equity voting and engagement approach, please refer to Principle 9.

Fixed Income

Corporate Credit: For full details of our engagement approach, please refer to Principle 9.

Sovereign, supranational, and agency debt: Although the goals associated with efforts to change sovereign issuers' behaviour through engagement may not be achieved, DWS Investment GmbH may engage with sovereigns with the goal of promoting improvements to sovereign ESG disclosure. Such conversations help DWS Investment GmbH perform risk assessments and help sovereign issuers understand the investor perspective on the role of ESG factors when assessing sovereign debt. DWS Investment GmbH's engagement approach towards both state-owned and non-state-owned entities is similar in terms of engagement topics. However, expectations about responsiveness of issuers and the process of change are different as state-owned entities are subject to the controlling interest of government. This results in limited flexibility of the state-owned entity with respect to actions and setting the corporate strategy.

Regional differences

It is our impression that issuers in the Americas and Asia Pacific lag Europe with regards to awareness of the importance of ESG issues to investors and the need for transparency. However, beyond complying with local laws and regulation that apply to stewardship activities, DWS Investment GmbH's approach to stewardship is not subject to local market standards that deviate from those in Europe with respect to ESG issues and transparency. DWS Investment GmbH generally votes and engages with issuers consistently across in-scope portfolio holdings regardless of the region where issuers are domiciled subject to local laws and regulation.

DWS Investment GmbH also acknowledges the corporate governance developments in Japan over the last year years and supports this progress. In particular, with respect to Japan's introduction, and review, of corporate governance and stewardship codes. DWS Investment GmbH aspires to maintain a constructive dialogue with Japanese issuers and to act as their steering partner to drive further developments in the corporate governance area.

Japan is the only region for which DWS Investment GmbH has unique expectations formulated in DWS Investment GmbH's Proxy Voting Policy. With reference to DWS Investment GmbH's position on board composition, DWS Investment GmbH expects Japanese issuers that define the role of the board to have a supervisory function instead of an executive function to ensure that at least one third of board directors are considered independent. For prime publicly traded issuers, DWS Investment GmbH expects the board to consist of at least a majority of independent directors. DWS Investment GmbH also continues to encourage non-prime publicly traded companies to establish a majority independent board to meet international best practice requirements. Furthermore, DWS Investment GmbH will consider non-executive directors within or representing the top ten largest shareholders of Japanese companies as non-independent, even if their holding is below 10%. This reflects market practice in Japan for business partners to own a certain percentage of each other's shares as cross shareholders. With reference to DWS Investment GmbH's position on the separation of the CEO and chair roles and responsibilities, DWS Investment GmbH encourages Japanese issuers to disclose the member, who chairs the board as well as the member, who is considered to chair the company, the so called "Kaicho", if these roles are separated.

DWS Investment GmbH also expects and encourages Japanese issuers to establish relevant formal committees — nomination, remuneration and audit— which are at least majority independent, including statutory auditors and to identify a board committee responsible for ESG oversight. Furthermore, DWS Investment GmbH expects issuers to foster sustainable long-term value creation through efficient capital management. Measures that support this include reduction of cross-shareholdings and conversion of excess cash-position into efficient investments. In case of repeated proof of inefficient capital management and underperformance on return of equity (i.e., below 5% over the last five fiscal years), DWS Investment GmbH would generally vote against the election of executive directors. DWS Investment GmbH also generally votes against top executives that allocate a significant portion (20% or more) of the investee company's net assets to cross-shareholdings.

In 2023, DWS Investment GmbH reviewed its expectations for large-cap Japanese investee companies given the development of corporate governance topics in the Japanese market and expect at least a majority of independent board members and 25% female board representation for prime listed companies. DWS Investment GmbH will continue to monitor corporate governance developments in Japan and will consider incorporating them, where appropriate and aligned with its corporate governance standards, in its Corporate Governance and Proxy Voting Policy in the future.

ESG incorporation in illiquid assets

The scope of illiquid investments comprises direct investments into unlisted real estate (both via debt or equity), infrastructure (both via debt or equity) and private equity. The inherent differences between the liquid and illiquid asset classes require that the approach to incorporating ESG for Alternatives be tailored specifically to the relevant Alternatives asset classes as outlined in the sections below. In general, the incorporation of ESG into the illiquid investment process takes place during investment due diligence and portfolio management.

ESG in Real Estate

Our real estate business recognises the importance of identifying, assessing, and managing sustainability-related risks and opportunities as an integral part of conducting business. DWS Real Estate focuses on the following ESG aspects, which are material for real estate equity and/or debt investments: transitional (e. g., a building's energy efficiency), physical (e. g., flooding risk), social norms (e. g., well-being sustainability rating) and governance (e. g., third-party risk rating of a debt sponsor). These ESG aspects can present both risks and opportunities for the financial performance of real estate assets, and investments may have positive and negative environmental and social effects.

Therefore, DWS Real Estate takes a fiduciary-led approach to ESG aspects and sustainability performance in private real estate investment management, defining a range of operation between ESG and financial risk boundaries. The ESG risk boundary relates to risks where appropriate actions to assess and manage ESG aspects, if not undertaken in good time, could result in negative impacts on sustainability and long-term expected financial performance of the asset or portfolio. The financial risk boundary relates to negative effects of inappropriate sustainability actions (e. g., actions that are ill-timed, or too extensive) on compliance with the investment objectives.

DWS Real Estate has identified eight sustainability topics, which are most relevant for real estate investment management, and grouped them into the following four sustainability themes:

- Resilience, encompassing efficiency in construction and operation, and asset adaptation to external conditions
- Well-being, encompassing physical and mental occupant comfort and air quality
- Nature, encompassing circularity in buildings and protection of ecosystems from pollution
- Community, encompassing housing affordability and stakeholder engagement

Sustainability objectives on portfolio level are considered in relation to the investment strategy, contractual financial requirements, market and regulatory conditions and specific client expectations and formalized in a portfolio-specific sustainability strategy. ESG aspects and sustainability performance are important elements of consideration in each phase of the real estate investment process. This includes both risks and opportunities analyses informing acquisition, asset management and disposal decisions. Identified actions are assessed against accretive returns objectives and integrated in sustainable asset management plans accordingly.

In order to provide transparency to our investors, we report into 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 2023, we
reported 20 individual portfolios to GRESB, covering USD 61.8 billion AuM.

Aggregated across all portfolios, using the GRESB analysis feature, in 2023 we achieved a 30/30 Management score, compared to the GRESB average of 28. Management component covers governance categories such as leadership, policies, reporting and stakeholder engagement. Furthermore, the aggregated portfolio achieved a performance score of 51/70, as compared with the GRESB average of 52. Performance component measures issues such as certifications and ratings, carbon, energy, water, and waste performance. Eight portfolios achieved four-star GRESB rating (five stars is the highest rating). In addition, all 20 portfolios achieved Green Star recognition. Other than the GRESB Rating, which is a relative rating, the GRESB Green Star is a rating on absolute performance. For more information, see https://www.gresb.com/nl-en/faq/what-is-a-green-star/

ESG in infrastructure

We seek to incorporate ESG considerations into the investment framework of the infrastructure business at all stages of the investment lifecycle for equity investments, from the initial screening and due diligence to the asset management and exit stages. During the holding period, we monitor the ESG attributes of the investments through the regular reporting of KPIs to us from the portfolio companies, and through the completion of the annual GRESB Infrastructure benchmarking assessment at both fund and asset level. The KPIs cover environmental, social and governance issues such as carbon footprint, water usage, health and safety indicators and diversity and inclusion metrics at both staff and board levels. Our due diligence also considers governance topics such as fraud, bribery, sanctions, and compliance, as required. Findings from the due diligence phase are incorporated into the Investment Committee paper and presented to the Investment Committee for consideration.

The infrastructure business also places emphasis on reporting, producing an annual Sustainable and Responsible Investment report for investors. Infrastructure achieved a five-star rating in the UN PRI assessment for the calendar year 2023 which was published in January 2024.

During 2023 we have updated the Environmental and Social Management System (ESMS) under which the business operates in order to reflect changes in the ESG environment and to strengthen our procedures, with the main updates relating to SFDR requirements and our new sustainable fund, Sustainable Growth Infrastructure Fund (SGIF). The ESMS applies to all potential and existing portfolio investments in infrastructure equity and also creates obligations on portfolio companies that are designed to ensure regular reporting to us.

As a result of this regular reporting and engagement, we aim to help drive improvements in ESG metrics and performance at our portfolio companies with a view to improving the businesses' sustainability credentials and to create value.

The infrastructure approach to ESG is summarised by the following three pillars:

- Policies: The infrastructure business is governed by the ESMS, which provides the overarching framework, processes, and governance for our ESG integration approach in Infrastructure.
- ESG Assessment process: We have an ESG checklist which should be completed during the acquisitions process for all prospective equity investments. The findings should then be incorporated in the Investment Committee memo.
- Monitoring: As part of the asset management process, we seek to collect data on key ESG metrics within each of the operating companies. This information is then used to better refine our asset management strategies and is also reported to our investors in the form of a Sustainable and Responsible Investment Report. Certain KPIs, such as those around occupational health and safety, are also embedded into the performance review process for the operating companies.

The infrastructure debt business, in collaboration with our research teams, has developed a bespoke proprietary ESG scoring methodology, which has been rolled out to new and existing investments starting in 2021. The methodology supports the overall investment process and ongoing monitoring of environmental risks. It is designed to guide the ESG due diligence process and assign an ESG assessment to each potential investment, based on a predefined set of ESG KPIs, which are sourced from the borrower/sponsors, external advisors, or public sources.

ESG in Sustainable Investments (SI) Funds

Our Sustainable Investments team creates solutions for institutional, private investors, development banks, and governments, who share common social and environmental investment objectives and seek attractive financial returns. The business is organised around three components:

- Financial Inclusion/microfinance;
- Social enterprise financing (agriculture, health, and energy); and
- Energy efficiency/renewable energy.

The Sustainable Investments team represents experienced global investing capabilities that include several regionally focused strategies in Europe, Africa, and Asia.

The SI business aims to integrate key ESG considerations in the investment process, but is primarily guided by generally accepted frameworks including, for example, the Sustainability Accounting Standards Board (SASB) and Operating Principles for Impact Management ("OPIM") standards. During the due diligence process, the manager engages professional third-party advisors to examine the financial, technical, and legal aspects of the projects, especially those that would translate into sustainable risks. Potential risks and mitigation measures are presented to the Investment Committee and rectification work is carried out to reduce such risks. The SI team monitors the operation of the portfolio companies and seeks to ensure that they operate in compliance with the environmental standards and regulations. Where appropriate, some of SI's funds may engage a third-party consultancy to conduct the quarterly ESG reporting for the fund and the quarterly reports include risk analyses and record the waste generation and air pollutant emissions in detail. For some funds, we use a proprietary tool to measure and monitor impact.

Investment time horizon and recommended holding period

For investment products regulated under MiFID, we capture and review a recommended holding period for clients as part of our product governance processes. In the context of systematic product review, these product attributes are checked on a regular basis.

Suppliers

The management and oversight of our suppliers utilized for specific stewardship services and the third-party risk management are described in Principle 8.

Outcome

Signatories should explain how information gathered through stewardship has informed acquisition, monitoring and exit decisions, either directly or on their behalf, and with reference to how they have best served clients and/or beneficiaries.

See Principle 2 for detail on the fora that have been implemented to support the continuous operations of the firm's ESG investment and stewardship activities. This approach establishes governance across all major stages of our stewardship value chain: ESG data, ESG investment methodology, proxy voting, and issuer engagement.

Enhancements to DWS Investment GmbH's engagement framework

During 2023, the scope of DWS Investment GmbH's engagement policy was expanded to apply to DWS CH AG with respect to issuer engagements for fixed income securities performed by DWS Investment GmbH.

Furthermore, we streamlined our ESG integration policy and specified the requirement for Research Analysts to integrate key takeaways from engagement activities in their research analysis, where relevant. In this way, engagement outcomes and insights gained during the course of engagements may influence investment recommendations and investment decisions. We believe that engagement takeaways help us to identify, describe and assess materially relevant sustainability risks and opportunities and their impact on credit trend (in case of Fixed Income) and valuation (in case of Equity).

DWS' view on the importance of engagement has not changed and DWS Investment GmbH's engagement activity is intended to improve the behaviour of an issuer. DWS Investment GmbH has a clear commitment to stewardship as part of fiduciary duty, and it does not outsource any engagement activities to external service providers. An engagement activity refers to purposeful interactions between DWS Investment GmbH and an issuer to influence or identify the need to influence on matters such as strategy, financial and non-financial performance, risk, capital structure, social and environmental impact as well as corporate governance including disclosure, culture, and remuneration.

Engagement is an important element of stewardship for DWS Investment GmbH and the DWS legal entities subject to DWS Investment GmbH's Engagement Policy (see Principle 1), as it supports a dialogue that creates awareness and enables change in the issuers of securities in which we invest. Furthermore, proxy voting is a tool to signal support for appropriate investee company behaviour or signal the need for improvement in investee company behaviour. DWS Investment GmbH aims to understand how corporate boards of directors of issuers govern long-term strategy, which should be designed to ensure future resilience for the issuer. DWS Investment GmbH's does not wish to dictate issuer strategy or operations but to voice its concerns with relevant parties when DWS Investment GmbH concludes that the value generated by the issuer many be at risk due to lack of oversight on financially material sustainability risks.

However, we have further improved and specified specific parts of our engagement framework to ensure consistency and documentation across the process (e.g. standardization for any changes or deletions of engagement targets, etc.).

8 / Investment Approach: Monitoring Managers and Suppliers

Activity

Signatories should explain how they have monitored service providers to ensure services have been delivered to meet their needs..

In general, all DWS service providers are subject to our Third-Party Risk Management (TPRM) process. Requirements for new services with material annual spend are subject to a sourcing process that includes an assessment of their commitment to sustainable development and environmental responsibility.

Third Party Risk Management

DWS has its own TPRM framework, policy, and procedure to assess, mitigate, monitor, and report risks associated with services provided by third parties. TPRM ensures risk proportionate assessments and controls are in place as required by regulatory standards. Our third-Party Lifecycle Management (TPLM) framework consists of adequate governance and oversight standards required to be performed over the lifetime of the service post go-live up to the termination of the contract.

DWS currently works with approximately 2,000 suppliers globally. Relevant risk types are evaluated in the TPRM process. Third-party services, including outsourced service relationships, are risk assessed holistically across relevant non-financial risk types, such as business continuity, data privacy, information security and ESG among others. Each relevant risk assessor verifies that effective process and controls are in place and ensures that material changes are adequately risk assessed and managed. Periodic risk reviews are also triggered and are based on the inherent risk of the service. Reporting is provided to ensure transparency of risks and to enable decision-making.

ESG principles in third party risk management

ESG considerations in the sourcing process

We have added ESG requirements to our sourcing process as part of supplier selection and our supplier evaluation criteria. Our suppliers are asked to acknowledge the Supplier Code of Conduct and the ESG contract clauses that have been incorporated into the standard framework agreement templates.

ESG as part of the risk assessment process

Sustainability factors are considered via a dedicated ESG-related questionnaire as a material component of the TPRM framework. Additionally, ESG related data may be taken into consideration as available to assess the potential environmental, social, and human rights aspects related to a potential supplier's service delivery. Based on the assessment results, mitigation measures may be agreed with the supplier. The termination of the business relationship may be considered if the supplier fails to meet pre-agreed sustainability requirements within a reasonable timeframe.

Stewardship-related service providers

Service providers for Proxy Voting (overview)

DWS Investment GmbH utilizes the services of two proxy advisors: Institutional Shareholder Services Europe Limited ("ISS") and IVOX Glass Lewis GmbH ("IVOX"). Both proxy voting advisors analyse general and extraordinary meeting agendas and provide voting recommendations based on DWS Investment GmbH's Corporate Governance and Proxy Voting Policy. IVOX provides DWS Investment GmbH with recommendations solely for the general meetings of German-listed investee companies, whereas ISS covers international investee companies. ISS also provides DWS Investment GmbH with an online platform to enable DWS Investment GmbH's proxy voting operations.

ESG Engine Data Providers (overview)

With its multi-vendor approach, the ESG Engine is designed to ensure robust coverage of its investment universe. The DWS ESG Engine is a tool that enables a broad-based analysis of various ESG facets. To ensure maximum flexibility and data quality, DWS bases its sustainability analyses not only on the data of one provider but also obtains corresponding ESG information from several data providers. This takes into account the fact that the individual data providers have different focuses.

See Principle 2 for additional information on our ESG Engine.

Outcome

Signatories should explain:

— how the services have been delivered to meet their needs;

OR

— the action they have taken where signatories' expectations of their managers and/or service providers have not been met.

Service providers of proxy voting

DWS Investment GmbH's proxy advisors are well recognised service providers with proven capabilities to meet our global needs for thorough analysis and adequate processing and execution of voting rights.

DWS Investment GmbH regularly reviews how its proxy advisors apply DWS Investment GmbH's policy and processes, which includes dialogues before and after the voting season. DWS Investment GmbH also has direct and regular contact with corresponding account representatives and dedicated policy analysts. As described in DWS Investment GmbH's Corporate Governance and Proxy Voting Policy, DWS Investment GmbH currently reviews every single meeting which is in scope for voting and does not automate any voting instructions using the service providers' analysis. DWS Investment GmbH further discusses and evaluates the respective technical set-ups and the implementation of DWS Investment GmbH's Corporate Governance and Proxy Voting Policy as well as any hurdles or incidents that may have been observed, to ensure the effective execution of voting rights, the proper application of DWS Investment GmbH's Corporate Governance and Proxy Voting Policy and good oversight. With DWS Investment GmbH's four-eye approach, whereby the instructions provided by an analyst, portfolio manager, member of the ESG Integration team or member of the CGC are reviewed and approved by another member of the CGC, DWS Investment GmbH thrives to ensure constant monitoring of its voting process. Any technical anomaly or content-related deviation can be detected in time and addressed by DWS Investment GmbH with the relevant service provider as necessary.

Throughout the year, the CGC is in regular contact with ISS and IVOX regarding research availability, voting operations beyond DWS Investment GmbH's reach, and research accuracy in line with our policy. The monitoring of research accuracy and voting operations is facilitated by having specific alerts set up in ISS Proxy Exchange. Furthermore, during the annual update, the CGC engages with ISS and IVOX to discuss the implementation of the Corporate Governance and Proxy Voting Policy, including any issues identified during the last proxy voting season. The issues often relate to specific scenarios—such as market idiosyncrasies/developments—and the interpretation of our policy.

Other functions such as the Corporate Actions team, use external vendor services from DTCC (Depositary Trust and Clearing Corporation), WMI (Wertpapiermitteilungen), and Bloomberg. Additional information is received from the respective custodians of the funds and information is compared and questioned when setting up events.

ESG Engine ESG data providers

See Principle 2 for detail on the ESG data providers used by DWS in relation to the operations of the ESG Engine.

The ESG Engine performs calculations and updates our internal portfolio management system, BRS® Aladdin, on a regular basis. ESG Engine output is uploaded onto our BRS® Aladdin portfolio management system to provide access to research analysts, portfolio management and relevant supporting functions. The Compliance team performs checks to ensure the portfolios comply with their respective investment guidelines. This enables all relevant staff to build on the power of ESG data in a timely, reliable, and flexible manner.

The ESG Engine output is based on data and figures, as well as on internal assessments that take into account factors beyond the processed data and figures, such as an issuer's future expected ESG development, the plausibility of the data with regard to past or future events, as well as an issuer's willingness to engage in dialogue on ESG matters or corporate decisions. Analysts who use the ESG data hosted on our BRS® Aladdin portfolio management system discuss findings in company meetings and communicate inconsistencies to the ESG Engine team. If any identified inconsistencies are proven with public company information and cannot be resolved through discussions with the respective ESG data provider(s), we may ultimately overrule the data provider, in rare, exceptional cases.

In addition, as the availability and accuracy of ESG data continues to evolve, the ESG Engine team continues to monitor the ESG data market and propose enhancements and changes to our current approach as they identify opportunities for improvement. Potential changes are discussed in the EMC working group to get views from members on whether any such proposed changes should be implemented. With this process in place, we ensure that we are continuously working to find solutions to close any existing data gaps to improve our ESG analysis and promote good governance. All vendors and input data used by the ESG Engine are subject to consistent monitoring and oversight. The EMC meets regularly to review potential enhancements to existing methodology and criteria.

9 / Engagement

Context

Signatories engage with issuers to maintain or enhance the value of assets.

Activity

Signatories should explain:

- **the expectations they have set for others that engage on their behalf and how;**

OR

- **how they have selected and prioritised engagement (for example, key issues and/or size of holding);**
- **how they have developed well-informed and precise objectives for engagement with examples;**
- **what methods of engagement and the extent to which they have been used;**
- **the reasons for their chosen approach, with reference to their disclosure under Context for Principle 1 and 6; and**
- **how engagement has differed for funds, assets, or geographies.**

Introduction

We consider stewardship an indispensable tool for advancing management policies and practices to deal with financial and sustainability risk. Through engagement we aspire to impact corporate behaviour, foster transparency, and challenge management to focus on areas where we believe there is room for improvement. Our overall approach to stewardship can be found in Principle 1.

DWS Investment GmbH's engagements are based on fiduciary duty and these engagements have the objective of improving an issuer's management of ESG issues and challenges that could result in financially material impacts on the issuer's financial performance, reputation, or negatively impact society and the environment initially and lead to financially material impacts on the issuer's financial performance at a later stage.

DWS Investment GmbH's engagement activities are aligned to ESG Integration Policy for Active Investment Management and DWS Investment GmbH's Engagement Policy and Corporate Governance and Proxy Voting Policy. These policies play a key role in DWS Investment GmbH's approach to investment stewardship. DWS Investment GmbH engagements with investee companies are undertaken by research analysts, the CGC and the Active ESG Integration team. Collaboration between these teams is an important factor of DWS Investment GmbH's stewardship strategy.

Engagement areas and engagement intensity are defined according to a detailed screening and prioritisation process. Some of our engagement criteria include climate change issues, norm violations or corporate governance concerns.

Each year DWS Investment GmbH sends out various letters to investee companies:

- **Pre-season letter**
  This letter goes out to investee companies within DWS Investment GmbH's voting universe to explain any changes to DWS Investment GmbH's Corporate Governance and Proxy Voting Policy since the prior year and to reiterate DWS Investment GmbH's corporate governance expectations for investee companies DWS Investment GmbH and other DWS entities subject to this policy.
- **Post-season letter**
  DWS Investment GmbH identifies core issues across DWS Investment GmbH's voting universe based on DWS Investment GmbH's negative voting decisions for the year under review. In 2023, DWS Investment GmbH highlighted board independence and diversity, director overboarding, executive remuneration and involvement in controversies. In this letter, DWS Investment GmbH outlines the reasoning behind DWS Investment GmbH's voting decisions and DWS Investment GmbH's request to engage on the issue(s).
- **Thematic engagement letters**
  DWS Investment GmbH's focus topics in 2023 for thematic engagement letters were net zero and the DWS Coal Policy, as well as oceanic ecosystems.

DWS Investment GmbH aims to have a holistic approach to engagement as it considers issuer engagement as a key driver to transform the global economy for the better, especially in relation to the need to transition the global economy to net zero GHG emissions by 2050 or sooner.

In 2023 DWS Investment GmbH conducted 624 total engagements with 541 issuers and set individual engagement KPIs, which DWS Investment GmbH monitors according to their respective timeframes.

Selection and prioritisation of investee companies for DWS Investment GmbH engagement activities

DWS Investment GmbH encourages good governance and sustainable corporate practices at issuers, of portfolios in scope of the DWS Investment GmbH’s Engagement Policy, with the aim to create long-term value for our clients. During 2023, DWS Investment GmbH also engaged on ESG topics with non-issuers, such as index providers.

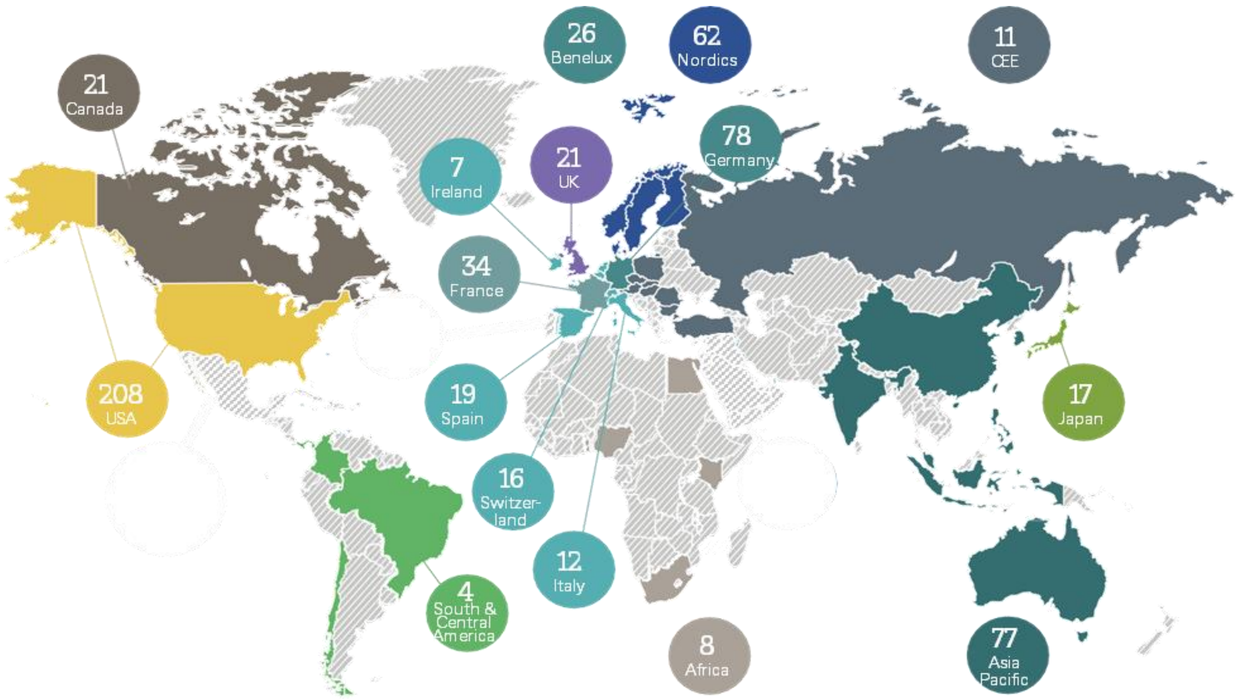
Financial and ESG performance has continued to be a focus area of DWS Investment GmbH’s engagement activities. In DWS Investment GmbH’s view, the governance of an investee company, i.e., the composition of the board and the incentives for executives can be a strong determinant and indicator of its capabilities to assess risks and opportunities in other dimensions of sustainability (i.e., environmental, and social aspects) and financial topics.

DWS Investment GmbH’s seeks to constructively engage with issuers, not only to elaborate on DWS Investment GmbH’s key expectations in terms of governance as outlined in the Corporate Governance and Proxy Voting Policy but also to gain a better understanding of their existing business models and strategies with regard to the identification and management of ESG risks and opportunities.

DWS Investment GmbH’s engagement framework considers active and passive equity and fixed income holdings and sets targets towards sustainability outcomes. In addition, issuer engagement reports aim to map the relevant SDG and PAI categories to the relevant engagement KPIs. Progress is tracked with clearly defined timelines for follow-up and escalation, as required. Engagement may lead to a review of ESG assessments that could have an impact on the ability of our portfolio managers to invest in an issuer’s securities. In case of different expectations from an equity and fixed income perspective on issues to be raised during the engagement activity, two separate meetings will be organized to avoid any latent conflict of interest.

DWS Investment GmbH’s issuer engagement focus areas and engagement intensity for specific issuers are defined according to a detailed screening and prioritisation process. For example, some of DWS Investment GmbH’s engagement criteria include climate change issues, norm violations or corporate governance concerns.

ESG Engagements per country 2023



Africa	Egypt, Kenya, Nigeria, South Africa	CEE	Austria, Czech Republic, Hungary, Poland, Russia, Turkey, Greece	In 387 of our engagements, we discussed environmental topics
Asia Pacific	Australia, South Korea, China, Taiwan, India, Indonesia, Malaysia, Philippines, Singapore, Hong Kong, New Zealand	Nordics	Denmark, Finland, Norway, Sweden, Iceland, Faroe Islands	In 194 of our engagements, we discussed social topics
Benelux	Belgium, Luxembourg, Netherlands	South & Central America	Brazil, Colombia, Chile, Panama, Curacao	In 502 of our engagements, we discussed governance related topics

Source: ISS Proxy Exchange, DWS Investment GmbH, 3/12/2023.

DWS Investment GmbH's process to develop well-informed and precise objectives for engagements

DWS Investment GmbH may decide to engage with issuers based on thematic priorities, as well as on a fund specific basis. Thematic priorities are derived from screening using the DWS ESG Engine or additional resources.

DWS Investment GmbH's thematic engagements focused on net zero, DWS Coal Policy as well as oceanic ecosystems being further developed and refined during the past years.

Thematic Engagement on Net zero

In 2023, DWS Investment GmbH updated the criteria to identify issuers for net zero thematic engagement. DWS Investment GmbH's selection process now considers the company's SBTi target verification status, where applicable, involvement in thermal coal activities, as well as the company's contribution to the carbon intensity of client portfolios. These updates to DWS Investment GmbH's selection criteria led to rebalancing of the group of companies elected for thematic engagement on net zero, which consisted of 197 issuers in 2023. Overall, DWS Investment GmbH conducted 214 thematic net zero engagements with 195 issuers in 2023. DWS Investment GmbH aims to hold engagements on this topic with all targeted companies. For those companies that do not respond, DWS Investment GmbH will consider voting against board members, where applicable and according to the DWS Investment GmbH's Corporate Governance and Proxy Voting Policy.

In 2023, DWS Investment GmbH sent an additional thematic net zero letter to 80 companies, for which the issuer was either added to its thematic net zero engagement programme in 2023 or had not responded to a previous DWS Investment GmbH letter. As a result, DWS Investment GmbH started the first round of engagements with 76 companies.

DWS Investment GmbH conducted follow-up engagements with 119 issuers that had been spoken to in 2021-2022. During these dialogues, DWS Investment GmbH focused on areas for improvement, such as GHG emissions data disclosure and verification, setting GHG emissions reduction targets in line with the goals of the Paris Agreement, providing a roadmap with clear measures to meet relevant targets, disclosing plans for capital allocation towards climate solutions, and integrating climate-related performance metrics into the executive remuneration incentive plans.

In 2023, DWS Investment GmbH continued to vote against directors at investee companies which failed to take adequate climate action. DWS Investment GmbH identified 51 investee companies from its net zero thematic engagement programme which are also part of the CA100+ list that either do lack a net zero commitment or have targets that do not cover all relevant GHG emissions. Consequently, DWS Investment GmbH voted against the re-election of directors at the AGMs of 51 investee companies.

Additionally, in 2023, DWS Investment GmbH voted against directors at 27 investee companies which failed to respond to its net zero thematic engagement requests in 2021 and/or 2022. Furthermore, for six previously non-responsive investee companies for which DWS Investment GmbH voted against some directors in 2022, DWS Investment GmbH established dialogue and initiated a thematic engagement with these investee companies in 2023.

Sector	Number of issuers
Utilities	55
Materials	39
Energy	28
Financials	29
Industrials	14
Information Technology	11
Health Care	6
Consumer Discretionary	5
Consumer Staples	5
Communication Services	3
Real Estate	2

Oceanic ecosystems

Oceans are havens of biodiversity and an important source of food and income. Nearly three billion people depend on fishing and aquaculture as primary sources of protein. Due to the urgency of protecting the oceans, DWS Investment GmbH has decided to supplement its engagement strategy with additional tailored action points designed to ensure a thorough and transparent transformation strategy for selected investee companies with respect to ocean protection.[51]

In addition to meeting with investee companies, DWS Investment GmbH also sent out detailed, sector-specific questionnaires to 31 investee companies. These questionnaires were developed in cooperation with WWF Germany and are based on the UNEP FI Sustainable Blue Economy Finance Principles.[52] The objective of these efforts is for DWS Investment GmbH to gather data on performance, company-set KPIs, targets, timelines and to choose investee companies for its engagements with the aim to enhance their ESG performance in relation to ocean protection.

If an investee company does not respond to engagement efforts or a sector-specific questionnaire, DWS Investment GmbH's will send it an escalation letter. DWS Investment GmbH's sent six such escalation letters in total during 2023.

DWS Coal Policy

In line with our commitment to achieve net zero emissions across our managed portfolio by 2050 or sooner, DWS introduced the DWS Coal Policy[53] in April 2023. Guided by the science-based timelines for the phase out of thermal coal under the IEA net zero pathway, our coal policy outlines specific actions, including investment restrictions and engagement strategies. DWS Investment GmbH expects investee companies with a coal share of revenues between 5% and 25% to accelerate their phase-out from coal and publish credible transition plans by end of 2025 at the latest.

In December 2023, DWS Investment GmbH sent a letter to 27 companies in the utilities and coal mining sectors due to their exposure to a coal share of revenues that exceeded the stated threshold. DWS Investment GmbH's aim is to determine whether investee companies have committed to reduce their coal share of revenues and encourage them to publish credible transition plans that demonstrate a clear plan to completely phase out coal by 2025 at the latest.

Human rights and norm assessment

In recent years, countries such as Germany, France, UK, and Australia passed laws on corporate accountability for topics such as human rights, which require larger companies to identify risks related to violation of human rights and environmental destruction.

The United Nations Guiding Principles on Business and Human Rights set societal expectations for investee companies to operate in line with a higher international standard where national laws do not sufficiently respect human rights. Investee companies can impact the human rights of their employees, employees of organizations in their value chain, and local communities. DWS Investment GmbH's norm assessment incorporates, among other factors, human rights controversies. DWS Investment GmbH also considers sectors exposed to a heightened risk of potentially inflicting social harm for additional due diligence. This type of due diligence includes an assessment of whether investee companies in such sectors have responsible supply chains, measures to prevent human and labour rights infringements, and zero tolerance towards child labour, forced labour, or infringement of the rights of indigenous peoples.

Net Zero engagement case study

Case Study | Sector: Materials | Country: Germany | Area of engagement: Environmental | Sub-area of engagement: Net zero

Engagement case

DWS Investment GmbH initiated a thematic engagement with the issuer in 2022 by sending our net zero letter articulating our expectations. During our call, we discussed the targets that the company had already set, the possibility of achieving science-based verification for them, as well as the possibility of setting interim targets to signal significant milestones.

As the issuer has robust management practices relative to peers and invests in carbon capture and storage projects to reduce carbon emissions, it had already achieved good progress. In 2023, we held a follow-up engagement to discuss progress towards the previously established engagement objectives, as well as to discuss further engagement objectives.

[51] dws.de/AssetDownload/Index/?filename=DWS Concept ESG Blue Economy - Engagement Report (EN) - 2024 04.pdf&assetGuid=fdff9f50-2a4c-4d74-b862-dd782c2ba7f6&source=DWS
[52] UNEP Finance Initiative: https://www.unepfi.org/blue-finance/the-principles/
[53] https://www.dws.com/AssetDownload/Index?assetGuid=39454194-8172-4d2b-a788-973a2e573936&consumer=E-Library.

Key takeaways from the discussion:

The issuer demonstrated positive progress in reducing its scope 1 and 2 GHG emissions and is ahead of schedule to reach its targets in respect of a linear reduction. In addition, the issuer submitted its 2030 reduction targets to SBTi and achieved validation of alignment with a well below 2°C scenario.

Although the issuer is on track to reduce its scope 3 emissions, we believe that their target could be more ambitious, and we discussed the possibility of revisiting the target setting. DWS Investment GmbH requested that the issuer provides more granularity on its carbon reduction initiatives with clear timelines and interim milestones. In addition, DWS Investment GmbH suggested that the issuer should disclose capex budgets for environmental improvements by 2030 and a rough pathway including interim milestones and related timelines beyond 2030 (e.g., all five years) to finally reach net zero by 2050. Finally, we discussed the company's approach to phasing out coal.

Overall, the company showed good responsiveness, a clear understanding of our expectations and a willingness to engage further.

Example of Engagement KPIs

Provide granularity on means to reduce emissions in respect of targets for scopes 1-3.

Next steps

The objective is to continue our constructive dialogue in 2024 and monitor progress on DWS Investment GmbH's engagement targets.

Source:

DWS Investment GmbH, 12/31/2023

Oceanic Ecosystems case study

Case Study | Sector: Consumer discretionary | Country: USA | Area of engagement: Environmental | Sub-area of engagement: Oceanic ecosystems

Engagement case

DWS Investment GmbH started to engage with the issuer in 2021. In 2023, we focused on SBTi verification in particular, as the guidance for the marine sector was released in late 2022. Other important topics are reducing the usage of heavy fuel oil within its fleet and reporting how many days vessels spend in critical habitats.

Key takeaways from the discussion

At the time of engagement, the issuer did not have SBTi verification for its decarbonization targets and did not publish its scope 3 emissions. DWS Investment GmbH clearly stated that we would like to see some progress in both aspects. The company responded that they are working on SBTi verification and that they will begin publishing their scope 3 emissions in their 2023 sustainability report.

We discussed the possibility of setting a medium-term target to transition away from heavy fuel oil. Although the company commits to achieving net zero by 2050, they stated that having a heavy fuel oil reduction target for 2030 is not yet realistic due to a lack of consensus on alternative fuel development. DWS Investment GmbH will monitor progress in this area. Furthermore, the company does not report on the time vessels spent within protected areas and has no risk assessment or mitigation plans. DWS Investment GmbH stated that we expect to see progress in these aspects in the coming years. The company said that they have started to collect the data and will provide an update in the 2023 sustainability report.

Example of Engagement KPIs

Commit to a clear transition plan away from heavy fuel oil use.

Next steps

DWS Investment GmbH will follow up with the issuer in 2024 following the publication of the issuer's 2023 sustainability report.

Source:

DWS Investment GmbH, 12/31/2023

Case Study | Sector: Consumer discretionary | Country: Germany | Area of engagement: Social | Sub-area of engagement: Human rights

Engagement case

The company is among the largest car manufacturers worldwide and has been involved in numerous controversies over the past years. In part, this has been amplified by severe governance deficiencies such as the absence of independent directors on the board, misaligned remuneration systems and a lack of transparent and functioning risk management and whistleblower systems. DWS Investment GmbH regularly attends the company's shareholder meetings and poses questions to the board to raise our concerns.

In 2023 DWS Investment GmbH engaged with the company twice to discuss human rights concerns in China, as indicated by our internal assessment. Following pressure from various angles, the company agreed to an external human rights impact assessment at an assembly facility. We first spoke to the company in September 2023 and shared the expectation that the results should be communicated to investors. The results were published in the fourth quarter of 2023, we discussed the findings during our second engagement call.

Key takeaways from the discussion

The issuer made clear that it holds a minor stake in the joint venture responsible for operating the facility in question and therefore is not in a position to exercise control over the partner. The findings of the human rights assessment did not confirm any alleged violations of human rights, particularly violations of ILO norms C029 (Forced Labour), C111 (Discrimination) and C155 (Health and Safety). It followed the accepted Audit Standard SA8000. The assessment was carried out by the German consultancy firm, but due to Chinese regulation, the office had to collaborate with a Chinese law firm to carry out the groundwork at the assembly facility.

Although the company fulfilled our request to conduct such an investigation, we still have some reservations about the methods and approach used. We argued that more regular assessments should be considered, certainly at the latest by the time of the potential extension of the joint venture contract in 2029. In general, we encourage companies to conduct regular on-site audits to identify and monitor any human rights risks.

Example of engagement KPIs

Share scope of external Human Rights Impact Assessment.

Next Steps

Given recent allegations against the issuer of further human rights violations in relation to another joint venture in the Chinese region of Xinjiang, our aim is to seek clarification with the company about their involvement and knowledge. DWS Investment GmbH will further aim to seek an agreement by the company to conduct another external assessment that focuses on the recent allegations and expect the company to take concrete measures to avoid human rights violations along their value chain.

Source:

DWS Investment GmbH 2023

Reasons for DWS Investment GmbH's approach, with reference to the context of Principle 1 and 6

As mentioned in Principles 1 and 6 and in DWS Investment GmbH's Engagement Policy and Corporate Governance and Proxy Voting Policy, DWS Investment GmbH is bound by its fiduciary duty to act in the best interest of its clients.

DWS Investment GmbH believes that good corporate governance is an important contributor in an investee company's long-term financial performance. DWS Investment GmbH's approach and framework have been developed in a consistent fashion, incorporating viewpoints and insights from various stakeholders ranging from contractual and prospective clients, industry working groups, international associations, and regulatory bodies. DWS Investment GmbH has always advocated for transparency and effective disclosure and is continuously working to improve its engagement approach.

In 2023, DWS Investment GmbH continued to enhance its engagement processes and capabilities. Since 2018, DWS Investment GmbH has worked towards enhancing all aspects of its processes and capabilities at investee company AGMs. In 2019, DWS Investment GmbH began strengthening its engagement capabilities, which led to a significant increase in the number of issuers. Since then, DWS Investment GmbH has built on its previous dialogues with issuers and experience from previous years and initiated new engagements on relevant key topics that support responsible investment.

Outcome

Signatories should describe the outcomes of engagement that is ongoing or has concluded in the preceding 12 months, undertaken directly or by others on their behalf.

Ongoing or concluded engagements of the last 12 months undertaken by DWS Investment GmbH

Research Analysts are required to integrate key takeaways from engagement activities into their research analysis, where relevant.

PMs are also required to integrate in their investment decisions the key takeaways from engagement activities where integrated by the analyst in the investment recommendation. In case DWS Investment GmbH does not have any internal research coverage, the PMs may integrate the key takeaways from engagement activities in their investment decisions where materially relevant.

In general, if an issuer engaged by DWS Investment GmbH makes positive progress or fulfils one or more of the targets set by DWS Investment GmbH, this is considered a success to which DWS Investment GmbH contributed through its engagement activity. However, DWS Investment GmbH acknowledges that it is generally difficult to attribute progress to a specific engagement as there could be other possible factors that might have contributed to, or led to the desired outcome, such as consumer trends, regulation, activities of other investors, or just a management decision.

DWS Investment GmbH records its engagement activity in its engagement database, including the current status of open engagements or the engagement outcome. The categories of engagement statuses and outcomes are:

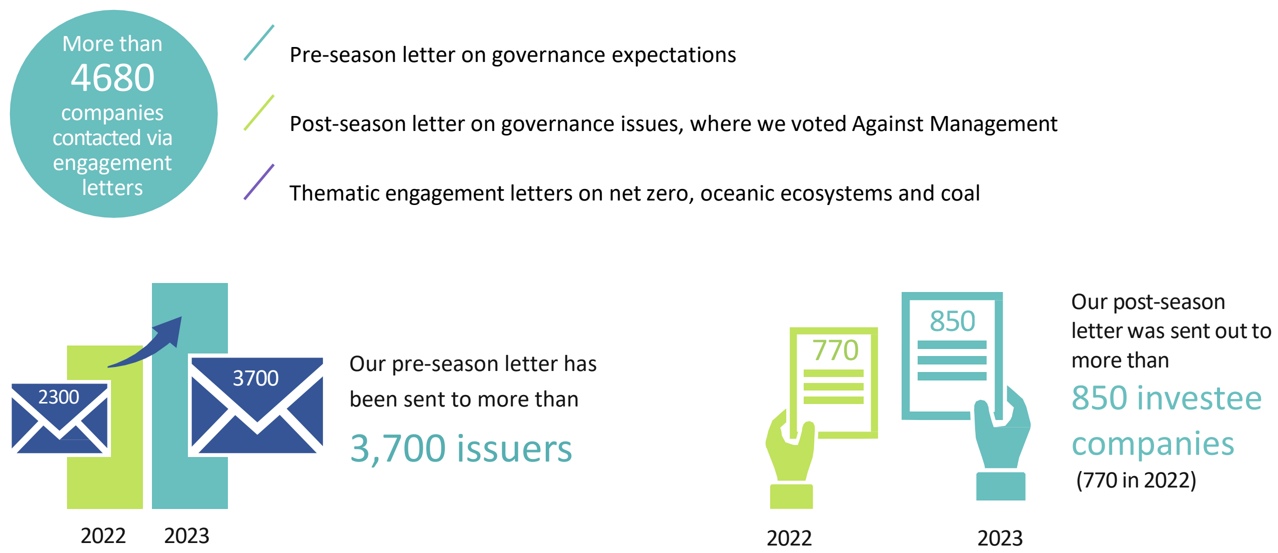
– **Successful / closed** (the engagement targets were met)
– **Ongoing** (the engagement continues on all or part of the engagement targets)
– **In escalation stage** (engagement escalation steps have been initiated)
– **Failed** (engagement targets were not met for a continuous amount of engagement escalations)

DWS Investment GmbH engagement framework and engagement database allow for the preparation of engagement plans (including KPIs, target dates, mapping to the SFDR's PAIs and the SDGs).

Engagement overview for funds, assets, and regions in 2023

Most of DWS Investment GmbH's engagements were with issuers domiciled in the US, Germany, and in the Asia Pacific region, followed by the Nordics and Benelux companies.

Chart 9.1 Outreach letters to our issuers 2023



In our engagements with issuers, we discuss a variety of ESG-related topics.

Chart 9.1 Engagement Statistics 2023

Sectors	Engagement count	Relative Percentage
Consumer Discretionary	66	10%
Consumer Staples	42	7%
Energy	61	10%
Financials	68	11%
Health Care	54	9%
Industrials	87	14%
Information Technology	68	11%
Materials	79	13%
Real Estate	27	4%
Utilities	72	11%
Grand Total	**624**	100%

Sector breakdown of engagements

Out of the 624 engagements conducted by DWS Investment GmbH in 2023, 502 included governance-related topics, social topics were discussed in 194 meetings, and environmental topics were discussed in 387 meetings. Most of the companies engaged with were from the industrial, materials, utilities, financial, and information technology sectors.

Examples for equities

Example 1: Executive Remuneration

Case study | Sector: Health care | Country: Belgium | Area of engagement: Governance | Sub-Area of Engagement: Executive Remuneration

Engagement Case

DWS Investment GmbH has been engaging with a Belgian pharmaceutical company to discuss various governance aspects. The issuer has been responsive during our engagement calls, and we noted some positive developments as the company had enhanced its non-financial target setting within the annual bonus in their 2021 remuneration policy.

In 2023, the company contacted DWS Investment GmbH to specifically discuss concerns about their executive remuneration. Challenging market conditions and high inflation, alongside the delayed approval of a flagship product, meant that their executives were facing three cycles of long-term incentives for which the financial and operational targets would pay out at zero. The company was eager to explore options to ensure that the executives remain incentivized over the next few years in order to steer their flagship product—among others—to market.

Key takeaways from the discussion:

DWS Investment GmbH made clear that adjusting targets to in-flight grants is viewed very critically and must be well-reasoned and appropriately handled. In our previous engagements, we informed the issuer that we would like to see clearer disclosure of its target setting and levels of achievement. In 2023, DWS Investment GmbH urged the company once more to enhance disclosure, arguing that any amendments to the performance metrics/targets would be problematic if shareholders are not provided with adequate disclosure from the outset.

Furthermore, DWS Investment GmbH emphasized that the justification for any adjustments must be clearly communicated to shareholders, including details of alternative options that were considered. DWS Investment GmbH also stressed that, although challenging market conditions are potentially justifiable, any adjustment must also reduce the size of the award to reflect the poor performance.

Example of engagement KPIs

Enhance retrospective disclosure of performance targets and their achievement levels.

Next Steps

DWS Investment GmbH will monitor this and, if necessary, discuss it with the issuer in 2024 around the time of the AGM.

Source:

DWS Investment GmbH, 12/31/2023.

Example 2: Shareholders rights

Case study | Sector: Industrials | Country: USA | Area of engagement: Governance | Sub-area of engagement: Shareholder rights

Engagement case:

DWS Investment GmbH has been engaging with the company on its governance structures since 2020 and DWS Investment GmbH voted against some directors at the 2020 and 2021 AGMs due to its classified Board and supermajority vote requirement to amend governing documents. We engaged again in 2022, by which point the company had made good progress on governance aspects, such as adding performance shares into the variable pay schemes and share ownership guidelines. DWS Investment GmbH appreciated the responsiveness, and once more raised the above-mentioned outstanding issues.

Key takeaways from the discussion:

On the 2023 AGM agenda, management proposed both to eliminate the supermajority vote requirement and to declassify the Board. We engaged once more with the investee company following the 2023 AGM and the company confirmed that the resolutions passed and that shareholders will vote on annual director elections from 2026. DWS Investment GmbH commended the company for responding to shareholder concerns and we supported the re-election of certain directors at the 2023 AGM.

Example of Engagement KPI

Declassify the board.

Next steps

As in 2023, DWS Investment GmbH will continue to support director elections, absent other concerns.

Source:

DWS Investment GmbH, 12/31/2023

10 / Engagement: Collaboration

Context

Signatories, where necessary, participate in collaborative engagement to influence issuers.

DWS Investment GmbH acknowledges that collaborative engagement is an essential and influential instrument of effective stewardship. To achieve common aims, DWS Investment GmbH considers it helpful to collaborate with other long-term investors and key stakeholders, when talking about systematic risks and downsides as well as in engaging with those on industry and policy level. Thus, DWS Investment GmbH holds itself to its commitment to working with other like-minded investors, e.g., by participating in investor networks, industry initiatives, trade associations and working groups to benefit from each other, raise industry and investment standards to best practices and to do its part to advocate for changes in company behaviour that support long-term value preservation and creation.

Due to existing regulatory impediments regarding potential acting in concert activities imposed by the German regulator, BaFin, DWS Investment GmbH is cautious in its approach to company specific collaborative engagement. DWS Investment GmbH limits itself to engaging on its own instead of joining those engagement initiatives that might be classified and sanctioned as acting in concert. Therefore, DWS Investment GmbH aims to leverage its memberships in domestic industry associations or other forums to address this gap, as well as other pressing issues that investors face due to regulatory impediments. DWS Investment GmbH regards interactions with other asset managers as beneficial as it seeks to find alignment on important issues. Active dialogue with regulatory stakeholders and policy makers also helps create awareness and understanding, and ideally helps lay the foundations for meaningful progress.

Activity

Signatories should disclose what collaborative engagement they have participated in and why, including those undertaken directly or by others on their behalf.

DWS Investment GmbH recognises the importance of collaboration to achieve meaningful change and is continuously advocating for a more level playing field in its home market of Germany in this regard. DWS Investment GmbH has joined several initiatives through the German Investment Fund Association (Bundesverband Investment und Asset Management) (BVI) and the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.) (DVFA) and continues to use its position in trade associations and working groups to improve the terms and conditions of collaborative engagement in Germany. In addition, DWS Investment GmbH takes an active role in shaping investor industry association reports that set out expectations for companies on different ESG issues and works with other asset managers in policy advocacy and other related areas.

Furthermore, DWS's commitment to combat climate change has driven not only its commitment to the Net Zero Asset Manager initiative in 2020 but also DWS Investment GmbH's support to the Climate Action 100+ initiative a few years ago, which DWS Investment GmbH views as an efficient engagement method for generating sustainable outcomes and better fulfilling clients' expectations. DWS Investment GmbH's participation in these select collaborative initiatives has heightened importance due to the regulatory obstacles surrounding acting in concert.

To demonstrate our commitment to sustainable investing, we are part of several sustainability initiatives as laid out in Principle 4. A full list containing memberships and affiliation regarding ESG and sustainability topics is included in our annual report: https://group.dws.com/ir/reports-and-events/annual-report/.

Outcome

Signatories should describe the outcomes of collaborative engagement.

Through our membership in working groups, we engage on relevant policy issues on a national and international level as well as addressing legislative topics through regular discussions with the regulator and/or representatives from ministries or advisory bodies. A full list of our bilateral public responses to regulatory consultations can be found on the DWS Public Dialogue website: https://group.dws.com/corporate-governance/dws-public-dialogue/.

See Principle 4 for more information on our collaborative efforts in relation to our memberships and affiliations.

DWS Investment GmbH continues to actively contribute to various working groups and industry initiatives with the aim of shaping global corporate governance developments. As a member of the European Fund and EFAMA, DWS Investment GmbH is part of the Stewardship & Corporate Sustainability Workstreams. Furthermore, DWS Investment GmbH is part of working groups within the BVI and DVFA as well as a committee member of the International Corporate Governance Network (ICGN) Global Governance Committee and member of the Harvard Law Corporate Governance Roundtable.

We participated in those collaborative industry initiatives to represent the interests of our clients and provide input as to our view to develop market standards further and to support the goals of our sustainability strategy.

Case Study: Diversity in listed companies

In January 2023, a CGC member was invited to participate at a conference on the role of investors to drive diversity in listed companies, which was convened by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth and opened by the Minister, Rs. Paus.

Case Study: Consultation on the draft of the German Future Finance Bill

- In May 2023, DWS Investment GmbH participated in the consultation on the draft of the German Future Finance Bill (Zukunftsfinanzierungsgesetz) through individual in-person meetings with ministry officials to discuss the proposed introduction of dual class shares and the implications for shareholder rights.
- Furthermore, at a BVI conference held at the end of September 2023, a CGC member was invited to deliver the keynote speech on shareholder rights in relation to the proposed Future Finance Bill.
- A member of the CGC was nominated to join the Börsensachverständigenkommission's (Stock Exchange Experts Commission) new working group to evaluate proposals on how to increase the attractiveness of Germany as listing place.

Case Study: Further engagement on capital market structures and regulation

- DWS Investment GmbH participated in a consultation on the potential extension of a cap for index-listed companies from 10-15%. Given the broader regulatory frameworks that apply (including national and European fund regulation), such an extension would not serve the intended purpose to increase the attractiveness of the German capital market.
- As part of BVI and EFAMA working groups, DWS Investment GmbH analysed and discussed the implications of the EU Listing Act. DWS Investment GmbH participated in a number of industry conferences including the 2023 Rights and Responsibilities of Institutional Investors Forum in Amsterdam, the annual conference of the Deutsches Aktieninstitut (DAI), the third annual conference by Frankfurt School of Finance and Management on the role of boards as well as the eighth annual conference of the International Bar Association (IBA) on the Role of Institutional Investors to drive ESG.
- In autumn 2023, the BVI Corporate Governance Working Group started its review of the national best practice guidelines (ALHV) and the DVFA Commission conducted its annual evaluation of the quality of German listed companies in DAX, MDAX and SDAX applying the DVFA Scorecard for Corporate Governance. A CGC member was closely involved in both discussions.

Case Study: Implementation of the SFDR

- In 2023, DWS Investment GmbH continued to contribute to the consultation of the EU Commission on the implementation of the SFDR. The Commission contacted stakeholders to get an understanding of how the SFDR has been implemented and if there are any potential shortcomings.

For a more complete list of activities, please refer to Principle 4.

Case Study: Our climate actions in 2023

In December 2020 we became a founding signatory of the NZAM. Through this initiative, asset managers commit to decarbonising their investment portfolios and accelerating their contribution to achieving net zero emissions and limiting climate change to 1.5˚C. In December 2020, we were amongst the leading group of 30 global asset managers that committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. The founding signatory group also commits to support investing aligned with the Paris Agreement and net zero emissions by 2050 or sooner.

This commitment includes prioritising the achievement of real economy emissions reductions within the sectors and companies in which the asset managers invest.

As part of the initiative, all signatories have committed to:

- Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all AuM;
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner; and
- Review their interim target at least every five years, with a view to ratcheting up the proportion of AuM covered until 100% of assets are included.

In accordance with this commitment, we disclosed our interim net zero target framework for 2030 ahead of the UN Climate Change Conference UK 2021 (COP26) on 1 November 2021. As such, we put 35.4% (or € 281.3 billion) of our total global AuM (as of 31 December 2020) in scope to be managed towards net zero [54] by 2030. This means in practice that, with respect to these in-scope assets, we seek to achieve a 50% reduction inflation-adjusted WACI related to Scope 1 + 2 emissions [55] by 2030, compared to base year 2019.

The initial asset scope to be managed towards net zero was defined based on SBTI guidance – including the required activities / asset classes under SBTi guidance. This includes certain financial instruments (equities, corporate bonds, liquid real assets, and direct real estate investments) held primarily in mutual funds, but also in selected individually managed institutional accounts. As new methodologies and emission data become available, additional financial instruments can be included and we aim to increase the initial asset scope of 35.4% over time [56].

Case Study: Valuing Water Initiative

In 2023, DWS Investment GmbH initiated an engagement with a European apparel issuer as part of the Valuing Water Finance Initiative.

Sector: Consumer discretionary | Country: Germany | Area of engagement: Environmental; Sub-area of engagement: Water

Engagement case

DWS Investment GmbH started a thematic engagement with this issuer in summer 2023. We focused on water and wastewater management at group level and across their supply chain. The company's water consumption throughout the value chain is very high and the current reduction targets are either already achieved or on track to be achieved ahead of schedule.

Key takeaways from the discussion

The issuer addressed all targeted topics and provided us with the necessary information regarding the amount of hazardous waste produced, their diversion methods and third-party audit requirements for suppliers. In addition, we discussed innovation plans, steps, and initiatives towards achieving their water management target as well as future reporting on water. During the discussion, we questioned the rigour of the target setting. DWS Investment GmbH suggested that they increase the volume of wastewater treated at the company, reduce water discharge, set further ZDHC certification targets, equal access to water, sanitation, and hygiene (WASH) and tools used for various water assessments. Overall, the company showed good responsiveness, a clear understanding of our expectations and a willingness to engage further.

Example of Engagement KPIs

Commit to ensuring that 100% of wastewater is treated to achieve regulatory or industry requirements and minimize the release of priority hazardous substances.

Next Steps

The issuer is establishing partnerships which focus on innovation as well as developing its environmental policies and is therefore on the right path. We will continue to follow up and track progress.

[54] Subject to the consent of clients, legal entities, and fund boards.
[55] Standard for measuring greenhouse gas emissions: Scope 1 includes all direct emissions from the company's own operations; Scope 2 includes all indirect emissions associated with purchased energy.
[56] Subject to the consent of clients, legal entities, and fund boards.

11 / Engagement: Escalation

Context

Signatories, where necessary, escalate stewardship activities to influence issuers.

The alignment of interests between investee companies and their shareholders should be managed through effective governance measures and sound structures to preserve and enhance investee company value and build shareholder confidence.

As a responsible investment manager, DWS Investment GmbH is open to share its expectations on ESG matters in an ongoing and constructive dialogue with issuer executive and non-executive directors.

There are various ways in which DWS Investment GmbH engages with issuers depending on the individual issuer, the sector, and issue in question. However, in cases where DWS Investment GmbH identifies gaps between its expectations regarding financial and sustainability topics and the issuer's attitude towards these topics, DWS Investment GmbH may start a direct engagement with issuer representatives. DWS Investment GmbH regards engagement as an essential part of its commitment to supporting sustainable business practices and good corporate governance practices.

In 2023, DWS Investment GmbH's engagement approach continued to follow a detailed step-by-step process. The process started with a pre-season letter to 3700 portfolio companies forming part of its core list (please refer to paragraph "Key portfolio companies"). In this pre-season letter, DWS Investment GmbH informed investee companies about its key focus areas and its updated Corporate Governance and Proxy Voting Policy, while also extending an invitation to investee companies for open dialogue.

In addition to sending out our pre-season letter, DWS Investment GmbH invited focus list companies for direct dialogue. Another possible escalation step is DWS Investment GmbH's direct participation in AGMs combined with a statement addressing shareholders and boards publicly. When appropriate, we may also decide to file shareholder proposals. Furthermore, we vote against management proposals, if we identify gaps at investee companies when applying our Corporate Governance and Proxy Voting Policy. Towards the end of 2023, DWS Investment GmbH also sent out individual post-season letters to over 850 investee companies where DWS Investment GmbH had voted against management recommendations. This letter was intended to further open up dialogue with investee companies in relation to discussing the reasoning behind DWS Investment GmbH's voting decisions and to better understand the company's perspective on the relevant topics. In this regard, DWS Investment GmbH identifies core issues on governance and wider environmental and social topics that contributed to significant votes against management during the season under review.

In general, DWS Investment GmbH votes against the re-election of non-executive directors in case the investee company fails to take appropriate action in relation to climate change as described in DWS Investment GmbH's Corporate Governance and Proxy Voting Policy or fails to adequately and timely respond to its thematic engagement requests.

Activity

Signatories should explain:

- **the expectations they have set for asset managers that escalate stewardship activities on their behalf;**

OR

- **how they have selected and prioritised issues, and developed well-informed objectives for escalation;**
- **when they have chosen to escalate their engagement, including the issue(s) and the reasons for their chosen approach, using examples; and**
- **how escalation has differed for funds, assets, or geographies.**

We believe that the integration of ESG criteria in an issuer's strategy is a key factor in the ability of an organisation to create value over time. For DWS Investment GmbH, sound corporate governance centres on a clearly defined and stress-resilient business model with the corresponding corporate structure in place.

We strongly believe that integrating ESG criteria into our investment process contributes to a better understanding of the environment in which companies are operating in. It enables us to identify risks and opportunities that traditional financial analysis might not reveal. Our aim is to identify and assess material ESG criteria that may impact the value of our investments in order to achieve the best possible risk-adjusted investment returns for our clients.

As mentioned in Principle 6, DWS Investment GmbH aims to have adequate voting and engagement policies to ensure consistent behaviour, for both Active and Passive portfolios. Please refer to Principle 5, Principle 7, and Principle 9 for further information on DWS Investment GmbH's activities within its current engagement framework.

Key portfolio companies

At the beginning of 2023, DWS Investment GmbH screened the in-scope liquid portfolio holdings subject to its Engagement Policy based on e.g. percentage of market capitalisation, AuM and relevant ESG criteria.

DWS Investment GmbH's engagement framework for portfolios subject to DWS Investment GmbH's Engagement Policy has three clusters of engagement for issuers categorized by the type, and degree, of interaction:

- **Core List**
  This is the main list for proxy voting and is one source for the focus and strategic lists. It contains holdings that are screened according to agreed e.g. ESG criteria.
- **Focus List and Strategic List**
  Different engagement themes are defined according to a detailed screening process. For certain investee companies, the main priority is on climate and norm violations as well as on governance related issues.

Engagement council escalation process

The regional Engagement Council (EC) monitors DWS Investment GmbH's engagement activities including relevant engagement milestones, and trigger engagement escalations where necessary and appropriate.

DWS Investment GmbH aims to measure the outcomes of its engagements with issuers individually. In the event that the issuer has failed to address DWS Investment GmbH's concerns, the issuer is not responsive, fails to meet DWS Investment GmbH's expectations within the regular engagement process, or is failing to report on relevant ESG topics, DWS Investment GmbH will consider escalation of the engagement.

When assessing whether an engagement with a specific issuer should be escalated to the EC, the relevant engagement lead must consider how the issuer responded to the engagement lead's prior efforts to engage with the issuer and how it responded to DWS Investment GmbH's voting decisions. In addition, the engagement lead must also consider the circumstances which have led to the original concerns, the materiality of the potential negative impact to the company's financial performance, and best practice standards related to the particular area of concern. Any explanation provided by the issuer related to its lack of responsiveness, any pattern of concerns over a period, and the likelihood of success through potential future DWS Investment GmbH stewardship activity are further determinants regarding whether escalation is appropriate.

Following an escalation to the EC for review, the EC performs a review of engagement progress and engagement documentation and will then decide on next steps together with the respective engagement lead. The EC aims to identify the relevant escalation measure that is deemed to be in the best interest of clients. For example, as the last step of engagement, the EC may advise the engagement lead to resort to a closing dialogue that comprises a final intensive discussion with the investee company prior to potentially escalating the concerns publicly, if appropriate. The very last step of the escalation process is to consider, where possible and applicable, potentially reducing exposure to the issuer or fully divesting the issuer from portfolios subject to DWS Investment GmbH's Engagement Policy. The EC will follow up with the engagement lead for feedback if the engagement deadline set in DWS Investment GmbH's engagement database for the relevant engagement has been exceeded

Depending on the feedback, the engagement lead may ask for an extension. If denied, the engagement will be automatically escalated to the EC, who may undertake any or several of the following steps in response to the escalation following a decision:

1. Letter to the Chair of the Board
2. Supporting and/or filing shareholder resolutions (where possible and feasible)
3. In special circumstances, actively promote election of eligible director to supervisory board
4. In special circumstance, take legal action, litigation
5. Closing engagement dialogue with the company, if deemed as unsuccessful by engagement lead

Escalation measures include shareholder meetings where DWS Investment GmbH may seek to modify or withdraw resolutions from the ballot, provide additional information that prompts a change of DWS Investment GmbH's vote, attend a shareholder meeting in person or vote against management or propose resolution. Another strategy besides shareholder meetings is to engage with the board. DWS Investment GmbH may either enter in direct discussion with the issuer's board members or write to the board of the issuer to formalize concerns and requests.

Note that for some issuers that DWS Investment GmbH engages with, the issuer cannot be explicitly named as they have either required that their names not to be disclosed, or DWS Investment GmbH has not received a timely confirmation for the purposes of publication. In addition to the information in the remainder of this section, please refer to Principles 9 and 12 and our Stewardship Report 2023 for more examples of DWS Investment GmbH’s engagement activities in 2023.

Scope of application across asset classes

DWS Investment GmbH’s engagement and escalation activities with issuers do not systematically differentiate between asset classes, nor between Active and Passive strategies. However, for individual cases and specific strategies, the topics raised by DWS Investment GmbH may differ (see Principle 12 for more detail on topics raised). DWS Investment GmbH generally believes that good governance and a responsible strategy towards the environment and society benefits the holders of both debt and equity securities.

DWS Investment GmbH’s questions to investee companies at AGMs

DWS Investment GmbH participates at AGMs of investee companies by either holding a speech and/or posing questions to the boards. This highlights certain issues to the board and other shareholders that DWS Investment GmbH regards as significant. DWS Investment GmbH has continued to publicly communicate its concerns with a selected group of investee companies by submitting questions to their boards, which are also published on our website: https://www.dws.com/solutions/esg/corporate-governance/

DWS Investment GmbH also chose to submit questions to investee companies which it feels have not responded adequately to its previous efforts to engage on certain topics, including operational performance, executive remuneration, board independence, health, and safety conditions for employees during the pandemic or decarbonisation. In total, DWS Investment GmbH sent questions to 70 shareholder meetings at 69 investee companies in 2023. All questions are uploaded to our website usually around the day of the respective AGM. DWS Investment GmbH regards this as an instrument for escalation, it also allows DWS Investment GmbH to share its views with a broader audience of stakeholders. DWS Investment GmbH expects companies to answer the questions at the AGM or in a written form after the AGM took place. In cases where companies do not respond, or their responses are not considered to be sufficient than we seek to remain or open a communication channel and engage with the companies in focus. Going forward we may reflect the results in our voting decisions.

DWS Investment GmbH’s questions in 2023 mainly focused on net zero and the GHG reduction of emissions (69%), followed by corporate governance related questions with executive remuneration and overboarding being the topics most frequently addressed through questions. Furthermore, 15% of investee companies received questions from DWS Investment GmbH relating to a coal phase-out, while 11% of companies received questions on gender diversity.

Exxon Mobil Corp AGM - May 31, 2023

DWS Investment GmbH started engaging with Exxon Mobil in 2019 on a variety of issues covering governance and environment topics. Exxon Mobil is included on the Climate Action 100+ list of largest GHG emitters and DWS Investment GmbH has conducted several engagements with Exxon on decarbonization measures including steps the investee has taken to manage climate-related risks. From the outset, the company was viewed as a laggard as its current GHG reduction goal excludes value chain emissions and is inconsistent with a 1.5˚C pathway needed to be in alignment with the Paris Agreement. Additionally, Exxon announced to increase its capex allocation for the upstream operations. Furthermore, Exxon has operations within biodiversity sensitive areas and not committed publicly to refraining from initiating any future operations adjacent to protected areas. Although the investee has made some progress in setting recycling targets from current 80Mn Pounds to 80bn Pounds by 2030. But no explanation on how they will implement it and in which regions. As result of the engagements and the views expressed by Exxon Mobil Corp during those interactions, DWS Investment GmbH felt that escalation was necessary and that it was necessary to address the board directly through the submission of the questions below at the annual general meeting.

Question 1:

When can investors expect ExxonMobil to set a net zero by 2050 target including all its substantial Scope 3 emissions?

Question 2:

When can investors expect ExxonMobil to update the current climate strategy to set short- and medium-term GHG absolute reduction targets, including value chain Scope 3 emissions?

Question 3:

What are ExxonMobil plans for tackling the Scope 3 emissions if the promise of mitigating technologies (such as of CCS and blue hydrogen) fails to materialize?

Question 4:

When can we expect ExxonMobil to align its capital expenditure plans with the Paris Agreement’s objective of limiting global warming to 1.5˚C?

Question 5:

Given the transition to a low-carbon economy, could you provide insights into ExxonMobil´s assessment of the potential risks associated with stranded assets?

Question 6:

When can investors expect ExxonMobil to set explicit end date for oil and gas extraction and long-term production phase-out plan in line with the IEA Net Zero by 2050 Scenario?

Question 7:

What steps is ExxonMobil taking to enhance transparency and demonstrate greater accountability in its lobbying practices, ensuring that they are in line with the goals of the Paris Agreement?

Question 8:

Does ExxonMobil intend to begin asking for shareholder approval on an annual basis regarding the company's climate plan and reporting?

Question 9:

Can we expect ExxonMobil to adopt the TNFD Nature-related Risk and Opportunity Management and Disclosure Framework or other recognized science-based methodologies to assess and disclose its impacts on biodiversity in the near future?

Chevron Corp AGM - May 31, 2023

DWS Investment GmbH started engaging Chevron Corp in 2019 and has conducted several engagements since then covering net zero, water, human rights, and governance topics. Chevron is exposed to a variety of ESG issues. In late 2021, Chevron announced a new “Portfolio Climate Intensity” target, which includes scope 3 emissions. However, the company does not address how this intensity reductions will lead to absolute reductions in line with limiting warming to 1.5°C. In addition, while Chevron has aspiration to achieve net zero upstream emissions (scope 1 and 2) by 2050, it has not done so for its scope 1, 2 and 3 targets. As result of the engagements and the views expressed by Chevron during those interactions, we felt escalation was necessary and to address the board directly through the submission of the questions below at the annual general meeting.

Question 1:

When can investors expect Chevron to set net zero ambitions for scopes 1, 2 and 3 by 2050 that cover all operations?

Question 2:

When can investors expect Chevron to set absolute interim emission reduction targets?

Question 3:

When can we expect Chevron to align its capital expenditure plans with the Paris Agreement’s objective of limiting global warming to 1.5°C?

Question 4:

When can investors expect Chevron to set explicit end date for oil and gas extraction and long-term production phase-out plan in line with the IEA Net Zero by 2050 Scenario?

Question 5:

When can investors expect Chevron to enhance disclosure on its climate policy lobbying, whether direct or through trade associations, including specifically how it aligns with the Paris Agreement’s goals?

Question 6:

Does Chevron intend to begin asking for shareholder approval on an annual basis regarding the company's climate plan and reporting?

Asset classes other than listed equities

DWS Investment GmbH's engagement and escalation activities do not systematically differentiate between asset classes, nor between active and passive strategies. However, for individual cases and specific strategies, the topics DWS Investment GmbH discusses may differ or expand over time. DWS Investment GmbH's activities are driven by the view that good corporate governance practices and having a responsible strategy towards the environment and society, benefits the holders of both debt and equity securities.

Outcome

Signatories should describe the outcomes of escalation either undertaken directly or by others on their behalf.

A lack of response to DWS Investment GmbH's engagement requests, may result in DWS Investment GmbH possibly voting against board members and starting discussions with stock exchanges where the non-responding companies are listed or are part of indices. Regarding DWS Investment GmbH's relevant case studies, the number of votes against directors, and questions raised at AGMs, please refer to the Context and Activity sections above in this Principle.

Escalation steps

See Activity section of Principle 11 for a description of DWS Investment GmbH's stewardship escalation process.

In cases where DWS Investment GmbH receives no input to its oceanic ecosystem questionnaire from issuers following an initial request, it will make use of its active ownership rights and follow with escalation steps outlined in DWS Investment GmbH's Engagement Policy. These steps may include votes against the discharge, appointment, or reappointment of directors and/or the submission of publicly available questions at the next AGM. In 2023, DWS Investment GmbH sent six oceanic ecosystem escalation letters in total.

In 2023, DWS Investment GmbH voted against directors at 27 investee companies which failed to respond to its net zero thematic engagement request in 2021 and/or 2022. Furthermore, for 6 previously non-responsive investee companies for which DWS Investment GmbH voted against some directors in 2022, DWS Investment GmbH established dialogue and initiated a thematic engagement with these investee companies in 2023.

Case Study | Governance Sector: Mining | Country: Switzerland

In 2023, DWS Investment GmbH engaged with a mining company with the aim to have a constructive dialogue to gain an understanding of the issuer's sustainability practices, identify areas for improvement and to monitor any progress or developments. After assessing the response from the company's sustainability department, we concluded that we failed to get sufficiently constructive feedback on important areas where we believe improvement is necessary. Besides pressuring environmental issues, the company was highlighted to us as being involved in several severe controversies concerning human rights, business ethics and labour rights. The analyst raised the issue to the EC, and the chair of the EC decided that it was appropriate for DWS Investment GmbH to send an escalation letter to the issuer's board of directors.

The escalation letter was sent in July 2023 asking specific questions on individual concerns. The response received was seen as unsatisfactory. We will review the company's next sustainability report for 2023 to assess if our concerns are addressed and whether any progress has been made. We will then decide if further escalation steps are necessary.

12 / Exercising Rights and Responsibilities

Signatories should:

— state the expectations they have set for asset managers that exercise rights and responsibilities on their behalf;

OR

— explain how they exercise their rights and responsibilities, and how their approach has differed for funds, assets, or geographies.

In addition, for listed equity assets, signatories should:

— disclose their voting policy, including any house policies and the extent to which funds set their own policies;

— state the extent to which they use default recommendations of proxy advisors;

— report the extent to which clients may override a house policy;

— disclose their policy on allowing clients to direct voting in segregated and pooled accounts; and

— state what approach they have taken to stock lending, recalling lent stock for voting and how they seek to mitigate “empty voting”.

DWS Investment GmbH intends to use its equity voting rights to act in the best interests of its clients. The exercise of voting rights can sometimes be prohibited by legal or documentary restrictions which must be weighed against our clients' financial interests. These hurdles are especially prevalent in the Nordics, Poland, and Brazil (also so-called “power-of-attorney-markets"). For the DWS-managed portfolios subject to DWS Investment GmbH Corporate Governance and Proxy Voting Policy, DWS Investment GmbH applies its policy globally to all investee companies held by these funds and accounts subject to a few regional variations. Yet, DWS Investment GmbH also recognises that there are differences in governance practices across regions.

For example, DWS Investment GmbH allows for a lower board independence threshold for holdings in emerging markets, which are more suited to the local best practices. Likewise, DWS Investment GmbH applies a higher threshold for board gender diversity in developed markets. For funds domiciled with the three legal entities in EMEA (DWS Investment GmbH, DWS Investment SA, DWS International GmbH) and mandates where voting rights have been delegated to DWS Investment GmbH, DWS Investment GmbH votes according to the Corporate Governance and Proxy Voting Policy.

Clients do not have the opportunity to override the policy within DWS processes. Where DWS Investment GmbH acts as proxy advisor for relevant clients, DWS Investment GmbH will apply the proxy voting guidelines set forth in its policy for proxy voting activities. In those cases, DWS Investment GmbH submits voting recommendations to the clients based on the custom research received by third party proxy advisors. The owner of the voting rights will then review the recommendations and make a determination as they have the final say upon how to vote.

Relevant equity holdings within the DWS legal entities subject to DWS Investment GmbH’s proxy voting and engagement policies are screened according to specific criteria to create a proxy voting universe (core list). This core list does not distinguish between actively and passively managed funds and it has special requirements for passively managed funds to make sure that passive holdings are properly represented in proxy voting and engagement.

DWS Corporate Governance and Proxy Voting Policy

DWS Investment GmbH's Corporate Governance and Proxy Voting Policy consists of two parts – expectations and guidelines.

DWS Investment GmbH's understanding of good corporate governance is based on four core values.

Chart 12.1 DWS Investment GmbH's corporate governance core values

Board Composition

Structure and special responsibilities

DWS Investment GmbH acknowledges differing board structures, especially dualistic and monistic boards. However, DWS Investment GmbH considers a clearly separated balance of powers through a distinction of control (supervisory board) and management (executive board) as superior. For monistic board structures this must be reflected in a separation of CEO and chairperson position as well a majority of independent non-executive directors. Where one person assumes a combined CEO/chair role, a qualified and strong lead independent director (LID) must ensure the proper work of the board and the communication with investors. The LID has to be equipped with certain powers in the by-laws or articles of association to effectively exercise their duties, i.e., convene meetings of the independent directors, set agendas, be a member or permanent guest of key committees.

Furthermore, DWS Investment GmbH acknowledges that there are special roles within the board, i.e., the chairperson and the chairperson of the audit committee. Due to their extended responsibilities, DWS Investment GmbH attributes an additional mandate to the members in question when calculating whether a director might be overboarded.

Board and Committee Independence

DWS Investment GmbH expects non-executive directors to be chosen based on their qualifications, experience, and knowledge. Their expertise and independence should enable them to challenge management and provide valuable oversight. As DWS Investment GmbH recognises that increased scrutiny by boards is needed to fulfil their oversight function and control role, DWS Investment GmbH expects audit committees to be staffed with financial experts.

Regarding independence, DWS Investment GmbH considers a majority of independent members serving on boards and committees, as well as respective independent chairs, especially important for an appropriate board culture, challenging board discussions and objective-driven decision making. In exceptional cases, DWS Investment GmbH will accept a less than majority independent board (33% independent board members) when an investee company has a controlling shareholder or according to regional best practice in emerging/developing markets. Nonetheless, DWS Investment GmbH would still encourage a higher proportion of independent directors. Employee and union representatives are excluded from our independence calculation.

Board diversity

DWS Investment GmbH has a holistic understanding of diversity which encompasses age, gender, qualifications, internationalisation, cultural backgrounds, independence, sector experience and tenure. Boards should ensure that these factors reflect the structure and nature of the company in order to make better-informed decisions. We expect our investee companies to adhere to national best practices on gender representation and to integrate gender diversity into its board composition and director refreshment processes. As a minimum standard, we require boards to have at least one female member. For certain developed markets in Europe and North America, we established 30% female board representation as an appropriate expectation. Employee and union representatives are excluded from our Board gender diversity calculation.

Since 2022 DWS Investment GmbH has been taking voting action if boards have no ethnic/racial diversity. Currently, this only covers the US and UK where data is reliable and best practice allows for enhanced diversity expectations, for example the Parker Review recommendations in the UK.

Executive remuneration

DWS Investment GmbH expects that its interests as a shareholder in investee companies is reflected in the incentivisation of executive management. Therefore, DWS Investment GmbH places high scrutiny on the structure, components, and appropriateness of an investee company's remuneration system.

Transparency: DWS Investment GmbH expects appropriate and comprehensible executive remuneration policies with ambitious, transparent, and reasonable key performance criteria, which are aligned to appropriate peer groups. DWS Investment GmbH also seek ex-ante disclosure on qualitative and quantitative KPIs and target levels. The remuneration report should provide sufficient transparency which allows investors to assess how the targets align with strategic goals, whether the targets were met and the level of awards that paid out, as well as any other commentary on how performance has been assessed by the remuneration committee. A rigorous remuneration system should align the interests of shareholders and management. To stress the importance of such alignment, DWS Investment GmbH expects the board to regularly (at least every four years) allow the shareholders to vote on the remuneration system as well as in case material changes are proposed.

Long-term focus: DWS Investment GmbH believes that extreme focus on short-term horizons within executive incentive plans is not in shareholders' best interest. As long-term investors, DWS Investment GmbH expects an appropriate balance between short- and long-term targets. DWS Investment GmbH deems a remuneration policy inappropriately structured if the annual bonus award is larger than the long-term award, whereby a minimum of three years is regarded as appropriately long-term. In addition, too much overlap of performance metrics across the annual bonus and long-term incentive plan can jeopardise a long-term focus as executives might strive to meet short-term targets which in turn satisfy the respective portion of the long-term incentive plan.

Misalignment with performance and holding the remuneration committee chair accountable: DWS Investment GmbH emphasises alignment of pay with company performance, market conditions and best practice. A remuneration system should ensure the alignment of interests between shareholders and executive management. DWS Investment GmbH regards relevant and adequate bonus-malus mechanisms (including clawbacks) and reasonable deferral periods for executives as key elements of a sustainable, long-term oriented compensation structure. A robust clawback mechanism sets out the scope of, and defines the conditions under which, parts of remuneration are to be reclaimed by the board. This should include cash and equity-based elements and should cover not only restatements, compliance breeches or misconduct but also performance-related restatements that may extend to sustainability aspects.

Inclusion of sustainability-related metrics: DWS Investment GmbH expects investee companies to integrate material sustainability factors into their strategy and ask them to establish and clearly disclose how their sustainability strategic priorities are factored into their remuneration systems. The variable pay components should directly reflect strategic sustainability objectives in meaningful and ideally quantifiable performance metrics. DWS Investment GmbH acknowledges that investee companies are at different stages of their sustainability journey or may face specific challenges. DWS Investment GmbH believes that some decisions can be based on a director's personal governance philosophy, which can sometimes differ from evolving shareholder expectations.

External auditors

DWS Investment GmbH places high value on the quality and the independence of the auditor. A strong degree of transparency regarding the audit fees, the proportionality between and limitations on audit and non-audit fees, the tenure of the audit firm and the lead audit partner is key for DWS Investment GmbH to assess whether proposals relating to audit firm' appointments are responsible. DWS Investment GmbH regards these as reasonable expectations to foster reliable, independent, and critical evaluation of a firm's accounts.

Shareholder rights

An investee company's relationship with its stakeholders can have a significant impact on its ability to achieve its goals. The safeguarding of shareholder rights is crucial for effectively carrying out DWS Investment GmbH stewardship goals. Therefore, the interests of minority shareholders must be respected and appropriately protected. DWS Investment GmbH strongly supports the "one-share one-vote" principle to treat shareholders equally. DWS Investment GmbH is supportive of shareholder/management proposals that request stronger transparency or would otherwise enhance shareholder rights. DWS Investment GmbH expects boards to respond to shareholder proposals in a timely manner and in adequate fashion. In case investee companies fail to demonstrate appropriate willingness to respond to criticism expressed through shareholder proposals, DWS Investment GmbH may hold the board accountable.

ESG controversies

DWS Investment GmbH believes that the integration of ESG factors into an investee company's strategic planning is vital to remain competitive and create long-term sustainable value. DWS Investment GmbH expects boards to address controversies and take measures to improve their ESG profile in anticipation of preventing any controversies from becoming structural issues that compromise their long-term sustainability. For investee companies that are flagged for ongoing ESG controversies according to internationally recognised principles (e.g., the UNGC Principles, ILO, and OECD Guidelines for Multinationals), DWS Investment GmbH will consider voting against the election of certain incumbent directors if there is reason to believe that the controversies are not being addressed.

ESG risk assessment

DWS Investment GmbH expects boards to take sufficient action on material sustainability issues. Any shortcomings identified by third parties or rating agencies should be addressed by board members who are responsible for oversight of that particular issue. DWS Investment GmbH utilizes ESG grades from our proprietary ESG Engine to provide an indication of a company's resilience to long-term ESG risks. Robust oversight and governance of material ESG issues can be beneficial to a company by reducing its operational and reputational risks, increase access to capital and improve its financial performance. Further, investee companies should regularly communicate to its shareholders about the actions taken to mitigate ESG risks and to explore opportunities. DWS Investment GmbH prefers investee companies to utilise recognised frameworks such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) for reporting.

General climate change related considerations and net zero

DWS Investment GmbH believes climate change poses a material financial risk to its investee companies. These risks may include physical impacts and transition risks. Failures to assess and address such risks could lead to financial losses, decreased market value and increased costs. As a fiduciary investor, DWS Investment GmbH seeks to evaluate these risks and opportunities arising from efforts to mitigate climate change and to support the economy in the transformation as well as to express its expectations in the best interest of clients. DWS Investment GmbH strives to integrate these activities by utilizing its voting rights where feasible.

DWS Investment GmbH expects that the boards and management of investee companies assess risks and impacts arising from or associated with environmental developments and climate change has emerged as a dominant cause for additional risks. Following the Financial Stability Board's Task Force on TCFD classification, the two primary categories are physical risks and transition risks.

Although the degree of exposure to such risks may vary across sectors and assets, DWS Investment GmbH expects investee companies to have a proper oversight of climate-related risks and opportunities at management and board level and we expect boards to develop a robust understanding of the company specific risks and how to mitigate them. DWS Investment GmbH asks investee companies to reflect on the concept of double materiality, including therefore their impact on the environment.

DWS Investment GmbH expects investee companies to follow established standards for disclosure and transparency such as the TCFD recommendations and to comply with and report on frameworks such as the UNGC, CDP, the SDGs, and PRI, if applicable.

DWS Group GmbH & Co. KGaA, is a signatory of NZAM. The NZAM initiative is committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investments aligned with net zero emissions by 2050 or sooner.

DWS Investment GmbH expects its investee companies to commit to net zero by 2050 or sooner, set clear and ambitious GHG reduction targets covering scope 1, 2 and material categories of scope 3 emissions, in line with the goals of the Paris Agreement and supported by a reliable science-based methodology. DWS Investment GmbH also expects investee companies to align their capital and operational expenditure plans with their climate strategies and targets. Investee companies that face high carbon risks should accelerate their efforts in setting ambitious targets, supporting government climate policies and align lobbying activities with their climate strategy as well as the goals of the Paris Agreement. DWS Investment GmbH also expects the board to consider climate risks when incorporating non-financial performance metrics into remuneration plans.

DWS Investment GmbH may vote against certain directors in case investee companies fail to respond adequately to such risks or fail to provide the necessary disclosure. Voting on climate issues encompasses:

– Voting on climate-related shareholder proposals or management transition plans (Say on Climate)
– Holding directors accountable for lack of climate oversight by opposing their re-election
– Voting against executive remuneration policies and reports that do not sufficiently incentivise addressing material sustainability risks and opportunities

Particular circumstances in Japan (Please also refer to Principle7).

Independence
According to DWS Investment GmbH's position on board composition, DWS Investment GmbH expects investee companies, which define the role of the board to have a supervisory function instead of an executive function, to ensure that at least 1/3 of the members are considered independent. For prime-listed companies DWS Investment GmbH expects majority board independence and encourage all investee companies to establish a majority independent board to meet the international best practice requirements.

DWS Investment GmbH will scrutinize further the cross shareholdings mainly due to the market practice in Japan.

Board Composition
According to DWS Investment GmbH's position on separating the role and responsibilities of the CEO and chair, DWS Investment GmbH strongly encourages Japanese investee companies to disclose the member who chairs the board as well as the member who is considered to chair the company, the so-called "Kaicho", if these roles are separated. A retiring CEO should not become chair of the board as these two roles involve different responsibilities and approaches. DWS Investment GmbH expects investee companies to incorporate gender diversity into their composition and refreshment processes and to have at least 25% female representation on their board. Furthermore, DWS Investment GmbH encourages investee companies to set reasonable age limits. DWS Investment GmbH also expects investee companies in Japan to establish the relevant formal committees— nomination, remuneration and audit—which are at least 50% independent, including statutory auditors.

Capital Management and Cross-Shareholdings
DWS Investment GmbH expects companies to foster sustainable long-term value creation through efficient capital management. Measures that support this include the reduction of cross-shareholdings, and conversion of excess cash-position into efficient investments. In case of repeated proof of inefficient capital management and underperformance on return of equity (RoE), i.e., below 5% over the last five fiscal years DWS Investment GmbH votes against the election of executive directors. DWS Investment GmbH also votes against top executives at an investee company that allocates a significant portion (20% or more) of its net assets to cross-shareholdings.

Disclosure

Listed investee companies should disclose and provide the necessary information in their disclosure documents in English. Furthermore, DWS Investment GmbH expects investee companies to comply with and report on applicable internationally accepted and established standards and frameworks i.e. Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), SASB, TCFD that enable investors to act responsibly. Investee companies should set ambitious targets for mitigating and managing environmental and social risks and opportunities. DWS Investment GmbH encourages all investee companies to commit to net zero and set science-based targets.

Special cases with respect to voting

Securities Lending and Empty Voting

When lending a security, the associated voting rights are also loaned. This has the potential to weaken the voting power of clients and fund investors in pursuit of increasing income.

Within our active strategies, DWS Investment GmbH manages this by ensuring securities lent as part of the program are recalled in time in advance of proxy voting events, enabling DWS Investment GmbH to vote for its entire position at each event. This protects against the dilution of voting power whilst affording clients and fund investors the opportunity to increase income derived from the investment in the fund.

Within our Passive strategies, DWS Investment GmbH retains a small holding of each position (i.e., we do not lend out an entire position). This allows the Passive team to vote on items where the full weight of holdings is not required. The team will only recall stocks ahead of a vote if there is a stipulation in the voting item that requires the full weight of a holding to be voted on. This is to ensure that the revenue from stock lending is maximised, as well as ensuring good relations with lending counterparties are maintained, thus balancing the conflict of interest between fiduciary and engagement responsibilities.

In the voting rights notifications, the shares lent are flagged with the "right to return" and thus remain in the voting rights report. One of the responsibilities of the Securities Lending Desk is to review the proxy voting report. This process includes checks and balances to verify and/or confirm that this task has been completed correctly on a daily basis.

Outcome

For listed equity assets, signatories should:

- **disclose the proportion of shares that were voted in the past year and why;**
- **provide a link to their voting records, including votes withheld if applicable;**
- **explain their rationale for some or all voting decisions, particularly where:**
- **there was a vote against the board;**
- **there were votes against shareholder resolutions;**
- **a vote was withheld;**
- **the vote was not in line with voting policy.**
- **Explain the extent to which voting decisions were executed by another entity, and how they have monitored any voting on their behalf; and**
- **explain how they have monitored what shares and voting rights they have.**

For fixed income assets, signatories should explain their approach to:

- **seeking amendments to terms and conditions in indentures or contracts;**
- **seeking access to information provided in trust deeds;**
- **impairment rights; and**
- **reviewing prospectus and transaction documents.**

In 2023 DWS Investment GmbH submitted votes at a total of 5,563 general and special meetings of 4,012 investee companies covering approximately 95% of the equity holdings in EUR in scope for voting [57],[58]. As with previous years, DWS Investment GmbH increased its proxy voting coverage once more while striving to ensure not to compromise the quality of the analysis.

The DWS Investment GmbH proxy voting universe is screened based on—among other criteria— size of investment, percentage of position and relevant ESG grades as well as governance scores which then leads to the DWS proxy voting core list. The core list does not cover all equities held by the relevant DWS entities and therefore DWS Investment GmbH does not exercise voting rights for all equity holdings.

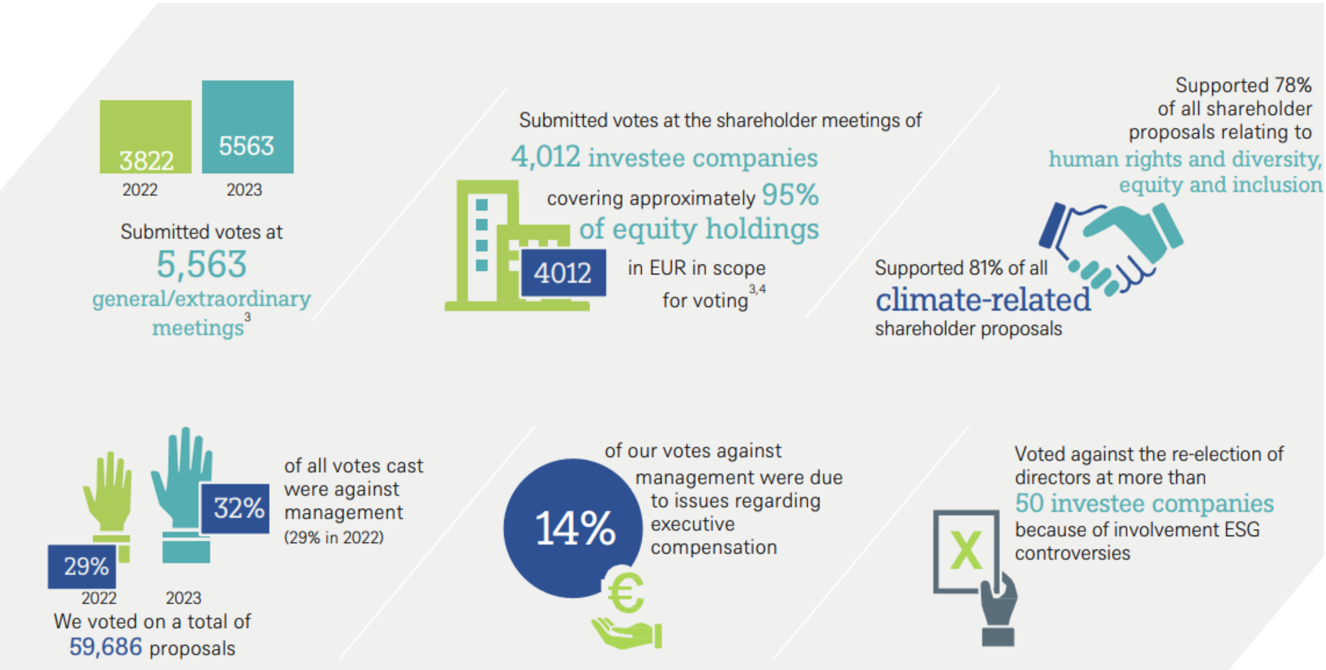
[57] The equity holdings in EUR in scope for voting represents our EUR equity exposure and the voting rights per end of December 2023 for the shares eligible for voting of the funds of legal entities in scope. It may be noted that the actual shares voted may differ based on the record date for the relevant general meeting of the investee companies. Source: Aladdin, ISS and DWS Investment GmbH.
[58] For the purpose of the voting analysis in the rest of this document, rejected meetings have been excluded and the data will only encompass successful votes.

All meeting agendas are reviewed individually and, where necessary, issues are decided on a case-by-case basis. DWS Investment GmbH endeavours to vote across all markets where feasible and voting infrastructure permits. The Corporate Governance and Proxy Voting Policy applies globally to in-scope investee companies. DWS Investment GmbH's proxy voting activities does not differentiate between active and passive holdings.

In 2023, DWS Investment GmbH increased the number of meetings by 31% compared to 2022.

Further details of DWS Investment GmbH's 2023 proxy voting activity are outlined below and in the Voting Results section under the following link:https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/

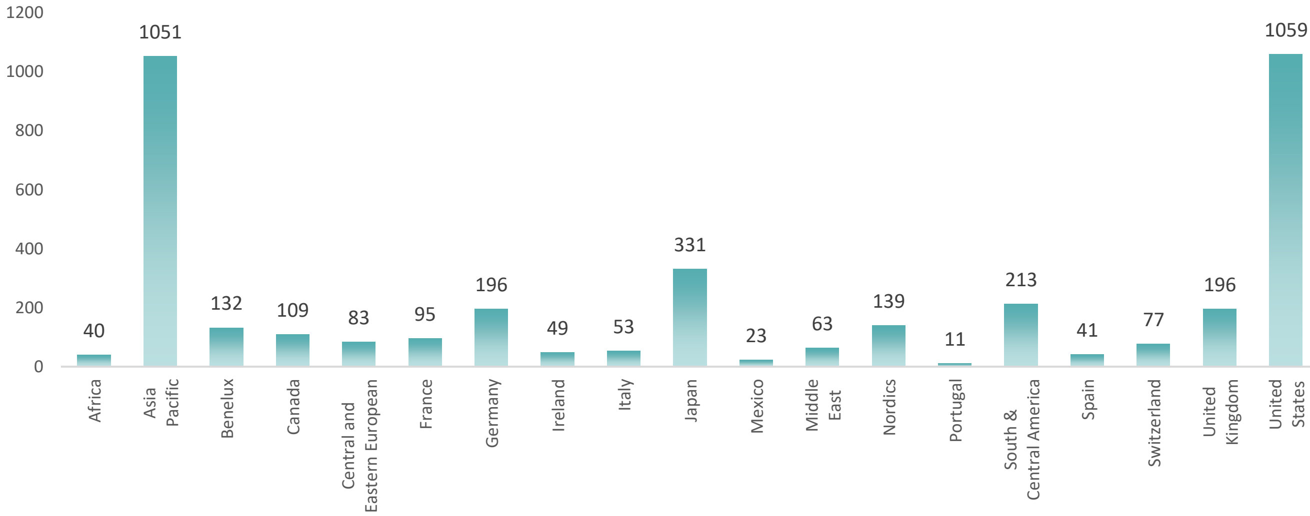
Proxy voting activities in 2023



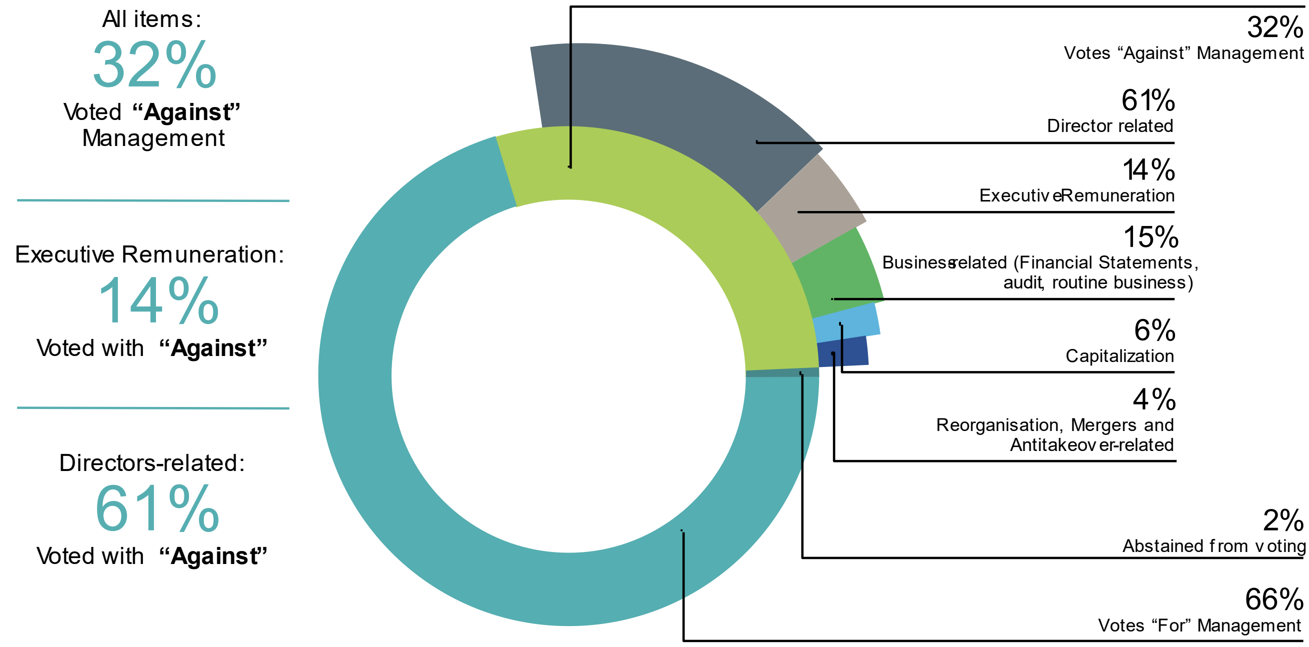
DWS Investment GmbH voted against management recommendations in 32% of the total number of items voted in 2023. The category that yielded the majority of DWS Investment GmbH's "against" votes was the election/ re-election of directors, which accounted for 61%. The most significant issues that caused DWS Investment GmbH not to support director elections were failure to:

- ensure majority independence within the supervisory board and/or the keyboard committees
- address board diversity concerns
- adequately address existing material ESG controversies and/or has a poor ESG oversight, including managing climate risk
- address significant concerns relating to the executive remuneration system

Investee companies voted per country/region



2023 Breakdown of votes



Board and committee independence

In 2023, DWS Investment GmbH voted against directors at over 770 investee companies where the board and/or committee independence did not meet its expectations. Over half of these companies were concentrated in the US and Japan. The US portion accounted for 21% of all the US-based investee companies that DWS Investment GmbH voted for. This is in line with expectations as DWS Investment GmbH expanded its voting universe for the 2023 voting season, which included many smaller US investee companies that tend to have smaller boards and/or are less likely to consider best practice corporate governance market standards. In Japan, DWS Investment GmbH's votes against investee companies with insufficient board independence accounted for almost 2/3 of all the investee companies it voted for. This in accordance with the 2023 amendment to our Corporate Governance and Proxy Voting Policy to expect prime listed investee companies in Japan to have majority board independence. DWS Investment GmbH expects the situation to improve over the next few years as Japan's corporate governance practices continue to develop.

Case Study: Company A | Sector: Industrials | Country: Germany

At the AGM 2023, we criticised the insufficient level of board independence (1 out of 4) and urged that the board be increased in size to allow for a higher level of independence as well as diversity. We clarified that we would expect changes before the 2025 AGM when the Board members' current board mandates end. The overall deficient structure of the board led to votes against the discharge of the Board.
As DWS Investment GmbH is among the top five shareholders of the company at the time of the AGM and the shares held directly and indirectly by the Chair were prohibited from voting, his discharge only received 51.96% of support.

Source:
DWS Investment GmbH, 12/31/2023

Case Study: Company B | Sector: Industrials | Country: France
The Board appointed two additional non-independent directors affiliated to a shareholder which had increased its stake in the company. As a result, the independence fell from 60% to 50%. As per DWS Investment GmbH's Policy, we expected at least a majority independent board. Consequently, DWS Investment GmbH voted against the election of both affiliated directors. We took this issue with the company and explained our view that a sufficient number of independent directors is essential for objective and efficient decision-making processes at board level.

The company considered our stand on board independence and took our feedback positively. Going forward, DWS Investment GmbH will continue to vote against re-elections of non-independent directors if the Board fails to have a majority of independent directors. Both the proposals received 97.1% and 96.5% support.

Source:
DWS Investment GmbH, 12/31/2023

Board diversity

In 2023, DWS Investment GmbH identified over 900 investee companies with insufficient board-level gender diversity and voted against certain directors. The majority of them were in the US and Japan. DWS Investment GmbH attributes the US portion to its expanded proxy voting universe which included many smaller US investee companies. Such investee company boards tend to be smaller and/or less likely to consider best practice corporate governance. For Japan, DWS Investment GmbH expects board level gender diversity at 25%. This is ambitious, but DWS Investment GmbH is confident that it will see positive developments over the coming years.

Case Study: Company C | Sector: Financials | Country: Japan
At the company's 2023 AGM, DWS Investment GmbH did not support the election of the chair due to low board gender diversity. At previous AGMs gender diversity was not an issue, however at the beginning of 2023, the Corporate Governance and Proxy Voting Policy was updated with the enhanced expectation for Japanese investee company boards to be at least 25% gender diverse. DWS Investment GmbH was in the top 15 shareholders at the time of the AGM. The chair received 82.5% support; DWS Investment GmbH raised the issue during a subsequent engagement meeting.

Since 2022 DWS Investment GmbH has been taking voting action for boards in which there is no ethnic/racial diversity. Currently, this only covers the US and UK where data is reliable and best practice allows for enhanced diversity expectations, for example the Parker Review recommendations in the UK. In 2023, DWS Investment GmbH voted against board or nomination committee chairs at more than 80 investee companies for lack of racial/ethnic diversity.

Source:
DWS Investment GmbH, 12/31/2023

ESG controversies

In 2023, DWS Investment GmbH voted against the re-election of directors at over 50 investee companies due to their involvement in severe ESG controversies. DWS Investment GmbH seeks to discuss ESG controversies in engagements to better understand the investee companies' perspective as well as to identify areas to improving performance.

Company D | Sector: Consumer staples | Country: United States
The investee company was highlighted as being involved in several ongoing controversies, including legal battles due to alleged failure to protect staff at a meat packing facility during the COVID-19 pandemic, as well as legal proceedings due to alleged price fixing and anti-competitive practices. DWS Investment GmbH voted against incumbent directors due to lack of sufficient oversight and management of material controversies.

Source:
DWS Investment GmbH, 12/31/2023

Company E | Sector: Industrials | Country: Ireland

The investee company was highlighted as being involved in several ongoing severe controversies relating to data privacy, cybersecurity, and the protection of customer rights. DWS Investment GmbH voted against incumbent directors due to lack of sufficient oversight and management of material controversies. DWS Investment GmbH sent the investee company our post-season letter to explain our voting rationale and invited them to engage with DWS Investment GmbH on the topic. An engagement was held towards the end of 2023 and the company explained their perspective. The company clearly laid out how they are addressing the controversies including an extensive investigation supported by third-party forensic experts to identify where a data breach occurred along the value chain.

During the fourth quarter one of its controversies was already concluded, which demonstrates that the company is addressing the concerns and seeking to solve them. The remaining controversies are still in focus.

Source:
DWS Investment GmbH, 12/31/2023

Company F | Sector: Information technology | Country: Sweden

This investee company is in DWS Investment GmbH's scope since the beginning of 2023 as being involved in several ongoing severe controversies related to business ethics and human rights in the supply chain. DWS Investment GmbH voted against some incumbent directors at the AGM and sent the company a post-season letter.

Source:
DWS Investment GmbH, 12/31/2023

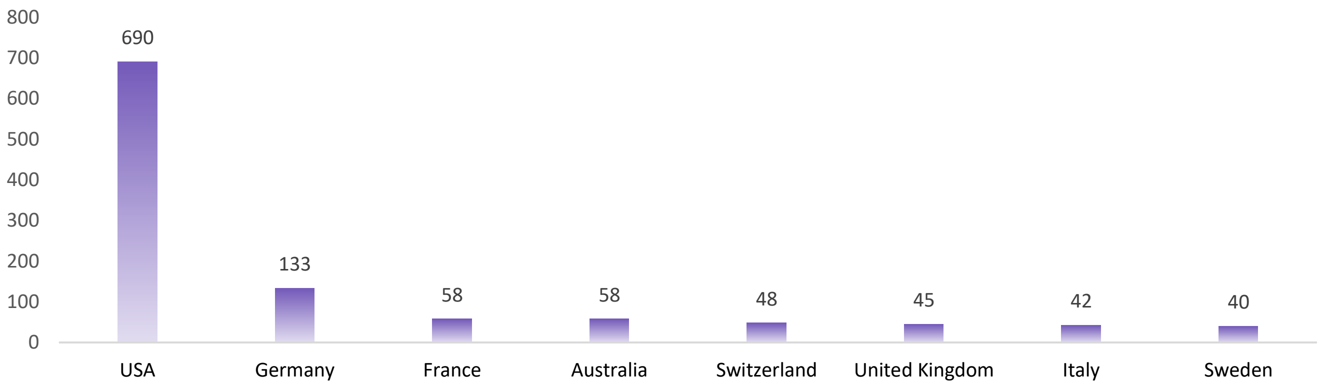
ESG risk management

DWS Investment GmbH expects boards to be taking sufficient action on material sustainability issues. Any shortcomings identified by third parties or rating agencies should be addressed by board members who are responsible for oversight of that particular issue. Further, investee companies should regularly communicate to its shareholders about the actions taken to mitigate ESG risks and to explore opportunities. DWS Investment GmbH prefers investee companies to utilise recognised frameworks such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the TCFD for reporting. In 2023, DWS Investment GmbH voted against the re-election of directors at over 450 investee companies based on the above-mentioned ESG assessment. DWS Investment GmbH contacted more than 100 investee companies with its post-season letter informing them of our voting decisions and invited them to a dialogue to understand how they plan to address these issues in future.

Executive remuneration

DWS Investment GmbH expects that its interests as shareholders are reflected in the incentivisation of the executive management. Therefore, DWS Investment GmbH places high scrutiny on the structure, components, and appropriateness of a company's remuneration system. Once again, executive remuneration was one of the most critical topics for DWS Investment GmbH during the 2023 proxy voting season. DWS Investment GmbH voted on executive compensation items at 2,678 investee company meetings, of which DWS Investment GmbH did not support approximately 60%.

Top 10 markets where DWS Investment GmbH voted against executive compensation proposals



Source: ISS Proxy Exchange, DWS Investment GmbH, 31/12/2023.

Common issues with executive remuneration were:

Lack of transparency

In 2023, DWS Investment GmbH identified more than 350 investee companies and voted against their respective remuneration proposals where it believed that the disclosure was inadequate to properly assess the remuneration components and payout levels.

Insufficient long-term focus in incentive plans

In 2023, DWS Investment GmbH identified more than 300 investee companies for which insufficient long-term focus in incentive plans caused concern and it voted against their remuneration proposal(s). A significant portion of these investee companies were based in the US, where companies are more likely to have long-term incentive plans with performance periods less than three years. At the end of 2023 DWS Investment GmbH contacted 29 investee companies with the post-season letter to explain its voting decision and to invite the investee companies to engage.

Misalignment with performance and/or best practice

In the context of challenging economic conditions, DWS Investment GmbH placed particular emphasis on alignment with performance and best practice when updating DWS Investment GmbH's DWS Corporate Governance and Proxy Voting Policy. DWS Investment GmbH identified more than 290 investee companies where either the pay was not aligned with performance, or inappropriately structured according to market best practice and voted against their remuneration proposal(s).

Holding remuneration committee chairs accountable for concerns surrounding the remuneration system/policy

A remuneration system should ensure the alignment of interests between shareholders and executive management. An important accountability mechanism is to allow shareholders to vote annually on executive remuneration proposals and director elections.

DWS Investment GmbH voted against incumbent remuneration committee chairs at more than 250 investee companies due to recurring issues in the executive remuneration structure. 62 investee companies were highlighted as gaining more than 20% shareholder dissent on their 2022 say-on-pay executive remuneration report and showed a lack of sufficient responsiveness to shareholder concerns in 2023 (whereby DWS Investment GmbH voted against in both 2022 and 2023). It is crucial that investee companies treat investor engagement as a two-way communication channel and respond to dissent.

In addition, DWS Investment GmbH expects investee companies to integrate material sustainability factors into their strategy and ask them to establish and clearly disclose how their sustainability strategic priorities are factored into their remuneration systems. The variable pay components should directly reflect strategic sustainability objectives in meaningful and ideally quantifiable performance metrics.

DWS Investment GmbH identified and voted against incumbent remuneration committee chairs at more than 200 investee companies which lacked any (clear) sustainability-linked performance metrics within the annual bonus or long-term incentive plan.

Case Study: Company G | Sector: Health Care | Country: Germany

At the company's 2023- GM, DWS Investment GmbH addressed the structural deficiencies, which led it to reject the remuneration report. As the incentive schemes lacked sustainability linked KPIs, DWS Investment GmbH expressed its concerns and expectations that the Board would change this. Furthermore, the remuneration report included payments to the former CEO who left the company after an intermezzo of only two months. She received a sign-on bonus as well as non-competition payments for a period of two years. These generous clauses were not in line with the economic state of the company and DWS Investment GmbH asked the Board how it intended to retrieve at least parts of these arrangements.

The remuneration report received only 61.08% of support.

Source:

DWS Investment GmbH, 12/31/2023

Further case studies for votes on governance topics:

Auditor rotation:

Case Study: Company H | Sector: Health Care| Country: Denmark

The company's auditor was one of the Big Four audit firms and had been in place since 2001. As the tenure was 22 years, which exceeds our expectation that auditors are rotated after 10 years, DWS Investment GmbH did not support the ratification of the audit firm at their 2023 AGM. In a subsequent engagement call with the company, DWS Investment GmbH conveyed that regular rotation of the auditor is crucial to maintain an independent audit process.

The resolution received 92% support.

Source:

DWS Investment GmbH, 12/31/2023

Overboarding

Case Study: Company I | Sector: Industrials | Country: Finland

DWS Investment GmbH voted against the election of a new independent director at the company's 2023 AGM due to an excessive number of external director mandates; the director held three board chair/audit committee chair positions alongside two regular non-executive positions. Subsequently, DWS Investment GmbH engaged with the company in September 2023 to communicate that our policy includes double-counting for board chair and audit committee chair roles due to their important roles. As a result, the director's mandates exceeded DWS Investment GmbH's policy guidelines of maximum five mandates, including double counting for particular board roles.

DWS Investment GmbH emphasised that boards must ensure that their directors have sufficient time and capacities to fulfil their commitments.

Source:
DWS Investment GmbH, 12/31/2023

Climate considerations in proxy voting

Although the degree of exposure to climate-related risks may vary across sectors and assets, DWS Investment GmbH expects the board of an investee company to develop a robust understanding of company-specific risks and how to mitigate them. Companies that face substantial climate related risks should accelerate their efforts in setting ambitious targets and provide enhanced transparency on their long-term climate strategy.

DWS Investment GmbH expects investee companies to follow established standards for disclosure and transparency such as the TCFD recommendations and to comply with and report on frameworks such as the UN Global Compact Principles, Climate Disclosure Project (CDP), the SDGs (Sustainable Development Goals) and PRI, if applicable. Voting on climate issues encompasses:

– Voting on climate-related shareholder proposals or management transition plans (Say on Climate)
– Holding directors accountable for lack of climate oversight by opposing their re-election
– Voting against executive remuneration policies and reports that do not sufficiently incentivise addressing material climate risks and opportunities

Say on Climate proposals put forth by management offer shareholders a vote on carbon transition strategies.
DWS nvestment GmbH voted on a total of 24 Say on Climate proposals in 2023, paying particular attention to emissions measuring, target setting, and TCFD reporting. Furthermore, DWS Investment GmbH did not support the re-election of certain board directors at several Climate Action 100+ companies for which DWS Investment GmbH did not support their 2022 Say on Climate proposal.

Case Study: Company J: At the 2022 annual general meeting of a diversified mining company, DWS Investment GmbH voted against the management's climate transition plan for failing to set mid-term decarbonisation reduction targets for relevant and material emissions, as well as failing to factor all emissions into its 2050 net zero ambition. At the 2023 annual general meeting DWS Investment GmbH voted against the chair of the sustainability committee due to a lack of progress.

Source:
DWS Investment GmbH, 12/31/2023

Case Study: Company K: DWS Investment GmbH did not support their management carbon transition plan in 2022 due to a lack of short-term emission reduction targets. This was particularly concerning to DWS Investment GmbH as the company was proposing new oil and gas development. Since then, DWS Investment GmbH has engaged with the company, however, at the 2023 annual general meeting DWS Investment GmbH did not support the election of a sustainability committee member due to insufficient emission reduction targets.

Source:
DWS Investment GmbH, 12/31/2023

Shareholder proposals

Voting on shareholder proposals is a means to convey shareholder sentiment particularly on environmental and social issues. DWS Investment GmbH employs a principle-based approach as broadly outlined in DWS Investment GmbH's Corporate Governance and Proxy Voting Policy. DWS Investment GmbH supports reasonable proposals that promote, for example, enhanced shareholder rights or improved disclosure. Additionally, DWS Investment GmbH generally support proposals that seek to align an investee company's practices with internationally recognised standards.

In 2023, DWS Investment GmbH voted on a total of 1,934 shareholder proposals, which is an increase of 34% compared to 2022.

Breakdown of DWS Investment GmbH votes per shareholder proposal category:
E: FOR 79.4%; AGAINST 13.1%; ABSTAIN 7.4%
S: FOR 63%; AGAINST 24%; ABSTAIN 13%
G: FOR 63%; AGAINST 32%; ABSTAIN 5%

DWS Investment GmbH's overall support for shareholder proposals slightly dropped from 66% in 2022 to 65% in 2023. As shareholder proposals vary widely in terms of feasibility, materiality, and reasoning, all are reviewed on a case-by-case basis. Our dialogue with investee companies which are targeted with shareholder proposals is also taken into consideration during the voting assessment.

DWS Investment GmbH believes that some shareholder proposals do not reflect the interests of the wider shareholder community and their clients. For example, DWS Investment GmbH did not support some shareholder proposals from single-issue organisations which it feel were too narrow in focus and did not consider other important aspects for the long-term health of the investee company. DWS Investment GmbH did not support other proposals seeking to micromanage investee companies; it believes the executive management and board are more qualified to address certain issues.

Of the total 175 environmental proposals that DWS Investment GmbH voted on, 151 were specifically related to climate. Other prominent topics were plastic pollution, circular economy, and nuclear energy in Japan.

Environmental shareholder proposal example

Restaurant Brands International Inc.
Sector: Consumer discretionary; Country: Canada; Proposal category: Environmental; recycling

Resolution 8 (Shareholder):
Report on efforts to reduce plastic use

Proposal Analysis
This proposal asked for a report on how the investee company could reduce its use of plastics, arguing that policies are being adopted around the world (EU, UK, California) which require corporations to pay for the cost of plastic waste management. The proponent cited a recent study which argues that recycling alone is not enough to mitigate the risks of plastic pollution, but rather reducing usage is the only viable option. Given how the regulatory environment is developing, we supported this proposal as a means to help shareholders understand how this is being managed.

DWS Investment GmbH vote: For
Management recommendation: Against
Resolution: Failed
Vote result: For 36.8%; Against 63.2%

Next steps:
DWS Investment GmbH may engage with the investee company in 2024.

Source:
DWS Investment GmbH 2023

Climate-related shareholder proposals

DWS Investment GmbH supports reasonable shareholder proposals that seek to, for example, enhance disclosure or encourage the setting of meaningful emission reduction targets. In 2023, DWS Investment GmbH voted on 151 shareholder proposals directly related to climate change and GHG emissions reduction and supported 81% of them. In assessing such cases, DWS Investment GmbH considers internationally recognised guidance and frameworks.

Amazon, Inc.
Sector: Consumer discretionary; Country: United States; Proposal category: Environmental; Report on Climate Change

Resolution 10 (Shareholder):
Report on Impact of Climate Strategy Consistent with Just Transition Guidelines Proposal Analysis

Shareholders voted on a proposal to report on how the investee company's climate change strategy impacts its employees and workers in the supply chain and communities in which it operates with regards to a just transition. As a supporter of the International Labour Organization's just transition guidelines, DWS Investment GmbH supported this proposal as the investee company is one of the largest employers globally. Furthermore, a clearer linkage between the company's human capital management/community relations strategy and the climate strategy would be in investors' interests.

DWS Investment GmbH vote: For
Management recommendation: Against
Resolution: Failed
Vote result: For 27%; Against 69.6%; Abstain 3.4%

Next steps:
We are in regular contact with the investee company to discuss a range of issues such as climate change management and disclosure, resource consumption/ scarcity, supply chain/ contractors, human rights, labour management, business ethics, ESG oversight.

Source:
DWS Investment GmbH 2023

Coterra Energy Inc.
Sector: Energy; Country: United States; Proposal category: Environmental; Report on Climate Change

Resolution 6 (Shareholder):
Report on Reliability of Methane Emission Disclosures

Proposal Analysis
Shareholders voted on a proposal asking the investee company to report on the reliability of the company's methodology for calculating methane emissions. DWS Investment GmbH believes that addressing the methane emissions calculation is an important consideration for investors when reviewing the company's decarbonisation plan, and therefore supported the proposal.

DWS Investment GmbH vote: For
Management recommendation: Against
Resolution: Passed
Vote result: For 68.9%; Against 23.7%; Abstain 7.3%

Next steps:
We will monitor the publication of such a report and assess the findings.

Source:
DWS Investment GmbH 2023

Mitsubishi Corp
Sector: Industrials; Country: Japan; Proposal category: Environmental; Report on Climate Change

Resolution 6 (Shareholder):
Amend Articles to Disclose Evaluation concerning Consistency between Capital Expenditures and Net Zero Greenhouse Gas Emissions by 2050 Commitment

Proposal Analysis
DWS Investment GmbH supported this proposal because, given the broad and complex nature of the investee company's business units with significant scope 3 emissions, it believes such information would allow investors to assess financial risks more effectively in the context of a decarbonising economy.

DWS Investment GmbH vote: For
Management recommendation: Against
Resolution: Failed
Vote result: For 12.4%; Against N/D; Abstain N/D

Next steps:
DWS Investment GmbH has been in regular contact with the investee company since 2020. It will continue to engage on the issue of climate change management, as well as other set priorities.

Source:
DWS Investment GmbH 2023

Example of voting on a social shareholder proposal

Of the total 228 social proposals that DWS Investment GmbH voted on, it identified 105 that concerned diversity, equity and inclusion (DEI) and human rights, of which it supported 78% (80% of DEI proposals; 75% human rights proposals). 85% of all social shareholder proposals DWS Investment GmbH voted on were in the US market.

The TJX Companies, Inc.
Sector: Consumer discretionary; Country: United States; Proposal category: Social; Human Rights Risk Assessment

Resolution 6 (Shareholder):
Report on Risk from Supplier Misclassification of Supplier's Employees

Proposal Analysis
This proposal took aim at the financial, reputational, and human risks associated with the misclassification of independent contractors along the supply chain. This was proposed in the context of a journalist investigation into misclassification at trucking companies which led to legislation being passed in California in 2021 making customers jointly liable of future violations. The investigation suggested that TJX Companies was concerned with this issue back in 2017. We agreed with the proponent that it is in shareholders' interests to learn more about how the company is managing these risks.
DWS Investment GmbH vote: For
Management recommendation: Against
Resolution: Failed

Vote result: For 31.8%%; Against 68.2%%

Next steps:
Alongside this we note governance concerns. The investee company is in scope for engagement in 2024.

Source:
DWS Investment GmbH 2023

Governance shareholder proposals

Governance shareholder proposals can be divided into two categories: routine and non-routine. Overall, DWS Investment GmbH voted on 1,531 governance proposals, of which it regards 1,104 as routine business. Almost all of these routine governance proposals were concentrated in China, Taiwan, Brazil, and Italy, where it is standard practice for shareholders to propose directors as well as other routine business items. In such cases, DWS Corporate Governance and Proxy Voting Policy applies.

Non-routine governance shareholder proposals covered, among other topics, executive severance payments and shareholder rights, such as right to call a special meeting. 69% of proposals were concentrated in the US market. Overall, DWS Investment GmbH supported 67% of non-routine governance shareholder proposals.

Zoetis Inc
Sector: Health care; Country: United States; Proposal category: Governance; Shareholder Rights

Resolution 5 (Shareholder):
Provide Right to Call a Special Meeting at a 10 Percent Ownership Threshold Proposal

Analysis
Prior to the AGM, the statutes allowed shareholders to call a special meeting representing 25% ownership with a one-year holding period. We supported the proposal to reduce the ownership threshold to 10% without a holding period. We agreed with the proponent that affording shareholders the meaningful ability to call a special meeting might incentivise management to engage with shareholders on important challenges the investee company might face in future. In sum, we believe this enhances our fundamental rights to be able to carry out our fiduciary duty for our clients.

DWS Investment GmbH vote: For
Management recommendation: Against
Resolution: Passed
Vote result: For 52.4%; Against 47.6%

Next steps:
We will monitor whether any changes to the governing articles reflect this successful proposal.

Source:
DWS Investment GmbH 2023

Divergence from DWS Investment GmbH's Corporate Governance and Proxy Voting Policy

In 2023, DWS Investment GmbH escalated 35 cases to the regional PVG to vote in deviation from our policy recommendation.

Example:
DWS Investment GmbH deviated from its policy to vote against a director due to overboarding concerns. A director was listed as a CEO at a non-profit organisation and therefore the DWS Corporate Governance and Proxy Voting Policy for external mandates for executive directors was applied. The voting analyst reviewed the director's external mandates and did not agree with our proxy advisor's categorisation as executive. Following a call with the company's investor relations team, the voting analyst submitted a PVG case to reclassify this particular mandate to a non-executive role due to it not being comparable to CEO roles at a corporation. The case was accepted by the regional PVG Group, which meant that DWS Investment GmbH's overboarding rules for non-executives was then applied and the director was thus not exceeding its limit.

Source:
DWS Investment GmbH 2023

Exercising rights and responsibilities for fixed income investments

Bondholder meetings are analysed on a case-by-case basis and individually voted by the respective portfolio managers of funds and mandates which hold the bonds. The individual portfolio manager votes accordingly of their fiduciary duty and in the best interest of the clients.

Appendix

Glossary

Term	Meaning
ABS	Asset-Backed Securities
AFC	Anti-Financial Crime
AGM	Annual General Meeting
AGM	Annual General Meeting
AIF	Alternative Investment Fund
AIFMD	Alternative Investment Fund Managers Directive
AktG	German Stock Corporation Act (Aktiengesetz)
APAC	Asia-Pacific
AuM	Assets under Management
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BVI	German Investment Fund Association (Bundesverband Investment und Asset Management e.V.)
CAAM	Class Action Advisory Group
CEO	Chief Executive Officer
CESGA	Certified ESG Analyst
CFO	Chief Financial Officer
CIO	Chief Investment Officer
CIR	Cost-Income Ratio
CLO	Collateralized Loan Obligations
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien)
COO	Chief Operating Officer
CRO	Chief Risk Officer
CROCI	Cash Return on Capital Invested
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTRR	Climate and Transition Risk Rating
CVaR	Climate Value-at-Risk
D&O insurance	Directors' and Officers' Liability Insurance
DAX	German Stock Index (Deutscher Aktienindex)
DB	Deutsche Bank AG
DE&I	Diversity, Equity, and Inclusion
Deutsche Bank Group	Deutsche Bank AG and its subsidiaries
DVFA	German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management)
DWS Group / DWS	DWS Group GmbH & Co. KGaA and its subsidiaries
EC	Engagement Council
EEEF	The European Energy Efficiency Fund SA, SICAV-SIF
EEFIG	European Energy Efficiency Financial Institutions Group
EFAMA	European Fund and Asset Management Association
EIN	Employee Inclusion Network
EMC	ESG Methodology Council
EMEA	Middle East, and Africa

Term	Meaning
EPBD	Energy Performance in Buildings Directive
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ESMS	Environmental and Social Management System
ETC	Exchange Traded Commodity
ETF	Exchange traded fund
ETP	Exchange traded products
EU	European Union
EU ETS	European Union Emissions Trading System
EUR	Euro
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FTE	Full-time Equivalent
FTSE4GooD	The FTSE4Good Index Series is a series of ESG equity indexes that include companies with positive ESG reputations
GCGC	German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK)
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GLT	Global Leadership Team
GRI	Global Reporting Initiative
GSC	Group Sustainability Committee
HR	Human Resources
HY	High Yield
ICGN	International Corporate Governance Network
IG	Investment Grade
IIGCC	Institutional Investors Group on Climate Change
IIRC	International Integrated Reporting Council
ILO	International Labour Organization
ISS	Institutional Shareholder Services
ISSB	International Sustainability Standards Board
IVOX	IVOX Glass Lewis
KPI	Key Performance Indicator
LGBTQ	Lesbian, Gay, Bi, Trans and Queer
LGBTQI	Lesbian, Gay, Bi, Trans, Queer, and Intersex
LID	Lead Independent Director
LoD	Line(s) of Defence
LRA	Liquid Real Assets
LTA	Long-Term Award
LTCMA	Long-Term Capital Markets Assumptions
MESGS	Minimum ESG Standard
MiFID	Markets in Financial Instruments Directive
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments
MSCI	Morgan Stanley Capital International Inc.
NGO	Non-Governmental Organizations
NZAM	Net Zero Asset Managers Initiative
OPIM	Operating Principles for Impact Management
PAI	Principle Adverse Impacts

Term	Meaning
PRI	Principles of Responsible Investment
PVG	Proxy Voting Group
RoE	Return on Equity
SAA	Strategic Asset Allocation
SASB	Sustainability Accounting Standards Board
SAVC	Sustainability Assessment Validation Council
SBTI	Science-Based Targets Initiative
SDG	Sustainable Development Goal
SFDR	Sustainable Finance Disclosure Regulation
SGIF	Sustainable Growth Infrastructure Fund
SOC1	System and Organisation Controls
SSA	Sovereign, Supranationals & Agencies
STA	Short-Term Award
SVB	Silicon Valley Bank
TCFD	Task Force on Climate Related Financial Disclosures
TPLM	Third-Party Lifecycle Management
TPRM	Third-Party Risk Management
UK	United Kingdom
UKSC	UK Stewardship Code
UN	United Nations
UNGC	United National Global Compact
WACI	Weighted Average Carbon Intensity
WWF	World Wide Fund for Nature

Cautionary statement regarding 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 DWS Group GmbH & Co. KGaA. 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, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks.

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