SUSTAINABILITY REPORT

2019

DWS

Table of Contents

1

Statement by the Management

1 Statement by the Management

[GRI 102-14]

Ladies and Gentlemen,

The call for action has never been bigger or bolder than it was in 2019. It was a year that activists spoke louder and environmental movements grew faster as climate change continued to devastate our planet. As a society, our awareness of environmental, social and governance (ESG) issues has risen to new highs – along with our urgency to do something about it.

This sense of responsibility is felt strongly at DWS. We know that in the current state of affairs, it is unacceptable to sit back and do nothing. We must step up and lead the way, both as a fiduciary asset manager and as a corporate citizen, to contribute towards a more sustainable economy, help safeguard the environment and the achievements of equal rights and opportunities for future generations.

Our stakeholders, clients and colleagues also expect this from us. At our first Annual General Meeting, we listened closely as shareholders voiced their hopes – and concerns – for DWS, with a strong sentiment that we must do even more to act responsibly. Our dialogue with clients has also shifted towards engagement, sustainable investing and climate transition risks, reflecting the growing importance of sustainability in the financial services sector. And internally our employees, especially the younger generation, have been challenging myself and other senior managers to exert our influence and encourage more conscious corporate behaviour.

Let me assure you, the DWS Executive Board and I are working harder and faster to respond to all the demands rightfully expected from us. In 2019, we had a clear priority; to return our business to a positive trajectory after a challenging 2018, which we achieved with great success as reflected in our strong financial performance. In 2020, we have a bolder priority; to embed ESG into everything we do, as this will be the license to operate for fiduciary investors in the future – and we intend to be among the leaders of the movement.

To ensure we can deliver on this ambition, we have spent a lot of time developing our sustainability strategy in 2019. We agreed a new organizational set-up to manage sustainability across DWS; we are implementing 'Smart Integration' to increase our consideration of ESG criteria in the investment process and enhance our engagement activities; we have continued to build-out our global ESG product suite; and in 2020, we will continue to integrate ESG standards into all of our corporate processes. This also includes enhancing our risk management framework, and introducing new sustainability key performance indicators (KPIs) to make sure that we track meaningful progress on delivering our commitments.

While we are pleased with all of our progress so far, we know we have so much more to do. In this year's Sustainability Report, we have taken greater attention to report on topics that are not just relevant to DWS as a business, but which could also have an impact on selected UN Sustainable Development Goals (SDGs). We have also included content on our impact on climate change, as we aim to provide more transparent disclosure on issues that will help us, and our stakeholders, understand what we can do to make DWS an asset manager for the better.

We are very much aware that this path towards sustainability will include a huge learning curve. As a traditional financial services firm, we are still learning to adapt to growing demand for non-financial data, a trend that is likely to continue as regulators also come under pressure to focus more on ESG.

At DWS, we are working as one global team to ensure we have the right products, policies and people in place to become the leading ESG-integrated asset manager of the future. We realize that this ambition cannot be achieved overnight, but in 2020, we will work hard to get a good head start.

Yours

Dr. Asoka Woehrmann, Chief Executive Officer
DWS Group GmbH & Co. KGaA

Frankfurt, March 20, 2020

2

About this Report

2 About this Report

[GRI 102-1; 102-45; 102-49; 102-50; 102-51; 102-52; 102-54; 102-55; 102-56]

This is our second Sustainability Report since our partial Initial Public Offering (IPO) providing insights on developments from January to December 2019. The next report including our separate non-financial group report will be published in March 2021.

DWS Group GmbH & Co. KGaA (hereafter referred to as "DWS KGaA" or the "Parent"; the group of companies of which DWS KGaA is the parent are referred to as the "DWS Group") is obligated to comply with the requirements on non-financial reporting (Art. 340a (1a) of the German Commercial Code (Handelsgesetzbuch, HGB)). With this separate non-financial group report, DWS KGaA hereby satisfies this requirement pursuant to Art. 340i (5) in conjunction with Art. 315b (3) and Art. 289c to 289e of the German Commercial Code. In order to position DWS Group as a standalone asset manager with an expressed focus on sustainability we do not make use of the option of exemption by virtue of the non-financial report of Deutsche Bank according to Art. 315b (2) German Commercial Code. This separate non-financial group report (Non-Financial Report) is published as a supplement to the annual report of DWS KGaA.

We embedded the Non-Financial Report according to HGB in the Sustainability Report. The mandatory non-financial information according to HGB which together build the Non-Financial Report are marked by a black line. An overview of all material topics according to HGB and a mapping of the material topics relating to the reporting content are presented in the supplementary information. These non-financial topics were identified as material to understand the development of the business, the business results and the position of DWS KGaA, as well as necessary to understand the impacts of our activities on these aspects. Unless stated otherwise, the information in this report relates to DWS Group. The consolidation approach of this report is in line with the DWS KGaA consolidated group financial statements.

Information referred to on external websites or documents is marked as "additional information" and is not part of the Non-Financial Report. Our auditor KPMG performed a limited assurance engagement on the Non-Financial Report marked by a black line in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). This Independent Practitioner's Report can be found in the supplementary information.

Non-financial risks are monitored through dedicated risk frameworks and processes. A more detailed description of our risk management can be found in the risk report within the summarized management report 2019. After application of the net method to determine risks subject to disclosure according to HGB, there are no net risks that are highly probable and that result or will result in severe adverse impacts on the reported aspects. Reportable relations to the amounts of the Consolidated Financial Statements have not been determined.

In order to determine the reporting contents for this Sustainability Report, we have used both Global Reporting Initiative (GRI) Standards and the United Nation's Sustainable Development Goals (SDGs) as guiding frameworks. Together, these have helped guide our reporting on management approaches as well as the specific Standard Titles, which are also included in the GRI content index. In this context, the Sustainability Report has been completed partially in accordance with the GRI Standards. Information in the text referring to specific GRI standards is marked accordingly with a reference to the respective GRI standard and summarized in the GRI index.

This Sustainability Report containing Non-Financial Report 2019 is also available in German, which is the binding and leading document.

2.1 Report Limits

[GRI 102-46]

We regard this report as a supplement to the Annual Report of DWS KGaA. Next to the information in this report, you can access additional information and our key economic data from our consolidated group financial statements and management report, see https://dws.com/Our-Profile/ir/reports-and-events/annual-report.

2.2 Scope of this Report

[GRI 102-2; 102-5; 102-7; 102-10; 102-45; 102-50]

DWS KGaA has its registered office in Frankfurt am Main, Germany. DWS Group is a global asset manager covering a diverse offering that spans traditional asset classes (i.e. active and passive strategies) as well as alternatives strategies and bespoke solutions with a global footprint and – through our branch network, our subsidiaries, our majority shareholder Deutsche Bank Group's distribution network and distribution partners - a scalable presence in key asset and wealth management markets.

The information in this Sustainability Report covers the activities of the Parent, DWS Group GmbH & Co. KGaA, together with its consolidated subsidiaries, including certain structured entities presented as a single economic unit. This report covers the activities during the fiscal year 2019 (January 1, 2019 to December 31, 2019) for DWS Group, unless otherwise stated.

Whenever this report refers to DWS Group's brand, the reference to "DWS" will be made. Throughout this report we will use references to Deutsche Bank AG (our majority shareholder) in order to explain applicable policies and processes by stating "Deutsche Bank Group" and "DB Group" interchangeably.

All statements made and information given in this report apply to DWS Group unless otherwise stated.

2.3 Materiality Assessment for 2019

[GRI 102-44; 102-46; 102-47]

Following the publication of our first non-financial report in 2018, we have taken a more comprehensive approach to better define the scope of our Sustainability Report for 2019. This year, we have continued to consider the opinions of our stakeholders in addition to enriching our materiality assessment process by analysing our impacts on the UN Sustainable Development Goals (SDGs) for the first time.

As a German-listed asset manager, our materiality assessment is primarily guided by the legal requirements of the German Commercial Code and the international sustainability reporting standards of the GRI.

Additionally, we continue to assess external sources, expanding the range of industry topics discussed by professional associations and non-governmental organisations, and extending our competitor analyses to include a wider peer set.

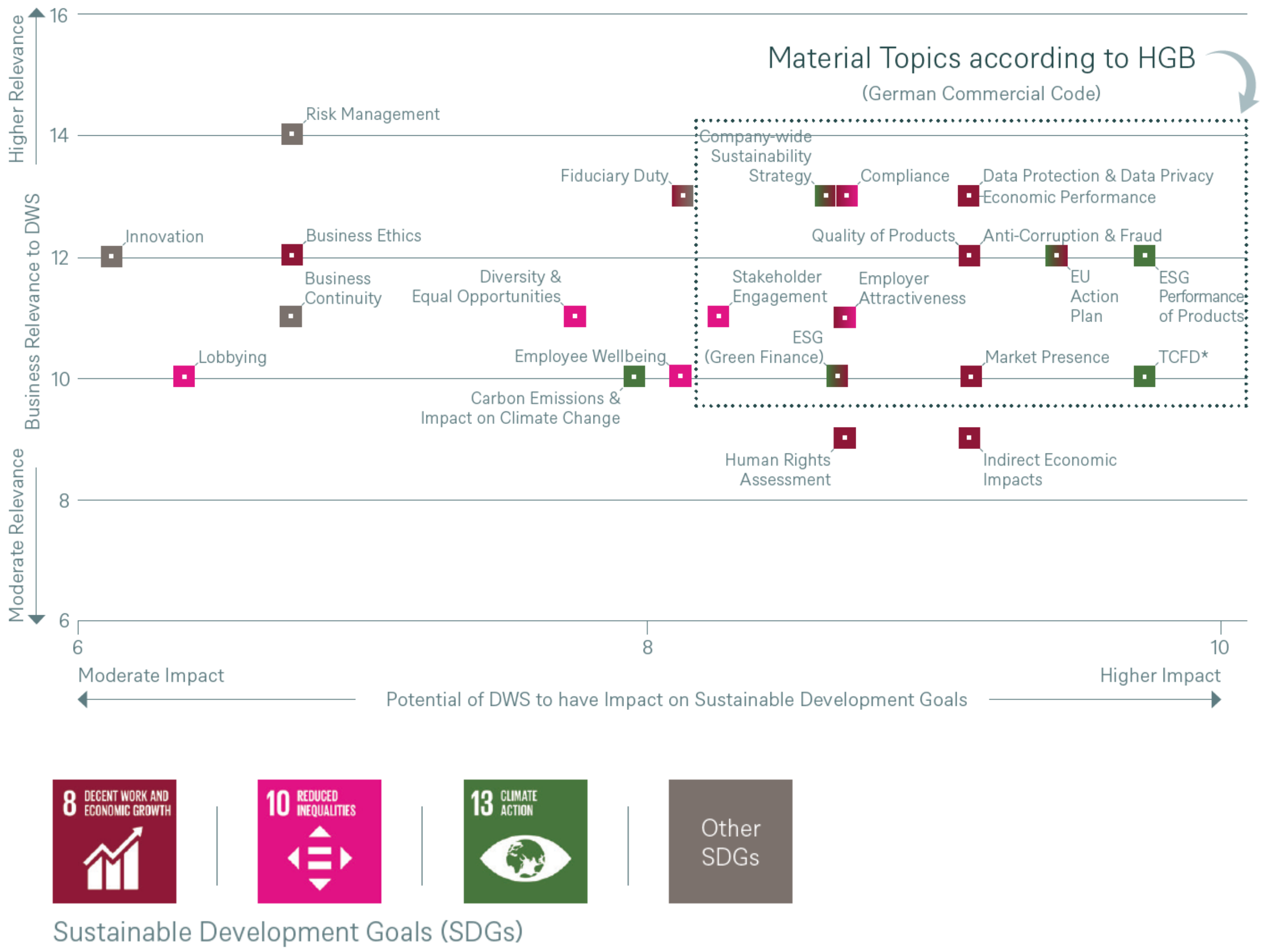
Once this research had been concluded, we engaged subject matter experts across the company to measure the business relevance of the proposed topics. This group of experts were selected to represent a cross-divisional perspective of DWS, including the views of internal and external stakeholders. We asked the experts to participate in a survey to consider and score the relevance of these topics to DWS as an asset management business, with the findings of the survey discussed and agreed as a group before being shared with the Group Executive Board for final approval.

For the first time, we also analysed our impacts on the UN's Sustainable Development Goals (SDGs) by mapping the agreed topics to a number of selected SDGs, allowing us to consider the business relevance of these topics in the context of an external framework. The assessment was also valuable to understand how DWS can commit to becoming more sustainable and have a tangible impact through its business as a fiduciary investment manager, as well as its responsibilities as corporate citizen. After a thorough diagnosis, we measured DWS' impact against pre-analysed SDG targets based on three key criteria: likelihood, influence and magnitude of impact. This analysis considered both the positive and negative impacts that DWS could have on these goals, with the final scores indicating three SDGs where DWS can have the greatest impact: SDG 8, "Decent Work and Economic Growth;" SDG 10, "Reduced Inequalities" and SDG 13, "Climate Action".

Once these steps of our analysis had been finalized, we were able to consolidate our findings into our materiality matrix. The topics mapped inside of the box / top quadrant are considered material according to German Commercial Code (HGB). All of these topics are also material according to GRI, in addition to all of the topics outside of the box / top quadrant including; Business Continuity, Business Ethics, Carbon Emissions & Impact on Climate Change, Diversity & Equal Opportunities, Employee Wellbeing, Fiduciary Responsibility, Human Rights Assessment, Indirect Economic Impacts, Innovation, Lobbying and Risk Management.

Altogether, the research process, engagement with subject matter experts and impact analysis, enabled us to conduct a comprehensive materiality assessment to establish a solid foundation for the Sustainability Report 2019. Additionally, our analysis of the UN's SDGs has given us a framework to embed ESG more deeply into our company DNA. We aim to reflect this in our Corporate Responsibility Strategy, which we are currently in the process of developing to address the sub-targets of our identified SDGs including how we tackle climate change, expand access to financial services and create equal opportunities for all.

DWS Materiality Assessment Matrix 2019



*Task Force on climate-related financial disclosures

Please refer to supplementary information chapter “Material Topics according to HGB” on page 74 for a more elaborate mapping.

3

Presentation of DWS Group

3 Presentation of DWS Group

3.1 Corporate Profile

[GRI 102-2; 102-3; 102-4; 102-6; 102-7; 102-8; 102-9; 102-16]

We are a leading asset manager with € 767 billion in assets under management (AuM) as at December 31, 2019. We are headquartered in Germany but our approximately 3,360 employees operate globally, providing a range of traditional and alternative investment capabilities to clients worldwide.

We have a fully integrated global investment group, supported by our Chief Investment Office which supplies the overarching framework that guides our investment decisions. Our offerings span all major asset classes including equity, fixed income, cash and multi asset as well as alternative investments. Our alternative investments include real estate, infrastructure, private equity, liquid real assets and sustainable investments. We also offer a range of passive 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, asset allocation advisory, structuring and overlay.

Our product offerings are distributed across EMEA (Europe, Middle East and Africa), the Americas and Asia/Pacific (APAC) through our single global distribution network. We also leverage third-party distribution channels, including our largest shareholder Deutsche Bank Group. While we aim to grow organically, we will continue to monitor the market for selective bolt-on opportunities to grow in priority areas, for example to complement our product range and our platform capabilities. We may consider consolidation opportunities prevailing in the industry, to establish our market positions in key growth areas, or for distribution access. Any merger and acquisition activity, in addition to meeting strategic objectives and low execution risk, will also be measured against financial criteria such as attractive return on investment (ROI) and earnings accretion.

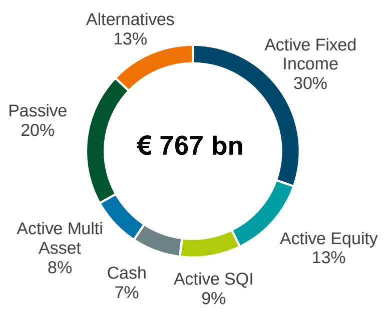
We serve a diverse client base of retail and institutional investors worldwide, with a strong presence in our home market in Germany. These clients include large institutions to governments, corporations and foundations as well as millions of individual investors. As a regulated asset manager, we act as a fiduciary for our clients and we are conscious of our societal impact. Responsible Investing has been a key part of our heritage for more than twenty years, because it serves the best interests of those who entrust us to manage their assets.

For further information on our business model please refer to the summarised management report in our 2019 Annual Report.

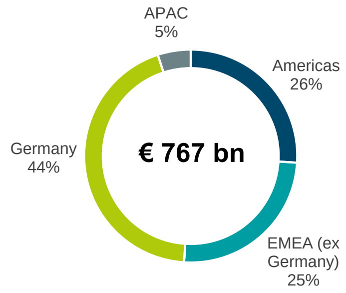
3.1.1 Diversified Business with a Global Footprint

[GRI 102-2; 102-6; 102-7]

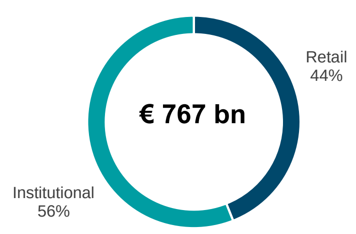
AuM by Asset Class



AuM by Region

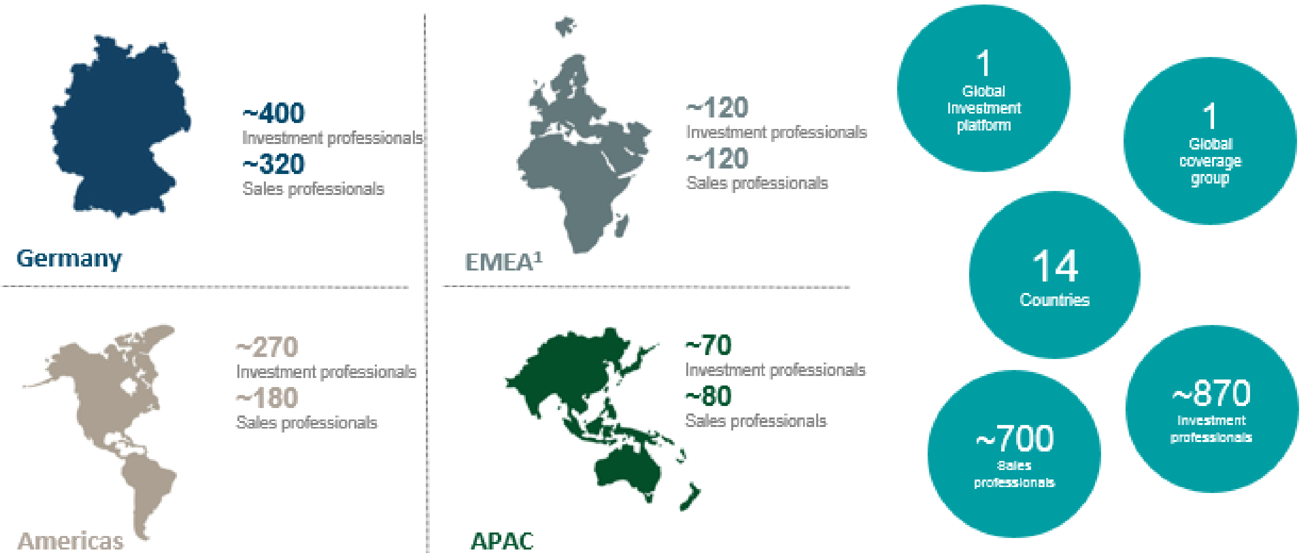


AuM by Client Type



3.1.2 European Origin with a Global Perspective

[GRI 102-4; 102-6; 102-7; 102-8]



Note: Investment professionals are defined as employees whose primary role contributes to the performance of DWS; sales professionals are defined as employees that are aligned to client facing roles within the distribution structure (as of December 30, 2019).
[1] EMEA excl. Germany

3.1.3 Our Brand

[GRI 102-2; 102-16]

The company brand 'DWS' draws on our roots in the German market, going back over 60 years, and uses a name that is distinct in our industry globally. It stands for stability, a strong track record and for values that we attribute to the DWS brand and continuously aim to live up to: integrity, entrepreneurship, excellence, and sustainability. These are values that will remain central to our future success.

3.1.4 Our Values

[GRI 102-16]

Integrity first

Openness, transparency and accountability must define every relationship, whether with colleagues, investors, or society as a whole. In tandem, clients' best interests should always take precedence. This is how lasting value is created and how wealth is protected and grown.

Entrepreneurial minds

Many investors have an entrepreneurial outlook. The people they trust to look after their investments should share that perspective. Innovation, adaptability, agility, efficiency and collective intelligence are hallmarks of success, especially amid the risks and opportunities of an ever-changing world.

Demanding excellence

Expectations shall be exceeded rather than merely met. To achieve this, we strive for excellence in everything we do. Our fully integrated investment platform based on outstanding proprietary research, a unique precise decision-making process are the core components for us to apply this principle.

Inspiring sustainability

Forward thinking demands a long-term view - and a sense of consciousness and responsibility for the society we are part of. The long heritage of integrating our Responsible Investment (RI) philosophy across all asset classes demonstrates our conviction to contribute to a sustainable future by incorporating environmental, social and governance (ESG) considerations into investment decisions.

3.2 Sustainability Roadmap

[GRI 102-16; 102-20; 102-31; FS8]

In light of the natural disasters in 2019, such as wildfires in the Amazon region, Siberia, and Australia, we have seen a paradigm shift in public sentiment. The sense of urgency to act on climate change has visibly increased. This also fuelled the discourse in the financial industry around related risks and opportunities and the responsibility of businesses to drive the needed transformation of our economy. Looking ahead, we expect the focus on sustainability and in particular climate change to further accelerate.

Since the adoption of the Paris Climate Agreement in 2015, we have experience an increasing momentum in sustainable finance by clients, investors, and regulators. During this agreement, the financial sector was identified as a critical lever to reach global climate targets within the required time horizon and financial regulators around the world became active in driving new market standards promoting sustainable finance. Today, we believe that sustainability is the most relevant business opportunity in 2020 and beyond. Therefore, we work towards putting sustainability in the sense of environmental, social and governance topics (ESG) at the core of everything we do.

At DWS, we have been providing sustainable and responsible investment strategies for more than 20 years. In 2007, we already began to integrate ESG factors in the investment process. Embedding ESG factors – and respective risks and opportunities – into our investment processes constitutes part of our fiduciary duty. We continue not to launch new products based on momentum strategies in soft commodities. Furthermore, DWS was amongst the early signatories of the UN-backed Principles for Responsible Investment (PRI) in 2008.

We are particularly proud of our market-leading ESG Engine, which collects data from 13,000 issuers and helps us to cohesively integrate ESG factors in our investment processes. Using this information, we can create customized products around ESG themes and we can enable our portfolio managers to assess sustainability risks and make more informed decisions.

In this context, we invested in cutting edge technologies that are using big data and artificial intelligence to drive more ESG insights for our investments. In 2019, we acquired a stake in the high tech ESG data provider Arabesque, which uses quant models and machine learning to provide ESG information on over 7,000 listed companies. In our real estate business, we are deploying smart building technology that captures real time data and uses artificial intelligence to allow us to operate our buildings more efficiently and more sustainably.

We are aware of our responsibility as a financial market participant and institutional investor to measure and to proactively manage the impacts our business activities might have on local communities, society and the environment. Therefore, we consider sustainability as one of our key values underpinned by selected sustainability key performance indicators (Sustainability KPIs) we will be tracking from 2020 onwards. We believe that these indicators are crucial to our Sustainability Strategy to measure and manage progress. Sustainability KPIs will be monitored quarterly by our new Group-wide Sustainability Council. Moreover, we agreed to set-up a Group Sustainability Office that will directly report into our Executive Board.

The Sustainability KPIs that will be tracked internally include:

KPI	Near term ambition
Dedicated ESG AuM	Grow our ESG AuM through a combination of flows into existing products, flows into new products and enabling the transfer of existing client assets from non-ESG products into ESG dedicated products (for further information see chapter Sustainable Finance, ESG Products and Responsible Investing)
PRI rating for Strategy & Governance	Maintain 2019 result of A+ (for further information see chapters Stakeholder Management - Ratings and Sustainable Finance, ESG Products and Responsible Investing)
Global emissions - scope 1, 2 and 3	Reduce scope 1 and scope 2 as well as our scope 3 emissions at which we have influence on such as business travel (for further information see chapter Our Environmental Footprint)
Sustainability Rating	Achieve a CDP rating in 2020 (for further information see chapter Stakeholder Management - Ratings)
Gender diversity	Progress towards our 2021 target of 26% of positions at the first management level below the Executive Board held by female executives and 29% at the second management level below the Executive Board (for further information see chapter Diversity & Equal Opportunities)
Corporate engagements	Increase the number of corporate engagements (for further information see chapter Sustainable Finance, ESG Products and Responsible Investing)
Proxy voting	Increase the numbers of meetings voted for portfolios domiciled in Europe, Asia and US (for further information see chapter Sustainable Finance, ESG Products and Responsible Investing)

Our new Group Sustainability Office will further drive our sustainability roadmap looking forward which is aligned to what is important to our stakeholders including clients, employees and wider society as well as governmental and non-governmental organisations. To balance between differing interests, we will continuously engage in a constructive dialogue with our stakeholders (please refer to chapter “Stakeholder engagement”). We anticipate that there has never been a more pressing need for a collaborative approach to global challenges and that the sustainability risks and opportunities ahead of us are highly connected.

To further measure, manage and make the impact of our business activities more transparent, we will work towards mapping core business activities to the United Nations Sustainable Development Goals (SDG). In 2019 we analysed our impacts on the UN Sustainable Development Goals (SDGs) for the first time and concluded, that we may have the highest impact on goal 8, “Decent Work and Economic Growth;” goal 10, “Reduced Inequalities” and goal 13, “Climate Action” (please refer to chapter “Materiality Assessment for 2019”).

The SDGs are a set of 17 global goals focusing on economic development, social inclusion and environmental sustainability. We see the SDGs as a key reference for aligning with the long-term goals of society and believe it’s our obligation to help achieve these goals by measuring our activities against them. We are convinced that the UN SDGs will be an important driver for our business in 2020 and beyond.

Within our Group-wide Sustainability Strategy, “Climate Action” has been a leading theme. As mentioned above, we believe that the climate crisis is a paradigm shift for our clients, the companies we invest in and the financial market. We are conscious about our responsibility to achieve a positive impact on climate change arising from our role as an active shareholder and global financial market participant. In 2020, we plan to develop a dedicated climate strategy including the identification of climate-related risks and opportunities across various time horizons, their impact on business units, investment strategies and financial planning.

By aligning to the UN SDGs as well as formulating our own climate strategy, we will further embed unified sustainability targets deeply into our company in 2020 and beyond. Evaluating what impacts our clients, our investments and wider society is our priority and prerequisite for the success of our business.

3.2.1 Company-wide Sustainability Strategy

[GRI 102-2; 102-15]

Embedding sustainability criteria in DWS’ corporate DNA and putting it at its core, is not only aimed at helping us to future-proof our franchise but also to participate in the global growth of sustainable and responsible investing. As part of our company-wide Sustainability Strategy, we have initiated a review of our entire operating model and as a result formulated a comprehensive DWS-wide Sustainability Strategy complemented by a clear execution plan.

In order to embed sustainability criteria in both our fiduciary as well as our corporate activities, we set-up numerous internal workstreams across our entire operating model and agreed with DWS’ Executive Board on concrete strategic ambitions with regards to sustainability for the respective areas. From the start, DWS’ Executive Board was closely involved in the decision making process and is regularly monitoring execution progress.

In 2019, these strategic ambitions were translated into four priorities:

1. Making sustainability the highest management priority: We have agreed a new organisational set-up to manage sustainability across DWS to be implemented in 2020: (a) set-up a of a new Group Sustainability Office that drives and orchestrates a common Sustainability Strategy for DWS, (b) set-up of a new Group Sustainability Council for discussing and aligning on Group-wide sustainability topics, and (c) a Council for Responsible Investments to guide the investment platform on material risks from ESG factors

2. Smart integration of ESG factors in the investment process: We seek to strengthen the consideration of ESG risks and opportunities in the investment process and enhance our engagement activities by introducing rules and processes on material ESG risks, for example climate transition risk which leads to a forward-looking identification of sustainability risks (see chapter Sustainable Finance, ESG Products and Responsible Investing)

3. Develop market leading products: We plan to further build-out our global ESG product suite by encompassing ESG-versions of our most relevant funds as well as by developing new generation ESG products

4. Integrate sustainability criteria in corporate processes: We aim to embrace sustainability criteria in our corporate DNA and manageable behaviour

The following successes have already been achieved in 2019:

- In April, DWS partnered with Postbank for its first major sustainability funds sales campaign around its DWS Invest SDG Global Equities fund. DWS Invest SDG Global Equities invests in firms that confess to at least one United Nation's Sustainable Development Goal and make the goal a key part of their business model
- In July, DWS announced the acquisition of a 2.68% minority stake in Frankfurt-based ESG-scoring provider Arabesque S-Ray GmbH. Arabesque S-Ray offers a variety of services and products in the field of ESG. The scores will be added to our DWS ESG Engine and will therefore be considered in our portfolio management process
- In August, we introduced Climate Transition Risk Scorings to identify risks and opportunities associated with a transition to a low carbon economy. These scores determine an implicit relevance and derive a consensus climate risk rating on issuer level by assessing and 'preserving' different vendors' original verdict. Access to the scores is provided globally to DWS portfolio managers and analysts in Equities, Fixed Income and Multi-Asset. In September, DWS joined the Coalition for Climate Resilient Investment (CCRI). The goal of the CCRI is to transform infrastructure investments by integrating climate risks into the decision-making process, driving a paradigm shift toward a more climate resilient global economy. The CCRI initiative, the first- private sector-led coalition comprises companies from across the investment value chain with a total of USD 5 trillion of assets. It includes governments and multilateral organizations
- In October, DWS committed to a 50% carbon reduction by 2030 goal in its European office real estate portfolio. This emphasizes DWS's decade-long focus on the topic of climate change
- In November, DWS' head of Responsible Investments was elected to the board of the Institutional Investors Group on Climate Change (IIGCC). The IIGCC is a leading global investor membership body and the largest one focusing specifically on climate change. IIGCC has over 190 members, among them many of the largest asset owners globally. Being part of IIGCC's board is an opportunity to further leverage the collective knowledge of the group

3.2.2 Stakeholder Management

[GRI 102-12; 102-13; 102-21; 102-40; 102-42; 102-43; 102-44; 102-46]

Our value chain consists of different stakeholders, including clients, investors, employees, shareholders and suppliers, as well as regulators, communities, media, civil society as well as public and non-governmental organisations (NGOs).

While the interests of our stakeholders may be conflicting, we have to negotiate between these interests. We are open to constructive critique and dialogue, which we believe is crucial to improve our sustainability approach.

We consider a constructive engagement 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 for 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 create a common understanding and a collaborative approach to shared global challenges.

All of our identified stakeholders have responsible points of contact within DWS Group. In 2020, we plan to orchestrate relevant stakeholder relationships in the newly set-up Group Sustainability Office. This Group Sustainability Office will be responsible for leading the ESG Strategy and for managing internal and external relationships with respect to sustainability (e.g. with rating agencies, NGOs, academics) with the aim to coordinate all relationships centrally and to leverage experiences and capabilities within the organisation. In 2019, the following DWS hosted events, industry participation, shareholder engagement and internal initiatives took place:

DWS hosted events

Several events were hosted by DWS to engage with clients, industry members and investors:

- More than 100 institutional clients attended DWS's two-day Investment Conference in February 2019 in Frankfurt. The CIO view was presented and opportunities and risks for institutional clients analysed. Further, the conference focused on the challenges facing Europe and was comprised of several speakers and eight workshop themes.
- DWS hosted more than 50 attendees at a PRI conference in New York in March 2019. One of the main topics discussed was the transition to a regenerative economy and the implications on investment portfolios.
- We were a Gold sponsor at the PRI in Person 2019 conference in Paris and hosted a dinner for 100 clients, partners and industry members.
- DWS Singapore held an ESG client engagement event in Singapore in November 2019 to showcase its thought-leadership on sustainable investments. Over 40 attendees were present at the event, which was also supported by a speaker from the UN PRI.
- In October 2019, DWS was premier sponsor of the GIIN Investor Forum 2019 in Amsterdam and hosted a dinner for 50 impact investors. This conference brings together over 1200 impact investing professionals from six continents.
- We hosted ESG Talks events in Madrid, Oslo, Stockholm, Helsinki, Copenhagen, Belgium and Luxembourg throughout the year with a focus on selected topics with respect to ESG, e.g. DWS ESG Engine, ESG integration into Active and Passive Portfolios, key trends on Sustainable investing or the EU Sustainable Finance Action Plan.. The target audience for these events are institutional and wholesale investors selected by the local sales people in the respective countries.
- DWS hosted an event with institutional investors including a senior representative of the Bank of England's Climate Hub.

The events added to improve our common understanding on relevant trends and further supported creating a cohesive network in the area of sustainability. Moreover it underlines our ambition and engagement in sustainable and responsible investing.

Industry participation

- The Chief Investment Officer (CIO) Office for Responsible Investments has continued its work in the international climate arena and events from an investment perspective by participating in numerous roundtables and events over the cause of 2019.
- DWS was the only asset manager to provide input to the UNEP FI background paper[1] for the Global Commission on Adaptation: "Driving Finance Today for the Climate Resilient Society of Tomorrow".
- DWS provided input to the Bank of England and Financial Conduct Authority's Climate Financial Risk Forum[2] through the Scenario Analysis Working Group. The report from this working group will be published in 2020.
- In Q4 2019 DWS was invited to co-chair the real estate work-stream of the Paris Aligned Investment Initiative, organised by the Institutional Investors Group on Climate Change (IIGCC). Other DWS experts are participating in work-streams focused on public equities and corporate bonds, sovereign bonds and Strategic Asset Allocation.
- In December 2019, DWS co-authored the IIGCC's "Investor expectations guide for listed real estate"[3] in our role as co-chair of the property working group. DWS presented the report to a meeting of the sustainability committee of the European Public Real Estate Association (EPRA).

Our engagement with relevant industry associations and forums added to actively shape the agenda on relevant sustainability topics.

Stakeholder engagement

We have been in dialogue with our stakeholders on the subject of sustainability as we seek to adopt such criteria in our business, both in terms of growth opportunities, related risks as well as our corporate culture. As a listed asset manager we have been engaging in such topics, and prior to our IPO, we contributed via our parent, DB Group.

In 2019, most of our conversations with investors have been centred on what we are doing to differentiate ourselves in the ESG product category. We have regularly mentioned our ESG product launches during 2019 (for more details regarding new products,

1 For additional information: https://www.unepfi.org/climate-change/adaptation/gca-adaptation-finance-background-paper/
2 For additional information: https://www.bankofengland.co.uk/climate-change/climate-financial-risk-forum
3 For additional information: https://www.iigcc.org/resource/investor-expectations-for-listed-real-estate-companies/

please see section "Designing Products for our Clients"). Further, a new DWS ESG Handbook[4] for clients has been developed that covers the entire spectrum of sustainability issues.

Our stakeholder engagement resulted in an improved and shared understanding across our organisation and continued our stakeholder dialogue with regards to ESG and sustainability.

External commitments and memberships

Our external commitments and memberships are managed according to the table below. Each commitment or membership is evaluated by the responsible person, who decides whether it is important and worth to commit.

[4] For additional information: https://www.dws.com/solutions/esg/esg-handbook/

Name[5]	Type of engagement	Events / developments 2019
Academic engagement		
EBS University	Contributor	A DWS employee is one of the teachers in the context of the Sustainable & Responsible Investments study program.
University of Hamburg	Sponsor / donation	December 2019: discussion of research pipeline and upcoming topics
University of Maastricht	informal partnership	November 2019: DWS-hosted dinner with students
Corporate Governance		
Berufsverband der Investment Professionals (DVFA) - Corporate Governance & Stewardship Commission and Sustainable Investment Commission	Member	A DWS speaker was invited to the DVFA Governance and Stewardship Konferenz in September 2019
Bundesverband Investment und Asset Management (BVI) - Corporate Governance and Compliance working groups	Member	Invited to present on DWS' approach to proxy voting and engagement in December 2019
Corporate Governance Roundtable by Harvard Law School	Member	Invited to the Roundtable in March 2019, signed contract for permanent membership in 2019
European Funds and Asset Management Association (EFAMA) - Responsible Investment and Corporate Governance working groups	Member	Provided feedback to EFAMA responses to various consultations in Sustainable Finance and Corporate Governance
Corporate responsibility & sustainable finance		
Dansif	Member	DWS became a member of Dansif in September 2019
European Federation of Financial Analysts Societies (EFFAS) - Commission on ESG		Joint host of EFFAS Summer School in Paris between 3 and 5 July 2019. Participation in EFFAS ESG Conference in Paris in November 2019
FNG - German, Austrian, Liechtenstein and Swiss Sustainable Investment Forum	Active member	As in 2018, a DWS employee was invited to speak at the FNG Dialog 2019
Global Impact Investing Network (GIIN)[5]	Active member	DWS was premier sponsor of most important annual global impact investing conference in Amsterdam in October 2019
Insurance Development Forum (IDF)	Active member	DWS gave input to the IDF's Investment Working Group which was re-started in 2019 and also spoke at an IDF event in Singapore on the synergies between microfinance and microinsurance as ways to expand access to financial services in developing countries
Investor letter to index providers to exclude manufacturers of controversial weapons from mainstream indices	Signatory	Participated in two conversations with index providers and other institutional investors
Pension for Purpose	Member	Distributed DWS research on sustainable finance, microfinance and climate change related topics on their website and ongoing dialogue on impact investing for UK pension funds
Principles for Responsible Investment (PRI)	Signatory	DWS hosted PRI Event in New York in March DWS was Gold sponsor to the PRI in Person conference in Paris in September 2019 As a member of the Passive Investment Working Group, DWS gave input to a PRI discussion paper on how passive investors can be responsible investors
Social Performance Task Force (SPTF)	Member	Actively participate in the SPTF Social Investor Working Group which creates standards for managing social performance in microfinance. Attended the Investor Forum in April 2019 in Washington D.C.
Spanish Sustainable Investment and Finance Association (SpainSIF)	Active member	
UK Investment Association Sustainability and Responsible Investment Committee	Active member	
UN Global Compact (UNGC)[5]	Active member	
UNEP FI[6]	Member	Provided input to the UNEP FI background paper for the Global Commission on Adaptation: "Driving Finance Today for the Climate Resilient Society of Tomorrow"
Climate		
Carbon Disclosure Project (CDP)	Signatory	Held workshop in November 2019 to discuss proactive DWS participation
Ceres Investor Network on Climate Risk and Sustainability	Member	Joined the Investor Water Hub working group in Q4.
Climate Action 100+	Signatory	Continued our engagement with an Italian utilities company
Climate Policy Initiative's (CPI) Global Innovation Lab for Climate Finance	Founding Member	DWS continued to be an active member in the 2019 Climate Lab cycle by participating in conferences and workshops held by the Climate Policy Initiative
Coalition for Climate Resilient Investments (CCRI)	Founding Member	DWS, along with more than 30 other institutions, is supporting the Coalition for Climate Resilient Investment (CCRI). The initiative was launched in September as part of the UN Climate Action Summit in New York
EU Energy Efficiency Financial Institutions Group (EEFIG)	Founding Member	DWS was invited to become one of the few major financial institutions on the steering committee providing advice to the European Commission on energy efficiency policies

Name[5]	Type of engagement	Events / developments 2019
Global Investor Statement on Climate Change	Signatory	Renewal in July 2019, DWS is one of the longest standing supporters since the statement was initiated in 2009
Global Off-Grid Lighting Association (GOGLA)	Member	DWS participated in various consultations, workshops and conferences throughout 2019
Green Climate Fund (GCF)[5]	Accredited Entity Status	DWS, through Deutsche Bank AG's Accredited Entity Status is engaging with the Green Climate Fund by working to create the Universal Green Energy Access Program as well as an active dialogue on private sector engagement for climate finance
Institutional Investors Group on Climate Change (IIGCC)	Board Member	Roelfien Kuijpers, Head of Responsible Investments, elected to IIGCC board in November 2019. A DWS representative co-chaired property working group, co-authoring investor expectations guide for listed real estate companies. DWS was invited to co-chair a working group aiming to define Paris Alignment for real estate. DWS experts are contributing to other asset class working groups.
Investing in a Just Transition	Signatory	DWS joined the PRI working group on a Just Transition
Power for All	Signatory	
Taskforce on Climate related Financial Disclosure (TCFD)	Supporter	For more details see chapter 5
Non-Governmental Organisations (NGOs)		
PAX / Facing Finance	Stakeholder	November 2019: Discussion on the topic of "emerging technologies (autonomous weapons)"
Urgewald	Stakeholder	Discussion on general ESG topics such as decarbonisation and DWS's ESG Engine
WWF	Stakeholder	DWS provided input to WWF's sustainable finance asset manager review
Real Estate & Infrastructure		
Better Buildings Partnership (BBP)	Member / Signatory of Climate Commitment	Commitment to delivering net zero carbon real estate portfolios by 2050
GRESB (real estate and infrastructure committees)	Member	DWS products within Real Estate and Infrastructure continued to be evaluated by GRESB
Urban Land Institute Greenprint Center for Building Performance	Founding Member	
US Department of Energy Better Buildings Challenge	Member	Committed to a 20% reduction in energy use by 2030 for portfolio of U.S. office properties. DWS had previously met a 2020 target three years early.
Transparency & Reporting		
International Integrated Reporting Council (IIRC)	Partner	DWS held a reception to mark the 2019 Frankfurt meeting of the International Integrated Reporting Council
Operating Principles for Impact Management	Signatory	Signed in 2019
Schmalenbach Gesellschaft für Betriebswirtschaft - working group Integrated Reporting	Active Member	A DWS employee is a permanent member in the working group

[5] Commitment or membership via DB Group
[6] For additional information: https://www.unepfi.org/wordpress/wp-content/uploads/2019/07/GCA-Adaptation-Finance.pdf

Ratings

After our IPO, 2019 was the first year in which DWS pursued its own sustainability ratings. As a consequence DWS proactively engaged with relevant rating providers:

- DWS has achieved the highest possible rating, A+, for Strategy & Governance in the annual Principles for Responsible Investments (PRI) assessment. DWS has improved its score in 3 out of 9 modules, and fared better or at least in line with other PRI signatories in all categories. As an early signatory to the PRI, DWS is required to report on responsible investment activities and progress on an annual basis.
- DWS participated in a review by WWF on asset managers who are responsible investment leaders on how they address ESG issues in their investment activities. Results are available in WWF's online tool - RESPOND (Resilient and Sustainable Portfolios that Protect Nature and Drive Decarbonisation). DWS received especially positive feedback regarding relevant product availability as well as on how the topic is engrained in DWS' purpose.
- DWS finished among the Top 10 global asset managers voting on shareholder resolutions linked to climate change according to a recently published report of UK campaign group ShareAction.
- At the end of 2019 DWS decided to proactively pursue a CDP rating in 2020.

Lobbying

- Since 2009, DWS has signed the annual investor letter to governments, calling for stronger climate policies. As of December 2019, the letter[6] was signed by 631 investors with over USD37 trillion in assets.
- In April 2019, DWS's CEO signed a letter to European heads of state[7], along with CEOs from more than 50 businesses, investors and business networks, calling for the EU to endorse a long-term decarbonisation strategy to achieve climate neutrality by 2050. DWS also signed a similar letter sent from IIGCC to EU heads of state in December 2019. DWS contributed to an IIGCC report on an EU strategy for long-term decarbonisation.
- As part of industry associations such as those listed in the previous section, DWS experts provided input to a number of policy consultations from different governments. DWS did not prepare its own consultation response to any sustainability related government consultation. As a member of EEFIG, DWS as invited to present our views on European energy efficiency policies at a plenary meeting of the European Energy Efficiency Financial Institutions Group.

Our engagement supported to proactively shape regulation helping to shape the markets in which we invest.

Internal dialogue

The workers council is the elected representative of non-executive employees of DWS Group companies in Germany and acts as a mediator between the firm and employees, while executive employees are represented by the 'DWS Sprecherausschuss', as governed by German law. We have a close and constructive relationship with employee representatives based on mutual trust. It is common practice to involve these bodies early and to the fullest extent possible to provide employee engagement. To ensure regular communication between DWS Group and the workers councils, and in order to follow the participation rights, meetings take place frequently.

We conduct people surveys on an annual basis, with a full survey that is addressed to all employees as well as ad-hoc surveys focusing on a partial representative population taking place on a bi-annual basis.

[7] For additional information: https://theinvestoragenda.org/focus-areas/policy-advocacy/
[8] For additional information: https://www.corporateleadersgroup.com/reports-evidence-and-insights/news-items/business-leaders-urge-eu-heads-of-state-to-signal-new-economic-direction-towards-net-zero-by-2050

4

Clients and Products

4 Clients and Products

4.1 Sustainable Finance, ESG Products and Responsible Investing

4.1.1 Fiduciary Responsibility

The asset management industry plays an increasingly important role in society, including making the financial system more sustainable. This means integrating ESG and long-term-sustainability topics such as climate risk into investment strategy, risk management, asset allocation, governance and stewardship activities. Financial regulators around the world are to a greater extent focusing on financial institutions' capabilities, preparation and actions to manage climate change and other material sustainability risks.

On 5 June 2019, the first annual general meeting (AGM) of DWS Group GmbH & Co KGaA took place and our Chief Executive Officer has announced "to make sustainability a core component of its fiduciary action"[5]. This has further amplified our role as fiduciaries for our clients and our obligation to help them keep and build their wealth. This continues to apply even more to include non-financial, environmental, social and corporate governance factors to the best possible extent. We do this to further strengthen ESG integration efforts in every part of our investment process. Putting ESG at the core of our fiduciary actions goes beyond our own investment decisions but also by intensifying active ownership of our holdings, extending proxy voting and number of engagement activities to drive change for the benefit of our clients.

In order to assume our fiduciary duty, DWS continues to rely on the CIO Office for Responsible Investments, which was established in 2017. The team's tasks and mandates consist of developing structures, processes and data for integrating ESG considerations in Active, Passive and Alternatives. The area creates awareness and knowledge among analysts and portfolio managers and is responsible for creating engagement and assuming our stewardship role. We aim to continuously enhance the level of ESG integration across our entire Active and Alternatives investment platforms and to increase the number of dedicated ESG mutual fund strategies with our DWS ESG investment standard. For our Passive business, DWS believes that stewardship is a key differentiator which we underlined with a survey conducted in collaboration with CREATE-Research[6].

	Unit	2019	Target for 2020
Proxy Voting and Engagement for portfolios domiciled in Europe, Asia and U.S.			
Portfolios domiciled in Europe & Japan	Companies voted	1,722	↗
Portfolios domiciled in US	Companies voted	6,928	No target set
One-on-one meetings/calls with issuers	Number	250	↗
AGM attendance in person	Number	19	↗
ESG portfolio quality			
Market value of F-rated securities as % of actively managed liquid AuM	Percentage	~2%	↘
PRI rating for Strategy & Governance	Ratings	A+	→
# of certified ESG employees	Number	123	↗
Dedicated ESG Assets under Management	€ bn	69.6	→

In order to manage DWS's exposure to F-rated[7] securities as a % of our liquid AuM which is actively managed, DWS has made the decision to implement a process called "smart integration" underpinned by a Council for Responsible Investments. In 2019, we have analysed DWS's exposure to F-rated securities and formalized an approach to be implemented in 2020.

4.1.2 Policies

Furthermore, we are subject to several internal policies, such as our publicly available "Responsible Investment Statement (RI)"[8] , our "Policy on Controversial Conventional Weapons"[9] or our "ESG Integration Policy for Active Investment Management"[10] as

5 The speech of our CEO can be found here for additional information: https://download.dws.com/download?elib-assetguid=5de1861eecb943b899feb4ed048d46ee&publishLoca-tionGuid=075836e4f99347b2a2de1939c5912cbf
6 We note that due to the nature of the business the opportunities to integrate ESG in passive are restricted to stewardship (proxy voting and active ownership). For additional information on our survey, please refer to the following link: https://etf.dws.com/globalassets/campaigns/create-study/passive-investing-2019_the-rise-of-stewardship_read-version-.pdf
7 We define F-rated as the poorest rating in either Climate Transition Risk (measured by CTRR) or norm compliance as measured by our new norm 2.0 rating. For our 2020 ambition, a de-creasing arrow implies an improvement in the ESG quality of DWS's actively managed mutual fund portfolio
8 Available here for additional information: https://www.dws.com/solutions/esg/ri-statement/
9 Available here for additional information: https://download.dws.com/download?elib-assetguid=f2b448fc74804f9e80f7aa7270941f9c&wt_eid=2153659162904223588&wt_t=1578586610374
10 Available here for additional information: https://download.dws.com/download?elib-assetguid=b36c72ce86da43b38b905d3e2bba2260&wt_eid=2153659162904223588&wt_t=1578586443988

well as our "Engagement Policy"[11]. Externally, we comply with the UK Modern Slavery Act by signing the Modern Slavery and Human Trafficking Statement[12] through DB Group. We publish our most relevant commitments and policies on our dws.com website. Our Chief Control Office (CCO) reviews our policies and procedures on a regular basis in accordance with our review cycle. In 2019, we also assumed our co-signatory status of the "open letter to index providers on controversial weapons" with respect to their mainstream indices and by playing an active role in raising this issue in our conversations with index providers. We took an additional step by excluding manufacturers of controversial conventional weapons from our Xtrackers platform. We expect this change to become effective in Q1 2020.

4.1.3 Commitments

International standards such as the UN Global Compact, the OECD Guidelines for Multinational Corporations, Cluster Munitions Convention and Coalition for Environmentally Responsible Economies (CERES) are guiding principles for our business.

DWS has long recognized the importance of ESG factors for investors and was among the early signatories of the United Nations-backed Principles for Responsible Investment (PRI) in 2008. We believe that our expertise and lengthy experience in sustainable investing provide valuable insights that assist us to further protect and grow our clients' assets over the long term. The CIO Office for Responsible Investments works along the six principles of the PRI and aims at contributing to each of them. In addition to what is mentioned under the section "Our Stakeholders", DWS places particular importance collaborating with the PRI, examples include among others:

- Presentation at PRI-hosted events in Colombia and Chile
- Our Chief Executive Officer gave a speech at a pre PRI client dinner in Paris, France
- Gold sponsorship at the PRI in Person conference 2019 in Paris, France

In the 4th quarter of 2019, the Sustainable Investments (SI) business in DWS signed the Operating Principles for Impact Management[13]. Through its membership, DWS commits that the SI business will work along all 8 principles for its Sustainable Investment fund offering going forward.

4.1.4 Responsible Investing Governance

The CIO for Responsible Investments is part of the CIO Office and serves the investment platform for liquid and illiquid assets. The CIO Office for Responsible Investments is organized across responsibilities: the **Responsible Investment Center**[14], our **ESG Engine and Solutions** team, the **Head of ESG integration for Active**, our dedicated **Corporate Governance Center** and the **ESG Thematic Research** team. The entire CIO Office for Responsible Investments supports our ESG integration activities (across Active and Alternative investments), our ESG investment solutions, and product offering. Our Corporate Governance Center enables active ownership (the exercise of proxy voting and governance engagement) for our Passive holdings. Complementing these activities, we also have investment professionals as ESG specialists embedded across DWS Group supporting our ESG activities. This includes an ESG Gatekeeper in every major investment team of the Active platform, senior ESG portfolio managers as well as our dedicated Sustainable Investments team within the Alternatives product line. Within Alternatives, we also manage real estate investments in certified green-labelled buildings.

ESG Thematic Research

In 2019, DWS has integrated the ESG Thematic Research team into the Research Institute, reporting to the Head of the Research House who maintains a direct reporting line to a DWS Executive Board Member. The Research Institute is responsible for producing research on themes that will affect investments in the next decade and the long view. It will also progressively become the primary conduit for delivering all research produced in the investment teams outside the CIO Office. The ESG Thematic Research team retains close links with the CIO Office for Responsible Investments.

In 2019, our DWS ESG Thematic Research team extended their work in publishing special focus articles relating to ESG and impact investing. We publish these on our website in order to enable investors, clients and prospective clients access to our insights.[15]
The ESG Thematic Research team also participated in a number of industry initiatives, which included:

[11] Available here for additional information: https://download.dws.com/download?elib-assetguid=2321711c2ec24a80b523c62580fa31c3&wt_eid=2153659162904223588&wt_t=1578586481374
[12] Available here for additional information: https://download.dws.com/download?elib-assetguid=b21ba75548f54dbf929419ccfd31122d&publishLocationGuid=075836e4f99347b2a2de1939c5912cbf&wt_eid=2153659162904223588&wt_t=1578586547245
[13] Additional information can be found here: https://www.impactprinciples.org/
[14] In the previous DWS Non-Financial Report this role was called „Sustainability Office". This role has been renamed in September 2019. Responsibilities remained unchanged.
[15] For additional information, these papers can be obtained under this link: https://www.dws.com/solutions/esg/research/

- The Institutional Investors Group on Climate Change (IIGCC), a leading association of 180+ asset owners and Asset managers. In November 2019, DWS's Head of Responsible Investments and Head of Global Client Group for Ireland, UK and Nordics, was elected to the board of IIGCC by the association's members
- A member of the ESG Thematic Research team has been co-chair of the IIGCC property working group for 2019. In this role, DWS co-wrote a guide to climate related investor expectations of listed real estate companies.
- IIGCC established the Paris Aligned Investment Initiative to develop options and investment industry consensus regarding how different asset classes could be defined as aligning with the goals of the Paris Climate Agreement. Other DWS experts joined working groups on strategic asset allocation, sovereign bonds, municipal bonds, and equities and corporate fixed income
- DWS was the only asset manager asked to give input to United Nations Environment Programme Finance Initiative (UNEP FI) report for the Global Commission on Adaptation on how the financial sector can help society become more resilient to the physical impacts of climate change
- DWS continued to be one of the few major financial institutions on the steering committee of the EU Energy Efficiency Financial Institutions Group (EEFIG), an initiative of the European Commission and UNEP FI. DWS has been a founding member of EEFIG since late 2013
- The team (together with the Head of ESG Integration for Active) organized internal workshops on climate change for our fixed income and equity analysts in the mining, energy, utility, food & beverages as well as the automotive sector. During these sessions we discussed how relevant information should be taken into account when analysing companies. In March 2019 the same presentation was shared in a webinar and inaugural in-person lecture in the context of DWS Research House University.

The team will continue its goal of producing best in class research and thought leadership to help clients and our investment professionals understand and integrate sustainability and responsible investing practices as well as to shape key industry and government initiates in this area.

Responsible Investment Center

The Responsible Investment Center has further developed internal ESG governance structures reflecting local and division-specific regulatory requirements, and govern the reputational risk and the New Product Approval (NPA) processes. In 2019, this role has contributed to knowledge sharing in the organisation such as People Engagement Groups[16] (PEG) or in infrastructure functions such as Finance, Risk, Legal or Internal Audit. The function also prepares mandatory reporting for DWS's sustainability report, Principles for Responsible Investments (PRI) and informs internal and external stakeholders of our ESG activities. The team engages with NGOs through our Communications department and other external parties, as well as coordinates internal ESG-related policies and global memberships and projects within DWS Group. In August 2019, DWS held a meeting with the German Federal Ministry of Finance and German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety in order to discuss Germany's role in the European discussion on sustainable finance. In autumn 2019, DWS was among a few German asset managers to provide feedback on the consultation version of BaFin regarding their Guidance Notice on Dealing with Sustainability Risks[17] . Together with the CIO for Responsible Investments, the Responsible Investment Center also owns the taxonomy for labelling DWS products and strategies as ESG and classifying the underlying approach. Both members of the CIO Office for Responsible Investments also represented the overall ESG investment topic during DWS's first AGM in June 2019.

Together with the CIO for Responsible Investments, the Responsible Investment Center drove major changes for the investment platform through the upcoming introduction of "Smart Integration" underpinned by a Council for Responsible Investments. We call this process "smart integration" because we decided to focus on risks and opportunities from ESG rather than applying top-down sectoral exclusions. Further, DWS believes more in engagement rather than exclusions. The Responsible Investment Center will play a further role in shaping DWS's approach to defining, measuring and monitoring of sustainability risks. This role will be performed in collaboration with portfolio management & research, the ESG Engine, the Corporate Governance Center but also second line functions such as the Chief Risk Officer for EMEA and involves shaping a sustainability risk appetite at DWS.

ESG Engine and Solutions

Our ESG Engine and Solutions team drove major initiatives for improving our proprietary ESG database. The team is responsible for ESG methodology, algorithms, and data. The ESG Engine consolidates and produces data, enabling ESG analysis that is data-driven. Seven leading ESG data vendors (ISS Ethix, MSCI, ISS-oekom, RepRisk, Sustainalytics, Morningstar ESG and S&P TruCost) provide data to the database and enable ESG analysis as part of the investment process. The structured ESG information is embedded within our portfolio management tool Aladdin and is available for all liquid asset classes. Both availability and coverage of ESG data enables ESG integration for our portfolios. For certain types of asset classes we acknowledge challenges[18] with the data coverage but are working to increase the coverage. In August 2019, DWS has announced entering

[16] The People Engagement Group (PEG) connects our people and provides learning opportunities and insights into different teams across the business through a variety of diverse events
[17] For additional information please refer to this link: https://www.bafin.de/SharedDocs/Downloads/EN/Merkblatt/dl_mb_Nachhaltigkeitsrisiken_en.html;jsessionid=6E8E8EB8898A9326B7A7E02351EE5267.1_cid381
[18] As expected, ESG data availability for e.g. United States municipal bonds, high-yield bonds, small-cap issuers or emerging market issuers is more heterogeneous resulting in lower coverage for portfolios pursuing these strategies

into a strategic partnership with Arabesque S-Ray. We plan to use S-Ray as an additional data vendor for our ESG Engine going forward.

In 2019, we have developed our ESG KPIs (EKPIs) which we piloted for our clients of one retail fund on the DWS's website for retail funds. We continued to develop the ESG methodology, especially with regard to carbon and climate risk sensitivity and a recalibration of our Norm Rating. Both developments will be explained in additional detail in the section "Contribution to Action on Climate Change" and "Human Rights and Norm Assessment in the Investment Process", respectively. In the fourth quarter, the development efforts focused on measuring impact through for example green bond investments. We will continue our efforts on measuring carbon impact.

While the ESG Engine continues to be the building block for our Active analysts and portfolio managers (Investment professionals) to integrate financially material ESG information in their investment decisions, it is also the foundation of dedicated ESG strategies using our ESG investment standards (see section "ESG Performance of our Products"), for passively managed strategies and for Liquid Real Assets (LRA).

Corporate Governance Center

Our Corporate Governance Center contributes to in various working groups, among the policy setting teams, networks, and commissions mentioned in the section "Our Stakeholders". We aim to be a thought leader in corporate governance and seek to actively shape domestic and global corporate governance developments, striving to represent the best interests of our clients. By advocating good governance standards in different working groups and industry networks, we believe we contribute to the further development of corporate governance. In Germany, we are participating in the consultation centred on the changes to the German Corporate Governance Code and as a member of the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V., DVFA) continue to promote the DVFA Scorecard on Corporate Governance as a measure of governance quality for German companies.

We have also contributed to the discussions within the German Investment Fund Association (Bundesverband Investment und Asset Management, BVI) on the implementation of the Shareholders' Rights Directive II (SRDII) in Germany. On a European level, as a member of the European Fund and Asset Management Association (EFAMA), we have actively participated in the discussions around the development of a new European Union (EU) Regulation on Sustainable Finance. Globally, we have continued our active participation in the Ceres Investor Network on Climate Risk and Sustainability In March 2019, our Head of Corporate Governance was invited to the Harvard Law School Corporate Governance Roundtable, which aims to contribute to policy making discussions and education with respect to current issues in corporate governance. This roundtable is supported by representatives from academia, law firms, asset management firms and other industry expert. DWS has been one of two asset managers from Continental Europe. DWS was invited to participate in the Roundtable next to permanent institutional investor members. In December 2019, DWS signed the membership to become a permanent member of this Roundtable.

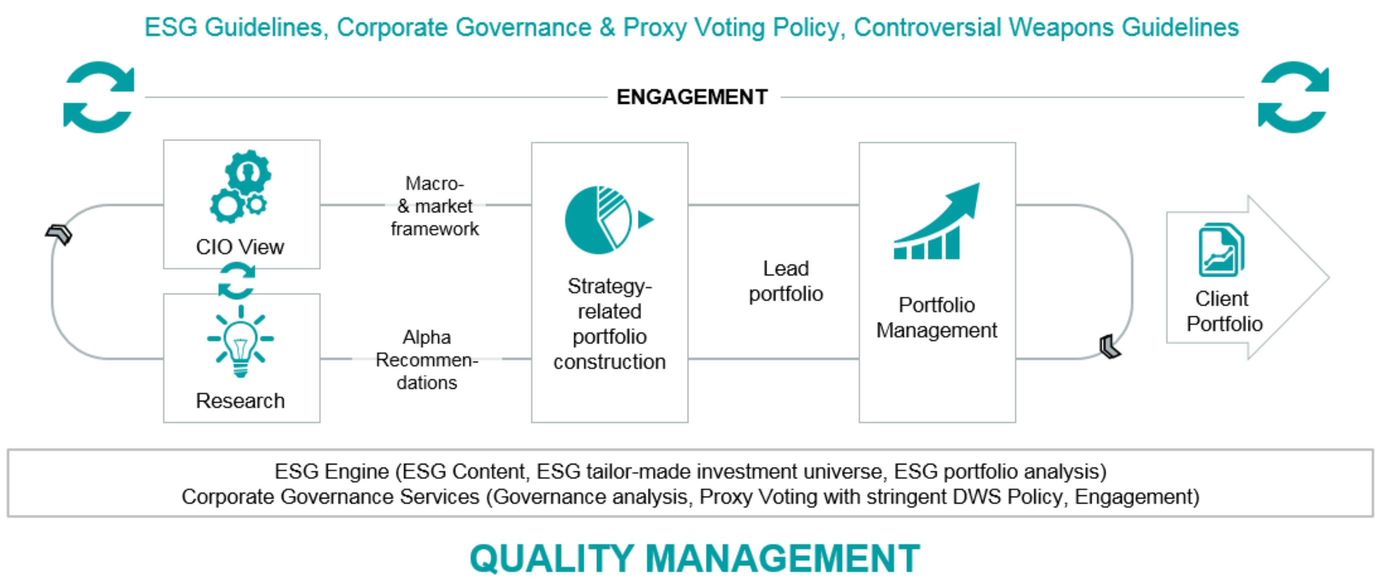
In 2019, we also underlined our commitment to active ownership by strengthening the size of the Corporate Governance Center. We also progressed in the harmonisation of the governance of the different DWS Group entities.

DWS also finished among the leading asset managers globally voting on shareholder resolutions linked to climate change according to a recently published report of UK campaign group ShareAction. In a separate report[19], DWS was among the leaders with over 95% support for climate critical shareholder proposals in 2019. These results confirm DWS's strong record on corporate engagement related to ESG matters.

4.1.5 Integrating ESG Risks and Opportunities in our investment process

DWS is convinced that putting ESG at the core of our fiduciary actions implies embedding ESG in the investment process more firmly. It is important to us that in addition to aligning our clients' investments with their personal values, striving to improve risk-adjusted returns or diversifying their portfolios, we can also help them to achieve a positive environmental or social contribution. Our RI Statement guides our approach to ESG topics. Financially material ESG topics and global trends are integrated into our investment processes in all asset classes across our Active, Passive, and Alternatives investment decisions and we support the growth of dedicated ESG products and solutions. In our view, integrating environmental, social, and corporate governance factors into the investment process contributes to a better understanding of businesses and the environments issuers operate in. It enables us to identify the risks and opportunities that a traditional financial analysis would miss, or fail to systematically address, with potentially significant impact on long-term investment performance. Therefore, we aim at increasing the integration of ESG at all relevant steps of the active investment process depicted below.

[19] For additional details please refer to "Climate in the Boardroom: How Asset Manager Voting Shaped Corporate Climate Action in 2019", published by majority action



We understand ESG integration as a complement to traditional fundamental analysis, which adds value to the quality of our investment decision and offers opportunities for higher risk-adjusted returns.

We aim to continuously enhance the level of ESG integration across our entire investment platform. We continuously update our **ESG Engine**, and methodologies for comprehensive analysis of ESG information. The ESG methodology is governed by the ESG Methodology Panel (EMP), with representatives from different asset classes and Research. The methodology is continuously enhanced and the ESG Engine is reviewed regularly by the functional participants within the EMP.

At the start of 2019, DWS already had initiatives and measures in place to integrate ESG in every single step of our investment process. During 2019, we have further strengthened our ESG integration across the Active investment process with the following improvements:

- **Guidelines**: We tightened our internal ESG Integration Policy for Active portfolio managers
- **CIO View:** We expanded our analysis of material ESG global trends into our CIO View, e.g. impacts of technology and climate change on the different industry sub-sectors
- **Training:** In order to engage our investment experts with ESG issues, we have organised mandatory internal training since 2011 for most of our investment professionals[20] across Active on the assessment of ESG risks and opportunities, our Responsible Investment framework and the integration of ESG into our investment process. In 2019, our Head of ESG Integration for Active trained 112 analysts in fixed income credit, high yield and equities via in-person training on the integration of ESG specific issues in their investment analysis, valuation, internal research notes and investment recommendation. During the first half of 2019, we uploaded the new videos and materials of the European Federation of Financial Analysts Societies (EFFAS) ESG certification program into our online Human Resources Education system (called "Connect2learn"). Since 2017, DWS employees can register for the EFFAS ESG exam for certification, which various employees completed in March and October of 2019[21]. Overall 36 employees passed the exam and became certified ESG analysts in 2019. At the end of 2019 DWS counts 123 CESGA® (Certified ESG Analyst) certified employees. We will continue with in-person ESG training in 2020.
- **Research**: We enhanced our internal research notes, by integrating material ESG considerations in key aspects of the company assessment (i.e. business model, competitive position, earnings estimates, risks, governance quality, etc.). This change was supplemented by ESG training for our equities, credit and high yield investment specialists in Europe and the US. Our ESG Integration Policy for Active set standards for our investment professional asking them to consider relevant ESG information in their security assessment in order to more accurately estimate the future risk-return profile of their investment proposals. The results need to be explained in the research note, considered in the valuation, as well as in the investment recommendation to the best extent possible. If additional information is needed, an engagement should be initiated, recorded and monitored.

[20] Investment professionals are defined as employees (FTE) whose primary role contributes to the performance of DWS; sales professionals are defined as employees (FTE) that are aligned to client facing roles within distribution structure

[21] For additional details on the EFFAS examination: https://effas.net/education-and-qualification/certified-effas-environmental-social-and-governance-analyst-ceesga.html

- **Portfolio management**: Our investment professionals are expected to be aware of any exposure to critical ESG issues and act accordingly. They can screen their portfolio for ESG issues (such as involvement in controversial behaviours, general ESG quality of their holdings as well as carbon ratings or exposure to controversial sectors), and receive an ESG fund score. Their exposure to ESG laggards ("E" or "F" rated companies) is part of the performance review meetings within **Quality Management**. During 2020 this process will be enhanced with the functioning of our "smart integration" (see below) strategy and Council for Responsible Investments.
- **Client reporting**: We developed a more intuitive ESG reporting for our mutual funds (EKPIs) and we started to publish this report in our website for DWS ESG Retail funds. We have also extended ESG reporting to include a performance attribution based on the violation of international norms and our Climate Transition Risk Rating.
- **Engagement**: DWS updated the policy in 2019 and expanded the policy beyond ESG issues. The new policy extends the field for engagement beyond ESG performance to matters such as strategy, financial performance, risk, capital structure, social and environmental impact as well as disclosure, culture and remuneration.

Ambition level for a Council for Responsible Investments

Current regulation already asks investment managers to integrate material non-financial information into their investment decisions – alongside financial analysis - as part of their role as fiduciaries. DWS aims to identify and manage risks stemming from environmental, social or corporate governance (ESG) factors more effectively and explicitly. On 4 December 2019, the Executive Board approved a proposal for an advanced investment process of "Smart Integration of ESG". This was also communicated at the DWS Investor Day on 10 December 2019. DWS has deliberately decided against an approach of implementing top-down sector-based exclusions. In doing so, DWS will introduce an overarching process of enhanced level due diligence, when there is evidence that issuers face excessive climate transition risk or severe and confirmed violations of international norms. The process will be modular in order to take timely controversies into account. The overarching process will be rolled out in a two-step approach where in the first step the due diligence is managed by a Council for Responsible Investments and is embedded as research into research and portfolio construction process. In a second step, the decisions of the new Committee (as opposed to a council) for responsible investments become binding as soon as the sales documentation and investment guidelines of the portfolio reflects this new approach. Hence the Council will become a Committee with decision-making authority. This due diligence process can in the future lead to a potential exclusion from the investment universe.

Exclusion should only be applied as a last resort since we generally believe more in driving change and assuming stewardship responsibilities through engagement rather than using exclusions. Issuers, which receive a waiver for ongoing investment during the process should be engaged with on a mandatory basis. F-rated (by climate transition risk or norms violation) companies which analysts recommend or PMs want to invest in must be presented to the Committee for approval. The CIO for Responsible Investments will chair this Council / Committee[22]. Initially, it takes place on a weekly basis with the frequency adjusted based on the number of cases registered. The committee will include members of the CIO Office for Responsible Investments, Equity and Micro Research, Investment Risk Management, Compliance, and the Group Sustainability Officer. This process will be rolled out in 2020 and will be refined sequentially depending on data availability and insights.

Corporate Governance: An important step of our ESG Integration Process

Our commitment to good governance is an integral part of our investment process and goes beyond our fiduciary duty to exercise our voting rights as an important means to ring-fence our investments. We regard active ownership as a powerful force in promoting better (in the context of our ESG understanding) policies and practices of our investees and, in turn, driving superior long-term performance. We believe that good corporate governance is an important source of higher relative returns on equity and fixed income investments in the long-term.

We continued to maintain a high degree of involvement with our investees around the world using an engagement approach that is designed to foster their governance practices and structures and successfully address governance issues. We regard active engagement as an essential part of our commitment to supporting good corporate governance. Our approach includes direct engagement with the management and the board of directors via a meeting or by writing a pre-season letter, publicly voiced criticism at an annual general meeting (AGM) and/or filing of shareholder proposals. We vote according to a stringent set of guidelines and a process that does not distinguish between active and passive investments and aims to protect the interests of our clients. Our voting process centres on our detailed expectations of good corporate governance and ESG integration, which are outlined in our Engagement Policy as well as our Corporate Governance and Proxy Voting Policy.

[22] Due to internal guidelines, only a group of people who are empowered to take binding decisions, may be called a "Committee". During the preparation phase the group of people will be called "Council" and decisions by the group are on a non-binding basis and integrated into among others Portfolio Construction Team (PCT) process. Portfolio Construction Teams (PCTs) are internal teams that refine, challenge and leverage ideas and input factors from our global platform as well as third party research for purposes of providing an additional tool to DWS Portfolio Managers (PMs) of certain investment strategies. They are formed by active dialogue and debate along with global macroeconomic and market research as well as by the tactical CIO-View. The outcome of a PCT meeting is non-binding for PMs.

We reviewed our Corporate Governance and Proxy Voting Policy[23] and continue to challenge whether our understanding of good corporate governance still prevails against global market developments. Since 2019, this policy now puts a stronger focus on companies' adherence to responsible investment or environmental, social and governance frameworks such as CDP or PRI. We also now put stronger emphasis on responsibility for ESG in the board in line with our own practices at DWS. We underscore this commitment by our CEO assuming overall responsibility for the ESG strategy. Furthermore, we analyse the voting results of the past proxy voting season and our ongoing discussions with investees during our engagements and take these result into consideration when making the necessary adjustments.

Our core expectations of corporate governance are explained in detail in our publicly available policy and can be summarised in the five broad categories as on our website.[24]

Engagements and Proxy Voting

[GRI FS11]

In 2019, we continued our efforts in active ownership and held dedicated engagements with board and management members of our investee companies on environmental, social and governance topics.

Our investment professionals also continued to regularly engage with the senior management of our investee companies, whereby, in addition to the fundamentals, strategy and outlook of the company, ESG topics are discussed. Our engagement activities are a key part of our ESG Integration Policy for Active Investment Management, Engagement Policy as well as our Corporate Governance and Proxy Voting Policy. They are based on the objective to improve the behaviour of an investee company as they relate to environmental, social and/ or corporate governance factors as well as topics like strategy, financial performance, risk, capital structure, social and environmental impact as well as disclosure, culture and remuneration. Before initiating an engagement, it is important to assess the relevance for our investment exposure and the materiality of the issue. The objective of our Engagement Policy is to establish a strategic framework for our investment professionals to fulfil their fiduciary and stewardship duty acting in our clients' best interests. This works by engaging in a two-way dialogue with investee companies on strategy, financial performance, risk, capital structure and financially relevant corporate governance topics as well as environmental, social and impact topics. In our ESG integration approach, engagement is undertaken by our investment professionals in partnership with our Corporate Governance Center for governance issues and ESG gatekeepers for environmental and social issues. Where there is a thematic engagement directed to a group of companies at the same time, the engagement activity would be undertaken by the corporate governance team and the Head of ESG Integration and the Active investment platform would be informed accordingly. Our dedicated governance engagements are based on a thorough analysis of the independence and composition of boards, executive compensation practices, transparency on auditors (for example selection and engagement), overall company structure and transparency as well as reporting practices. In cases where we identify gaps between our expectations regarding governance and the company's attitude towards it, we may decide to start a direct engagement with the company representatives. If our initial engagement yields unsatisfactory results, we may take additional measures (e.g. letters to the Board, annual general meetings' (AGM) attendance with a speech). In addition, we will send an engagement letter, which elaborates on our core governance values. Next is the call for direct meetings with executives or the board chairperson. As a last measure, we will vote accordingly, thereby voting against management proposals, in line with our proxy voting guidelines.

As in past years, we have reviewed our Corporate Governance & Proxy Voting Policy during 2019 to ensure that our corporate governance standards reflect the changes in our expectations based on relevant trends as well as regulatory developments and remain robust against market standards.

The relevant adjustments include:

- Reduction of thresholds for cumulative equity issuances without subscription rights from 30% to 20% of company's nominal capital and respectively for combined equity issuance with subscription rights from 50% to 40%. Going forward, we will also request more information if equity issuances and share buy-back-programs are proposed on the same agenda in order to foster the transparency on corporate actions.
- If the independent directors do not constitute the majority in the key committees (remuneration, audit and/or risk, nomination, presiding), we will hold the Nominating Committee Chair accountable for the poor composition.
- Enhanced disclosure on individual attendance: As transparency plays a major role in assessing the governance quality and the board effectiveness and efficiency, we expect companies to disclose the individual attendance of board and committee members as well as an indication on their independence.

[23] Our Corporate Governance and Proxy Voting Policy with additional details can be found here: https://dws.com/solutions/esg/corporate-governance/
[24] Additional details can be found here: https://www.dws.com/solutions/esg/corporate-governance/

- We will also generally support proposals asking for the right to act on written consent in cases where companies do not provide sufficient measures for shareholders to act in such a manner, i.e. the right to call for a special meeting by shareholder requires a threshold exceeding 10% (taking into account the ownership structure).

In 2019, we talked to 162 companies during 207 governance engagements for our funds domiciled in Europe and Japan, which represented more than a 22% increase versus the previous year. We attended 19 AGMs in 2019, voicing our criticism at a majority of them particularly concerning shortcomings in governance associated with strategic mergers and acquisitions (M&A) transactions. A majority of our engagement counterparts at our investees included chairpersons of the board of directors, lead independent directors, senior executive management representatives and legal affairs managers. For additional information, we published our Governance Engagement Report in May 2019 and aim to provide the next volume in H1 2020. Engagements also focused on global environmental and social topics, where DWS has engaged with a globally operating steel company domiciled in South Korea. One key topic with the issuer's sustainability department was deforestation and protection of biodiversity. We engaged with a tobacco company in Japan, which had an unsatisfactory rating for its international norm compliance, with particular issues around failure to prevent child labour.

In 2019 for assets domiciled in Europe and Japan, we voted at a total of 2,043 meetings in 57 markets of listing, which represented an increase of 64% compared to last year. The holdings are voted based on our Proxy Voting Focus List, which includes our most relevant holdings screened on assets and relevant ESG ratings. These meetings represented approximately 78% of our equity assets under management in Europe and Japan. We aim to gradually increase the number of meetings voted per year, making sure not to compromise on the quality of the analysis. The results for our proxy voting and engagement is annually reported on our website[25]. For the mutual funds domiciled in the US, we strive to exercise the voting rights for all equity holdings. In 2019, we voted at a total number of 9,466 meetings in 66 markets of listing.

	Dec 31, 2019	Dec 31, 2018	% change
Proxy Voting	**11,509**	**10,507**	+9%
for assets domiciled in Europe and Japan (general meetings voted)	2,043	1,245	+64%
Companies voted	*1,722*	–	
for assets domiciled in US (general meetings voted)	9,466	9,262	+2%
Companies voted	*6,928*	–	
AGM attendance globally	**19**	**16**	+19%
Engagements by the Corporate Governance Center	**250**	**169**	+48%
For assets domiciled in Europe and Japan	207	169	+22%
For assets domiciled in US	43	–	n/a

4.1.6 Contribution to Action on Climate Change

[GRI 201-2; FS8]

Combatting climate change continued to be one of the most important ESG issues. DWS commenced publishing reports on the investment implications of climate change already in October 2007. As in the past, climate change has been a key topic for our engagements and proxy voting. In 2019, DWS has made significant progress through the development of a climate transition risks and opportunities (CTRR) score out of our ESG Engine and Solutions team. This key metric has become part of our research and investment process during the 3rd quarter of 2019 and has become part of the ESG investment standards in December 2019.

Corporations face challenges from the world's action against climate change. With carbon prices increasing by regulations and certain carbon intensive activities politically abandoned, carbon intensive products and services can become more expensive. The economic risk of having to absorb income reductions under increased carbon prices is called transition risk (in this case, climate transition risk). There may be "winners" which offer climate solutions to the markets, most notably concerning alternative renewable energies, energy efficiency and green buildings. In 2019, we went beyond publishing reports on investment implications of climate change or active ownership on the topic by advancing the way we integrate climate related data into our investment process. We improved our data by developing a climate transition risks and opportunities score, which adopts a more forward looking perspective than inherently backward looking metrics (e.g. carbon footprint). In September 2019, at the quarterly CIO Day of DWS the CIO for RI presented how equity mainstream indices and as such investment universes are broken down into climate transition risk leaders and laggards. This has been compared with DWS's equity sector allocations and possible

[25] For additional detail, our 2018 engagement report can be found here: https://download.dws.com/download?elib-asset-guid=6fc2269854c148da9a05f7e12a7db001&wt_eid=2153659162904223588&wt_t=1545146254993

options for reallocations. The results on how mainstream indices and as such investment universes are broken down into climate transition risk leaders and laggards have been published and shared with our clients on the dws.com website[26].

In December 2019, DWS introduced its CTRR into its ESG investment standards for its dedicated ESG mutual funds which have a uniform application of sectoral exclusions, avoiding norm violations and applying best-in-class assessment for overall ESG quality. These ESG investment standards now foresee avoiding climate transition laggards based on TruCost (using IEA scenarios), MSCI, Sustainalytics and ISS-Oekom. In 2019, we have piloted the analysis for corporates; we will roll this out further for sovereigns as well and are working on including water risk at an issuer level. We will continue to embed CTRR further into our internal committees and processes in 2020. On the development of metrics on CTRR and water risk, we are also working on developing improvement- and reduction targets for key areas of DWS's investment portfolio.

Investment

- Continued our partnership with a significant corporate client and extended a clean energy fund to invest in climate solutions in China in the context of the China Clean Energy Fund.
- Converted our DWS Invest Climate Tech into an ESG version at the end of 2019
- Continued to develop the Africa clean energy strategy with the UN Green Climate Fund.
- Promoted retail distribution campaigns for DWS Invest Green Bond fund and DWS Invest SDG Global Equities fund to scale up capital market investment.
- Extended the ESG leaders low carbon product suite of exchange traded passive funds with MSCI.

Within our investments, we closely analyse the commitment made by companies to the UN's Sustainable Development Goals and how these are reflected in executive compensation. Another focus is the pressing need to fight climate change. This has resulted in various discussions with portfolio companies, working groups coming together, new regulations being set at EU level and shareholders demanding more action from companies on this issue.

We have continued our active support of the Climate Action 100+ initiative with our engagements with one of the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change risks. In the last two years, the company made significant improvements to the governance of ESG aspects. They also enhanced their transparency in terms of reporting on non-financial aspects and in this context also follows the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Going forward, we will continue our constructive dialogue with the company.

Further examples on corporate engagement, policy advocacy and stakeholder education

- Continued engagement with major investees on corporate governance including on climate change related issues and continued support for voting in favour of climate-related AGM resolutions in the US.
- As co-chair of the Institutional Investors Group on Climate Change's (IIGCC) property working group, DWS continues to help developing climate-related expectations of listed real estate companies.
- DWS assumed its investor commitment to support a Just Transition on Climate Change through IIGCC and the EU Energy Efficiency Financial Institutions Group (EEFIG), DWS continued to advise policy makers on how to improve energy efficiency policies.
- DWS joined the IIGCC Paris Aligned Investment Initiative and their credit, sovereign and real estate working groups
- Held a seminar for institutional clients with the Head of the Bank of England's Climate Hub.
- Moderated a session on the role of ESG in financial innovation in the Iberoamerican Sustainable Development Goals Conference (Conferencia Iberoamericana sobre Objetivos de Desarrollo Sostenible) in Spain.

4.1.7 Our ESG CIO View and Market Outlook

We integrated global ESG trends into the DWS CIO View, which is our in-house market view that supports our investment decisions. Our CIO View consists of a consistent, transparent and repeatable decision-making process to ensure one global house view on macroeconomic topics, our financial market forecasts, our outlooks for individual asset classes or our views on market risks. By including ESG information, we aim to reduce our investment risks, explore business areas with growing demand and leverage our central role in the investment process in order to make important contributions to society. With the introduction of ESG information into our sector allocation process in 2018, we started to integrate analysis of the global ESG trends that are material for various sectors. We consider this step as an important addition to our investment value chain and a way to consider ESG impacts into our asset allocation and portfolio construction. The integration of ESG topics into our CIO View is continuously expanded regarding relevant ESG trends.

[26] For additional information please refer to the link here https://www.dws.com/insights/cio-view/cio-view-quarterly/q3-2019/climate-transition-risk-and-asset-allocation/

In 2019, DWS drove improvements in the following areas. Beginning 2019, DWS made use of its analyst assessments in order to write about “climate-related risks” and their underlying key performance indicators. The publication in spring 2019 has dealt with the green election wave and in summer we published the first results of our CTRR score with an implication for asset allocation. The insights are communicated through our quarterly CIO View publication on our website[27].

In November 2019, DWS further highlighted the importance of ESG themes for the first time in DWS’s market outlook for 2020. This outlook contained among others regulatory drivers for certain sectors and informed our clients for example on investment opportunities arising out of climate transition risks and opportunities or the circular economy.

4.1.8 Research and Strategy related portfolio construction

Within our various investment teams research and portfolio management capabilities are fully integrated. Analysts carry out proprietary research in their area of expertise within the global network, contributing to a broad global coverage of stocks, credit or other financial instruments. Across the active equity platform analysts regularly share their knowledge and insights at a global level. These updates help identify global sector themes and trends and determine the implication of such trends for the assessment of single stocks. The Equity Research team decides which stocks should be actively covered on the Equity platform. If the covering analyst believes that there is no longer a valid investment case and when the stock is neither a significant sector benchmark weight nor represents a significant holding on the DWS active equity platform, the analyst can drop this stock from their active coverage. Roles and responsibilities of research analysts are documented in the Equity Research Handbook and the Credit Research Handbook.

We regard ESG integration as an investment approach that integrates ESG information into fundamental financial analysis to improve the estimate of the future expected risk / return of a security. All investment professionals within Active are bound by the ESG Integration Policy for Active Investment Management as well as the Engagement Policy. In 2019, the overall research process has been improved to integrate ESG factors more closely into financial considerations. DWS has tightened the ESG Integration Policy for employees on the Active investment platform such that all research analysts in equity and fixed income should include ESG aspects into earnings estimates, valuation models and investment recommendations in a more detailed manner.

This process has been implemented in their respective ESG integrated research notes for investment professionals in equity and fixed income research. DWS continues to update the research notes accordingly during 2020. During 2019, we have also enhanced our Equity Research Handbook to feature a special section on ESG integration. This also includes a description of guiding policies, main sources of ESG data, key factors to be considered during the research process and information about the engagement and proxy voting process. The goal for the investment professional is to understand any mismatch between financially relevant ESG issues and the company’s strategy to manage these opportunities and risks. The investment professional captures the insights from his or her company research in the equity company short-financial note and long note. In every section (including sustainability of business model, quality of governance, risk assessment and valuation) of the company long note, ESG information is to be integrated in the assessment. Our Credit Research Handbook within fixed income highlights ESG analysis as part of the initiation report whenever a new issuer is added to the research platform. It also highlights that corporate bonds with the worst overall ESG rating require a higher credit spread to compensate any risks arising from this adverse sustainability profile. Higher credit spreads of firms with poor ESG rating have also been confirmed empirically across investment grade Euro non-financials through our analysis.

All of DWS’s equity holdings are in scope of our Corporate Governance and Proxy Voting Policy and our engagement focus list does not discriminate between holdings in dedicated ESG strategies and non-ESG funds. Our Liquid Real Assets team on the Alternatives platform uses a factor based approach and customized weighting for flexibility in the ESG integration process.

The results of this proprietary research are distributed in Aladdin Research, a global communication platform and library within DWS. Both processes are governed by the Head of Equity and Head of Credit Research, respectively who are members of the DWS Research House.

4.1.9 Human Rights and Norm Assessment in the Investment Process

[GRI 412-3; FS11]

DWS is fully committed to our responsibilities in relation to human rights. The UN Guiding Principles clearly expect companies to operate to a higher international standard in situations where national laws are not sufficient to respect human rights. When controversies are assessed in the ESG Engine as part of our investment process, international norms are applied, whereby the guiding principles are codified in the United Nations Global Compact (UNGC). Other important norms are manifested by the

[27] For additional details the publications for our CIO View can be found on our website: https://www.dws.com/insights/cio-view/cio-view-quarterly/

International Labour Organisation (ILO) or OECD Guidelines for Multinational Corporations. Our ESG-Engine based norms compliance checks for:

- human rights abuses or corporate complicity for such abuses
- adverse societal or community impact;
- violation of labour rights, most notably the right of collective bargaining and free association or
- neglected health & safety obligations;
- child labour and bonded or forced labour;
- adverse environmental impact and
- challenged business ethics, most notably incidents of bribery, market manipulation, fraud, corruption, etc.

In response to DWS's 2018 Sustainability Report, we felt the need to become more proactive regarding due diligence on human rights. This is why we introduced an additional procedure for the identification of actual and potential adverse impacts on human rights. Compared to involvements in sectors deemed controversial, screening for norm violations occurs to be much more challenging. Our recalibration of norm ratings was motivated by a few shortcomings up until now. As part of the ESG Engine algorithm the new norm methodology (so-called "Norm 2.0") now applies a better severity reconfirmation across vendors by aggregating controversies across different vendors. The new methodology also includes controversies, which are not exclusively[28] related to UN Global Compact violations and other guiding principles such as International Labor Organisation or OECD Guidelines for Multinational Corporations. It also aggregates multiple "less severe" controversies to treat them equally as one severe controversy, also counting the number of controversies. Lastly, the approach puts more emphasis on environmental- and human rights topics. As a result of the new approach, a Canadian mining company's norm rating, for example has been readjusted from "E", i.e. investable to a limited extent for DWS ESG mutual funds, to "F", i.e. non-investable for dedicated DWS ESG mutual funds – mostly since two out of four vendors mapped the controversies on mining activities into different thematic groups. Until recently, this aspect would have been undiscovered before re-confirmation of these controversies were applied in our proprietary algorithm.

The goal of introducing DWS's methodology overhaul related to norm behaviour was to give a more balanced picture on norm violations and to reduce the reliance on UNGC only. Out of the total population (ultimate parent) where we have at least one vendor coverage, we observe the following changes at the time of the recalibration:

- # of E-rated issuers increases from 73 to 80.
- # of F-rated issuers increases from 19 to 33

We will continue to put a high emphasis on issuers' norm compliance with a particular focus on environmental topics, climate change and human rights.

4.1.10 Implementing ESG Criteria in Fund Treasury and Investment Compliance

In our view, integrating non-financial information should not only take place in the research and asset allocation process but also when cash is not invested into securities. A given portion of a DWS portfolio is allocated in cash, which is by definition non-ESG rated (the DWS ESG rating from the DWS ESG Engine applies to corporates and sovereigns). DWS's Fund Treasury team is responsible for depositing non-allocated / non-invested cash positions to counterparty banks for portfolios that subscribed to this service. This has the potential to generate interest rates which are higher than at corresponding custodians. Per 31 December 2019, this process applied to 295 portfolios globally totalling assets under management of € 157 billion (out of € 767.4 billion total AuM of DWS).

In December 2019, DWS Fund Treasury added our ESG investment standard, which we apply for our dedicated ESG funds (see section "Creating Dedicated ESG Products") to the selection process of banks, which are eligible for receiving overnight deposits. All of the 17 existing partner banks already fulfil these criteria and will – together with all potential new counterparties – be monitored going forward. Using this approach, we make sure that also a non-ESG part of the portfolio is allocated in line with ESG criteria. We will continue running this program in 2020.

Our Investment Compliance teams check for eligibility from an ESG perspective (compliance with ESG investment standards or compliance with controversial conventional weapons policy), which is completed by investment guideline monitoring and investment guideline compliance. Maintaining conformity in our dedicated ESG mutual funds or ESG investment guidelines for our institutional clients is assured by so-called ESG specification sheets, which are executed by Investment Guideline Codings. For all actively managed portfolios, our general exclusion policy for issuers associated with manufacturing or proliferation of controversial conventional weapons applies.

[28] A failure of e.g. product safety can be harmful to society but not counted as UN Global Compact controversy for some data vendors

4.1.11 ESG Integration and Quality Management

DWS's dedicated ESG product range has an ex ante approach to ESG integration and ESG specific strategies. That means ESG data and information must be considered in the investment process in the form of maintaining exclusions, positive lists, best-in-class analyses, avoiding controversial sectors, norm violations or laggards in climate transition or ESG quality in general. The so-called ESG performance of a company (as defined by the investment guideline) is already a pre-requisite for being considered part of the investment universe. Once these issuers have qualified for investment, their ESG performance is further assessed within the traditional fundamental analysis, impact on the valuation and research recommendation. For dedicated ESG strategies, ESG performance is evaluated independently from financial success based on a variety of indicators but are also included in the research recommendation (ESG integration). Portfolio managers (PMs) of DWS dedicated ESG strategies are not permitted to purchase securities outside of their investment limits / guidelines and our investment guideline teams control this process. For DWS's integrated ESG assets the process is different: ESG criteria are analysed alongside financial criteria and ESG quality factors do not overrule financial factors and any financially immaterial ESG factors do not affect investment decisions. Through ESG integration, investment universes are not per se restricted ex ante. In doing so, the DWS ESG Engine is available to all strategies with liquid underlyings within Aladdin and provides information to the PM for investment decisions. It is important to note that ESG integration does not by construction lead to a good ESG portfolio rating as it is the case for ESG dedicated strategies.

We consider a prerequisite to ESG integration to be a broad availability and coverage of ESG data. This allows our investment professionals to identify all material factors and to more effectively identify (and manage) risks and opportunities stemming from these sustainability attributes. DWS only labels strategies that pursue an ESG integration approach as being 1) actively managed and b) having a coverage of ESG data (the overall SynRating) of more than 90% of the portfolio. As of 31 December 2019, we are able to classify 1,573 actively managed strategies[29] with combined € 413.6 bn in AuM as ESG integrated where the coverage of ESG data exceeds 90%. This ESG integration figure excludes our dedicated ESG funds. Our PMs have real-time visibility of the ratings of issuers (pre and post transaction) and of their portfolio overall in Aladdin. On a monthly basis, the ESG quality of the portfolio can be reviewed in the context of Performance Review meetings and by the investment quality management teams. Our regular ESG gatekeeper meetings discuss controversial sectors, issuer changes in terms of ratings. The quarterly CIO day addresses global ESG trends on a regular basis.

4.1.12 ESG transparency towards our Clients

In 2019, we launched a more specific and standardised ESG reporting for dedicated ESG mutual funds, thereby improving transparency to our clients on the ESG quality of those funds. The goal is to make the ESG quality of a fund more apparent. The framework provides understandable, well-defined and transparent measures for various ESG attributes. In the past institutional clients have received bespoke client reports on the ESG quality of their respective portfolios. In 2019, we have launched a new ESG Key Performance Indicators (EKPIs) report to allow a broader audience (e.g. retail clients / public) a more user-friendly report. Each ESG attribute is represented in a single rating in the EKPI report, which is easier to understand without the need for ESG expertise. In June 2019, DWS piloted the EKPIs to public viewers on the DWS-retail website. We applied the EKPIs to the DWS Invest SDG Global Equities fund[30]. For all other dedicated ESG mutual funds of DWS, the EKPI reports are available upon request in English and German. We aim to roll this out to additional ESG retail funds in the future. The introduction of an ESG Reporting Panel in December 2019 aims to continuously refine and improve our range of ESG reports available for our clients.

We have also upgraded the functionality of the ESG Engine outside of Aladdin by developing a so-called ESG-Live functionality. This helps our client relationship managers for our institutional clients in demonstrating the outcomes of theoretical reallocations of portfolios towards higher ESG-quality issuers.

For our home market in Germany, our Head of EMEA Coverage, who is an Executive Board member of DWS, has initiated a comprehensive project with the goal to facilitate knowledge sharing on major ESG topics. The objective is to advise our retail and institutional clients on a broader set of topics, such as client-specific ESG goals, risk management or return targets. On 18 December 2019, the first insights and agendas were presented to the internal project steering committee. We will continue to implement the initiatives in 2020.

In Germany our client relationship team together with the investment advisory team have been able to convert 18 existing institutional client mandates into an ESG version by either adopting a bespoke negative list, a negative list by an ESG rating provider (such as Oekom) or by adopting DWS's SynRatings. This resulted into growth in the category "Institutional funds based

[29] In this context, "actively managed strategies" comprises the areas "Active" and "Liquid Real Assets" within "Alternatives". Additional information on the breakdown can be obtained in the table "ESG integration at DWS"

[30] For additional information this report (in German) can be obtained under this link on the www.dws.de website: https://www.dws.de/AssetDownload/Index?assetGuid=ae572500-7b26-4958-9c2c-627cc55d07f0&source=DWS

on client-specific exclusions for institutional clients" by € 5.0 bn (see section "Dedicated ESG and Products with an ESG Integration Approach")

4.2 Creating Dedicated ESG Products

[GRI FS11]

We believe that our expertise and extensive experience in sustainable investing provide us with valuable insights that assist us to further protect and grow our clients' assets over the long term. The growing importance of ESG is evidenced by regulatory developments, independent academic research, as well as our own experience, which reveals that integrating ESG factors into the investment process has the potential to improve performance and reduce risk. DWS is in a better position than last year to offer bespoke ESG solutions to clients based on their own ESG criteria. This is due to our integration of material ESG factors over the last ten years as well as our continuous ESG training for investment professionals. This is also attributable to improvements on ESG data such as climate transition risks in our ESG database and the way we integrate ESG data into existing processes in the context of our ESG Strategy project one workstream focussed on analysing DWS ESG product suite with an aim to identify opportunities across asset classes, regions and fund vehicles. As a result, DWS has developed an approach to building cutting-edge ESG strategies consisting. This will be explained in greater detail in Section "Designing Products for our Clients".

Our framework for dedicated ESG funds is built on the following pillars:

- **Exclusion-based screening** for issuers or sectors that do not meet specific ESG criteria. Our ESG investment standards make use of the so-called sector involvement rating for this pillar. Positive screening is an activity that by applying a more sophisticated screening methodology flags environmental, social or governance improvements.
- Standards-based screening focuses avoiding controversial business practices such around human rights abuses, child/forced labour, occupational health and safety, environmental impact, and business ethics. This **standards-/norms-based screening** (please see section "Human Rights and Norm Assessment in the Investment Process") can be performed by the DWS ESG Engine or on the basis of proprietary research of the investment professional.
- Corporate **best-in-class** ratings that seek to identify leaders and laggards with the peer group in regards to ESG issues. These best-in-class ratings are based on our SynRatings ("DWS ESG Rating") and provide a robust and reliable, 360-degree assessment of corporations based on a broad range of ESG indicators - from diversity of management to environmentally friendly products, occupational health and safety.
- Environmental risks and opportunities, including carbon and climate transition risks and opportunities. Our carbon footprint report, which incorporates global reporting standards, allows our clients to monitor their carbon balances and implement programs to reduce their carbon footprint. Furthermore our **Climate Transition Risks and Opportunities** ("DWS Transition Risk" in the graphic below) assesses the way in which corporates manage the transition to a low carbon economy aiming at avoiding e.g. financial risks of asset stranding. Both best-in-class rating and DWS Transition Risk rating aim at avoiding low ESG performers. For additional detail please refer to the section "Contribution to Action on Climate Change".
- For fixed income products the ESG Engine provides an assessment of whether a fixed income instrument is a **green bond** as defined by the Green Bond Principles[31]. We apply an additional layer of screening to evaluate the sustainability benefits of the project(s), consideration of refinancing in the project selection process and norm compliance issuers or controversies related to the project
- For sovereign bond funds or multi asset products, the ESG Engine provides a **screening based on sovereign standards** to gauge responsible investments in around 200 sovereign nations.
- For dedicated ESG multi asset funds, DWS has a methodology for assessing the **ESG quality of portfolios**, such as funds, ETFs, or indices based on general ESG quality plus an additional best-in-class approach. In 2019, DWS has made numerous recalibrations and advancements to its ESG Engine.

The application logic of our ESG investment standards (in case of investments in corporate issuers) is shown in the graphic below. The letter rating ranges from A (no controversial sector involvement or no association with controversial weapons or no indications of violation of international norms; the issuer can be considered an ESG leader) to F (being involved in at least one controversial sector or being associated with controversial weapons, or facing confirmed and severe violations of international norms or being an ESG laggard). Correspondingly, our mutual fund prospectuses and sales documentation give our retail clients sufficient disclosure on how the ESG performance of an issuer is evaluated. Our sector-based screens and analysis of environmental and climate risks are geared towards conservation of flora and fauna, protection of natural resources, atmosphere and inshore waters, limitation of land degradation and climate change and avoidance of encroachment on ecosystems and loss of biodiversity. We continue to analyse on a regular basis whether additional possible criteria during 2020 can be applied or evaluate if existing criteria could be tightened.

[31] Refers to use/ring-fencing of proceeds, processes for project evaluation and selection, management of proceeds and reporting

1 Avoiding revenues from controversial sectors (Measures involvement in either of controversial sectors mentioned below; usually in %revenue)

tobacco	<5% (D)	gambling	<5% (D)
pornography	<5% (D)	defense	<5% (D)
Coal[1)]	<25% (F)	nuclear power	<5% (D)

Shown is the %-revenue threshold which, when exceeded, triggers an exclusion. The letter codes D and F in parentheses show the corresponding sector involvement rating, which triggers the exclusion, when the issuer's revenues exceed the indicated percentage. 1) includes coal mining and energy generation from coal

2 Avoiding to be associated with controversial weapons (measures involvement or role in any controversial weapons as defined below)

- nuclear weapons
- cluster bombs
- anti personnel mines
- depleted uranium

- no weapon producer (F)
- no component producer (E)
- no equity ownership (D)

Shown in parentheses, the critical DWS controversial weapons letter ratings D/E/F.

3 Avoiding controversial business practices ("Norm 2.0"; measures degree of violations of any below mentioned norms or business practices)

human / workers rights	child / forced labor
Environmental damage	Business ethics

- no violations of highest severity (F)
- limit violations of lesser severity (<5% E)

Shown in parentheses: the corresponding DWS norm controversy ratings E/F. A percentage number defines maximum accumulated portfolio exposure in that rating.

4 Avoiding low ESG performers (measures whether or not a company is an overall ESG leader or laggard or is exposed to high or excessive climate transition risk)

DWS ESG Ratings	no E/F	<15% D	<5% M
Climate Transition Risk	no F	<5% E	<5% M

The E/F DWS ESG ratings ("SynRating") mark ESG-laggards and D lower ESG midfield. The DWS climate transition risk ratings identify increasing levels of risk in the D/E/F band whereby E indicates high and F excessive risk. M always indicates missing rating coverage. A percentage number defines maximum accumulated portfolio exposure in that rating.

4.2.1 Dedicated ESG Products and Products with an ESG Integration Approach

[GRI FS8; FS14]

By the end of 2019, we reported € 69.7 billion of dedicated ESG and sustainable AuM, € 16.5 billion of real estate investments in certified green-labelled buildings and € 862 million infrastructure investments in renewable assets. We managed assets with a total volume of € 767.4 billion (as of Dec. 31, 2019). In order to account for the structure of our asset base, we defined AuM as a) assets held on behalf of clients for investment purposes and / or b) client assets that are managed by us on a discretionary or advisory basis. Within Alternative investments, this can either be fee-earning committed or fee-earning invested capital.

We generally follow industry standards and guidelines in classifying ESG AuM. Through regional organisations such as the European Sustainable Investment Forum (EuroSIF), the US Forum for Sustainable and Responsible Investment (USSIF) and UK Sustainable Investment and Finance Association (UKSIF), investor reporting to the Global Sustainable Investment Association (GSIA) has become a global standard for categorising ESG assets, and we follow its methodology. In 2019, DWS has decided to provide additional transparency in its sustainable assets under management base by introducing additional categories as outlined below.

ESG in Active and Passive and Sustainable Assets under Management

in € m.	Dec 31, 2019	Dec 31, 2018	% change
Active management with dedicated ESG	**40,686**	**28,922**	+40.7%
Portfolios based on client-specific exclusions for institutional clients	24,662	n/a	n/a
Retail and institutional assets managed according to uniformly defined investment standards or client-specific derivations	13,090	n/a	n/a
Sustainability themed ESG products	591	n/a	n/a
Third-party initiated mutual funds applying external ESG approach	2,343	n/a	n/a
Passive investments with dedicated ESG	**10,869**	**3,313**	+228%
Exchange traded funds, products or mandates	2,452	n/a	n/a
Passively managed mandates for institutional clients	8,417	n/a	n/a
Total dedicated sustainable AuM (Active and Passive)	**51,555**	**32,235**	+60%

ESG in Alternatives: Real Estate and Infrastructure Investments

in € m.	Dec 31, 2019	Dec 31, 2018	% change
Sustainable Investment Funds / Impact Investments			
Private equity or debt funds focused on sustainable/impact investing, including public–private “blended finance” funds with environmental or social objectives	715	595	+20%
ESG in Real Estate			
Certified green-labelled buildings (Energy Star, LEED, BREEAM, etc.)	16,527	13,436	+23%
ESG in Infrastructure[1]			
Renewable assets, both in debt and equity investments, including solar, wind and waste-to-energy	862	862	No change
Total sustainable AuM in Sustainable Investment Funds, Real Estate and Infrastructure	**18,104**	**14,893**	+21%

[1] Valuations of € 612 million of equity investments made within Pan-European Infrastructure Fund and Pan-European Infrastructure Fund II are per 30 September 2019. Equity investments are revalued each quarter. Year-end 2019 figures will be made available in the context of fourth quarter 2019 reporting to investors on 30 March 2020 and 30 April 2020 for the two funds. Debt investment amounts are set and do not change unless debt is repaid.

ESG Integration at DWS overall

in € m.	Dec 31 ,2019
ESG Integration in Active	**392,698**
ESG integration in Alternatives	**58,317**
ESG integration within Liquid Real Assets	20,897
ESG integration within Direct Real Estate	26,988
ESG integration within Infrastructure	10,432
Total integrated ESG assets at DWS	**451,015**

4.2.2 Active

In 2019, our Active portfolio management teams were responsible for € 40.7 billion of dedicated ESG AuM and for € 515 billion of total AuM in Active. Within our active management section we now distinguish between the following categories. This excludes actively managed strategies in the Liquid Real Assets space[32].

- Portfolios managed based on client-driven exclusions: strategies where sustainability is an explicit part of the investment guidelines, universe, selection and investment process. Exclusions of sectors or specific norm violations are specified by the ESG Engine & Solutions team towards the Investment Guideline Coding team within CCO. By definition, these portfolios are for institutional clients only. In 2019, we reported € 24.7 billion.
- Portfolios managed according to DWS’s uniformly defined investment standards (please refer to section “Building Dedicated ESG Products”) or client-specific derivations: these are mutual funds branded as DWS carrying ESG in the name (except for DWS Stiftungsfonds) plus two mandates for Deutsche Bank Pension Fund. In 2019 we reported € 13.1 billion in this category.
- Sustainability themed ESG products: sustainability-founded strategies which go beyond DWS’s uniformly defined investment standards and provide additional screening for either green bonds or contribution to the SDGs. In 2019 we reported €591 million mainly attributable to the successful distribution of our SDG and Green Bond strategies.
- Third-party initiated or third-party managed funds applying an externally defined ESG approach: mutual fund product initiators outside of DWS Group, where either portfolio management or advisory on the product is provided by a 3rd party. In 2019, we reported € 2.3 billion in this category.
- Actively managed portfolios with ESG integration approach (see section “Defining ESG integration”): ESG integration refers to the process by which ESG factors are being integrated into the research and investment decision making process, complementary to and alongside financial data. It is a holistic approach that aims at ensuring ESG factors are identified and assessed to form an investment decision. Our investment professionals are expected to integrate ESG criteria to the best extent. A key component of applying ESG integration is to uncover hidden risks that might remain undiscovered without the analysis of ESG information and trends. ESG integration can also be done to identify investment opportunities that are likely to outperform competitors as a result of proper ESG management. ESG integration does not prohibit investing in certain companies, sectors or countries. The fundamental difference between ESG integration and exclusion is that the application of DWS’s uniformly defined investment standards or exclusion reduces the investment universe. Ex ante ESG integration does not necessarily reduce the investment universe. In 2019, we reported € 392.7 bn in this category out of € 515 bn in Active.

In 2019, DWS has decided not to prolong the European Transparency Code[33] by EuroSIF for its European domiciled Active retail funds that employ our ESG investment standard. We decided to give additional transparency on ESG integration in the context of

[32] We define Liquid Real Assets (LRA) as an investment style within our Alternatives business but which – unlike most vehicles within Alternatives – has daily net asset value and daily liquidity. Some portfolios within LRA are mutual funds in line with US 1940 Act or UCITS-compliant.
[33] Additional details on the European Transparency Code can be found here: http://www.eurosif.org/transparency-code/

our DWS Sustainability Report rather than through a third party website. We continue to evaluate labels and certifications with European validity in anticipation to an EU-wide Ecolabel.

4.2.3 Passive

Our Passive portfolio management teams were responsible for € 10.9 billion of ESG AuM and for € 155.8 billion total AuM. The team implements proxy voting for applicable ETFs, supported by the Corporate Governance Center and makes use of the ESG Engine for helping to implement investment decisions. In 2019, we have been building on our success in the area of responsible investing with the launch of a new socially responsible ETF, the Xtrackers MSCI USA ESG Leaders Equity ETF (Ticker USSG) - the biggest launch at the time of any ETF in the past 15 years. USSG, which began trading 7 March 2019, gained € 740 million in assets under management, making it the third-largest ESG ETF. The index was determined in collaboration with a Finnish mutual pension insurance company. This ETF launch for the U.S. market was complemented on 26 June 2019 with the Xtrackers S&P ESG ETF (SNPE), which seeks investment results that correlate to the performance, before fees and expenses, of the S&P. For creating passively managed solutions in our institutional client space, we can rely on existing or customised ESG indices, closely cooperating with index providers, or we can use our proprietary ESG Engine to filter a standard market index.

For our passively managed institutional mandates, DWS was able to build on its success with a Dutch occupational pension scheme by launching an indexed tranche for emerging markets equities. Our institutional client relationship teams in Germany have also managed to convert various existing passive managed products and mandates for institutional clients into ESG. The new investment approaches mostly make use of screens based on exclusions from client-specific negative lists.

Within Passive Investments we distinguish between the following categories

- Exchange traded funds (ETFs) launched by DWS with an ESG optimized approach based on the parent index provided by a third party. In 2019, we reported €2.5 bn out of a total of €113.9 bn AuM in European and US-domiciled Xtrackers and ETCs.
- Passively managed institutional mandates, where the ESG approach is optimized based on the parent index and is customized to the institutional investor. In 2019, we reported € 8.4 bn out of a total of € 41.9 bn AuM in passive mandates for institutional clients.

4.2.4 Alternatives

In 2019, the Alternatives portfolio management teams were responsible for € 18.1 billion of dedicated ESG AuM (comprising €715 million in our sustainable investments funds as well as individual real estate and infrastructure assets) out of € 96.2 billion total AuM in Alternatives. Within this our investment professionals in LRA pursued an ESG integration approach for € 20.9 billion of AuM.

4.2.5 ESG in Real Estate

Our real estate investments continue to position ESG as integral to investment strategies. At the core of the approach is our goal to preserve and enhance risk-adjusted returns and to reduce environmental risk, improve asset efficiency, and deliver high-quality spaces to tenants. In 2019, we have continued our efforts to execute a sustainability plan. We do this through the following program for our assets managed from Europe and the Americas:

- Gather data: use sensors, smart meters and data automation to gather data and benchmark buildings and portfolio performance.
- Prioritise and implement: using the data gathered, identify and invest in efficiency measures such as LED lighting, smart irrigation, and energy management systems.
- Set reduction targets: based on the planned efficiency measures, set property, portfolio and regional energy reduction targets.
- Measure impact: measure the actual reduction against the targets and quantify the financial savings and performance.

This year, we gathered data on 8.4 million square meters of the portfolio in terms of energy and carbon data. In the U.S. we implemented projects in 58 properties representing a net investment of € 3.0 million. In addition to our energy efficiency programming, we have also commenced programs to address other topics critical to real estate including smart buildings, health and wellness and resilience. In 2019, we completed projects and assessments covering these topics in our global portfolio with the goal of creating a standardized framework to collect data and implement measures in 2020.

As of the end of 2019, we managed € 16.5 billion in properties globally with green label designations. These labels include among others Leadership in Energy and Environmental Design (LEED); Building Research Establishment Environmental Assessment Methodology (BREEAM); ENERGY STAR, a US-government-backed label for energy efficiency.

With respect to energy reduction targets and measurement, we set a number of reduction targets across the portfolio including the:

- 2030 carbon reduction goal (Europe offices): In October of 2019, we announced a commitment to achieve a 50% reduction in carbon emissions intensity by 2030 across our entire portfolio of Europe offices against a baseline year of 2017.
- 2030 energy reduction goal (U.S. offices): In 2010, we committed to the US Department of Energy's Better Buildings Challenge, where we set a goal of improving the energy efficiency of four million square feet of properties by 20% before 2020. We met this objective four years ahead of schedule at the end of 2016. Since then we have renewed our commitment to the challenge to achieve another 20% energy intensity reduction by 2030 across our entire U.S. office portfolio.
- 2030 water reduction goal (U.S. offices): As part of our renewed commitment to the Better Buildings Challenge we added a water reduction goal of 20% by 2020 for our entire U.S. office portfolio

The above goals are intensity measures and are calculated in terms of emissions or consumption by floor area and as a percentage change against a baseline year of 2017. In 2020, we expect to begin measuring and reporting on our Europe carbon reduction goal and potentially expand our carbon reduction goal to include other regions and property types.

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 addition to our membership in GRESB we have a seat on its Real Estate Benchmarking Committee to help drive the continued refinement of the survey. In 2019, we reported on nine of our portfolios (worth € 33.8 billion of AuM out of € 55.6 billion, resembling 61% of our direct real estate business), and all achieved Green Star recognition through the GRESB assessment.

- **Policies and procedures:** We have an ESG House View in place, which was approved by the Investment Committee (the governing approval body for our real estate investment business) in Europe and the Americas in 2015. Since that time we complete annual Sustainability Action Plans, which are approved annually by the Investment Committees in each regions. These documents provide the overarching strategy as well as the detailed plans on execution of our ESG strategy for the businesses. Additionally, there are ESG components in the key operating procedures documentation for the business.
- **ESG Assessment process:** For all of new properties acquired, we complete an ESG checklist during the due diligence process, a requirement we made mandatory in all regions this year. The results are then incorporated into the Investment Committee memo and any key recommendations are then incorporated into a section within the narrative of the memo. The recommendations highlight both ESG risks and opportunities to consider. Examples include exposure to physical climate risk, opportunities for investment in energy efficiency, regulatory risks around Energy Performance Certificates (EPCs), and green label certifications. If anything among the requirements has a budget impact for DWS or the fund investors that will also be included into the recommendations.
- **Monitoring:** As part of our asset and property management we monitor our properties and portfolios around key ESG metrics to identify what are the potential ESG initiatives we want to engage in at the property level. For funds managed from the Americas and Europe, that information then feeds into the capital plans and roll up into our Sustainability Action Plans as well.

As a result of our commitments, policies, procedures, and monitoring of ESG quality, DWS's Direct Real Estate business for assets managed from Europe and the Americas integrates ESG information for a business volume covering € 27 billion of AuM excluding green labelled buildings.

4.2.6 ESG in Infrastructure

[GRI 203-1]

ESG considerations are incorporated into the investment framework of the Infrastructure business at all stages of the investment lifecycle, 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 quarterly reporting of sector-specific[34] key performance indicators (KPIs), discussion at management meetings, and integration of those issues into business plans. Our due diligence will also consider 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 (SRI) report for investors in two of our infrastructure funds. This report address issues such as Health & Safety and Security; Community Service; Labour and Diversity Issues; Transparency, Communication and Governance; and Environmental Issues at the fund's underlying investments. The Infrastructure business also manages a portfolio of €862 million in renewable assets, both in debt and equity investments, including solar, wind and waste-to-energy.

[34] Those could be health and safety (incl. accident rates) or water efficiency

To understand the ongoing ESG performance of its funds against peers, we take part in the infrastructure assessment in GRESB for its current funds and investments. We are a member of GRESB and sit on the Infrastructure Benchmarking Committee to help drive the development of the survey to establish it as the industry standard for ESG. We also report to the PRI and achieved an A rating in 2019.

During 2019 we have finalised and implemented an Environmental and Social Management System (ESMS) to further strengthen and standardise our due diligence process and monitoring of assets. The ESMS documents ESG policies and procedures at all levels of DWS Infrastructure, and details how these are incorporated in due diligence and asset management procedures. The system also creates obligations on portfolio companies to ensure regular reporting to DWS Infrastructure and compliance with all of the applicable regulations regarding ESG issues.

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

- Policies: The Infrastructure business is governed by an Environmental and Social Management System (ESMS), which provides the overarching framework, processes and governance for our ESG integration approach in Infrastructure.
- ESG Assessment process: Similar to real estate, we have an ESG checklist which is implemented during the acquisitions process. The findings are then incorporated in the Investment Committee (IC) memo.
- Monitoring: As part of the asset management process, we 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 Social and Responsible Investment (SRI) Report. Certain KPIs, such as those around occupational health and safety, are also embedded into the performance review process for the operating companies. Additionally, we report into GRESB for both our PEIF I and II funds.

The Infrastructure Debt business is developing an ESG Scorecard tool which we plan to begin using as part of the due diligence process, and will assign an ESG rating to each potential investment, which will be incorporated in the IC memos as a quantitative assessment of ESG, along with the existing ESG section of the IC memo which is more qualitative.

As a result of our commitments, policies, procedures, and monitoring of ESG quality, DWS's Infrastructure business integrates ESG information for a business volume covering € 10.4 billion of AuM excluding sustainability themed infrastructure investments in our infrastructure funds managed in Europe.

4.2.7 ESG in Private Equity

In 2019, the business adopted a standard process to review potential investments from an ESG perspective:

Screening: ESG metrics relevant to investment opportunities must be evaluated preliminarily to be considered further during the due diligence process. The types of risks screened for include governance issues, such as potential fraud or reputational risks; social issues with the workforce or the surrounding communities; environmental risks; occupational health & safety issues and accident track record.

Due Diligence: During due diligence on specific investment opportunities, the investment team will review the potential transaction counterparty's ESG Policy and framework and assess the extent to which the investment and the manager in the potential transaction adhere to the key concepts defined by the Principles for Responsible Investment (PRI). The business also uses the Sustainability Accounting Standards Board (SASB) Materiality Map to identify risks and KPIs most relevant to the industries in which it invests, and opportunities are often benchmarked against the ESG leaders in both the company's asset class and among comparable alternatives within the industry. Findings are then documented in the Investment Committee memorandum, which will then be submitted to the Investment Committee for consideration as part of the deal evaluation.

The team is continuing to refine its ESG approach around monitoring and engagement in the ongoing management of assets.

4.3 Sustainable Investment Funds and their Contribution to SDGs

[GRI 203-2; FS7; FS14]

Sustainable Investments (SI) operates investment initiatives within the Alternatives division that combines positive and stable financial returns with measurable economic, social and/or environmental outcomes ("triple bottom line").

In 2019, SI acted as investment manager as well as advisor for eight sustainable and impact funds with a combined volume of €715 million, an increase from € 595 million in 2018, a 20% increase. During the year, two closed end funds reached their maturity dates and began winding down: Essential Capital Consortium B.V. and Global Commercial Microfinance Consortium II. Through the end of 2019, the funds had returned a total of more than € 100 million in capital to investors[35]. On the other side assets under management for those funds that are in investment mode[36] have been increased by € 125 million. The existing mandates of SI range cover energy (clean energy, energy storage, energy usage), environment (food/agriculture, waste, water) and financial inclusion.

Fund	Mission/ Information	Change to Prior year
Africa Agriculture and Trade Investment Fund (AATIF)	Improve food security and end poverty through sustainable investment along the entire agricultural chain in Africa	
SDGs	**1, 2, 8, 9, 13, 14, 15**	
European Energy Efficiency Fund (eeef)	Energy efficiency and renewable energy in the public sector in Europe	
SDGs	**11, 13**	
Essential Capital Consortium B.V.	Debt financing to health, energy, and financial service providers in low income communities in the developing world	Matured and will be repaid to investors
SDGs	**1, 3, 4, 5, 7, 8**	
Global Microfinance Funds III (GMF III)	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high-quality financial services	
SDGs	**1, 2, 3, 4, 5, 8**	
China Renewable Energy Fund (CREF)	The fund's objective is to generate investment returns as well as offset investors' carbon emissions in their global supply chain	
SDGs	**7, 13**	
Clean Energy and Environment Fund (CEEF)	The fund intends to fund the growth of private companies that focus on developing clean energy and clean technology sectors in China	
SDGs	**7, 13**	
Global Commercial Microfinance Consortium II	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high quality financial services	Matured and will be repaid to investors
SDGS	**1, 2, 3, 4, 5, 8**	
Microcredit Development Fund (DB MDF)	Senior and subordinated debt financing for microfinance institutions and banks in the developing world, to increase access to high-quality financial services	
SDGs	**1, 2, 3, 4, 5, 8**	

DB MDF was launched in 1997 with the mission to provide small loans to emerging microfinance institutions in the developing world. After more than 20 years of lending activity, the DB MDF Board decided to undergo a strategic review process to lay out a new direction for DB MDF, taking into account the fact that the market for investment in microfinance institutions has grown substantially since it first began operations.

We track and report on each SI investment fund based on the social and/or environmental performance of the investees. The indicators are sector-specific and monitored using fund-specific tools. For our renewable energy, energy efficiency, and microfinance investment funds we are supported by greenstem™, our proprietary impact management tool to monitor impact.

At the same time, via quarterly reporting, portfolio managers have visibility of the overall impact of the fund, i.e. environmental and/or social contributions. Based on calculations for the European Energy Efficiency Fund (eeef) up until 30 September 2019, the fund financed 15 projects within the European Union that report an accumulated savings of 491,800 metric tons of CO_2 equivalent emissions and 1,283,835 MWh of primary energy[37] (at Q3 2019)[38]. Along the investment portfolio SI manages five technical assistance projects for communities and public authorities within the EU.

Another example of the impact shifts is the activity of the Africa Agriculture and Trade Investment Fund, AATIF. AATIF operates an Impact Measurement & Evaluation Framework under which each investment undergoes an impact appraisal performed by independent researchers. Selected projects are analysed in more extensive impact evaluations. The Fund publishes its results regularly via www.aatif.lu. As an example, researchers identified that cocoa farmers in Ghana participating in an out-grower scheme, the Cocoa Abrabopa Association, operated by an investee of AATIF could obtain about double their yield compared to farmers that do not participate in the scheme, mainly a function of a the use of fertilizer supplied via the out-grower scheme. Another finding is that the out-grower scheme reached farmers that were located in villages somewhat less served with

35 The SI team is working on a final assessment on positive impact and contribution to the SDGs
36 During 2019 those have been AATIF, eeef and GMF III
37 Energy efficiency and clean urban transport projects
38 For additional information on the measurement methodology, please refer to the EEEF annual report: https://www.eeef.lu/tl_files/downloads/Quarterly_Reports/EEEF-Quarterly-Report-2019-Q2.pdf

infrastructure and public services. Nevertheless, participating households are on average significantly more wealthy compared with the test group.[39]

As a tailor made mandate, DWS acts as manager of the China Clean Energy Fund, a fund that connects suppliers of a major consumer electronic company with renewable energy projects. Up until 2022, DWS is mandated to invest nearly USD 300m to develop projects totalling 1 gigawatt of renewable energy in China. The Fund is part of the corporate client's commitment to use 100 percent clean energy power in the production of its goods across all 44 suppliers in 16 countries.[40]

4.4 Client Satisfaction

Our fiduciary duty also defines how we conduct business every day: in the best interest of our clients. We therefore strive to embed client centricity throughout our organization as a guiding principle, as we firmly believe client satisfaction to be best reflected in our daily interactions and in the long-term relationships with our clients. Our aspiration is a high level of quality in our interactions with clients and advisors, as well as to continuously improve the quality of our services.

The organizational structure reflects this commitment towards our clients. Our client coverage structure is organized regionally for EMEA, APAC and the Americas, taking full responsibility for client satisfaction. All three client coverage heads report directly into our Chief Executive Officer (CEO).

Our approach to assessing and ensuring client satisfaction remains based on three pillars, namely complaint management, client satisfaction surveys and third party assessments.

4.4.1 Complaint Management

The first pillar in assessing our clients' satisfaction is the management of complaints. This provides us with valuable insights into how we are performing in the eye of our clients. A robust and consistent client complaint handling and reporting process helps facilitate improvement of client satisfaction by identifying, and remediating poor client outcomes, learning from and, thereby assisting with the reduction of mistakes and attributable costs, risk transparency enhancement and management information. As an overall result, this pays towards service quality optimisation.

We follow Deutsche Bank's Code of Conduct, which includes a complaint handling policy framework to facilitate a consistent approach to complaint management, as well as oversight according to regulatory requirements. All complaints must be handled fairly, impartially and without undue delay. A client may raise a complaint either directly or through an authorised third party. Every complaint against a member of DWS Group must be identified as such and all relevant information must be tracked and stored in a durable medium in line with Deutsche Bank's Record Management Principles, which have been adopted by us.

Client complaints are reported to DWS and DB Group's senior management and DB Group Compliance and are subject to periodic review by Compliance, Group Audit and our external auditor. Complaint metrics are fed into the Non-Financial Risk Report (Operational Risk Management, ORM) oversight reporting and into Deutsche Bank Management Board reporting via Deutsche Bank Central Compliance. New complaints are being screened for recurring issues and Management Information provides oversight on the type of complaints (clustered by DB Group-wide non-financial risk type taxonomy), materiality/severity, and time to closure.

Information on our complaint process and contact names are provided to clients via the Markets in Financial Instruments Directive (MiFID) Starter Pack and our external website.

In 2019, DWS has observed an increase in complaints in Germany and Luxembourg. This is almost exclusively related to the delivery of the annual tax statement and the declaration of income which was in time from a tax regulatory perspective (before July 2019) but late in terms of client expectation and market practice (April to June 2019). The reason for the delay was the final letters of the Federal Ministry of Finance on the amendment of the Investment Tax Reform Act and the resulting implementation time. We have taken an important governance measure by initiating a globally responsible complaint management function, assumed within the Divisional Control Office of DWS. This function coordinates complaints across regions and business areas. In this capacity, this function also reports to regulatory bodies. Further complaint filing, -logging and reporting of incidents raised by institutional complainants have been centralized in the Customer Relationship Management system called Salesforce. For both measures, relevant employees have been trained during 2019.

[39] Additional information can be found here: https://www.aatif.lu/files/downloads/AATIF%20IMPACT%20Brief%2003%20-%20Wienco.pdf
[40] Additional information can be found here: https://www.apple.com/newsroom/2019/09/apple-launched-china-clean-energy-fund-invests-in-three-wind-farms/

4.4.2 Client Satisfaction Surveys

The service centre for our proprietary investment platform is based in Germany, servicing our clients using DWS Direct service offerings. This offering is not available in the APAC or Americas regions and enables our German clients and advisors to have personal access to the investment platform via telephone or email. Since 2008, we have commissioned an external service provider to conduct client satisfaction surveys in order to improve our service quality and client experience. The annual client satisfaction survey amongst our clients focuses on perceived service quality, professionalism, and service process transparency to ensure client feedback is integrated into our quality assurance and optimisation measures.

Clients and advisors can rate their satisfaction on topics such as friendliness of staff, response rate, professional competence, comprehensibility and solution orientation as well as sales-specific questions. The results are communicated internally by our service centre quality management and training team to relevant internal stakeholders, i.e. senior management, service centre staff, and the workers' council. Based on the respective feedback, steps for improvement are formulated and incorporated into employee training, internal knowledge tools, client correspondence, and client- and advisor-related processes. We maintained excellent ratings in advisor satisfaction regarding ‘recommended solutions’, ‘professional competence’ and ‘friendliness’. Further, our advisors rated us as ‘likely to recommend our telephone services to colleagues’, which we view as evidence for client loyalty.

For our U.S. insurance and institutional business, we conduct an annual client satisfaction survey focussing on investment performance and other areas of improvement, such as relationship management, innovation and overall satisfaction. Following our intentions from last year, client feedback is now fully embedded in senior management sessions with the US Fund Boards. Regular client satisfaction surveys are also conducted on a monthly basis by a third party vendor (DST) who services our direct retail client base in the U.S. The survey covers knowledge, sincerity, problem solving and overall client satisfaction.

4.4.3 Third Party Assessment

In order to achieve a 360-degree view of our services for distribution partners, we also rely on third party quality assessments. Our institutional business is evaluated by TELOS, a representative survey for institutional investors, which - amongst other topics - assesses client satisfaction and loyalty, quality of product suite, service, and reporting. Asset managers are not only assessed in comparison to their individual peer group but also within the wider industry. In line with the results from the previous year, DWS again achieved very good scores in TELOS 2019 survey. Especially in the categories overall customer satisfaction, customer loyalty and the newly established category on sustainability and ESG, DWS ranks above average.

4.5 Digitisation and Innovation

We are committed to being a leader in the digital space and view ourselves as a technology-led and data-driven company. We use technology to transform our digital capabilities in business, IT, operations, control functions and marketing.

Our approach to digitisation and innovation are twofold. We distinguish between digitisation in internal processes and operations and in our external distribution strategies. This is also reflected in the responsibilities of our Executive Board Members. The Chief Operating Officer (COO) leads our ambitions to digitise and automate our internal processes and our Head of EMEA Coverage leads our group wide digital distribution strategy. Both are members of our Executive Board.

Our approach to digitisation and innovation is outlined in the following by examples of our digitised processes and capabilities.

4.5.1 Internal Digital Processes

In 2019, we investigated with selected Software as a Service (SaaS) providers potential partnership options around advanced Artificial Intelligence (AI) for investment management and portfolio construction purposes. Such efforts are strongly connected with our other digital, automation and data initiatives.

For example, our digital foundations are continuously evolving and through the establishment of a dedicated digital framework, we have created a foundation for our internal technology development and taken the next step on our digital journey. Our Digital Framework is cloud ready, scalable and provides the digital foundation which underpins DWS architecture going forward.

DWS data analytics and science capabilities have also matured during 2019, delivering data driven-insight into DWS products, or peers and the broader global market. This capability will initially drive our product teams and sales initiatives, however future capabilities will look to leverage and build on this foundation to provide greater value, e.g. machine learning.

Connected to the above, we adopted a number of cloud-based applications where we partnered with a leading software company to better support our reporting to institutional clients, helping us to foster digital distribution benefiting our sales and marketing activities. We are also taking additional measures through targeted investments into cloud technology replacing non-cloud solutions which we will continue doing in 2020.

4.5.2 External Digital Marketing

Building on the global strategy defined for digital marketing and the overriding goal of efficiency and consistency, focus of 2019 was particularly on consolidating our technical website platforms to ensure the highest possible quality, reusability and scalability.

The successful migration of seven additional websites to the strategic website platform enabled us to make further progress towards this goal.

In addition, an improved search function and a revised navigation structure were developed to enable our users to find specific content more easily. In addition, data-driven solutions in the form of initial personalization functions and recommendation algorithms were implemented with the aim of making the user experience of our websites more effective. Especially in product search, these solutions can already help our users to find desired results faster and with less effort.

In the area of inbound marketing (campaigns including advertising in social networks and search engines, marketing automation, customer relationship management (CRM) integration), the focus was on reaching our target groups even better and displaying relevant content tailored to them. Through improved data integration with marketers and the implementation of dynamic advertising technologies, we now achieve a personalized approach and a more efficient creation process.

In the coming years, we will continue to focus on consolidating our system landscape. In addition, the focus will be on the continuous improvement of the user experience, for which purpose data-driven personalization functions on the platform and in campaign management in particular will be further developed - always with the long-term goal of being able to provide our users with content relevant to them at any time and on any channel.

The majority of our applications and systems are located in a data centre with a state-of-the-art infrastructure. The centre is certified to ISO 14001 and ISO 50001 Energy and Environmental Management System and uses 100% renewable energy, including hydro, solar and wind power.

For all systems and digital implementations used in digital marketing, we continue to implement the policies and procedures defined by our technology department as well as the data protection regulations of the respective jurisdictions.

4.6 Designing Products for our Clients

Our financial performance depends particularly on the ability to develop, market and successfully manage new attractive investment products and services. The development and introduction of new products and services requires continued innovation on our part and may require significant time and resources as well as ongoing support and investment. If our products are unsuitable or inappropriate for our clients or the target market, we could face potential liability towards them.

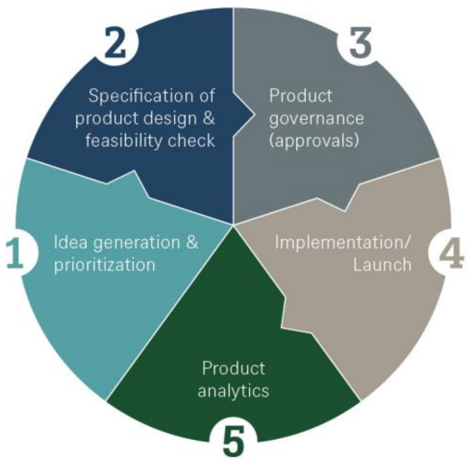
Our products and investment solutions are designed to meet current and future client needs. We seek to ensure that the product is designed in such a way that its product features (return expectations, liquidity, diversification or hedging benefits) provide value to our clients. We seek to produce transparent, accessible products that are beneficial to the individual without being detrimental to the world at large.

ESG data is the cornerstone of our ESG analysis. Our ESG Engine allows automated and bespoke screenings for all kind of clients. The information provided by the ESG Engine is available to all of our portfolio managers and analysts, allowing them to access qualitative sustainability parameters alongside traditional financial data. This means that they can easily integrate the information into their detailed analysis and embed it into the management of active and passive mandates for all liquid asset classes. The data and the results of our analysis are available for all mutual funds for private investors, as well as for individual products and strategies for institutional clients. Dedicated ESG funds should help clients to find appropriate investment solutions which are in line with regulatory requirements derived e.g. by the EU taxonomy or local authorities. As soon as there is more guidance about this, we will analyse the existing product offering and identify the likely impact of an amended and more detailed ESG regulation.

4.6.1 Product strategy framework

We use regional Client- and Product Strategy to align all strategies and campaigns across Coverage and the Investment Platform in EMEA and APAC. When formulating a product strategy it is essential to proactively address global trends and to position a suitable product range where our clients can benefit from these global trends. These can be e.g. general ESG aspects, technology (digitisation, automation or robotics), environmental aspects (climate change, renewables or circular economy) or changing demographics (e.g. healthcare sector). Dedicated ESG funds undergo the full product strategy process.

We illustrate the entire process in the following graphic, which demonstrates the lifecycle in a cross-functional interaction across our various teams.



Step 1: The idea generation phase is the first step of the product lifecycle management process. Step 1 should ensure a proper matching of client needs, market developments and corporate strategy and enable a mutual development of the product plan and measurement how the plan is being executed. This approach is in principle adopted globally. In order to accommodate regional and legal particularities and differences in product structures, the process is regionally adapted with variations in responsibilities. True partnership and beneficial cooperation between Product, Coverage and Product Platform to facilitate a strategic product planning and review process allows the business to further cultivate, maintain and improve consumer satisfaction, which subsequently strengthens the power of DWS in the market.

Step 2: Once the product / strategy idea has been generated and prioritized, the product design will be specified and checked for its feasibility.

Step 3: The Product Platform team is responsible for the product governance process across the product life cycle and has set up a Product Governance Committee (PGC) to provide the respective DWS entity management boards and committees with an educated analysis for the approval or rejection of product initiatives. By doing so the process ensures that DWS delivering the right product to the clients so that the product features best fit of the clients' needs. For Liquid Real Alternatives, the Product Development Committee assumes this role in various stages.

Step 4: Once the investment idea has been approved and the decision to start the design of a product made, the product can be launched. The PGC conducts analysis, screening and due diligence of product-related initiatives. This includes the introduction, assessment and optimisation of any product launches, material product changes, product mergers and liquidations. Decisions taken in the PGC aim to consider all implications for DWS along the value chain, and in EMEA/APAC include legal and regulatory requirements. Head of Product Platform for EMEA and APAC reports to the Executive Board and chairs the PGC. The attendees includes the Business Control Officer and representation from Investment, Coverage, Legal, Compliance, Risk, and Operations.

In the US, the PGC is chaired by the Global Co-Head of Product Strategy, who reports to the Regional Head of the Americas (an Executive Board member). Legal and regulatory requirements are assessed in conjunction with the separate Americas New Product Approval (NPA) Panel.

While this review and risk assessment process puts our clients' and investors' interests first it also includes an assessment of reputational risk. Reputational risk cannot be precluded, and is driven by unforeseeable changes in the perception of practices by various stakeholders such as the public, clients, shareholders and regulators. We strive to promote sustainable standards that will enhance profitability and minimise the risk that any association, action or inaction is perceived by stakeholders to be inappropriate or inconsistent with our values and beliefs. In order to comply with our fiduciary obligations, we have DWS-specific procedures in relation to reputational risk matters, as outlined in our respective reputational risk procedures. These procedures are owned by our Non-Financial Risk Management team.

Step 5: Product analytics supports senior management (e.g. Investment Platform, Coverage and legal entities / fund boards) by providing analytics / signals (e.g. performance issues, competitor trends, peer comparison, identification of loss making products) to enable better identification and facilitate reaction to client needs and behaviours. The ongoing task is to analyse products and performance and develop methods and processes to conduct efficient analytics for senior management. The team reports the outcomes of flow and performance analysis to the Executive Board on a quarterly basis. The performance and "health checks" of our products is discussed monthly with portfolio management. The Investment Quality Management team conducts the analysis.

As a result of our Product Lifecycle Management approach, we have worked on various product initiatives in 2019. We have among other initiatives successfully launched and positioned thematic equity strategies and launched new products, which focus on AI, climate technology, green bonds or the UN's SDGs. Our Passive team successfully positioned six new ESG ETFs, while our Alternatives team worked on continuing the success of the Pan European Infrastructure Fund series by preparing to launch PEIF II in 2019[41].

ESG, as an important part of the product strategy value chain, is part of the general Product Lifecycle Approach. For dedicated ESG strategies it´s mandatory that they are compliant with our ESG Minimum standards. The efficient life cycle management of the ESG product suite takes into account the following needs and requirements: (a) definition of flagship strategies and their reflection of the value proposition, (b) dedicated funds are aligned with the appropriate customer base, size of the asset class, expected flows and the regulatory framework, (c) development of individual product solutions responding to specific investment needs and values in close collaboration with strategic distributions partners and clients, (d) development of bespoke investment solutions based on specific requirements.

The current ESG product strategy developed by Investment Specialists in close cooperation with the ESG CIO Office and GCG is composed of following four areas:

(1) ESG "mirroring" of flagship funds / capabilities

_ Build a product set up which enables clients to choose between a "traditional" (non ESG dedicated) and "ESG" version of flagships across different assets classes in the liquid space (Active, Passive, Liquid Real Assets); at present we have 18 ESG "mirror" funds across Active Equity, Fixed Income, Multi Asset and Passive

_ Identify any gaps in product range and review existing products to identify those not aligned to a target market.

[41] For additional details on this fund launch plan, please refer to the following link: https://www.infrastructureinvestor.com/dws-plans-2019-launch-e3bn-third-fund-exclusive/

- Increase awareness of differences between both strategies in all attributes of financial and non-financial data.
- Offer distribution partners a uniform perception of DWS ESG strategies based on well-known and successful focus and core funds.
- Help clients to find appropriate investment solutions with regards to MiFID II requirements as part of EU regulation (ESG Taxonomy)

(2) Conversion of funds into ESG funds

- Create potential ESG flagships by converting “traditional” (non ESG dedicated) into dedicated ESG strategies.
- Fill ESG product gaps in order to satisfy key client demand and improve fund characteristics and profile.
- Focus on assets retention and related revenues by redesigning and repositioning of funds with large asset base but small and limited growth potential.
- Strengthen differentiation of various strategies to diversify the product suite and to reduce overlaps.
- Offer distribution partners a uniform perception of DWS ESG strategies based on well-known and successful investment capacities.
- Help clients to find appropriate investment solutions with regards to MiFID II requirements as part of EU regulation (ESG Taxonomy).

(3) Innovation and “Next Level ESG”

- Create potential ESG flagships by launching innovative and first-mover strategies with a clear differentiation to the market and based on cutting-edge ESG data provided by our proprietary DWS ESG Engine.
- Investment solutions with superior ESG approach, great performance potential, high match to (ESG) market trends and client demand.
- Investment solutions that are unique and offer innovative solutions can be found the impact / positive contributions space (Sustainable Development Goals, Green Bonds) or in the climate / carbon related area (Low Carbon, Climate Transition, Physical Climate Risk, Stranded Assets)
- Fill ESG product gaps in order to cater key client demand and needs.
- Offer distribution partners a uniform perception of DWS ESG strategies based on well-known and successful investment capacities.
- Help clients to find appropriate investment solutions with regards to MiFID II requirements as part of EU regulation (ESG Taxonomy).

(4) Bespoke solutions

- As a strong ESG proposition can create value for our clients we provide a versatile framework for understanding the key ways it can do so; the framework is based on our modular advisory process using our proprietary ESG Engine and capabilities to development bespoke ESG investment solutions mainly for institutional clients
- To make sustainable investing possible we require maximum transparency from our clients with regard to all relevant risks and opportunities along the entire investment value chain and across all asset classes.
- With our advisory concept, we want to support investors in all future decisions and our recommendations are based on comprehensive internal and external research.
- Modular advisory process using our proprietary ESG Engine, ESG CIO-View, and Sustainability Office & investment expertise across all asset classes (Active, Passive, Liquid Real Assets, and Systematic Quantitative Investments).

- Every step is connected to DWS ESG capabilities and bespoke ESG investment solutions with superior ESG approach, great performance potential, and high match to (ESG) market trends, client demand and regulatory requirements.
- The portfolio implementation is being executed through a smooth and seamless process which also includes outstanding service like customized reporting, eKPIs, ESG Performance Attribution, Analysis of unintended risks and risk premia, reporting on ESG related performance / risks / factor exposure / tilts.

4.6.2 New Product Approval and Systematic Product Review

[GRI 102-11]

A structured Product Governance process as well as the NPA and the Systematic Product Review (SPR) processes provide the basis for ensuring that we can confidently offer clients our products and services. We have created this framework to manage the risks associated with the implementation of new products and services, changes in products and services during their life cycles, and, the process by which they are systematically reviewed, to ensure they remain fit for purpose and consistent with the needs, characteristics and objectives of their intended market(s) throughout their lifespan. Applicable across all and regions divisions, the respective processes cover different stages of the product life cycle review, with the NPA process focussing on pre-implementation and the SPR process on periodic reviews, post implementation.

For the due diligence on environmental, social or corporate governance risks of dedicated ESG products, our sustainability office provides a sign-off. Although sustainable investing is becoming the norm across the active, passive and alternative spaces, some asset classes are still more readily associated with ESG than others. In 2019, for example, ESG data has been used much more frequently for equities than for fixed income. New funds launched have been “DWS Invest ESG Global Emerging Markets” or “DWS Invest ESG European Small/Mid Cap”.

4.6.3 Product Design and Demographic Change

We believe that our investment platform is well-positioned to address market trends. As outlined in section 4.4.1 “Product Lifecycle Management”, global industry trends are thoroughly analysed by the different regional Client and Product Strategy teams. This provides our product functions with a strong knowledge of how to best position our product offerings.

As a result of demographic shifts over the recent years, ‘baby-boomers’ and ‘millennials’ form an increasingly important client group for us. With the baby boomer generation approaching retirement, we are seeing greater demand for sophisticated retirement solutions, which has triggered growth in outcome-oriented products such as multi asset. We aim to provide innovative solutions to address these retirement needs and old age provisioning, and we are also leveraging our expertise in customising pension products to develop the next generation of retirement solutions.

We have also been developing our digital solutions to meet the preferred investment demand of the millennial generation. As outlined in section 6.1.3 “Digitisation and Innovation”, we have enhanced our range of thematic funds to target new growth opportunities from this younger investor group (e.g. DWS Invest SDG Global Equities or DWS Invest ESG Climate Tech).

5

Our Impact on Climate Change

5 Our Impact on Climate Change

As part of its responsibility as a corporate citizen, DWS manages and minimises the environmental impact of its business operations. A comprehensive sustainability strategy was developed with a strong focus on business travel, real estate and procurement which are key aspects for DWS' environmental responsibility.

The setup of a project covering all key areas at DWS to assess the recommendations and implications of TCFD (Task Force on Climate-related Financial Disclosures) has been an essential part to embed sustainability into corporate services in 2019. Goal of our initiative is to set up and amend existing structures and processes in order to accelerate the integration of sustainability considerations into our business operations. Our overall ambition is to provide transparency to stakeholders, and to reduce our future CO_2 footprint.

5.1 Journey to implement Task Force on Climate-related Financial Disclosures

[GRI 201-2]

Climate change is one of the most pervasive issues of our time. The transition to an economy with much lower carbon emissions will be shaped not just by the increasingly visible real-world effects of climate change but also by changes in policies, technologies, consumer preferences and market norms. Higher taxes on carbon emissions and litigation, for example, can increase companies' operating costs or change the demand for their products and services. Technology development can make incumbent companies uncompetitive. We have a long track record in measuring the impact of ESG topics on our business. We believe that TCFD will help us to identify climate-related risks and opportunities and that TCFD will play a key role to achieve the Paris climate goals. Since December 2017, DWS has been an official supporter of the TCFD recommendations and since 2008 DWS is a signatory of PRI. Therefore, understanding and measuring climate-related impacts on our business have become a key priority for DWS.

As a PRI signatory, DWS is committed to the implementation of TCFD recommendations encompassing the key themes of TCFD: Governance, Strategy, Risk Management and Metrics & Targets. In 2019, we have included a Climate Transition Risk Rating (CTRR) in our ESG Engine which is based on carbon intensity. With "CTRR" we can identify climate laggards and frontrunners within our traditional asset classes. Our CTRR is a starting point being used in obtaining insights for product groups with alleviated risks stemming from climate transition.

Within the "ESG Regulatory Governance" Program, the TCFD recommendations were assessed in more detail to provide regular updates to the involved stakeholders and to conduct TCFD deep dive session. The aim is to establish processes by developing a common understanding with respect to TCFD across different departments, identifying next steps and specifying roles and responsibilities within DWS on the basis of the adjustments to the organisational structure already decided. For a more detailed description please refer to our chapter "Our company-wide Sustainability Strategy"".

Several next steps were identified and we will continue to work on those topics in 2020 in order to progress our climate-related disclosures in line with the TCFD recommendations.

5.2 Our Environmental Footprint

[GRI 305-1; 307-1; 308-1]

DWS measures and reports GHG emissions based on the GHG Protocol Corporate Standard Revised reporting boundary. This includes all key businesses and sites where DWS is presented.

Based on an analysis in 2019, we came to the conclusion that DWS did not have material scope 1 or 2 emissions. DWS properties consist primarily of offices and branches leased under long-term rental agreements (operating leases) where we do not have ownership. Therefore, the consumption of purchased electricity, district heating and cooling as well as emissions associated with natural gas combustion are categorized as scope 3.

Within scope 3, DWS considers investments as a significant source of carbon emissions and we will further assess opportunities to quantify the investment emissions. Therefore, current scope 3 emission figures are excluding investments. Further sources for scope 3 emissions are

- business travel,
- leased assets, mainly real estate as described above and fleet management,
- waste generated in operations,
- purchased services.

Business travel

CO_2e emissions from business travel arose mainly from air travel. Therefore, it is our aim to assess options to reduce business travel and to promote an environmentally responsible mode of travel, for example by shifting from air to train travel.

Real estate and waste generated in operations

Emissions and waste from real estate operations are managed by DB Group. Given building occupancy is split across multiple Deutsche Bank businesses, calculating DWS specific emissions and waste data is not possible. We are striving to reduce the amount of waste we produce, and to reduce water as well as paper consumption. In this context, we plan a global initiative in order to change staff printing habits and to promote responsible paper consumption. In addition, we intend to reduce paper-based client communication through an increased use of electronic communication channels.

Fleet management

Company cars are provided by DB Group as lessee of the fleet and DWS is planning to introduce hybrid and e-cars in 2020. Since DWS does not have ownership of or financial control over the fleet, emissions associated with company cars are reported as scope 3 (equivalent to emissions associated with other types of business travel). CO_2e emissions from fleet management amounted to ca. 2,600 t CO_2e in 2019.[42]

In order to foster greener and more sustainable ways of commuting, we are working on a program to offer e-bikes to our employees.

Purchased services

The supplier portfolio comprises approximately 2,500 vendors and we follow DB Group policies and procedures to manage our vendor population. All our vendors are subject to a risk-based segmentation and vendors classified as posing an important, significant or critical risk undergo a comprehensive VRM assessment. All risk types are evaluated in this process including the DB Group Sustainability function’s assessment of environmental and social factors. In addition to VRM, all vendors with material annual spend, are also subject to a procurement Request for Proposal (RFP) process that includes an assessment of their commitment to sustainable development and environmental responsibility.

Carbon neutrality

Our unavoidable carbon emissions from building energy use, leased vehicles and business travel are offset by the purchase and retirement of high quality emission reduction certificates as part of the carbon neutral activities by Deutsche Bank.

Our ambitions are to achieve a CDP rating in 2020 and to reduce our scope 1 and scope 2 as well as our scope 3 emissions on which we have an influence such as business travel.

[42] Data sourced from Deutsche Banks’s Car Fleet Management System. Data is available for Germany. For other European countries, data from a DB 2017 survey is extrapolated based on a pro-rata FTE adjustment of DB Group figures.

6

People Strategy and Attractive Employer

6 People Strategy and Attractive Employer

6.1 People Strategy and Employee Effectiveness

[GRI 108-8]

DWS recognizes the importance of its human resources and understands that the success of DWS largely depends on the commitment, ideas and engagement of our organization. Therefore, it seeks to create a working environment in which people can be innovative, work in partnership and are enabled to deliver long term organizational performance.

In 2019, there have been four key areas of focus:

- Organisation culture with specific focus on feedback culture and investment in developing our employees through training
- Appropriate pay for performance through development of the remuneration strategy
- Organisational governance & enablement
- Organisation design

The following table shows the development of our permanent employees and contingent workers by region:

Employees[43] by region (FTE)

	Dec 31 ,2019	Dec 31 ,2018	% change
APAC	295	300	–2%
EMEA excl. Germany	619	648	–4%
Germany	1,601	1,603	–0%
Americas	846	892	–5%
Grand Total	**3,361**	**3,443**	**–2%**

Contingent workers[2] by region (FTE)

	Dec 31 ,2019	Dec 31 ,2018	% change
APAC	5	5	0%
EMEA excl. Germany	263	375	–30%
Germany	207	437	–53%
Americas	138	88	57%
Grand Total	**613**	**905**	**–32%**

6.2 Employer Attractiveness

[GRI 102-8; 102-35; 401-2]

Culture Strategy

We place great importance on our DWS People Survey and feedback culture. Employee feedback is highly valued and is testament to strong engagement. 63% of our workforce shared their thoughts with us which was up 20% on last year. In total, responses to 40 out of 53 questions asked in last year's survey have improved this year, with responses confirming that DWS is becoming a better place to work. Notably, there is a growing sense of pride across our organisation. This is matched by a desire to go above and beyond expectations as we continue to position ourselves as a distinct, publicly-listed asset manager. Our commitment to improving workplace conditions has enabled our employees to make better use of their skills and ensure information is readily available to carry out their roles effectively.

[43] We calculate our employee figures on a full-time equivalent basis, meaning we include proportionate numbers of part-time employees. Region reflects legal entity location not physical location of staff

[43] All workers having a temporary contract with DB vendor companies and who are not paid via DB payroll system

In terms of our feedback culture, there has been a marked improvement in the ability to share recommendations or concerns with managers and regular team meetings. This has resulted in employees feeling better equipped to report unethical behaviour and more comfortable to speak up. Communicating openly has also allowed them to better manage risk without having to compromise our organizational policies. However, giving and receiving feedback, both positive and negative, as well as sharing appreciation with colleagues on all levels remains an area for improvement

In addition, we also engage with people through multiple People Engagement (PEG) sessions, DWS Executive Talks, Learning Bites, Breakfast and Connect and Managing Director Open Door sessions – all of which are crucial in creating a motivational workplace.

Workforce trends are driving the people practice roadmap and some of the progress we have made since the start of the year includes:

- Thinking more innovatively and further investing in AI, machine learning and data analytics to better understand our client needs – acquiring a stake in Arabesque S-Ray and establishing our DWS Innovation Hub and Robo advisory platforms are three ways we are being proactive in this space;
- Shaping our culture and strategy from the next generation's perspective by capturing their insights, knowledge and expertise across different topics – this has been the driving force behind the launch of our DWS NextGen Advisory Group which is a forum of 'the next generation' with direct linkage to senior management . This group is currently involved in most of the strategic priorities with specific focus on the new Functional Role Framework
- Creating new opportunities to broaden skill-sets, networks and experiences – to do this we launched the HotJobs internal mobility initiative;
- Being more efficient and embracing greater standardisation – e.g. by optimising our vendor costs;
- Modernising our technology through the introduction of our market-leading, cloud based HR platform Workday.

Staff Training

To help our employees develop professionally and personally and advance their careers, the talent agenda is of great importance. Staff budget for 2019 for permanent employees was EUR 3 million, which equates to EUR 750 per person on a per head basis. Additionally, in 2020, budget has been allocated centrally for the People Engagement Groups (PEG) and the NextGen Advisory Group.

Graduates and vocational trainees

We remain committed to the strategic priority of hiring graduates as they contribute to our agenda of change, sustainability, reflecting our future clients, and the diversity of our organization. In 2019, we hired 29 graduates (2018:30).

For the second time, DWS ran two separate orientation and training programs – one for DWS's Technology cohort and another for the remaining graduates, as in previous years. The training takes place over four weeks in London consisting of intensive education on the asset management industry.

Vocational training and dual studies are an important component of our junior staff strategy and offer an additional opportunity, particularly in Germany, to attract young talent to our company. In 2019, we hired 4 new vocational trainees (2018: 4).

Leadership development

Over the last few years we have successfully run leadership development programs in partnership with Deutsche Bank. As part of our commitment to keep our leaders 'fit for the future of work', in 2019 there have been significant changes and improvements in how we develop our leaders – who are of course a key part of the organization's culture and transformation.

The Leadership Capability Model defines what we expect from our leaders, as well as providing a shared view of the capabilities that are vital to leading employees and ensuring business success in line with our strategy and culture. In 2019, the language has been refreshed and concepts simplified to reflect the changing future of work, the requirements of a leader in this digital age and our strategy.

In October 2019, a new approach to leadership development was piloted, which is built on a more flexible, user focused model. Panels of leaders across the organization have helped to design learning which comes in a more bite size format, removing large long programs, and replacing those with short learning workshops, including virtual alternatives for small locations. These are embedded in learning journeys which include articles, videos, podcasts and other online resources. This will evolve further -

including piloting virtual coaching for leaders of complex teams – to ensure leadership development is available at the moment of need.

New first-time leaders are a key focus for us, helping them to grow into a new role (or acclimatize themselves to our leadership philosophy when we hire them from outside the organization). To this end an interactive tool for leaders helping them to understand our processes, culture, key regulatory requirements – and how they support and develop their teams was created, which will formally rolled out in DWS from January 2020 onwards.

A key part of the content of this 'Welcome to Leadership' guide relates to our commitment to creating a climate where our employees can speak up. In 2019, employees were provided with a created digital guide called a 'navigator' to focus on the behaviours which underpin a speak up culture. This included signposting them to learning paths of digital resources included facilitated virtual classrooms covering topics such as listening and feedback.

The company's leaders are now in a position to take care of their own development and select whatever learning content is appropriate to them. The new approach means that we can offer learning to all leaders rather than a selected cohort chosen by hierarchical criteria. This also means that those who are for example leading in a project context can access the learning also.

Talent Acceleration

To help our employees develop professionally and personally and advance their careers, the talent acceleration programs at Deutsche Bank, of which DWS benefit, follow a cross-company approach.

Accomplished Top Leaders Advancement Strategy (ATLAS) is the flagship, highly visible acceleration program for senior female MDs. It was launched in 2009 and since then, there have been 5 cohorts in which DWS participated. The program follows a 12 month structured development journey with bespoke 1:1 development and is aimed at increasing the number of women in senior positions across the bank.

The Director Acceleration Program had 13 participants from DWS in 2019, with 46 % female representation. It is a 12-month program with a blended learning experience and includes classroom and coaching elements.

The Vice President Acceleration Program completed its fourth year in 2019 and had 30 participants with 47% female representation. This program is delivered across 5 regions and offers participants a unique six-month development experience.

Participants of the Acceleration programs also get exposure to DWS senior management. Executive Board members as well as others host respective networking sessions to get to know DWS key talent and discuss matters of importance for DWS and its employees. These sessions are highly appreciated and are now an integral part of programs for DWS participants.

Remuneration Strategy

Remuneration plays an integral role in the successful delivery of DWS' strategic objectives. DWS compensation philosophy is underpinned by regulatory considerations and is predicated on the principles of 'pay for performance', 'equal & fair pay', 'alignment to DWS Shareholders and Investors', and 'enhanced alignment to asset management market practices'

In the course of 2019, our compensation framework and governance evolved in the following ways:

- In line with DWS Group status as a listed company and increased level of operational independence, we strengthened the DWS compensation governance framework by creating several stand-alone DWS compensation governance committees following transfer of responsibilities from DB Group
- DWS compensation structures are designed to provide mechanisms that promote and support long-term performance of the DWS franchise and its employees. As part of DB Group, DWS has a long history of deferring part of variable compensation for select employees. The 2018 deferrals for DWS employees were delivered in DWS share based deferred equity awards (DWS Restricted Equity Award (REA) to replace DB restricted shares, stand-alone DWS Restricted Incentive (Cash) Plan and DWS Fund instruments. DWS continues to enhance these compensation plans.
- To achieve increased investor alignment via our pay strategies, we expanded scope of both 'mandated' and 'elective' Employee Investment Plan (EIP) for the DWS deferred staff.
- We also implemented InstVV Sectoral 'Carve Out', for vast majority of DWS employees applying AIFMD / UCITS pay regulations instead. DWS compensation processes such as 'Material Risk Taker identification' and DWS compensation plans were aligned to AIFMD / UCITS regulations, resulting in shorter DWS deferral / retention periods and removal of statutory CRDIV bonus pay caps.
- In 2019, DWS published its own stand-alone DWS Compensation Policy, accessible to all DWS employees

Performance Share Units (PSU), granted in 2018 to select key DWS executives deemed key to the execution of our strategy, remain in place. The PSU award is subject to achieving specific performance targets aligned to our strategy goals and externally committed targets.

Organisational Governance & Enablement

2019 also saw increased focus on organisation governance and enablement across 3 areas:

- Enhanced governance and review of services received from Deutsche Bank, including alignment and monitoring of service costs for appropriateness
- Implementation of Workday, a cloud-based human capital management system which provides better, more intuitive self-service for employees
- An enhanced workforce management framework, including increase transparency and review of the DWS workforce

Further benefits from these will be realized in 2020 and beyond

Organisational Design

To continue the work of 2018 and the simplification of the organisation structure, a restructuring programme was initiated and implemented in all regions.

Outlook

The centrepiece of the People Strategy is the creation of a Functional Role Framework for DWS.

DWS will deploy this functional role framework by mid-2020, which will change the way we work together as a company, replacing corporate titles and hierarchical thinking to foster a clear performance driven culture. The Executive Board took the decision to make this change in response to employee feedback for a more simplified corporate structure and to make progress changing the culture. The framework will be based on individuals' capabilities, and designed to empower our employees, encourage innovation, unlock performance, and enable the execution of our overall strategy. We view this initiative as pivotal to our people development as we consider our employees the most valuable asset of DWS.

This is one of the most substantial people projects in our organization's history. This framework is designed to best match roles to the needs of our organization and, most important, to our clients. This will help us to reduce complexity across our business, break down barriers and create a more modern work environment. In creating this framework, we will build a collaborative work environment with flatter hierarchies based on functional roles, skills and capabilities. Creating a flat, simplified corporate structure will enable us to make decisions more efficiently, drive innovation and give employee more accountability and visibility for their contributions.

As part of our framework, each role will have a clearly defined description covering responsibilities and specific expectations and priorities. Each functional role will take into account the expertise needed, business impact, team management and expected relationships with other parts of the business. The compensation for each role will be aligned accordingly. This will provide each employee with a better understanding of the career options and pathways available, and career progression across the firm will now take place throughout the course of the year rather than being restricted to a single annual cycle.

By removing hierarchical barriers we will be able to mature into an agile, globally competitive asset manager that attracts, retains and develops the very best people. This change will further support us as we focus on emerging growth opportunities and mega-trends, accelerate our digital efforts and ensure that Sustainability, alongside our other core values of Integrity, Excellence and Entrepreneurialism, is at the heart of everything we do.

6.3 Diversity & Equal Opportunities

[GRI 405-1]

As a global organization, DWS is committed to an inclusive culture that respects and embraces the diversity of our employees, clients, and communities. As diversity and inclusion are central to the firm's culture, our continuous focus is to:

- Build talented and diverse teams to drive business results;
- Create a respectful and inclusive environment where people can thrive;

- Strengthen our relationship with clients, partners, regulators, communities, and potential employees.

We aim to attract, develop, and retain the best people from all cultures, countries, races, ethnicities, genders, sexual orientations, abilities, beliefs, backgrounds, and experiences. To this end, and to prepare for opportunities and challenges arising from changing demographics, digitalization, and the future of work, we follow an integrated and multi-dimensional approach to diversity and inclusion.

Throughout 2019, DWS continued its journey to embed diversity and inclusion in our business and people practices. Key focus areas in 2019 were:

- Establishing our commitment to improve gender diversity. DWS set voluntary goals at the Supervisory Board and Executive Board-1 and Executive Board-2 levels per the German Gender Quota Law. Gender diversity is one of the KPIs that we are tracking internally.
- Improving diversity through talent attraction: Embedding diversity into the renewed Employee Value Proposition which will be implemented in 2020, targeted campaigns to attract more women to DWS, and projects to attract and retain people across generations.
- Strengthening the cross-generational collaboration and dialogue: Creation of the Next Gen Advisory Group, Regional Employee Resource Group driven Reverse Mentoring programs and wider platform based Reverse Mentoring offerings.
- Advancing LGBTQI (Lesbian, Gay, Bisexual, Transgender, Queer, Intersex) inclusion worldwide: Honouring 50 years of LGBTQI Pride worldwide and taking our responsibility to both business and society serious by, e.g., intensifying the work with coalitions and influential platforms that advocate for a more inclusive and just world.

6.3.1 Continuing our focus on gender diversity

The percentage of women on the Supervisory Board stood at 36 % at the end of the year (2018: 36%), which met the statutory requirement of 30 % for listed and co-determined German companies under gender quota legislation.

As of year-end 2019, 21.5 % of the executive positions at the first management level below the Executive Board were held by female executive women (2018: 23%). At the second level below the Executive Board, this percentage stood at 26.8% (2018: 26 %). In accordance with legal requirement in Germany, DWS set targets for December 31, 2021, of 26 % and 29%, respectively.

While women's representation at DWS is not yet where we want it to be, we continue to monitor and report on our progress to the Executive Board. We have a variety of measures in place including talent development programs, manager training, best practices on people-related decisions, internal monitoring, and significant support for grassroots, employee-driven initiatives. We believe improved gender balance in leadership roles will meaningfully contribute to the future success of DWS.

In the UK, Deutsche Bank published its second Gender Pay Gap report in compliance with UK legislation that came into force in April 2017, requiring all companies with 250 or more employees to report their gender pay gap annually. DWS was included in this data. The median hourly pay gap has narrowed slightly in our combined UK figures (from 27.6% to 27.2%). The increase in median bonus pay gap for 2018 compared to 2017 (35.4% to 67.7%) is due to Individual Variable Compensation being paid in March 2018, in respect of performance year 2017. Further root cause analysis regarding seniority, profession, and business division of women versus men are published together with actions to reduce the gap. The third Gender Pay Gap report reflecting 2019 will be issued March 2020.

In Germany, the German Remuneration Transparency Act, which came into force in January 2018, offers employees the right to request specific aggregated information about the remuneration of colleagues of the opposite gender in comparable jobs. In 2019, 11 colleagues (of which 91% women and 9% men) made use of this right, with no structural discrepancies identified (2018: 26 colleagues, of which 64 % women and 36 % men). As a global company active in many areas, DWS generally strives for a cross-regional approach and transparency. We will continue to thoroughly analyse the results from the various initiatives and remain committed to reducing any gaps. Furthermore, we will take these considerations into account in the further development of our compensation framework.

6.3.2 Creating an inclusive work environment

For the first time in 2018, Deutsche Bank made the list of the top 100 most inclusive companies on the Thomson Reuters D&I Index and DWS was included in these results. Now in its third year, this investable index is informed by ESG data and evaluates companies on various components of inclusion. Deutsche Bank ranks #68 of all the 2,173 companies evaluated. This puts us in the top 100, which is the investible index referenced. In the banking services category, we ranked fourth out of 185 companies and sixth out of 84 German companies.

As one of many activities to support LGBTQI inclusion and to support the firm's LGBTQI colleagues, DWS in partnership with Deutsche Bank has a long-standing Allies program. These visible Allies, who do not self-identify with a particular LGBTQI group, play a key role to foster a culture of inclusion across the bank. As leaders and advocates of change at all levels of the organization they are helping LGBTQI employees to feel safe at work, to bring their whole self to work, and subsequently also to be more productive.

DWS has also developed a number of key external partnerships across the globe. These partnerships not only help us to drive our internal agenda. They also enable us to share good practice and to positively impact on the societies we are operating in. We are convinced that his helps us to strengthen relationships with clients, partners, and communities.

- Partnership and Sponsorship with the 30% Club and the Diversity Project with the goal of increasing our female talent in senior leadership roles.
- Membership with New Financial, a UK diversity think tank specific to the Asset Management industry, to further drive and create an inclusive culture.
- DWS is also leading the Diversity pillar with CFOs of leading Asset Managers, hosted by Ernst & Young.
- Sponsorship of the Foundsfrauen initiative in Germany

Implementing German Gender Quota Legislation at DWS Group

	Status as of Dec 31, 2019	Target for Dec 31, 2021
Supervisory Board of DWS KGaA	36%	30%[1]
First management level below the Executive Board	22%	26%
Second level below the Executive Board	27%	29%

[1] Supervisory Board set the target for January 29, 2024.

6.4 Employee Wellbeing

At DWS enabling employee wellbeing is a core part of our People Strategy. For our people to stay healthy and engaged, perform well and thrive in their professional and personal lives we seek to provide an overall employment experience conducive to maintaining their wellbeing. This focuses on employees' mental, physical, financial and social wellbeing and includes comprehensive benefit programs in all our locations.

Mental and physical wellbeing[44]

Our benefits offering in 12 counties, including all of our main hubs, includes preventative medical examinations for physical and mental health, fitness and nutrition. Feedback indicates that such examinations contribute to improvements in health and overall wellbeing.

Our Employee Assistance Program (EAP) supports employees to deal with issues in their personal and professional lives by offering confidential 24/7 support hotlines, which are staffed by counsellors and/or psychologists and offer advice on family relationships, stress management and other issues. The EAP, in many locations such as Germany, the UK, the US, Japan and Hong Kong, also serves as an important resource in crisis situations, such as natural disasters, epidemics or other threats to public safety.

We offer a wide range of mental health resources aimed at reducing the stigma associated with mental health and providing support both to those affected and to those closest to them. As an example, there is a focus in internal communications on 'World Mental Health Day' each year, enabling DWS to raise awareness about mental health in the workplace in various locations across the globe.

We also ensure we provide safe places to work and conduct business for our employees, clients and other visitors. We believe that integrating sound environment, health and safety (EHS) practices into our business has multiple positive effects, including contributing to improving quality and productivity in the workplace and increasing employee job satisfaction.

Our health rate for employees working in Germany was 95.1% for 2019.

[44] Please note: International standards for Human resource management recommend disclosing metrics reflecting lost time injuries, number of occupational accidents and number of people killed during work. These type of serious incidents rarely occur in our operating environment and are more relevant to the safety related reporting of other industries.

Financial and Social wellbeing

In addition to competitive compensation, we offer pension plans which complement social security and private savings. For example, in Germany, this consists of an employer-financed pension plan, matched contributions to the BVV Versicherungsverein des Bankgewerbes a. G (BVV) industry-wide plan; and the option to convert parts of compensation into pension contributions. Similar schemes exist for employees in most locations worldwide. In many other locations including the UK, US, Hong Kong, Japan, Singapore and Australia, we also offer comprehensive insurance programs including medical and life insurance.

We provide a range of benefits to help our employees manage professional and personal commitments and achieve a healthy work-life balance. In most locations, progressive and family-friendly parental leave policies have been established, with increasing emphasis on a more gender neutral approach.

To accommodate employees' needs and offer flexibility, working from home, working part-time and job-sharing opportunities are all generally available, subject to specific role requirements, regulatory or client needs. In addition, DWS offers a variety of paid and unpaid leave to allow employees to manage special unforeseen events, e.g. personal or immediate family illness or injury and bereavement of immediate family members.

In the UK, we offer a flexible benefits programme which enables employees to select individual benefits which are most suited to their lifestyle needs

7

Risk Management, Compliance and Control

7 Risk Management, Compliance and Control

7.1 Risk and Control Framework and Organization

[GRI 102-17]

The Chief Control Office (CCO) is the independent function responsible for protecting the DWS Group's business as well as being a trusted advisor and partner for supporting sustainable business growth.

The management of financial risks, non-financial risks and investment risks including the compliance with all regulatory requirements and minimum standards established for these risks is of highest importance for DWS Group.

Therefore, the risk management and control framework established reflects this variety of risk types within the organizational structure of the Chief Control Office. It comprises among others functions responsible for the management of non-financial risks (operational risks and reputational risks), financial risks, as well as investment risks, to which investors of products manufactured and managed by DWS Group are exposed.

DWS Group Risk & Control Governance

DWS Group' activities and operations in different jurisdictions are regulated and supervised by the respective competent authorities in each jurisdiction. For further information on the Governance Structure please refer to the DWS Risk Report.

Besides the DWS Group's governance, an additional integral part of the governance structure is the regional aspect. To that end, dedicated regional risk governance forums, committees or boards have been established and tailored to the specific regional regulatory requirements. Their role is to primarily oversee and manage risk profiles, function as the escalation body and act as the central point for risk matters to various internal and external stakeholders such as senior management, clients and regulators.

Managing Risks and the Three Lines of Defence Model

As a global fiduciary business, a strong governance framework enables DWS Group to establish an effective risk management, compliance and control infrastructure. This includes risk management processes such as risk identification, risk management and evaluation, risk monitoring and mitigation as well as accountability and a culture of compliance and risk awareness across all three lines of defence.

- The first line of defence (1LoD - the business, its management and Chief Operating Office organization) typically owns and manages risks through level 1 controls and an annual risk and control assessment. It implements and owns processes and is responsible for mitigation of related risks identified. 1LoD functions are accountable for all risks in their business. They take an end-to-end process view managing these risks, including identifying, assessing, mitigating, monitoring, and reporting on these risks relative to risk appetite. Each 1LoD team is responsible for designing and implementing level 1 controls to mitigate risks and to adhere to legal, regulatory and policy requirements. While the 1LoD may take risk decisions, they must always ensure controls are reasonably designed to adhere to applicable rules and DWS policies. 1LoD must take immediate action to address such breaches and may not "risk accept" violations of rules.
- The second line of defence (among others the DWS Risk Management functions, the DWS Compliance function, some infrastructure functions and its management) monitors these risks in support of senior management. For the risk types identified within the DWS Group risk and control framework, the second line functions operate as risk type controllers. They provide a dedicated risk management framework, relevant level 2 controls and reporting and escalation processes. The second line functions establish jointly with senior management a risk appetite framework in line with the company's business strategy. They independently assess and monitor the company's risk profile against agreed risk appetite and the effectiveness of level 1 controls in mitigating these risks.
- The third line of defence (internal audit function) provides assurance on the effectiveness of controls in place to mitigate risk.

This risk management framework shows the importance of an effective risk management and compliance organisation in order to safeguard DWS Group's regulatory compliance, reputation and operational business interests as well as our clients' best interests.

Although DWS Group has adopted risk management processes and regularly reviews its controls, procedures, systems and policies, we are aware that non-compliance with relevant laws and regulations and an inappropriate control framework could expose DWS to material financial, regulatory and/or reputational risk.

7.2 Risk Management

Given the risk types identified to be relevant from a risk management perspective, DWS Group Risk Management categorizes the material risks into financial risks, non-financial risks and investment risks in the following way:

- Financial risk on the corporate level comprises credit risk, non-trading market risk, liquidity risk and strategic risk.
- Non-financial risk on the corporate level comprises operational risk and reputational risk.
- Investment risk comprises risk at the portfolio level and consists of market risk, liquidity risk, counterparty risk, as well as any other risks investors of products managed by DWS Group might be exposed to.

Given this set of currently identified and managed risk types, a program to integrate sustainability risks and sustainability factors into the set of material risk types (across the three major groups of risks) has been initiated in 2019.

Sustainability Risks and Sustainability Factors

Over the last years and in particular in 2019, DWS Group has been monitoring the increased attention to the question of the integration of sustainability risks in the risk management processes of financial institutions. Among others, the (draft) publications of the amendments of the EU regulatory framework as well as publications and recommendations given on NCA level (such as the BaFin Leaflet published in December 2019) have been given special focus.

From DWS Group's point of view, sustainability risks as well as the underlying sustainability factors cannot simply be seen as one additional risk type to be managed and monitored besides the existing risk types. This is due to the fact that sustainability factors can have an effect on several of the already known risk types. More precisely, sustainability risks could materialize within any of the three groups of risks managed. These factors could materialize for example as follows:

Investment market risk: Several shares of companies contained within the portfolio of a fund managed by DWS Group could operate their business in a non-sustainable way or might be exposed to significant climate change factors. An abrupt change in the market view or the materialization of climate change events might lead to devaluations of these shares which ultimately leads to losses for investors of the fund.

Strategic risk: Subsequent to the changes implemented in EU regulations with regards to the EU Action Plan, the product portfolio manufactured and managed by DWS Group could potentially no longer meet client expectations with regard to a diverse and appropriate offering of sustainable investment products. The redemptions as well as missing subscriptions DWS Group could face linked to this situation might expose DWS group to a strategic sustainability risk.

Reputational risk: The products manufactured by DWS Group labelled with a specific sustainability related label (such as “ESG” or “SDG”) could potentially unveil to be only supposedly sustainable products. Besides the potential regulatory fines linked to this incident, ESG aware investors could withdraw their money from ESG labelled products or even other products managed by DWS group.

DWS Group considers all of the above cases of potential materialisation of sustainability risk to be relevant for integration into its risk management and control framework of DWS Group. Within 2020, DWS intends to formalize the integration of sustainability factors and sustainability risks within the risk management framework of DWS Group.

Corporate Risk Management

Corporate risks includes the following material categories of risk:

- **Non-financial risks** including reputational risk and operational risk (with important sub-categories such as compliance risk, information security risks, technology operations risk, transaction processing, vendor and model risk), and
- **Financial risks,** such as market risk associated with co-investments, seed investments, guaranteed products, credit risk, liquidity risk and strategic risk.

We manage the identification, assessment and mitigation of key risks through an internal governance process and the use of risk management tools and processes. We have a clearly defined risk appetite and our approach to identifying and assessing the impact aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and reputation.

External factors outside the control of DWS Group can have a significant effect. The continued elevated levels of political uncertainty worldwide, protectionism and increased tensions regarding trade and tariff negotiations coupled with uncertainty around the past-Brexit agreements and the continuation of the current low interest environment could have unpredictable consequences on the global economy, markets and investor confidence, which could lead to declines in business levels and could affect our revenues and profits as well as the execution of our strategic plans.

The assessment of the potential impacts of these risks is integrated into our stress test which assesses our ability to absorb these events should they occur. The overall focus of risk management is on maintaining our risk profile in line with our risk appetite, increasing our capital base and supporting our strategic management initiatives with a focus on economic capital optimization.

Integration of Sustainability Risk

Sustainability risks, or more precisely sustainability factors, have already been part of several of the risk management procedures as well as risk assessments performed within DWS Group. More precisely, ESG factors have been part of the reputational risk assessment processes where in particular social, environmental as well as sectorial factors have been considered within the overall risk assessment of new products manufactured by DWS Group.

During the course of the assessment performed in 2019, several further financial and non-financial risk types have been identified to be impacted by sustainability factors. Besides reputational risks, which have already been reflecting some of the factors, strategic risks as well as other sub-types of non-financial risks have been identified to be impacted.

For 2020, it is therefore planned to integrate sustainability factors into the different frameworks and tools established to measure and manage financial and non-financial risks. This implies that risk assessments being performed for non-financial risks, scenario analysis and stress testing being performed for strategic risks or the risk appetite statements being defined across all risk types will be amended to reflect sustainability risk effects and the underlying sustainability factors.

Fiduciary Investment Risk Management

While corporate risk management is assessing the risks DWS Group or its investors are exposed to, the investment risk management function manages and monitors the risks the investors in products managed by DWS Group are facing. The investment risk management function identifies, assesses, limits and monitors on an ongoing basis the following sub-types of Investment Risk:

Investment market risk: Market risk refers to the risk resulting from an adverse change in the market value (or rate) or forward value (or rate) of any investment or underlying to an investment contained within a portfolio managed. Market risk is influenced, inter alia, by macro-economic factors such as central bank or government interventions or global economic growth or recessions. Both the specific risk of the individual positions and assets as well as the overall risk of the portfolio are considered – aimed at protecting investor assets and interests.

Investment liquidity risk: Liquidity risk is defined as the risk arising from potential inability to meet investor redemptions or other liquidity demands. Hence, the liquidity risk management framework considers both the overall ability of the portfolio to generate liquidity on the one hand as well as the potential redemption demands considering the liquidity management tools and liquidation profile of the product on the other hand.

Investment Counterparty Risk: Counterparty risk is understood as the risk of default of a fund's counterparty within an OTC transaction (e.g. an OTC Swap), an EPMT (Efficient Portfolio Management Technique) or any kind of deposit held by the fund with that counterparty. The potential loss incurred by the sub-fund in the event that such default occurs can be as high as the positive mark to market value of the transaction. Changes in the price of the underlyings of the transaction and other market parameters may affect the transaction price and therefore the level of exposure to counterparty risk.

Additional alternative investment risks: Whereas market prices are available on a daily basis for traditional assets, alternative assets are in most cases much more illiquid, or prices are not directly observable at all. Related risks typically strongly depend on the asset class of the product. Prominent examples would be credit risks within the debt originating fund or the risk of default of tenants within a real estate fund. In these cases, regular valuations of the assets take place considering these risk factors and the risk assessment pays specific attention to these factors. In order to reflect illiquidity in risk management accordingly, measurement and control processes are based on monthly or quarterly rather than on daily frequency.

Other investment risks impacting the fund or its investor: Besides the more traditional risk types monitored within the investment risk management framework described above, the investors investing in the products might also be exposed to other risks such as operational risks or valuation risks ultimately affecting adversely the value of the shares held by the investors of the products.

Several measurement and management tools are used to manage the individual risk types as well as the aggregated risk profile of the products. These tools comprise for example risk profiling and risk limit frameworks on product and risk type level as well as corresponding risk measurement tools such as Value at Risk measurement, stress testing, liquidation profile analysis, leverage management, sensitivity analysis and much more.

Integration of Sustainability Risk in Investment Risks

Sustainability risk and sustainability factors on a portfolio level have been identified to have the most significant impact on investment market risk as well as on additional risk types identified for illiquid alternative asset classes.

The variety of sustainability factors, which have been identified and which might have an impact on the individual values of assets or investments contained in a managed portfolio, lead to the conclusion that a comprehensive measurement and management of sustainability risks requires a diverse set of risk indicators and measures. Besides others, the indicators mentioned below have been identified to be the most relevant and appropriate to be integrated into the existing investment risk management and oversight processes:

Fund based ratings linked to ESG / Sustainability Risk issuer ratings

Ratings established on issuer level assessing the effect of diverse sustainability factors on the value of assets issued can be used on an individual or combined level to assess the overall sustainability risk profile of a fund. For this purpose, different measures such as the concentration of "poorly" rated issues or the average rating profile of a fund can be considered as portfolio level risk indicators for sustainability risk. The measures can consist of different types of ratings, including:

- Ratings linked to standards-based screening focused on human rights abuses, child or forced labour, health and safety, environmental impact, and business ethics
- Corporate best-in-class ratings that seek to identify leaders and laggards with regards to ESG issues within a peer group
- Environmental risks and opportunities ratings - including carbon price risk ratings, water risk ratings or other transition risk or physical climate risk ratings

Physical climate or transition stress tests

Besides rating based indicators as described above, stress scenarios or stress tests can be used to assess the exposure and the sensitivity of a portfolio towards sustainability risks. The underlying assumptions might again be induced by combinations of endogenous or exogenous sustainability factors. Such stress tests can be integrated in the stress testing frameworks already established by the Investment Risk function of DWS Group.

In 2019, the Investment Risk function has started to assess within its market risk oversight processes the ESG risk profiles of the actively managed products. Within the regular risk and performance review process between the first line of defence and the second line functions (Portfolio Management and Risk Management), the concentration of assets with high sustainability risks have been considered within the overall assessment of risk profiles of the products.

Within 2020, the Investment Risk function plans to extend its analysis to further integrate sustainability risk issuer ratings as well as physical and/or climate transition scenarios into its investment risk management process. This is expected to imply amongst others the integration of risk limits with respect to various ESG ratings and the usage of these limits as well as escalation procedures to the respective governing bodies. Moreover, physical climate stress scenarios as well as climate transition stress scenarios are planned to be integrated in the market risk stress testing program executed by the Investment Management functions. Additionally, for illiquid alternative asset classes, sustainability risks shall additionally be integrated in the individual risk assessments performed on an investment level.

EU Action Plan on Sustainable Finance

In 2018, the European Commission adopted the EU Action Plan on Sustainable Finance[45] which has the goal to support investment in low-carbon and resource efficient technologies and to foster a longer-term outlook. We believe that the EU Action Plan on Sustainable Finance will play a key role to achieve the goals from the Paris climate agreement. As a member of the BVI[46] and the EFAMA[47], DWS takes an active role in contributing its experience and insights in Sustainable Finance throughout the policy and law-making process. Moreover, the DWS Research Institute provides sophisticated insights to share know-how and experiences as for instance on the integration of climate transition risk into investment.

[45] For additional information: Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions, Action Plan: Financing Sustainable Growth, COM(2018) 97 final, March 2018
[46] Bundesverband Investment und Asset Management e.V.
[47] Fund and Asset Management Association

In addition to the existing Responsible Investment Leadership Team (RILT), DWS established the ESG Regulatory Governance Programme along the entire value chain in 2019 to assess the impact of the new regulatory requirements from the EU Action Plan on Sustainable Finance and to review voluntary requirements resulting from PRI (Principles for Responsible Investment) and TCFD (Task Force on Climate-related Financial Disclosure). Until the end of December 2019, a thorough analysis and impact assessment were carried out in order to understand the EU Action Plan implications for DWS and to build a strong basis for the development of business requirements. A comprehensive governance was established including weekly sessions in which the latest regulatory updates and workstream progress were discussed with support of external experts. Moreover, these sessions served as an opportunity to exchange relevant information, to present new insights gained at ESG conferences and events, and to define action items. The ESG Regulatory Governance Programme also reported the respective implementation status of the regulatory requirements on a regular basis to the management board and the respective regional operational committees. DWS also participated actively in various consultations by providing as an example a comprehensive feedback on the draft BaFin Guidance Notice on Dealing with Sustainability Risks. In 2020, DWS plans to focus on the development of detailed business requirements and their implementation.

7.3 Culture and Conduct

We apply a Code of Conduct, which sets out our standards of behaviour and conduct to which we expect all of our people to adhere to. The basis is a DB Group global conduct risk framework designed to avoid the inappropriate creation of bad outcomes for our clients, our firm or the integrity of financial markets through breaches of laws, regulations or internal requirements such as our Code of Conduct. This global conduct risk framework defines the principles for oversight over the management of conduct risk so that there is timely identification, reporting, escalation and remediation of issues that arise.

Since our IPO in March 2018, we developed a distinct set of values and corporate culture in order to position ourselves for the future. Therefore, our Executive Board identified four values shaping the culture of DWS as a leading asset manager. Culture and integrity are an essential cornerstone of a good corporate governance and success for the future. All asset management capabilities must be backed by strong and consistent investment performance. Alongside the business reputation, our brand is one of the most important assets that our company has. Our brand offers identity, distinguishes the company and its products from its competitors, characterises the value of a company and attracts future employees. For additional information on composition, choice and governance of our boards and committees, please refer to the Corporate Governance Statement in our Annual Report.

DWS also set out a Culture and Conduct Programme in 2019 that will continue in 2020. While in 2019, it was key to ensure alignment between the strategy, the underlying values and the observed actions and behaviour of our employees, in 2020 DWS will focus on its Culture Plan and underlying initiatives.

In 2019, the DWS Culture Plan included various initiatives, which contribute to enhancing understanding of DWS Culture, Identity and work environment. All initiatives are designed to focus on employees as the better employees understand the risk attributable to their function, product, and business area, the more likely they are to incorporate them into decision making and ethical behaviour. In 2019, three initiatives out of the DWS Culture Plan were fully implemented, four initiatives will continue into 2020.

7.3.1 Dealing with Conflicts of Interest

Conflicts of interest are inherent to all banking and investment businesses. Failure to recognise and appropriately manage conflicts of interest can result in inappropriate or adverse consequences for clients, DWS, and our employees. Every part of DWS Group is required to implement a dedicated framework for conflicts of interest in line with the DWS Group Policy for Conflicts of Interest, to identify actual and potential conflicts and manage them fairly and appropriately for all involved parties. In DWS, conflicts of interests are identified and administered through the respective Chief Operating Officers in the first line of defence and Compliance as second line maintains oversight. This includes topics such as employee trading, outside business interests, deal logging or conflicts arising from family and close personal relationships.

An independent DB Group-wide Business Selection and Conflicts Office (BSCO) is responsible for identifying and managing transaction related conflicts. It has the mandate to approve or reject business transaction business and annually reports to the board on conflicts of interest.

In 2019, the Framework for dealing with Conflicts of Interest underwent several enhancements following the IPO of DWS Group including the dedicated DWS Conflicts of Interest Policy and corresponding Procedures. Additionally, awareness among employees was further improved through the roll-out of a dedicated “Managing Conflict of Interest” training module in 2019.

7.3.2 Anti-Competitive Behaviour

[GRI 206-1]

The consequences of anti-competitive behaviour could be serious and far-reaching. Our Antitrust Compliance programme defines the minimum standards of behaviour for our employees and includes a comprehensive training and control framework for identifying and monitoring antitrust risks in order to prevent or mitigate breaches of antitrust laws.

There have been no pending or completed legal actions against DWS during the reporting period regarding any anti-competitive behaviour or violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant.

In 2019, DWS implemented a dedicated DWS Anti-Trust framework including definitions, controls and governance.

7.4 Anti-Financial Crime - Preventing Fraud and Bribery and Corruption

[GRI 102-25; 205-2]

The fight against financial crime remains a key priority of the Executive Board and senior management and is embedded across the objectives of the DWS business both in terms of the impact of Financial Crime from a reputational perspective and from the standpoint of its approach to social responsibility. To ensure DWS can robustly mitigate the risks from criminal behaviour, policies, procedures and key controls must be continually reviewed, updated and strengthened through a structured programme which at present aligns with the Group Deutsche Bank (DB) programme and approach. This will ensure the business remains resilient to the associated inherent risks arising from criminal activity directed at the DWS business either from external third parties or from within the business by employees. Two key risks recognised by DWS, are Fraud and Bribery & Corruption.

DWS continues to take a zero tolerance to Fraud and Bribery & Corruption in line with our Code of Business Ethics and Conduct, our values and beliefs and international law. Our Fraud and Anti-Bribery & Corruption policy sets out the minimum standards of behaviour expected of all employees and third parties.

Following the developments described in the last year report, and in recognising the need to manage those risks, the dedicated DWS Anti-Financial Crime (AFC) function has further expanded its capabilities to include a function dedicated to countering the specific threat of Fraud and Bribery and Corruption. Aligned with the existing policies, procedures and key controls framework adopted by Deutsche Bank AG (DB AG) Group, which continues in the main to be leveraged by DWS. AFC now has a dedicated Anti-Fraud & Bribery & Corruption Team (AFBC) with a global focus across all the regions of the business. From January 2020, the DWS Compliance and AFC functions have integrated to become a joint Compliance / AFC function. Senior management are informed about the progress of Anti-Fraud & Bribery & Corruption activities via regular and ongoing reporting to the Chief Control Officer.

This function is fully operational and partners with Regulation & Compliance across the entirety of the business to ensure there is a regular and ongoing programme of awareness of the risks as well as a relevant and appropriate level of controls assessment on an annual basis. For 2019, DWS has adopted a new approach to the assessment of all Financial Crime risks. This has been undertaken by developing the previous annual Global Risk Assessment (GRA) methodology to include a revised Risk Type Assessment (RTA) aligned to the Non-Financial Risk Taxonomy. This assessment incorporates an entity level assessment of both Fraud & Bribery and Corruption risks using a clearly defined methodology with the ultimate aim to identify and measure areas of risk and identify key controls and any existing controls which may require development based on the activities of the business.

This assessment is undertaken by engaging representatives of the business lines with the assessment process who, together with specialists from the AFC & AFBC function, will work to assess the inherent risks to which DWS is currently and can in the future become exposed. The assessment uses existing risk data, i.e. external and internal fraud loss or bribery and corruption risk data managed and maintained centrally and aligned to existing controls, together with a pre-determined set of questions to determine any increase or decrease in the level of risks. Residuals risks, i.e. new or existing risks identified through the annual RTA process as having no controls in place to manage them, are then identified and steps are taken to either enhance existing controls, or put in place new controls.

DWS is subject to the global legal and regulatory requirements, as for any financial services industry business, with the added application from a local in-country perspective, of any more stringent laws and regulations. The risk associated with Fraud and

Bribery & Corruption, can be broken down into two sub-sets and potentially give rise to other inter alia Compliance risks such perceptions of impropriety and conflicts of interest.

As with the wider Anti-Money Laundering (AML), Sanctions and Embargoes (S&E) and Know Your Client (KYC) Teams across the DWS AFC functions, the AFBC function has embarked on a programme of targeted education and awareness, coupled with regular ongoing assessments of Fraud risks and a programme of monitoring and assessing reported incidents and losses across the business units.

Linked to this programme of activity, DWS requires all employees to conduct themselves with the highest standards of integrity at all times and to follow the correct procedures if they believe that something is not right.

A Speak Up policy and culture is essential to maintaining a positive compliance culture in which everyone not only adheres to DWS policies, but also respects applicable laws and regulations in all jurisdictions at the same time as offering a safe environment for employees to raise issues. Issues can include, for example, ethical dilemmas in our daily work, such as weaknesses in processes or controls as well as reporting any concerns or suspicions regarding possible violations of laws, rules and regulations applicable to our business, including against retaliation.

Staff members must not retaliate (in any form including amongst other things, demotion, dismissal, discharge, suspension or harassment) against any other staff member who makes a report internally in line with this policy or externally to any regulatory, investigatory of other agency or authority charged with receiving and investigating such reports from DWS staff.

Across the 2019 DWS People survey, employees reported that compared to the previous year they felt equipped to report unethical behaviour, more comfortable with speaking up and by DWS communicating more openly, better able to manage risk without compromising company policies.

During 2019, once again DWS did not identify or report any material breaches of regulatory requirements in relation to Fraud or Bribery & Corruption.

Bribery and corruption which can give rise to the wider associated compliance risks, can arise from the giving and receiving of gifts and entertainment between employees and clients and customers of DWS, the hiring of employee candidates or the temporary or longer term placement of individuals who are politically exposed or may be related to politically exposed persons. Additionally, DWS must manage the risks associated with service providers and consultants utilised and paid by DWS to provide bespoke services. These are referred to as Business Development Consultants (BDC's).

BDC's are specific entities or individuals used to perform services for and on behalf of the DWS business. The bespoke services they provide focus on using their respective industry specialists to find and introduce business opportunities to DWS. Each of the 5 regions of DWS can engage a BDC, but in doing so, must first conduct an assessment of the risks a BDC may pose to DWS and seek advice and guidance and expert input from the AFBC function. The business working closely with AFBC, will seek to identify any reputational and/or others risks which the individual or entity may pose or already be exposed to. Prior to any on-boarding, the relevant business team must also seek on-boarding clearance from DWS Board and at a senior AFC level.

DWS currently has a limited population of six such BDC relationships, which are managed on an ongoing basis closely between the business line relationship owners and the AFBC team. BDC's are categorised by reference to a number of risk factors including the country in which they are based and operate from, the services they provide, their business structure, i.e. Government or State Owned as well as any connection they might have to Politically Exposed Persons (PEP's) or Public Officials. The risk category attributed to the BDC, determines the frequency also of periodic reviews undertaken on the BDC to assess if any attributes associated with the BDC have changed or they have become exposed to greater risks. Periodic reviews are conducted on a periodic scale of at least annually in the case of high risk BDC's or when a 'trigger' event occurs and becomes known to DWS, training on DWS policies and procedural requirements and relevant risks which impact the BDC, is also provided by the Compliance / AFC specialists to the BDC's themselves.

DB Group has been engaged in discussions across late 2019 with the US Department of Justice (DoJ) regarding pre-2019 legacy matters relating to the on-boarding, use and monitoring of BDCs. The matter under discussion includes aspects of DWS's involvement. It is expected that the matter will be concluded in early 2020 and any legal notices will be published thereafter.

7.5 Data Protection and Client Privacy

[GRI 418-1]

The adoption of new technologies, including robotics, public cloud, blockchain and big data analytics solutions combined with the proliferation of Financial Technology (FinTech) providers are providing a new wave of innovation for the financial services industry. While these new technologies are also bringing opportunities to asset managers they are also creating new risks. Historically, the asset management market has not been the primary focus for cyber-attacks due to the business nature and the focus of fraudsters on payments. These trends might be changing to more client data and intellectual property (e.g. investment strategies) driven targets, where asset managers could be a potential area for cyber-criminal activities.

In terms of market monitoring and collaboration, we work with regulators and market participants to remain up-to-date in the newest information security developments and intelligence sharing with the support of a central service provided by the DB Group Chief Security Officer (CSO). As proactively sharing relevant indicators of compromise and further intelligence reduces the risk for all involved parties, we also collaborate closely with government authorities, and peer organisations. Our goal is to protect client data and prevent any material data leakage that would affect our clients during the use of our services.

7.5.1 Data Privacy and Protection

Data protection has remained a core focus for DWS with the EU General Data Protection Regulation (GDPR) in force from May 25, 2018. Additionally, in 2019 we ensured that DWS would remain GDPR compliant if the outcome of the Brexit negotiations led to a no deal Brexit scenario. If there was a no deal scenario, the UK would be deemed a third country in terms of data protection. The right to freely transfer and receive data as a third country requires either adequacy status or additional data protection measures in place such as EU model clauses inserted into contracts. The EU Model Clauses are standardised contractual clauses used in agreements between service providers and their customers to ensure that any personal data leaving the EU/EEA will be transferred in compliance with EU data-protection law and meet the requirements of the EU Data Protection Directive 95/46/EC. To mitigate the impact of third country status, as an adequate status would not be granted initially, DWS reviewed all contracts with an EU to UK nexus and updated these contracts to include the EU model clauses. The UK indicated that there would be no change to receiving data from the EU.

Governance

For data privacy we are leveraging the DB Group expertise and resources. The DB Group General Data Protection (GDP) department is a specialised and independent function controlling the collection, processing and use of personal data. The GDP team sends reports directly to our Executive Board and is supported by local Data Protection Officers in the countries we conduct business in. This set-up ensures direct and indirect reporting lines as well as regular exchanges on data protection topics within our centralised and decentralised organisation. In response to the increased controls required to ensure compliance with GDPR provisions, GDP is being expanded to ensure we have enough personnel to monitor, test, and assess our data privacy and protection set-up.

Education and Training on GPDR

All our staff have been trained on the implications of GDPR for our day-to-day business. In 2019, for DWS employees in the EU there were no red flags for non-performing the specific GDPR training module. Various reporting and escalation processes from the business to GDP have been implemented to ensure that potential data breaches can be assessed and handled in a timely manner. This approach has also been outlined in a global data protection procedure that has been rolled out as part of the GDPR program.

No data breaches of systemic relevance were observed in 2019.

7.5.2 Information Security Governance

Our COO is the DWS Executive Board member overseeing Information Security and has delegated the program execution to the DWS Chief Information Security Officer (CISO). Our CISO is the senior accountable officer for information security who has been empowered to strengthen the cyber security protection and align to the strategic direction set by the CSO from Deutsche Bank in accordance with our risk appetite.

As our most senior authority for security matters, our CISO develops and drives the implementation and operationalisation of the security strategy and ensures that our assets are appropriately protected. The cyber security program executed by DWS follows a proactive risk-based approach continuously improving the control standards to accommodate the changes in the ‘threat landscape’, the evolution of the business model and the adoption of innovative technology and process solutions. To support this, DWS aligns its information security management system to the latest information security policies defined by DB Group. Our Information Security Framework is managed under the DB Group umbrella framework that has been validated by the certification ISO 27001, which was recertified in 2018 (valid until 2021). To address the risk of violation of the confidentiality, integrity, and availability of DWS information by third party vendors, DWS has a multi-layer vendor management program. This is governed by Third Party Risk Management principles on DB Group level and in 2018 DWS appointed a dedicated Head of Vendor Management.

7.5.3 Employee Awareness and Training in Information Security

All our employees are trained in information security risk and controls as part of their onboarding and regularly during their employment. The mandatory training includes several threat scenarios for which employees are challenged to select the best course of action to ensure that information is protected. Training sessions are continuously renewed, tailored and adapted to follow latest market developments and specific job profiles to ensure that employees are prepared in case of a cyber-threat.

In addition to the mandatory training, we use the DB Group awareness campaigns following the strategy to fortify the human firewall. As in the previous year, we continued to roll out the multi-channel awareness campaign to all our staff globally, covering a broad range of information and security topics including the 2019 Information Security Month initiative. In 2019, we also continued the "Time to be aware - the target is you" campaign to help our staff understand common yet significant security threats and their responsibility and contribution to helping DWS protect itself against such threats.

As a result of the strategy, in 2019 we have not experienced any relevant data leakages.

7.6 Public Policy and Regulation

Regulatory reforms in the EU and internationally expose us and our clients to increasing regulatory burdens. Failure to comply with laws and regulations applicable to us could result in harm to our reputation, regulatory penalties or fines and a material adverse effect on our results of operations. To be compliant with all relevant rules and regulations is of paramount importance for DWS. Our aim is to identify new regulations and changes to existing ones at an early stage and to inform the relevant parties within DWS about it. This ensures that necessary changes can be implemented in time, to amend, upgrade or introduce new policies, procedures, systems and controls as required.

We obtain contractually agreed services from the DB Group regarding information on relevant changes in laws, regulations and circulars or in regulatory guidelines. As the risk of changing rules and regulations is inherent to our daily business, we have developed a holistic framework to identify and implement new or changed regulations using a systematic approach that prioritises significant regulatory risks to DB Group and allocates clear accountability for the identification, impact assessment and implementation of regulatory changes in order to address this adequately.

The framework governs how we manage regulatory change risk and helps to build our profile in regulatory interaction in general, so that we engage constructively with regulatory stakeholders. It also ensures informed strategic decision-making and provides oversight and control over how key initiatives are implemented, as well as insight for senior management on upcoming issues of public policy.

In 2019, DWS Compliance together with, amongst others, Change Management (under leadership of the Divisional Control Officer) and AFC developed an enhanced process including a Regulatory Change Forum to combine the information update process out of the different Control Functions to the DWS organisation holistically. This includes enhanced transparency regarding implementation and project monitoring.

The strategy for the implementation of regulatory change projects depends on the impact of the specific regulatory changes and the regulation in question. For major regulatory change topics such as IBOR-Transition or SFTR Reporting centrally led DWS change management implementation teams are established to determine precise impact per business lines.

DWS Compliance hold monthly Regulatory Compliance Global Forum calls, in which Regulatory Compliance contacts from respective regions can educate colleagues on key items which impact their jurisdictions and which may have extra-territorial impact. The amended process is aimed to ensure informed strategic decision-making and to provide oversight and control over how regulations are implemented.

7.7 Marketing and Labelling

Our reputation is founded on trust from our employees, clients, shareholders, regulators and from the public in general. Isolated events can undermine that trust and negatively impact our reputation and hence our brand and it is therefore of the utmost importance that it is protected.

Our governance structure including clear and transparent operation guidelines, defined policies and our corporate values provide a structured framework for all employees to protect our brand and reputation. They enable a tight connectivity across the organisation to ensure that the framework is being followed and fully implemented. Our values and methodical business process are also reflected in the marketing and labelling of our products.

All marketing efforts must be tailored to the investors requirements, must be fair, balanced and designed to ensure that risks are reasonably disclosed. Such materials are subject to complex regulatory requirements, which vary depending on the DWS entity, product, intended audience, venue where the offer or sale occurs, and other criteria. Our employees use professional judgment to present product and marketing content with honesty and transparency.

As part of the marketing review process all marketing, product materials and further documents are reviewed and approved by compliance or respective business gatekeepers to ensure that guidelines are being followed. The records of all approved material are either retained by compliance and/or the business or within the compliance review systems. Only material that has been reviewed and approved can be published or distributed externally to clients.

We follow a clear set of rules including the DB Group-wide Code of Conduct and address law-abiding conduct, corruption prevention, conflicts of interest, information and data protection to protect our clients' interests as well as our brand and reputation. We also follow the standards of Deutsche Bank's Gifts, Entertainment and Business Event Policy, our global Marketing Material Policy and for some regions additional marketing policies that have been defined based on local requirements.

7.8 Audit

DWS Internal Audit provides independent and objective assurance on the adequacy of the design, operating effectiveness and efficiency of the risk management systems and systems of internal controls. DWS Internal Audit also acts as an independent, proactive and forward-looking challenger and adviser to Senior Management of the Group. In addition to the members of the Executive Board, DWS Internal Audit has been granted the authority to communicate with the Chairperson of the Supervisory Board and the Supervisory Board Audit & Risk Committee of DWS.

DWS Internal Audit's activities are based on a comprehensive, risk-based audit plan. The audit plan covers DWS' activities and processes, irrespective of whether they are outsourced or not, in a risk-oriented manner as a general rule within three years. The three-year audit cycle may not be extended to more than five years.

DWS Internal Audit prepares written reports on each audit and submits them to the responsible Senior Management in DWS. The reports include the audit subject, results evaluation, findings and remedial actions or recommendations for the findings.

8

Supplementary Information

8 Supplementary Information

8.1 Independent Auditor's Limited Assurance Report [48]

[GRI – 102-54]

To the Supervisory Board of DWS Group GmbH & Co. KGaA, Frankfurt am Main

We have performed an independent limited assurance engagement on the separate non- financial group report according to §§ 315b, 315c in connection with 289c to 289e of the German Commercial Code (HGB) (further „non-financial group report") of DWS Group GmbH & Co. KGaA, Frankfurt am Main (further „DWS" or "Company") for the period from January 1 to December 31, 2019.

Management's Responsibility

The legal representatives of the company are responsible for the preparation of the non-financial group report in accordance with §§ 315b, 315c in connection with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances.

Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the non-financial group report in a way that is free of – intended or unintended – material misstatements.

Independence and quality assurance on the part of the auditing firm

We are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed on the separate non-financial group report within a limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the non-financial group report for the period from January 1, 2019 to December 31, 2019, was not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

- Inquiries of personnel at group level who are responsible for the materiality analysis in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of DWS

[48] Our engagement applied to the German version of the separate non-financial group report 2019. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

- A risk analysis, including a media research, to identify relevant information on DWS sustainability performance in the reporting period
- Evaluation of the design and implementation of systems and processes for the collection, processing and monitoring of disclosures on environmental, employee and social matters, respect for human rights, and combating corruption and bribery as well as on further voluntarily reported matters, including data consolidation
- Inquiries of personnel on group level who are responsible for determining disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
- Evaluation of selected internal and external documents
- An analytical review of the reported data and trend explanations submitted by all sites for consolidation at group level.
- Evaluating the overall presentation of the disclosures, included in the scope of this engagement.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the separate non-financial group report of DWS Group GmbH & Co. KGaA for the period from January 1 to December 31, 2019 is not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use/Clause on General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board of DWS Group GmbH & Co. KGaA, Frankfurt am Main, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of DWS Group GmbH & Co. KGaA, Frankfurt am Main, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 13, 2020

KPMG AG
Wirtschaftsprüfergesellschaft

[Original German version signed by:]

Laue
Wirtschaftprüfer
[German Public Auditor]

Glöckner
Wirtschaftsprüfer
[German Public Auditor]

8.2 Other Human Resources Indicators

Other Human Resources Indicators

Percentage of employees who have completed compliance training:	74%
Total Workforce Costs[1]:	827.8m
EBIT per Employee[2]:	EUR 187k
Human capital Return on Investment (ROI):	90%
Time to fill vacant positions (job creation to start date):	101 days
Time to fill vacant critical business positions (Managing Directors only):	40 days
Positions filled internally (internally from within DB Group):	34%
Critical positions filled internally (MD roles filled internally from within DB Group):	75%

[1] Total Comp & Bens plus External Workforce Costs
[2] Profit before tax / FTE

The following tables show our employees by employment type and region:

Full-time Employees by region

	Dec 31 ,2019	Dec 31 ,2018	% change
APAC	293	297	–1%
EMEA excl. Germany	574	597	–4%
Germany	1,426	1,437	–1%
Americas	841	887	–5%
Grand Total	**3,134**	**3,218**	**–3%**

Part-time Employees by region

	Dec 31 ,2019	Dec 31 ,2018	% change
APAC	9	4	125%
EMEA excl. Germany	70	68	3%
Germany	322	234	38%
Americas	19	8	138%
Grand Total	**420**	**314**	**34%**

The following tables show the percentage of employees per employee category by gender and by age group:

Percentage of employees per employee category by gender

FTE	Managing Director	Director	Vice President	Assistant Vice President	Associate and below
Female	20%	24%	31%	38%	49%
Male	80%	76%	69%	62%	51%
Total in %	**100%**	**100%**	**100%**	**100%**	**100%**
Total Number of FTE	**201**	**624**	**942**	**711**	**883**

Percentage of employees per employee category by age group

FTE	Managing Director	Director	Vice President	Assistant Vice President	Associate and below
Under 30	0%	0%	1%	10%	36%
30-50	51%	68%	71%	71%	51%
50+ years	49%	32%	28%	19%	13%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

For the two preceding tables there have not been significant deviations across the categories compared to 2018 data.

The following tables show the total number and rate of new employee hires during the reporting period, by age group, gender and region and by age group and gender:

Total number and rate of new employee hires during the reporting period, by age group, gender and region

FTE	Under 30	30-50	50+ years old	Grand Total
APAC	8	26	3	37
EMEA excl. Germany	22	27	1	50
Germany	31	51.0	7	88
Americas	28	24	9	61
Grand Total	**89**	**128**	**19**	**236**

Total number and rate of new employee hires during the reporting period, by age group and gender

FTE	Under 30	30-50	50+ years old	Grand Total
Female	40	41	5	86
Male	48	87	15	149
Unisex	1	–	–	1
Grand Total	**89**	**128**	**19**	**236**

For the two preceding tables, the FTE grand total went down by 53 FTE (2018: 289 FTE), however, the ratio trends between the different categories showed no significant deviations.

8.3 Material topics according to HGB

Material topics according to HGB

Non-financial aspect according to HGB	Material topic in materiality matrix	Section in Sustainability Report
Description of the business model	n.a.	3. Presentation of DWS Group: 3.1 Corporate Profile
Material risks	n.a.	7. Risk Management, Compliance and Control: 7.2 Risk Management
Framework used	n.a.	1. About this Report
DWS Related material topics	ESG (Green Finance), ESG Performance of Products	4. Clients and Products: Sustainable Finance, ESG Products and Responsible Investing excluding section on Fiduciary Responsibility
	Economic Performance	3. Presentation of DWS Group: 3.1 Corporate Profile – 3.1.1 Diversified Business with a Global Footprint
	Quality of products	4. Clients and Products: 4.4 Client Satisfaction 4. Clients and Products: 4.6 Designing Products for our clients
	EU Action Plan	7. Risk Management, Compliance and Control: 7.2 Risk Management – EU Action Plan on Sustainable Finance
	Market Presence	3. Presentation of DWS Group: 3.1 Corporate Profile – 3.1.1 Diversified Business with a Global Footprint
	Company-wide ESG Strategy	3. Presentation of DWS Group: 3.2 Sustainability Roadmap – 3.2.1 Company-wide Sustainability Strategy
Environmental Matters	TCFD	5.Our Impact on Climate Change: 5.1 Journey to implement Task Force on Climate-related Financial Disclosures
Employee Matters	Employer Attractiveness	6. People Strategy and Attractive Employer: 6.2 Employer Attractiveness
Human Rights Matters	n.a.	4. Clients and Products: Sustainable Finance, ESG Products and Responsible Investing excluding section on Fiduciary Responsibility
Social Matters	Stakeholder Engagement	3. Presentation of DWS Group: 3.2 Sustainability Roadmap – 3.2.2 Stakeholder Management
Corruption and Bribery Matters	Anti-Corruption & Fraud	7. Risk Management, Compliance and Control: 7.4 Anti Financial Crime - Preventing Fraud and Bribery and Corruption
	Compliance	7. Risk Management, Compliance and Control: 7.1 Risk and Control Framework Organisation 7. Risk Management, Compliance and Control: 7.3 Culture and Conduct 7. Risk Management, Compliance and Control: 7.6 Public Policy and Regulation
	Data Protection & Data Privacy	7. Risk Management, Compliance and Control: 7.5 Data Protection and Client Privacy

8.4 GRI Index

[GRI 102-54; GRI 102-55]

Our Sustainability Report provides a comprehensive disclosure of our material topics for our non-financial performance. Information on financial data is available in our Annual Report 2019. Disclosures included in the report were selected based on a materiality analysis conducted in 2019. Please refer to our Materiality Assessment for 2019.

In order to give a better overview, the Sustainability Report 2019 has been prepared partially in accordance with the GRI Standards including the specific Sector Disclosures in the financial service sector. Information can either be found in the referenced pages in the report, via underlined links or directly in this table.

Disclosure		Sustainability Report and / or links	Remarks / Omissions
ORGANISATION PROFILE			
102-1	Name of the organisation	DWS Group GmbH & Co. KGaA	
102-2	Activities, brands, products and services	Corporate Profile 10	
102-3	Location of headquarters	Frankfurt/Main, Germany	
102-4	Location of operations	Corporate Profile 10	
102-5	Ownership and legal form	DWS Group is organised as a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with a German limited liability company (Gesellschaft mit beschränkter Haftung). This structure is in line with other well accepted precedents of publicly listed German KGaAs and is designed to safeguard free float shareholders' interests and secure appropriate level of influence AR – Section "Corporate and Legal Structure of DWS KGaA"	
102-6	Markets served	Corporate Profile 10	
102-7	Scale of the organisation	Corporate Profile 10	
102-8	Information on employees and other workers	As of December 31, 2019, we employed a total of 3,360 staff members and 613 contingent FTE. We calculate our employee figures on a full-time equivalent basis, meaning we include proportionate numbers of part-time employees. In terms of headcount, DWS Group employed 3,134 full-time employees and 411 part-time employees. Numbers reflect Headcount (HC) not FTE as using FTE would understate the number of part time workers. People Strategy and Employee Effectiveness 51	Partially reported: Legal restrictions and data availability prevent a disclosure of external employees by gender.
102-9	Supply chain	Corporate Profile 10	
102-10	Significant changes to the organisation and its supply chain	n.a.	

Disclosure		Sustainability Report and / or links	Remarks / Omissions
102-11	Precautionary principle or approach	New Product Approval and Systematic Product Review 46	
102-12	External initiatives	Stakeholder Management 14	
102-13	Membership of associations	Stakeholder Management 14	
102-14	Statement from senior decision-maker	Statement by the Management 2	
102-15	Key impacts, risks, and opportunities	Materiality Assessment for 2019 46 AR – Section "Risks and Opportunities"	
102-16	Values, principles, standards, and norms of behaviour	Corporate Profile 10 Sustainability Roadmap 12	
102-17	Mechanisms for advice and concerns about ethics	Risk and Control Framework and Organization 59	
102-18	Governance structure	The Executive Board is responsible for managing the company. Its members are jointly accountable for the management of the company. The Executive Board has, as its prime responsibility, DWS's strategic management, resource allocation, financial accounting and reporting, risk management, and corporate control. It has seven members as well as Dr. Asoka Woehrmann as CEO. The Supervisory Board of DWS Group GmbH & Co KGaA appoints, supervises and advises the Executive Board and is directly involved in decisions of fundamental importance to DWS. It works closely with the Executive Board in a cooperative relationship of trust and for the benefit of the company. The Supervisory Board decides on the appointment and dismissal of members of the Executive Board. AR - Section "Corporate Governance"	
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Roadmap 12	
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Management 14	
102-22	Composition of the highest governance body and its committees	AR – Section "Supervisory Board"	
102-23	Chair of the highest governance body	Chairman of the Supervisory Board of DWS Group GmbH & Co KGaA is Karl von Rohr, who is not an executive of DWS Group or affiliated companies.	
102-24	Nominating and selecting the highest governance body	AR – Section "Corporate Governance"	
102-25	Conflicts of interest	Anti-Financial Crime 63	

Disclosure		Sustainability Report and / or links	Remarks / Omissions
102-26	Role of the highest governance body in setting purpose, values, and strategy	AR – Section "Corporate Governance"	
102-29	Identifying and managing economic, environmental, and social topics	Materiality Assessment for 2019 7	
102-31	Review of economic, environmental, and social topics	Materiality Assessment for 2019 7 Sustainability Roadmap 12	
102-32	Highest governance body's role in sustainability reporting	The CFO is responsible for the Sustainability Report. The final responsibility lies with the Executive Board of DWS Management GmbH.	
102-35	Remuneration policies	Employer Attractiveness 51 AR – Section "Compensation report"	
102-40	List of stakeholder groups	Stakeholder Management 14	
102-41	Collective bargaining agreement	All DWS employees in Germany, who are part of collective bargaining agreements are formally covered by the German "Bankentarif", which corresponds to 27% as of December 2019. According to local jurisdiction the percentage of employees covered by collective bargaining agreements ranges from 41.38 to 100% in Austria, France, Luxembourg, Spain and the Netherlands.	
102-42	Identifying and selecting stakeholders	Stakeholder Management 14	
102-43	Approach to stakeholder engagement	Stakeholder Management 14	
102-44	Key topics and concerns raised	Materiality Assessment for 2019 7 Stakeholder Management 14	
REPORTING PRINCIPLES			
102-45	Entities included in the consolidated financial statements	About this Report 4	
102-46	Defining report content and topic boundaries	About this Report 4 Stakeholder Management 14 Materiality Assessment for 2019 7	
102-47	List of material topics	Materiality Assessment for 2019 7	
102-48	Restatement of information	n.a.	
102-49	Changes in reporting	About this Report 4	
102-50	Reporting period	About this Report 4	
102-51	Date of most recent report	In light of DWS's public listing on the Frankfurt stock exchange on 23 March 2018, this is the second Sustainability Report issued by DWS.	
102-52	Reporting cycle	About this Report 4	
102-53	Contact point for questions regarding the report	Imprint	
102-54	Claims of reporting in accordance with	The report at hand has been completed partially in accordance with the GRI-referenced claim.	

Disclosure		Sustainability Report and / or links	Remarks / Omissions
102-55	GRI content index	Our GRI content index is part of this Sustainability Report.	
102-56	External assurance	Our auditor KPMG performed a limited assurance engagement on the Non-Financial Report marked by a black line in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised).	
TOPIC-SPECIFIC STANDARD DISCLOSURES			
ECONOMIC			
ECONOMIC PERFORMANCE			
103-1	Explanation of the material topic and its boundary	Corporate Profile 10	
103-2	The management approach and its components	Corporate Profile 10 Company-wide ESG strategy 84 Client Satisfaction 84 Designing Products for our Clients 43	
103-3	Evaluation of the management approach	Corporate Profile 10 Company-wide ESG strategy 84 Client Satisfaction 84 Designing Products for our Clients 43	
201-1	Direct economic value generated and distributed	AR – Section "DWS Performance"	
MARKET PRESCENCE			
103-1	Explanation of the material topic and its boundary	Corporate Profile 10	
103-2	The management approach and its components	Corporate Profile 10	
103-3	Evaluation of the management approach	Corporate Profile 10	
202-2	Proportion of senior management hired from the local community	AR – Corporate Governance Report	
INDIRECT ECONOMIC IMPACTS			
103-1	Explanation of the material topic and its boundary	Corporate Profile 10	
103-2	The management approach and its components	Sustainable Finance, ESG Products and Responsible Investing 21	
103-3	Evaluation of the management approach	Sustainable Finance, ESG Products and Responsible Investing 21	
203-1	Infrastructure investments and services supported	ESG in infrastructure 84	
203-2	Significant indirect economic impacts	Sustainable Investment Funds and their Contribution to SDGs 84	
ANTI-CORRUPTION			

Disclosure		Sustainability Report and / or links	Remarks / Omissions
103-1	Explanation of the material topic and its boundary	Risk Management, Compliance and Control 58	
103-2	The management approach and its components	Anti-Financial Crime 64	
103-3	Evaluation of the management approach	Anti-Financial Crime 64	
205-2	Communication and training about anti-corruption policies and procedures	Anti-Financial Crime 64	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Anti-Competitive Behaviour 64	
QUALITY OF PRODUCTS			
103-1	Explanation of the material topic and its boundary	Client Satisfaction 58 Designing Products for our Clients 58	
103-2	The management approach and its components	Client Satisfaction 58 Designing Products for our Clients 58	
103-3	Evaluation of the management approach	Client Satisfaction 58 Designing Products for our Clients 58	
RISK MANAGEMENT & EU ACTION PLAN			
103-1	Explanation of the material topic and its boundary	Risk Management 58	
103-2	The management approach and its components	Risk Management 58	
103-3	Evaluation of the management approach	Risk Management 58	
COMPANY-WIDE ESG STRATEGY AND ESG (GREEN FINANCE)			
103-1	Explanation of the material topic and its boundary	Company-wide ESG Strategy 13 Sustainable Finance, ESG Products and Responsible Investing 21	
103-2	The management approach and its components	Sustainable Finance, ESG Products and Responsible Investing 21	
103-3	Evaluation of the management approach	Sustainable Finance, ESG Products and Responsible Investing 21	
FIDUCIARY DUTY & ESG PERFORMANCE OF PRODUCS			
103-1	Explanation of the material topic and its boundary	Sustainable Finance, ESG Products and Responsible Investing 21	
103-2	The management approach and its components	Sustainable Finance, ESG Products and Responsible Investing 21	
103-3	Evaluation of the management approach	Our Sustainability Roadmap 12 Sustainable Finance, ESG Products and Responsible Investing 21	

Disclosure		Sustainability Report and / or links	Remarks / Omissions
INNOVATION			
103-1	Explanation of the material topic and its boundary	Digitisation and Innovation 41 Designing Products for our Clients 43	
103-2	The management approach and its components	Digitisation and Innovation 41 Designing Products for our Clients 43	
103-3	Evaluation of the management approach	Digitisation and Innovation 41 Designing Products for our Clients 43	
BUSINESS ETHICS			
103-1	Explanation of the material topic and its boundary	Risk Management, Compliance and Control 58	
103-2	The management approach and its components	Risk Management, Compliance and Control 58	
103-3	Evaluation of the management approach	Risk Management, Compliance and Control 58	
BUSINESS CONTINUITY			
103-1	Explanation of the material topic and its boundary	AR - Risks and Opportunities AR - Outlook	
103-2	The management approach and its components	AR - Risks and Opportunities AR - Outlook	
103-3	Evaluation of the management approach	AR - Risks and Opportunities	
TCFD			
103-1	Explanation of the material topic and its boundary	Taskforce on Climate-related Financial Disclosures 58	
103-2	The management approach and its components	Taskforce on Climate-related Financial Disclosures 58	
103-3	Evaluation of the management approach	Taskforce on Climate-related Financial Disclosures 58	
201-2	Financial implications and other risks and opportunities due to climate change	Taskforce on Climate-related Financial Disclosures 58	
ENVIRONMENT			
ENERGY			
103-1	Explanation of the material topic and its boundary	Our Environmental Footprint 48	
103-2	The management approach and its components	Our Environmental Footprint 48	
103-3	Evaluation of the management approach	Our Environmental Footprint 48	
307-1	Non-compliance with environmental laws and regulations	DWS Group has not identified any significant non-compliance with environmental laws and/or regulations	
EMISSIONS			

Disclosure		Sustainability Report and / or links	Remarks / Omissions
103-1	Explanation of the material topic and its boundary	Our Environmental Footprint 48	
103-2	The management approach and its components	Our Environmental Footprint 48	
103-3	Evaluation of the management approach	Our Environmental Footprint 48	
305-5	Reduction of GHG emissions	Our Environmental Footprint 48	
308-1	New suppliers that were screened using environmental criteria	Our Environmental Footprint 48	.
TCFD			
103-1	Explanation of the material topic and its boundary	Taskforce on Climate-related Financial Disclosures 58	
103-2	The management approach and its components	Taskforce on Climate-related Financial Disclosures 58	
103-3	Evaluation of the management approach	Taskforce on Climate-related Financial Disclosures 58	
201-2	Financial implications and other risks and opportunities due to climate change	Taskforce on Climate-related Financial Disclosures 58	
SOCIAL			
EMPLOYER ATTRACTIVENESS			
103-1	Explanation of the material topic and its boundary	People Strategy and Employee Effectiveness 51 Employer Attractiveness 51	
103-2	The management approach and its components	Employer Attractiveness 51	
103-3	Evaluation of the management approach	Employer Attractiveness 51	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employer Attractiveness 51	Partially reported
DIVERSITY AND EQUAL OPPORTUNITIES			
103-1	Explanation of the material topic and its boundary	Our Sustainability Roadmap 51 People Strategy and Employee Effectiveness 51 Diversity and Equal Opportunity 54	
103-2	The management approach and its components	People Strategy 51 Diversity and Equal Opportunity 54	
103-3	Evaluation of the management approach	Diversity and Equal Opportunity 54	
405-1	Diversity of governance bodies and board members	Diversity and Equal Opportunity 54	
HUMAN RIGHTS ASSESSMENT			
103-1	Explanation of the material topic and its boundary	Sustainable Finance, ESG Products and Responsible Investing 21	

Disclosure		Sustainability Report and / or links	Remarks / Omissions
103-2	The management approach and its components	Sustainable Finance, ESG Products and Responsible Investing 21	
103-3	Evaluation of the management approach	Sustainable Finance, ESG Products and Responsible Investing 21	
412-3	Significant investment agreements or contracts that include human rights clauses or that underwent human rights screening	Human Rights and Norm Assessment in the Investment Process 30 Our Environmental Footprint 48	
EMPLOYEE WELLBEING			
103-1	Explanation of the material topic and its boundary	People Strategy and Employee Effectiveness 51 Employee Wellbeing 51	
103-2	The management approach and its components	Employee Wellbeing 51	
103-3	Evaluation of the management approach	Employee Wellbeing 51	
DATA PROTECTION & DATA PRIVACY			
103-1	Explanation of the material topic and its boundary	Data Protection and Client Privacy 7	
103-2	The management approach and its components	Data Protection and Client Privacy 7	
103-3	Evaluation of the management approach	Data Protection and Client Privacy 7	
418-1	Substantiated complaints concerning breaches of client privacy and losses of client data	Data Protection and Client Privacy 66	
STAKEHOLDER ENGAGEMENT			
103-1	Explanation of the material topic and its boundary	Stakeholder Management 7	
103-2	The management approach and its components	Stakeholder Management 7	
103-3	Evaluation of the management approach	Stakeholder Management 7	
LOBBYING			
103-1	Explanation of the material topic and its boundary	Lobbying 7	
103-2	The management approach and its components	Lobbying 7	
103-3	Evaluation of the management approach	Lobbying 7	
FINANCIAL SERVICES STANDARD DISCLOSURES			
PRODUCT PORTFOLIO			

Disclosure		Sustainability Report and / or links	Remarks / Omissions
G4-DMA (FS1)	Policies with specific environmental and social components applied to business lines	Sustainable Finance, ESG Products and Responsible Investing 21	
G4-DMA (FS3)	Process for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Sustainable Finance, ESG Products and Responsible Investing 21	
G4-DMA (FS4)	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable Finance, ESG Products and Responsible Investing 21	
G4-DMA (FS5)	Interactions with clients, investees, business partners regarding environmental and social risks and opportunities	Stakeholder Management 14	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Sustainable Investment Funds and their Contribution to SDGs 38	Partially reported: A disclosure on the associated monetary value of every product and service designed to deliver a specific social benefit broken down by business line does not yet exist. We investigate possibilities to expand the tracking methodology.
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Our Sustainability Roadmap 12 Contribution to Climate Change 84	Partially reported: A disclosure on the associated monetary value of every product and service designed to deliver a specific environmental benefit broken down by business line does not yet exist. We investigate possibilities to expand the tracking metho-dology.
AUDIT			
G4-DMA		Audit 68 Limited Assurance Report of the Independent Auditor regarding the separate non-financial group report 70	
ACTIVE OWNERSHIP			
G4 DMA	Policies with specific environmental and social components applied to business lines	Sustainable Finance, ESG Products and Responsible Investing 21	

Disclosure		Sustainability Report and / or links	Remarks / Omissions
FS11	Percentage of assets subject to positive and negative environmental or social screening	Creating Dedicated ESG Products 33 Engagements and Proxy Voting 27	
LOCAL COMMUNITIES			
G4-DMA			
FS14	Initiatives to improve access to financial services for disadvantaged people	Human Rights and Norm Assessment in the Investment Process 38 Dedicated ESG Products and Products with an ESG Integration Approach 38	

9

Annexe

9 Annexe

9.1 Glossary

AATIF	Africa Agriculture and Trade Investment Fund
ABC	Anti-Bribery and Corruption
ACAMS	Association of Certified Anti-Money Laundering Specialists
AFC	Anti-Financial Crime
AI	Artificial Intelligence
APAC	Asia Pacific
AuM	Assets under Management
BFGEI	Bloomberg Financial Services Gender-Equality Index
BREEAM	Building Research Establishment Environmental Assessment Methodology
BSCO	Business Selection and Conflicts Office
BVI	German Investment Fund Association (Bundesverband Investment und Asset Management)
B2B	Business-to-Business
B2C	Business-to-Client
Bn	Billion
CAIA	Chartered Alternative Investment Analyst
CCW	Controversial Conventional Weapons
CEO	Chief Executive Officer
CERES	Coalition for Environmentally Responsible Economies
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CIIA	Certified International Investment Analyst
CIO	Chief Investment Officer
COO	Chief Operating Officer
CRM	Customer Relationship Management
CROCI	Cash Return On Capital Invested
CSR	Corporate Social Responsibility
CTF	Countering Terrorism Financing
DIFC	Dubai International Financial Center
DIP	Digital Investment Platform
DIRK	Deutscher Investor Relations Verband e.V.
DVFA	German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.)
EAFE	Europe, Australasia and Far East
EBRD	European Bank for Reconstruction and Development
EEEF	European Energy Efficiency Fund
EEFIG	EU Energy Efficiency Financial Institutions Group

EFAMA	European Fund and Asset Management Association
EFFAS	European Federation of Financial Analysts Societies
EMEA	Europe, Middle East, and Africa
EMP	ESG Methodology Panel
ESG	Environmental, Social, and Governance
EU	European Union
EuroSIF	Europe-based national Sustainable Investment Fora
ETF	Exchange Traded Fund
FRC	Financial Reporting Council
FTE	Full-time equivalent
GmbH	German company with limited liability (Gesellschaft mit beschränkter Haftung)
GHG	Green House Gas
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GSIA	Global Sustainable Investment Alliance
HGB	German Commercial Code (Handelsgesetzbuch)
HR	Human Resources
IFA	Independent Financial Advisor
IIGCC	Institutional Investors Group on Climate Change
IKS	Securities account management technology (Investment-Konto-Service)
IPO	Initial Public Offering
KGaA	German partnership limited by shares (Kommanditgesellschaft auf Aktien)
KYC	Know Your Client
LEED	Leadership in Energy and Environmental Design
LGBTI	Lesbian, gay, bisexual, transgender, trans- and intersexual
M.	Million
MDF	Microcredit Development Fund
MENA	Middle East and North Africa
MiFID	Markets in Financial Instruments Directive
MSCI	Morgan Stanley Capital International
n.a.	Not applicable
NGFS	Network for Greening the Financial System
NROs	Non-Governmental Organisations
NPA	New Product Approval
OECD	Organisation for Economic Co-operation and Development
OFAC	US Office of Foreign Assets Control
PRI	Principles for Responsible Investment
PSU	Performance Share Units
RI	Responsible Investment
RILT	Responsible Investment Leadership Team

SAR	Stock Appreciation Rights
SCQMT	Service Center Quality Management & Training
SDG	Sustainable Development Goal (overview of SDGs: https://sustainabledevelopment.un.org/sdgs)
SEC	Securities and Exchange Commission
SFAP	Sustainable Finance Action Plan
SPR	Systematic Product Review
SRS	Sustainability Reporting Standards
TCFD	Task Force on Climate-related Financial Disclosures
UCITS	Undertakings for Collective Investment in Transferable Securities
UK	United Kingdom
UN	United Nations
US	United States
USD	United States Dollar
USSIF	US Forum for Sustainable and Responsible Investment
VRM	Vendor Risk Management
WISE	White-label Investing Software Engine

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Feedback from our stakeholders improves further development of our sustainability reporting. We look forward to new impulses and your opinion.

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