2020
Annual Report

DWS

Content

WHO WE ARE

With € 793bn in assets under management and approximately 3,500 employees worldwide, we are a truly global asset manager. Our size and reach are fundamental to our capabilities and strength across the Active, Passive and Alternatives investment spaces.

€ 793bn Assets under Management

€ 520bn Assets under Management in Active

€ 179bn Assets under Management in Passive

€ 93bn Assets under Management in Alternatives

+34 % Growth in ESG related Assets under Management

As of December 31, 2020

LONGSTANDING HERITAGE

Our roots lie in the launch of the German investment fund firm DWS in 1956. Since then we have developed our expertise across all asset classes to become one of the most recognised names in asset management.

_ Active DWS founded 1956 in Germany
_ 40+ years in Alternatives
_ 20+ years in Passive
_ Roots in the US dating back almost a century*
_ Asian footprint since 1987

INTEGRATED WORDWIDE PLATFORM

We offer a fully integrated global platform that has been carefully positioned for future growth. Having all of our capabilities under one roof enables us to be ambitious, innovative and unconstrained in our forward thinking for our clients.

Diverse investment capabilities: Full spectrum of traditional and alternative capabilities to serve clients worldwide – from large institutions to governments, corporations, foundations and millions of individual investors.

RESPONSIBLE INVESTING

We are a fiduciary partner to our clients and conscious of our societal impact. Responsible Investing has long been a key part of our heritage, because it serves the best interests of those who entrust us to manage their assets.

_ Proud pioneer in responsible investing
_ Early PRI Signatory since 2008
_ Dedicated ESG research
_ Committed to shaping the ESG investment landscape

DWS wants to become a leading ESG Asset Manager and thought leader by applying "ESG first"-principles as fiduciary and corporate.

TOP 3 SDGs

DWS identified the Top 3 Sustainable Development Goals on which we have an impact on:

*Through the Scudder business, established in 1919 and acquired by Deutsche Bank / Deutsche Asset Management in 2002

FACTS AND FIGURES

Net flows
(€ bn)

2019 26.1

2020 30.3

Adjusted profit
before tax (€ m)

2019 774.4

2020 795.1

Assets under Management (€ bn)

2019 767.4

2020 792.5

Adjusted Cost-Income Ratio (%)

2019 67.6

2020 64.5

Dividend per share (€)

2019 1.67

As per AGM decision on November 18, 2020, payment as of November 23, 2020

2020 1.81

The Executive Board and Supervisory Board will recommend a dividend payment of € 1.81 per share for the financial year 2020 at the Annual General Meeting on June 9, 2021

Letter from the Chairman of the Executive Board

Frankfurt/Main, March 2021

Dear shareholders,

2020 was undoubtedly an unprecedented year for all of us. Yet despite the challenges, volatility and uncertainty we saw in the markets, this was also the year that we at DWS concluded Phase One of our corporate journey as a listed company. Last year, we realized the benefits of our clear corporate action and decision making that have epitomized our efforts over the last two years. We achieved record results across our key performance indicators and, at the same time, reached our ambitious medium-term targets that we set at our IPO, one year earlier than planned.

Our adjusted profit before tax was € 795 million – a record high for DWS – which was 3 percent higher than the previous record set in 2019 and 27 percent higher than 2018. After tax, our net profit stood at € 558 million, a rise of 9 percent from 2019. Based on this, we propose to the Annual General Meeting an increased dividend of € 1.81 per share for the financial year 2020, delivering on another target set during our IPO of a dividend payout ratio of between 65 to 75 percent. In addition, we achieved an adjusted cost-income ratio of 64.5 percent, our lowest level on record after reducing our cost base by 11 percent year-on-year, and hitting our target of below 65 percent already in 2020 ahead of schedule. Annual net inflows exceeded € 30 billion in 2020 – also a record – with inflows reported across all regions, including liquid and illiquid asset classes and from both retail and institutional clients. This translates to 4 percent net flows, which is in line with our target of between 3 to 5 percent. Contributing immensely, our ESG-dedicated funds continued to attract strong investor interest, accounting for 30 percent of our total annual net inflows in 2020.

As a firm, we have placed ESG at the heart of everything that we do. And this was evidenced throughout 2020 as the COVID-19 pandemic caused unprecedented hardships for societies, economies and people at large. As a firm, DWS Group took immediate action, giving to organizations all around the world to help feed and shelter those most in need. These efforts will continue – and our collective desire to help the communities in which we operate is embedded in our DNA, both as a fiduciary and as a corporate. And having previously identified ESG as one of the key mega-trends shaping the next decade – an assessment further underscored by the pandemic – we worked intensively to implement a comprehensive ESG strategy as we see it becoming a dominant theme for our investors, clients and regulators alike. We established a Group Sustainability Office to oversee a coherent and holistic ESG strategy firm-wide. We secured the support of high-calibre external experts for our new ESG Advisory Board. And we enhanced both our ESG integration as well as our stewardship efforts with the introduction of Smart Integration into the investment process. Additionally, we publicly committed to becoming climate-neutral in our actions as a corporate and a fiduciary, becoming a founding signatory of the Net Zero Emissions initiative of the Institutional Investors Group on Climate Change.

Alongside our ESG focus, we also paid particular attention to our professional responsibilities. We prioritized our fiduciary work for our clients and, naturally, the safety and well-being of our people. At the same time, we also continued to drive progress on the execution of our strategic development during 2020. Our laser focus on cost discipline and on investment performance were crucial, and we simplified our global business structure to become even more client-focused, flexible, efficient and effective. As part of this, we established a dedicated Product Division, reflecting our culture as a true fiduciary asset manager.

Furthermore, we strengthened relationships with a number of strategic partners which have been invaluable to DWS's development, renewing our partnership commitment with Zurich Insurance Group in Germany until 2032, and entering new partnerships with Eurovita in Italy and Northwestern Mutual Capital in the United States. Also last year, we acquired a minority stake in Arabesque AI, as we look to incorporate the technology of tomorrow, Artificial Intelligence, into our investment processes. Meanwhile, our other long-standing strategic partnerships have contributed significantly to our success.

With our key achievements of 2020, we delivered on what we committed to you, our valued shareholders. And while we are proud of all we were able to deliver during Phase One, we are determined to build on this momentum with Phase Two of our corporate journey. We feel confident about our business and our firm's place within the asset management industry – and the challenges it faces – as the industry is pushed out of its comfort zone. As we look ahead to 2021 and beyond, the work we have done over the last 24 months forms the starting point for the high ambitions we are now pursuing. In this next phase, we have set clear priorities: Investing in transformation to remain efficient; focusing on and investing in targeted areas to deliver profitable growth; and aiming for leadership in our industry in areas of strength from across our diversified business, including ESG, Passive and high-margin strategies. Collectively, these will help us to grow our business as we look to take an active role in the consolidation of the market. In short, our goal for Phase Two: Transform, Grow and Lead.

In 2021 and beyond, we will transform ourselves to meet the industry challenges of this decade and the era that lies ahead. This includes doing everything we can, to continue to strengthen our asset management focused approach. We are developing and investing in a standalone core platform, including an IT and policy framework, tailored to our fiduciary business and our clients, while integrating Artificial Intelligence into the way we work. The use of data and algorithms will improve investment managers in their decision making in the future. And with the help of automation, the processes will also become more seamless. Within our organization, we will embark on a cultural transformation that is performance-driven and a clear meritocracy, helping us attract the best talent from a wide range of profiles and backgrounds. This will be underpinned by our newly implemented Functional Role Framework, in which we will introduce flat hierarchies to ensure every voice is heard at DWS.

We will also invest to grow – in businesses and areas where we believe we can lead our industry, building on our strengths and expertise. We will invest in high-margin asset classes and products in the Active and Alternatives space, such as Real Estate, Infrastructure and more, on one side, as well as into our scalable Passive business, especially in ETFs, on the other side. We are equally committed to expanding our client base. For us, this means further leveraging existing partnerships – and finding new ones – especially in the growth region of Asia, with a clear focus on China. And finally, we will invest in product innovations in ESG so that we can position ourselves as the go-to one-stop-shop ESG investment manager.

Collectively, I am convinced that these efforts will help us to become an industry leader across the board. We want to lead the asset management sector in ESG, both as a fiduciary and as a corporate, and that is why, from now on, all our new product initiatives will by default be ESG. We want to become a leader in the all-important Passive space, especially in Europe, as well as a leader in high-margin businesses, expanding on our market position in thematic equities, multi-asset and Alternatives.

Looking forward, we are setting new medium-term financial targets to ensure that we remain focused on delivering profitable growth, and achieving our aspiration to become a leading European asset manager with a global reach, a global presence and a global footprint. In this respect, our adjusted cost-income ratio will remain key to making sure we maximize shareholder value for you while we balance efficiency and investments. This is why we commit to further reducing our adjusted cost-income ratio to 60 percent by 2024. In addition, we are also upgrading our net flow target to more than 4 percent on average in the medium term. We are confident that we can achieve these even higher net inflows over the coming years, supported by our global and diversified portfolio, and driven by continued strong client demand for our ESG-dedicated funds and new product launches. Our people – who deserve great thanks for their tremendous efforts in Phase One of our corporate journey – will ensure with passion and dedication that Phase Two will be equally successful.

To conclude, and hoping that circumstances will allow for a face-to-face event once again, I would like to invite you to attend our Annual General Meeting on Wednesday, June 9, 2021 in Frankfurt/Main.

Please stay healthy and safe. I look forward to seeing you in person as soon as possible.

Yours sincerely,
Asoka Wöhrmann

Dr Asoka Woehrmann, CEO

Managing Directors of the General Partner (collectively referred to as the Executive Board)

Dr Asoka Woehrmann, * 1965
Chief Executive Officer and Head of CEO Division (since October 25, 2018)

Manfred Bauer, * 1969
Head of Product Division (since July 1. 2020)

Mark Cullen, * 1955
Chief Operating Officer and Head of COO Division (since December 1, 2018)

Dirk Goergen, * 1981
Head of Client Coverage Division (since December 1, 2018)

Stefan Kreuzkamp, * 1966
Chief Investment Officer and Head of Investment Division (since March 1, 2018)

Claire Peel, * 1974
Chief Financial Officer and Head of CFO Division (since March 1, 2018)

Executive Board in the reporting year:

Dr Asoka Woehrmann, * 1965
Chief Executive Officer and Head of CEO Division (since October 25, 2018)

Manfred Bauer, * 1969
Head of Product Division (since July 1, 2020)

Pierre Cherki, * 1966
Co-Head Investment Group (from March 1, 2018 until June 9, 2020)

Mark Cullen, * 1955
Chief Operating Officer and Head of COO Division (since December 1, 2018)

Dirk Goergen, * 1981
Head of Client Coverage Division (since December 1, 2018)

Robert Kendall, * 1974
Co-Head Global Coverage Group (from March 1, 2018 until June 9, 2020)

Stefan Kreuzkamp, * 1966
Chief Investment Officer and Head of Investment Division (since March 1, 2018)

Claire Peel, * 1974
Chief Financial Officer and Head of CFO Division (since March 1, 2018)

Nikolaus von Tippelskirch, * 1971
Chief Control Officer (from March 1, 2018 until June 9, 2020)

Report of the Supervisory Board

Dear shareholders,

The COVID-19 pandemic presented global and local challenges of unprecedented levels in the fiscal year 2020. Against this backdrop, the DWS business model has not only demonstrated its stability and resilience, but DWS has also laid further groundwork for a sustainable and growth-oriented strategy for the future. Thanks to its focus on client needs and efficiency, DWS succeeded in achieving a record adjusted profit before tax in the full year 2020 and recorded more net new inflows than ever before. Total global Assets under Management reached record highs while the total adjusted cost-income ratio fell to a new low. As a result, the ambitious strategic goals from the IPO in 2018 were achieved one year earlier than planned.

On behalf of the Supervisory Board, I would like to thank all DWS employees for their commitment and dedication in this particularly challenging year. Our thanks also go to the Executive Board, who successfully led the company through these difficult times.

At the same time, DWS has evolved as an organization and is well prepared to successfully meet the requirements of a changing environment. The Supervisory Board, the Joint Committee and the shareholders' meeting of the General Partner created a new, simplified and globally integrated business structure in June 2020, including personnel changes and reorganizing global responsibilities on the level of the Executive Board.

The way we work has also changed dramatically over the past year. This applies to the employees of DWS as well as to us as the Supervisory Board. While the latest version of the German Corporate Governance Code as of December 16, 2019, still states that participation in supervisory board meetings via video conference should not be the standard, it has in fact become unavoidable since March 2020. Thanks in part to digital progress, this has worked unexpectedly well. However, we hope for us as the Supervisory Board, the Executive Board, the employees, clients and shareholders of DWS, that we can soon meet again in person.

In 2020, the Supervisory Board continued to advise and support the Executive Board intensively on the strategic direction of DWS. Shortly after the announcement of the organizational changes in June 2020, the Supervisory Board held its annual two-day strategy meeting with the new management team. Targeted growth ambitions and strategies to sustain efficiency were discussed and developed while future visions for digital innovation and ESG were also addressed in depth. In addition, the new understanding of corporate responsibility shaped by the pandemic was examined in detail. To ensure DWS is strongly positioned to address the mega trends that are shaping the asset management industry, the Supervisory Board and Executive Board intensively evaluated and developed the future program centred on transformation, growth and leadership. This strategy was later confirmed as part of the planning process.

In the second half of the year, the Supervisory Board also dealt intensively with the effects of the collapse of Wirecard AG (Wirecard) on the DWS Group. Wirecard's breakdown had deeply shaken the German stock market, the financial sector and the asset management industry in June 2020.

In addition, the Supervisory Board dealt with fundamental questions relating to corporate management and organization as well as compliance and control and addressed the governance standards implemented by DWS.

The Supervisory Board performed the tasks assigned to it by law, regulatory requirements, the company's Articles of Association and the Supervisory Board's Terms of Reference. In fulfilling its supervisory tasks, it monitored the General Partner and advised the Executive Board. Besides the monitoring of the ongoing business operations, the Supervisory Board's deliberations primarily centred on the strategic development of DWS as well as on business events and transactions with significant relevance for the company and on key personnel-related matters.

The Supervisory Board had the Executive Board regularly report to it both in writing and in person on significant matters relating to the company. Moreover, there was a regular exchange of information between the Chairman of the Supervisory Board, the chairpersons of its committees and the Executive Board. Thus, the Supervisory Board was continuously, comprehensively and without delay informed on business development and the company's strategy, its corporate, financial and personnel planning, its profitability, the control framework and its environment, including the company's compliance and its risk, liquidity and capital management.

There were a total of 18 meetings of the Supervisory Board and its committees. The average meeting participation rate in 2020 was above 96%. Information on meeting participation for each member on the Supervisory Board is laid out in the following section. When necessary, resolutions were passed by circular procedure between the meetings.

Meetings of the Supervisory Board in Plenum

The Supervisory Board held seven meetings in the course of 2020, where it dealt with all matters of significant relevance to the company.

At its first meeting on January 27, 2020, the Supervisory Board reviewed the 2019 full year financial performance and discussed plan deviations, the current business development, existing projections, and agreed targets. Further, the Supervisory Board, based on the Audit and Risk Committee's deliberations, examined the dividend capacity of DWS Group and concurred with the Executive Board's dividend proposal. The Supervisory Board also dealt with the Annual Internal Audit Report as well as the Executive Board's short- and longer term strategy to minimise the impact of Brexit on DWS Group . Moreover, the Executive Board laid out its plan for implementing a standalone, state-of-the art technology infrastructure. It presented a feasibility study and the Supervisory Board supported the Executive Board's proposal to conduct a detailed due diligence. Finally, the Supervisory Board agreed to a proposal put forward by the Nomination Committee to amend the objectives regarding its composition and resolved to add "expert knowledge of ESG standards and best practices and their implementation" to its profile of requirements.

At its extraordinary meeting on March 18, 2020, the Supervisory Board reviewed the 2019 Annual Financial Statements and Consolidated Financial Statements as well as the integrated non-financial group statement for 2019 and the Dependency Report presented by the Executive Board. Based on the recommendation of the Audit and Risk Committee, and following an extensive discussion with representatives of the auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (KPMG), the Supervisory Board unanimously approved ('billigt') the Annual Financial Statements and Consolidated Financial Statements. In addition, the Supervisory Board concurred with the proposal of the Executive Board for the appropriation of distributable profit and resolved the Report of the Supervisory Board. Separately, the Supervisory Board received a report on immediate management actions taken in relation to the rapidly spreading COVID-19 pandemic and financial market developments. The Executive Board presented its business continuity plans as well as risk management measures to mitigate potential liquidity, counterparty and market risk and the global health and safety protocol.

On April 10, 2020, Mr Ozeki stepped down from his office as shareholders' representative on the Supervisory Board.

At the Supervisory Board meeting on April 27, 2020, the COVID-19 impact on DWS Group was examined in further detail. The Executive Board reported on operational stability and strict control function monitoring of the adapted internal procedures. Further to additional measures to promote operational efficiency and cost management, new opportunities of strategic relevance for DWS, in particular in the areas ESG and digitalization were highlighted. Dr Woehrmann outlined required strategic adjustments to embrace new realities and the Group's response to changing investor behaviour. In the light of the pandemic and the German governmental ban on public gatherings, the Supervisory Board decided, based on a proposal by the General Partner, to postpone the Annual General Meeting, originally planned for June 18, 2020, to a date in the fourth quarter of the year. The decision was made to protect the health of shareholders, employees and service providers while at the same time maintaining the possibility of a physical shareholders' meeting in 2020. In addition, the Supervisory Board evaluated new measures identified by the Executive Board to mitigate interest rate sensitivity, including the purchase of German sub-sovereign bonds with ultra-long maturity as an instrument to further diversify credit risk and at the same time proxy hedge the interest rate risk of the Group's Guaranteed Products.

On May 25, 2020, the Chairman discussed with the member of the Supervisory Board the simplified business structure developed by the Management Board in consultation with the company's governance bodies and the changes to the leadership team planned by the shareholders' meeting of the General Partner.

On July 21, 2020, Mr Bernd Leukert was appointed by the court as shareholders' representative, succeeding Ms Sylvie Matherat, until the end of the Annual General Meeting 2020. Mr Leukert had previously been nominated for this position by the shareholders' representatives on the Supervisory Board, based on the recommendation of the Nomination Committee.

At its meeting on July 24, 2020, the Supervisory Board addressed management actions taken in relation to the Wirecard insolvency. Initial information on Wirecard's breakdown had been provided by the Executive Board on June 18, 2020, and on June 19, 2020, and during an extraordinary meeting of the Audit and Risk Committee on June 24, 2020. The Supervisory Board examined reports from the Executive Board and the control functions on the development of Wirecard exposure in DWS investment products. In addition, the Supervisory Board dealt with the Wirecard impact on Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), which had previously been identified as the preferred new statutory auditor for the financial year 2020, based on a voluntary audit tendering procedure conducted in 2018. In light of EY's role as statutory auditor of Wirecard, the Supervisory Board decided to re-assess its earlier preference. The Audit and Risk Committee was asked for its support and for a recommendation to the Supervisory Board. Separately, the Executive Board informed the Supervisory Board about strategic considerations for the repositioning of the Group's investment account services business and the examination of potential joint venture opportunities in the fund platform segment. The Supervisory Board also examined and approved the General Partner's reimbursement and remuneration for 2019. The shareholders' representatives on the Supervisory Board delegated Mr Minoru Kimura to the Joint Committee, subject to his appointment by the court. Mr Kimura had previously been proposed to succeed Mr Hiroshi Ozeki on the Supervisory Board, based on the recommendation of the Nomination Committee.

On August 10, 2020, Mr Kimura was appointed by the court as shareholders' representative on the Supervisory Board until the end of the Annual General Meeting 2020.

Taking into account the infection situation in Germany, the Supervisory Board prepared the invitation to the virtual Annual General Meeting on November 18, 2020, and approved the proposals for the agenda, including the proposal of the auditor for the financial year 2020 at an extraordinary meeting on August 18, 2020. Despite its earlier preference for EY, based on the recommendation of the Audit and Risk Committee, the Supervisory Board decided to propose that shareholders vote in favour of remaining with the current auditor and renewing the appointment of KPMG. This decision was made in an abundance of caution and under due consideration to avoid any possible future conflicts arising potentially from EY's role as statutory auditor of Wirecard.

On September 2 and 3, 2020, the Supervisory Board hosted its annual strategy offsite with participation from the Executive Board. The Supervisory Board reviewed DWS Group's achievements versus its 2020 strategic agenda and further examined and provided advice on the strategic priorities for 2021. In this context, challenges, trends and opportunities as well as financial and non-financial targets were discussed and reviewed in detail. All members of the Supervisory Board attended the two day workshop which resulted in a total of 14 specific actions, which are since being implemented by the Executive Board.

At its meeting on October 26, 2020, the Supervisory Board dealt with further aspects of the Wirecard collapse, including the results of a targeted review of the relevant processes and risk monitoring controls by Internal Audit. It also addressed measures for the recovery of losses incurred by DWS investment funds as a consequence of the Wirecard fraud, in particular, the registration of claims in the insolvency proceedings. There was a review of the status of DWS Group's IT transformational program and the Supervisory Board examined opportunities and challenges as well as the targeted implementation timeline and next steps. Further, the Supervisory Board revisited the requirements set out by the German Act Implementing the Second EU Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie - ARUG II) in relation to the regular vote of the General Meeting on the approval ("Billigung") of the remuneration system for the Executive Board, which becomes obligatory starting from 2021. Moreover, the Executive Board provided an outlook on the Financial Plan for 2021 to 2023, including further actions to lessen the impact of guaranteed products on capital demand. Further agenda items included the kick off of the Supervisory Board's annual efficiency review and a discussion of the priorities for 2021.

On November 18, 2020, the Annual General Meeting elected Mr Leukert and Mr Kimura as shareholders' representatives on the Supervisory Board, following the recommendations of the Supervisory Board and the Nomination Committee.

At the meeting on December 11, 2020, the Executive Board presented an analysis of the internal investment management, corporate governance, customer service and product development processes, as well as related controls, compared to market standards and best practices. This assessment had been conducted with the support of an external consultant and focussed on the German and Luxembourg operations. Further, the Executive Board presented measures for the continuous improvement of the internal risk warning systems. The Executive Board reported that preparations for the transformation to a standalone IT and operating platform had been completed. In this context, the Executive Board also referred to Deutsche Bank Group's cloud strategy and outlined the respective measures taken by DWS Group. Shortly prior to the end of the transition period on December 31, 2020, the Supervisory Board also examined the completion of the Brexit program. Moreover, the Supervisory Board dealt with the Financial Plan for DWS Group, which had earlier been approved by the Executive Board and addressed the remuneration system for the Executive Board as well as planned enhancements. In this context, the legal requirements of the German Stock Corporation Act on the remuneration system were discussed. In addition, the Supervisory Board reviewed the overall course of the Annual General Meeting 2020, the general debate, shareholders' main areas of interest and voting behaviour. Furthermore, an amendment of the Supervisory Board's profile, specifically an amendment to the targeted number of independent shareholders' representatives was agreed. The Supervisory Board determined that at least five shareholders' representatives shall be independent from the company and the Executive Board and at least five shareholders' representatives shall be independent from the controlling shareholder. Finally, the Supervisory Board resolved the Declaration of Conformity according to Section 161 of the German Stock Corporation Act.

The Committees of the Supervisory Board

Audit and Risk Committee

The Audit and Risk Committee held eight meetings in 2020. It supported the Supervisory Board in monitoring the financial reporting process and intensively addressed the Annual Financial Statements and Consolidated Financial Statements, as well as the interim report and the audit and review reports issued by the independent auditor.

Within the context of financial reporting and accounting practices, the committee reviewed the valuation of goodwill and other intangible assets and the impairment testing of certain intangible assets. In this regard, the committee put special focus on the qualitative and quantitative impairment tests performed for the Scudder intangible asset. Further, the committee addressed service fees charged by Deutsche Bank AG and its subsidiaries and respective governance processes.

The Audit and Risk Committee monitored the effectiveness of the DWS Group's risk management system in particular in relation to the internal control system and internal audit. Against the background of the Wirecard fraud case and losses suffered by invested DWS funds, the committee examined the compliance with internal guidelines and regulatory requirements. Further, the committee was continuously informed about COVID-19 related crisis management activities. In this regard, the committee addressed the Group's approach towards information and cyber security and related controls for all relevant threat scenarios.

In addition, the committee dealt with the DWS Group risk appetite statement and the overarching risk strategy, embedded in the Risk Management Framework. It regularly examined reports addressing key metrics and risk appetite, investment risk, financial risk and model risk. Further, the committee addressed credit and counterparty risk and examined the processes established by DWS Group to govern co-investments and seed capital investments. The committee also continued to address the impact of lower long-term interest rates on the Group and discussed related management actions with the Chief Risk Officer. In this context, the committee closely and continuously monitored the measures to mitigate the interest rate sensitivity of the Group's Guaranteed Products, including the investment into German sub-sovereign bonds as a proxy hedge for Economic Risk.

Separately, the committee dealt with the Annual Internal Audit Report and the Annual Compliance Report. Further, the committee was regularly informed on the work of internal audit, the audit plan and its findings. It also addressed the measures taken by the Executive Board to remediate deficiencies identified by the internal control functions and the auditor and it received regular updates on the status and progress made in this context.

The Group Controller updated the Audit and Risk Committee regularly on the status of the implementation of rules governing related party transactions, which came into effect in January 2020. In this context, the Audit and Risk Committee reviewed the internal procedures to meet the requirements to identify, approve and disclose material related party transactions pursuant to Section 111b of the German Stock Corporation Act. As the committee had been appointed by the Supervisory Board to resolve on reserved matters in relation to material related party transactions, it requested regular progress reports on the activities of the Related Party Transaction Council set up for support. In 2020 there were no material related party transactions for approval and disclosure.

Due to EY's role as statutory auditor of Wirecard, the Audit and Risk Committee re-evaluated the results of the voluntary auditor tender procedures carried out in 2017 / 2018. Following a comprehensive qualitative assessment of alternative options, the committee concluded to deviate from its earlier preference for EY as the statutory auditor for 2020. This decision was made as a precautionary measure to avoid any potential future conflicts arising from the collapse of Wirecard. The Audit and Risk Committee recommended to the Supervisory Board a renewal of KPMG's audit engagement for 2020. The preference for KPMG was based on the audit firm's asset management expertise, which was seen as beneficial for an efficient audit process.

Following KPMG's appointment by the Annual General Meeting, the Supervisory Board issued the mandate to the independent auditor and, with the support of the Audit and Risk Committee, set the amount of the auditor's remuneration. KPMG also reviewed the Dependency Report and performed a review to obtain a limited assurance of the integrated non-financial group statement within the Summarized Management Report. The Audit and Risk Committee dealt with the measures to prepare for the audit of the Annual Financial Statements and Consolidated Financial Statements for 2020, specified its own areas of focus for the audit and approved a list of permissible non-audit services. The Audit and Risk Committee received regular reports on the engagement of accounting firms, including the auditor, for non-audit-related services.

Representatives of the independent auditor as well as the Chief Executive Officer, the Chief Financial Officer and the Chief Control Officer, or after implementation of the organizational changes the Chief Operating Officer, and the Head of Internal Audit, the Group Controller and the Chief Risk Officer attended all of the meetings of the Audit and Risk Committee. EY, which performed the limited review of the condensed financial statements and the interim management report per June 30, 2020, attended the committee's meetings in the second quarter of 2020 and for the presentation of its review of the half year report in July 2020. KPMG attended the committee's meetings in the first and fourth quarter of 2020.

Remuneration Committee

The Remuneration Committee held two meetings in 2020.

The committee supported the Supervisory Board in monitoring the appropriate structure of the compensation systems for DWS Group's employees and, in particular, the appropriate structure of the compensation for the Head of Compliance and for the employees who have material influence on the overall risk profile of the Group, i.e. Material Risk Takers. In this regard, the committee reviewed the DWS Compensation Policy and addressed changes to the compensation system, including a move towards a variable compensation that is more aligned with the Group's targets.

Moreover, the committee was informed about expected significant regulatory developments in 2021 and the anticipated impact on the Group's compensation framework, including the adoption of the Capital Requirements Directive V into German law and the planned change of the definition of Material Risk Takers in the Investment Firm Regime. In this regard, the committee asked for regular reports to review the regulatory-driven implementation at DWS Group and its implications on the employees.

Additionally, the committee addressed the new requirements set out by ARUG II whereby a regular AGM vote on the compensation system for the Executive Board becomes mandatory starting in 2021. In particular, the committee assessed the corresponding roles and responsibilities of the Supervisory Board and the Remuneration Committee.

The committee members also monitored the preparation for the 2020 year-end process and the governance around pay decisions, and received reports how these are carried out in line with Group policies. In addition, the committee monitored the Group's cultural change program and plans to replace the current corporate title system with a functional role framework to support the transformation into a leaner, less hierarchical organisational structure. Since this project entered its implementation phase at the end of 2020, the committee reviewed the preparations for the rollout of the framework.

Nomination Committee

The Nomination Committee held one meeting in 2020.

The committee prepared proposals for the election and appointment of new shareholders' representatives to the Supervisory Board. In this context, the committee took into account statutory and regulatory requirements as well as the objectives for the composition of the Supervisory Board and the required competence profile as previously defined. The Nomination Committee also prepared the proposals to amend the Supervisory Board's profile of requirements.

The Nomination Committee supported the Supervisory Board's own efficiency review, specifically evaluated the results of the review, identified areas of interest and made recommendations on potential action items.

Participation in Meetings

Participation in meetings of the Supervisory Board and its committees was as follows:

Name	Meetings incl. committees	Meetings plenary sessions	Participation plenary sessions	Meetings committees	Participation committees	Participation in % all meetings
Karl von Rohr (Chair)	8	7	6	1	1	88
Ute Wolf (Deputy Chair)	15	7	6	8	8	93
Stephan Accorsini	15	7	7	8	7	93
Annabelle Bexiga	9	7	7	2	2	100
Aldo Cardoso	17	7	7	10	9	100
Minoru Kimura	3	3	3	-	-	100
Bernd Leukert	4	4	4	-	-	100
Angela Meurer	7	7	6	-	-	86
Richard I. Morris, Jr.	16	7	7	9	9	100
Hiroshi Ozeki	2	2	2	-	-	100
Erwin Stengele	9	7	7	2	2	100
Margret Suckale	10	7	7	3	3	100
Said Zanjani	8	7	7	1	1	100

Corporate Governance

The composition of the Supervisory Board and its standing committees is in accordance with good corporate governance standards and meets regulatory requirements. The work in the bodies was characterized by an open and intensive exchange and a trustful cooperation. The Chairman of the Supervisory Board and the chairpersons of its committees coordinated their work and consulted each other regularly and – as required – on an ad-hoc basis in order to ensure the exchange of information required to perform the tasks assigned to the Supervisory Board and its committees by law, administrative regulations, the Articles of Association and the respective Terms of Reference.

At the meetings of the Supervisory Board, the committee chairpersons reported regularly on the work of the committees. From time to time the representatives of the employees and the representatives of the shareholders conducted separate preliminary discussions before the meetings of the Supervisory Board. At the beginning or end of the meeting of the Supervisory Board or its committees, discussions were regularly held in executive sessions without the participation of the Executive Board. In accordance with the Terms of Reference of the Audit and Risk Committee the Supervisory Board determined that Ms Ute Wolf fulfils the requirements of Section 100 (5) of the German Stock Corporation Act (AktG).

Furthermore, the Supervisory Board determined that it has what it considers to be an adequate number of independent shareholders' representatives.

The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), was resolved by the Supervisory Board on December 11, 2020. The text of the Declaration of Conformity can be found in Section 3 of the Annual Report.

Training and Further Education Measures

In 2020, there were continuous training measures with the Supervisory Board in plenum and its committees to further familiarize the members with DWS Group, the asset management industry and its regulatory environment. The members of the Supervisory Board continued to build and enhance required specialized knowledge to foster good corporate governance. Focus items included the Group's risk framework and related mitigation instruments, its cyber security strategy, sustainability standards and investors' expectations, artificial intelligence in areas such as research and portfolio management, digitalization, the development of the European fund platform market, the Group's pension system governance, macroeconomic developments as well as the DWS CIO View.

Education measures took place both in form of introductory presentations prior to the deliberations of the Supervisory Board during its ordinary meetings and in separate dedicated training sessions.

Induction courses were held for new Supervisory Board members to facilitate their induction into office.

Conflicts of Interest and Their Handling

In the reporting year, no conflicts of interest were reported or otherwise apparent which would have to be reported to the General Meeting.

Annual Financial Statements, Consolidated Financial Statements, Integrated Non-Financial Group Statement and Dependency Report

KPMG audited the Annual Financial Statements, including the Accounting and Management Report, as well as the Consolidated Financial Statements with the related Management Report for the 2020 financial year and the Dependency Report and issued in each case an unqualified audit opinion on March 8, 2021. The Auditor's Reports were signed by the Auditors Mr Kuppler and Mr Lehmann. Mr Kuppler was the Auditor responsible for the engagement.

Furthermore, KPMG performed a review to obtain a limited assurance in the context of the integrated non-financial group statement in the Combined Management Report and issued an unqualified opinion.

The Audit and Risk Committee examined the documents for the Annual Financial Statements and Consolidated Financial Statements for 2020 as well as the Management Reports including the integrated non-financial group statement and the Dependency Report at its meeting on March 8, 2021. The representatives of KPMG provided the final report on the audit results. The Chairperson of the Audit and Risk Committee reported on this at the March 8, 2021 meeting of the Supervisory Board. Based on the recommendation and advance handling of the Audit and Risk Committee and after inspecting the Annual and Consolidated Financial Statements and Management Reports including the integrated non-financial group statement, the Supervisory Board agreed to the results of the audits following an extensive discussion at the Supervisory Board and with representatives of KPMG. The Supervisory Board determined that, also based on the final results of its inspections, there are no objections to be raised.

On March 8, 2021, the Supervisory Board approved the Annual Financial Statements and Consolidated Financial Statements presented by the Executive Board. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of distributable profit.

DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG, holds a 79.49% stake in DWS KGaA. As there is no control and / or profit and loss-pooling agreement between these two companies, the Executive Board prepared a report on the company's relations to affiliates (Dependency Report) for the period from January 1, 2020 to December 31, 2020, in accordance with Section 312 of the German Stock Corporation Act (AktG). The Dependency Report was audited by KPMG, the independent auditor appointed by the company. The independent auditor did not raise any objections and issued the following statement in accordance with Section 313 of the German Stock Corporation Act (AktG): "According to the results of our audit there are no objections to be made pursuant to Section 313 (4) of the German Stock Corporation Act (AktG) against the report of the Executive Board on relations with affiliated companies. We hereby issue the following unqualified audit certification in accordance with Section 313 (3) of the German Stock Corporation Act (AktG) on the report of the Executive Board on relations of DWS Group GmbH & Co. KGaA, Frankfurt am Main, with affiliated companies for the financial year 2020:
To DWS Group GmbH & Co. KGaA, Frankfurt am Main: Based on our dutiful audit and assessment, we confirm that 1) the statements actually made in the report are correct, 2) that the company's consideration for the legal transactions mentioned in the report was not unduly high, 3) that the measures mentioned in the report do not speak in favour of an assessment that differs from that of the Executive Board." The dependency report and the audit report of the auditor were made available to the Audit and Risk Committee and the Supervisory Board. The review did not lead to any objections. Likewise, the Supervisory Board did not raise any objections against the declarations of the Executive Board concerning the relations to affiliates.

Personnel Developments

On November 18, 2020, the Annual General Meeting elected Mr Minoru Kimura and Mr Bernd Leukert as shareholders' representative on the Supervisory Board for a term of three years. Both Mr Kimura and Mr Leukert had previously been appointed to the Supervisory Board by the responsible court until the end of the 2020 Annual General Meeting.

Mr Ozeki timely resigned from his office as shareholders' representative on the Supervisory Board, effective on April 10, 2020. We thank Mr Ozeki for his work and for his constructive assistance to the Supervisory Board, including his contribution as delegate of the shareholders' representatives at the Joint Committee, during his term of office.

We would like to thank the DWS's employees for their strong commitment in this extraordinary challenging year.

Frankfurt am Main, March 8, 2021

For the Supervisory Board

Karl von Rohr
Chairman

Supervisory Board

Karl von Rohr
- Chairman of the Supervisory Board

since March 3, 2018
Frankfurt am Main

Ute Wolf
- Deputy Chairperson of the Supervisory Board

since March 22, 2018
Düsseldorf

Stephan Accorsini *
since May 29, 2018
Frankfurt am Main

Annabelle Bexiga
since June 5, 2019
Wellesley

Aldo Cardoso
since March 22, 2018
London

Minoru Kimura
since August 10, 2020
New York

Bernd Leukert
since July 21, 2020
Karlsruhe

Angela Meurer *
since May 29, 2018
Frankfurt am Main

Richard I. Morris, Jr.
since October 18, 2018
London

Hiroshi Ozeki
from March 22, 2018 until April 10, 2020
New York

Erwin Stengele *
since May 29, 2018
Oberursel

Margret Suckale
since March 22, 2018
Hamburg

Said Zanjani *
since May 29, 2018
Langgöns

* Employee representative

Standing Committees of the Supervisory Board

Audit and Risk Committee

Ute Wolf
- Chairperson

Stephan Accorsini *

Aldo Cardoso

Richard I. Morris, Jr.

Nomination Committee

Karl von Rohr
- Chairperson

Richard I. Morris, Jr.

Margret Suckale

Said Zanjani *

Remuneration Committee

Margret Suckale
- Chairperson

Annabelle Bexiga

Aldo Cardoso

Erwin Stengele *

* Employee representative

Report of the Joint Committee

Pursuant to Section 15 of the Articles of Association of DWS Group GmbH & Co. KGaA, the company has a Joint Committee, which consists of two members delegated by the shareholders' meeting of the General Partner and two members delegated by the shareholders' representatives on the Supervisory Board from their midst.

For the shareholders' meeting of the General Partner, Mr Karl von Rohr and Mr James von Moltke are delegated to the Joint Committee. Mr Karl von Rohr is also appointed as the Chairman of the Joint Committee. For the shareholders' representatives on the Supervisory Board, two independent members, Ms Ute Wolf and Mr Minoru Kimura, are elected to the Joint Committee. Mr Kimura has succeeded Mr Hiroshi Ozeki, who exited the Joint Committee when he stepped down from his office as shareholders' representative on the Supervisory Board on April 10, 2020. Mr Kimura joined the Joint Committee, effective on August 10, 2020, when he was appointed by the court as shareholders' representative on the Supervisory Board. On November 18, 2020, the General Meeting's vote confirmed Mr Kimura's position as shareholders' representative on the Supervisory Board.

The Joint Committee resolves in particular on the approval of certain transactions and management measures undertaken by the General Partner (e.g. group reorganizations and related contracts; acquisition and disposal of real estate or participations if the transaction value exceeds a certain threshold). In addition, the Joint Committee possesses a right of proposal with respect to the ratification of acts of management and with respect to the determination of the variable compensation of the Managing Directors of the General Partner. In the past fiscal year, the Joint Committee convened four times and all members of the Joint Committee have participated in the deliberations and the proposal adopted in the meetings. Hereinafter the committee reports, pursuant to Section 19 (2) of the Articles of Association of the company, to the Annual General Meeting on its work:

At its first meeting of the year on January 27, 2020, the Joint Committee concurred on the proposal for the variable compensation of the Managing Directors of the General Partner for the fiscal year 2019. The final determination of the variable compensation is subject to the resolution of the shareholders´ meeting. Following a comprehensive evaluation and discussion of the target achievement in 2019 and the deferral structure of the compensation as well as the performance conditions for 2018 and 2019 awards, the Joint Committee unanimously agreed on the proposal for the variable compensation and conveyed its proposal to the shareholders' meeting of the General Partner where it was subsequently resolved.

Focus topics of the meeting on February 28, 2020 were the compensation structure and 2020 objectives for the Managing Directors of the General Partner. The committee addressed all compensation components and the corresponding reference levels, objectives, weighting as well as key measures and assessment criteria. After a detailed review and discussion, the Joint Committee unanimously agreed on the proposal for the compensation structure 2020 as well as the individual objectives 2020 and conveyed its proposal to the shareholders' meeting of the General Partner. The latter resolved the proposal as presented.

At its meeting on May 25, 2020, the Joint Committee dealt with the planned organizational and leadership team changes with six globally integrated divisions, including the establishment of a dedicated Product division, and singular responsibilities at the level of the Managing Directors.

On December 10, 2020, against the backdrop of new requirements set out by the German Act Implementing the Second EU Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie - ARUG II) and the latest version of the German Corporate Governance Code as of December 16, 2019, the Joint Committee dealt with a planned enhancement of the remuneration system for the Managing Directors, which will be submitted for approval ("Billigung") at the Annual General Meeting in 2021.

Frankfurt am Main, March 8, 2021

For the Joint Committee of DWS Group GmbH & Co. KGaA

Karl von Rohr
Chairman

Joint Committee

Karl von Rohr
since May 7, 2018

Minoru Kimura
since August 10, 2020

James von Moltke
since May 7, 2018

Ute Wolf
since April 23, 2018

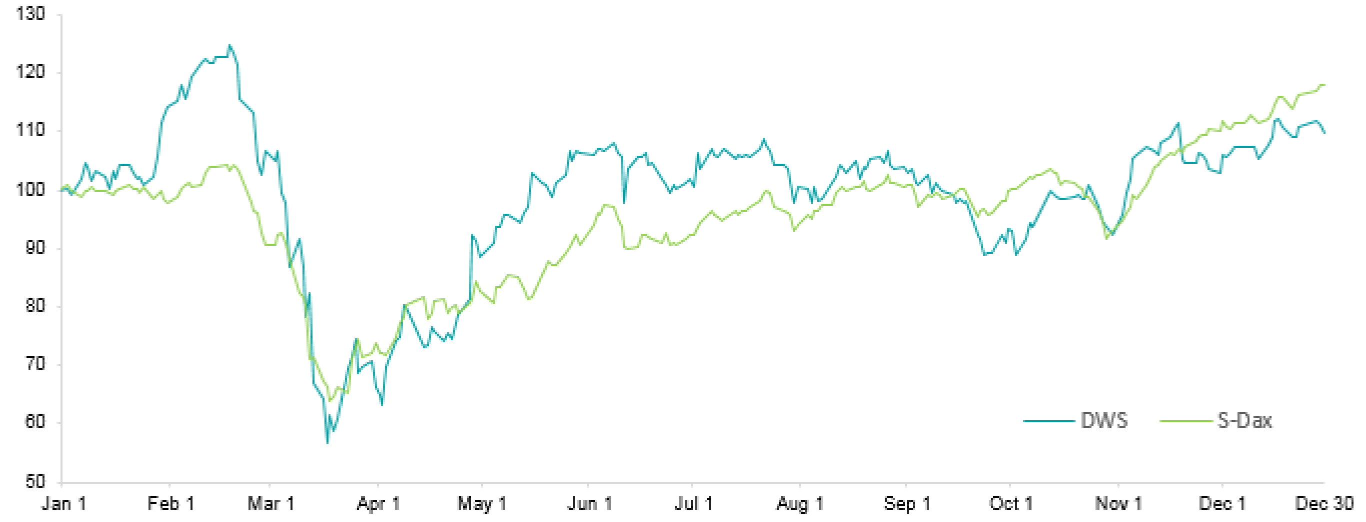
Hiroshi Ozeki
from April 23, 2018 until April 10, 2020

Our Shares

DWS KGaA's shares are listed in the Prime Standard on the Frankfurt Stock Exchange, which has the most stringent transparency and disclosure requirements in Germany. The shares are also a component of the German SDAX, a market index composing of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalisation. The index thus represents the 91st-160th largest publicly traded companies in Germany with regards to order book volume and market capitalisation. With a weighting of 1.8%, DWS KGaA was ranked 18 in the German SDAX at December 31, 2020.

The highest Xetra closing price for DWS shares in 2020 was € 39.65, reached on February 19, 2020, while the lowest closing price was on March 18, 2020 at € 18.04. Over the course of 2020, the share price posted a cumulative shareholder return of 15.3 percent, which is broadly in line with the 16.8 percent increase at the SDAX in the same period. Based on the 200 million outstanding bearer shares, the market capitalisation of DWS KGaA totalled approximately € 7.0 billion on December 31, 2020.

Cumulative Shareholder Return in % in 2020



Key Data Share

WKN	DWS100
ISIN	DE000DWS1007
Ticker symbol	DWS
Trading segment	Regulated market (Prime Standard)
Indices	SDAX
Class of shares	No par-value ordinary bearer shares
Number of shares as of December 30, 2020	200,000,000
Market capitalization as of December 30, 2020 (in € bn)	7.0
Initial listing	23-Mar-18
Initial issue price in €	32.50
Share price in € as of December 30, 2020	34.80
Cumulative Shareholder Return (since December 30, 2019)	15.27
Period high (January - December 2020) in €[1]	39.65
Period low (January - December 2020) in €[1]	18.04

[1] Xetra Closing Price

Share Liquidity

The average daily trading volume of DWS shares was approximately 142 thousand daily traded shares in 2020, with the highest level in March at approximately 250 thousand daily traded shares on average.

Average Daily Trading Volume in 2020

January	February	March	April	May	June	July	August	September	October	November	December
93,336	130,042	250,514	161,866	119,258	208,668	142,297	91,156	96,773	119,027	188,270	108,214

Source: Bloomberg, including German stock exchanges Xetra, Frankfurt, Stuttgart, Berlin, Düsseldorf and Munich

Investor Relations Activity

2020 has been a challenging year for Investor Relations as a consequence of the global pandemic and its activities have been significantly impacted by the resulting travel restrictions, social distancing and mainly closed international borders.
This resulted in a new communications approach with analysts, institutional and private investors. Thanks to the adoption of more technology, we successfully dealt with this challenge and continued a proactive dialogue with financial stakeholders via virtual meetings, providing the updates on the group's business strategy and financial results.

Investor Relations and senior management have participated in number of virtual industry conferences and roadshows. In addition, Investor Relations participated in virtual meetings and maintained regular contact with sell-side analysts and shareholders.

During these meetings, a range of topics were covered including business development, cost efficiency, financial targets, strategic alliances, regional strategies and asset management industry outlook. This year, there has been broad acknowledgment of the Group's accelerated cost initiatives, as well as its resilience in the challenging market environment. Product innovation, particularly around ESG products as well as the implications from the group's organizational restructuring have also been a focus area.

Each quarter, we host a conference call to present our financial results to analysts with relevant documents provided via our website.

DWS CEO, Asoka Woehrmann, presented an update on DWS's corporate journey to a public audience as part of Deutsche Bank's Investor Deep Dive event, which was held as a virtual event in December 09, 2020 with presentation materials and a replay of the live webcast provided via our website.

Research Coverage

At the end of 2020, a total of 23 brokers covered DWS shares, publishing regular commentary about the company. As of December 31, 2020, twenty brokers recommend to buy DWS, up from thirteen buy recommendations in 2019, while two brokers recommend to hold and one recommend to sell the shares. The average target share price is € 38.40 as of December 31, 2020.

Target Price and Rating as of December 31, 2020

Rank	Broker	Target Price (in €)	Rating
1	Morningstar	47.0	Buy
2	Exane BNP Paribas	44.0	Buy
3	Morgan Stanley	42.2	Buy
4	JP Morgan	41.5	Buy
5	Oddo BHF	41.3	Buy
6	UBS	41.0	Buy
7	Barclays	41.0	Buy
8	Santander	40.4	Buy
9	Citi	40.0	Buy
10	Bank of America ML	40.0	Buy
11	Societe Generale	40.0	Buy
12	Goldman Sachs	39.0	Buy
	Average	**38.4**	
13	Independent Research	38.0	Buy
14	Keefe, Bruyette & Woods	37.4	Buy
15	Credit Suisse	37.0	Buy
16	ING	36.0	Buy
17	Jefferies	36.0	Buy
18	AlphaValue	35.5	Buy
19	Pareto Securities AS	35.0	Buy
20	Kepler Cheuvreux	34.1	Buy
21	Commerzbank	34.0	Hold
22	Royal Bank of Canada	32.0	Hold
23	Autonomous	30.5	Sell

Annual General Meeting

DWS KGaA hosted its first virtual Annual General Meeting on November 18, 2020. In light of the pandemic, the Executive Board and Supervisory Board decided to postpone our original Annual General Meeting. The decision enabled us to protect the health of our shareholders, employees and service providers.

The DWS Executive and Supervisory Board recommended a dividend payment of € 1.67 per share for the financial year 2019, which has been decided on the Annual General Meeting in November 2020.

Financial Calendar 2021

Date	Event
February 04, 2021	Preliminary results for the 2020 financial year with Investor & Analyst Conference Call
March 12, 2021	Annual Report 2020
April 28, 2021	Q1 2021 results with Investor & Analyst Conference Call
June 09, 2021	Annual General Meeting
July 28, 2021	Interim Report 2021 with Investor & Analyst Conference Call
October 27, 2021	Q3 2021 results with Investor & Analyst Conference Call

Shareholder Structure

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018 DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. DB Beteiligungs-Holding GmbH is a wholly-owned subsidiary of Deutsche Bank AG. The second largest shareholder is Nippon Life Insurance Company with a 5% stake as notified to us in the voting rights announcement dated March 22, 2018. We have not been made aware of any changes in this ownership as per December 31, 2020. DWS KGaA's free float amounts to 15.51%.

1

Summarized Management Report

Summarized Management Report

About this Report

[GRI 102-46; 102-49; 102-50; 102-52; 102-55]

Content and Structure

Our Report combines the financial and non-financial information necessary to thoroughly evaluate our performance and as a German-listed asset manager, is primarily guided by the legal requirements of the German Commercial Code (Handelsgesetzbuch - HGB).

Financial Information

The presentation of information and performance of the Group comply with the requirements of International Financial Reporting Standards (IFRS), and, where applicable, the German Commercial Code (HGB), German Accounting Standards (GAS) and the guidelines on alternative performance measures from the European Securities and Markets Authority (ESMA). In the declaration on corporate governance we follow the transparency requirements of the German Corporate Governance Code (GCGC).

[Integrated non-financial Information]

We are obligated to comply with the requirements on non-financial reporting.

With the non-financial information included in this report which together build the integrated non-financial group statement, we hereby satisfies this requirement pursuant to Section 340i (5) in conjunction with Sections 315b, 315c and 289c to 289e of the German Commercial Code.

In order to position DWS 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 Section 315b (2) German Commercial Code.

With regards to the applied reporting frameworks according to Section 289d HGB, the reporting contents are oriented towards the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and also take into account the United Nation's Sustainable Development Goals (SDGs). 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'.

Based on our 2020 materiality assessment matrix (please refer to the 'Materiality Assessment for 2020' within the chapter 'Responsibility around our Fiduciary Value Chain') we identified 21 material topics for DWS which will form the focus points of the integrated non-financial group statement and also define the limits of this statement.

The mandatory non-financial information according to HGB which together build the integrated non-financial group statement are indicated in the table 'Content of the integrated non-financial group statement according to the HGB within the Summarized Management Report'. The non-financial information and the material topics according to HGB can be found in the relevant chapters of the 'Summarized Management Report'.

In addition to the integrated non-financial group statement, we have published a separate report describing our climate-related and TCFD (Task Force on Climate-related Financial Disclosures) ambitions under the name DWS Climate Report 2020 – Our Actions towards TCFD.

Information referred to as additional information, as well as references to DWS and external websites, is not part of the integrated non-financial group statement.

Content of the integrated non-financial group statement according to the HGB within the Summarized Management Report

Non-financial content according to HGB	Material topic in materiality matrix	Sections in our Annual Report
General information	N/A	About this Report Responsibility around our Fiduciary Value Chain Materiality Assessment for 2020
Business model	N/A	Introduction to DWS Group
DWS related material topics	Client Experience	Responsibility around our Fiduciary Value Chain Client Experience
	Company Performance	Introduction to DWS Group Our Strategy Sustainability Strategy
	Corporate Governance and Board Governance	Our Strategy Sustainability Strategy
	ESG Product Design	Responsibility around our Fiduciary Value Chain Designing Products for our Clients
	Fiduciary Duty	Responsibility around our Fiduciary Value Chain Responsible Investing and ESG Products
	Sustainable Finance and Responsible Investing	Responsibility around our Fiduciary Value Chain Responsible Investing and ESG Products
	Sustainability Strategy	Our Strategy Sustainability Strategy
	Regulatory Compliance	Compliance and Control Public Policy and Regulation
	Business Continuity	Risk Report Business Continuity and Crisis Management
	Tax Policy	Responsibility around our Fiduciary Value Chain Tax Policy
Environmental matters	Climate change	Our Strategy Sustainability Strategy Risk Report Sustainability Risk Responsibility around our Fiduciary Value Chain Designing Products for our Clients Responsible Investing and ESG Products Our Impact on Climate Change
Employee matters	Employees and Workplace	Responsibility around our Fiduciary Value Chain Employees and Workplace
	Diversity and Equal Opportunities	Responsibility around our Fiduciary Value Chain Diversity & Equal Opportunities
	Health and Wellbeing	Responsibility around our Fiduciary Value Chain Employee Wellbeing
Human rights matters	Human Rights	Responsibility around our Fiduciary Value Chain Responsible Investing and ESG Products
Social matters	Social Engagement	Responsibility around our Fiduciary Value Chain Social Engagement
	Stakeholder Management	Responsibility around our Fiduciary Value Chain Stakeholder Management
Anti-corruption and bribery matters	Anti-Financial Crime	Compliance and Control Anti-Financial Crime – Preventing Fraud, Bribery and Corruption
	Compliance and Risk Management	Compliance and Control Compliance and Control in DWS Group Internal Audit Internal Control System for the Non-Financial Reporting Process
	Business Ethics	Compliance and Control Business Ethics
	Data Protection and Client Privacy	Compliance and Control Data Protection and Client Privacy

Non-financial risks are monitored through dedicated risk frameworks and processes and a more detailed description of our risk management can be found in the ‘Risk Report‘. 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.

Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code

The entire Group's Corporate Governance Statement according to Sections 289f and 315d of the German Commercial Code is available in section 3 'Corporate Governance Statement' of the Annual Report, which is available at https://dws.com/Our-Profile/ir/reports-and-events/annual-report/ as PDF.

The compensation report of the last financial year and the auditor's report pursuant to Section 162 of the Stock Corporation Act (Aktiengesetz – AktG), the applicable compensation system pursuant to Section 87a (1) and (2) sentence 1 AktG and the resolution pursuant to Section 113 (3) AktG on the compensation of the Supervisory Board is available in the chapter 'Compensation Report' within the 'Summarized Management Report' of the Annual Report, which is available at https://dws.com/Our-Profile/ir/reports-and-events/annual-report/ as PDF.

Data and Presentation

[GRI 102-45; 102-46]

All information and bases for calculation in this report are founded on national and international standards for financial and sustainability reporting. The data and information for the reporting period were sourced from our experts using representative methods. The reporting period is the 2020 business year, covering the period from January 1, 2020 to December 31, 2020. Relevant information is included up to the editorial deadline of March 4, 2021.

The report is published each year in English and German and the German version of the report is the binding and leading document.

Our scope of consolidation comprises DWS Group GmbH & Co. KGaA (DWS KGaA), with its headquarters in Frankfurt am Main, Germany, and all of its fully consolidated subsidiaries and proportionally included joint operations. Shares in joint ventures and associated companies are accounted for, if material, using the Equity method in our consolidated financial statements and are thus not included in the scope of consolidation.

Our accompanying consolidated financial statements are stated in euro the presentation currency of the Group except when otherwise indicated and are rounded to the nearest million. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. "N/A" is read as not applicable.

With the exception of the Cash Flow Statement we apply for all numbers the "positive as normal" convention and all numbers are considered positive. The "direction of flow" is determined by the label, inflow numbers will include labels like fee and interest income. Outflow line items will have labels like fee expense, compensation and benefits and expenses.

Internal control mechanisms ensure the reliability of the information presented in this report.

External Audit and Evaluation

[GRI 102-56]

KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) has audited our consolidated financial statements and management report and has provided an unqualified audit opinion. The audit of our consolidated financial statements including the notes is based on the likewise audited financial statements of our companies.

In addition KPMG performed an independent limited assurance engagement on the integrated non-financial group statement. The content of sections in [square brackets] is not part of the statutory audit but has undergone a separate audit with limited assurance by KPMG.

The Independent Practitioner's Reports can be found in the chapter 'Independent Auditor's Report'.

Information referred to as additional information, as well as references to DWS and external websites, indicated in this report is not part of the information audited by KPMG.

COVID-19

The impact of the COVID-19 pandemic has been significant for companies across all industries and jurisdictions. In addition, the outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have significantly impacted social life and the way of working.

[Unsurprisingly, "Business Continuity" and "Employees and Workplace" were included as material topic in our materiality matrix for 2020 albeit the markets recovered quicker than expected, certainly also a result of the responses by politicians, who calmly but surely averted the worst impacts on people and from the economy.]

COVID-19 references within the Summarized Management Report

Topic areas	Section in our Annual Report

Going concern	Our Strategy
	Risks and Opportunities
	Risk Report
	    Risk and Capital Overview
	    DWS Risk Governance and Framework
	    Fiduciary Investment Risk
	    Business Continuity and Crisis Management

Environment	Our Strategy Responsibility around our Fiduciary Value Chain Social Engagement
Financials	Our Strategy Operating and Financial Review Outlook

Clients and products	Risk Report
	    Fiduciary Investment Risk
	Responsibility around our Fiduciary Value Chain
	    Responsible Investing and ESG Products
	    Client Experience

People and work environment	Risk Report
	    Overall Risk Assessment
	    Business Continuity and Crisis Management
	Responsibility around our Fiduciary Value Chain
	    People Strategy and Attractive Employer

For additional information please also refer to the 'Letter from the Chairman of the Executive Board', the 'Report of the Supervisory Board' and the chapter 'Our Shares' of the Annual Report.

Forward-looking Statements

This report contains forward-looking statements.

Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS KGaA. Forward-looking statements therefore are valid only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks.

Introduction to DWS Group

[GRI 102-2; 102-4; 102-5; 102-6; 102-7; 102-9; 102-16]

Corporate Profile

We are a leading asset manager with € 793 billion in assets under management (AuM) as at December 31, 2020. We are headquartered in Germany with approximately 3,500 employees operating globally, providing a range of traditional and alternative investment capabilities to clients worldwide.

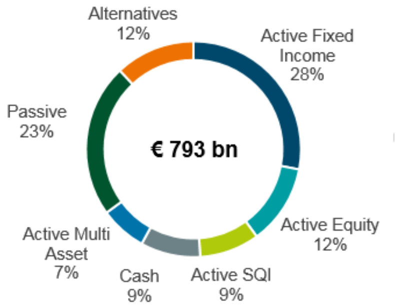
We have a fully integrated global investment group, supported by our Chief Investment Office which supplies the overarching framework that guides our investment decisions. Our offerings span all major asset classes including equity, fixed income, cash and multi asset as well as alternative investments. 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 and structuring.

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 will further take an active role in M&A activities to establish our targeted position as a leading European Asset Manager with global reach. 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.

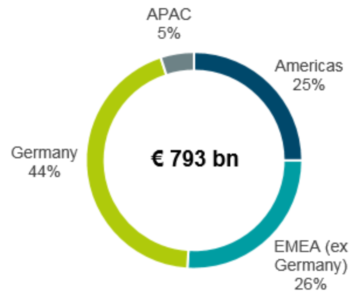
We serve a diverse client base of retail and institutional investors worldwide, with a strong presence in our home market in Germany. These clients include large government institutions, corporations and foundations as well as millions of individual investors. As a regulated asset manager, we act as 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.

Diversified Business with Global Footprint

AuM by Asset Class



AuM by Region



AuM by Client Type

European Origin with a Global Perspective

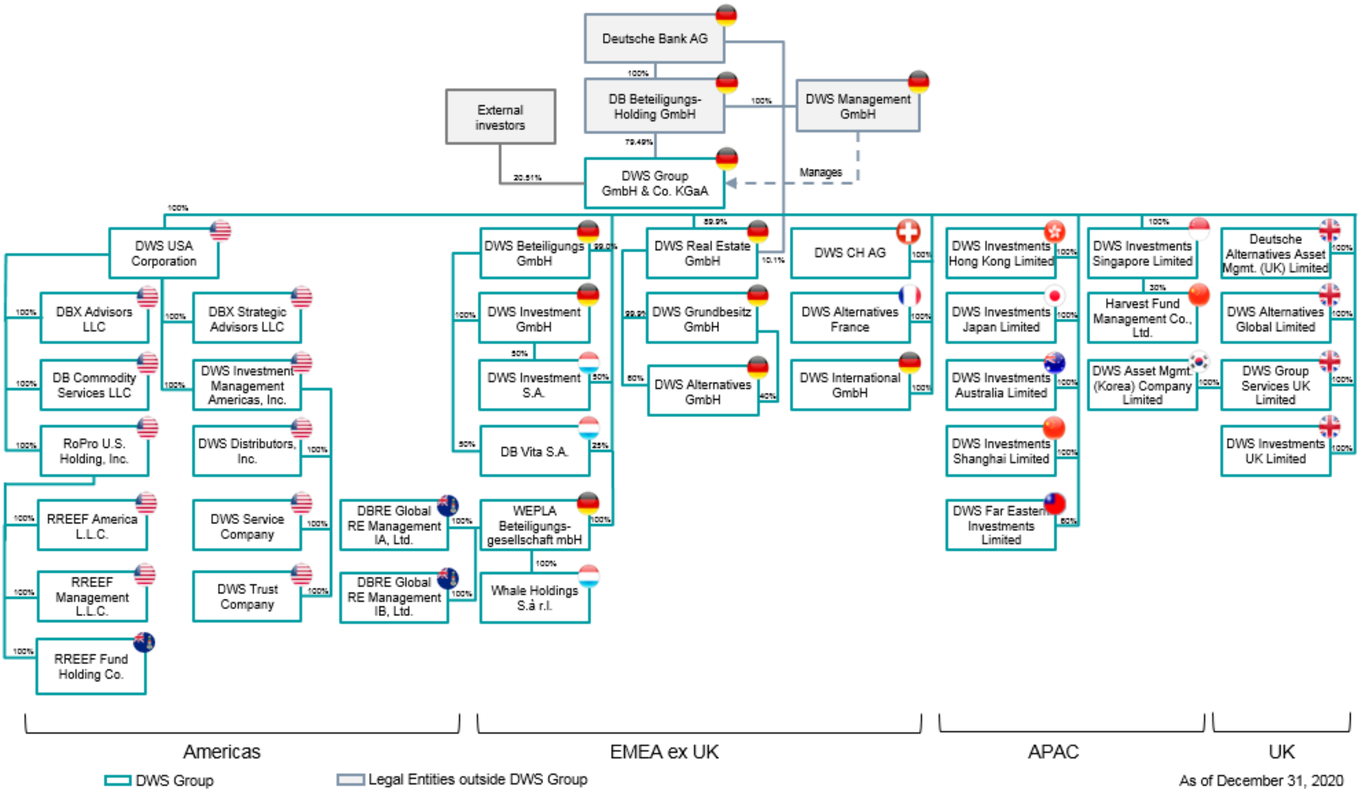
Note: Investment professionals are defined as employees whose primary role contributes to the performance of DWS; sales professionals are defined as employees that are aligned to client facing roles within the distribution structure (as of December 30, 2020).
[1] EMEA excl. Germany

DWS Group Structure

We are organized as a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with a German limited liability company (Gesellschaft mit beschränkter Haftung) as our general partner (Komplementär). DWS Group GmbH & Co. KGaA (DWS KGaA) is the direct or indirect financial holding company for the Group's subsidiaries. As at December 31, 2020, DWS Group consists of 76 consolidated entities, comprising of 50 subsidiaries and 26 consolidated structured entities.

DWS KGaA together with all entities in which DWS KGaA has a controlling financial interest ("the Group" or "DWS Group") is a global asset manager covering a diverse offering that spans traditional active and passive strategies as well as alternatives and bespoke solutions with a global footprint and a scaled presence in key markets.

The following diagram provides a simplified overview of our operating structure including our direct and indirect shareholders and our significant subsidiaries.



Branches of Subsidiaries

DWS KGaA does not have any branches of its own but has established 24 active branches within five of its subsidiaries. The table below provides the split of branches by subsidiary as at December 31, 2020.

Number of Branches by Region

Name of subsidiary	EMEA	Americas	Asia/Pacific
DWS Alternatives GmbH	3	0	0
DWS Distributors, Inc.	0	7	0
DWS Grundbesitz GmbH	5	0	1
DWS International GmbH	6	0	0
DWS Investment Management Americas, Inc.	0	2	0
Total	**14**	**9**	**1**

The majority of these branches have been operational for a number of years and are considered an extension of our investment management activities performed in specific locations where it is important to have a local presence in key markets. These branches were set up to mainly provide distribution and supporting services.

During 2020, a new DWS International GmbH branch was opened in Stockholm to continue with activities previously performed by the local Deutsche Bank AG branch on behalf of DWS.

Research and Activities

Our research platform covers macroeconomics, fixed income, equities and alternatives generating more than 500 top-down recommendations and over 3,000 bottom-up recommendations.

As the asset management industry evolves, we also continue to modernize and digitize our platforms to improve and enhance internal research and development for our products and services. We expect our proprietary research to become increasingly important following the implementation of MiFID II.

CIO View

The CIO View is our house view on macroeconomic topics, financial market forecasts, outlooks for individual asset classes, model multi asset allocations, and DWS views on market risks. As part of our fiduciary responsibility, our portfolio managers use the CIO View as a foundation for their active investment decisions and to also share our investment expertise with clients. In 2018, we incorporated environmental, social and corporate governance (ESG) into our quarterly CIO View publication for the first time, recognising the importance that ESG and sustainability issues have on the wider asset management industry.

Our Strategy

DWS is a leading asset manager with € 793 billion in assets under management as at December 31, 2020. We are headquartered in Germany and operate globally, serving a range of traditional and alternative investment capabilities to institutional and retail clients worldwide. In 2018, we became a listed asset manager on the Frankfurt Stock Exchange, enabling us to operate more autonomously than prior to our initial public offering.

The asset management industry is evolving, with greater competition, continued margin pressure, and technological disruption amid heightened geopolitical tensions and increased market volatility. We believe our diverse range of well-performing products and investment solutions give us a strong basis for growing assets and profitability regardless of the market in which we operate. Our newly introduced business targets for 2024 are as follows:

- The global distribution reach across retail and institutional channels, as well as from strategic partnerships, can support the delivery of a net flow target of >4 percent by 2024 (as a percentage of beginning of period Assets under Management on average in the medium-term).
- The strong and scalable operating platform, coupled with cost efficiency initiatives, supported the reduction of our adjusted cost-income ratio to 64.5 percent, which we achieved in 2020, ahead of 2021 target. We target to achieve an adjusted cost-income ratio of 60 percent by 2024.

We intend to support these refined medium-term targets with the initiatives centred on the themes of Transformation, Growth, and Leadership outlined below.

TRANFORM: Invest into transformation for further efficiency and growth

Further operational efficiency

Cost control continues to be fundamental to execute on our business strategy and ensure shareholder value creation. In 2020, we maintained a strict cost discipline, helping us to improve our adjusted cost-income ratio to 64.5% by year-end. This was achieved through our accelerated efficiency initiatives. We focused on making our workforce more efficient through better alignment of internal capabilities such as leveraging a robust vendor management programme. We also internalized workforce to retain skills and to avoid high-cost external contractors, In addition we increased productivity through flexible working. Further saves have come through strategic vendor management, as we continuously review, re-negotiate and consolidate vendor contracts where possible to ensure we are paying appropriate prices for the services we consume. In addition, we continue to review our real estate portfolio in all locations to ensure we are optimizing our office footprint. In 2021, we aim to continue to review our footprint in other countries, including our headquarters in Germany. We also continue investing in our business and infrastructure functions to ensure that we achieve our targeted cost-income ratio of 60% by 2024. Our vision for the future is to shift away from our complex legacy IT infrastructure platform towards a state of the art IT infrastructure that is more efficient, more scalable and more appropriate for an asset management business. In 2020, we started the project to design and implement a technology platform that is owned and managed by ourselves. Through all of these efforts, we aim to build a standalone operating model that delivers a sustainably low adjusted cost-income ratio, while supporting commercial success and driving agility.

Shift towards a more performance-driven culture

DWS intends to deploy a functional role framework in the first quarter of 2021, which has been approved by the Executive Board for implementation. This framework will change and optimise the way we work together as a company, replacing corporate titles and hierarchical thinking to foster a clear performance culture. The Executive Board decided 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 our performance culture, and enable the execution of our overall strategy. We view this initiative as important to our people development as we consider our employees DWS's most valuable asset.

GROW: Focus on and invest into targeted growth

Our strategy will target growth in specific product lines and regions, especially Asia, and organic growth remains a top priority for DWS. In 2020, we have continued to increase our focus on the targeted asset classes of Passive, Active Multi-Asset and Alternatives. As part of our regional strategy optimization, we aim to focus on developing and nurturing strategic partnerships, which have been a driver of DWS's strong market position in Germany and in Europe. In Asia, we are continuing to work closely with our partners Nippon Life and Harvest Fund Management to explore new business opportunities in the region. Furthermore we have extended our strategic partnership with Zurich in the unit-linked retail business in Germany by 10 years until the year

2032. We also started to adopt technology more broadly to help enable our staff to generate operating platform efficiencies. We plan to continue to invest in digital capabilities to accelerate our readiness to compete in a rapidly evolving industry. This includes capabilities in Artificial Intelligence (AI), automation, and blockchain which will complement our investment process, client front ends as well as middle and back office processes. Our growth commitment into digitisation and technology is further underlined by our ongoing strategic partnerships with Neo Strategic Holding Limited, a digital investment platform in the Middle East, Israeli-headquartered Skyline AI, which leverages proprietary AI technology to evaluate institutional-grade property investments in the US, and Arabesque AI, a UK-based Artificial Intelligence (AI) company and Arabesque S-Ray, an ESG data provider.
In 2021, we will continue this work, with a greater focus on building our international profile outside of Germany.

LEAD: Differentiated leadership across ESG, Passive, and high margin strategies

Make ESG the core of what we do

We target to make sustainability a key strategic focus of both our fiduciary and corporate activities. We expect sustainability and sustainable investments to become the driving force behind successful asset management over the coming years. Demand for sustainable investment products has risen significantly and we are convinced that it will continue to rise. COVID-19 has amplified attention on sustainability as the pandemic's fallout reinforces the need to build the economy on a more responsible and sustainable basis. Sustainable and responsible investment solutions achieved record inflows and more resilient performance during the COVID-19 crisis in 2020.

Our aim is to become a leading ESG asset manager, which requires sustainability to be embedded in everything we do. To achieve our ambitions, we developed a Sustainability Strategy, which relies on 4 focus areas: making sustainability the highest management priority, integrating ESG in the investment process, developing market leading products, and leading and engaging to promote sustainability practices.

In 2020, we made meaningful progress in order to reach these ambitions. We introduced our Group Sustainability Officer in August 2020, which marks an important milestone in deploying a holistic approach to our sustainability strategy. Further, we strengthened the considerations of sustainability risks and opportunities by introducing smart integration of ESG criteria into the investment process, which constitutes a further step in the direction of defining our climate strategy. In addition, we formed a new ESG Advisory Board, which leverages external expertise from leading corporations, academia and public institutions. We view this as an important next step to elevate our sustainability strategy to the next level as part of our ongoing efforts to embed sustainability into everything we do. Another important step is our commitment to reach climate neutrality before 2050, which we announced in November 2020 (for further information please refer to Sustainability Strategy).

Bolster investment capabilities

A key strategic focus is to continue delivering consistent investment outperformance across strategies which align with the needs of our increasingly sophisticated clients. In light of external factors such as search for yield, the late market cycle environment, digitization, and the shift to passive, we are evolving our innovation process to match our solutions to client demand. To this end, we unified our Investment Division in 2020, which now encompasses all liquid and illiquid investment strategies. Furthermore, we established a unified Systematic Investment Solutions function, which combines our Passive and Quant capabilities in a single investment unit. As a next step we now aim to build a Private Debt platform which will consolidate our illiquid Fixed Income business lines.

We also established a standalone Product Division in 2020, which operates globally with responsibility for the entire product life-cycle. The Product Division will enable a more agile and innovative approach to product development while retaining a clear focus on client needs, product quality, time-to-market and profitability along the product life cycle.

[Sustainability Strategy]

Sustainability Roadmap

[GRI 102-16; 102-18; 102-20; 102-31]

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 and in 2008, DWS was amongst the early signatories to the UN-backed Principles for Responsible Investment (PRI). Embedding sustainability criteria in our 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.

Roadmap to Climate Neutrality

Global warming is one of the most pervasive issues of our time, affecting biodiversity, social equality, global wealth and company value. To address these challenges and to transform to a net zero carbon economy, we need fast and effective changes in policies and technologies as well as investment and consumer decisions. As a fiduciary of our clients' assets, DWS has an important duty to incorporate all material issues that may impact their investments and help them to make more responsible investment decisions. And as a corporate citizen, we must ensure that we manage the impacts of our business activities on the environment and society in which we operate.

At DWS, we are committed to reach climate neutrality in line with the Paris agreement and well ahead of the timeframe officially set in the agreement. This will not happen overnight, but will only succeed through close and ongoing dialog and exchange with customers, regulators and stakeholders. Underlining our climate neutrality commitment, in December, we joined the founding signatory group of the "Net Zero Asset Managers Initiative". This initiative sees asset managers commit to decarbonise investment portfolios and accelerate their contribution to achieving net zero emissions and limiting climate change to 1.5°C. As part of the initiative, DWS alongside all other asset manager signatories has committed to:

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

Accordingly, we are embarking on a comprehensive process of defining our climate strategy. First, we will develop methods for measuring climate impact for our Active, Passive and Alternative investment areas. In the next step, we intend to formulate interim targets for specific investment areas with a focus on the next decade, which are in line with our fiduciary duties and take into account the underlying contractual relationships between our investors and ourselves. In line with our TCFD disclosure, we plan to report regularly on our progress towards achieving these goals. In that context, we published a separate DWS Climate Report 2020 on our homepage this year to serve as a basis document.

We see three important levers available to us to drive this transition. First, we seek to work actively with our clients on decarbonisation goals for their portfolios. We will also promote investments that are compatible with or support the transition towards the goal of climate neutrality. This also includes the development of new investment solutions. Secondly, we aim to anchor climate targets even more firmly in our engagement approach. We aim to increasingly encourage investee companies to committing to net zero greenhouse (GHG) gas reduction targets. In our voting guidelines, we have already defined our expectations of companies with regard to the assessment of risks and impacts with regard to climate change. Finally, we also seek to make a contribution to the joint development of methodologies together with other stakeholders and investor initiatives, for example through our cooperation with the Institutional Investor Group on Climate Change (IIGCC), the CDP, and the Climate Action 100+ Initiative[1]. Furthermore, we are a supporter of the TCFD, a long-standing member of the Principles for Responsible Investments (PRI) and support the IFRS Foundation's initiative to create a global set of internationally recognized sustainability reporting standards.

We have already taken the first steps along this path this year. In the first half of 2020, we introduced Smart Integration, a new more intensive review process for managing sustainability risks. Among other things, we use our proprietary ESG database to assess risks arising from the consequences of climate change.

We are convinced that, together with our customers, regulators and stakeholders, we can accelerate the transition to low-emission and climate-sensitive technologies and business models.

Sustainability Governance

In order to set-up the right governance framework that helps us achieving our strategic priorities, we have established new responsibilities and strengthened existing responsibilities for sustainability across our organization.

The overall responsibility for sustainability lies with our CEO, but is also shared across our entire Executive Board. In 2020, we have set up a dedicated Group Sustainability Office (GSO) to orchestrate all of DWS's sustainability efforts globally focused on driving forward the Group's Sustainability Strategy and accelerate the execution. In addition, we have established a new Group Sustainability Council (GSC). The GSC consists of senior representatives from all businesses and functions and is consulted on cross-divisional sustainability topics. The GSC is also responsible for monitoring the Sustainability Strategy's execution progress

[1] For additional information please see https://www.climateaction100.org/

and our sustainability KPIs. To provide new outside-perspectives and expertise, we have set-up a new ESG Advisory Board that consists of six highly recognized international sustainability experts from diverse disciplines who actively advise our CEO and Executive Board on the acceleration of our Sustainability Strategy.

In the Investment Division, our CIO for Responsible Investments (CIO RI), supports the integration of ESG factors into the investment process and provides framework and data for dedicated ESG strategies, operating across its Active, Passive and Alternatives platforms. The CIO RI is organized across the following responsibilities: the Responsible Investment Center, ESG Engine and Solutions, ESG integration for Active and our Corporate Governance Center that enables active ownership (the exercise of proxy voting and corporate governance engagement) for our Passive holdings. Complementing these activities, we have ESG investment professionals supporting our ESG activities globally. These include ESG Gatekeepers 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 (see 'Responsibility around our fiduciary value chain – Responsible Investing & ESG Products').

In our global Client Coverage Division, we have appointed a Global ESG Client Officer who leads the sustainable and responsible investment efforts with our clients. This dedicated role is aimed at ensuring that sustainability remains central to our strategic client relationships and ensuring close collaboration with the Group Sustainability Office. Moreover, our Client Coverage Division has more than 25 ESG Country Representatives - organized regionally and along distribution/client channels - that drive our regional sustainability efforts with our clients.

In our new Product Division, we have dedicated ESG investment specialists and an ESG Advisory team providing ESG insights, analytics and tailored investment solutions.

Sustainability KPIs

During 2020, DWS successfully embedded Sustainability KPIs in the organisation and we have provided greater transparency to key decision makers around our progress at delivering against our strategy and achieving our Sustainability goals. Through the establishment of the Group Sustainability Office and, more recently, the Group Sustainability Council, we will be able to provide further clarity and increased awareness within DWS of how we are performing against our KPI ambitions going forward.

We made good progress in 2020 against our KPI ambitions outlined in the table below:

- Dedicated ESG AuM: We demonstrated strong dedicated ESG AuM growth in 2020 with a 34% increase over 2019. This was led by robust ESG Net flows and we continue to gain momentum in our ESG Passive product sales (for further information see 'Responsibility around our fiduciary value chain – Responsible Investing and ESG Products').
- PRI rating for Strategy & Governance: We maintained our A+ score for Strategy & Governance and saw improvements in ESG integration and proxy voting (for further information see 'Responsibility around our fiduciary value chain – Responsible Investing and ESG Products').
- Global emissions: 2020 has been an exceptional year due to COVID-19, and this has had an impact on our emissions, most notably with our staff working from home and travelling less. Consequently, our emissions levels in all categories were below 2019 levels. Irrespective of the impact from COVID-19, ongoing efforts are being made to ensure that we manage and reduce our operational emissions over time
- Sustainability Rating: We achieved a C in our first CDP rating, in line with both the global and European average rating for all participating firms. CDP informed us that a C rating was a good result for a first-time responder. We will look to improve on this rating going forward
- Gender diversity: Through initiatives we pursued in 2020 we increased the percentage of females at both the first and second management level below the Executive Board. We remain on track to achieve our target of 26% of positions at the first management level and 29% at the second management level below the Executive Board held by female executives by the end of 2021 (for further information see 'Responsibility around our fiduciary value chain – Diversity and Equal Opportunities')
- Corporate Engagements: In 2020, we had 454 engagements with 353 companies, which represented an 82% increase versus the previous year. One of the areas we prioritized in 2020 was climate change and the risks arising from it. Consequently, we increased our scrutiny on companies that face substantial climate transition risks or seriously contravene with internationally recognized ESG standards (for further information see 'Responsibility around our fiduciary value chain – Responsible Investing and ESG Products')
- Proxy voting: We saw an 8% increase in the number of companies whose shareholder meetings we voted at in 2020 from the prior year. The votes are based on our Proxy Voting Focus List, which includes our most relevant holdings screened for factors that include relevant ESG ratings (for further information see 'Responsibility around our fiduciary value chain – Responsible Investing and ESG Products')

The table below summarises our 2020 results against the ambitions DWS announced in the 2019 Non-Financial Report.

KPI	Near term ambition	2019 Result	2020 Result
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	69.7bn	93.6bn
PRI rating for Strategy & Governance[1]	Maintain 2019 result of A+	A+	A+
Global emissions - scope 1, 2 and 3[2]	Reduce scope 1 and scope 2 as well as our scope 3 emissions at which we have influence on such as business travel	11,982	6,822
Sustainability Rating	Achieve a CDP rating in 2020	N/A	C
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	21.5% - 1st level 26.8% - 2nd level	27.0% - 1st level 28.2% - 2nd level
Corporate engagements	Increase the number of corporate engagements	250	454
Proxy voting	Increase the number of companies whose shareholder meetings we vote at, for portfolios domiciled in Europe and Asia[3]	1,722	1,859

[1] Due to methodology change in PRI ratings we will not be disclosing an updated ambition in this report
[2] In t/CO2e. Includes Scope 3 emissions from Real Estate, Air Travel and Car Fleet/Leased Vehicles. DWS Real Estate emissions for 2020 are determined on a pro-rata average FTE basis from DB Group emissions (natural gas, liquid fossil fuels, renewable and grid electricity, district heating, cooling and steam) and relate to the period October 1, 2019 to September 30, 2020. Q4 2019 is used as a proxy for activity in Q4 2020. 2020 Air Travel and Leased vehicles based on January 1, 2020 to December 31, 2020 DWS data. All 2019 emissions results based upon the calendar year. Air travel derived from actual DWS flight data and Leased vehicles from driven kilometres with diesel or gasoline cars. The most appropriate emission factors have been used for each activity data type from internationally recognised sources e.g. DEFRA (2018 and 19), GHG Protocol, eGRID (2018) and IEA (2019), RE-DISS (2018) or if more relevant from country or contract specific sources. The factors include all GHGs where possible and the gases' Global Warming Potential as per the IPCC AR5 assessments
[3] Ambition restated to reflect number of companies whose meetings we vote at instead of number of meetings voted disclosed in 2019 NFR

We have reviewed our KPI ambitions and updated them where appropriate. The Sustainability KPIs and their ambitions that will be tracked internally in 2021 include:

KPI	KPI ambition
ESG AuM[1]	Continue to grow our 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 products
ESG Net Flows[1]	Grow ESG net flows at the same, or at a faster rate, than our overall flow target of >4% of AuM[2]
Operational Emissions:	
Energy	Reduce total energy consumption by 20% by 2025 compared to 2019
Electricity from renewable sources	Source 100% renewable electricity by 2025, with an interim target of 85% by 2022
Travel[3]	Reduce Travel Emissions by 25% by 2022 compared to 2019
Sustainability Rating	Achieve an improvement in our 2020 CDP rating
Gender diversity	Achieve 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
Volunteer hours per employee	Commence DWS Corporate Volunteering activities with partner organisations and seek widespread involvement of DWS employees
Corporate engagements	Increase the number of corporate engagements
Proxy voting	Increase the number of companies whose shareholder meetings we vote at, for portfolios domiciled in Europe and Asia by >5%

[1] The classification of ESG AuM and Net Flows generally follows industry standards and guidelines. 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 flows. In 2020, DWS has worked towards a classification of its investment products towards Article 6, Article 8 or Article 9 of the Sustainable Finance Disclosure Regulation (SFDR) for those products in scope of the regulation which we will apply going-forward
[2] % of BoP AuM on average in the medium-term
[3] Air & Rail

Company-wide Sustainability Strategy

[GRI 102-2; 102-15]

Last year, we further evolved our heritage in sustainable investing by making sustainability a top strategic priority for the entire firm. DWS wants to become a leading ESG Asset Manager and thought leader by applying "ESG first"-principles as fiduciary and corporate. We want to put ESG at the core of everything.

This year marked an important milestone in our long standing history of tackling climate change. Going forward, we aspire to be an accelerator for the transformation towards a net zero carbon global economy. In November, we committed to reach climate neutrality well before 2050. This means that we aim to transition our operational and fiduciary activities to become climate neutral in line with the Paris Agreement to limit global warming to well below 2°C before 2050. Our membership in the "Net Zero Asset Managers Initiative" further underlines our commitment to this goal.

Furthermore, we strive to shape an organization where equality, diversity and inclusion are at the heart of all activities and we will demand that our partners, investees and of course our own corporate activities are managed under the highest standards of good corporate governance and personal integrity.

We have set high ambitions for ourselves. In order to deliver against these ambitions, we developed a comprehensive Sustainability Strategy in 2019, encompassing both the fiduciary and corporate perspective affecting DWS's entire operating model.

Our Sustainability Strategy is anchored around 4 priorities:

- **Make sustainability the highest management priority and embed ESG in corporate DNA**
- We have set-up a strengthened our organisation for ESG and have taken further actions to fully embrace sustainability in our corporate processes
- **Enhance ESG integration and provide top analytics for ESG assessment and reporting**
  We have been strengthening the consideration of ESG risks and opportunities in the investment process
- **Develop market leading products**
- We have further built-out our global ESG product suite by encompassing ESG-versions of our most relevant funds as well as by developing new generation ESG products
- **Lead and engage to promote best sustainable practice in the market**
  We have enhanced our engagement activities and accelerated our activities and contributions in public and private initiatives to driving sustainability practices

During 2020, we have made significant progress across all 4 priorities:

Make sustainability the highest management priority and embed ESG in corporate DNA: In September, we set up a dedicated Group Sustainability Office (GSO) to effectively manage our sustainability related activities across the entire organization. The GSO reports to the CEO in his overall responsibility for the sustainability strategy. In December, we established a new Group Sustainability Council (GSC) to inform, debate and unite all business areas and functions on our Sustainability Strategy and initiatives. Furthermore, in November, we launched an external ESG Advisory Board to provide advice and recommendations to further enhance our long-term Sustainability Strategy. On the investment side, we established a new Committee for Responsible Investments (CRI) to guide the investment platform on material risks from ESG factors in June. On our corporate side, we made further progress to reaching our gender diversity targets for our Supervisory Board, and for our executive management levels below the Executive Board. Additionally, we formulated a dedicated Sustainability Risk Policy and completed the integration of sustainability risks in the DWS risk taxonomy. Furthermore, we implemented first steps to integrate ESG factors in the management of our corporate liquidity. In 2020, for the first time, DWS was rated by ESG rating agencies such as CDP (see Sustainability Rating result above), and based on an above sub-sector average rating included in the FTSE4Good.

Enhance ESG integration and provide top analytics for ESG assessment and reporting: In June, we set new standards in ESG integration. For non-ESG mutual funds in Germany, we introduced "Smart Integration", an approach of enhanced due diligence to manage sustainability risks. For this purpose, we use, among other things, our proprietary ESG engine to assess risks from climate transition and international norm violations. If we consider substantial risks in our invested companies, we subject these companies to an enhanced review. In most cases, we work with issuers in direct dialog to drive change. As a last resort, we can exclude companies that face excessive risks related to climate change or serious violations of international standards from the respective investment universe. This process will be further rolled-out in 2021. Furthermore, we integrated water risk into our Climate Transition Risk Rating. On the illiquid side, our Alternatives businesses has adopted a similar approach to ESG integration by screening potential investments and portfolio assets around factors related to climate change and social norms and then incorporating the result of these reviews into the Investment Committee decision-making process. In the case of our real estate business, we have adopted a Global Real Estate ESG House View for our global real estate assets that specifies the requirements for integrating ESG into each stage of the real estate investment process. The Global Real Estate ESG House View and the approach to ESG integration employed by the other Alternatives businesses is addressed in greater detail in the Alternatives chapter.

Develop market leading products: We launched 3 new active ESG mutual funds, of which 2 are considered next generation ESG funds: DWS Invest ESG Next Generation Infrastructure and DWS Invest Qi Global Equity. The DWS Invest ESG Next Generation Infrastructure fund invests in liquid infrastructure and real estate that helps to sustainably connect and advance the world. DWS Invest Qi Global Equity is providing customers with a carbon-reducing portfolio constituent. In addition, we launched 2 new ESG ETFs and converted 5 non-ESG funds in ESG dedicated funds.

Lead and engage to promote best sustainable practice in the market: In our engagements with our investee companies, we intensified our focus on climate action. In this context, we also supported the CDP initiative for enhanced climate related disclosure (Science Based Targets (SBT)). More than 1300 companies received our letters of engagement on our core values and expectations for good corporate governance, thematic engagement on climate risk as well as after critical votes at their general meetings. We held more than 440 individual engagements with companies on prevailing E, S and G topics. To further underpin our commitment to climate neutrality, we became founding signatory to the "Net Zero Asset Managers Initiative" that is aimed at galvanising the asset management industry to commit to a goal of net zero emissions. As part of our engagement with the World Economic Forum (WEF), the DWS Research House published a seminal Water Risk white paper. The Research House furthered this work by teaming up with WWF, the largest independent conservation organization in the world, to co-author a report highlighting the importance of underpinning investments with a clearer approach to water risk and opportunities. Both the white paper and report came in light of the Global Risks Report 2021 that was published by the WEF in January 2021. Furthermore, we have sent a public comment letter to the IFRS Foundation calling for more coherent and global sustainability standards. Additionally, our CIO for Responsible Investments was appointed to Germany's Sustainable Finance advisory council and we have been acting as Advisor to the European Commission on Energy Efficiency. A comprehensive overview of our external commitments and memberships can be found in chapter Stakeholder Management.

Addressing *ESG Regulatory Compliance*, the "ESG Regulatory Governance" programme, launched in 2019, continued its work in 2020 by focusing on the implementation of the requirements resulting from SFDR (Sustainable Finance Disclosure Regulation[2]), which is effective from March 10, 2021. As a member of the BVI[3] and the EFAMA[4], DWS takes an active role in contributing its experience and insights in Sustainable Finance throughout the policy and legislative process.

Looking ahead, in 2021, we seek to further deliver against our Sustainability Strategy encompassing all four priorities. We seek to further embed ESG in our corporate processes, continue to enhance our ESG assessment frameworks, develop new innovative investment solutions and intensify our engagement activities. We will be placing a particular focus on detailing our roadmap to climate neutrality.

[2] Regulation (EU) 2019/2088 of the European Parliament and of the Council, of November 27, 2019
[3] Bundesverband Investment und Asset Management e.V.
[4] European Fund and Asset Management Association

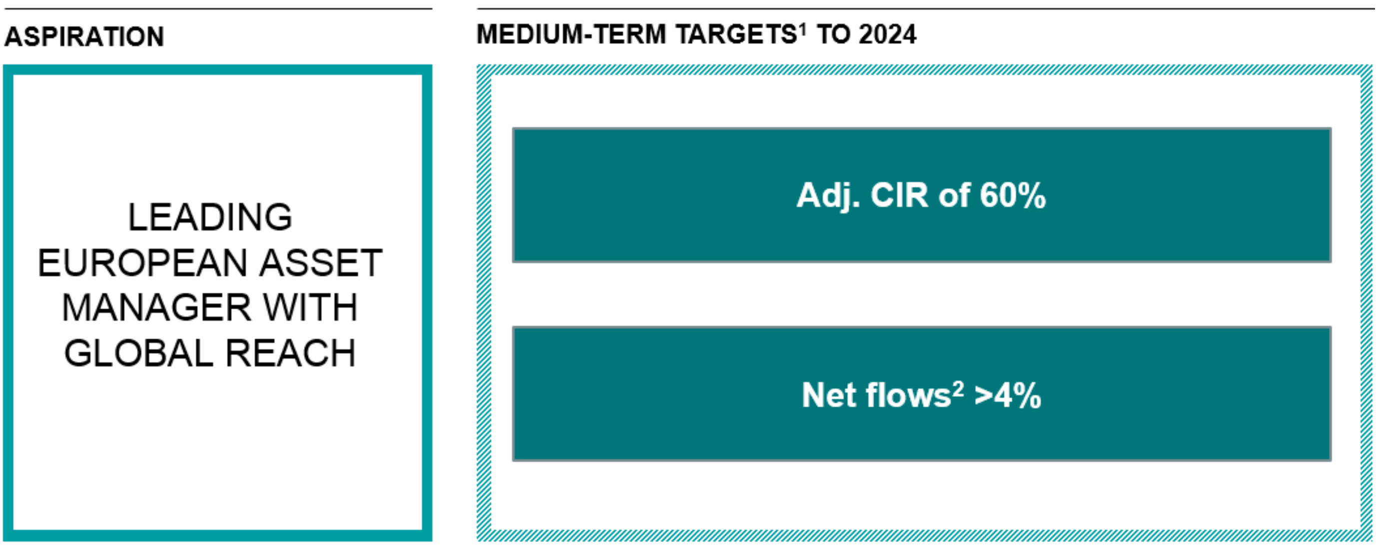
Internal Management System

At the start of 2021, DWS Group's management refined its medium-term financial targets as part of a broader review of priorities and initiatives as well as the next phase of its corporate journey since the IPO in March 2018.

Since then, we have prioritised the adjusted cost-income ratio (CIR) target to ensure that we are able to generate maximum shareholder value regardless of the environment in which we operate. Thus, we identified the CIR target as the target with highest priority to increase efficiency within the first phase of our corporate journey.

Entering the second phase, we will focus on our ambition to transform, grow and lead in order to become a leading European Asset Manager with global reach. To achieve this, we will further leverage existing partnerships, target investments in high margin growth areas and focus on product innovations as well as on strong momentum in the Passive business. Differentiated leadership in ESG as well as in high margin strategies will also become key focus areas of phase two in our corporate journey.

As we strongly emphasise the CIR of 60% and net flows of >4%, we also de-emphasized the dividend pay-out ratio as DWS is now entering into the second phase of its strategy - transform, grow and lead – with a commitment to profitable growth.



[1] Depending on market circumstances and €/$ FX rate
[2] As % of BoP AuM and on average

- Adjusted cost-income ratio (CIR) is based on adjusted costs and adjusted revenues. Adjusted revenues presents revenues excluding non-recurring items, such as disposal gains and other non-recurring income items. We use this metric to show revenues on a continuing operations basis, in order to enhance comparability against other periods. Adjusted costs is an expense measure we use to better distinguish between total costs (noninterest expenses) and our ongoing operating costs. It is adjusted for litigation, restructuring and severance costs as well as for material non-recurring expenses, including operational losses that are clearly identifiable one-off items which are not expected to recur.

- Net flows represent assets acquired or withdrawn by clients within a specified period. It is one of the major drivers of changes in AuM.

Operating and Financial Review

Economic Environment

Global Economy

Economic growth (in %)[1]	2020[2]	2019	Main driver
Global Economy	(3.3)	3.0	The COVID-19 pandemic led to unprecedented GDP declines in almost all countries in 2020 with few historical precedents though recovery in many regions progressed faster than expected. In spite of this, the historic economic disruptions caused by the COVID-19 pandemic will still have lingering effects in the months ahead, and this may be protracted by widespread vaccination delays. By the end of 2020 resurgence of COVID-19 cases has been observed in some regions, and several countries have moved to re-impose containment measures.
Thereof:			
Industrialized countries	(5.1)	1.6	Industrialized countries responded to the COVID-19 pandemic with extensive fiscal and monetary support measures. They benefited from comparatively low borrowing costs. Economic activity improved faster than expected after the slump in the first half of the year, although second wave of infections slowed the recovery.
Emerging markets	(2.1)	4.0	Emerging markets had a demanding and fairly divergent entry point into the COVID-19 crisis, in terms of policy capacity and medical infrastructure. As a result and as expected, the growth shock in some countries was more pronounced and persistent. However, the slump was followed by a strong recovery, albeit divergent across regions.
Eurozone Economy	(6.8)	1.3	Following a sharp contraction in the first half of 2020, the Eurozone economy rebounded strongly. Households and businesses were supported by expanded fiscal policy measures and the European Central Bank’s expansionary monetary policy, which provided favourable financial conditions. At the beginning of the fourth quarter, a second wave of COVID-19 infections gained momentum and required renewed containment measures. A trade deal between the EU and the UK was finally agreed in December.
Thereof:			
German economy	(5.0)	0.6	The economic slump in the first half of 2020 was historic, but the end of most lockdown restrictions in the second quarter resulted in a stronger-than-expected recovery. In the wake of massive fiscal support measures, the short-time work scheme helped to curb the rise in unemployment and strengthened household incomes. Nevertheless, rising COVID-19 infections created headwinds for economic momentum in the last quarter of 2020.
US Economy	(3.5)	2.2	The U.S. economy experienced a massive contraction in the second quarter, followed by a stronger than expected recovery. The unemployment rate climbed to new record highs, but the labour market improved again as the recovery progressed. A strong second wave of COVID-19 in combination with delayed additional fiscal stimulus constrained the recovery. The Federal Reserve Bank (the “Fed”) acted quickly and aggressively to keep funds flowing freely in money and credit markets.
Japanese Economy	(4.9)	0.3	Economic activity recovered faster than expected in the third quarter. During a second wave of COVID-19 infections in summer, the government did not declare a nationwide state of emergency and instead tried to support economic activity. The Bank of Japan kept an accommodative policy stance, while paying attention to policy side effects. With maintained fiscal stimulus, there was less pressure on the Bank of Japan to ease.
Asian Economy[3]	(1.0)	5.2	The rebound from the COVID-19-driven plunge in economic activity has been stronger than anticipated. China, Japan and other north Asian economies have been relatively successful in controlling the virus and returning to or toward pre-virus levels of activity. Asian central banks have reached the limits of conventional stimulus through interest rate cuts.
Thereof:			
Chinese economy	2.3	6.0	The continued V-shaped recovery led to an expansion of the Chinese economy in 2020, reflecting the robust industrial sector and a faster-than-expected recovery in services activity, with real estate and transport services outperforming. This mainly contributed to the global recovery.

1 Annual Real GDP Growth (% Year over Year). Sources: National Authorities unless stated otherwise.
2 Sources: Deutsche Bank Research
3 Including China, India, Indonesia, Republic of Korea, ex Japan.

Asset Management Industry

Following the downturn of stock markets and the economy at the beginning of 2020 due to the COVID-19 pandemic, the economy rebounded in the second quarter and financial markets saw positive net inflows again. Investments shifted to safe haven assets and growing investor confidence has benefitted long-term asset classes. There is still demand for passive and alternative investments but investors continue to be cautious.
Firms are reassessing operations including the use of office space post-COVID-19 and enhancing digital capabilities has become an industry-wide priority.

Recognising that markets and investor sentiment may continue to fluctuate, we believe several major trends will continue to challenge the asset management industry:

- **Margin erosion:** Continued pressure on fees and costs will persist, driven by heightened competition, particularly in passive products and as a result of growing regulatory and compliance requirements such as MiFID II.
- **ESG as a license to operate:** Demand for sustainable or environmental, social and governance investments is driving research, enhanced risk management and extensive product development as investors increasingly focus on issues such as climate change. Moreover COVID-19 has increased the focus on 'S' investments and activity in the impact investing space.
- **Tech revolution:** The rapid advancement in technology is enabling asset managers to improve the value chain, as well as create operational efficiencies. Robo-advisor launches and a wider adoption of artificial intelligence, blockchain technology and big data is expanding product choice, enabling new solutions and enhancing performance, while COVID-19 has increased focus on digital communication and distribution.
- **Geographic wealth shift:** Emerging countries, primarily in Asia, will continue to be key drivers of future industry growth, offering new opportunities for asset managers as local investors expand their investment horizons globally.
- **Investor sophistication:** Investors are becoming increasingly sophisticated in their investment requests, demanding higher standards in product quality, performance and service. Demand for more sophisticated pension solutions is continuing to grow, driven by the shift from defined benefit to defined contribution schemes.
- **Scale and diversified capabilities** are becoming increasingly important attributes for asset managers to continue growing in a more challenging revenue environment and amid heightened competition. Industry consolidation is accelerating with bolt-on deals largely centering on alternative investments and fintech.

DWS Group

DWS Group is a global asset manager with diverse investment capabilities that span traditional active and passive strategies, as well as alternatives and bespoke solutions, which positions us well to address industry challenges and capture market opportunities. By anticipating and responding to investor needs, we aspire to be the investment partner of choice and to create sustainable value for our global client base.

- As markets continue to be challenging, we are able to offer clients a comprehensive range of investment solutions from our globally integrated investment platform spanning 15 countries and covering all major asset classes and investment styles;
- With a dynamic range of alternative investments including real estate, infrastructure, liquid real assets, private equity and sustainable investments, we are able to meet client demand for higher returns in the current low-yield environment helping investors meet their long-term investment goals;
- We are well positioned to take advantage of the continuing shift to passive investments, offering passive mutual funds, mandates and ETFs. Xtrackers, our passive platform, is Europe's second-largest provider of ETFs and other ETP with 11.0% market share, and the seventh-largest globally[5];
- Growing investor demand for wider integration of ESG as well as Impact investment strategies, particularly as investors increasingly focus on issues such as climate change, has long been recognised by DWS, which was among the early signatories of the UN-backed Principles for Responsible Investment (PRI) in 2008. We believe that our expertise and long experience in sustainable investing along with our increased range of products assist us to further protect and grow our clients' assets over the long term;
- As the asset management market continues to be shaped by advances in technology DWS leverages its investments in new digital expertise, which is creating new distribution channels, products and services for our clients.

Overview of 2020

Key Developments

We achieved a number of significant milestones in 2020 despite facing challenging times due to the unprecedented pandemic with all its ramifications. For additional information, detailed descriptions are provided within the 'Summarized Management Report' in the sections 'Our Strategy', 'Risk Report' and 'Responsibility around our Fiduciary Value Chain'.

[5] ETFGI, December 2020.

Our financial strength

In 2020 and in light of the challenging market environment, we focused on executing and delivering our strategic priorities and we demonstrated financial resilience as well as the strength of our diversified business model during the severe economic slowdown and market volatility. Looking back over the past 12 months, management focus on efficiency and cost measures has been successful. The adjusted cost base declined significantly year-on-year and the full-year adjusted cost-income ratio improved to 64.5%, beating our target of below 65% one year ahead of plan. Cost savings have also been achieved through the continuous implementation and the acceleration of efficiency initiatives. While the pandemic has also contributed to temporary cost reductions, cost control continued to be fundamental to our business strategy.

Successful crisis management

In light of the pandemic, DWS's Annual General Meeting 2020 was postponed to November 18, 2020 and was held successfully in a virtual format for the first time in DWS's history. The decision enabled us to protect the health of our shareholders, employees and service providers.

Throughout the year, we saw the COVID-19 pandemic escalate globally, which led to increased challenges due to heightened transaction volumes and market volatility, alongside increasing information security threats. Involving leaders from across the organisation, the crisis management measures we introduced focussed on the health of our employees, operational effectiveness and ongoing dialogue with our clients and also ensured sufficient fund liquidity to meet the needs of our clients and to identify and address potential portfolio risks as a result of the crisis. The effective management of these issues enabled DWS to respond to those challenges, protecting the interests of all stakeholders.

Organizational restructuring

From an operational perspective, we have focused on implementing organisational changes in 2020, as part of DWS's strategic initiatives. To meet future challenges, we need to stay focussed on the efficiency and effectiveness of our operations.

In June 2020, we announced the simplification of our global structure to become more integrated, removing silos, creating greater accountability, improving efficiency and client-centricity, and adopting a more consistent model across the global business. For example, DWS's investment platform will work as one global group with market-leading investment performance and expertise in all regions, where DWS actively operates. By moving to one unified global distribution team, we ensure a coherent approach to client coverage, whilst reflecting regional differences. Therefore, our Coverage teams will work globally integrated but still regionally aligned and more focused along client segments. In addition, we established a new product organization with responsibility for the entire product life-cycle. We also continued staff engagement and regular communication to maintain a positive culture and foster teamwork across all locations. Moreover, we look back at a significant technology and operations exercise to successfully provide hardware and connectivity to 100% of DWS staff across the globe enabling effective working from home.

Product innovation

Product innovation remained a fundamental topic for us to meet the requirements of our diverse client base. This year we have seen growing demand for products that can generate positive performance in a low interest rate environment, leading to a renewed interest in multi-asset funds, including the launch of the DWS AL Global Dynamic Fund in the fourth quarter of 2020. ESG themed products also remain a key feature of our product portfolio as evidenced by the majority of new product launches having an ESG focus in 2020 as well as DWS ESG funds attracting robust net flows in 2020 – a trend which continued from 2019.

ESG achievements and their external recognition

ESG has remained a crucial strategic focus across all aspects of our business, spanning the investment platform, client coverage, supporting infrastructure functions and more broadly within our company culture. We have taken bigger steps to build on our ESG experience and we can reference several ESG achievements in 2020.

Furthermore, we have established new responsibilities and strengthened existing responsibilities for sustainability across our organization in order to set-up the right governance framework that helps us achieving our strategic priorities. Thus, we set up a Group Sustainability Office (GSO) led by our newly appointed Group Sustainability Officer and a new Group Sustainability Council (GSC), which consists of senior representatives from all businesses and functions and is consulted on cross-divisional sustainability topics but also responsible for monitoring the Sustainability Strategy's execution progress and our sustainability KPIs. Moreover, our Chief Investment Officer (CIO) for Responsible Investments has become a member of the German Government's Sustainable Finance Advisory Council. In November 2020, we established an ESG Advisory Board, which elevates and further advances our holistic ESG strategy. The ESG Advisory Board provides new outside-perspectives and expertise and consists of six highly recognized international sustainability experts from diverse disciplines who will actively advise the CEO and the Executive Board on the acceleration of its ESG strategy. Further information regarding our ESG Advisory Board can be found in our Corporate Governance Statement.

In the beginning of 2020, we introduced DWS's Smart Integration, an approach of enhanced due diligence to manage sustainability risks. This process will be further rolled-out in 2021 and will help us to deliver a more sophisticated approach that will improve sustainability standards in asset management.

DWS has also been recognized externally for its strong ESG integration approach as well as sustainability reporting within ratings, which consider a large number of high-quality entries from around the world.

DWS has also received an A+ rating for Strategy & Governance in the annual Principles for Responsible Investment (PRI) assessment for the third year in a row. The A+ rating, which is the highest awarded, positions DWS above the median score for all PRI signatories, as well as participating investment managers. Looking ahead, we will continue to advance on our path towards sustainability. In this respect, we have made significant progress so far in 2020 despite the disruption of COVID-19.

2020 marked an important milestone on our climate action path: DWS made a commitment to become climate neutral and later on became one of the founding signatories of the “Net Zero Asset Manager Initiative” as one of only a few European asset managers. This initiative sees asset managers commit to decarbonise investment portfolios and accelerate their contribution to achieving net zero emissions and limiting global warming to 1.5°C.

Corporate Social Responsibility (CSR) engagement

With our CSR engagement, we are committed to tackling climate change and addressing social inequalities in order to help overcoming two of the greatest challenges facing our society today.

To mark the launch of our new Corporate Social Responsibility (CSR) programme with broader social commitment at its core, we donated € 1 million to charitable organizations in countries around the world, where DWS is active and which have been particularly impacted by the pandemic. Donations were contributed by DWS as a firm, including private donations from DWS staff around the globe. Our contribution to society and commitment to fight the fallout of the pandemic offered the chance for DWS to contribute towards the solution of a global problem while simultaneously mobilizing employees, who were called to submit proposals on which aid organisations DWS could support. The majority of our € 1 million corporate donation was shared among charities that have been specifically set up to prevent hunger across India, Germany, Spain, Italy, the US and the UK. Additionally, DWS is helping to fund “The Global Health Research Accelerator”, a social enterprise launched by The Global Health Network and the University of Oxford who help set up and conduct of critical research in tackling and preventing epidemics and diseases affecting impoverished communities in Africa, Asia and Latin America.

DWS Performance

[GRI 201-1]

In 2020 under the impact of the COVID-19 pandemic, DWS proved its resilience. Despite the difficult starting conditions management fees were broadly flat year-on-year. Thanks to our diversified business, we were able to achieve positive net inflows of € 30 billion in the full year 2020, resulting in 4% net flows for 2020, in line with our 3-5% target range.

Our management focus on efficiency and cost measures continued to pay off, with our adjusted cost base[6] declining year-on-year resulting in an adjusted Cost-Income Ratio[6] of 64.5% already achieving our targeted medium-term ratio of below 65%.

Total revenues were € 2,237 million, a slight decrease of € 152 million, or 6% compared to the full year 2019. Management fees were broadly flat, as a positive market performance in 2019 and strong growth in passive and alternatives are compensating for the unfavourable effect from a decline in equity markets due to the COVID-19 pandemic and ongoing margin compression. Net performance and transaction fees decreased significantly by € 115 million, or 56% mainly driven by non-recurring alternatives and multi-asset performance fees recognized in 2019. Other revenues were € 14 million, a significant decrease of € 34 million compared to 2019, primarily driven by the unfavourable change in fair value of guarantees for the guaranteed products.

Overall the adjusted profit before tax[6] slightly increased by 3% to € 795 million for the full year 2020 (2019: € 774 million) largely driven by a reduction in adjusted costs compensating for the reduced total revenues.

The Executive Board will propose an increased dividend of € 1.81 per share for the 2020 financial year (2019: € 1.67), in line with our 65 to 75% dividend payout ratio, subject to Annual General Meeting approval on June 9, 2021.

Assets under Management were € 793 billion, an increase of € 25 billion compared to December 31, 2019 marking record high since DWS's IPO in early 2018. The increase was mainly driven by favourable net flows of € 30 billion and a positive market performance in the second half of 2020 contributing € 24 billion partially offset by unfavourable FX movements of € 26 billion.

Financial Performance

The alternative performance measures (APM) in the following table are not recognised under generally accepted accounting principles (GAAP) but are used to judge DWS Group's historical or future performance and financial position. These include assets under management (AuM) and net flows, which are important key performance indicators to evaluate revenue potential and business development. In addition, non-recurring items are excluded from net revenues or total non-interest expenses in order to be able to review the revenue and cost development over longer periods. Our management uses APM as supplemental information to develop a fuller understanding of the development of our business and the ability to generate profit. These APM should not be considered in addition to net income or profit before tax as measures of our profitability. Similar APM are used by our peers within the asset management industry, but these may be calculated differently and may not be comparable to the APM we use, even if the names of such APM and non-GAAP measures suggest that they are similar.

	2020	2019
Assets under management (AuM)(1) (in € bn)	**793**	**767**
Net flows(2) (in € bn)	30	26
Management fee margin(3) (in basis points (bps))	28.3	29.6
Adjusted revenues(4) (in € m)	2,237	2,389
Adjusted costs(5) (in € m)	1,442	1,615
Cost-income ratio (CIR)(6) (in %)	65.9	69.4
Adjusted cost-income ratio(7) (in %)	**64.5**	**67.6**
Adjusted profit before tax(8) (in € m)	**795**	**774**

(1) Assets under management (AuM) is defined as (a) assets held on behalf of customers for investment purposes and/or (b) client assets that are managed by us on a discretionary or advisory basis. AuM represents both collective investments (including mutual funds and exchange-traded funds) and separate client mandates. AuM is measured at current market value based on the local regulatory rules for asset managers at each reporting date, which might differ from the fair value rules applicable under IFRS. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM does not include our investment in Harvest (DWS Group owns a 30% stake in Harvest Fund Management Co., Ltd.), they do include seed capital and any committed capital on which we earn management

6 Further information can be found in the section 'Financial Performance'.

fees. Any regional cut of AuM reflects the location where the product is sold and distributed (i.e. sales view), which may deviate from the booking center view reflected for the revenues.

(2) Net flows represent assets acquired or withdrawn by clients within a specified period. It is one of the major drivers of changes in AuM.

(3) The management fee margin is calculated by taking the management fees and other recurring revenues for a period divided by average AuM for the same period. Annual average AuM are generally calculated using AuM at the beginning of the year and the end of each calendar month (e.g. 13 reference points for a full year). For periods of less than one year, management fees and other recurring revenues are annualized accordingly.

(4) Adjusted revenues present net interest and non-interest income excluding non-recurring items, such as disposal gains and other material non-recurring income items. We use this metric to show revenues on a continuing operating basis, in order to enhance comparability against other periods. There were no revenue adjustment items within the reporting periods.

(5) Adjusted costs are an expense measure we use to better distinguish between total costs (non-interest expenses) and our ongoing operating costs. It is adjusted for litigation, restructuring and severance costs as well as for material non-recurring expenses, including operational losses or transformational charges that are clearly identifiable one-off items which are not expected to recur. Adjusted costs are reconcilable to total non-interest expenses as shown below:

in € m.	2020	2019
Non-interest expenses	**1,474**	**1,657**
Litigation	1	0
Restructuring activities	(15)	(29)
Severance payments	(18)	(14)
Adjusted costs	**1,442**	**1,615**

(6) Cost-income ratio (CIR) is the ratio our non-interest expenses to our net interest and non-interest income.

(7) Adjusted cost-income ratio is based on adjusted revenues (see no. 4 above) and adjusted costs (see no. 5 above).

(8) Adjusted profit before tax is calculated by adjusting the profit before tax to account for the impact of the revenue and cost adjustment items as explained under footnotes (4) and (5) above.

Results of Operations

in € m. (unless stated otherwise)	2020	2019	Change from 2019 in € m.	in %
Management fees income	3,200	3,189	12	0
Management fees expense	1,067	1,053	14	1
Net management fees	**2,134**	**2,136**	**(3)**	**(0)**
Performance and transaction fees income	109	213	(104)	(49)
Performance and transaction fees expense	19	8	11	147
Net performance and transaction fees	**90**	**205**	**(115)**	**(56)**
Net commissions and fees from asset management	**2,223**	**2,341**	**(118)**	**(5)**
Interest and similar income[1]	16	31	(16)	(49)
Interest expense	21	19	2	11
Net interest income	**(5)**	**12**	**(18)**	**N/M**
Net gains (losses) on financial assets/liabilities at fair value through profit or loss[2]	(89)	128	(217)	N/M
Net income (loss) from equity method investments	63	42	21	48
Provision for credit losses	2	0	2	N/M
Other income (loss)[2]	47	(134)	182	N/M
Total net interest and non-interest income	**2,237**	**2,389**	**(152)**	**(6)**
Compensation and benefits[3]	732	826	(94)	(11)
General and administrative expenses	742	831	(89)	(11)
Impairment of goodwill and other intangible assets	(0)	0	(0)	N/M
Total non-interest expenses	**1,474**	**1,657**	**(183)**	**(11)**
Profit (loss) before tax (PBT)	**762**	**732**	**31**	**4**
Income tax expense	204	219	(15)	(7)
Net income (loss)	**558**	**512**	**46**	**9**
Attributable to:				
Non-controlling interests	2	1	1	177
DWS Group shareholders	556	511	44	9

1 Interest and similar income included € 7 million and € 16 million for 2020 and 2019, respectively, calculated based on effective interest method.
2 Net gains (losses) in financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € (48) million on derivatives (€ (29) million for 2019) and valuation adjustments of € (30) million for 2020 (€ 141 million for 2019) on guaranteed funds. Other income (loss) includes € 30 million for 2020 (€ (141) million for the 2019) valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
3 Includes restructuring costs of € 15 million for 2020 (€ 29 million for 2019).

In 2020, we reported a slightly higher profit before tax of € 762 million, an increase of € 31 million, or 4% compared to prior year. Our net interest and non-interest income was lower than in 2019, with flat management fees, significantly lower performance and transaction fees and remaining revenues. Non-interest expenses were lower than in 2019.

Total net interest and non-interest income was € 2,237 million, a slight decrease of € 152 million, or 6% compared to 2019. Performance and transaction fees decreased significantly by € 115 million, or 56% mainly driven by an alternatives and a multi asset performance fee recognized during 2019, which did not recur in 2020. Management fees were broadly flat, with a positive market performance in 2019 and strong growth in passive and alternatives compensating for the unfavourable effect from a decline in equity markets due to the COVID-19 pandemic and margin compression. Remaining revenues amount to € 14 million, a decrease of € 34 million compared to prior year, primarily driven by the unfavourable change in fair value of guarantees for the guaranteed products.

Non-interest expenses of € 1,474 million are € 183 million or 11% lower compared to 2019. The decrease in compensation and benefits is mainly driven by lower deferred compensation and a reduction in salaries and overtime as well as restructuring activities. General and administrative expenses decreased driven by lower charges for services provided by Deutsche Bank Group, reduced marketing and travel expenses as well as reductions in buildings and leases, market data and banking services.

Assets under Management

The AuM development in 2020 is reflected in the table below:

	Dec 31, 2019				2020	Dec 31, 2020
in € bn.	AuM	Net flows	FX impact	Performance	Other	AuM
Product:						
Active Equity	96	2	(2)	3	(1)	97
Active Multi Asset	58	(2)	(0)	1	1	59
Active SQI[1]	71	(3)	(0)	1	1	69
Active Fixed Income	234	(7)	(9)	7	(6)	220
Active Cash	57	20	(4)	0	3	75
Passive	156	17	(7)	13	0	179
Alternatives	96	4	(3)	(2)	(1)	94
Total	**767**	**30**	**(26)**	**24**	**(3)**	**793**

[1] Systematic & quantitative investments.

Assets under Management were € 793 billion, an increase of € 25 billion compared to December 31, 2019. The increase was mainly driven by the favourable net flow development of € 30 billion and a positive market performance of € 24 billion mainly coming from the second half of 2020. This is partially compensated by an unfavourable FX impact of € 26 billion and other movements of € 3 billion.

The level of AuM is a key factor affecting the results of operations because a significant percentage of management fees is predominantly charged as a proportion of AuM. Assuming management fee margins remain unchanged, an increase in the level of average AuM will generally lead to an increase in revenues, mainly management fees.

Net flows

Net flows represent assets acquired from or withdrawn by clients within a specified period. In 2020 we generated net flows of € 30 billion mainly due to strong inflows into liquidity products and our targeted growth areas of passive and alternatives as well as Active Equity, partially offset by net outflows across the remaining active asset classes.

FX impact

FX impact represents the currency movement of products denominated in local currencies against the Euro. It is calculated by applying the change in FX rate to the ending period assets and is calculated on a monthly basis.

Performance

Performance primarily represents the underlying performance of the assets, which is driven by market effects (equity indices, interest rates, foreign exchange rates) as well as fund performance. The market performance in the period led to an increase in AuM of € 24 billion particularly in our fixed income and passive products.

Financial Position

Liquidity

We principally fund our business through equity and cash generated by our operations. To ensure that the Group can fulfil its payment obligations at all times and in all currencies, we operate a liquidity risk management framework that includes stress-testing of our current and forecasted liquidity position. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with our risk appetite. As of December 31, 2020 we held cash, bank balances, government bonds and money market funds totalling € 3,057 million (€ 3,047 million as of December 31, 2019). To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of December 31, 2020.

Capital Management

We maintain a forward-looking capital plan to assess the development of capital supply and demand and the projected capitalization of the Group from an accounting, regulatory and economic perspective. Capital planning is embedded into the Group's overall strategic planning process to ensure an integrated financial and risk planning approach. Results of the planning process will inform and enable management decisions such as the strategic direction of the Group and taking advantage of profitable business growth or investment opportunities.

Capital Expenditures

During 2020 the Group made no material capital expenditures in intangibles and property and equipment. Contingent liabilities and other obligations increased by € 9 million from € 119 million in 2019 to € 128 million as of December 31, 2020 mainly driven by new commitments for co-investments.

Net Assets

The table below shows selected items within our financial position:

			Change from 2019	
in € m. (unless stated otherwise)	Dec 31, 2020	Dec 31, 2019	in € m.	in %
Assets:				
Cash and bank balances	2,189	2,086	103	5
Financial assets at fair value through profit or loss	2,954	3,419	(465)	(14)
Goodwill and other intangible assets	3,550	3,781	(231)	(6)
Remaining assets[1]	1,754	1,666	88	5
Total assets	**10,448**	**10,952**	**(505)**	**(5)**
Liabilities and equity:				
Financial liabilities at fair value through profit or loss	702	663	39	6
Remaining liabilities[2]	2,983	3,436	(453)	(13)
Total liabilities	**3,685**	**4,100**	**(414)**	**(10)**
Equity	**6,762**	**6,852**	**(90)**	**(1)**
Total liabilities and equity	**10,448**	**10,952**	**(505)**	**(5)**

1 Sum of financial assets at fair value through other comprehensive income, equity method investments, loans, property and equipment, right-of-use assets, assets held for sale, other assets, assets for current tax, and deferred tax assets.
2 Sum of deposits, other short-term borrowings, lease liabilities, liabilities held for sale, other liabilities, provisions, liabilities for current tax, deferred tax liabilities and long-term debt.

As of December 31, 2020, total assets decreased by € 505 million (or 5%) compared to year-end 2019.

Cash and bank balances increased by € 103 million. The increase is mainly driven by net sales of money market funds and other investments in the amount of € 283 million and regular net cash movements of € 674 million offset by dividend payment of € 334 million, net tax payments of € 324 million and purchase of investments in German sub-sovereign bonds of € 196 million. The decrease in financial assets at fair value through profit and loss of € 465 million mainly relates to net sales in money market funds and other investments of € 283 million, a decrease in guaranteed funds and investment contract assets of € 229 partly offset by other movements of € 47 million. Goodwill and other intangible assets decreased by € 231 million mainly driven by a negative foreign exchange impact due to weaker USD. Remaining assets increased by € 88 million mainly driven by an increase in financial assets at fair value through other comprehensive income of € 196 million due to the purchase of German sub-sovereign bonds, increase in equity method investments of € 28 million and a decrease in other receivables and other items of € 136 million.

As of December 31, 2020, total liabilities decreased by € 414 million (or 10%) compared to year-end 2019. The overall decrease was primarily driven by a decrease in guaranteed funds and investment contract liabilities of € 249 million, decrease of other payables of € 212 million offset by an increase in negative market value from derivatives of € 48 million.

Equity

The total equity as of December 31, 2020 was € 6,762 million compared to € 6,852 million as of December 31, 2019. The decrease of € 90 million is mainly driven by dividend payment € 334 million, negative impact from foreign exchange rate movements on capital denominated in currencies other than the Euro of € 305 million and the net income after tax for the year 2020 of € 558 million.

Regulatory Capital

Our fully loaded Common Equity Tier 1 (CET 1) capital according to CRR/CRD IV as of December 31, 2020 increased in 2020 by € 186 million to € 3,014 million. The increase was mainly driven by profit recognition, net of the dividend payment for 2019, and the impact of two changes in the regulatory capital requirements:

- The first is the change of software intangibles deduction from CET1 according to regulation (EU) 2020/2176 (CRR2). Due to the COVID-19 pandemic, this rule of the CRR2, effective June 28, 2021, was brought forward to December 31, 2020. The lower deduction of software intangibles led to higher RWA.
- The second is the move from at-cost to at-equity valuation of investments that are consolidated under IFRS but not under the regulatory scope of consolidation. This change is due to article 18 (7) CRR2, which is applicable effective December 28, 2020.

The increase of the CET1 was partially offset by FX movements. Risk-weighted assets (RWA) according to CRR/CRD IV were € 10,309 million as of December 31, 2020, increased by € 1,122 million compared with € 9,187 million at the end of 2019. The increase was largely due to guarantees provided to our retirement products. The CRR/CRD IV CET 1 capital ratio was 29.2% as of December 31, 2020, compared with 30.8% at the end of 2019, as shown in the table below. With that we comply with the overall regulatory capital requirements.

in € m. (unless stated otherwise)	Dec 31, 2020 CRR / CRD IV	Dec 31, 2019 CRR / CRD IV
Regulatory capital:		
Common Equity Tier 1 capital (CET1)	3,014	2,828
Tier 1 capital (CET1 + AT1)	3,014	2,828
Tier 2 capital	0	0
Total regulatory capital	**3,014**	**2,828**
Risk weighted assets:		
Credit risk	6,394	5,108
Credit Value Adjustment (CVA)	0	0
Market risk	3,915	4,080
Operational risk[1]	0	0
Total risk weighted assets	**10,309**	**9,187**
Overall capital ratio (in %)[2]	**29.2**	**30.8**
CET1 ratio (in %)[2]	**29.2**	**30.8**

[1] As the rules for CRR investment firms are applicable, the Group does not have to cover risk-weighted assets for operational risks.
[2] The Group currently has only CET1 capital.

The table below shows a reconciliation of IFRS equity to regulatory capital:

in € m.	Dec 31, 2020 CRR / CRD IV	Dec 31, 2019 CRR / CRD IV
Shareholders‘ equity, as defined by IFRS, regulatory basis of consolidation	6,708	6,717
Elimination of net income, net of profit recognition	(502)	(454)
Goodwill and intangible assets (net of related deferred tax liabilities)	(3,157)	(3,405)
Deferred tax assets on unused tax losses	0	(3)
Prudent valuation	(24)	(16)
Defined benefit pension plan assets	(11)	(12)
Other regulatory adjustments	0	0
Regulatory capital	**3,014**	**2,828**

Supplementary Information on DWS Group GmbH & Co. KGaA according to German Commercial Code (HGB)

For financial year 2020 we utilized the option of publishing a summarized management report in accordance with Section 315 (5) in conjunction with Section 298 (2) of the German Commercial Code (HGB). Supplementary to our Group reporting, this section provides details on the performance of DWS Group GmbH & Co. KGaA (DWS KGaA).

In contrast to the consolidated financial statements, the single entity financial statements of DWS KGaA are not prepared in accordance with International Financial Reporting Standards (IFRS), but with the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG).

Corporate and Legal Structure of DWS KGaA

DWS KGaA is a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with a German-law limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) as its general partner. A KGaA is a hybrid legal form under German corporate law, which has elements of both a limited partnership and a stock corporation (Aktiengesellschaft – AG). Like a stock corporation, the share capital of a KGaA is held by its shareholders. Like a limited partnership, the KGaA is managed by a general partner which is subject to unlimited liability vis-à-vis third parties. DWS KGaA's sole general partner, DWS Management GmbH, is a wholly-owned subsidiary of DB Beteiligungs-Holding GmbH, which is 100% owned by Deutsche Bank AG.

DWS KGaA was publicly listed on the Frankfurt Stock Exchange on March 23, 2018.

There are domination and profit pooling agreements in place with its subsidiaries DWS Beteiligungs GmbH, DWS International GmbH and DWS Real Estate GmbH.

Operational Activity of DWS KGaA

DWS KGaA was established to act as the parent company of the separated Deutsche Bank Asset Management business. The business purpose of the company is the holding of participations in as well as the management and support of a group of financial services providers. The company acts as a BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht, the Federal Financial Supervisory Authority) and Bundesbank supervised Financial Holding Company and is designated as a super-ordinated undertaking of DWS Group pursuant to Section 10a (2) sentence 2 of the German Banking Act (KWG). The company itself is not active in the operating asset management business, but rather holds a large number of major shareholdings.

Results of Operations of DWS KGaA

			Change from 2019	
in € m. (unless stated otherwise)	2020	2019	in € m.	in %
Income from profit pooling agreements	582	605	(23)	(4)
Income from participating interests	33	70	(37)	(53)
Impairment on financial assets	21	107	(86)	(81)
Other income	13	6	7	130
Staff expenses	20	16	4	25
Other operating expenses	56	57	(0)	(1)
Other interest and similar income	(0)	0	(0)	N/M
Interest and similar expenses	1	0	0	103
Income taxes	142	136	6	4
Net income	**388**	**365**	**23**	**6**
Profit carried forward from the previous year	63	32	31	98
Distributable profit	**450**	**397**	**54**	**13**

Significant financial income components of the DWS KGaA are from profit pooling agreements and participating interests. Our earnings therefore largely depend on the development of the subsidiaries.

Income from profit pooling agreements from German subsidiaries slightly decreased by € 23 million to € 582 million in 2020, due to decreased profit transferred from DWS Beteiligungs GmbH, partially offset by increased profits transferred from DWS Real Estate GmbH and DWS International GmbH.

Income from participating interests amounted to € 33 million in 2020 and mainly included dividends from DWS Investments Singapore Limited. In 2019, income from participating interests additionally included dividends from DWS Group Services UK Limited and DWS Alternatives Global Limited.

Impairment on financial assets amounted to € 21 million compared to € 107 million in the previous year and primarily related to our investment in DWS Investments Japan Limited (impairment of € 20 million). This impairment was driven by adverse management fee developments at the local country level.

Staff expenses increased by € 4 million to € 20 million mainly due to a higher average number of employees.

Other operating expenses which mainly reflect DB Group charges including DWS Management GmbH charges were flat compared to 2019.

Income tax expense of € 142 million consists of € 163 million current tax expense less a deferred tax benefit of € 22 million. Income tax expense increased by € 6 million mainly driven by decreased dividend recognitions in 2020 that are 95% tax exempt.

Net income increased by € 23 million to € 388 million in 2020.

Proposed Appropriation of Profit

The distributable profit amounted to € 450 million as of December 31, 2020. The Executive Board and Supervisory Board will propose to the Annual General Meeting to appropriate this distributable profit for a dividend payment of € 1.81 per share and to carry forward the remaining distributable profit.

Financial Position of DWS KGaA

The table below shows selected items within our financial position:

in € m. (unless stated otherwise)	Dec 31, 2020	Dec 31, 2019	Change from 2019 in € m.	Change from 2019 in %
Assets:				
Tangible assets - office furniture and equipment	0	0	0	N/M
Financial assets - investments in affiliated companies	7,452	7,540	(88)	(1)
Financial assets - participating interests	14	14	(1)	(5)
Financial assets - long-term investment securities	7	1	6	N/M
Total fixed assets	**7,472**	**7,555**	**(83)**	**(1)**
Receivables from affiliated companies	862	813	49	6
Other assets	1	51	(50)	(99)
Securities	11	51	(40)	(79)
Bank balances	200	33	167	N/M
Total current assets	**1,074**	**948**	**126**	**13**
Prepaid expenses	**0**	**0**	**0**	**N/M**
Deferred tax assets	**78**	**56**	**22**	**38**
Excess of plan assets over pension liabilities	**6**	**6**	**(0)**	**(4)**
Total assets	**8,630**	**8,566**	**64**	**1**
Liabilities and shareholder's equity:				
Subscribed capital	200	200	0	0
Capital reserve	7,458	7,458	0	0
Revenue reserves	20	20	0	0
Distributable profit	450	397	54	13
Total capital and reserves	**8,128**	**8,074**	**54**	**1**
Provisions for taxes	43	57	(14)	(24)
Other provisions	41	22	18	83
Total provisions	**83**	**79**	**5**	**6**
Accounts payable for goods and services	0	1	(1)	(84)
Liabilities to affiliated companies	409	404	5	1
Other liabilities	10	8	2	27
Total liabilities	**419**	**413**	**6**	**2**
Total liabilities and shareholder's equity	**8,630**	**8,566**	**64**	**1**

Movements in Assets

As of December 31, 2020, total assets increased by € 64 million compared to year-end 2019.

Financial assets decreased by € 83 million mainly due to capital repatriations by WEPLA Beteiligungs GmbH and DWS Alternatives France and to the aforementioned impairments of € 21 million, while capital calls for fund investments led to increased long-term investment securities by € 6 million and herewith had a contrary impact.

Receivables from affiliated companies increased by € 49 million to € 862 million mainly due to granting of a loan to DWS Beteiligungs GmbH partially offset by decreased receivables from profit pooling agreements with German entities.

Securities decreased by € 40 million due to the sale of money market funds.

Bank balances increased by € 167 million. The increase mainly related to the settlement of profit pooling agreements for 2019 and dividends received of € 686 million, partially offset by the dividend payment for 2019 of € 334 million and net tax payments of € 163 million.

Equity

The capital and reserves of DWS KGaA as of December 31, 2020 were € 8,128 million, split into subscribed capital of € 200 million, reserves of € 7,478 million and a distributable profit of € 450 million. The increase by € 54 million compared to December 31, 2019 related to the net income of the current year partially offset by the dividend paid.

Movements in Provisions and Liabilities

Total provisions increased by € 5 million to € 83 million as of December 31, 2020 due to increased other provisions by € 18 million and decreased provisions for taxes by € 14 million. Other provisions increased mainly due to higher provisions in connection with services provided by companies of the Deutsche Bank Group including DWS Management GmbH. The decrease of provisions for taxes is due to tax payments of € 177 million for current and prior years partly offset by current tax expense of € 163 million.

Total liabilities were € 419 million, essentially flat compared to year-end 2019.

Liquidity

The Capital and Liquidity Management function is mandated to manage the overall liquidity and funding position of DWS KGaA. We principally fund our business through equity and cash generated by our operations. To ensure that DWS KGaA can fulfil its payment obligations at all times and in all currencies, we established a prudent liquidity planning and monitoring process.

As DWS KGaA is a holding company the upcoming cash in- and outflows can be reliably forecasted. Cash inflows are largely generated by income from profit pooling agreements and from participating interests as well as DWS Group internal intermediate financing. Cash outflows mainly consist of the dividend payment to DWS shareholders, acquisitions, operational expenses and tax payments for the German tax group.

As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with our risk appetite. As of December 31, 2020 we held bank balances of € 200 million (€ 33 million as of December 31, 2019) and liquid money market funds of € 11 million (€ 51 million as of December 31, 2019). To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of December 31, 2020.

Risks and Opportunities of DWS KGaA

The business performance of DWS KGaA is largely subject to the same risks and opportunities as the performance of DWS Group presented in the consolidated financial statements.

DWS KGaA generally participates in the risks of its shareholdings and subsidiaries in accordance with its respective percentage interest held. DWS KGaA is integrated in the risk management system and internal control system of the Group. Further information is provided in the ‘Risk Report’ and in the ‘Risk and Opportunities’ section of this report.

Outlook of DWS KGaA

The outlook for DWS KGaA on the future development of its business is essentially subject to the same influences as the outlook of DWS Group presented in the ‘Outlook’ section of this report.

Final Statement of the Executive Board on Section 312 German Stock Corporation Act (AktG)

As DWS KGaA and its subsidiaries are part of Deutsche Bank Group, the Executive Board of DWS KGaA is obliged to prepare a dependency report pursuant to Section 312 AktG.

In conjunction with the legal transactions and other measures set out in the report on relationships with affiliates, and on the basis of the circumstances of which we were aware at the time when the legal transactions were carried out or when the measures were taken or not taken, our company has received adequate consideration for every legal transaction, and has not suffered any disadvantage as a result of the fact that other measures have been or have not been carried out.

Information pursuant to Sections 289a and 315a of the German Commercial Code and Explanatory Report

Structure of the Share Capital including Authorized and Conditional Capital

For information regarding DWS Group's share capital please refer to note 22 'Equity' to the Consolidated Financial Statements.

Restriction on Voting Rights or the Transfer of Shares

Under Section 136 of the German Stock Corporation Act (AktG) the voting right of the affected shares is excluded by law. As far as DWS KGaA held own shares as of December 31, 2020 in its portfolio according to Section 71b of the German Stock Corporation Act (AktG) no rights could be exercised.

Pursuant to Section 285 (1) Sentence 2 of the German Stock Corporation Act (AktG), the shareholder of the General Partner, DB Beteiligungs-Holding GmbH, is not entitled to vote its shares in certain situations, for example, for the election or removal of the Supervisory Board members, the ratification of acts of management, the appointment of the auditor and the appointment of a special auditor.

We are not aware of any other restrictions on voting rights or the transfer of shares.

Shareholdings which Exceed 10% of the Voting Rights

The German Securities Trading Act (Wertpapierhandelsgesetz) requires that any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, must notify us and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold is 3%.

DWS KGaA has its registered seat in Frankfurt am Main, Germany and its business address is Mainzer Landstrasse 11-17, 60329 Frankfurt am Main. DWS KGaA is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 111128. The company is a partnership limited by shares incorporated in Germany and governed by German law.

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany, and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018, DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. We are not aware of any changes as of December 31, 2020.

DB Beteiligungs-Holding GmbH is a wholly-owned subsidiary of Deutsche Bank AG, which has its registered seat in Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 30000. Deutsche Bank AG is the ultimate beneficial owner of those units held by DB Beteiligungs-Holding GmbH.

The remaining shares are held by investors outside of Deutsche Bank Group.

DWS KGaA is not aware of any other shareholder holding directly or indirectly more than 10% or more of the voting rights.

Shares with Special Control Rights

Shares which confer special control rights have not been issued.

Rules Governing the Appointment and Replacement of the Managing Directors of the General Partner (Executive Board)

Pursuant to the Articles of Association of DWS KGaA (Section 7) the management of DWS KGaA is the sole responsibility of the General Partner, DWS Management GmbH. Pursuant to Section 6 (1) and (2) of the Articles of Association of the General Partner, the General Partner shall have at least two Managing Directors (Geschäftsführer) who are appointed and dismissed by resolution of the shareholders' meeting of DWS Management GmbH. The Managing Directors manage the business activities of DWS Management GmbH and – with regard to the position of DWS Management GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA. For ease of reference, the Managing Directors are collectively referred to as the "Executive Board". They are also responsible for representing DWS Management GmbH as well as DWS KGaA vis-à-vis third parties. Decisions taken by the Executive Board are in accordance with the law, the Articles of Association of DWS KGaA and the General Partner, the Terms of Reference of the Executive Board and, subject to the statutory and regulatory restrictions, instructions from the shareholders' meeting of the General Partner. For certain material decisions in relation to the business of DWS KGaA the General Partner also requires approval from the Joint Committee (see Section 3 of the Annual Report – Overview of the Governance Bodies of DWS). The Executive Board has a Chairman (Chief Executive Officer), who is appointed by the shareholders' meeting of the General Partner pursuant to the Terms of Reference for the Executive Board.

Pursuant to the German Banking Act (KWG) evidence must be provided to the German Federal Financial Supervisory Authority (BaFin) and to the Deutsche Bundesbank that any member of the Executive Board has adequate theoretical and practical experience of the businesses of the company as well as managerial experience and sufficient time availability to exercise the respective task before the member is appointed (Section 24 (3a) No.1 of the German Banking Act).

Pursuant to Section 2d (2) of the German Banking Act (KWG), BaFin can demand that members of the Executive Board are dismissed and prohibit them from carrying out their activities if such members are not trustworthy or do not have the professional knowledge, skills and experience necessary to manage the company or do not commit sufficient time to the performance of their functions. In addition, BaFin can require the dismissal of members of the Executive Board and prohibit them from carrying out their activities if such members have intentionally or recklessly contravened the provisions of the German Banking Act, the regulations issued to support its implementation or orders issued by BaFin, and if they persist in such behaviour despite having been duly cautioned by BaFin.

Rules Governing the Amendment of the Articles of Association

Any amendment of the Articles of Association of DWS KGaA requires a resolution of the General Meeting of the company pursuant to Section 179 of the German Stock Corporation Act (AktG). Pursuant to the Articles of Association of DWS KGaA, the resolutions of the General Meeting are taken by a simple majority of votes and, in so far as a majority of capital stock is required, by a simple majority of capital stock, except where law or the Articles of Association determine otherwise (Section 25 (1)). Resolutions passed in the General Meeting require the approval of the General Partner where they involve matters which, in the case of a limited partnership, require the authorization of the personally liable partners. This includes resolutions on the amendment of the Articles of Association. To the extent that the resolutions of the General Meeting are subject to the consent of the General Partner, the General Partner shall declare at the General Meeting whether consent to the resolutions will be given or will be refused (Section 25 (3)). The authority to amend the Articles of Association in so far as such amendments merely relate to the wording has been assigned to the Supervisory Board (Section 25 (4)).

Amendments to the Articles of Association become effective upon their entry in the Commercial Register pursuant to Section 181 (3) of the German Stock Corporation Act (AktG).

Powers of the General Partner to Issue or Buy Back Shares

On March 7, 2018 an extraordinary General Meeting of DWS KGaA approved the creation of two authorized capitals in the total amount of € 100 million:

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 40 million – through the issuance of new shares against cash payment or contribution in kind ("Authorized Capital 2018/I"). Shareholders are to be granted pre-emptive rights, but the General Partner is authorized to except broken amounts from shareholders' pre-emptive rights. The General Partner is also authorized to exclude pre-emptive rights if the capital increase against contribution in kind is carried out in order to acquire companies or shareholdings in companies. Finally, the General Partner is authorized – limited to a portion in a nominal amount of up to € 20 million – to exclude the pre-emptive rights if the issue price of the new shares is not significantly lower than the quoted price of the shares already listed at the time of the final determination of the issue price and the total shares issued since the authorization in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10% of the share capital at the time the authorization becomes effective – or if the value is lower – at the time the authorization is utilized. Decisions of the General Partner to utilize the Authorized Capital 2018/I and to exclude pre-emptive rights require the approval of the Supervisory Board. The new shares may also be taken up by banks specified by the General Partner with the obligation to offer them to shareholders (indirect pre-emptive right). Further details are governed by Section 4 of the Articles of Association.

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 60 million through the issuance of new shares against cash payment ("Authorized Capital 2018/II"). Shareholders are to be granted pre-emptive rights, but the General Partner is authorized to except broken amounts from shareholders' pre-emptive rights. Decisions of the General Partner to utilize the Authorized Capital 2018/II and to exclude pre-emptive rights require the approval of the Supervisory Board. The new shares may also be taken up by certain banks specified by the General Partner with the obligation to offer them to the shareholders (indirect pre-emptive right). Further details are governed by Section 4 of the Articles of Association.

The Annual General Meeting of June 5, 2019 authorized the creation of conditional capital in the total amount of up to € 20 million. The General Partner is authorized to issue, once or more than once, on or before May 31, 2024 bonds with warrants and/or convertible bonds with a fixed maturity not exceeding 20 years or with a perpetual maturity, and to grant option rights to the holders of bonds with warrants and conversion rights (in conjunction with a conversion obligation if applicable) to the holders of convertible bonds in respect of new shares in the company, subject to the terms and conditions governing the bonds with warrants or convertible bonds. The total nominal amount of the bonds with warrants and convertible bonds may not exceed a total value of € 600 million. Option and conversion rights may only be issued in respect of company shares nominally representing up to € 20 million of the share capital. For this purpose share capital may be increased by up to € 20 million by issuing up to 20,000,000 new no par value bearer shares (conditional capital). Further details are governed by Section 4 of the Articles of Association.

By resolution of the Annual General Meeting of June 5, 2019 the General Partner is authorized to purchase, on or before May 31, 2024, its own shares in a total volume of up to 5% of the share capital at the time the resolution is taken or – if the value is lower – of the share capital at the time this authorization is exercised. Together with its own shares acquired for other reasons and which are from time to time in the company's possession or attributable to the company pursuant to Section 71a et. seq. of the German Stock Corporation Act (AktG), the own shares purchased on the basis of this authorization may not at any time exceed 10% of the company's respectively applicable share capital. The own shares may be bought through the stock exchange or by means of a public purchase offer to all shareholders. The authorization provides for certain thresholds by defining a minimum and maximum consideration for the acquisition of a treasury share. The countervalue for the purchase of shares (excluding ancillary purchase costs) through the stock exchange may not be more than 10% higher or lower than the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the obligation to purchase. In the case of a public purchase offer, it may not be more than 20% higher or lower than the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the day of publication of the offer. If the volume of shares offered in a public purchase offer exceeds the planned buyback volume, acceptance must be in proportion to the shares offered in each case. The preferred acceptance of small quantities of up to 100 of the company's shares offered for purchase per shareholder may be provided for.

In addition, the General Partner is authorized to dispose of the purchased shares on the stock exchange or by an offer to all shareholders. The General Partner is also authorized to use shares purchased on the basis of authorizations pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to issue staff shares to employees and retired employees of DWS Group or to use them to service option rights on shares of DWS and/or rights or duties to purchase shares of DWS granted to employees or members of executive or non-executive management bodies of DWS Group.

Furthermore, the General Partner is authorized, with the exclusion of shareholders' pre-emptive rights, to sell such own shares to third parties against cash payment if the purchase price is not substantially lower than the price of the shares on the stock exchange at the time of sale. The General Partner may only use this authorization if it has been ensured that the number of shares sold on the basis of this authorization does not exceed 10% of the company's share capital at the time this authorization becomes effective or – if the amount is lower – at the time this authorization is exercised. Shares that are issued or sold during the validity of this authorization with the exclusion of pre-emptive rights, in direct or analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG), are to be included in the maximum limit of 10% of the share capital. Also to be included are shares that are to be issued to service option and/or conversion rights from convertible bonds, bonds with warrants, convertible participatory rights or participatory rights, if these bonds or participatory rights are issued during the validity of this authorization with the exclusion of pre-emptive rights in corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG).

Finally, the General Partner is also authorized to cancel shares acquired on the basis of the described authorizations or a preceding authorization without the execution of this cancellation process requiring a further resolution by the General Meeting.

By resolution of the Annual General Meeting of June 5, 2019 the General Partner is authorized pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to execute the purchase of shares under the resolved authorization also with the use of derivatives. The purchase of shares may be executed, apart from in the ways described above with the use of put and call options or forward purchase contracts. DWS KGaA may sell to third parties put options based on physical delivery and buy call options from third parties if it is ensured by the option conditions that these options are fulfilled only with shares which themselves were acquired subject to compliance with the principle of equal treatment. All share purchases based on put or call options are limited to shares in a maximum volume of 5% of the actual share capital at the time of the resolution by the General Meeting on this authorization. The term of the options must be selected such that the share purchase upon exercising the option is carried out at the latest on May 31, 2024.

The authorization provides for certain thresholds for such transactions. The purchase price to be paid per share upon exercise of the put options or upon the maturity of the forward purchase may not exceed by more than 10% or fall below 10% of the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before conclusion of the respective transaction in each case excluding ancillary purchase costs but taking into account the option premium received. The call options may only be exercised if the purchase price to be paid does not exceed by more than 10% or fall below 10% of the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the acquisition of the shares.

The authorized capitals, conditional capital and the authorization to purchase and sell own shares have not been utilized so far.

Significant Agreements which Take Effect, Alter or Terminate upon a Change of Control of the Company Following a Takeover Bid

Significant agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid have not been entered into.

Agreements for Compensation in Case of a Takeover Bid

If a member of the Executive Board leaves DWS Group within the scope of a change of control, she or he is not entitled to any specific one-off compensation payment. For information on the compensation system, please refer to the Executive Board Compensation Report.

Outlook

Global Economy

Global Economy Outlook

Economic growth (in %)[1]	2021[2]	2020	Main driver
Global Economy			In 2021, the course of the COVID-19 pandemic and the progress made with regards to vaccinations will have a significant impact on the development of global economic activities. Since the beginning of 2021, a number of economies have been facing a resurgence of the pandemic. Highly effective and broadly available vaccines could drive economic recovery, as upgraded economic growth expectations indicate. The pace of this recovery will vary significantly across countries depending on access to vaccines and available government support.
GDP	6.3	(3.3)	
Inflation	2.9	2.7	
Thereof:			
Industrialized countries			With expansive monetary policy, the central banks of industrialized countries continue to be very supportive. As high immunization levels are not expected to be reached by the second half of 2021, additional fiscal support is expected to help limit the economic impact to households and corporates from COVID-19 measures reinstated in the beginning of 2021. Industrial countries are expected to benefit from robust global trade.
GDP	5.0	(5.1)	
Inflation	1.6	0.7	
Emerging markets			In emerging markets, vaccines are expected to become more widely available in the course of 2021. Economies with low economic activity levels and relatively high reliance on domestic demand, as in most Latin American countries, are expected to particularly benefit. A gradual recovery of the travel industry is expected to further support economic recovery, especially in Asia. Global economic recovery will be an important driver for exchange rate developments in emerging markets.
GDP	7.1	(2.1)	
Inflation	3.7	3.9	
Eurozone Economy			The start of the vaccination programs in Eurozone economies in 2021 is expected to support the recovery of economic activity, which is expected to return to pre-COVID-19 levels by the end of 2021 due to the expected recovery of the global manufacturing cycle. The continuation of Europe's temporary stimulus measures depends in part on the pace of the economic recovery as the EU Recovery Fund is not expected to disburse proceeds until the second half of 2021 and the European Central Bank (ECB) not expected to revisit the monetary policy stance until the end of the third quarter of 2021, six months before the scheduled expiry for the Pandemic Emergency Purchase Program (PEPP) net purchases.
GDP	5.6	(6.8)	
Inflation	1.0	0.2	
Thereof:			
German economy			After an expected weak first quarter of 2021 following renewed COVID-19 containment measures, German GDP growth is expected to pick up strongly over the course of the year. The pre-pandemic output level are expected to be reached in the second half of 2021. Exports are expected to remain the main driver for the output, mainly due to recovery of global trade and declining uncertainty in trade policy. In 2021, Germany will face political transition as both a federal election and multiple state elections will take place during the year.
GDP	4.0	(5.0)	
Inflation	1.3	0.4	
US Economy			The new Biden administration is likely to deliver another tranche of fiscal support in 2021. A joint infrastructure program and tax reform bill is expected to be passed late in the year. U.S. real GDP is expected to return to its pre-pandemic level in the second half of 2021 and to converge towards the pre-pandemic growth path by the end of 2021. A meaningful upgrade to growth and the labour market is expected to pull forward a tapering of the Federal Reserve Bank's Quantitative Easing to the end of 2021.
GDP	5.9	(3.5)	
Inflation	2.4	1.2	
Japanese Economy			Japan is expected to achieve a high level of vaccination only by the end of the first half of 2021, given the limited supplies of COVID-19 vaccines. Inflation could be impacted by government policy and remain subdued. The government and the Bank of Japan (BoJ) have become more aligned on coordinating policy, which may deepen further in 2021.
GDP	1.5	(4.9)	
Inflation	0.2	–	
Asian Economy[3]			Positive news on COVID-19 vaccines have improved growth prospects for Asian economies. China and South Korea may reach high immunization levels and thus a full normalization of economic activity before the fourth quarter of 2021. Most Asian emerging economies are expected to follow a quarter or two later. Central banks will be in focus not so much for their rate setting, but for their ability to backstop government bonds and offset appreciation pressure on Asian currencies.
GDP	8.8	(1.0)	
Inflation	2.3	3.1	
Thereof:			
Chinese economy			Positive economic momentum is expected to continue in the first half of 2021, supported by stronger external demand. This will set the stage for fiscal and monetary policy exit by the second half of the year. The People's Bank of China (PBOC) policy objectives for 2021 have shifted to more structural issues. The tightening of real estate lending is expected to send a strong policy signal. Borrowing by local governments is likely to be constrained, which will slow infrastructure investments.
GDP	10.0	2.3	
Inflation	1.5	2.5	

1 Annual Real GDP Growth (% Year over Year). Sources: National Authorities unless stated otherwise.
2 Sources: Deutsche Bank Research.
3 Including China, India, Indonesia, Republic of Korea, and Taiwan, ex Japan.

There are a number of risks to the global economic outlook. Ongoing challenges from COVID-19 and scope for further lockdowns in 2021 could considerably dampen economic momentum. Growing government debt burdens could also impact the broader Eurozone economy. Trade tensions including upcoming trade negotiations between the US and the European Union (EU) could negatively impact the global economic outlook. Additionally, rising geopolitical tensions, particularly in the Middle East could create further uncertainty.

Asset Management Industry

2020 has been an extraordinary year for the asset management industry, due to the onset of COVID-19 and the global economic fallout as a result of the pandemic. Despite plunging markets in the early part of the year, the timely intervention of central banks and governments saw markets recover and investor confidence largely return. For asset managers the pandemic has heightened a number of key trends that will continue to shape the industry, the adoption of environmental, social and governance (ESG), a renewed focus on technology and greater appetite for private market exposure. Although ESG investing has gained popularity in recent years, the pandemic has pushed it to the fore driven by investors seeking to reduce portfolio and climate change risk while seeking outcomes beyond investment returns. Wider adoption of existing and new technology helped to keep asset managers operational, as working from home became the norm, while investors searching for higher yields and diversification have turned increasingly to private markets, a trend expected to continue as governments rebuild economies and companies seek access to capital following the pandemic.

The industry also faces a number of ongoing challenges including margin pressure, driven in part by the switch to passive investing, and slower growth in assets under management, which forces managers to review their business models and cost structures and is likely to drive further market consolidation. Nevertheless, the long-term drivers of industry growth remain, increasing wealth in developing economies, low interest rates pushing unmanaged assets, such as cash and deposit accounts, into managed portfolios and the need for financial solutions including retirement provision.

Despite near-term industry and economic headwinds, DWS believes the asset management industry will continue to grow over the longer term and managers able to offer a wide-range of active, passive, public and private strategies will be able to benefit from opportunities in the market.

DWS Group

While we are cautiously optimistic on equity markets, we also want to insulate our business from the prospect of continued volatility and potential market challenges. So far, we have prioritised our adjusted cost-income ratio target to ensure we are able to generate maximum shareholder value regardless of the environment in which we operate.
Going forward, growth and efficiency will drive shareholder value creation, which is why we have refined our medium-term targets: By 2024, we target an adjusted CIR of 60% and a net flow rate[7] of >4%.

Given the current economic climate and the trends we have observed in 2020, we expect the revenue environment to remain challenging in 2021 amid ongoing margin pressure together with the low interest rate environment.

These effects are likely to impact the broader asset management industry, as well as DWS. Full year 2021 adjusted revenues are expected to be slightly higher compared to 2020. Moreover, we expect assets under management at the end of 2021 to be slightly higher compared to the end of 2020, driven by net inflows. In 2021, we expect sustained net inflows into targeted growth areas of passive and alternative investments, further enhanced by strategic alliances and product innovations, including further ESG offerings. Management fees are assumed to be essentially flat year-over-year.

We further expect normalized performance and transaction fees to be slightly higher in 2021. Other revenues are expected to be significantly higher in 2021. In 2020, other revenues were negatively impacted mainly due to the unfavourable change in the fair value of guarantees. This is not expected for 2021 to the same degree.

We remain on track regarding our cost efficiency initiatives, which supported us to achieve our medium-term target of an adjusted CIR <65% one year early in 2020. We further expect benefits from our cost savings initiatives in 2021, which will partly compensate for investments into growth and the platform transformation. We expect adjusted costs excluding transformation

[7] % of BoP AuM on average in the medium-term

charges to be slightly higher compared to 2020. Compared to the previous year, the adjusted profit before tax for 2021 is expected to be essentially flat.

Despite structural pressures, AuM in the global asset management industry are expected to increase over the medium-term, driven by net flows in passive strategies, alternatives and a strong demand for ESG and thematic investing, as clients increasingly demand value-for-money, transparency and outcome oriented products. Due to our diverse range of investments and solutions, DWS Group is well-positioned to grow market share, supported by our broad distribution reach, global footprint and digital capabilities. Our diversified business model supports our net flow ambitions despite the adverse industry trends since the beginning of 2020. However, wider industry challenges such as rising costs of regulation and competitive dynamics are also likely to remain.

In the face of these challenges as well as the ongoing global pandemic, DWS Group intends to focus on innovative products and services where we can differentiate and best serve clients in a late cycle market environment, while also maintaining a disciplined cost approach.

Risks and Opportunities

[GRI 102-15]

We have reflected in our outlook risks and opportunities that we believe are likely to occur for a period of one year. The following section focuses on certain future trends or events that may result in downside risk or upside potential from what we have anticipated in our Outlook.

Risks

If macro-economic and market conditions and growth prospects worsen compared to the expectation in our Outlook, this could adversely affect our business, results of operations or strategic plans.

The economic disruption caused by the rapid spread of the COVID-19 pandemic has resulted in a sharp slowdown in global GDP growth, but the economy has picked up again in the second quarter of the year. Progress regarding the development of a COVID-19 vaccination has been made and some countries began vaccinating their population. Markets have priced in this optimistic scenario and hence it will be crucial that the expectations are fulfilled regarding the effectiveness of the COVID-19 vaccination and its rapid introduction. In case expectations will not be fulfilled, this may lead to a negative impact on global growth and global financial markets. Despite the business continuity and crisis management policies currently in place, travel restrictions or potential impacts on personnel may disrupt our business. In addition, another potential economic slowdown could negatively impact our revenues, assets and liabilities.

The ongoing COVID-19 pandemic and its impact on the global economy may affect our ability to meet our financial targets. While the long-term impact of the pandemic on our business and financial targets is not yet known, we may be materially adversely affected by a protracted downturn in local, regional or global economic conditions.

Continued elevated levels of political uncertainties worldwide, protectionist and anti-trade policies, and the ongoing transition period negotiations following the United Kingdom's departure from the European Union could have unpredictable consequences on the economy, market volatility and investors' confidence, which may lead to declines in business and could affect our revenues and profits as well as the execution of our strategic plans.

Brexit

As the Group is headquartered in Frankfurt and operates with a significant European footprint, our operating model positioned us well to continue our current business and operations despite the lack of a comprehensive Brexit deal for financial services. DWS ran a Brexit-preparedness project with a planning assumption of "no deal" and therefore was well prepared for the eventual outcome. We continue to be able to serve the needs of our clients across Europe and service them from the most appropriate legal entity and jurisdiction. As a consequence of Brexit, our UK counterparties have lost their MiFID passport, and UK-based trading platforms, exchanges, and clearing venues have become third-country venues vis-à-vis the EU, and vice versa. To mitigate this, UK-based brokers have established EU entities, or have extended the scope of existing EU entities to ensure they can continue to service their UK and EU clients, and this has entailed operational changes and repapering of certain trading documentation. We have taken actions to ensure we can continue to trade in accordance with regulatory requirements and fulfil client obligations by actively engaging with our key counterparties, platforms and venues. This risk may adversely impact our medium-term target for net flows and adjusted cost-income ratio.

Economic Environment

Unfavourable market conditions, increasing volatility, as well as cautious investor and client sentiment may materially and adversely affect our financial performance as well as the timely achievement of our strategic aspirations. At the beginning of 2020, global growth was reversed by the COVID-19 pandemic and the related negative impact on economic activity. Positive prospects due to the rapid introduction of the COVID-19 vaccination are already reflected in the growth figures, which may curb the economic recovery in case expectations will not be fulfilled. In addition, changes in the interest rate environment may have an impact on our Fixed Income strategies as well as on the fair value of the guarantees we have sold. These changes in the fair value of the guarantees will be reflected in Other Revenues. These risks may adversely impact our medium-term target for net flows and adjusted cost-income ratio.

Digitalisation

Digitalisation offers new competitors market entry opportunities and we expect our businesses to have an increased need for investment in digital product and process resources to mitigate the risk of a potential loss of market share. This risk may adversely impact our medium-term target for net flows.

In addition, with increasing levels of digitalisation, cyber-attacks could lead to technology failures, security breaches, unauthorized access, loss or destruction of data or unavailability of services. Any of these events could involve litigation or cause us to suffer financial loss, disruption of our business activities, liability to our customers, government intervention or damage to our reputation.

Criminal proceedings

Guilty pleas or convictions in criminal proceedings by members of the Deutsche Bank Group (including DWS) and/or their employees may have consequences that have adverse effects on our business, including reputational damage, monetary fines or penalties, litigation expenses, and loss of licenses or our ability to operate in one or more jurisdictions or to deal with one or more types of products. For example, because of certain of Deutsche Bank's past criminal convictions, Deutsche Bank and its affiliates have been disqualified for ten years from relying on the general Qualified Professional Asset Manager (QPAM) exemption from the prohibited transaction rules under the U.S. Employee Retirement Income Security Act. When providing discretionary investment management services to certain U.S. retirement plans, DWS in the U.S. has relied on this exemption. On December 29, 2017 the US Department of Labor (DOL) granted Deutsche Bank AG and certain asset management affiliates (now DWS), an individual QPAM exemption which expires on April 17, 2021. In response to the application for an extension of the existing exemption, the DOL has published a proposal to grant a further three year exemption. However, loss of QPAM status could have a material adverse effect on the results of DWS's business and reputation in the United States.

Regulation

The regulatory reforms enacted and proposed in response to weaknesses in the financial sector together with the increased regulatory scrutiny will impose regulatory compliance costs on us, create significant uncertainty for us and may adversely affect our business plans as well as our ability to execute our strategic plans. Those changes that require us to maintain increased capital may significantly affect our business model, financial condition and results of operations as well as the competitive environment generally. In addition, investigations which may be conducted by regulatory agencies can negatively impact our financial performance. This risk may adversely impact our medium-term target for net flows and adjusted cost-income ratio.

Regulators and central banks globally have set the goal of improving the robustness of financial benchmarks, especially interest rate benchmarks. As a result, the ongoing availability of, among other benchmarks including the London Interbank Offered Rate (LIBOR) and the Euro Overnight Index Average rate (EONIA and, together, IBORs) are planned to be discontinued by latest end 2021 – with the exact market transition expected to occur before then. These reforms are expected to cause at least some interest rate benchmarks to perform differently to the way that they do currently or to disappear, which may impact our current products and services and those we may provide in the future. The discontinuation of these IBORs and the potential transition to "risk-free-rates" (RFRs) pose a variety of risks to us. Depending on how these matters and the related risks develop, and the adequacy of the response of the industry, the market, regulators and us to them, the reform and discontinuation of IBORs and transition to RFRs could have adverse effects on our business, results of operations, capital requirements and profitability.

If we are unable to implement our strategy successfully, which is also subject to the previously mentioned factors, we may be unable to achieve our financial objectives, or we may incur losses or low profitability or erosion of our capital base, and our financial condition, results of operations and share price may be materially and adversely affected.

Although we have established comprehensive risk management policies, procedures and methods, including with respect to non-financial, market, credit, and liquidity risk, they may not be fully effective in mitigating our risk exposures in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate.

For further details on risk management techniques and approaches please refer to the 'Risk Report'.

Opportunities

Changing market conditions and investor needs have created significant opportunities for the Group and the asset management industry. Future asset growth is expected to be driven by the rapid increase in personal wealth in developing countries, as well as by pension funds, sovereign wealth funds, defined contribution plans, and insurers.

Our strategy has evolved through several major developments taking place in the asset management industry, all of which contribute, directly and indirectly, to anticipated growth rates:

- Demand for ESG investments is driving research, enhanced risk management and extensive product development, contributing favourably to our medium-term net flows target;
- Asset managers are developing new digital distribution capabilities as a way of accessing retail / direct-to-consumer channel, such as robo-advisory, particularly among younger customers, contributing favourably to our medium-term net flows target;
- Strong growth in outcome-oriented products, such as multi asset, is driven by a combination of demographics (the “baby boomer” generation demands increasingly sophisticated retirement solutions) and the shift from “defined benefit” to “defined contribution” pension funding, contributing favourably to our medium-term net flows target;
- Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment, contributing favourably to our medium-term net flows target;
- Low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios, contributing favourably to our medium-term net flows target;
- Regulatory changes are stimulating demand for greater transparency and choice for the end consumer, contributing favourably to our medium-term net flows target.

Our strategy includes the deployment of capital to achieve both organic and inorganic growth. Our medium-term business plan includes an increase in our seed and co-investments to grow our business organically while continuing to align our interests with clients’. We also believe the trend of consolidation in the asset management industry will continue. We intend to deploy growth capital for mergers and acquisitions in a disciplined way by considering consolidation opportunities prevailing in the industry that enhance our market position in key growth areas, and/or for distribution access. Any merger and acquisition activity, in addition to meeting strategic objectives, would envisage prioritization of shareholder value creation and be measured against financial criteria such as attractive return on investment (ROI) and earnings accretion. Depending on the particular merger and acquisition opportunity pursued, its impact will contribute to our medium-term targets for net flows and adjusted cost-income ratio.

Overall Assessment

We believe DWS is well positioned to capture market opportunities and address asset management industry challenges. As illustrated above, changing market conditions and investor needs have created significant opportunities for us and the asset management industry, yet also require us to continuously monitor risks and run stress test scenarios.

Risk Report

Risk Management Introduction

Disclosures in line with IFRS 7 "Financial Instruments: disclosures" and IAS 1 "Presentation of Financial Statements"

The following Risk Report provides qualitative and quantitative disclosures covering credit, market and other risks in line with the requirements of International Financial Reporting Standard 7 "Financial Instruments: disclosures", and capital disclosures required by International Accounting Standard 1 "Presentation of Financial Statements". Information which forms part of and is incorporated by reference into the financial statements of this report is marked by a bracket in the margins throughout this Risk Report.

Risk in DWS Group

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

Over the past few years and in particular in 2019 and 2020, the integration of sustainability risks in our risk management processes has been a focus area. Its importance has been highlighted, among others, by the publications of the amendments of the EU regulatory framework as well as publications and recommendations given at National Competent Authority (NCA) level (such as the BaFin Guidance Notice published in December 2019). As sustainability risk management is a fundamental cornerstone of ESG Integration, our risk management processes have been updated to ensure the guidance given is a central component of our corporate DNA.

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

Risk and Capital Overview

Key Risk Metrics

We are required to adhere to the capital requirements applicable to CRR investment firms, as outlined in Art. 95 and 98 of EU Regulation 575/2013 of the Capital Requirements Regulation (CRR). For more details please refer to 'Operating and Financial Review – Financial Positions' within this report.

Additionally, we manage our capital so as to satisfy the levels of regulatory capital defined in EU Directive 2013/36 (CRD IV) and CRR and required by the relevant authority, BaFin, to cover risk weighted assets (RWA) for credit risks and market risks, but not operational risk. We also perform an Internal Capital Adequacy Assessment in accordance with the requirements of CRD IV.

DWS is required to maintain capital in certain regulated subsidiaries across a number of jurisdictions. Some of these legal entities are subject to dedicated internal capital adequacy requirements. For example, to comply with the regulatory requirements associated with operating an Intermediate Holding Company in the US, a comprehensive capital adequacy process (i.e. Comprehensive Capital Analysis and Review - CCAR) is required for, and undertaken by, DWS USA Corporation and its subsidiaries.

The Common Equity Tier 1 ratio (CET 1) and RWA metrics form part of our holistic risk management across individual risk types. Internal Capital Adequacy ratio (ICA), Economic Capital and Stressed Net Liquidity Position (SNLP) are DWS specific risk metrics in addition to the above described regulatory metrics.

Common Equity Tier 1 ratio	
December 31, 2020	29.2%
December 31, 2019	30.8%

Risk weighted assets	
December 31, 2020	€ 10,309 million
December 31, 2019	€ 9,187 million

Stressed net liquidity position	
December 31, 2020	€ 2,077 million
December 31, 2019	€ 2,018 million

As of December 31, 2020, our Common Tier 1 capital amounted to € 3,014 million, which was € 187 million or 6.6% above the € 2,828 million Common Tier 1 capital as of December 31, 2019.

A fundamental review of the prudential regime for EU investment firms concluded at the end of 2019 with the publication of a new Investment Firms Regulation and Investment Firms Directive. Both will apply in June 2021, 18 months after the date of entry into force. The aim of the new EU regime for investment firms is to introduce rules adapted to the risk profile and business model of investment firms. DWS is required to disclose annually own funds and own funds requirements based on the new regime starting with full year 2021.

Overall Risk Assessment

Material corporate risk categories include 1) financial risks such as market risk associated with our co-investments, seed investments, guaranteed products, credit risk, liquidity risk and strategic risk and 2) non-financial risks (NFRs) 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). 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. Please refer to the section 'DWS Risk Governance and Framework' for detailed information on the management of our material risks.

External factors outside of our control can have a significant effect. The continued elevated levels of geopolitical uncertainty worldwide, protectionism and increased tensions regarding trade and tariff negotiations, have unpredictable consequences on the global economy, markets and investor confidence. Such uncertainty may lead to declines in business levels and may affect our revenues and profits including obstructing the execution of our strategic plans.

Whilst we have been focused on mitigating the impact of Brexit on our business and operations, potential changes in the regulatory environment may lead to increased compliance requirements and additional operating costs for us. Other risks that could have a material adverse effect on our business and financial position, particularly in the short to medium term, include (i) increased uncertainty and volatility in UK and EU financial, real estate and infrastructure markets; (ii) fluctuations in exchange rates between sterling, euro and other currencies; (iii) increased illiquidity of investments located or listed within the UK or the EU; (iv) the willingness of financial counterparties to enter into transactions, or the price at which they are prepared to transact.

In addition to these geo-political risks, 2020 saw the COVID-19 pandemic escalate globally and lead to increased challenges due to higher transaction volumes, market volatility, and increasing information security threats. We invoked crisis management measures involving senior leaders from across the organisation, and focused on all aspects of our business, ranging from fund liquidity and identifying potential portfolio risks as a result of the crisis, through to ensuring the ongoing stability of our operations and technology platform as well as protecting our staff. At the height of the crisis, the vast majority of our staff globally were working from home utilising secure remote access allowing us to seamlessly continue to service our clients' interests. As such, the business proved to be resilient and the key drivers for our risk profile have not changed in terms of themes and inherent risk exposure. All our portfolios, except one, were able to facilitate client redemptions, where some investors sought to reposition their portfolio(s) towards safety. The exception related to an open-ended fund holding illiquid assets which introduced measures to manage the redemption flow.

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 results of these calculations show that the currently available capital, in combination with available mitigation measures, would allow us to absorb the impact of these risks if they were to materialize in line with the stress test parameters.

Risk Profile

The main risk driver of our business is non-financial risk. We are, however, exposed to other forms of risk given the impact that the market, flows and foreign exchange rates exert on our corporate activities. Of particular note in 2020 was the guarantee shortfall which is particularly sensitive to movements in long-term interest rates. Consequently, the reduction in long term rates during the year 2020 resulted in a € 48 million increase in the shortfall provision from € 108 million as of December 31, 2019 to € 156 million as of December 31, 2020.

DWS Risk Governance and Framework

Risk Management Principles

The diversity of our business model requires us to identify, assess, model, measure, aggregate, mitigate and monitor our risks. The core objective is to reinforce our resilience by deploying a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately priced; and
- Risk should be continuously monitored and managed.

Risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with our business activities.

- Core risk management is the responsibility of the Executive Board which delegates to senior risk managers and the Risk and Control Committee (and its delegates) for execution and oversight.
- We operate a distinct risk management model. The business and service providing areas are the "owners" of the risks, hence they retain ultimate accountability for all risks. Oversight responsibility, including risk control, challenge and advice, is with the independent risk and control functions. Internal Audit provides independent assurance on the control environment and its effectiveness. This approach is underpinned by clear segregation of duties across the organisation reinforcing a sound control environment:
- The DWS Group risk appetite and the risk strategy are approved annually by the Executive Board. In addition, Deutsche Bank Group sets the risk appetite for its Asset Management division, primarily DWS Group, and we are required to comply.
- The Strategic Capital Plan (jointly carried out by Risk and Capital and Liquidity Management) provides the basis for aligning risk, capital and performance targets for regular risk capital profile monitoring.
- Cross-risk analysis reviews are conducted by Risk across the firm to validate the existence of appropriate risk management practices and an awareness of risk.
- All material risk in non-financial risk, market risk, credit risk, strategic risk and liquidity risk, are managed via dedicated risk management processes. Modelling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Furthermore, we have set up a dedicated reputational risk governance framework including a committee to assess and manage reputational risk matters. Sustainability risk is not considered to be one individual risk type, but sustainability factors are considered to be risk drivers of existing risk types being managed.
- Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.
- Systems, processes and policies are critical components of our risk management capability to facilitate a comprehensive view and articulate the underlying roles and responsibilities.

Integrating Climate Risk into our existing Risk Management Framework

At DWS, our overall risk management and control framework provides us with complete oversight of the various risk types within our organization spanning three main risk types: 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 are exposed to.

In addition recent regulatory developments, especially since the outbreak of COVID-19, clearly highlight the necessity to integrate climate risk into business practices. At DWS, we already understand that sustainability factors – including climate risk factors – can materialize and impact all three groups of the risk types mentioned above. Therefore we currently integrate sustainability factors into our existing risk measurement and management frameworks enabling us to consider climate change matters within our corporate as well as portfolio risks assessments.

- Sustainability Risk Ratings on fund level: leveraging ESG / Sustainability issuer ratings from well-known data providers and the DWS ESG Engine, we are enhancing processes to assess the diverse effects of ESG matters to determine and monitor the overall sustainability risk profile of the portfolios we are managing. By identifying climate change laggards across our portfolios, we assess whether or not the resulting risks are appropriate with respect to the pre-defined risk profiles of the funds.
- Physical climate or transition stress tests are scenario analyses with the aim to assess the exposure or sensitivity of an individual portfolio or also the entire organization towards physical climate or climate transition factors. We are actively working on integrating physical and/or climate transition scenarios into our investment risk management process. In parallel, we are evaluating climate transition sensitivity of the overall product portfolio and assessing which of the products investment policies might be adversely impacted by climate transition risks in the mid- or long-term.

Besides these quantitative as well as fiduciary asset platform driven sustainability risk assessments, we are actively rolling out a program to embed climate risks (in combination with other sustainability matters) in our (non-financial) risk and control framework to evaluate and manage the resilience of our platform with respect to climate change and transition factors.

DWS Risk Governance and Committee Structure

Our activities and operations throughout the world are regulated and supervised by relevant competent authorities in each of the jurisdictions in which we conduct business.

Several layers of management provide cohesive risk governance:

- The Supervisory Board is informed regularly on the Group's risk situation, risk management and risk controlling activities, as well as on our reputational and material litigation cases. It has formed an Audit and Risk Committee to deal with risk related matters.
- At the meetings of the Audit and Risk Committee of the Supervisory Board, the Executive Board reports on key risks, on risk strategy, mitigation strategies and on matters of importance due to the risks they entail. The Audit and Risk Committee deliberates with the Executive Board on issues of the aggregate risk profile and the risk strategy, and supports the Supervisory Board in monitoring the implementation of the strategy.
- The Executive Board is responsible for managing the Group in accordance with the law, regulations, the Articles of Association and it's Terms of Reference with the objective of creating sustainable value in the interest of the Group, thus taking into consideration the interests of the shareholders, employees and other stakeholders. Furthermore the Executive Board is responsible for establishing a proper business organization, encompassing appropriate and effective risk management and approves the Strategic Plan and the Risk Appetite Statement.

Risk Management Governance Structure of DWS Group

The following functional committees are central to the management of risk:

- The Risk and Control Committee (RCC) is the key committee dealing with review of and decision on material risk topics. The RCC has various duties and delegated authority, including:
  - Approval of key risk management principles or recommendation thereof to the Executive Board;
  - Recommendation of overarching risk appetite parameters;
  - Setting of risk limits for risk resources available to the business;
  - Supporting the Executive Board during Risk and Capital planning processes;
  - Overseeing the resolution of Audit points;
  - Receiving regular updates from key control functions such as Risk, Legal, Compliance, Anti Financial Crime (AFC), Finance and Capital and Liquidity Management; and
  - Overseeing and managing all control function related risks via an integrated approach.

- The Risk and Control Committee is supported by the Capital Investment Committee (CIC), which is responsible for overseeing all aspects of risk associated with portfolios of co-investments and seed capital investments.

- The Reputational Risk Committee (RRC), is responsible for the oversight, governance and coordination of reputational risk management.

- The Strategic Investment Committee (SIC) is the key committee responsible for corporate investment decisions and principal corporate transactions (acquisition, disposals and joint ventures). In addition, the SIC evaluates strategic investment decisions and monitors progress and performance of approved transactions.
  The One Voice Committee supports the Executive Board in ensuring compliance with all disclosure obligations regarding material, in particular inside information subject to potential ad-hoc notification, or forward looking information, and ensures consistency of the communication of material or forward looking information by the Company and its representatives relating to DWS Group.

- The Compensation Committee (DCC) develops and designs sustainable compensation frameworks and operating principles and prepares recommendations on total compensation levels. It ensures appropriate compensation and benefits governance and oversight for the Group.

  - The DCC has delegated authority to the Compensation Operating Committee to review and approve proposals for compensation plans as well as for equity and fund based, not pension scheme related benefit plans, pursuant to DWS Group policies. The Operating Committee ensures regulatory compliance, reviews the technical validity and operation of the compensation plans, reviews the current and future liabilities related to compensation plans and monitors risk reporting packages with respect to hedge ratios, stress test limits and forfeiture expectations. It makes recommendations to the RCC in respect of any hedging required in respect of compensation plans.

  - The Integrity Review Committee as delegated committee of the DCC is responsible for the review and decision of suspension and forfeiture matters involving DWS deferred awards. It enhances oversight and governance of employee conduct incidents including breaches of the control environment and/or policies and procedures.

The Chief Risk Officer (CRO) holds Group-wide responsibility for the management of non-financial, financial and fiduciary risks as well as for the comprehensive control of risk, and ongoing development of methods for risk measurement. In addition, the CRO is responsible for monitoring, analysing and reporting risk on a comprehensive basis. The CRO has direct management responsibility for various risk management functions which are established with the mandate to:

- Foster consistency with the risk appetite within a framework established by the Executive Board, applied to the business and monitored by the RCC;
- Establish and approve risk limits within the delegated authority by the Executive Board;
- Develop and implement appropriate risk and capital management policies, procedures and methods including infrastructure and systems;
- Facilitate ad hoc reviews including deep dives to keep the non-financial, financial and fiduciary risk exposure within acceptable parameters;

We manage our risk and capital via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the underlying business activities and associated risk profile. In order to achieve this, the Group leverages DB Group for defined risk services across a number of risk types, notably in terms of risk principles and governance frameworks, capital models including stress testing as well as support on capital adequacy requirements, and in non-financial risks specifically where specialist skills are required, such as cyber risk.

The relationship with DB Group has been formalized notably via a Relationship Agreement and a Master Service Agreement. The alignment is based on the following overarching principles:

- DWS risk committees are independent from DB Group;
- We must adhere to existing DB Group policies, unless otherwise agreed (comply or explain);
- We leverage DB Group for specific services based on cost efficiency criteria and expertise; and
- All such services are provided on an arm’s length basis.

The Group control model has been designed to balance the need for alignment with our business, while maintaining independence and strong relationships with DB Group key control functions.

Risk Appetite and Capacity

Risk appetite expresses the aggregate level of risk that we are willing to assume within our risk capacity in order to achieve our business objectives. This is defined by a set of minimum quantitative metrics and qualitative statements. Risk capacity is defined as the maximum level of risk we can assume given our capital and liquidity base, risk management and control capabilities, our regulatory constraints and our obligations to stakeholders.

Risk appetite is an integral element in our business planning processes via our risk plan and strategy, designed to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity constraints from both non-financial and financial risks.

The Executive Board reviews and approves the risk appetite on an annual basis, or more frequently in the event of unexpected changes to the risk environment, with the aim of ensuring consistency with our strategy, business, regulatory environment and stakeholders' requirements.

In order to determine risk appetite, we set different group level triggers and thresholds on a forward looking basis and define the escalation requirements for further action. We assign risk metrics that are sensitive to the material risks to which we are exposed and which are able to function as key indicators of financial health. In addition to that, we link our risk management governance framework with the risk appetite framework.

Reports relating to the risk profile, as compared to risk appetite and strategy are presented regularly to the RCC, the Executive Board and the Audit and Risk Committee. In the event that our desired risk appetite is breached, a predefined escalation governance matrix is applied so these breaches are highlighted to the respective committees. Changes to the risk appetite must be approved by the Executive Board.

Risk and Capital Plan

We conduct an annual integrated strategic planning process which articulates the development of our future strategic direction for the business. The strategic planning process is designed to deliver a holistic perspective on capital, liquidity and risk under risk-return considerations. This process translates our long term strategic targets into measurable short- to medium-term financial targets and enables intra-year performance monitoring and management. Risk-specific portfolio strategies complement this framework and allow for an in-depth implementation of the risk strategy at portfolio level, addressing risk specifics including risk concentrations.

Stress Testing

Stress testing is performed on a regular basis in order to assess the impact of a severe economic downturn or other shocks on our capital profile and financial position. This exercise complements traditional risk measures and leverages DB Group's stress testing process with enhancements tailored to our risk profile. All material risk types – which consume capital - are included in the stress testing exercise. The time-horizon of internal stress tests is generally one year and can be extended to multi-year, if required by the scenario assumptions.

Risk Measurement and Monitoring

The appropriate measurement of all risks is a crucial prerequisite for robust risk management. All risks are measured quantitatively or qualitatively, using advanced and approved methodologies. All measurement approaches must be appropriate for the type and materiality of risk measured and provide sufficient transparency including correlation.

Quantitative analysis allows the measurement of the potential impact (size and likelihood) and is complemented by best-practice qualitative measures to ensure comprehensive coverage of all risks on a risk-based approach. All material risks in non-financial, market, credit and strategic, are managed via dedicated risk management processes. Modelling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Reputational risk is implicitly covered in our economic capital framework, primarily within operational and strategic risk.

Established teams within Finance, Capital and Liquidity Management and Risk assume responsibility for measurement, analysis and reporting of risk while promoting appropriate quality and integrity of risk-related data.

We monitor all risk taken against risk appetite and in consideration of risk and reward at the Group level, underlying risk type and at portfolio level.

The monthly Risk and Capital Profile (RCP) is used to report the risk profile and is presented to the RCC and subsequently used as the base for regular reporting to the Executive Board and the Audit and Risk Committee. The RCP is complemented by other standard and ad-hoc management reports by Risk, Finance and Capital and Liquidity Management, which are presented to the RCC and/or its sub-committees where appropriate.

We use a variety of data sources to support internal and external reporting. The risk infrastructure considers reporting at relevant legal entity and business levels and provides the basis for reporting on risk positions, capital adequacy and limit utilization to the relevant functions on a regular and ad-hoc basis.

Model Risk

Model Risk Management (MoRM) is a core component of our Risk Management Framework. We rely on models for investment, portfolio management, risk management, valuation, capital planning and other purposes. The MoRM framework is in place to safeguard the interests of our clients and stakeholders as well as to fulfil regulatory requirements with respect to model risk.

Models used by the firm and covered by the Model Risk Framework include models use for both fiduciary and non-fiduciary purposes and may either be internally developed or sourced via third party vendor. These models generally fall into the following categories:

- Pricing models are used to generate asset and liability fair value measurements reported in official books and records and/or risk sensitivities;
- Risk and Capital models are used to evaluate the risk exposures used for regulatory or internal capital adequacy requirements; and
- Other models include those within DWS business lines that do not fall into the above categories, such as fund level valuation / pricing related models, trading / investment related models, risk management models and asset allocation models.

Model risk appetite is aligned to the Group’s qualitative statements, ensuring that model risk management is embedded in a strong risk culture and that risks are mitigated as appropriate.

Model Risk Governance

Model Risk Governance has the following objectives:

- Maintain a robust model risk management and governance framework, including senior forums for monitoring and escalation of model risk related topics;
- Maintain model risk policies and key operating procedures with clear roles and responsibilities for key stakeholders across the model risk life cycle;
- Assess and monitor the model control environment;
- Maintain the DWS model inventory to a high degree of integrity;
- Support ongoing model risk assessments;
- Perform independent model validations providing effective review and challenge to the model development and the appropriateness of model use;
- Ensure the model risk framework aligns to industry best practice and regulatory expectations.

There is interaction with DB Group in the provision of model development support and advisory services for the current suite of risk and capital models used within the Group including changes related to new regulations and/or changes in business strategy.

Non-Financial Risk

Non-financial risk is comprised of Operational Risk and Reputational Risk.

Operational Risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. Operational risk excludes business and reputational risk.

Reputational Risk means the risk of possible damage to the DWS brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate or unethical or inconsistent with our Code of Conduct.

Key Drivers for Non-Financial Risk

Non-financial risk is inherent to our business activities. We have embedded effective internal risk governance processes and the use of risk management tools and concepts. Our integrated approach enables sound identification, evaluation, remediation and monitoring (risk management lifecycle) of the key non-financial risks like compliance, legal, fiduciary, system, processing and external influences risk. Any failures related to the key non-financial risks could lead to material financial, regulatory or reputational impacts.

The most material non-financial risks in light of our business profile are:

- **Duties to Customers:** As an asset manager, we face the risk that products and services are not suitable or inappropriate for the investor or that a product that we manufacture or distribute is inappropriate. Duties to customers primarily reflect the fiduciary nature of our business and the liabilities derived in case of failure to adhere to specific conditions, contractual agreements or regulatory requirements.

- **Information Security:** We face the risk that our business is not sufficiently protected against information security failures, i.e. cyber security attacks. Our operational systems are subject to an increasing exposure to cyber attacks and other internet crime, which may compromise our ability to conduct business and service our clients in a resilient way.

- **Technology**: We face the risk of loss events due to instability, malfunction or outage of our IT infrastructure. Such losses could materially affect our ability to conduct business and service our clients in a resilient way. IT related errors may also result in the mishandling of confidential information and damage to our IT systems.

- **Service Providers:** We utilize a variety of service providers to support our business, systems and processes. By this we are able to focus on our core competencies and to seek improvements in effectiveness, efficiency and costs. Typically, the usage of service providers expose us to comparable non-financial risks inherent in delivered as if we perform the business activities ourselves. We remain ultimately responsible for the services our vendors provide. In addition, the usage of service providers expose us to vendor specific risks like non-adherence to contractual obligations or failure of the service provider.

- **Transaction Processing:** Our business is highly dependent on the ability to process a large number of transactions on a daily basis, across numerous and diverse markets in many currencies. If any of these processes or systems do not operate properly, or are subject to intentional or unintentional human error, this may result in financial losses, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure.

Management of Non-Financial Risk

The governance of non-financial risks follows the three lines of defence (“3LoD”) approach with the aim of protecting the Group, our clients and shareholders against risk of material financial, regulatory or reputational damages. It seeks to ensure that all our key non-financial risks are identified and addressed, that accountabilities regarding the management of non-financial risks are clearly assigned and risks are consciously taken on and managed in the best and long term interest of our franchise and our clients and stakeholders. The 3LoD approach and its underlying governance standards apply to all levels of the organization.

Non-financial Risk 1st LoD Governance Standard: As risk owners the 1st LoD businesses are fully accountable for the identification, assessment, and management of non-financial risks that originate in their organization or that their organization is exposed to, and for managing them against a defined risk appetite. Risk owners are those roles in the Group that generate risks, whether financial or non-financial. The heads of the business areas must determine the appropriate organizational structure to identify their organization’s non-financial risk profile, implement a risk management and control approach within their organization, take business decisions on the mitigation or acceptance of non-financial risks within the risk appetite and establish and maintain risk owner (i.e. Level 1) controls. For the 1st LoD a dedicated Control Office is established, which focuses on a consolidated risk profile and acts as primary contact for non-financial risk management matters.

Non-financial Risk 2nd LoD Governance Standard: As risk type controllers, the 2nd LoD control functions qualitatively and quantitatively define risk appetite for the specific non-financial risk type they control and monitor and report on the risk type’s profile against risk appetite. As experts for their risk type, they advise – as independent function - the 1st LoD how to identify, assess and manage this risk and how to implement the risk type framework. The 2nd LoD control functions have a veto authority for risk decisions to prevent risk appetite breaches.

Risk as a 2nd LoD control function for all non-financial risks establishes and maintains the Operational Risk Framework (ORMF), monitors and challenges – as independent 2nd LoD - its implementation, and monitors overall risk levels against Risk Appetite.

The third line of defence is the internal audit function which is accountable for providing independent and objective assurance on the effectiveness of how the business divisions and the 2nd LoD control functions interact with respect to non-financial risk management.

In addition, Risk is accountable for the design, implementation and maintenance of the approach to determine a sufficient level of capital demand for operational risk for recommendation to the Executive Board. To fulfil this requirement, Risk is accountable for the calculation and allocation of operational risk capital demand and expected loss planning. It is also accountable for the facilitation of the annual operational risk capital planning and monthly review process.

To manage our Non-financial Risks, the ORMF defines interrelated concepts and processes aligned to the DB Group framework. The ORMF has been designed to provide a comprehensive approach for managing the key non-financial risks across the risk management lifecycle. The approach enables us to determine our non-financial risk profile in comparison to our risk appetite, to systematically identify non-financial risk themes and concentrations, and to define risk mitigating measures and priorities. Our approach to the identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and our reputation. Key concepts and processes for managing our non-financial risks are loss data collection, lessons learned and risk and control assessments.

The most material risks we seek to remediate qualify as our top risks and are regularly analysed and reported. Top risks are rated in terms of both the likelihood of their occurrence and the potential impact on the Group. The concept provides a forward-looking perspective on the impact of planned remediation and control enhancements. It also contains emerging risks and themes that have the potential to evolve into top risks in the future.

Dedicated Product Lifecycle Process

We have embedded a Product Lifecycle Management Framework to ensure that appropriate governance, processes and controls for the design, approval, marketing and ongoing management of products throughout their lifecycle are in place. This framework is designed to manage the risks associated with the implementation and change of products and services, to ensure they remain fit for purpose and consistent with the needs, characteristics and objectives of their intended market(s) throughout their lifespan. We apply the framework consistently across all businesses and regions.

Dedicated Reputational Risk Management Process

We seek to ensure that reputational risk is in line with our business strategy and overall risk profile. Reputational risk cannot be precluded, and is also driven by any unforeseeable change in the perception of practices by our various stakeholders (e.g. public, clients, shareholders and regulators). In line with our fiduciary responsibilities, we strive to balance reputational risk against the economic interest of our clients and the firm. We seek to avoid unnecessary reputational risks that exceed risk appetite such as violations of laws and regulations including sanctions and embargoes. A dedicated DWS Reputational Risk Key Operating Document sets out the process, including roles and responsibilities, to assist our employees in identifying, assessing and managing reputational risk.

Financial Risk

Market Risk

Market risk in general is defined as the potential for change in the market value of financial instruments due to changes in market prices. We are exposed to non-traded market risk. Non-traded market risk arises from market movements in our investments and from off-balance sheet items and primarily impacts the main investment risk types such as co-investments, seed capital, guaranteed products, structural foreign exchange and pension and other equity compensation risks. The key drivers of our market risk exposure include movements in interest rates, credit spreads, foreign exchange, commodity prices and equity prices. Our market risk exposure can also be impacted by more general market movements related to the economic environment and/or socio/political events; as outlined below.

The primary objective in the management of our market risk is to ensure that our risk exposure is within the approved appetite commensurate with its defined strategy.

Risk Identification

By definition, market risk is identified as the capital at risk deployed by the Group via, for example, co-investments or seed capital into funds, and/or where a financial claim against us is inherent in the product (such as Guaranteed Products).

Seed Investments: Seed capital is deployed to build marketable track records by providing initial liquidity for new products initiated by us. We execute an economic risk position offset program to minimize the profit/loss volatility of the seed investment portfolio. Seed investments are typically short term (up to 3 years, frequently shorter) and risk positions are broadly offset within a 6% tracking error on notional to minimize market risk.

Co-Investments: We have direct co-investments primarily in funds that invest in a variety of alternative asset classes such as real estate, infrastructure, private equity, and sustainable investments. Investments are made to ensure an alignment of interest between fund investors and the Group and are normally held to maturity.

Strategic Investments: Strategic investments typically have the primary objective of enhancing the franchise value by providing access, for example, to specific markets, products or exchanges. A strategic investment, therefore, has a broader strategic business objective than making a return on the investment itself.

Guaranteed Products: We manage guaranteed retirement accounts ("Riester Products") and guaranteed funds, whereby we provide a full or partial notional guarantee at maturity. Riester guaranteed retirement accounts are voluntary private pension schemes in Germany that are government subsidized.

The guaranteed products portfolios are managed using constant proportion portfolio insurance (CPPI) strategies and techniques, which use a rule based exposure allocation mechanism into highly rated assets and riskier assets, depending on market levels. An allocation mechanism between the two components limits the downside risk. Guaranteed products may invest into a wide range of equity and fixed income securities as well as other instruments permitted in the product documentation.

The risk for the Group as guarantor occurs if the net asset value (NAV) at the respective guarantee date is less than the guaranteed amount. This risk is regularly monitored under different stress scenarios and client contribution and cancellation simulations. Management is regularly updated on our exposure to these products.

Pension & Equity Compensation Risk: We are exposed to market risk from a number of defined benefit pension schemes for past and current employees. The ability of the pension schemes to meet the projected pension payments is maintained through investments and ongoing plan contributions. Market risk can materialize due to a potential decline in the market value of the assets or an increase in the liability of each of the pension plans.

Structural Foreign Exchange: Structural foreign exchange (FX) risk arises from our non-EUR denominated subsidiaries, primarily USD and GBP based. We monitor our structural foreign exchange risks on an ongoing basis and may selectively offset the risk positions with the primary objective to stabilize consolidated capital and internal capital adequacy ratios.

Foreign Exchange: Investments - and related derivatives (in the balance sheet referenced as free standing derivatives) – can be denominated in currencies other than DWS Group's functional currency of EUR. These are translated at the period end closing rate and can give rise to fluctuations (up and down) in the reported value of the investments. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the consolidated statement of income as net gains (losses) on financial assets/liabilities at fair value through profit or loss.

Risk Measurement

Risk is measured by estimating the potential losses from a particular risk type. This is usually done by determining the exposure, the potential change in market value and the covariance with other relevant assets and liabilities. For example, co-investment exposure is measured at cost, reflecting the cash cost of the investment when launched or acquired by us, and at current carry value, the fair value of the investment as reflected in our books and records. The extent to which carry value exceeds cost (or vice versa) is an indication of the relative performance of the investment.

It is often the case that co-investments – into funds in particular - are not fully cash drawn at inception; rather commitments are made which are subsequently drawn over the investment period of the related fund. During this period, the unfunded elements of the commitments are also tracked to ensure the full potential risk to the firm is monitored.

Established capital models, specific to us are used to calculate the capital consumption of the co-investment portfolio.

Risk Mitigation

When necessary, approvals are granted subject to conditions to mitigate the potential risk to the Group and its stakeholders. Such conditions can include limiting concentrations in high risk sectors and/or geographies.

One area where risk position offsetting is routinely used as a direct risk mitigation, is the seed capital portfolio. The risk positions are actively offset within an approved tolerance of 6%.

Risk Reporting and Monitoring

A limit structure for the Group investments is in place which is regularly monitored to ensure the portfolio remains within risk tolerance levels.

The co-investment portfolio is also subject to bi-annual reviews at the underlying fund level to ensure the risk profile is maintained and any emerging risks are escalated where necessary.

Ad hoc monitoring and/or reviews of any aspect of the financial risk portfolio are carried out as and when required. For new co-investments and seed capital requests, for example, there is a clearly defined approval authority matrix dependent on the quantum of risk involved. All requests are reviewed by the Capital Investment Committee (CIC) and escalated to the requisite delegated authority.

Key Drivers and Sensitivities for Market Risk

As noted above, our market risk exposure is driven by the capital at risk deployed by us via, for example, co-investments or seed capital into portfolios, and/or where a financial claim against us is inherent in the product (such as Guaranteed Products).

The table below shows the primary balance sheet entries that are susceptible to market risk. These are illustrative extracts from the balance sheet and therefore the component elements are not intended to sum to the respective sub-totals shown.

Market Risk specific quantitative disclosures

in € m.	Dec 31, 2020	Dec 31, 2019
Assets:		
Financial assets at fair value through profit or loss	2,954	3,419
Trading assets	1,297	1,422
Thereof:		
Seed investments	203	117
Non-trading financial assets mandatory at fair value through profit or loss	1,131	1,452
Thereof:		
Co-investments	389	403
Seed investments	46	62
Investment contract assets mandatory at fair value through profit or loss	526	544
Positive market values from derivative financial instruments (incl. offsetting risk positions for seed)	0	2
Equity method investments (primarily strategic investments)	304	276
Liabilities and equity:		
Financial liabilities at fair value through profit or loss	702	663
Thereof:		
Negative market values from derivative financial instruments (incl. guarantee shortfall)	158	110
Other financial liabilities[1]	2,318	2,689
Thereof:		
Staff related provisions (incl. pension and equity compensation liabilities)	361	410
Accumulated other comprehensive income (loss), net of tax (incl. CTA)	23	327

[1] This position does not include lease liabilities. Prior period had been adjusted respectively.

Seed Capital

Seed is typically deployed in our traditional asset class portfolios which are more liquid than those into which we make co-investments and as such are more exposed to the daily volatility of market prices in addition to the other factors outlined in the co-investment section below.

However, the risk is mitigated via: (i) the typically short tenor (3-12 months), and (ii) the offsetting risk positions used by us to limit the net risk to a defined tracking error threshold. It is this latter factor that obviates the need to produce a sensitivity for this portfolio. These offsetting positions are classified as free standing derivatives and shown in the balance sheet as positive market values from derivative financial instruments.

Co-Investments

The key risk inherent in our co-investment portfolio[8] is the impact of an event on the value of the underlying assets in each portfolio potentially resulting in the need to partially impair or even fully write-off the value of the co-investment in the portfolio itself. Such events can be market related or idiosyncratic. Key events can include:

- **Economic environment:** Material economic downturn impacting the value of the underlying fund investments, particularly in key markets of Real Estate, Infrastructure, Sustainables and Private Equity.
- **Geo-political risk:** Material geo-political events impacting the value of underlying fund investments such as the US-China trade dispute or a political shift in willingness to support or subsidize certain industries (notably in the Sustainables sector).
- **Equity prices:** Impact on underlying investments of a change in equity prices in turn impacting the value of co-investment in the relevant funds (despite latter being unlisted/illiquid).
- **Commodity prices:** Impact on underlying investments of a change in commodity prices in turn impacting the value of co-investment in the relevant funds e.g. impact of oil price drop on oil & gas sector facing funds.
- **Foreign Exchange (FX):** Impact on reported value of co-investments of movements in foreign currencies (notably USD) relative to EUR; direct impact on underlying investments notably in global funds.
- **Interest rates:** Impact of interest rate moves on funds invested in debt instruments and/or providing loans (e.g. Sustainable funds). Wider, indirect impact of rising interest rates on investor appetite for investment in alternative funds. Expected only to have a peripheral impact as the bulk of investor interest is driven by alternative market specifics.
- **Idiosyncratic risk:** financial risk can also occur as a result of properties which are specific to a particular asset or liability and independent of above risk drivers such as leverage, management quality or fraud.

Sharp valuation decreases of co-investments directly impact our profits via reduction of fair value. In addition, fee income is negatively affected as result of lower asset value of the underlying fund. Furthermore, potential issues in current or future capital raising and/or reputational/litigation risk may arise.

Sensitivity

Assumptions: The Real Estate sector represents the single largest contributor to the co-investment portfolio and, accordingly, the sensitivity analysis focuses on this market segment, applying blanket percentage value reductions to the component elements of our real estate fund portfolio. Two levels of market stress have been assumed (20% and 40%) with the latter representing the peak depreciation in value seen in certain real estate markets during the global financial crisis. Using blanket market stresses is considered a highly conservative approach given that different sub-sectors and regions of the real estate market react to different degrees to any given market movement. In addition, it has been assumed that a movement in the value of the underlying assets has a commensurate and immediate impact on the value of our co-investment (again, a conservative assumption given the typical degree of diversification).

The other key assumption relates to leverage within the fund(s). The level of leverage varies by fund and depends on the risk profile of the individual funds. Since the global financial crisis, the leverage levels have reduced as investors are seeking sustainable performance.

Methodology

The funds in which the Group is co-invested are valued at least annually by third party auditors based on fundamental analysis of the underlying assets and their respective performance relative to when they were acquired by the fund. Finance use these external valuations as the basis for their own valuation, adjusting the external figure where necessary to allow for the structure of our investment and information or evidence about potential impairment. For the sensitivity analysis, a percentage stress factor has been applied to the internal valuation, adjusting for fund leverage where necessary, to arrive at an estimated impact on our profits.

Co-investment sensitivity for potential changes in real estate values

Estimated net P&L impact

in € m.	Dec 31, 2020	Dec 31, 2019
Reduction in real estate value:		
20%	(52)	(53)
40%	(104)	(107)
Increase in real estate value:		
20%	52	53
40%	104	107

[8] Includes Strategic Investments where the inherent risks are similar to those identified for co-investments albeit amplified given the importance of the investment to the Group. The largest is an investment in Harvest Fund Management Co., Ltd. in China. See Equity method investments in the table above.

Guaranteed Products

As guaranteed products are invested in a wide range of equity and fixed income securities, market movements have a direct impact on the potential shortfall the Group has to cover.

The respective guarantee shortfall is monitored regularly, reflected as "Negative market values from derivative financial instruments". A provision is booked, aligned to the long dated maturity of the underlying guarantees.

The guarantee shortfall is particularly sensitive to movements in the long-dated interest rate curves and can also fluctuate due to changes in:

- **Market development:** In addition to changes in long-dated interest rates, the shortfall is also impacted by changes in equity prices, volatility and other market factors impacting the Net Asset Value (e.g. performance of underlying assets and funds);
- **Changes in client behaviour,** e.g. decreases in cancellation rates increase the shortfall as do client contributions if made in a low interest rate environment;
- **Model assumptions:** The shortfall calculation can be influenced by changes in model assumptions and the timing of the market data snapshot used.

Sensitivity

Assumptions: For the sensitivity illustrated in the table below, the key driver to which stresses are applied is the long term interest rate (25 Year Euro Swap Rate) which is the most significant of the various factors that can influence the guarantee shortfall (outlined above).

All other factors influencing the shortfall are assumed to remain static.

Methodology

The shortfall is calculated through a Monte-Carlo based simulation using stochastic interest rates and equities for a CPPI strategy. The CPPI mechanism rebalances the asset allocation individually for each client account. The model allows simulation of future contributions, cancellation rates and management/distribution/account fees. The current implementation calculates risk based on a representative sample of accounts and scales sample risk to the population size.

Guarantee shortfall sensitivity for potential changes in long term interest rate

Estimated net P&L impact

in € m.	Dec 31, 2020	Dec 31, 2019
Reduction in long term interest rate:		
50 bp	(20)	(14)
100 bp	(46)	(34)
200 bp	0	0
Increase in long term interest rate:		
50 bp	15	10
100 bp	27	18
200 bp	0	0

The sensitivity of the guarantee shortfall to long term interest rates is not linear, with reductions in the long term interest rate having a far greater impact on the underlying value of the funds subject to the guarantee than increases of a similar magnitude. The resulting shortfall is shown in the balance sheet as a derivative, included in negative market values from derivative financial instruments. Changes in the estimated P&L impact between December 31, 2020 and December 31, 2019, primarily resulted from changes in interest rates.

We monitor and mitigate interest rate risk in accordance with our risk management process where appropriate. The range of instruments considered include long-dated bonds, long-dated interest rate swaps or swaptions. The Group will enter into appropriate bond exposures or swap agreements as and when necessary to retain a balanced risk position in line with our risk appetite and strategic goals.

Pension & Equity Compensation Risk

The key driver of Pension Risk is the potential for market movements to reduce the value of the investments held by the portfolio and/or increase the value of the associated liabilities. Key risk factors include interest rates, inflation, credit spreads and equity values. The overall risk increases with reduction in plan contributions as plans mature (no new entrants), increased or offset by changes in the longevity profile of the pensioner population.

Equity compensation is directly linked to the DWS share price and performance and so is a right way risk since liabilities will primarily only increase if the share price and relevant performance improves.

More details on the risks inherent in staff benefits is provided in note 23 'Employee Benefits' which includes a detailed sensitivity analysis.

Structural Foreign Exchange Risk

Structural FX risk is driven by movements in the functional currencies of our non-EUR subsidiaries relative to our reporting currency of EUR. The primary currencies to which Structural FX Risk is sensitive are USD and GBP, weakening of either relative to the EUR results in higher structural FX risk and associated capital requirements.

Sensitivity

Assumptions: The analysis assumes a range of percentage changes to the USD/EUR rate and the GBP/EUR rate and shows the respective impact on our balance sheet.

Methodology

A simple calculation whereby a 10% and 20% change (up and down) in the USD/EUR and GBP/EUR exchange rate is applied to the aggregate balance sheet exposure in the respective currency.

Structural FX risk sensitivity for potential specific FX moves

Estimated Balance Sheet impact

in € m.	Dec 31, 2020	Dec 31, 2019
USD weakens relative to EUR by:		
10%	(271)	(288)
20%	(497)	(528)
GBP weakens relative to EUR by:		
10%	(40)	(40)
20%	(74)	(73)
USD strengthens relative to EUR by:		
10%	331	352
20%	746	792
GBP strengthens relative to EUR by:		
10%	49	49
20%	111	109

The changes in the foreign exchange rates of the underlying functional currencies, resulting in the impacts illustrated in the table above, are shown in the Group's balance sheet as a revaluation of capital and retained earnings, recognized in other comprehensive income and booked as currency translation adjustments (CTA).

Credit Risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which we refer to collectively as "counterparties") exist.

As an asset manager, we do not undertake business activities that result in material credit risk. For the Group, credit risk exposure relates primarily to cash and cash equivalent positions that are placed with third party banking and financial institutions, typically overnight but also, in certain circumstances, for longer periods. The counterparties are monitored via market parameters, the usage of independent credit rating agencies and proprietary analysis. The related credit risk to the third party institutions is aggregated and managed through the definition of appropriate limits.

For new cash exposures there is a clearly defined approval authority matrix dependent on the quantum of risk involved.

To further diversify counterparty risk in our corporate liquidity management, other options have been utilized, including investing in US Government securities and Money Market Funds (MMF). Additionally, through the purchase of German sub-sovereign bonds the credit risk has been further diversified. Due to the ultra-long maturity of these instruments, they simultaneously serve as a proxy hedge to the interest rate risk of our Guaranteed Products. All diversification items contribute to our market risk positions.

Key Drivers for Credit Risk

The key driver of our credit risk is the credit quality of third party institutions in which overnight deposits and, potentially, term deposits (up to one year) are placed.

Overnight/ Term Deposits by Rating of Institution

in € m.	Dec 31, 2020	Dec 31, 2019
S&P A1	731	618
S&P A2	1,256	1,157
Other	202	311

Overnight/ Term Deposits and Concentration

in € m.	Dec 31, 2020	Dec 31, 2019
Cash and bank balances	2,189	2,086
Max concentration (%) - limit 35%[1]	19%	24%

[1] Liquidity concentration calculation includes € 867 million (2019: € 961 million) of liquidity held in US and European Government Bonds and Money Market Funds

Expected Credit Loss Model

The Group applied the IFRS 9 “Financial Instruments” requirement to recognize a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost and off-balance sheet commitments.

IFRS 9 introduces a three stage approach to impairment for financial assets:

- Stage 1: The Group recognizes a credit loss allowance at an amount equal to twelve month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within twelve months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Group recognizes a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. The assessment of significant increase in credit risk is based on measuring changes in counterparty probability of default (PD) or if contractual payments are 30 days past due. This requires the computation of expected credit losses (ECL) based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the financial asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to twelve months in Stage 1.

- Stage 3: The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100%, via the recoverable cash flows for the asset, for those financial assets that are credit-impaired. The Group’s definition of default is aligned with the regulatory definition. The treatment of loans in stage 3 remains substantially the same as the treatment of impaired loans under IAS 39 except for homogeneous portfolios.

The calculation of ECL considers amongst others internal and external credit rating of the counterparts, loan loss provision taken prior to implementation of IFRS 9 and transactions past due.

As of December 31, 2020 the financial assets at amortized cost include cash and bank balances in the amount of € 2,189 million with pre-tax ECL stage 1 of € 0,1 million (December 31, 2019: € 2,086 million with pre-tax ECL stage 1 of € 0.1 million), other financial assets at amortized cost of € 827 million with pre-tax ECL stage 1 of € 0,6 million and pre-tax ECL stage 2 of € 0,6 million (December 31, 2019: € 1,331 million with pre-tax ECL stage 1 of € 0.7 million and pre-tax ECL stage 2 of € 0.6 million) as well as loans at amortized cost of € 4 million with pre-tax ECL stage 1 of € 0 million (December 31, 2019: € 3 million with pre-tax ECL stage 1 of € 0 million). For the off-balance sheet commitments of € 128 million pre-tax ECL stage 1 of € 0.3 million (December 31, 2019: € 119 million reflect pre-tax ECL stage 1 of € 1.1 million) is reflected.

Strategic Risk

Strategic Risk is the risk of an operating income shortfall due to lower than expected performance in revenues not compensated by a reduction in costs. Strategic Risk may arise from a decline in our assets under management driven by changes in asset values, from our ability to attract and retain assets under management and maintain competitive investment performance or from changes to the competitive landscape or regulatory framework. Strategic Risk could also arise due to a failure to execute strategy and/or failure to effectively take actions to address underperformance.

The Strategic and Capital plan is approved annually by the Executive Board. During the year, execution of business strategy is regularly monitored to assess the performance against strategic objectives and to seek to ensure we remain on track to achieve targets.

Liquidity Risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of the Group's liquidity risk management framework is to ensure that it can fulfil its payment obligations at all times and can manage liquidity and funding risks within the agreed risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet as well as expected future cash flows.

Capital and Liquidity Management is mandated to manage the overall liquidity and funding position of the Group as well as the liquidity risk profile. Risk oversees the application of the liquidity risk framework and adherence to the risk appetite as approved by the Executive Board.

The Group proactively manages liquidity risks by:

- Maintaining a liquid balance sheet with a prudent cash buffer and limited leverage
- Assessing and monitoring liquidity and liquidity risks on a monthly basis and presenting the results to the RCC
- Stress testing of liquidity by applying a combined, market and idiosyncratic stress event in which the Group needs to remain solvent over a prolonged period of stress (up to eight weeks)
- Performing a rolling 12-month cash flow forecast, which is also stressed as part of the monthly stress testing
- Maintaining a funding plan to assess upcoming funding demands and sources
- Maintaining contingency funding procedures to enable swift and coordinated action and decision making in a liquidity crisis event

The Group uses stress testing and scenario analysis to evaluate the impact of sudden and severe stress events on our corporate liquidity position. It models the behaviour of our cash and cash-like investments position including on- and off-balance sheet in- and outflows and results in available liquidity after stress.

In line with the defined liquidity risk appetite, we aim to maintain a global level of available liquidity of € 600 million at all times. At December 31, 2020, available liquidity both within the stressed 8-week horizon and after a stressed 12-month period were significantly above the threshold.

Liquidity risk is an area of lesser concern for the Group due to the cash generating nature of our business and the conservative funding profile of our balance sheet. We principally fund the business through equity and cash generated from operations. We may, however, raise debt funding to address specific funding demands that may arise as part of growing the business.

As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with risk appetite. This includes maintaining a funding plan to specifically assess upcoming funding demands and sources to accommodate projected seed and co- investments within the respective limits.

To diversify our funding and access to liquidity, we have put in place a multicurrency revolving credit facility (RCF) in the amount of € 500 million for general corporate purposes under which there were no drawings as of December 31, 2020.

The following tables present an analysis of our contractual undiscounted cash flows of liabilities based upon earliest legally exercisable maturity as of December 31, 2020. The positions are largely stable compared to December 31, 2019.

Maturity analysis of the earliest contractual undiscounted cash flow of financial liabilities

						Dec 31, 2020
in € m.	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Trading liabilities	18	0	0	0	0	18
Negative market values from derivatives financial instruments	158	0	0	0	0	158
Investment contract liabilities	0	0	526	0	0	526
Other short-term borrowings	1	0	0	0	0	1
Long-term debt	0	0	1	0	0	1
Lease liabilities	1	4	14	62	72	153
Other financial liabilities	2,314	0	1	0	0	2,316
Off-balance sheet commitments	128	0	0	0	0	128
Total	**2,620**	**4**	**542**	**62**	**72**	**3,300**

						Dec 31, 2019
in € m.	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Trading liabilities	9	0	0	0	0	9
Negative market values from derivatives financial instruments	110	0	0	0	0	110
Investment contract liabilities	0	0	544	0	0	544
Other short-term borrowings	3	0	0	0	0	3
Long-term debt	0	0	0	0	0	0
Lease liabilities	0	4	16	64	80	164
Other financial liabilities	2,505	0	3	0	0	2,508
Off-balance sheet commitments	110	0	9	0	0	119
Total	**2,736**	**4**	**573**	**64**	**80**	**3,457**

Of the € 3,300 million liabilities as of December 31, 2020 (December 31, 2019 € 3,457 million), € 1,970 million comprise consolidated funds and brokerage and securities related payables (December 31, 2019 € 2,166 million). This amount is comprised of € 526 million investment contract liabilities (December 31, 2019 € 544 million) and € 1,444 million of other financial liabilities (December 31, 2019 € 1,622 million), which are linked to offsetting assets or receivables with identical maturity. The remainder of € 1,330 million (December 31, 2019 € 1,291 million) covers payables resulting from operational business activities and a provision for guaranteed funds shortfall. These positions are monitored and accounted for in our liquidity risk framework. The above table focuses on the maturity of liabilities. Receivables from operating business activity are not reflected.

Risk Diversification and Concentration

Risk Concentrations

Risk concentrations refer to clusters of the same or similar risk drivers within specific risk types (intra-risk concentrations in operational, credit, market, liquidity and other risks). They could occur within and across counterparties, businesses, regions/countries, industries and products. The management of concentrations is integrated as part of the management of individual risk types (e.g. operational, credit, market, liquidity risk management) and monitored on an ongoing basis, with the key objective to avoid any risk concentrations. This is supported by limit setting on different levels and/or management according to risk type.

Risk Type Diversification Benefit

The risk type diversification benefit quantifies diversification effects between operational, credit, market and strategic risk in the capital adequacy assessments. To the extent correlations between these risk types fall below 1.0, a risk type diversification benefit results. The calculation of the risk type diversification benefit is intended to ensure that the standalone capital for the individual risk types are aggregated in an economically meaningful way.

Fiduciary Investment Risk

While non-financial, market, credit, strategic and liquidity risk management are focusing on risk management for the firm, the scope of fiduciary investment risk is the management of investment portfolios in accordance with our fiduciary and regulatory obligation.

The investment funds risk framework, which covers regulatory, client specific and internal requirements is embedded in the firms control framework.

Fiduciary Investment Risk in Traditional Asset Classes

Market Risk Management

The market risk management process identifies, measures, monitors and reports the market risks of the investment portfolios. Both the specific risks on position level and the overall risk of the portfolio are considered – aiming at protecting investor assets and interests.

Risk Identification and Measurement: The risk identification process is performed on a quantitative and on a qualitative basis. The most relevant quantitative metrics are based on movements in credit spreads, equity prices, implied volatilities, commodity prices, foreign exchange rate, interest rates and inflation rates.

Risk Monitoring and Escalation: The Group monitors market risks on a global basis with dedicated escalation procedures. Appropriate thresholds are defined and consumption of the capacity within the limits is reported to portfolio management. Indications for a high probability of a limit breach trigger immediate escalation and mitigation actions.

Liquidity Risk Management

Liquidity risk is defined as the risk arising from potential inability to meet investor redemptions or at significant cost to redeeming and remaining investors. The liquidity risk management framework includes processes to identify, measure, monitor, assess, manage and report liquidity risk over the complete life-cycle of a portfolio. Processes are executed by multiple Front-Office and control functions (Investment Guidelines, Risk, Legal, and Compliance) and governed by policies, procedures, and oversight bodies (committees and regional/global management boards).

Identification and Assessment: The investment portfolio liquidity risk management identification and assessment process considers a wide array of liquidity risk factors. Among them are the portfolio's strategy, the portfolio's asset liquidity, and different liquidity demand scenarios such as investor redemptions and margin/collateral calls. Each portfolio's liquidity risk is measured across multiple dimensions, such as the time to liquidate portfolio holdings, the cost attributed to such liquidation, and the effect the liquidation would have on portfolio's future liquidity composition.

The portfolio's asset liquidity is measured by taking into account asset and market specific factors such as securities' listing status, trading platform, and settlement period, as well as ongoing trading observables, e.g. quotes and observable trades. Liquidity demand scenarios are estimated applying a historical Redemption-at-Risk approach if applicable or elsewise default scenarios. In addition, liquidity stress tests are run to simulate the impact of stress conditions, e.g. market depth decline, increasing liquidation cost and/or atypical redemption requests on portfolio's liquidity risk.

Metrics are calculated and refreshed - where applicable – with updated trading and market data at least weekly through the enterprise wide system, Aladdin. The system is supplemented by additional Group trading and valuation control data. The metrics are available to control as well as front-office functions via reports and direct system access.

For efficient communication, a liquidity score is assigned to each portfolio based on a liquidity metrics weighted aggregation scheme which is supplemented by a qualitative assessment performed by risk managers. In addition, each portfolio's liquidity risk relative to investment strategy and redemption obligations is reviewed through a formal annual risk review process.

Monitoring and Mitigation: Risk performs monitoring for limit utilization on liquidity metrics on a weekly/monthly basis. The limit structure consists of regulatory/internal limits and warning thresholds. Escalation chains and contingency planning are clearly defined within the liquidity governance framework. Limit breaches of weekly monitored statistics are escalated at once while the others are discussed with portfolio management as part of the monthly portfolio risk and performance review process.

DWS has adjusted selected aspects and components of its liquidity risk identification, assessment, monitoring and mitigation processes in response to the COVID-19 related market turmoil. Changes to model methodologies and model parameters were performed to account for the stress market conditions between February and March 2020. Swing pricing was applied for selected funds to manage liquidity risk during these stress market conditions. Furthermore, liquidity risk monitoring was intensified during the first half of 2020. The scope of liquidity management tools available to funds as per regulation was increased throughout the year.

Fiduciary Investment Risk in Alternative Asset Classes

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. In these cases, regular valuations take place reflecting the illiquidity of alternative assets. Measurement and control processes are undertaken on a monthly or quarterly basis rather than daily.

Investment Risk Management

The methodology for the alternative risk management requires the involvement of our expertise in the asset acquisition/divestment process, credit analysis where appropriate, regular stress testing and calculation and monitoring of leverage, where applicable.

We have defined an appropriate catalogue of criteria which are observed in order to measure risk. This catalogue differs among the different sub-asset classes in Alternatives, e.g. real estate, infrastructure debt, private equity, fund of funds and collateralized loan obligations (CLOs). Warning thresholds are established and consumption reported regularly to management.

Identification of Risk in Alternatives

The risk management function is responsible for identifying the material risks of the portfolios, which is defined as the risk of decreasing market values of the positions in the portfolios. This risk is considered material, in case it leads to a significant loss for the investor with a sufficient probability. Due to changing market conditions and volatilities as well as trading activities, the market risk for a given portfolio changes over time. The relevant risks to be taken into account, as well as traditional market risks and these specific to assets in the Alternatives range, are:

- Interest rate risk
- FX risk
- Volatility risk
- Commodity risk
- Inflation risk
- Real estate risk
- Credit risk

Internal warning thresholds are implemented for the relevant criteria at level of the individual asset (or contract) and at level of the entire portfolio. Levels close to the warning threshold of the portfolio are being regularly discussed and flagged to the respective Alternatives investment committees or boards of the management companies, whereas individual assets are being monitored separately. The monitoring of individual assets may be triggered by reaching internal warning thresholds or by violation of contractually defined limits. If such case occurs, an asset is included in a watch list jointly overseen by portfolio management and risk management, which triggers regular monitoring, and decision on mitigating action with regard to the items on the watch list. If investments further deteriorate, specialists for work-out or other stress scenarios will be involved.

Liquidity Risk Management

Liquidity risk is the risk arising from potential inability to meet investor redemptions or other liquidity demands within a requested time period (liquidation period). Liquidity risk arises due to expected or unexpected investor redemption or other liabilities for payment such as settlements of foreign exchange forward transactions or margin calls which have to be met by the current cash positions or by selling assets to generate cash. Hence the liquidity risk management framework considers both, the specific liquidation risk of the individual investments and the overall risk of the portfolio to generate liquidity. Within the product range of Alternatives, open ended funds and closed end funds require a different kind of liquidity risk management.

Identification and Assessment: Measurement of the liquidity risk compares possible liquidity needs with asset liquidity and is summarized in a liquidity profile, which aggregates available liquidity by time buckets, taking into account the time it takes to liquidate assets. In addition, Risk defines further internal limits where appropriate.

Mitigation and Monitoring: Liquidity risk primarily affects open end funds and is addressed by respective provisions within the funds. We monitor frequently the liquidity limit utilization. Appropriate thresholds are defined and consumption of the capacity within limits is reported to the relevant levels of management. Indications for high probability of a limit breach trigger immediate escalation and mitigation actions.

Counterparty Risk

Counterparty Risk relates to the potential losses arising when a counterparty cannot (or does not) fulfil its obligation in a transaction. In the context of the Group, counterparties are typically 3rd party with direct market access (broker) or derivative counterparties.

Counterparty risks are identified via market signals (e.g. credit spreads, swap rates, ratings, investment grade rating) as well as by the regular review of counterparty limits for approved counterparties. Each counterparty must be rated and each rating has to be reviewed regularly. Monitoring and escalation of limit excesses ensures appropriate oversight. Additionally, International Swaps and Derivatives Association (ISDA) or ISDA like agreements typically include counterparty downgrade triggers, requiring collateralisation or termination, to protect our clients.

Sustainability Risk

Over the recent years we have 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 Guidance Notice published in December 2019) have been given special focus.

The German regulator BaFin published a non-binding guidance notice on dealing with sustainability risk in December 2019 in which BaFin lays out supervisory expectations on the integration of sustainability risk in the identification, assessment, monitoring and management of all (material) risks. As part of the ESG Regulatory Governance Programme (please refer to ‘Compliance and Control - ESG Regulatory Compliance’), a thorough analysis of the guidelines was carried out in order to understand the implications for DWS and to build a strong basis for the development of business requirements. During an impact assessment involving various business functions and project workstreams, specific ambitions for the implementation with regard to each requirement were defined. The integration of the identified implications of the BaFin Guidance Notice has been ongoing in 2020 and will be further continued across 2021 as part of the ESG Regulatory Governance Programme.

Sustainability Risks and Sustainability Factors

Sustainability risk means an environmental, social, or governance event or condition that could potentially or actually cause a negative material impact on an investment’s value. These events or conditions are split into "Environment, Social, and Governance" (ESG), and can either be of a macroeconomic nature or directly related to the activities of DWS or an investee company contained in a portfolio managed by us.

Sustainability events or conditions relate, among other things, to the following topics:

- “Environmental” factors can for example be reduction of carbon footprint, avoidance of waste, and sustainable land use.
- Relevant “Social” factors are amongst others compliance with recognized labour law standards, diversity, and guarantee of adequate product safety.
- “Governance” factors include tax honesty, anti-corruption measures, and data protection.

As part of “Environmental” issues, we consider especially the following macroeconomic sustainability events and conditions related to climate change:

- Physical climate factors, including extreme weather events such as heat waves, floods and forest fires as well as long-term climate change leading for example to rising sea levels, unstable weather conditions and ocean acidification.
- Climate transition factors, for example policy measures, technological change and changes in customer preferences associated with the transition to a low-carbon economy.

From our 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 risks managed (see also the previous sections for further details):

- 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 us might be exposed to.

The following risks are considered material given our business model:

Investment market risk: Several shares of companies contained within the portfolio of a fund managed by us 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 us 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 we could face linked to this situation might expose us to a strategic sustainability risk.

Reputational risk: The products manufactured by us 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 us.

We consider all of the above sustainability risks to be relevant for integration into our risk management and control framework. We therefore continue to integrate processes addressing these risk types into our current existing risk measurement and management frameworks enabling us to consider issues such as climate change within our corporate and portfolio risks assessments.

In 2020, we developed a dedicated DWS sustainability risk definition tailored to our business model and the risks related to our business activities. This process also included a scenario-based determination of groups of risks being materially affected by sustainability factors. The DWS sustainability risk definition and its integration in the risk taxonomy, relevant sustainability factors, and the risk and control governance structure to manage sustainability risks are defined and documented in our newly established Sustainability Risk Policy.

Additionally, a dedicated implementation program to integrate sustainability risks and sustainability factors into the set of risk types identified as material started in 2020 and will be continued in 2021.

Integration of Sustainability Risk in Corporate Risk Management

Sustainability risks, or more precisely sustainability factors, have already been part of the reputational risk assessment processes where in particular social, environmental, governance as well as sectorial factors have been considered within the overall risk assessment of new products manufactured by us.

During the analysis of impacted risk types that formed the basis for our sustainability risk definition, several further corporate 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, non-financial risks, strategic risks, and market and counterparty risks have been identified to be impacted.

In 2020, a sustainability risk impact assessment across a wide range of risk types has been performed, which determined the relevance of sustainability factors for individual risk types. Following this analysis, changes to the related control processes and governance have started to be initiated and will be continued to be implemented over the course of 2021. The Reputational Risk Management standards and processes have been developed further to reflect the increased attention to and relevance of sustainability factors and sustainability risks. Additionally, we developed a concept for the assessment of strategic risk related to sustainability factors, which may include amongst others the changing customer preferences towards more sustainable products.

In 2021, the impact assessment on the range of risk types will be extended and identified changes will be implemented. A strategic risk scenario analysis will be conducted and the development of processes to identify and manage reputational risks and operational risks impacted by sustainability factors will be continued.

Finally, in line with the suggestions given in the BaFin Guidance Notice on the integration of sustainability risks, the risk governance processes including the risk inventory, the risk strategy as well as the risk appetite statement will be amended to reflect the continuously developing business strategy as well as the evolving impact of sustainability risks on the organization.

Integration of Sustainability Risk in Investment Risk Management

Sustainability risk and sustainability factors have been identified to potentially have significant impacts on the risk profiles of the portfolios, for both liquid traditional as well as illiquid alternative asset classes.

The variety of sustainability factors potentially having an impact on the individual values of assets or investments contained in a managed portfolio, led to the conclusion that a comprehensive measurement and management of sustainability risks requires a diverse set of risk indicators and measures.

For this purpose, several ratings established on issuer level, including the climate transition risk rating as well as a rating linked to the norm controversies (please refer to 'Responsibility around our fiduciary value chain - Responsible Investing and ESG Products') will be used to assess the overall sustainability risk profile of a fund. In 2020, a methodology to determine the portfolio sustainability risk profile for liquid investment portfolios was developed based on a set of meaningful and relevant ESG signals. These ESG signals forming the basis for the portfolio risk profiles include amongst others:

- Norm controversy 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 ESG ratings that seek to identify leaders and laggards with regards to ESG issues within a peer group.
- Climate risks and opportunities ratings including carbon price risk ratings.

Considering the composition of positions held within a portfolio, these ESG signals are aggregated on portfolio level according to a methodology developed in 2020 to obtain dedicated sustainability indicators covering the diverse aspects of sustainability risk. In 2021, a dedicated product level governance will be rolled out for a wide range of portfolios managed by us to establish an independent risk steering of sustainability risk on a portfolio level. With the continuous development of ESG signals for the illiquid alternative asset classes, the concept will also be rolled out in 2021 to real estate funds and other illiquid asset classes.

Besides these rating based indicators, stress scenarios and stress tests can be used to assess the exposure and the sensitivity of a portfolio towards individual sustainability risks and sustainability factors. The underlying assumptions might be influenced by combinations of macroeconomic (such as climate transition or physical climate factors) as well as company-specific indicators (such as UN Norm compliance). Such stress tests can be integrated in the stress testing frameworks already established by our Investment Risk function. 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 in 2021.

Business Continuity and Crisis Management

Business Continuity Management (BCM) Program

We are committed to protecting our staff and ensuring the continuity of critical group businesses and functions in order to protect our franchise, mitigate risks, safeguard client services and sustain both stable financial markets and customer confidence. We have developed, implemented and continue to test and maintain our global BCM program to ensure it attains these objectives.

The BCM program outlines core procedures for the relocation or the recovery of operations in response to varying levels of disruption. A number of scenarios are considered including: staff unavailability, complete loss of a single production site, loss of vendor services and loss of application software. These procedures provide information for responsible personnel to evaluate the business disruption and initiate appropriate action, including:

- safeguard employees' and our property,
- communicate with our employees, regulators, and clients,
- provide our client with access to their funds and securities, and
- protect our books and records and recover/resume normal operations.

Each of our core businesses functions and infrastructure groups construct and maintain their business continuity plans (BCPs) to ensure a continuous, reliable service. BCPs are based on predefined strategies, roles and responsibilities. BCPs are designed to ensure provision of critical business processes and IT systems within predefined recovery time frames. BCPs are reviewed, updated and tested annually or when changes occur.

In support of our BCM program, we maintain technical disaster recovery plans to protect and recover applications, information assets and technical infrastructure in the event of a facility failure or technology outage.

Roles & Responsibilities

The BCM program has defined roles and responsibilities, which are documented in our corporate standards. This fosters a companywide approach to the provision of resiliency throughout the Group and results in a group wide fit-for-purpose business continuity capability. The BCM program is staffed and managed within each region by specialists who co-ordinate preparedness efforts with BCM-trained staff embedded in each business and infrastructure area. The regional business continuity teams provide expertise and guidance to all business functions in developing, implementing, testing and maintaining effective BCPs and recovery processes. Similarly, technical disaster recovery standards are implemented regionally by our technology department.

The Executive Board retains overall responsibility for policy setting, supervision and effective implementation of the business continuity policy and has delegated responsibility for business process disruption risk to the Chief Operating Officer (COO). The compliance with corporate standards is monitored regionally by a regional business continuity council, reporting on a quarterly basis to the global business continuity council. Regular reports - at least once a year - are submitted to senior management.

Crisis Management & Implementation

Our COO ensures a clearly defined, documented and tested crisis management process for assessing, escalating and managing any business disruption that may affect our ability to continue its critical business operations. This includes a crisis contact and escalation process, which is tested on a regular basis. In addition, BCPs are designed to be implemented in response to varying levels of business disruptions. The nature of the business disruption will affect whether all or only parts of our plans are executed.

Business Continuity Recovery Solutions

We have a broad recovery program in place to deal with the impact of incident or crisis. A number of customized recovery solutions have been designed to facilitate the quickest possible resumption of work for the critical businesses and support functions. Examples of these are:

Alternate Sites

We are using self-managed, dedicated standby facilities. These recovery sites provide dedicated recovery seats and infrastructure to provide for the needs of the business. Additionally, we retain recovery sites contractually through service providers who concentrate on business resiliency. All recovery sites are physically separated from normal business locations to prevent both sites being affected by the same incident.

Work-from-home (Remote Access)

Where permitted, employees can work remotely from home over a secure line and redirect their phone to either a landline or mobile phone.

Reciprocal Agreements

Some businesses have partnership agreements with other business units regarding the allocation of a required number of recovery seats or the ability to transfer work. The receiving business unit provides the necessary infrastructure, hardware facilities or staff. Both normal business locations are geographically separated from each other to prevent both sites being affected by the same incident.

IT Disaster Recovery (DR)

IT Disaster Recovery planning takes into consideration possible disruption scenarios such as a loss of data center or the failure of specific IT assets and/or applications supporting critical business operations. In order to address these scenarios, confidential DR plans are in place to manage the recovery and continuation of operations from DR environments located at geographically separate sites. All DR plans are validated periodically and include the assessment of recovery time and recovery point objectives as well as technical and business validation to ensure that the DR environments operate at the required level.

Displacement Strategy

Certain business processes can be switched from one location to another and in the longer term, key staff can move to another location unaffected by the incident.

Service Providers

Service providers are contractually obliged to have business continuity capabilities in place to ensure continuity of services provided to us if the ordinary operation of the service provider is disrupted and to modify their work stream in order to adapt with our business continuity organization. A vendor risk management process is in place to ensure compliance.

Pandemic Planning

We maintain a risk-based approach to pandemic planning, using as a guide the World Health Organization (WHO) definitions of pandemic phases.

COVID-19

When COVID-19 first arrived, we were able to immediately start implementing the pandemic plan at all offices and during 2020 we actively managed the possible impact for the company and closely monitored the development of the situation in all regions to protect our staff and clients. We continue to communicate frequently with our employees with updates on the rapidly developing COVID-19 situation, including with precautionary health and hygiene reminders.

We encourage our staff to take preventive actions to help limit the spread of respiratory viruses. This includes in particular heightened hygiene measures following the recommendation of the World Health Organization (WHO).

In addition, we restrict travel to absolutely critical business travel only. These business trips have to be exceptionally pre-approved by our senior management prior to booking. Travel restrictions are under constant review and are updated as necessary. Audio and video conference meetings are encouraged where possible. Employees who return from affected areas, or who have household members that return from such areas, are asked to self-quarantine immediately after their return for a period of 14 days.

The proactive precautions we continue to take have no impact on our operations and all client service continue unaffected. All areas of our business remain fully operational and, as described above, we were and are fully prepared and equipped to address any adverse impact that COVID-19 may have on the delivery of services. We will continue with our split-team approach globally, with teams rotating between separated business locations (both normal and dedicated standby offices) or home. We were and are also capable of ensuring work-from-home for all our employees at the same time, if necessary – including portfolio management. We will maintain our risk-based approach using the recommendations of the WHO and the national health ministries, to preserve the health of our employees and to ensure all areas of our business remain fully operational.

Customer and Client Access to Funds and Securities

If the usual access to funds, securities and/or investment accounts are impacted by a significant business disruption, we will advise our customer and clients of the appropriate DWS contacts through expedient means at www.dws.com.

Audit

Our BCM Program is subject to regular reviews by internal and external audit, and regulatory authorities.

Regulatory Obligations

In the case of conflict between the Business Continuity Policies and Standards or the Technical Disaster Recovery Standards and local regulatory obligations, the stricter obligation is adhered to.

Compliance and Control

[Compliance and Control in DWS Group]

As a global fiduciary business, an effective compliance culture enables DWS to perform its duties towards clients in safeguarding client assets. This includes risk management processes such as risk identification, risk management and evaluation, risk monitoring and mitigation as well as accountability, and a clear responsibilities across all three lines of defence but also a culture of ethics, setting out standards of behaviour which we expect our employees to adhere to. Our Code of Conduct is at the heart of everything we do. It is designed to ensure that we conduct ourselves ethically – with integrity, and in accordance with DWS´s and Deutsche Bank's policies and procedures as well as the laws and regulations that apply to us across the world. Underpinning all of this is a simple but basic principle that we should do what is right and proper – it is not enough to just go by what is allowed.

In addition to integrity standards, our risk management framework shows the importance of an effective Compliance organisation in order to safeguard our regulatory, reputational and operational business interests. Compliance is embedded in this Risk Management Framework. In this context, it has the task to monitor and assess DWS's risk profile with regard to the agreed risk appetites as well as the effectiveness of Level 1 controls that ensure risk mitigation. Although we have adopted a risk management process and regularly review our various 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 reputational risk.

With the transformation of the former Chief Control Organisation and integration into respective DWS divisions, the DWS Compliance organisation was integrated into the Chief Operating Office. The COO is responsible for Operations, the Divisional Control Office, the Chief Administrative Office, the Platform Transformation Team AFC & Compliance and Legal as well as responsibility for the US region.

[Business Ethics]

[GRI 102-17]

We apply a Code of Conduct that sets out the standards of behaviour to which we expect all of our employees to adhere to. The underlying basis adopted 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 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, the 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. With regards to conduct risk management, our employees are at the heart of what we do working in partnership, building trust and acting with integrity. With regards to reputational risk, 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, impacts 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' within this report.

In 2019, we set out a Culture and Conduct Programme that has continued into 2020. The Culture and Conduct Programme in 2020 included 7 initiatives designed to drive the DWS corporate culture. In total these 7 initiatives constitute the DWS Culture Plan. These initiatives are designed to focus on DWS employees since the more 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 2020, 5 initiatives from the Culture Plan were fully implemented, 2 initiatives will continue into 2021.

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 Group, and our employees. Every part of DWS Group is required to implement a dedicated framework for conflicts of interest in line with the Conflicts of Interest Policy –

DWS Group, to identify actual and potential conflicts and manage them fairly and appropriately for all involved parties. 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 and annually reports to the Executive Board on conflicts of interest.

In 2020, we further strengthened the governance procedures around conflicts of interest within the Conflicts of Interest Council. Procedures around conflicts of interest were tested through a dedicated Compliance review in 2019 with no significant findings according to our internal audit rating methodology.

Anti-Competitive Behaviour

[GRI 206-1]

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

To our knowledge, there have been no pending or completed legal actions against DWS Group 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 2020, efforts around further strengthening our anti-trust framework continued by, among others the continuation of the anti-trust workshops with DB Group Compliance.

Marketing and Labelling

Our reputation is founded on trust from our clients, shareholders, regulators, employees 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 very important that it is protected.

Our governance structure including 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 not only adhere to these requirements but also use professional judgment to present product and marketing content with honesty and transparency.

As part of the marketing review process it is required that all marketing and product materials as well as further documents are reviewed and approved by Compliance or respective business gatekeepers to ensure that all requirements are being followed. The records of all approved materials are either retained by Compliance, 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 our 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 DB Group´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.

[Anti-Financial Crime – Preventing Fraud, Bribery and Corruption]

[GRI 102-25; 205-2]

We are convinced that the fight against financial crime is vital to ensure the stability and integrity of the international financial system. Failure to identify and manage risks relating to financial crime exposes DWS and its staff to potential corporate criminal and/or regulatory liability, civil lawsuits, financial losses and a loss of reputation. The Executive Board is ultimately responsible for the management and mitigation of financial crime risks within the Group. It has delegated tasks relating to those obligations to the Anti-Financial Crime (AFC) and Compliance function. This global function maintains a close alignment with the AFC and Compliance function of DB Group.

The goal of the AFC function is to prevent DWS and our clients from being misused, or from engaging in the commission of certain criminal offences, referred to as financial crime. AFC is a second line of defence control function, managing and mitigating the financial crime risks assigned to it in the Non-Financial Risk Management taxonomy. These relate to the prevention of money laundering, countering terrorism financing, and the prevention of other criminal activities (e.g. fraud, bribery and corruption) as well as to observing sanctions and embargoes. AFC develops and implements, or oversees the development by other areas, policies, procedures and processes, which form the control framework for those risks. AFC not only has oversight in respect of the broader control framework as it relates to countering other criminal activities, including controls for which other functions are accountable, but also performs second line of defence controls to detect and prevent financial crimes we are exposed to as well as to identify potential governance and control gaps. Furthermore, AFC provides specific training to our employees and to business development consultants engaged to ensure sufficient knowledge and awareness to support to achieve the AFC function's goal across the whole Group.

Every employee is responsible for the prevention, detection, and reporting of internal and external fraud as well as of bribery and other forms of corruption in connection with the firm's business. We require 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 culture is essential to maintaining a positive compliance culture in which everyone not only adheres to our 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.[9] Our Anti-Fraud Policy applies to all employees, permanent and temporary, and explains how to immediately escalate any known or suspected fraudulent incident or any concern, via our whistleblower tool or hotline that protects the identity of the individuals raising the incident or concern. We take a zero-tolerance approach to bribery and corruption in line with our Code of Conduct, our values and beliefs, and national and international laws and regulations. The Anti-Bribery and Corruption Policy sets out the minimum standards of behaviour expected by all employees and third parties as well as the minimum safeguarding measures to be implemented. Any non-compliance with the Fraud as well as the Bribery and Corruption Policies will lead to consequences for the respective individuals.

During 2020, once again, we as well as external auditors and regulatory authorities did not identify or report any material breaches of laws and regulatory requirements in relation to fraud, bribery or corruption.

[Data Protection and Client Privacy]

[GRI 418-1]

The adoption of new technologies, including robotics, public cloud, block chain 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 latest information security developments and intelligence sharing with the support of a central service provided by the DB Group Chief Security Office (CSO). Proactively sharing relevant indicators of compromise and further intelligence reduce 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.

[9] Raising Concerns (including Whistleblowing) Policy – DB Group

Data Privacy and Protection

Data protection has remained a core focus for us with the EU General Data Protection Regulation (GDPR) in force from May 25, 2018.

Brexit

We have ensured that GDPR compliance will be in place depending on the outcome of the Brexit negotiations.

The EU and UK reached an agreement ("deal") on December 24, 2020, which provisionally came into force on January 1, 2021 until 28 February 2021 pending ratification by the European Parliament and the Council of the EU. The Agreement provides that, for a maximum period of six months from its entry into force – i.e., until June 30, 2021 at the latest (transition period) - and upon the condition that the UK's current data protection regime stays in place, all data flows of personal data between stakeholders subject to GDPR and UK organisations will not be considered as transfers to a third country. It is possible that the UK's regulatory data protection framework will be considered as "adequate" until then, such adequacy decision by the EU commission would continue to allow the free movement of data.

In the event that no adequacy decision is taken, such transfers will require appropriate safeguards as well as enforceable data subject rights and effective legal remedies for data subjects, in accordance with Article 46 GDPR. The possible alternative mechanisms may include the EU Standard Contractual Clauses (SCC), which would remain the most flexible and least time-consuming solution. This also applies to data processing relationships between DWS companies in the European Union and the UK, especially since DB Group Data Privacy (DB GDP) has urgently recommended last year that SCCs should be agreed in view of a threatened no-deal Brexit.

However, the recent decision from the Court of Justice of the European Union (CJEU) in the Facebook Ireland Ltd. v. Maximillian Schrems case, dated July 16, 2020 ("Schrems II") has showed that just relying on these contractual tools alone may not be sufficient. Both the CJEU and the European Data Protection Board (EDPB) emphasize that the validity of SCCs will depend on the use of supplementary measures—such as privacy-enhancing technologies—as an additional safeguard against unauthorized data access. A flexible, risk-based approach is recommended for this purpose. Soon, DB GDP will give some further guidance here for DWS, too.

Governance

For data privacy we are leveraging DB Group´s 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 the 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 GDPR

All our staff have been trained on the implications of GDPR for day-to-day business. In 2020, an updated Data Protection and Privacy mandatory course was rolled out for our employees across all locations. 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.

Data Breaches

No data breaches of systemic relevance were observed in 2020.

Information Security Governance

Our COO is the Executive Board member overseeing information security which is managed by the Chief Information Security Officer (CISO). The 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 DB Group.

As the most senior authority for security matters, the CISO develops and drives the implementation and execution of the security strategy and ensures that our assets are appropriately protected. The DWS cyber security program 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, we align our 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 our information by third parties, we have a multi-layer vendor management program with an oversight by the dedicated DWS Vendor Management team. This is governed by Third Party Risk Management principles at DB Group level.

Employee Awareness and Training in Information Security

All our employees are trained in information security risk and controls as part of the on boarding process 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 staff globally, covering a broad range of information and security topics including the 2020 Information Security Month initiative. In 2020, 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 us protect ourselves against such threats.

As a result of the strategy, in 2020 we have not experienced any relevant data leakages.

[Public Policy and Regulation]

Regulatory reforms in the EU and internationally expose us and our clients to increasing regulatory requirements. 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 us. Our aim is to identify new regulations and changes to existing ones at an early stage and to inform the relevant parties in the Group 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.

Since 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 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 2020, Compliance together with, amongst others, Platform Transformation and AFC further enhanced the process around the Regulatory Change Forum – now called Local Regulatory Adherence Forums to combine the disseminate information to our wider organisation. This includes enhanced transparency regarding implementation and project monitoring through documentation of the proceedings and resolutions of the meeting.

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 BaFin Guidance Note on Sustainability Risk or SRD II centrally led change management implementation teams are established to determine precise impact per business lines.

Compliance hold monthly Local Regulatory Adherence Forums, in which regulatory compliance contacts from respective regions provide updates to employees on key items which impact their jurisdictions and which may have extra-territorial impact. The process ensures informed strategic decision-making and provides oversight and control over how regulations are implemented. Monthly summary reports on key regulatory initiatives are provided by Compliance.

ESG Regulatory Compliance

[GRI 419-1]

EU Action Plan on Sustainable Finance and BaFin Guide Notice on Dealing with Sustainability Risks

In 2018, the European Commission adopted the EU Action Plan on Sustainable Finance[10], 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 in achieving the goals from the Paris climate agreement. As a member of the BVI[11] and the EFAMA[12], DWS takes an active role in contributing its experiences and insights in Sustainable Finance throughout the policy and legislative process.

The "ESG Regulatory Governance" programme, launched in 2019, continued its work in 2020 by focusing on the implementation of the requirements resulting from SFDR (Sustainable Finance Disclosure Regulation[13]), which is effective from March 10, 2021. Under SFDR, financial market participants and financial advisors must provide transparency in the integration of sustainability risks and in the consideration of principal adverse impact in their processes. Furthermore, additional sustainability-related information with respect to financial products must be published by financial market participants. DWS worked in 2020 on the update of the pre-contractual documents and periodic reports as well as on the website disclosures on product and legal entity level. Specifications outlined in the Regulatory Technical Standard (RTS) are currently still pending and its implementation will be one of the programme's focus areas for the upcoming year.

The programme also analysed the requirements of the Taxonomy Regulation[14] and the planned changes in MiFID II[15], UCITS[16] and AIFMD[17]. The Taxonomy Regulation introduces criteria for determining whether an economic activity qualifies as environmentally sustainable. Financial market participants will have to describe how and to what extent the investments underlying the financial product are in environmentally sustainable economic activities. During 2021, we plan to focus on the development of detailed business requirements and their implementation.

In December 2019, BaFin[18] published a Guidance Notice on Dealing with Sustainability Risks[19]. This Guidance Notice serves as a compendium of non-binding procedures for companies supervised by BaFin. It was analysed as part of the "ESG Regulatory Governance" programme and an impact assessment was conducted. We plan to continue working on the implementation of the BaFin Guidance Notice in 2021.

[Internal Audit]

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. The scope of Internal Audit is defined to act as an independent, proactive and forward-looking challenger and advisor to Senior Management of the Group. Internal Audit has been granted the authority to communicate with the respective chairperson of the Supervisory Board and the Audit & Risk Committee.

Internal Audit activities are based on a comprehensive, risk-based audit plan. The audit plan covers the Group's activities and processes, irrespective of whether they are outsourced or not, within three years or ad-hoc as necessary. The three-year audit cycle may not be extended to more than five years.

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

[10] 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
[11] Bundesverband Investment und Asset Management e.V.
[12] European Fund and Asset Management Association
[13] Regulation (EU) 2019/2088 of the European Parliament and of the Council, of November 27, 2019
[14] Regulation (EU) 2020/852 of the European Parliament and of the Council, of June 18, 2020
[15] Consultation Paper on Draft Advice To EC under Article 8 of the Taxonomy Regulation, from November 5, 2020 to December 4, 2020
[16] Consultation on Draft Amendment to Directive 2010/43/EU, June 8, 2020 – July 6, 2020
[17] Consultation on Draft Amendment to Delegated Regulation (EU) No 231/2013, June 8, 2020 – July 6, 2020
[18] Bundesanstalt für Finanzdienstleistungsaufsicht
[19] Merkblatt zum Umgang mit Nachhaltigkeitsrisiken, Bundesanstalt für Finanzdienstleistungsaufsicht, December 20, 2019

Internal Control System for the Financial and Non-Financial Reporting Process

General

Management is responsible for establishing and maintaining an adequate internal control system to support the consolidated financial reporting process. The control system comprises the principles, processes and measures to provide assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS).

In addition, an internal control system is required for the integrated non-financial group statement and specifically the reporting of Key Performance Indicators (KPIs) relating to our sustainability strategy.

Internal Control System for the Financial Reporting Process

Internal Control System Objectives

To mitigate financial reporting risk the internal control system has been established to provide reasonable but not absolute assurance against material misstatements. To support this the Group adopts the following objectives:

- Existence: assets and liabilities exist and transactions have occurred.
- Completeness: all transactions are recorded, account balances are included in the financial statements.
- Valuation: assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- Rights, obligations and ownership: rights and obligations are appropriately recorded as assets and liabilities.
- Presentation and disclosures: disclosure, presentation and classification of financial reporting is appropriate.
- Safeguarding of assets: unauthorised acquisition, use or disposition of assets is prevented or detected in a timely manner.

The internal control system covers both the financial reporting process of the entities included in the consolidated financial statements and the consolidation process itself. This ensures the consolidated financial statements as a whole are prepared in accordance with applicable rules and provisions.

The internal control system and risk management system as they relate to financial reporting form an integral part of the broader DWS control environment.

Internal Control System Organisation

The Group organisational structure facilitates the operation of the internal control system with clear division of roles and responsibilities to support the financial reporting process and preparation of consolidated financial statements. The operation of the internal control system primarily involves staff based in the Chief Financial Office (CFO).

CFO is responsible for the periodic preparation of the financial statements and operates as an independent control function. The two key control functions within CFO that contribute to the internal control system are the Group Controller and Finance Control Oversight (FCO).

The Group Controller is responsible for the financials of the Group and its consolidated subsidiaries. The Controller function sets the reporting timetables, performs the consolidation, controls and validates the period end results, executes adjustment processes, and compiles the Group financial statements. In addition, Product and Regional Finance teams are responsible for reviewing the quality of financial data by performing validation and control, in close contact with business, infrastructure and legal entity management.

FCO is responsible for implementation of the financial reporting control framework to minimise financial reporting risk. FCO also coordinates the evaluation and review of risk and control issues and performs ongoing assessment and monitoring of the effectiveness of the internal control system.

Financial Reporting Controls

The Group operates a large number of controls in relation to the financial reporting and consolidation processes. Some of the key controls that support these processes include the following:

- Consolidation and other period end reporting controls. Controls over consolidation, financial statement disclosure and presentation.
- Accounting policy design and implementation. Controls to promote the consistent recording and reporting of business activities in accordance with accounting policies.
- Balance sheet substantiation. Controls relating to the substantiation of balance sheet accounts to promote the integrity of general ledger account balances based on supporting evidence.
- Valuation including the independent price verification process. The group has established the Principal Valuation Control Council to ensure adequate controls over valuation processes.
- Reconciliation controls, both external and internal. Inter-system reconciliations are performed between relevant systems for all transactions, positions or relevant parameters.
- New product and transaction approval, capture and confirmation. Controls are intended to ensure the completeness and accuracy of recorded transactions as well as appropriate authorisation for new products and transactions.
- System access controls. Controls ensure that user access to financial information in the key financial reporting systems is governed by a need-to-know principle.

Monitoring and Oversight of Internal Control Effectiveness

The effectiveness of the internal control system relating to the financial reporting process is regularly monitored. This includes monitoring performed by the independent FCO function within CFO and as part of the broader Group financial reporting and non-financial risk and control frameworks. This monitoring includes regular forums comprising control representatives, key control testing procedures to centrally evaluate the operating effectiveness of the control environment and regular reporting of control environment metrics to senior management.

These processes are supported by Internal Audit who evaluate the design and operating effectiveness of the internal control system by performing periodic and ad-hoc risk-based audits.

Finally, the Audit and Risk Committee and the Executive Board provide senior oversight and governance of the financial reporting process including sign off of the consolidated financial statements for the Group.

[Internal Control System for the Non-Financial Reporting Process]

In 2020, to support the accurate reporting of material non-financial information the Group has developed a non-financial internal control system, distinct from the internal control system for financial reporting. The objective of the internal control system for the integrated non-financial group statement is to provide accurate reporting of internally compiled sustainability KPIs, as disclosed in the ‘Our Strategy - Sustainability Strategy’ section of this report.

Financial Planning & Analysis within CFO is responsible for the internal control system, providing the AuM and flow data for all internal and external ESG AuM and flow reporting as well as reporting of KPIs in collaboration with the KPI owners. They are supported by other CFO functions including FCO who review the design of the control system. Ownership of the KPIs is split across the following functions:

- Responsible Investments: In collaboration with CFO they ensure the accurate monitoring of ESG AuM and flow data on a monthly basis.
- Corporate Governance Center: Track corporate engagement and proxy voting results.
- COO: Track DWS Scope 1, 2 and 3 emissions, and co-ordination with DB Group to obtain emissions data where required.
- HR: Monitor gender diversity results.

Oversight of sustainability KPIs is performed through a senior management forum where KPIs are reviewed and scrutinized in the context of business performance and delivery of strategic objectives.

The internal control system comprises key controls that are designed to ensure the accuracy of sustainability KPIs. These key controls vary by KPI but reflect the following key principles:

- Four eyes review: All internally produced KPIs are subject to four eyes controls with at least two independent parties involved in the review and reporting of KPI data. In addition for all KPIs, the CFO division acts as a second line independent control function before any KPIs are disclosed externally.
- Data quality: Data quality checks are performed to ensure accurate KPI reporting. Sustainability KPIs involve diverse sources of data and as such appropriate controls are executed to ensure integrity of the underlying data.

In 2021, the internal control system will be further strengthened through additional oversight by the Group Sustainability Council (GSC) and continued embedding of the Group Sustainability Office into ESG governance, controls and processes.

[Responsibility around our Fiduciary Value Chain]

Materiality Assessment for 2020

[GRI 102-15; 102-29; 102-31; 102-44; 102-46; 102-47]

As a German-listed asset manager, our materiality assessment is primarily guided by the legal requirements of the German Commercial Code. Following the publication of our Non-Financial Report in 2019, we have again taken a comprehensive approach to better define the scope for our integrated non-financial group statement for 2020. We have continued to consider the opinions of our internal stakeholders in addition to enriching our materiality assessment process by broadening the interviewees' scope to a wider audience in the company.

Additionally, we have assessed external sources, expanding the range of ESG topics discussed by professional associations and non-governmental organisations, as well as analysed the activities of our competitors. Once this research had been concluded, we firstly engaged subject matter experts across the company to confirm the proposed topics. The experts agreed on 27 topics to be included in a survey which was in a second step, prepared and sent to DWS employees. These were selected to represent a cross-divisional perspective of DWS, including the views of internal and external stakeholders. Participants in the survey were asked to assess the business relevance of the 27 topics to DWS and the potential impact of DWS on these topics. The evaluation also asked to differentiate between potential positive or negative impacts from DWS on a topic. The results showed that 21 of the 27 proposed topics are material for 2020 with 8 new topics new compared to 2019. The results also showed an increasing importance of people and governance topics when compared to the prior year survey potentially as a result of 2020 developments. We mapped the material topics to the aspects according to HGB or respectively to additional matters after we had identified the material topics. The materiality assessment results were presented in various meetings and acknowledged by the Group Controller and CFO.

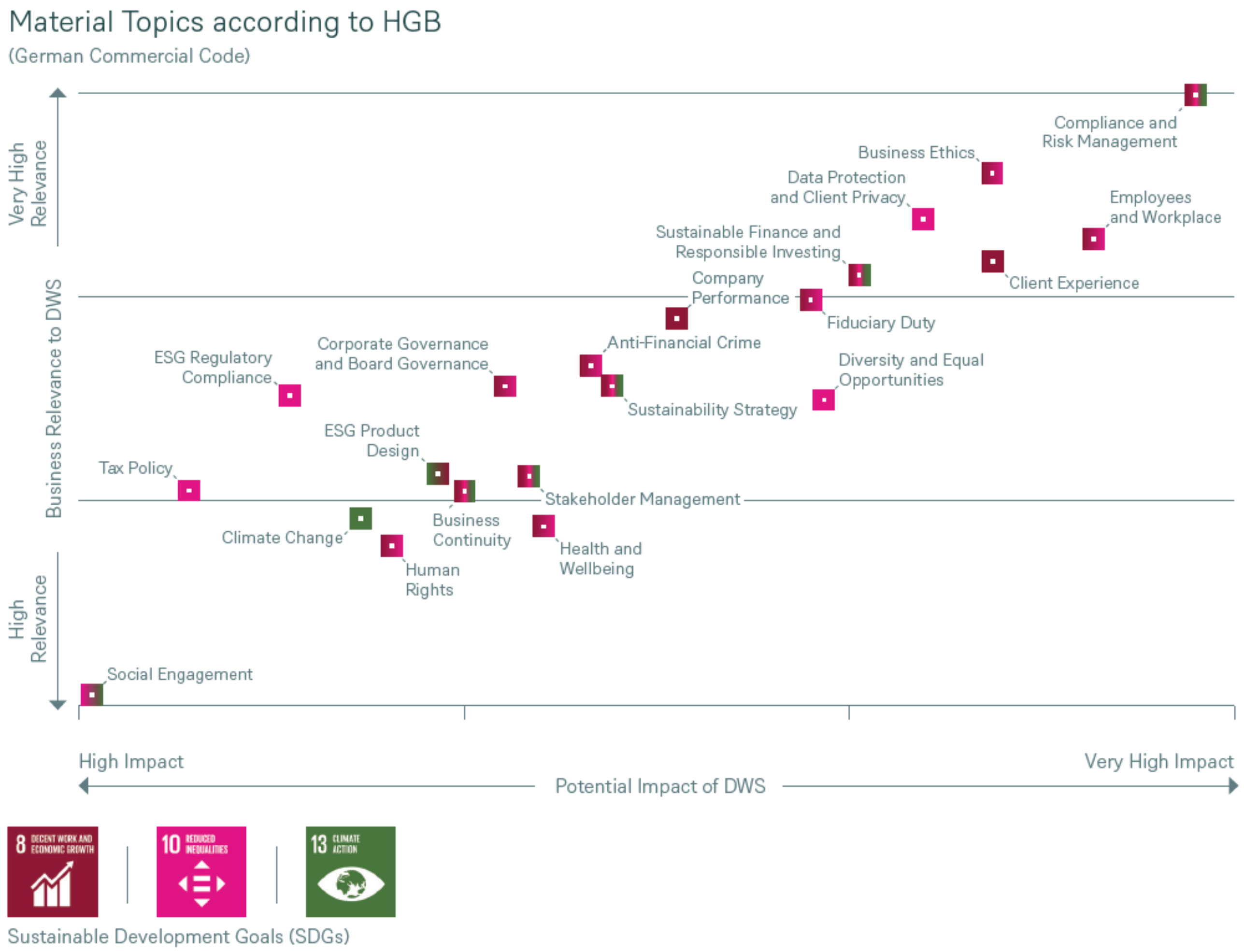
Please refer to 'Content of the integrated non-financial group statement according to the HGB within the Summarized Management Report' in the chapter 'About the Report' for a more elaborate mapping.

In 2019, we also analysed our impact on the United Nations' Sustainable Development Goals (SDGs). The selected SDGs to which DWS could have the greatest impact were SDG 8, "Decent Work and Economic Growth"; SDG 10, "Reducing Inequality" and SDG 13, "Climate Action". We have accordingly mapped our 2020 material topics to these top three SDGs.

At DWS, we aim to create sustainable economic value by pursuing a long term approach and corporate and board governance was identified as material in the materiality assessment as it constitutes the basis for our activities regarding financial and non-financial material topics. In our corporate engagements and proxy voting, we address corporate governance topics with our investees. Similarly, we want to ensure good corporate governance at DWS in order to ensure accountability, fairness and transparency in relationship with all stakeholders. Our business activities are managed with the objective of creating sustainable value by putting ESG at the core of everything.

For additional information, the corporate governance describing the structure of rules, practices, and processes used to direct and manage the Group is available in section 3 'Corporate Governance Statement' of the Annual Report. For information on the compensation system for our senior management please refer to the chapter 'Compensation Report'.

Company performance covers the financial and non-financial performance, which indicates the overall health and value creation of our company from its primary business activities over a given period. It therefore shows the results of our management approaches. Please refer to 'Introduction to DWS Group' for an overview of our business and to 'Sustainability Strategy' for our sustainability KPIs. You can find additional information on our performance in 'Operating and Financial Review'.



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 navigate 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. Each commitment or membership is evaluated by the responsible person, who decides whether it is important and worthwhile.

An overview of our memberships and similar commitments can be found in the Appendix – Stakeholder Management Table.

Sustainable Finance, ESG Products and Responsible Investing

Designing Products for our Clients

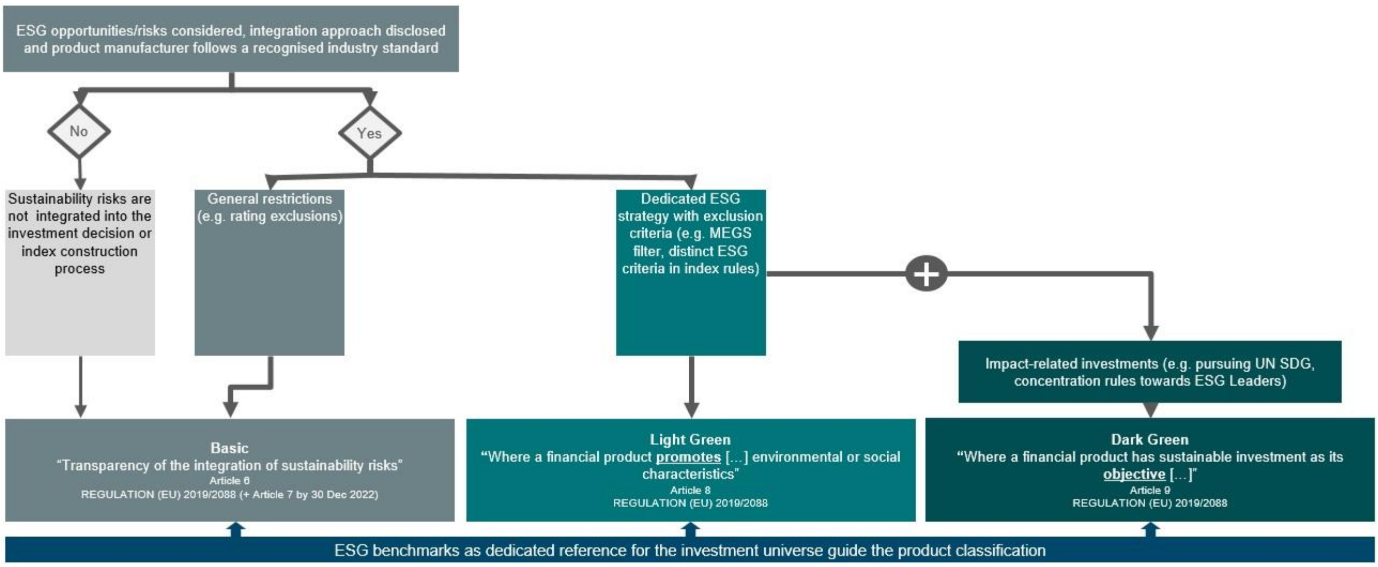
[GRI 102-11]

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. As it will be explained in the chapter “Responsible Investing and ESG Products”, the information provided by the ESG Engine is available to all of our portfolio managers and analysts. Easily integrating the information into their detailed analysis and embedding it into the fund management is crucial to design ESG strategies for our clients. Launching dedicated ESG funds that comply with current regulation e.g. with the requirements according to the new Sustainable Finance Disclosure Regulation (SFDR[20]), EU Taxonomy Regulation[21] or local authorities enables our clients to fulfil the increasingly stringent standards their own product offering might have to meet. Furthermore, designing our product suite in line and in anticipation of current and future regulatory developments allows us to address client demand and react to a societal shift driven by changed values of investors, especially regarding climate change and ESG.

At present, a stringent and clear classification of our products is very important as the new Sustainable Finance Disclosure Regulation (SFDR) introduced various disclosure-related requirements for financial market participants and financial advisors at entity, service and product level. It aims to provide more transparency on sustainability within the financial markets in a standardised way, thus preventing greenwashing and ensuring comparability. The majority of the new disclosure obligations will be applicable as of March 10, 2021. In the course of 2020, also a first product classification based on the regulations as of December 31, 2020 has been completed, which will be reviewed once the detailed ESG regulations are finally published. It is explained in the following in greater detail. Please see our categorisation framework for retail products in EMEA liquid assets as follows:



Please note that rating exclusions are based on the ESG Database/Responsible Investment Committee decision to exclude issuers with the lowest ratings within the ESG Rating Scheme

[20] Regulation (EU) 2019/2088 of the European Parliament and of the Council, of November 27, 2019
[21] Regulation (EU) 2020/852 of the European Parliament and of the Council, of June 18, 2020

ESG Integration which was enhanced by rolling out the DWS “Smart Integration” approach is one response for our actively managed liquid funds in EMEA to the regulatory requirements under Art. 6 of the Disclosure Regulation (also referred to as “Basic”). Art. 6 requires DWS to disclose how ESG risks are considered in the investment process. Applying ESG and Smart Integration allows us to take sustainability risk factors into account in a proven and transparent way, although our traditional products do not pursue a dedicated ESG strategy.

Besides traditional products that are compliant with Art.6 SFDR, sustainable products are again divided in two sub-categories. First, sustainable products need to fulfil the requirements set by Art.6 as well. Thus it needs to be disclosed how ESG criteria are taken into account within the investment process. However, the disclosure requirements for sustainable products go beyond this: Products that fulfil a dedicated ESG approach must comply with Art.8 SFDR (also referred to as “Light Green”), meaning that DWS has to disclose the ESG approach the strategy fulfils. All DWS dedicated ESG products follow our ESG standards (MESGS) that are depicted in greater detail in the chapter “Responsible Investing and ESG Products”. Thereby, ESG risks are not only considered but the fund manager also reacts to them within the investment process, e.g. by the application of exclusions. Sustainable products that contain an impact character (i.e. by supporting the UN Sustainable Development Goals) must be compliant with Art.9 SFDR (also referred to as “Dark Green”), meaning that it has to be disclosed how impact is achieved. Although this is not demanded by regulation, each of DWS´ “Dark Green” products (Art.9 SFDR) also pursues a dedicated ESG approach (Art.8 SFDR), as DWS considers a dedicated ESG approach the basis for an impact-related investment solution. To conclude, our sustainable products can be divided into two categories (Dedicated ESG strategies and impact strategies with a dedicated ESG approach) as explained below.

ESG Integration and the **Smart Integration approach** is our response to the regulatory requirements under **Art. 3 of the Disclosure Regulation.** This means that our traditional products do not pursue a dedicated ESG strategy, but rather take **sustainability risks** into account in the investment process through ESG and Smart Integration.

As explained below, our **sustainable products** can be divided into **two categories** (Dedicated ESG strategies and impact strategies with a dedicated ESG approach).

	Traditional products	Sustainable products	
ESG approach	**ESG Integration complemented by Smart Integration**	**ESG strategies**	**Impact-oriented strategies**
Regulatory classification	ESG opportunities / risks considered (according to Art. 3 Disclosure Regulation)	Dedicated ESG strategy (according to Art. 8 Disclosure Regulation)	Impact-related investments (according to Art. 9 Disclosure Regulation)
Our approach	Non-dedicated ESG fund	Dedicated ESG fund (according to Art. 8)	Impact (according to Art. 9) and dedicated ESG fund (according to Art. 8)
Fund examples	DWS Top Dividende, DWS Euro Bond Fund	DWS ESG Equity Income, DWS ESG Euro Bonds (Long)	DWS SDG Global Equities, DWS Invest Green Bonds

Note: The Smart Integration approach has become effective for all Germany-domiciled actively managed mutual funds on July 1, 2020, SICAV sub-fonds will follow on February 1, 2021. Sources: DWS International GmbH; Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, June 2020; Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, November 2019

DWS aims to fulfil the disclosure requirements set by Art.6 SFDR by explaining in the investment policy how ESG risks are considered within the investment process. In addition, for dedicated ESG strategies resp. impact strategies with a dedicated ESG approach also our ESG standards (MESGS) resp. how an impact is achieved by the strategy is described in the investment policy.

ESG Product strategy framework

In 2020, we have worked on various product initiatives. We have among other initiatives successfully launched and positioned thematic equity strategies and launched new products, which focus on climate technology, carbon reduction, next generation infrastructure or ESG global equities and ESG Asian equities. Our Passive team successfully positioned two new ESG ETFs and is working on a much larger number for 2021.

ESG is an important part of the product strategy value chain. 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 client requirements and needs.

The current ESG product strategy developed by the Global ESG Investment Specialists & Solutions team in close cooperation with the ESG CIO Office, CCD and ID 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 15 ESG "mirror" funds across Active Equity, Fixed Income, Multi Asset and Passive compared to 13 funds as of end of 2019 (+15%)[22].
- Identify any gaps in product range and review existing products to identify those not aligned to a target market.
- 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 SFDR and MiFID II requirements as part of EU regulation (EU taxonomy for sustainable activities)

(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 SFDR and MiFID II requirements as part of EU regulation (EU taxonomy for sustainable activities)

(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, climate resilience bonds, water risk)
- 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 SFDR and MiFID II requirements as part of EU regulation (EU taxonomy for sustainable activities).

(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.

[22] Please note that in the NFR 2019 18 mirror strategies have been reported. The difference can be traced back to a change in our categorization framework for ESG mirror strategies.

- 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 ESG CIO 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.

New Product Approval and Systematic Product Review

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, the new global ESG investment specialist team within the Product Division provides a sign-off. This dedicated team was set up in 2020 when product related resources were aligned into a newly created Product Division, while prior to that, ESG investment specialists were part of the entire traditional investment specialists team. 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 2020, as in previous years, ESG data has been used much more frequently for equities than for fixed income. New funds launched have been “DWS Invest ESG Next Generation Infrastructure” or “DWS Invest Qi Global Equity” (will be renamed to “DWS Invest Global Climate Action” in 2021).

Product Design and ESG opportunities

We believe that our investment platform is well-positioned to address market trends. As outlined in the sub-chapter “Product strategy framework”, 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.

To meet the preferred investment demand of the millennial generation, we have also been further developing our digital solutions. We have enhanced our range of thematic funds to target new growth opportunities from this younger investor group, e.g. through the launch of the DWS ESG Next Generation Infrastructure fund. This strategy invests in liquid infrastructure and real estate assets that are necessary to connect and advance the world while pioneering sustainability standards.

New growth opportunities in the field of ESG may also arise in the fields of thematic or climate-related ESG strategies,

The potential of thematic ESG strategies is depicted in greater detail by the example of investing in the “Blue Economy”. The DWS Blue Economy[23] fund strategy that we started to develop in 2020 and will further work on in 2021 could aim to help trigger social and economic benefits by restoring, protecting and maintaining diverse, productive and resilient water ecosystems by contributing to the achievements of SDG 14[24] and by applying the Blue Economy Financing Principles (United Nations´ Blue Economy Financing Principles)[25] (“Financing Principles”).

The fund could invest in “ESG leaders” (assessed by our ESG Engine) contributing to the conservation and/or sustainable use of the oceans and marine ecosystems. Nevertheless, the strategy is going beyond traditional stewardship by pursuing a

[23] Blue Economy refers to economic sectors which have a direct or indirect link to sea or fresh water. It especially consists of companies triggering benefits for generations ahead by restoring, protecting or maintaining diverse, productive and resilient marine ecosystems or the availability of clean water and sanitation. The Blue Economy investment theme focuses on firms e.g. mitigating ocean acidification, reducing marine pollution, conserving and sustaining marine resources & ecosystems usage, sustainable fishery.
[24] Conserve and sustainably use the oceans, seas and marine resources for sustainable development
[25] 1. Protective, 2. Compliant, 3. Risk-aware, 4. Systemic, 5. Inclusive, 6. Cooperative, 7. Transparent, 8. Purposeful, 9. Impactful, 10. Precautionary, 11. Diversified, 12. Solution-driven, 13. Partnering, 14. Science-led.

transformation approach. With a focused engagement strategy, that is still under development, we aim to accelerate the transformation of selected industries and companies that just started their journey to become leaders in the area. To provide the scientific background on sectoral transition pathways in line with the UNEP FI Blue Economy Finance Principles, the SDGs and other relevant frameworks, DWS could enter into a product partnership with a well-known NGO, a key thought leader and driver of the development of the Blue Economy Financing Principles.

Applying SDGs, the Financing Principles, economic activities as well as certain investment requirements could give a guidance how to select investable industries/ sectors. This might include, e.g.:

- **Exploiting resources**: fisheries, aquaculture, minerals, mining, extraction, etc.
- **Impacting and polluting the oceans** (land based): agriculture, materials / plastics, etc.
- **Using the oceans**: shipping (cargo, cruise ship and leisure, ferries), ports' operations, energy generation, energy transmission (electricity, pipelines), de-salination, tourism, etc.
- **Solution providers**: machinery & engineering (scrubbers, etc.), rehabilitation of marine resources, circular economy, pollution prevention or rehabilitation, etc.
- **Climate related aspects:** renewable energy etc.

Prior to launch, that is planned for end of March 2021, and in context with ongoing sales efforts, various information and marketing material will be developed explaining the Blue Economy fund strategy and impact.

As mentioned earlier, another interesting area for new and innovative product developments is climate-related investing: Climate change is a current and omni-present topic globally. The world is changing and so are investors and companies. In line with the societal shift towards a more environmentally- friendly and especially climate-friendly behaviour, DWS sees climate-related aspects at the core of its ESG product strategy.

Within 2020, our ESG Engine Team has introduced a new water risk and opportunity score (WROS) enhancing our climate- and transition risk and opportunity rating (CTRR). This enables us not only to come up with additional impact-related strategies introducing new investment solutions going forward. It also allows us to reflect risks and opportunities related to climate change (in terms of carbon risks and opportunities and also water risks and opportunities) directly in the investment process of our products. A brief description of the new investment signal can be found in the chapter 'Responsible Investing and ESG Products'.

Also our current and planned product range reflects the importance of the topic "Climate" for our product strategy. Besides the established product "DWS Invest ESG Climate Tech", which invests in climate solution providers adapting to or mitigating consequences of climate change, DWS has launched the new "DWS Qi Global Equity" fund (will be renamed to "DWS Qi Global Climate Action" in 2021) as explained in the sub-chapter "New Product Approval and Systematic Product Review". Compared to the broad market, the strategy aims to reduce carbon-intensity, while improving the portfolio's resilience against Climate Transition Risk. Decarbonisation is achieved by selecting lower carbon stocks in the respective sectors rather than by systematically underweighting carbon-intensive sectors. This aims to ensure broad diversification across all sectors, while reducing carbon emissions. In the future, DWS sees additional climate-related investment potential, i.e. in the area of net-zero strategies or bespoke client solutions for institutional clients.

Responsible Investing and ESG Products

Fiduciary Responsibility

The asset management industry plays an increasingly important role in society, including making the financial system more sustainable. In 2020 ESG has developed strongly, becoming more than part of the Zeitgeist. For asset managers this means integrating ESG and long-term-sustainability topics such as climate risk into investment strategy, risk management, asset allocation, governance and investment stewardship activities (refer to 'Risk Report' for further information). 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 and providing sufficient disclosure to investors and clients.

On November 18, 2020, DWS hosted its second AGM of DWS Group GmbH & Co. KGaA and our Chief Executive Officer has emphasized not only making "sustainability a core component of its fiduciary action"[26] but also to introduce and implement an ESG strategy that enables us to embed sustainability into our corporate DNA. This includes our commitment to becoming climate-neutral in our actions – in line with the Paris Agreement – and well ahead of the timeline officially set out in the Agreement. We do so not only because our clients, for whom we work in a fiduciary capacity, expect this from us but also because we believe this enhances risk-adjusted returns. We will further strengthen our ESG integration efforts in every part of our investment process and

[26] The speech of our CEO can be found here for additional information: https://download.dws.com/download?elib-assetguid=05507313a50e41a2b0dace3b58357ce8&publishLocationGuid=eacbc9cf4b8e4d2189eb69cd09e2ff4f&wt_eid=2158773270700125389&wt_t=1606721726824

in anticipation of Sustainable Finance Disclosure Regulation (SFDR) to also focus on principal adverse impacts (PAI). 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 engagement activities to drive change for the benefit of our investments and our clients.

In order to assume our fiduciary duty, DWS continues to rely on the activities of the CIO Office for Responsible Investments. The teams' tasks and mandates consist of developing structures, processes and data for integrating ESG considerations in the Investment Division spanning across Active, Passive and Alternatives. This generates awareness and knowledge among analysts and portfolio managers and is responsible for creating engagement opportunities assuming our investment 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, we underlined investment stewardship for example through the exercise of proxy voting obligations or by tilting their portfolios towards climate-linked investments as a key differentiator with a second survey conducted in collaboration with CREATE-Research[27].

In order to manage DWS's exposure to poorly ESG rated securities in actively managed strategies, DWS has implemented its announced process called "smart integration" underpinned by a Committee for Responsible Investments. In 2020, we have formalized this approach in order to manage sustainability risks and in order to conduct an enhanced due diligence on poorly rated corporate and sovereign issuers.

Policies

Furthermore, we are subject to several internal policies, such as our revised publicly available "Responsible Investment Statement (RI)"[28] , our "Policy on Controversial Conventional Weapons"[29] or our updated "ESG Integration Policy for Active Investment Management"[30] as well as our "Engagement Policy"[31]. Externally, we comply with the UK Modern Slavery Act by signing the Modern Slavery and Human Trafficking Statement[32] through DB Group. We publish our most relevant commitments and policies on our dws.com website. We update our policies and procedures on a regular basis in accordance with our review cycle. Our fund prospectuses for our Xtrackers platform became effective in the first half of 2020 and since then exclude manufacturers of controversial conventional weapons as identified by our policy. DWS has further reacted by intensifying engagements with various companies from the military defence sector which are documented to be involved in manufacturing or sale of nuclear weapons or depleted uranium weapons. We took this step in anticipation of the Treaty on the Prohibition of Nuclear Weapons, which is expected to become effective in January 2021.

Commitments

International standards such as the UN Global Compact, the OECD Guidelines for Multinational Corporations, Oslo-based Cluster Munitions Convention and Coalition for Environmentally Responsible Economies (CERES) are guiding principles for our business. Going forward, DWS will work towards its publicly communicated goal of becoming climate-neutral in its actions – in line with the Paris Agreement –well ahead of the timeline officially set out in the Paris Agreement. In addition, DWS has made a commitment through the Net Zero Asset Manager initiative. The Net Zero Asset Managers initiative will be managed globally by six Founding Partner investor networks, namely: Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI). The initiative is also endorsed by The Investor Agenda, of which the investor networks are all founding partners. DWS has already set up a project to implement implications among others on the Investment Division during 2021 and beyond.

DWS continues to assume its responsibility as one of 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 'Responsibility around our Fiduciary Value Chain – Stakeholder Management', DWS places particular importance collaborating with the PRI, examples include among others:

- Presentation at PRI-hosted events on ESG and strategic asset allocation in October 2020
- A DWS employee is the chair of the PRI securitized products advisory committee
- A DWS employee is part of the PRI sub-sovereign debt advisory committee

[27] 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://www.dws.com/Our-Profile/media/media-releases/two-thirds-of-pension-funds-to-increase-climate-linked-passive-investment-finds-dws-sponsored-survey/
[28] Available here for additional information: https://www.dws.com/solutions/esg/ri-statement/
[29] Available here for additional information: https://download.dws.com/download?elib-assetguid=f2b448fc74804f9e80f7aa7270941f9c&wt_eid=2153659162904223588&wt_t=1578586610374
[30] Available here for additional information: https://download.dws.com/download?elib-assetguid=b36c72ce86da43b38b905d3e2bba2260&wt_eid=2153659162904223588&wt_t=1578586443988
[31] Available here for additional information: https://download.dws.com/download?elib-assetguid=2321711c2ec24a80b523c62580fa31c3&wt_eid=2153659162904223588&wt_t=1578586481374
[32] Available here for additional information: https://download.dws.com/download?elib-assetguid=b21ba75548f54dbf929419ccfd31122d&publishLocationGuid=075836e4f99347b2a2de1939c5912cbf&wt_eid=2153659162904223588&wt_t=1578586547245

- A DWS case study on ESG and strategic asset allocation was presented at the PRI digital forum in fourth quarter 2020

The DWS Sustainable Investments (SI) business signed the Operating Principles for Impact Management in 2019[33]. Through its membership, DWS commits that the SI business will work along all 8 principles for its Sustainable Investment fund offering. In November 2020, the DWS SI business has delivered the corresponding disclosure statement to the IFC.

DWS's Real Estate business within Alternatives continued to work towards achieving the respective carbon reduction and water reduction targets until 2030 on their portfolio of office buildings. Further, DWS continues to support CEO climate letter to European heads of state and heads of government. DWS is among the few asset managers to have continuously signed a similar letter since 2009 from investors to governments that calls for stronger climate change policies.

Responsible Investing Governance

The CIO for Responsible Investments covers the investment platform for liquid (Active and Passive in listed securities including Liquid Real Assets) and illiquid (direct real estate, infrastructure and sustainable investments) assets. The area is organized across 5 responsibilities: **ESG Thematic Research, Responsible Investment Center**, **ESG Engine and Solutions** team, **Corporate Governance Center** and **ESG integration for Active**. The entire CIO Office for Responsible Investments supports our ESG integration activities, our ESG investment solutions, and product offering. The Corporate Governance Center also enables active ownership (the exercise of proxy voting and governance engagement). Complementing these activities, we also have ESG specialist investment professionals embedded across DWS 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 or sustainability themed infrastructure. In 2020, DWS's CIO for Responsible Investments has been appointed as a member of the Sustainable Finance Committee of the German Federal Government. The CIO for Responsible Investments is also a member of the DWS Group Sustainability Council, which held its inaugural meeting on December 16, 2020. Further, the function chairs the Committee for Responsible Investments. Lastly, the CIO for Responsible Investments is a member of the "Ausschuss Nachhaltigkeit" of German BVI Bundesverband Investment und Asset Management e.V. (BVI) .With the announcement of DWS's ESG Advisory Board in December 2020, the Investment Division expects further collaboration options and an outside-in perspective on the acceleration of its ESG strategy, responsible investing and sustainable finance.

The entire CIO Office for Responsible Investments acts as an entry point for investment-related questions stemming from investors (ESG investment related at DWS AGM), (including Deutsche Bank) clients or other stakeholders such as NGOs or (potential) external partners.

ESG Thematic Research

ESG Thematic Research is part of the DWS Research Institute, reporting to the Head of the Research House - a direct report to the head of Investment Division. The DWS Research Institute is responsible for producing research on themes that will affect investments in the next decade and the long view. The team is a key channel 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. The area's research activity has centered on research publications, representing DWS in industry workshops, presentations, summits and webinars. In 2020 the team has successfully introduced the DWS ESG Talks initiative hosted on BrightTALK. This online format also accommodated COVID-19 related restrictions. The team also published ESG topics with the CIO Office[34].

Publications
- How COVID-19 could shape the ESG landscape for years to come
- Healthy buildings as economic stimulus
- Why corporate CAPEX spells trouble for climate risk
- Economic consequences of biodiversity loss and the role of financial regulators
- A transformational framework for Water Risk
- How best to measure asset managers' credentials when it comes to ESG
- Stakeholders and shareholders and why Milton Friedman got it wrong

Industry workshops & initiatives
The research team was also part of the following industry initiatives:

[33] Additional information can be found here: https://www.impactprinciples.org/
[34] For additional details; examples include:
https://www.dws.com/en-gb/insights/cio-view/charts-of-the-week/cotw-2020/chart-of-the-week-20200925/
https://www.dws.com/en-gb/insights/cio-view/charts-of-the-week/cotw-2020/chart-of-the-week-20201002/

- Founding member and steering committee member of the EU Commission/UNEP FI's Energy Efficiency Financial Institutions Group (EEFIG) and led the committee in sending recommendations to the EU Energy Commissioner on Renovation Wave strategy Co-chair of IIGCC real estate Paris aligned investment initiative

Summits & webinars
The team launched its "DWS ESG Talks" series of webinars on BrightTALK and were part of a number of external summits and podcasts. Examples include:
- DWS & the UK Green Finance Institute
- DWS & Georg Kell, founding Director of UN Global Compact
- Speaker on climate risk at US CFA Society event
- Spanish SIF on climate transition[35]
- NYC Climate Week[36]
- ESG Leaders interview with Responsible Investor

Responsible Investment Center
The Responsible Investment Center has played a key role in developing internal ESG governance structures on the newly launched Committee for Responsible Investments, and assumed the role as subject matter expert for ESG-related reputational risk and mandatory sign-off function in the New Product Approval (NPA) processes. The function also prepares mandatory reporting for DWS Annual Report, Principles for Responsible Investments (PRI) and informs internal and external stakeholders of our ESG activities. The function also engages with NGOs through our Communications department, other external parties, coordinates internal ESG-related policies and global memberships and projects within DWS and contributes to industry consultations by German BVI for example on the proposed requirements imposed by the EU Ecolabel. 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. Throughout 2020, the area has collaborated on regulatory requirements arising from SFDR. During 2020, the Responsible Investment Center participated in various client events and exchanges with regulatory bodies and the team has acted as a subject matter expert in DWS ESG reputational risk assessments in several cases, when required by virtue of DWS's internal operating procedures (see Risk Report – Non-Financial Risk for further information).Together with the Head of Non-Financial Risk, the Responsible Investment Center worked on possible proof points for reputational risks from ESG – if applicable with the help of the ESG Engine subject to data availability.

Together with the CIO for Responsible Investments, the Responsible Investment Center drove major changes for the investment platform through the introduction of "Smart Integration" underpinned by a Committee for Responsible Investments (CRI). Underlying processes are for example being the key contact for investment guideline management teams, minute-keeping and record-retention and drafting of engagement letters arising from Committee analyses.

ESG Engine and Solutions
ESG Engine and Solutions drove major initiatives for improving our proprietary ESG database, responsible for ESG methodology, algorithms, and data. In 2020, the use of external ESG data vendors has been streamlined to five providers: ISS-ESG, MSCI ESG, Morningstar Sustainalytics, S&P TruCost and Arabesque S-Ray. They provide data to 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 to support ESG integration for our portfolios and to manage dedicated ESG strategies. For certain types of asset classes we are working to overcome known challenges[37] to remediate gaps for example with the onboarding of Arabesque S-Ray or through second party opinions on green bonds. We have also prepared the use of sustainability indicators as required under SFDR and integrated ESG data to approximate principal adverse impacts (PAI) on sustainability factors.

In 2020, we enhanced and implemented our ESG KPIs (EKPIs), which we publish on the DWS's website for dedicated ESG retail strategies. We have also developed a methodology, which considers water risks and opportunities and in November 2020 this new score also became part of our ESG investment standards (MESGS). We have done so by adding water risks and opportunities as an additional pillar in our climate and transition risk (CTRR) score. This 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. The ESG Engine and Solutions team has developed a total carbon intensity score which approximates an aggregated carbon footprint, also integrating avoided emissions based on third party data, to be used for client reporting and product development.

While the ESG Engine continues to be the building block for our Active analysts and portfolio managers 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 Product Design'), for passively managed strategies and for Liquid Real Assets (LRA).

[35] Please see for additional details: https://www.youtube.com/watch?v=noS1BfV2KVE&feature=youtu.be
[36] For additional details: : https://www.youtube.com/watch?v=peA1cXQa9eI
[37] 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

Corporate Governance Center

The Corporate Governance Center has actively contributed to various working groups and industry initiatives with the aim of shaping global corporate governance developments, representing the best interests of our clients (please refer to section ‘Responsibility around our Fiduciary Value Chain – Stakeholder Management’ for more details).

In Germany, we participated in the consultation on changes to the German Corporate Governance Code and the transposition of SRD II into national law (ARUG II). As a member of the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V., DVFA) we continue to promote the DVFA Scorecard on Corporate Governance as a measure of governance quality for German companies. We have co-developed the DVFA Stewardship Guidelines for Germany that provide guidance also for German Asset Managers on the implementation of Stewardship. In their capacity as active member of the DVFA-commission Governance & Stewardship, a member of the Corporate Governance Center also initiated discussions with the German regulator, Bundesanstalt für Finanzdienstleistungs-aufsicht (BaFin), on the topic of collaborative engagement. These discussions were complemented by regular discussions with representatives from the PRI on the regulatory hurdles associated with this topic. Furthermore, the DVFA-commission held an expert round table in February 2020 to discuss the DVFA-Stewardship Guidelines that were well received by practitioners, asset owners, auditors and academic experts. In addition, the DVFA-commission Governance & Stewardship held a hybrid conference on Purpose, Sustainability and Stewardship that was organized largely by a member of the DWS Corporate Governance Center.

We have also contributed to the discussions within the German Investment Fund Association (Bundesverband Investment und Asset Management, BVI) on the implementation of the 2nd Shareholder Rights Directive (SRDII) the transposition of SRD II into national law in Germany, the annual review of the guidelines on analysing German AGM-agendas and additional consultations, i.e. the EC-consultations on Sustainable Corporate Governance, the Sustainable Finance Strategy of the European Commission and the consultation by Deutsche Börse/Stoxx on the criteria for listings in German DAX-indices.

In 2020, in light of the COVID-19-pandemic, the German government allowed listed companies to hold the virtual AGMs and to limit shareholders’ questions, meeting participation, filing of resolutions and appeals against motions. As a responsible investor, DWS acknowledged the necessity for such emergency legislation, however, we expressed our concerns about the possibility to extend these measures for the full year 2021 early on in position papers by the DVFA and the BVI. We also developed and presented proposals on how the shortcomings could be overcome in the future and invited other trade associations for discussions. In Q3, pressure from CEOs of 60 listed companies lead to a prolonging of the aforementioned measures. In corporation with DVFA commission, we started to engage actively with legislators from the German parliament (Bundestag) and the Ministry of Justice and Consumer Protection to initiate changes to the legislation that would restore at least some of the shareholder rights. This process is ongoing.

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 contributing with our experience as investors in terms of responsible investing and engagements with portfolio companies. We are furthermore participating in working groups of the UK-fund industry association, the Investment Association (IA), in light of the revised UK Stewardship Code reporting requirements and are providing regular feedback to the UK-regulator, the Financial Reporting Council (FRC). The Stewardship Code submission is due to the FRC by March 31, 2021. Following receipt of submissions, the FRC will then review and allocate a Tier status to each. We have been able to submit a draft response to the FRC for early feedback on the stewardship principles from an investor angle. A member of our Corporate Governance Center has become a board member of the Stewardship Committee of “The Investment Association” (IA). The Stewardship Committee is a high-level committee of the IA and reports directly into the Board of the IA. We regard this as an opportunity to increase DWS’s visibility and involvement in the UK-specific discussion about the future of stewardship, regulatory developments in this field and the implications for us as asset management industry. We are fully supportive of this effort by the FRC to bring greater transparency to Stewardship globally and believe the Code will be of considerable use to our clients and prospects.

Globally, we have continued our active participation in the Ceres Investor Network on Climate Risk and Sustainability. Additionally, we started to participate in the Ceres Investor Water Hub, a working group that aims to drive greater consideration of water investment decision-making by assessing water risks and opportunities.

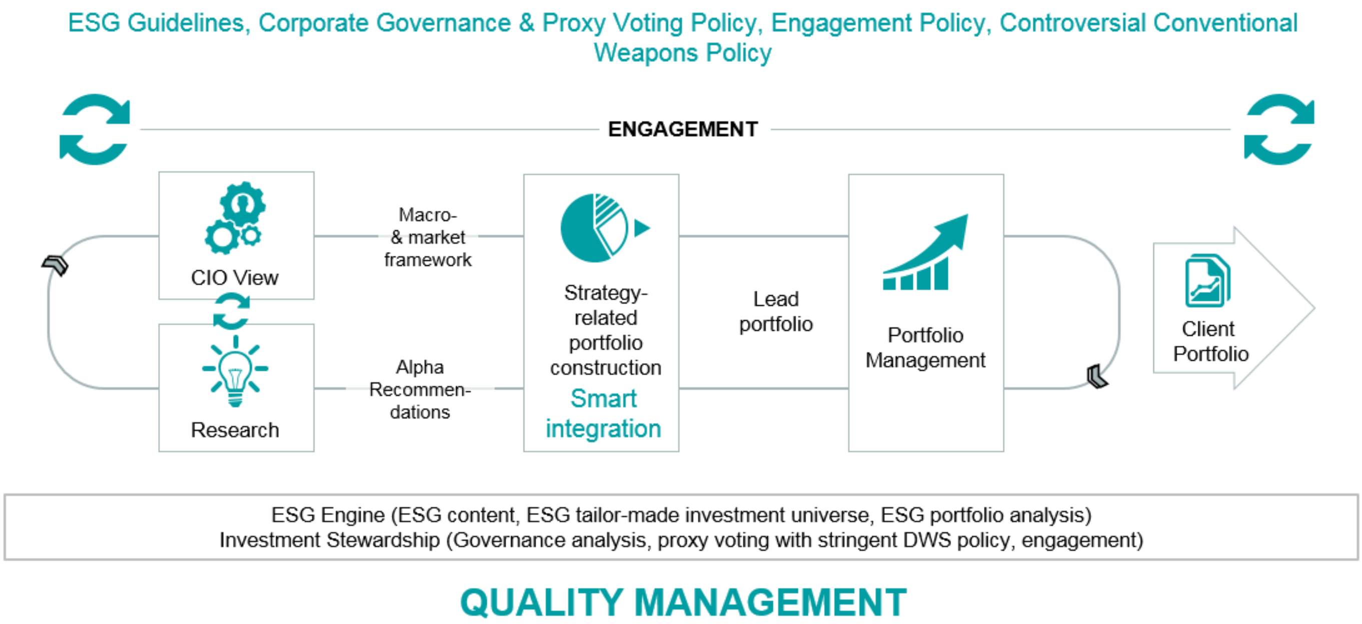
We are also participating in the consultation involving the changes to the Global Governance Principles (GGPs) as a member of the International Corporate Governance Network (ICGN) with the aim to promote effective standards of corporate governance across all global companies.

The Corporate Governance Center continued to share important insights with our clients on the relevance of investment stewardship and various other topics including investors’ expectations on executive remuneration following the implementation of SRD II. We also participated in various conferences as speakers and panelists and recorded a podcast on the importance of governance for sustainable investing including in BrightTALK-sessions. To that extent and having in mind that the global economic impact of COVID-19 clearly demonstrated the interconnectedness of human and economic health, a member of our

Corporate Governance Center published her view on the necessity for investors not to lose their focus and bring climate stewardship to a higher level with their dialogues with companies to avoid a next big crisis caused by climate change (for additional details, see the investment insight published on our website – "Taking Climate Stewardship to the Next Level").

ESG Integration for Active

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 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 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 issuer environments. 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. Our target is to increase the integration of ESG at all relevant steps of the Active investment process depicted below.



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. DWS has emphasized its commitment to ESG integration by increases resources during 2020. The team also contributed to consultations and discussions in Schmalenbach, BVI as well as EFFAS.

We aim to continuously enhance the level of ESG integration across our entire investment platform and 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 2020, DWS had initiatives and measures under way to prepare the Investment Division for upcoming requirements stemming from SFDR. During 2020, we have further intensified ESG integration across the Active investment process with the following improvements:

- **Guidelines**: We tightened our internal ESG Integration Policy for Active portfolio managers as well as formalized our ESG integration in our fund prospectuses and investment management agreements for our European domiciled strategies in order to be prepared for SFDR. We have also made smart integration mandatory for Germany-domiciled actively managed mutual funds and established an operational framework around this process.
- **CIO View:** We expanded our analysis of material ESG global trends into our CIO View, in Q2 we focused on Norms/Climate Transition Risk Ratings (CTRR) and Sustainable Development Goals (SDGs) with implications for sector allocation and year-to-date performance. In Q3 we focused on CTRR/carbon/water implications for sector allocation and year-to-date performance. We regard these contributions as ESG integration into the strategic sector allocation.

- **Training:** In 2020 we have continued to engage investment professionals for ESG integration through 16 global training sessions on how to use ESG ratings within the ESG Engine. In addition the team focused on ESG integration for sovereigns and quasi-sovereigns through a further 9 training sessions in total including the roll-out and use of smart integration for sovereign analysts. We have conducted 2 ESG Gatekeeper meetings and 6 training sessions on how analysts and fund managers should use the newly developed engagement database. We held 7 sector materiality workshops to further assist investment professionals in their day-to-day ESG integration with an initial focus on financial materiality with a plan to continue with more workshops during 2021. Since 2017, DWS employees have been supported to register for the EFFAS ESG exam for certification. Overall additional employees qualified as certified ESG analysts in 2020 (please refer to the chapter 'Employees and Workplace' for further details). We will continue with these training sessions in 2021, with a focus on a further roll-out of sector materiality workshops and consideration of principal adverse impacts in the investment decision.
- **Research**: We have further enhanced our research handbooks and started tracking of ESG integration in our internal research notes. For more details, please refer to the section 'Research and Strategy related portfolio construction'.
- **Portfolio management**: Our investment professionals are expected to be aware of any exposure to critical ESG issues and act accordingly. Exposure to ESG laggards ("E" or "F" rated companies) is part of reviews within regular performance and risk review meetings. During 2020 this awareness has been further enhanced with our "smart integration" strategy and Committee for Responsible Investments process (see below). From 2020 onwards, the CRI requires an additional level of due diligence which constitutes a binding requirement for in-scope mutual funds.
- **Engagement**: DWS updated its Engagement Policy in 2020 to consider financial and non-financial issues such as poor ESG profiles measured by, for example, CTRR and (non-)compliance with international norms. We have also developed and implemented an internal engagement database to track engagements on financial- and non-financial topics and held several courses to introduce the engagement policy and the functionality of the new engagement database
- **Monitoring**: We have started to develop an ESG integration framework and reporting process in order to track progress on our ESG integration activities.
- **Client reporting**: We rolled out our EKPI report on our website for DWS ESG Retail funds and have also extended ESG reporting to include a performance attribution based on the violation of international norms and our Climate and Transition Risk Rating. This EKPI report is now publicly available for all DWS-labelled ESG funds on the respective DWS websites.
- **Fund treasury and investment guideline compliance**: DWS's Fund Treasury teams continue to restrict the allocation of cash balances to counterparty banks deemed ESG compliant from an ESG Engine assessment. Our Investment Compliance teams check for eligibility from an ESG perspective including compliance with ESG investment standards or compliance with controversial conventional weapons policy. Maintaining conformity in our dedicated ESG mutual funds or ESG investment guidelines for our institutional clients is assured by ESG specification sheets, which are executed by Investment Guideline Codings. For all actively managed portfolios, our general exclusion policy applies for issuers associated with manufacturing or proliferation of controversial conventional weapons.

Smart Integration: managing sustainability risks through our Committee for Responsible Investments

The strategic goal of DWS's ESG smart integration has been to effectively identify and manage risks from environmental, social or corporate governance (ESG) factors. In December 2019, the Executive Board approved a proposal for an enhanced investment process known as "Smart Integration of ESG". DWS has deliberately decided against implementing top-down sector-based exclusions and has introduced enhanced level due diligence, when there is evidence that issuers face excessive climate and transition risks or severe and confirmed violations of international norms. On 1st July 2020, DWS formalized this approach with the effective date of fund prospectuses of German domiciled mutual funds. This approach prohibits investments in these corporates and sovereigns in these mutual funds, unless the Committee for Responsible Investments (CRI) performs a due diligence and waives the investment restrictions conditional upon action items such as intensified engagement or restricts new investments in these issuers. This due diligence process can also lead to a potential exclusion from the investment universe when there is evidence of severe sustainability risks or non-responsiveness from issuers on engagement. Starting in the fourth quarter 2020, the Committee has been focussing on water risk and opportunities (as part of Climate and Transition Risk Ratings) and severe climate- and transition risks for investments in sovereign bonds. Additional Luxembourg-domiciled mutual funds will sequentially adopt the new smart integration wording in their respective fund prospectuses. As of December 31, 2020, 52 Germany domiciled mutual funds with AuM of € 60 billion were subject to the new smart integration approach. We expect number of funds and AuM covered to more than double in the first half of 2021.

Issuers, which receive a waiver for ongoing investment during the process should be engaged with. F-rated (by Climate and Transition Risk or norms violation) companies which PMs select for new investment must be presented to the Committee for approval. The CIO for Responsible Investments chairs this Committee which includes members of the CIO Office for Responsible Investments, Equity and Micro Research, Investment Risk Management, Compliance, and the Group Sustainability Officer. The CRI reviews existing holdings based on certain criteria and also invites the responsible analyst to present an investment case based on an integrated analysis of financial and non-financial risks and opportunities including financial materiality. Based on internal ESG Engine evidence, third party research and the analysts' assessments the CRI will either recommend the restriction on new investments, waives the investment restriction or requests a full disposal of existing holdings.

Corporate Governance: An important step of our ESG Integration Process

Our commitment to good governance is an integral part of the investment process and goes beyond our fiduciary duty to exercise voting rights as an important means to ring-fence our investments. We regard active ownership as a powerful force in promoting improved (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 globally using an engagement approach that is designed to foster their governance practices and structures and successfully address governance issues. Our voting process centres on an evolving set of detailed expectations of good corporate governance and ESG integration, which are outlined in the DWS Engagement Policy and Corporate Governance and Proxy Voting Policy.

Our core expectations of corporate governance are explained in detail in this publicly available policy and can be summarised in the five broad categories as on our website.[38]

Engagements and Proxy Voting

In 2020, we continued our efforts in active ownership and held dedicated engagements with board and management members of investee companies on environmental, social and governance topics.

Our investment professionals continued to regularly engage with the senior management of investee companies, whereby, in addition to the fundamentals, strategy and outlook of the company, ESG topics were also 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. In our ESG integration approach, engagement is undertaken by investment professionals in partnership with the Corporate Governance Center and ESG Integration team. 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 Center and the Head of ESG Integration whereby the Active investment platform would be informed accordingly. We believe that the governance in ESG is the foundation for the adequate management of environmental and social issues. Our dedicated governance engagements are based on a thorough analysis of the independence and composition of boards, executive compensation, transparency on practices, transparency on auditors (for example selection, rotation and engagement), the fair treatment of shareholder rights as well as reporting practices. In cases where we identify gaps between our expectations on ESG standards 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, etc.). In addition, each year we send engagement letters to our investees, which elaborate 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.

Our voting policy and guidelines set out our active ownership philosophy and our views on corporate governance and sustainable business practices that support long-term value creation by companies. As in past years, we have reviewed our Corporate Governance & Proxy Voting Policy to ensure that our expectations remain robust against market standards and key developments in 2020. Reflecting the developments made in the policy in 2020 as well as our most eminent governance expectations formed out of the latest proxy voting season, the Corporate Governance Center, representing DWS Investment GmbH, sent a pre-season letter of engagement to more than 1,300 investees, which were part of the Proxy Voting Focus List for 2020. Our pre-season letter represents an important first step into our engagement activities throughout the year by elaborating on our key focus areas as well as inviting our Focus List companies for a dialogue.

In 2020, we had 454 engagements with 353 companies which represented more than an 82% increase versus the previous year. Considering the restrictions on public meetings in the context of COVID-19, many of this years' annual general meetings took place online, without the physical presence of shareholders. Based on our commitment to foster good corporate governance and in line with our active ownership approach, we have sent our questions to the boards of directors of 24 portfolio companies in written form and made them also available on our website (For additional details see our Corporate Governance page on our website). Towards the end of the year, we also sent our individualized post-season letters to more than 390 of our investees, where we had issues with particular items of their agenda and voted against management recommendations. Board composition and transparency as well as executive compensation were among the most discussed governance topics during these engagements.

One of the areas we prioritized in 2020 was climate change and the risks arising from it. Corporations and investors, as owners and lenders have a key role to play towards the need for emissions to be reduced in the mutual goal of coping with the impacts of

[38] Additional details can be found here: https://www.dws.com/solutions/esg/corporate-governance/

global warming. The changes so far have already had an impact in particular on the energy sector and the effects are expected to be amplified as the continued rise in greenhouse gas emissions results in further changes to the climate. We increased our scrutiny on companies that face substantial climate transition risks or seriously contravene with internationally recognized ESG standards (e.g. the UN Global Compact Principles, core principles of the International Labor Organization and OECD Guidelines for Multinationals. We have analysed our investees in the energy sector and have identified several common E, S and G issues, which are causing or might cause reputational risks and might have material implications if not properly addressed:

- On the environmental side: pollution, oil spills; emissions.
- On the social side: impact on local communities and their heritage; human rights violations.
- On the governance side: bribery, corruption issues; poor oversight

As a result of our analysis, we sent a thematic engagement letter to 53 companies, facing risks in the above mentioned areas, asking them for specific and ambitious actions and inviting them for an engagement.

Involvement in the manufacturing of controversial weapons, most notably nuclear weapons or depleted uranium remained a key challenge also in 2020. The upcoming treaty on the prohibition of nuclear weapons (TPNW) will further aggravate this controversial business activity. The goal is to negotiate a legally binding treaty to prohibit nuclear weapons leading towards their total elimination. Addressing our concerns that some of our investees could be involved in manufacturing of products that in the worst case do not comply with treaties or legal bans on controversial weapons, we have sent six Aerospace/Defense companies an engagement letter with our expectations on their current involvement, future strategy and possibly necessary measures to accommodate changes arising from the TPNW coming into force January 22, 2021.

In 2020 for assets domiciled in our key European and Asian legal entities, we voted at a total of 2,370 meetings in 59 markets of listing, which represented an increase of 16% in the meetings voted 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 86% of our equity assets under management in Europe and Asia. 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[39]. For the mutual funds domiciled in the US, we strive to exercise the voting rights for all equity holdings. In 2020, we voted at a total number of 9,355 meetings in 61 markets of listing.

In a report released by Ceres for the US proxy voting season 2020, DWS Investment Management Americas Inc. ranks among the top 10 asset managers with 88% in terms of support for climate related shareholder proposals.[40]

	Dec 31, 2020	Dec 31, 2019	% change
Proxy Voting	**11,725**	**11,509**	2%
for assets domiciled in Europe and Asia (general meetings voted)	2,370	2,043	16%
Companies voted	1,859	1,722	8%
for assets domiciled in US (general meetings voted)	9,355	9,466	-1%
Companies voted	6,720	6,928	-3%
AGM attendance globally / questions sent to company boards for virtual meetings	**24**	**19**	26%
Corporate Engagements	**454**	**250**	82%
For assets domiciled in Europe and Japan	394	207	90%
For assets domiciled in US	60	43	40%

Contribution to Action on Climate Change

[GRI 201-2]

Combatting climate change continued to be one of the most important ESG issues. DWS emphasizes its commitment through its publicly communicated net zero goal and assumes the responsibility as financial market participant and the consequences of its investment decisions. For the future, both awareness and objective need become even more integrated into investment processes which makes the role of climate change data even stronger. DWS commenced publishing reports on the investment implications of climate change already in October 2007. In 2020, we expanded our considerations to different facets of climate change. As in the past, climate change has been a key topic for our engagements and proxy voting. DWS has also made significant progress through applying Climate and Transition Risks and opportunities (CTRR) to sovereign issuers. This key metric has become part of our research and investment process during the 4th quarter of 2020 and become part of the ESG investment standards applicable for our dedicated ESG retail strategies during November 2020.

[39] For additional detail, our 2019 engagement report can be found here: https://download.dws.com/download?elib-assetguid=30dee87d3d7f46a29821ca2b3e6fcefb
[40] The link to the report can be found here for additional detail: https://www.ceres.org/news-center/blog/new-power-comes-new-responsibility-how-asset-managers-can-improve-their-voting

Compared to the more prominent environmental metrics such as those carbon-related, assessment on water is not as well publicised and is more challenging. However water matters. Today, 25% of world economic growth is from countries facing chronic water shortages, and by 2050, this is estimated to rise to 45%. Water resource, in particular fresh water, represents approximately 2.5% of total water and less than 1% is available to sustain all terrestrial life and ecosystems. To make things even worse, pollution, the loss of natural wetlands and the increasing likelihood of droughts coupled with drastic climate change are adding further strains on the availability and quality of water resources. In 2020, we have implemented our existing CTRR score to sovereigns and since November 2020 included water risks and opportunities at an issuer level. The resulting water risks and opportunities score ranges from A ("True leader – very good water risk management while contributing to SDG-6") to F ("True laggards, significantly exposed to water risk"). Both carbon risk & opportunity ratings and water risk & opportunity ratings are aggregated together to form the DWS climate and transition risk rating. A third pillar, physical climate risk, is planned to be added in 2021 subject to data availability.

We will continue to further embed CTRR into our internal processes in 2021. 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. In December 2020, DWS published water risks and opportunities as a research paper in order to inform investors about these investment implications[41].

A further important development is the formal approval and integration of total carbon intensity on issuer level into our ESG Engine factsheets, which allows our investment professionals to consider Scope 1-3 emissions plus avoided emissions in the context of their asset allocation.

Climate Action proof points from Investment Division

- 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. In total this resulted to AuM and committed capital exceeding € 320 million.
- Converted our DWS Invest Climate Tech into a dedicated ESG strategy, which exceeded € 130 million in AuM and where the fund manager was awarded as "Handelsblatt Top Fondsmanager 2020"
- 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 contributing to assets under management of over € 100 million and € 1 billion, respectively
- DWS observed increased demand for ESG exposure during 2020, particularly from institutional investors looking to switch from traditional indices into ESG equivalents. As a result, European listed DWS ESG ETFs exceeded € 3 billion in AuM. These ESG ETFs use an explicit carbon filter to provide access to environmentally conscious companies as measured by low CO2 emissions.

Within our investments, we analyse the commitment made by companies to the UN's Sustainable Development Goals and how these are reflected in executive compensation based on information our ESG Engine data, research provided by our proxy voting service advisors for individual AGMs as well as own analysis and engagements with companies. Another focus is the increasing need to combat climate change. This has resulted in various discussions with investee companies, working groups coming together, new regulations being set at EU level and shareholders demanding more action from companies on this topic.

We have continued our active support of the Climate Action 100+ initiative with 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 three years, the company has made improvements to the governance of ESG aspects. They also enhanced their reporting transparency for non-financial aspects and in this context also complied with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The company has sets ambitious Scope 1-3 targets as well as clear and transparent exit-plans on coal usage. The implementation of these topics are governed by a committee on management board level and the management board also contains sufficient climate expertise which was a request by DWS at the company's most recent AGM. 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 joined the IIGCC Paris Aligned Investment Initiative and their credit, sovereign, equity, and real estate working groups
- 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.

[41] Please see the link to additional information: (https://www.dws.com/insights/global-research-institute/a-transformational-framework-for-water-risk/).

Our ESG CIO View and Market Outlook

Already in 2018 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. We consider this step as an important addition to our investment value chain and a way to consider ESG impacts into our sector allocation and portfolio construction. The integration of ESG topics into our CIO View is continuously expanded to include relevant ESG trends.

In 2020, DWS focussed on sustainability risks arising from violation of international norms and on publications in the 2nd and 3rd quarter on combining CTRR, Norm and SDG ratings with an implication on sector allocation. The insights are communicated through our quarterly CIO View publication on our website[42].

Research and Strategy related portfolio construction

Research and portfolio management capabilities are fully integrated within our investment teams. 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.

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 of the relevant legal entities within Active are bound by the ESG Integration Policy for Active Investment Management as well as the Engagement Policy. In 2020, the overall research process has been further 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.

Already since 2019 this process has been implemented in the respective ESG integrated research notes for equity and fixed income research. During 2020, we have enhanced our Equity Research Handbook to feature 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 engagements and our 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. Our Credit Research Handbook highlights ESG analysis as part of the initiation report whenever a new issuer is added to the research platform. It also continues to highlight the importance of ESG analysis, e.g. that corporate bonds with an E or F rating require a wide spread overcompensating the risks and conduct engagement to help improve the company's ESG profile

All of DWS's equity holdings are in the scope of our Corporate Governance and Proxy Voting Policy and our focus list does not discriminate between holdings in dedicated ESG strategies and non-ESG funds.

The results of this proprietary research are distributed in Aladdin Research and other processes are governed by the Head of Equity and Co-Head of Micro Research (Fixed Income).

Human Rights and Norm Assessment in the Investment Process

[GRI 412-3]

DWS is fully committed to our responsibilities in relation to human rights and during 2020 has sought to raise awareness of the implications of norm assessments in the investment- and sector allocation process. In April 2020, this "social" element of ESG has become part of DWS's ESG CIO View[43]. The Deutsche Bank Statement on Human Trafficking and Modern Slavery constitutes a principle of how we are guided for the relevant legal entities. Further, 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

[42] 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/
[43] See here for additional information: https://www.dws.com/insights/cio-view/cio-view-quarterly/q1-2020/normative-judgments/

by the 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 (such as loss of biodiversity) and
- challenged business ethics, most notably incidents of bribery, market manipulation, fraud, corruption, etc.

In terms of ESG data on norm compliance including human rights, DWS has made a norm rating update through the onboarding of Arabesque S-Ray.

Throughout 2020, the Committee for Responsible Investments analysed, discussed and included on issuers which have been rated F from a Norm rating perspective, which includes in particular human rights. We have assessed e.g. particularly severe cases of above sector-average fatality rates, health and safety or violation of labour rights despite COVID-19 related restrictions. In cases where challenged business ethics led to material improvements, the Committee decided to waive certain restrictions conditional upon a close monitoring. As a result of our detailed analyses in the Committee for Responsible Investments, DWS has engaged with an online retailer on labour rights issues and growing controversies around human rights. We have also intensively analysed and discussed North- and South American and emerging markets (partly) state-owned oil & gas and mining companies with a focus on occupational health and safety.

We will continue to put a high emphasis on issuers' norm compliance with a particular focus on environmental topics, climate change and human rights not only in our Committee for Responsible Investments but also in the form of company engagement and due diligence in our general research processes.

ESG Integration and Quality Management

Outside of our funds and strategies which are subject to our "smart integration of ESG" approach, DWS aims to be compliant with Article 6 of the SFDR. This means that in its investment decisions, DWS considers, in addition to financial data, sustainability risks. This consideration applies to the entire investment process, both in the fundamental analysis of investments and in the decision-making process. In the fundamental analysis, ESG criteria are evaluated within the internal corporate, sovereign and sector analysis and ESG criteria are integrated into any further investment research. This includes the identification of global sustainability trends, financially relevant ESG issues and challenges. Moreover, risks that may arise from the consequences of climate change, or risks arising from the violation of internationally recognized guidelines are subject to special examination. The internationally recognized guidelines include, above all, the ten principles of the United Nations Global Compact, ILO core labour standards, or UN guiding principles for business and human rights and the OECD guidelines for multinational companies.

If investments are made according to an ESG-integrated fundamental analysis, these investments will also continue to be monitored from an ESG perspective and a dialogue is sought with companies regarding better corporate governance and greater consideration of ESG criteria (e.g. via participation as a shareholder in the company, or by exercising voting and other shareholder rights). 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 as a result of 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 December 31, 2020, we are able to classify combined € 396 billion in AuM in Active 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 within Aladdin. On a regular basis, the ESG quality of the portfolio can be reviewed in the context of Performance and Risk Review meetings and regular ESG gatekeeper meetings provide internal updates on engagement activities, policy and process updates on ESG integration / engagement, regulatory developments and issuer changes in terms of ESG-ratings. The quarterly CIO Day also addresses global ESG trends.

ESG transparency towards our Clients

In 2020, we improved transparency to our clients on the ESG quality of those funds they evaluate or invest in. The goal is to make the ESG quality of a fund and carbon intensity elements 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: The EKPI reports are available upon request in English and German for all other dedicated ESG mutual funds of DWS and are continuously refined in an internal ESG Reporting Panel.

In Germany our client relationship team together with our DWS ESG Advisory team have been able to convert various existing institutional client mandates into an ESG version by either adopting a bespoke climate strategy, a bespoke negative list, a negative list by an ESG rating provider or by adopting DWS's SynRatings (i.e. best-in-class ratings). This resulted in further growth in the category "Institutional funds based on client-specific exclusions for institutional clients" (see section "Dedicated ESG and Products with an ESG Integration Approach").

Throughout 2020, our discussions and workshops with institutional clients have had a deliberate focus on decarbonisation. In our home market Germany, the Relationship Managers for Institutional Clients within the Client Coverage Division have conducted and held more than 60 workshops, survey, or introduction of ESG capabilities with more than 50 corporate-, insurance and pension clients or NPOs. This among others has led to net new ESG assets in existing client relationships or conversions of existing mandates into an investments with an ESG preference. These client events took place with the ESG Advisory Team in our Products Division or representatives from the CIO Office for Responsible Investments. We have held various discussions on low carbon investment strategies with institutional clients in Germany. Among others this has led to a conversion of a European investment grade corporate bond mandate into a low carbon investment strategy.

Requirements under EU Sustainable Finance Disclosure Regulation

In addition to the product classifications and corresponding product-level disclosures, EU SFDR also requires financial market participants (FMPs) to issue a statement in relation to the consideration of principal adverse impacts in accordance with the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector of November 27, 2019 (Disclosure Regulation). DWS intends to issue such statements for legal entities which are in scope of this requirement. In doing so, we will refer to existing policies and processes and to the best extent make use of existing data and new data submissions from third party vendors. We intend to offer additional courses to prepare investment professionals in order to consider principal adverse impacts in their decision making.

Creating Dedicated ESG Products

We believe that our expertise and extensive experience in sustainable investing provides DWS with valuable insights that assist and further protect and grow our clients' assets over the long term. The growing importance of ESG is evidenced by regulatory developments, independent academic research, and our own experience, which reveals that integrating ESG factors into the investment process has the potential to improve performance and reduce risk. Due to improvements in our ESG Engine and DWS's organisational setup, we believe is in a better position than previous years to offer bespoke ESG solutions to clients based on their own ESG criteria. This is also as a result of improvements on ESG data such as climate transition risks for sovereigns and water risks and opportunities in our ESG database.

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

In 2020 DWS has built upon its existing MESGS framework for DWS-branded ESG mutual funds and has extended selected criteria based on ESG Engine refinement and data availability.

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 reviews and analysis of environmental and climate risks are targeted 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. In the past year, we have extended the ESG investment scheme so that Climate and Transition Risk Ratings now include water risks and opportunities. In addition we decided to become more strict on revenues generated from coal-related activities and lowered the threshold to 15% instead of 25%. This new threshold will become effective on January 1, 2021 for our dedicated ESG retail strategies. For 2021, fund prospectuses will need to give additional detail in order to accommodate EU SFDR.

1

AVOIDING REVENUES FROM "CONTROVERSIAL" SECTORS (measures involvement in either of controversial sectors mentioned below; usually in % revenue)

Tobacco (≥5% revenues (D))	Gambling (≥5% revenues (D))
Adult entertainment (≥5% revenues (D))	Defense (≥5% revenues (D))
Coal[1] (≥25% revenues (F))	Nuclear power (≥5% revenues (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 electricity generation from coal. Will be lowered to 15% starting 1 January 2021.

2

AVOIDING to be associated with CONTROVERSIAL WEAPONS (measures involvement or role in any controversial weapon as defined below)

Nuclear weapons	No weapon producer (F) No component producer (E) No equity (D)
Cluster bombs	
Anti personnel mines	
Depleted uranium	

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

3

AVOIDING CONTROVERSIAL BUSINESS PRACTICES (measures degree of violations of any below mentioned norms or business practices)

Human/workers rights	Child/forced labor
Environmental damage	Business ethics
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 & CLIMATE PERFORMERS (measures whether or not a company is an overall ESG leader or laggard or is exposed to high or excessive climate- and transition risk)

DWS ESG Rating	no E/F	<15% D	<5% M
Climate- and Transition Risk (including Water Risks and Opportunities)	no F	<5% E	<5% M

The E/F DWS ESG ratings 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.

Dedicated ESG Products and Products with an ESG Integration Approach

By the end of 2020, we reported € 75.6 billion of dedicated ESG and sustainable AuM, € 16.6 billion of real estate investments in certified green-labelled buildings and € 889 million infrastructure investments in renewable assets. We managed assets with a total volume of € 793 billion (as of December 31, 2020). 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 2020, DWS has worked towards a classification of its investment products towards Article 6, Article 8 or Article 9 of the SFDR for those products in scope of the regulation.

in € m.	Dec 31, 2020	Dec 31, 2019	% change
Active management with dedicated ESG	**58,017**	**40,686**	**43%**
Portfolios based on client-specific exclusions for institutional clients	32,660	24,662	32%
Retail and institutional assets managed according to uniformly defined investment standards or client-specific derivations	20,129	13,090	54%
Sustainability themed ESG products	1,270	591	115%
Third-party initiated mutual funds applying external ESG approach	3,958	2,343	69%
Passive investments with dedicated ESG	**17,550**	**10,869**	**61%**
Exchange traded funds (ETFs)	8,345	2,452	240%
Passively managed mandates for institutional clients	9,205	8,417	9%
Total dedicated sustainable AuM (Active and Passive)	**75,567**	**51,555**	**47%**

in € m.	Dec 31, 2020	Dec 31, 2019	% change
Sustainable investment funds / impact investments	**589**	**715**	**-18%**
Private equity or debt funds focused on sustainable/impact investing, including public–private "blended finance" funds with environmental or social objectives	589	715	-18%
Real estate	**16,553**	**16,527**	**0%**
Certified green-labelled buildings (Energy Star, LEED, BREEAM, etc.)	16,553	16,527	0%
Infrastructure	**889**	**862**	**3%**
Renewable assets, both in debt and equity investments, including solar, wind and waste-to-energy	889	862	3%
Total sustainable AuM in real estate and infrastructure	**18,031**	**18,104**	**0%**

in € m.	Dec 31, 2020	Dec 31, 2019	% change
ESG Integration in Active	**395,998**	**392,698**	**1%**
ESG integration in Alternatives	**63,178**	**58,317**	**8%**
ESG integration within Liquid Real Assets	19,100	20,897	-9%
ESG integration within Direct Real Estate	33,367	26,988	24%
ESG integration within Infrastructure	10,711	10,432	3%
Total integrated ESG assets at DWS	**459,176**	**451,015**	**2%**

Active

In 2020, our Active portfolio management teams were responsible for € 58.0 billion of dedicated ESG AuM and for € 520.2 billion of total AuM in Active and LRA. Within our Active management section we now distinguish between the following categories. This includes actively managed strategies in the Liquid Real Assets space[44].

- 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. By definition, these portfolios are for institutional clients only. In 2020, we reported € 32.7 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. In 2020 we reported € 20.1 billion in this category. For those strategies domiciled in the European Union, we are working towards classifying these products as Article 8 of SFDR
- 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 2020 we reported € 1.3 billion mainly attributable to the successful distribution of our SDG and Green Bond strategies. For those strategies domiciled in the European Union, we are working towards classifying these products as Article 9 of SFDR
- 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 2020, we reported € 4.0 billion in this category. We expect that external initiators of these strategies will approach DWS as management company to classify some of these strategies as Article 8 or 9 of SFDR conditional upon adjustments to the products legal documents.
- Actively managed portfolios following DWS's Smart Integration approach and actively managed portfolios with ESG integration approach (see section 'ESG Integration and Quality Management'): In 2020, we reported € 396 billion in this category out of € 520.2 billion in Active. We expect both products following Smart Integration and ESG integration will be classified as Article 6 for strategies falling under the scope of SFDR.

Passive

Our Passive portfolio management teams were responsible for € 17.5 billion of ESG AuM and for € 178.8 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 2020, for creating passive 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.

[44] 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. The entire Liquid Real Assets team manages AuM amounting to € 21.3 billion.

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.

In 2020, the Passive product structuring teams have improved the existing structure of the Exchange Traded Commodities (ETC) platform in such a way that sub-funds established under LBMA Responsible Gold Guidance for Good Delivery Refiners setting out strict criteria regarding the provenance of Gold aim to only hold gold bars sourced from 2012 that are compliant with the LBMA's Responsible Sourcing guidelines.[45]

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 2020, we reported € 8.3 billion out of a total of € 122.9 billion AuM in European and US-domiciled Xtrackers.
- Passively managed institutional mandates, where the ESG approach is optimized based on the parent index and is customized to the institutional investor. In 2020, we reported € 9.2 billion out of a total of € 46.4 billion AuM in passive mandates for institutional clients.
- Exchange-traded Commodities: per December 31, 2020, DWS's ETC platform held physical gold assets in accordance with LBMA's Responsible Sourcing Guidelines worth € 469 million out of € 9.5 billion in total in ETCs.

Sustainable Investment Funds and their Contribution to SDGs

[GRI 203-2]

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"). The SI team, through more than 20 years of history, creates solutions for institutional, private investors, development banks, and governments, that share common social and environmental investment objectives and seek attractive financial returns.

- Policies: The SI business is subject to the existing DWS Reputational Risk Key Operating Procedures and the Sanctions and Embargoes Policy.
- ESG Assessment process: investments integrate ESG considerations guided by for example the Sustainability Accounting Standards Board (SASB) standards and is included in the investment memo to examine the potential ESG risks. Upon deal origination, the Manager excludes projects that fail ESG standards on aspects such as environmental and social regulatory compliance. During the due diligence process, the manager engages professional third-party advisors to examine the financial, technical and legal aspects of the projects, especially those that would translate into ESG risks. Potential risks and mitigation measures are presented to the Investment Committee and rectification work is carried out to address such issues
- Monitoring: the SI team monitors the operation of the portfolio companies and ensures that they operate in compliance with the environmental standards and regulations. Some of SI's funds engage a third-party consultancy to conduct the quarterly ESG reporting for the Fund and the quarterly reports include risk analyses and records the waste generation and air pollutant emissions in detail. For some funds we use our proprietary greenstem tool to measure and monitor impact[46].

In 2020, SI acted as investment manager as well as advisor for six sustainable and impact funds with a combined volume of € 589.5 million, a decrease from € 715 million in 2019, a 17.5% decrease. This decrease is among others attributable to the close-down of GMF III. The mandates of SI range cover energy (clean energy, energy storage, energy usage), and environment (food/agriculture, waste, water).

[45] The Guidance aims to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating terrorist financing practice. See here for additional information http://www.lbma.org.uk/responsible-sourcing),
[46] 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

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**	
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**	
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**	

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 December 31, 2020, the fund financed 18 projects within the European Union that report an accumulated savings of 556,476 metric tons of CO2 equivalent emissions and 1,462,647 MWh of primary energy[47] (at Q4 2020)[48]. Along the investment portfolio SI manages 8 technical assistance projects for communities and public authorities within the EU.

Investments chosen by the strategy will directly and indirectly support households in the agricultural sector, through improved access to inputs, finance, technology, markets and skills development, as well as innovation and transformation in production practices, to contribute to the reduction of poverty and vulnerability, increased food security, incomes and resilience, and decent employment.

As a customised 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 $300million by 2022 to develop projects totalling 1 gigawatt of renewable energy. The Fund is part of the corporate client's commitment: 44 suppliers in 16 countries have committed to using 100 percent clean energy to power their production for the consumer electronic company[49]. DWS has closed a US$ 23 million investment on behalf of its China Clean Energy and Environmental Fund (CEEF) in Soutech Technology Development Group Co. Ltd., a waste management company that has supplied equipment and services to the United Nations for more than 20 years and is now applying its expertise and experience in China.

DWS's Clean Energy & Environment Fund – a China focused private equity fund advised by the firm – has invested in International Environment Group Limited (IEG). This is further indication of our globally integrated ESG value proposition to our clients, from ideation of strategic products, to their execution and ultimately value creation

Alternatives

In 2020, the Alternatives portfolio management teams were responsible for € 18.0 billion of dedicated ESG AuM (comprising € 589 million in sustainable investment funds plus individual real estate and infrastructure assets) out of € 93.5 billion total AuM across Alternatives. Within Alternatives, DWS managed € 63.2 billion of ESG-integrated AuM of which € 19.1 billion was in liquid securities managed by the LRA business, € 33.4 billion was in real estate assets excluding green labelled buildings, and € 10.7 billion was in infrastructure assets excluding sustainability-themed investments in renewable assets.

[47] Energy efficiency and clean urban transport projects
[48] For additional information on the measurement methodology, please refer to the EEEF report for Q4 2020: https://www.eeef.eu/tl_files/downloads/Quarterly_Reports/2020/EEEF-Quarterly-Report-2020-Q4.pdf
[49] Additional information can be found here: https://www.apple.com/newsroom/2019/09/apple-launched-china-clean-energy-fund-invests-in-three-wind-farms/

Alternatives makes use of many of the same processes as Active and is subject to the same group-level Policy requirements as Active. In particular, Alternatives is subject to the existing DWS Reputational Risk Key Operating Procedures and the Sanctions and Embargoes Policy and all new Alternatives product launches must also go through the NPA, which requires sign off from the Responsible Investment Center as a condition to product launch. Outside of our sustainable investment funds, Alternatives aims to be compliant with Article 6 of the SFDR and will continue to strengthen our ESG integration efforts to both promote ongoing compliance with SFDR and honour our fiduciary duty to mitigate risk and maximize returns for our investors.

ESG Integration for Alternatives

Within Alternatives, ESG is integrated into the investment process primarily during investment due diligence and active portfolio management. Integration of ESG into the investment process enables us to identify the risks and opportunities that a traditional analysis would miss, or fail to systematically address, potentially resulting in a significant impact on long-term investment performance. DWS's “Smart Integration” program does not apply to Alternatives except for the European-domiciled mutual funds managed by the LRA business. The inherent differences between the liquid and illiquid asset classes require that the approach to ESG integration for Alternatives be tailored specific to the relevant Alternatives asset classes as outlined in the sections below.

ESG in Real Estate

Our real estate business continues to position ESG as integral to investment decision making. At the core of the approach is our goal to preserve and maximize risk-adjusted returns and to reduce environmental risk, improve asset efficiency, and deliver high-quality spaces to tenants. In 2020, we executed the regional 2019 sustainability action plans and adopted the global 2020 Real Estate ESG House View. The 2020 Real Estate ESG House View builds on the existing ESG program framework and consists of the following five-stage ESG program for our real estate assets managed from Europe and the Americas:

- **1. Data Collection**: Actively collect a broad and robust asset-level ESG dataset on a regular basis to assist in sustainability reporting, informed decision-making and in unlocking improvement opportunities. The collection of asset-level ESG data begins prior to all acquisitions during due diligence and continues throughout the holding period of all portfolio assets.
- **2. Risk Review**: Perform an ESG risk review on each asset prior to acquisition and on all portfolio assets on an annual basis with a focus on key ESG risks and opportunities in the following areas:
  - Carbon Transition Risk
  - Natural and Physical Climate Risk
  - Social Norms Risk
- **3. Goal Setting:** Set platform and portfolio-level performance goals based upon bottom-up asset-level action planning and top-down investor and industry drivers.
- **4. Implementation:** Create and execute asset-level action plans that represent the best value in terms of improving sustainability performance, decreasing operating costs, and increasing tenant satisfaction.
- **5. Measurement and Impact:** Based on the implementation activities, track progress in project implementation relative to our goals and evaluate the value created for the asset, portfolio and platform. Compare performance with peers using industry standards and benchmarks such as GRESB and UN PRI.

During 2020, we gathered energy and carbon data on 9.7 million square meters of the global portfolio. We implemented energy and water-related projects across 50 properties in the US representing a net investment of € 4.3 million during 2020. In addition to our energy efficiency programming, we have also commenced projects and assessments to address other ESG topics critical to real estate including smart buildings, health & wellbeing, and climate resilience pursuant to the Real Estate ESG House View.

As of the end of 2020, we managed € 16.6 billion of AuM in properties with green label designations. These green labels include, but are not limited to, Leadership in Energy and Environmental Design (LEED); Building Research Establishment Environmental Assessment Methodology (BREEAM); and ENERGY STAR, a US-government-backed rating for energy efficiency.

With respect to reduction targets and measurement across our real estate portfolio, we have committed to the following:

- 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 office properties against a baseline year of 2017[50].
- 2050 Net Zero carbon goal (European-managed portfolio): In October of 2019, we also became one of the founding signatories of the Better Buildings Partnership Climate Change Commitment, and recently published our first pathway to net zero emissions on their website. In addition, DWS co-chaired the Institutional Investors Group on Climate Change (IIGCC) Real Estate Net Zero Investment Framework to further guide our business and the industry to climate action through consistent reporting and concerted action.
- 2030 energy reduction goal (US offices): In 2011, we first committed to the US Department of Energy's Better Buildings Challenge, where we set a goal of improving the energy efficiency of five 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 US office portfolio. In 2020, this goal was updated to a 25% reduction in energy and carbon intensity by 2030 across our landlord controlled US office portfolio with the intent that this target will serve as the foundation for a future carbon reduction target that also includes decarbonization.[51]
- 2030 water reduction goal (US offices): As part of our renewed commitment to the Better Buildings Challenge, in 2017, we added a water reduction goal of 20% by 2030 for our US office portfolio and have already reduced water intensity by 21%.[52]

The above goals are intensity measures that are calculated in terms of emissions or utility consumption by floor area and as a percentage change against a baseline year of 2017. In 2019, we began measuring and reporting on our European office carbon reduction goal and established a preliminary carbon reduction goal for our US office portfolio based on reducing energy intensity.

Strong progress has already been made against the energy and carbon reduction goals for our office portfolios. We have already achieved 10% reduction in energy and 16% carbon intensity reduction across our European office portfolio[53] and 13% reduction in energy intensity and a 13% reduction of carbon intensity across our US office portfolio.[54] In 2021 we plan to keep measuring and reporting on existing goals across the global business and will be further exploring decarbonization strategies in the US.

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 participation in GRESB we have a seat on its Real Estate Benchmarking Committee to help drive the continued refinement of the survey. In 2020, we reported on 15 of our portfolios (worth € 36.0 billion of AuM out of € 55.6 billion in global AuM for DWS Direct Real Estate in 2019, representing 64.7% of the total global real estate AuM for the 2020 reporting period ending December 31, 2019), and 14 of the 15 portfolios achieved Green Star recognition through the GRESB assessment.

- **Policies and procedures:** We have an updated ESG House View in place, which was approved by the regional Investment Committees (the governing approval bodies for our regional real estate investment business) in Europe and the Americas in 2020. We complete annual Sustainability Action Plans for each regional business, which are approved annually by the Investment Committees in the respective region. These documents provide the overarching strategy and the detailed plans on execution of our ESG strategy for the businesses. The commitments in the annual Sustainability Action Plans are incorporated into portfolio-level sustainability action planning to ensure ongoing management support of sustainability programming. Additionally, there are ESG components in the key operating procedures documentation for the business.
- **ESG Assessment process:** For all new prospective property acquisitions, we complete an ESG Acquisition Checklist during the ESG risk review portion of the due diligence process, a requirement we made mandatory in all regions in 2019. The results of the ESG risk review 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 ESG risks and opportunities to improve asset performance, some of which may be opportunities linked to reduction targets. Examples include heightened exposure to physical climate risk and resiliency measures, opportunities for investment in energy efficiency to reduce costs

[50] Carbon intensity measured in kilograms of CO_2 emissions equivalent per square meter..
[51] Note that the current US carbon reduction target is based solely on efforts to reduce energy intensity through energy efficiency programming and this target includes the assumption that the emission factors remain constant.
[52] Figure as of June 30, 2020. The final 2020 year-end reduction in water intensity figure will be available on March 31, 2021.
[53] Figures as of December 31, 2019. The final 2020 year-end reduction in energy and carbon intensity figures will be available in May 2021.
[54] Figure as of June 30, 2020. The final 2020 year-end reduction in energy and carbon intensity figures will be available on March 31, 2021.

and reduce energy intensity, regulatory risks around Energy Performance Certificates (EPCs), and pursuit of green label certifications. The ESG risk review performed on prospective acquisitions is also performed on all portfolio assets on an annual basis. ESG risks and opportunities identified during the annual risk review are documented in the portfolio's Sustainability Action Plan along with any recommendations relating to ESG risks and opportunities identified during the annual risk review.
- **Monitoring:** As part of our asset and property management activities, we monitor properties and portfolios around key ESG metrics to identify potential ESG initiatives we want to engage in at the property level. This information feeds into the capital plans and rolls up into the annual Sustainability Action Plans for each portfolio and the business respectively.

As a result of our data collection efforts, consistent risk reviews, and monitoring of ESG data quality, DWS's Direct Real Estate business integrates ESG information across a global portfolio of € 33.4 billion in AuM excluding green label buildings .

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 for equity investments, from the initial screening and due diligence to the asset management and exit stages. During the holding period, we monitor the ESG attributes of the investments through quarterly reporting of sector-specific[55] 3 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 € 889[56] million in sustainability themed renewable energy and energy transition assets, both in debt and equity investments, including solar, wind, and waste-to-energy.

To understand the ongoing ESG performance of our funds and assets against peers, we take part in the GRESB infrastructure assessment at both fund and asset level. We are a member of GRESB and sit on the Infrastructure Benchmarking Committee to help drive the development of industry standards with respect to ESG. We also report to PRI and achieved an A rating in 2020 for the Infrastructure module.

During 2020 we continued to operate in line with the Environmental and Social Management System (ESMS) that was developed and implemented in 2019 to further strengthen and standardise our due diligence process and monitoring of assets. The ESMS applies to all potential investments in infrastructure equity and current portfolio investments in infrastructure equity. The ESMS documents ESG policies and procedures at all levels of the DWS Infrastructure business, and details how ESG considerations are incorporated in due diligence and asset management procedures. The ESMS 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 for all prospective equity investments. 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 Sustainable 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 and are planning to report into GRESB for PEIF III in 2021.

The Infrastructure Debt business, in collaboration with DWS Research, has developed a bespoke proprietary ESG scoring methodology applicable to private infrastructure debt investments, which will be rolled out to new investments in 2021 to support the overall investment process and ongoing monitoring of ESG risks for private infrastructure debt investments. This methodology will guide the ESG due diligence performed on each asset by the investment team and assign an ESG rating to each potential

[55] Examples include energy consumption, water consumption, waste generation and completed projects.
[56] Valuations of € 426 million of equity investments made within Pan-European Infrastructure Fund II and Pan-European Infrastructure Fund III are per September 30, 2020. Equity investments are revalued each quarter. Year-end 2020 figures will be made available in the context of fourth quarter 2020 reporting to investors on March 30, 2021 and April 30, 2021 for the two funds. Debt investment amounts are generally set and do not change unless debt is repaid.

investment, based on a pre-defined set of ESG KPIs to be sourced by the team from the borrower/sponsors. A summary of the ESG rating will be incorporated into all investment committee memos, to form part of the investment decision making process. These initial ESG scores will be updated every year based on periodic ESG KPIs reported by borrowers.

As a result of our commitments, policies, procedures, and monitoring of ESG data quality, DWS's Infrastructure Equity business integrates ESG across € 10.7 billion of AuM in private equity infrastructure investments excluding sustainability themed assets.

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 reviews the 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 will continue to refine its ESG approach around monitoring and engagement as needed.

Client Experience

Our fiduciary duty 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. We aspire to the highest 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. In 2020, following changes on the Executive Board whereby we moved towards one unified global responsibility for our distribution teams, we further reflected this commitment in the structure of our Client Coverage Division: globally aligned, yet regionally suited. This enables us to serve clients and markets locally, but in a globally consistent manner. We have therefore tailored our Client Coverage teams along four regions: APAC, the Americas, EMEA (excluding Germany & Austria) and Germany & Austria. A global coordination is ensured by four segments: Institutional & Consultants, Wholesale & Digital, Insurance and Private & Real Assets as well as Passive Sales. All client coverage heads of the respective regions and segments report to the Global Head of the Client Coverage Division.

To reflect the tremendous importance of ESG, we established a dedicated global role, the ESG Client Officer, to ensure this topic is a focus in our strategic client relationships. The ESG Client Officer intersects between our clients, our Global Sustainability Office and our client relationship managers. Supporting and advancing the Client Coverage Division are the Global COO as well as a dedicated client coverage COO for the Americas. A close collaboration with both the Product and Investment Division, as well as across the wider organization is ensured, as the Client Coverage Division acts as the advocate for our clients also internally, working to satisfy and solve their needs.

Especially during the COVID-19 pandemic, DWS focused on being in close touch with our clients to be the trusted advisor that provides guidance in uncertain times. We were able to double the number of participants of our market update calls in just 10 days in the first weeks of the pandemic in Germany, reaching around 4,500 participants. Furthermore, we reached 50,000 followers on the social media network LinkedIn in 2020. These examples underline that our consequent communication efforts throughout the crisis enabled us to increase the contact and interaction with our clients.

Our approach to assessing a comprehensive client experience is based on three pillars, namely complaint management, client satisfaction surveys and third party assessments.

Complaint Management

The first pillar in assessing our clients' satisfaction is the management of customer complaints: DWS is committed to handling complaints fairly, effectively and promptly. The complaint register provides valuable insights into how we are performing from our clients' perspective. A robust and consistent client complaint handling and reporting process helps facilitate improvement in 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, client-centric complaint management provides an opportunity to rebuild and enhance customer relationships.

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 DWS.

Information on our complaint process and contact details are provided to clients via the Markets in Financial Instruments Directive (MiFID) starter pack and also published on our external websites. New complaints are screened for recurring issues and logged in the complaint register to provide oversight on the type of complaints (clustered by DB Group-wide non-financial risk type taxonomy), materiality/severity, and time to closure. Oversight metrics are reported to DWS and DB Group's senior management, DWS and DB Group Compliance. The complaint register and supervisory controls are subject to periodic reviews by Compliance, Group Audit and our external auditor.

In 2020, the number of complaints has decreased compared to the previous year. Two root causes have been identified: Firstly, annual tax certificates have been distributed late and partially incorrect, secondly, stricter Know Your Client (KYC) requirements with regards to the proof of legitimacy of account holders came into effect in Luxembourg. Corresponding measures have been taken to improve internal workflow for 2021.

Client Satisfaction Surveys

The second pillar in assessing our client's satisfaction are client satisfaction surveys. These are conducted at several points across our various businesses.

The service centre for our digital investment platform (DIP) is based in Germany, servicing our clients using DWS Direct service offerings. This enables our German clients and advisors to have personal access to the investment platform via telephone or email. This offering is not available in the APAC and Americas region. Since 2008, we have commissioned an external service provider to conduct client satisfaction surveys (for B2C) 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, 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 as 'likely to recommend our telephone services to colleagues', which we view as evidence for client loyalty.

Additionally, we asked distributors (B2B) in Germany for their feedback regarding their experiences with our regional service centre. Two options were offered - either clients could stay on the line after a call with our call centre to do a so called "Voice-Survey" or they received an E-Mail with a respective link to the questionnaire ("E-Mail Survey"). In comparison to 2019, we were able to improve in 2020 in the areas of "solutions offered" and "expertise". 72% of all participants were "highly satisfied" or "satisfied" with the additional information provided during the COVID-19 pandemic.

For our US 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.

Third Party Assessment

The third pillar of assessing our client's satisfaction are third party assessments. This enables us in particular to gain a 360-degree view of our services for distribution partners.

In the Americas region, we annually hire a third party accounting firm to conduct a full review of our business operations controls and results are provided in a SOC-1 report. These results are shared with clients to provide an oversight of our operational support to ensure we are providing our clients with satisfactory service in all aspects of our firm.

In Germany, 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 the categories overall customer satisfaction, customer loyalty and a newly established category on sustainability and ESG, DWS ranked above average for 2019. In 2020, DWS again achieved above average scores for customer loyalty, overall satisfaction and customer advisory and an above average score when asked whether they would choose their asset manager again. In addition, DWS ranks within the top tier group with regard to ESG among large asset-managers in 2020.

Overall, the results from the third party assessments and client satisfaction surveys in 2020 did not change materially compared to 2019. Based on these developments over the past year, our outlook remains strong for maintaining client satisfaction across our business and making further improvements where necessary.

Our Impact on Climate Change

[GRI 201-2; 305-5]

As a fiduciary of our clients' assets, DWS has the duty to incorporate all material issues that may impact clients' investments. As a corporate citizen, we must ensure that we manage the impacts of our business activities on the environment and society in which we operate. To comply with these responsibilities, we have continued to design and implement processes across the organization, as well as enhance disclosures on these topics to provide transparency for clients, shareholders and regulators. As such, we also continued to guide our climate-related disclosures as required by the Taskforce on climate-related financial disclosures (TCFD) and released a DWS Climate Report 2020 on our webpage with additional information regarding our impact on climate change and TCFD information.

However, to consider the recommendation made by FSB to disclose TCFD in our mainstream financial filings, we reference respective information that address the disclosure area in this annual report below:

Disclosure Focus Area	Recommended Disclosure	Section in this document
Governance	1a) Describe the board's oversight of climate-related risks and opportunities.	Corporate Governance Statement - Managing Directors of the General Partner (Executive Board)
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Summarized Management Report - Sustainability Strategy Responsibility around our Fiduciary Value Chain - Integrating ESG Risks and Opportunities in our investment process
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Risk Report – Sustainability Risk Responsibility around our Fiduciary Value Chain - Product Design and ESG opportunities Responsibility around our Fiduciary Value Chain - Integrating ESG Risks and Opportunities in our investment process
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Risk Report – Sustainability Risk Responsibility around our Fiduciary Value Chain - Product Design and ESG opportunities Responsibility around our Fiduciary Value Chain - Contribution to Action on Climate Change
	c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning.	Risk Report – Sustainability Risk Responsibility around our Fiduciary Value Chain - Contribution to Action on Climate Change
Risk Management	a) Describe the organization's process for identifying and assessing climate-related risks.	Risk Report – Sustainability Risk Risk Report - Integrating Climate Risk into our existing Risk Management Framework Responsibility around our Fiduciary Value Chain - Integrating ESG Risks and Opportunities in our investment process
	b) Describe the organization's processes for managing climate-related risks.	Risk Report – Sustainability Risk Risk Report - Integrating Climate Risk into our existing Risk Management Framework Responsibility around our Fiduciary Value Chain - Integrating ESG Risks and Opportunities in our investment process
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Risk Report – Sustainability Risk Risk Report - Integrating Climate Risk into our existing Risk Management Framework Responsibility around our Fiduciary Value Chain - Contribution to Action on Climate Change
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk-management process.	Risk Report – Sustainability Risk Summarized Management Report - Sustainability Strategy Responsibility around our Fiduciary Value Chain - Contribution to Action on Climate Change
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Summarized Management Report - Sustainability Strategy
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Summarized Management Report - Sustainability Strategy

In the future, DWS aims to be an accelerator for the transformation towards a net zero carbon global economy by partnering with its clients and deploying its global investment expertise to drive sustainable investment decisions and capital. As part of this commitment, we will release a yearly TCFD Report going-forward (please see 'Summarized Management Report - Sustainability Strategy').

People Strategy and Attractive Employer

Employees and Workplace

People Strategy and Employee Effectiveness

2020 has been an unprecedented year in many ways. DWS has continued to thrive despite the COVID-19 pandemic. This has been possible by recognising the critical importance and resilience of our people and understanding that the success of the firm depends on the commitment, ideas and engagement of our organisation. And despite the challenges of remote working, we continue to create a working environment in which our people can be innovative, work in partnership and are enabled to deliver long term sustainable performance.

Key areas of focus this year have included:

- development of a new Functional Role Framework to establish a performance-driven culture across the firm
- enhancing our Human Capital Reporting in line with international standards
- introduction of the Global Leadership Team and Global Operating Council
- prioritising and proactively supporting the wellbeing and mental health of colleagues throughout the COVID-19 pandemic
- adapting our ways of working to become more agile and flexible through remote working
- initiation of firm's core platform transformation
- embedding new diversity and inclusion opportunities across the organisation
- recognising and celebrating employees by highlighting their achievements inside and outside of DWS

Functional Role Framework

In one of the most substantial people initiatives in our organisation's history DWS is transforming the firm by removing corporate titles and introducing a new DWS specific Functional Role Framework to create an environment where skills, capabilities and experience count more than hierarchy. This will become a key enabler for sustainable people management across the firm in the future.

The new framework is set up to best match roles to our client and organisational needs and gives the firm the opportunity to transform into an agile, globally competitive asset manager that attracts, retains and develops the very best people. It aspires to empower employees, drive innovation, remove hierarchical boundaries, accelerate the speed of decision making and offer rewarding career paths for all.

The Functional Role Framework is also set up to reduce complexity, break down barriers and create a more modern work environment that unlocks the performance potential across the firm. It will do this by aiming to build a collaborative environment with flat hierarchies based on functional roles, skills and capabilities and will better distinguish between employees who are "experts" and those that are "leaders".

As well as giving employees a better understanding of the career options and pathways available to them, the new framework will embed stronger dialogue with managers. One of the standout changes allows role-based career progression to take place throughout the course of the year rather than being restricted to a single annual cycle, whilst personal growth continues to take place of the time. Additionally, role "families" will be introduced and within each "family" employees will be able to see pathways that extend all the way up to senior roles. Each role will have its own expectations and role description to highlight the skills needed to be successful.

Together with divisional representatives across all regions, seniority levels and cultural backgrounds, a new initiative to recognise and celebrate individual achievements and career progression will be introduced in the absence of corporate title promotions.

Human Capital Reporting Certification

DWS recognises that the effective management and development of our human capital is a key driver of our organisational success. It is also a fundamental part of our commitment to the Social and Governance pillars of ESG and our aspiration to support the global community in achieving the UN's Sustainable Development Goals, including decent work for all (goal 8) and reducing inequality (goal 10). To realise the value of our human capital DWS recognises it is important to transparently measure and report on our performance in this regard.

This is in line with increasing ESG disclosure standards requirements, including new global human capital reporting standards that were released at the end of 2018 by the International Standards Organisation – ISO 30414 "Human Resource management – Guidelines for internal and external human capital reporting" – and in August 2020 the SEC specifically included human capital in its revised disclosure standards. At DWS, to enhance our commitment to ESG, our human capital and the sustainable corporate management of our organisation, our human capital disclosures have been brought into line with these best practice standards.

DWS was certified according to ISO 30414 standards in early 2021 for the Human Capital Reporting 2019 and aspires to be a leader in this developing area of disclosure. This is particularly so given enhanced human capital disclosures can improve investment analysis, investee engagement and stewardship, client understanding and the management of business organisations generally.

Employer Attractiveness

Culture Strategy

Faced with a global pandemic that challenged historical ways of working, the firm’s collective resilience and “can-do” attitude has seen DWS continue to thrive in 2020. This was heavily reflected in this year’s DWS People Survey, indicating strong employee engagement. 69% (2019: 63%) of employees shared feedback and provided almost 9,000 free text comments. Additionally, 53 out of 55 trend questions significantly improved against the 2019 People Survey and most encouragingly, both commitment and enablement are now in line or above high-performing global companies.

Commitment increased year-on-year from 66% (2019) to 74% (2020) with colleagues telling us they are proud to work for DWS, that they would recommend the firm to family and friends and that working here motivates them to go over and above expectations.

Enablement has also reached a record high of 77% (2019: 69%) with significant increases in the number of colleagues telling us that their working conditions allow them to be more productive and that barriers – previously hindering them – have been removed.

Additionally, matching feedback with actions has also boosted trust and confidence in senior management with 78% of employees (2019: 71%) affirming the empowerment and effectiveness of managers in areas such as performance recognition, development, ethics, integrity and consistent action.

COVID-19 has been a catalyst for new ways of working to give and receive feedback, “Speak Up”, show greater appreciation to one another and to facilitate effective team meetings. It has also resulted in managers and employees talking more frequently, showing care and attention, linking values with achievements and tackling key weaknesses from previous years such as addressing underperformance and the speed of decision making.

Collaboration with the GLT and OpCo

To further strengthen decision making and implementation, the DWS Executive Board is now complemented by two additional groups. The newly formed Global Leadership Team (GLT) is responsible for discussing growth opportunities, holistically reviewing and inputting into the firm’s strategy, and ensuring effective execution throughout the organisation.

Additionally, the Global Operating Council (OpCo), as constituted at the beginning of 2019, operationally implements the decisions and priorities of the Executive Board and GLT in a collaborative manner across the firm. While the Executive Board remains the ultimate decision-making body, the GLT and the Global OpCo prepare and implement these decisions.

Workforce trends

As we continue on our path as a standalone, publicly-listed asset manager notable progress has been made across the following areas:

- Embedding a performance-driven culture: the DWS-specific Functional Role Framework has been developed to lay a new foundation in how we work together. Additionally, new opportunities have been created to broaden skill-sets, networks and experiences – to do this we have supported various internal mobility initiatives, including identifying a number of temporary opportunities across a range of Chief Operating Office roles in light of the COVID-19 pandemic to demonstrate the agility of our business.
- Prioritising the health and wellbeing of our employees. All have their own unique circumstances they are trying to manage during the pandemic – from living alone or being separated from their family, home-schooling their children, or taking care of elderly parents and relatives. As a result, we established a DWS Wellbeing Microsite and ran multiple events across our regions to share guidance and support.
- Thinking more innovatively and further investing in artificial intelligence, machine learning and data analytics to better understand our client needs. We have also modernised our technology through the introduction of a market-leading, cloud based HR platform Workday. As we look to the future, the implementation of the firm’s core platform transformation and removing the dependency on Deutsche Bank’s technology infrastructure by transforming the firm into a digital asset manager.
- Embedding sustainable people management and diversity and inclusion into everything we do. This is vital in attracting, developing, engaging and mobilising colleagues across the firm and to invest in their personal growth – both individually and collectively. Shaping then firm’s 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 establishment of the DWS NextGen Advisory Group who partner with the DWS Executive Board as well as regional and divisional leadership teams.

- Being more efficient and embracing greater standardisation by optimising our vendor costs through a DWS Cost Busters initiative.

Employee Training

To help employees develop professionally and personally and to advance their careers, greater emphasis was put on digital learning solutions following the COVID-19 pandemic. These complemented the digital curriculum introduced in 2017 which offers a broad variety of learning materials, videos, podcasts and eLearning. Traditional classroom training was converted into virtual solutions to enable participation.

ESG-related training was also a key focus. Taking into account different needs of the business, the offering covers a wide range of solutions including awareness sessions, delivered internally but also leveraging existing online trainings, to certification. 60 DWS employees have passed the Certified ESG Analyst (CESGA) exam in 2020, in addition to the 175 employees that were certified in 2018/19.

The general objective of this training is to reinforce the importance of ESG issues in investment processes and to ensure colleagues understand the impact on risk and return from various angles; systemisation of different ESG investment approaches and strategies; the market drivers for further ESG integration; responsible investing across asset classes; integration into valuation models; and different ESG reporting standards.

Graduates

We remain fully committed to hiring graduates as our leaders of the future. They contribute to our agenda of change, sustainability, reflect our future clients, and the diversity of our organisation. In 2020, we hired 23 graduates (2019: 29).

This year we ran two separate orientation and training programmes – one for DWS's Technology cohort and another for the remaining graduates, as in previous years. Since an in-person training in London was not possible given the COVID-19 pandemic, intensive education on the asset management industry was converted into a virtual training broken up into digestible slots to accommodate learning preferences and time zones.

Furthermore, a new group project was introduced. Graduates collaborated in virtual teams to produce an innovative idea to solve one of the three UN Sustainable Development Goals that DWS has chosen in line with our ESG strategy. The final recommendations were presented to members of the DWS Executive Board and GLT with elements of each being taken forward for further consideration and implementation.

Vocational training and dual studies are still an important component of our junior employee strategy and offer an additional opportunity, particularly in Germany, to attract young talent to our company. In 2020, we hired two new vocational trainees (2019: 4). This brings the total number of Vocational Training/Dual Students up to 13 overall (2017 through 2020).

Leadership development

Our Leadership Capability Model defines what we expect from our leaders, as well as highlighting the capabilities needed to lead employees in line with our strategy and culture in the digital age.

As a result of COVID-19 development topics on leading remote teams were accelerated. Partnering with Deutsche Bank, managers at DWS were able to utilize a variety of these with a combination of digital and virtual offerings. The DWS talent and development team also offered customised virtual training sessions to foster a culture of speak up and shared tips and tools to support remote ways of working.

First-time leaders remain a key focus for the firm and we supported their growth into new roles (or helped them to acclimatize to our leadership philosophy when hired from outside the organisation). To this end the "Welcome to Leadership" guide, was formally rolled out in DWS in 2020.

In addition, 519 managers (approx. 59%) across the firm attended specific "Doing what is right, not just what is allowed" training sessions which focused on ethical decision making and highlighted possible pitfalls and grey areas to be mindful of if they do not exercise good judgement and appropriate behaviour. To further emphasize the importance of feedback, DWS Learning Insights on "Meaningful conversations and feedback" were hosted for managers and employees.

Furthermore, we started to implement Transition Coaching for senior managers moving into broader/more complex leadership roles as well as those joining the firm externally. Internal HR coaches were able to provide support for six to nine months and offer appropriate leadership tools to help new joiners acclimatize to the organisation.

Talent progression

Talent acceleration programmes at Deutsche Bank, of which DWS benefited in the past, were postponed. In 2020 DWS chose a more individualised approach supporting career progression with targeted interventions and stretch assignments for key employees identified in the annual employee reviews.

Very early into the COVID-19 pandemic, critical roles and respective succession pipelines were identified. Later on the focus shifted to employees with leadership and/or change enabler potential as well as our female pipeline for broader/more complex roles.

The Executive Board also identified key talent qualities and competencies that we intend to foster and grow in the coming years by implementing a DWS talent programme.

Executive Board members and senior managers also continue to host regular DWS Executive Talks to become familiar with our talent pipeline and to discuss matters of importance for DWS and its employees. These sessions are highly appreciated and are now an integral part of our talent development.

Remuneration strategy

[GRI 102-35]

Remuneration plays an integral role in the successful delivery of DWS's 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”, with an aim to support sustainable performance for a global, multi-asset firm.

In the course of 2019/2020, 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, DWS further strengthened its compensation governance framework by creating several stand-alone DWS compensation governance committees following transfer of responsibilities from DB Group, primary among these were formation of:
  - DWS Integrity Review Committee (IRC), as a delegated body of DWS Compensation Committee (DCC): to review and make suspension and forfeiture decisions involving DWS deferred awards, and oversee governance for DWS employee conduct incidents
  - DWS Pensions Working Group (PWG), as a delegated body of DWS Risk and Control Committee (RCC): to exercise DWS pension related responsibilities, and ensure appropriate engagement protocol with DB Group Pension Risk Committee
- 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 2019 deferrals for DWS employees were delivered in DWS share based deferred equity awards – DWS Restricted Equity Award (REA), stand-alone DWS Restricted Incentive (Cash) Plan and DWS Fund-linked Employee Investment Plan (EIP). DWS continues to enhance these compensation plans.
- For performance year 2020, the Group component of Variable Compensation (GVC) for majority of DWS population is predominantly determined based on the performance of Key Performance Indicators (KPIs) at the DWS Group level. For employees at MD & D level, the Group Component additionally considers Key Performance Indicators at DB Group level. This represents a transitional step towards becoming a standalone asset manager, and underscores the performance-driven culture where compensation is aligned to appropriate DWS metrics reflecting DWS targets.
- In 2018, following the DWS Group IPO, all DWS employees were granted awards aimed at further aligning incentives to the performance of the firm. These included Share Appreciation Rights (SARs), which allow employees to benefit from the growth in value of DWS over time. As of financial year-ending 2019, DWS has satisfied all performance conditions attached to this award. The majority of staff employees will have an opportunity to exercise these awards from June 2021 to May 2025, with longer vesting periods applicable Material Risk Takers (MRTs).

Diversity & Equal Opportunities

[GRI 405-1]

As a global organisation, 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. We also aim at giving equal opportunities to employees who work both full-time and part time. This year the percentage of employees globally who work part time stood at 8.8% (2019: 11.8%).

Throughout 2020, DWS continued its journey to embed diversity and inclusion in our business and people practices. Key focus areas in 2020 were:

- Progressing 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 in 2019. Gender diversity is one of the KPIs that we are tracking internally with continued success in meeting our voluntary goals.
- Improving diversity through talent attraction: Embedding diversity into the renewed Employee Value Proposition which will be implemented in 2021, targeted campaigns to attract more diverse talent, and projects to attract and retain people across generations.
- Strengthening cross-generational collaboration and contribution: Creation of the DWS NextGen Advisory Group ESG taskforce to further the partnership and input across the population on key strategic initiatives for DWS.
- Focus on diversity beyond gender across our organisation to include organisational learning, a development programme for Black VP talent in the Americas, signing up to support the #100black interns initiative as well as establishing a Black Leadership Alliance initiative in the UK, and the creation of DWS specific Employee Inclusion Networks (EINs) and an Employee Inclusion Engagement Council of senior leaders leads to further our progress in building a diverse and inclusive culture.
- Launching a new “We are DWS” campaign to highlight the contributions and achievements of employees inside and outside of our firm – how they have given back to society and to our local communities, as well as the convictions they stand up for. Articles have resonated very well internally as well as on the firm’s social media channels with topics including LGBTQI, Mentoring, Black Lives Matter, Gender Diversity and CSR volunteering.

Continuing our focus on gender diversity

The percentage of women on the Supervisory Board was 33.3% at the end of the year (2019: 36%), which met the statutory requirement of 30% for listed and co-determined German companies under gender quota legislation.

As of year-end 2020, 27% of the executive positions at the first management level below the Executive Board were held by executive women (2019: 21.5%). At the second level below the Executive Board, this percentage stood at 28.2% (2019: 26.8%). In accordance with the legal requirement in Germany, DWS set targets for December 31, 2021, of 26% and 29%, respectively.

We have aspirations for greater female representation at DWS and continue to monitor and report on our progress to the Executive Board. We have a variety of measures in place including talent development programmes, manager training, best practices on people-related decisions, internal monitoring, and significant support for grassroots, employee-driven initiatives. Specific actions linked to increasing diversity in decision making bodies which include voting committees, legal entity boards and wider governance bodies has supported our continued success. DWS hosted gender diversity group discussions in both UK and Germany covering every corporate level to obtain feedback and receive recommendations to drive improvement. We believe improved gender balance in leadership roles will meaningfully contribute to the future success of DWS.

In the UK, Deutsche Bank published its third Gender and Ethnicity 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. For the first time the Firm will declare Ethnicity data on the 2021 report.

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. As a global company, we continue to look forward to monitoring and reporting on our progress.

In December the firm was shortlisted in Citywire’s Gender Diversity Awards 2020 (in the category “most improved in gender diversity”), which recognises the progress made by fund management groups and their gender diversity practices.

Creating an inclusive work environment

Employee Inclusion Networks (EINs) were founded in the US in 2020 which are central to our D&I work. EINs unite colleagues from different backgrounds, experiences, and business areas to inspire inclusiveness in our daily interactions. They are voluntary, employee-led groups, driven by a common purpose: making a better workplace – for everyone. By sharing information, educating, and engaging with our communities, EINs contribute to business development as well as recruitment, retention, and professional development. They are open to all employees; allies who do not self-identify with a particular group are welcome. Our EINs support the advancement of the following communities: differently-abled, generations, LGBTQI, Asian, Latin, Black, veterans, and women. Each EIN has an executive sponsor from the Americas Leadership Council to further support efforts and advocacy through senior leadership.

Our EINs host a variety of events, mentorship programmes, learning and development opportunities, discussions on relevant topics, and community outreach. Our EINs also work closely with the People Engagement Group to ensure inclusive mentoring offerings. The interest in the EINs has continued to grow globally and establishing additional offerings is being considered in various regions.

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 Diversity Project, whose vision is to create a truly diverse and inclusive UK investment and savings industry. The aim of our partnership is to increase our female talent in senior leadership roles, building greater inclusivity across all dimensions of Diversity, and creating culture change across the industry as a whole
- Membership with New Financial, a think tank and forum launched in 2014 with the view to rethinking how Diversity and Inclusion can be improved in capital markets in Europe, and to look at rebuilding trust and improving industry culture - working with market participants from different sectors across the industry - investors, intermediaries and policymakers - to help change the quality and direction of the debate through a managed programme of research and events
- DWS is also leading the Diversity pillar with CFOs of leading Asset Managers
- Sponsorship of the Fondsfrauen initiative in Germany, a business network for women in Asset Management and Finance
- Member of the Diversity & Inclusion Working Group of the US Institute, a think tank for leading Investment Management firms
- Financial Supporter of Level20, a not-for-profit organization dedicated to improving gender diversity in the European private equity industry.

Employee Wellbeing

[GRI 403-6]

DWS places the wellbeing of its people at the very heart of our firm and in 2020 established a Wellbeing Taskforce. Providing leadership throughout the COVID-19 pandemic has been a top priority in helping to steer the organisation and to support employees.

Working from home

In Q2 2020 DWS ran a global survey on future ways of working to assess: pre-COVID working habits; employees' productivity during COVID; and post-COVID work preferences. 2,802 employees participated giving a response rate of 67%.

Findings demonstrated that grounds for concern – such as technology dependencies – were unfounded and as a result many employees gave a preference to work from home 2-3 days per week in the future. This was reflected across all business units, regions, levels of seniority, and other survey demographics (e.g. gender, tenure, full / part-time).

The survey also demonstrated a 92% favourable response from employees in being able to fully carry out their role working from home.

Quarterly Feedback Culture

In addition, quarterly feedback culture surveys have been distributed to all global employees to track progress on five key areas of focus: giving and receiving feedback, speaking up, showing appreciation, facilitating effective team meetings and to understand how well supported employees have felt through COVID-19.

Results continue to reinforce the 2020 People Survey results with the firm's stance being highly appreciated throughout the pandemic. The COVID-19 related question "I feel supported by my manager in adapting to the changed environment and challenges posed by COVID-19" scored 90% positive.

With almost 1.000 free text comments received, many also particularly appreciated how managers had become more flexible and accommodating on working hours, were communicating on a more frequent basis, and how they were placing greater trust in their colleagues.

A survey question around facilitating effective team meetings also scored 80% for the past three months. With so many people in DWS working from home, the evidence shows that this has not hindered our ability to maintain open two-way conversations as a team, to draw on each other’s knowledge, skills and perspectives to solve problems and to achieve a team’s collective goals.

Continuing to support managers and employees through COVID-19

DWS is partnering with a global leadership development consultancy with expertise in developing healthy, performing organisations to deliver intensive learning events on employee wellbeing and managing virtual teams which will be accompanied by smaller “reflection circles” over the coming months. The first three pilot sessions were run in December 2020 and the remainder will run until March 2021.

Over 400 managers will be invited to attend these events to provide managers with knowledge, tools and tips on managing a remote team and support wellbeing within the organisation. There will be space for managers to reflect on their own experiences, as well as to share, support and learn from others. It will also be an opportunity to build a support network that spans the organisation and extends beyond the sessions themselves.

Additionally, managers and employees have been further supported through the following:

- Within the UK and APAC, manager training sessions were held in Q4 to provide people managers with practical tips and advice on how to continue to support wellbeing and to spot signs of mental health issues as employees continue to work from home.
- DWS has maintained active and regular communication with its employees via a series of articles and videos from our CEO and employees across all levels of seniority explaining how they have adapted – whether they are working at home in isolation, separated from family, home-schooling their children or taking care of elderly family and relatives.
- A DWS Wellbeing microsite, containing a repository of information including webinars and podcasts, across all regions signposts the wellbeing, mental health and flexible working support available. It also includes 24/7 access to the Employee Assistance Programme which offers independent, confidential work-life coaching and counselling services.
- In the US, DWS’s Employee Inclusion and Engagement Council (EIEC) – which focuses on Diversity and Inclusion across the region – hosted an event in Q4 with members of the National Alliance on Mental Health to discuss solutions to managing stress and anxiety during COVID-19, sharing tips and insights. The talks also addressed the unique challenges faced by working parents, single parents, underrepresented communities, as well as other concerns raised by employees during the forum.
- In the UK, 13 new Mental Health First Aiders were trained to support individuals in need and to signpost colleagues to the appropriate support services. Weekly wellbeing newsletters are distributed to all colleagues and UK benefits were enhanced to cover virtual GP services including Wellness and Resilience appointments, travel insurance and childcare.
- In Hong Kong and Australia, Wellbeing leave has been introduced to incentivise employees to reduce their annual leave balance and encourage staff to take time away from work to promote physical and mental wellness.

Social Engagement

[GRI 413-1]

With our CSR commitment, we want to assume responsibility as a global Asset Manager and address current societal challenges. In doing so, we are continuing to focus on the areas that we have identified as crucial for our responsibility to ESG, in order to achieve the greatest possible impact as a firm – both internally and externally. The focus of our CSR dedication is therefore on the following two goals, which we are working to achieve: Combating climate change and achieving greater social justice (reducing inequalities).

When making donations, we follow our internal guidelines. The Head of CSR as well as the Global Head of Communications & Marketing at DWS are responsible for decisions in coordination with the DWS Executive Board.

Our Social Engagement during the COVID-19 pandemic

For the first time since our IPO – and therefore as an independent asset manager – we have implemented a DWS-owned aid programme, to give back to the community and help feed those in need.

COVID-19 has shown significant effects on the global food situation. As such, the majority of our approximately EUR 1 million corporate donation was shared among charities that have been specifically set up to prevent hunger, helping to feed thousands of hungry people across India, Germany, Spain, the US and the UK. These charities include Acción Contra el Hambre (Action Against Hunger, Spain), The Akshaya Patra Foundation (in India), Feeding Britain, Feeding America, as well as the German food banks “Tafel Frankfurt”, “Tafel Berlin” and ”Tafel Cologne”. Another major donation was made in Germany to the children’s aid organization “Die Arche” (the Ark).

In addition, the donations we have made are not only being used to support the most vulnerable during the pandemic, but to also fund longer-term solutions so that we can prevent chronic hunger in the future. For example, our donations have been used to build a bakery at a refugee camp in Syria and to provide hygienic care for children and their families at a further refugee camp there, as well as to assist an organization in London, who run a dedicated bus, which provides food to low income families. In Frankfurt we have financed a refrigerated vehicle, which allows collection and delivery of fresh and healthy food to vulnerable people, and in Berlin we have financed a cold storage cell for the local food bank.

DWS is also helping to fund “The Global Health Research Accelerator”, a social enterprise launched by The Global Health Network and the University of Oxford that help set up and conduct critical research in tackling and preventing epidemics and diseases affecting impoverished communities in Africa, Asia and Latin America.

In order to show our commitment as a firm and to achieve an impact, we have also encouraged our employees to make donations to these organizations.

Protection of the oceans

In addition to our social commitment, we focus on ecological issues and we want to actively contribute to the fight against climate change. This is why we are already in our second year of supporting the marine protection organization, Healthy Seas, which was founded in 2013 and has set itself the task of tackling the “ghost fishing” phenomenon, which is responsible for the needless death of marine animals.

Ghost fishing is where abandoned nets, which have been left or lost by fishing boats, damage marine habitats and ‘continue to fish’ as they can be nearly invisible to many creatures. Through clean-ups with volunteer divers and by working towards marine litter prevention with stakeholders from the fishing sector, Healthy Seas collects waste nets and ensures they are recycled to make something more useful.

The fishing industry plays an important role in contributing to CO_2 reduction and therefore, climate change mitigation. The activities of Healthy Seas are directly focused on marine protection, circular economy, plastic pollution education and prevention of biodiversity loss – which all have a positive impact on climate change.

Looking ahead

These aid programmes for charitable organizations are the beginning of our social commitment as a stand-alone Asset Manager. We will continue to expand on this and also offer our employees the opportunity to actively participate through corporate volunteering. In doing so, we will focus on the Sustainable Development Goals (SDGs) adopted by the United Nations (UN) in order to give the necessary weight to the focus on ESG, which is important for us from a holistic corporate perspective.

Tax Policy

[GRI 207-1]

DWS tax policy framework is part of Deutsche Bank’s tax strategy and principles[57]. These principles are embedded in controls, apply to all our entities and have been approved by the Management Board of Deutsche Bank. They enable us to manage our tax affairs in a way which aims to ensure that the tax consequences of business operations are appropriately aligned with the economic, regulatory and commercial consequences of those business operations, with due regard being given to the potential perspective of the relevant tax authorities. These tax principles also help to make our interactions with tax authorities proactive, transparent, courteous, and timely. We constantly seek to foster positive working relationships with tax authorities.

During 2020 an area of significant focus was the EU’s mandatory tax disclosure directive known as DAC6 requiring EU member states to introduce tax reporting obligations for taxpayers and intermediaries in relation to cross-border arrangements containing

[57] For additional information please see https://www.db.com/ir/en/tax-strategy.htm

specified tax hallmarks. Reporting obligations for Germany became applicable from July 1, 2020 (including for a look back period to June 25, 2018); most other EU member states applied a six months deferral provision introduced to accommodate disruptions arising from COVID-19. DWS has evaluated its products and services against DAC6's reporting requirements, taking into account administrative guidance where available, and has introduced processes to ensure continuing compliance.

Risk management and governance

The management, control and reporting of tax risks follows the three lines of defence model.

The first line of defence are our business divisions whose activities may generate tax risks. The business divisions are responsible for managing tax risks within the defined tax risk appetite at the appropriate granularity. This is to ensure that organization, governance and structures are in place to identify, monitor, and evaluate the tax risks they generate or are exposed to.

The second line of defence is the tax function which facilitates the implementation of a sound tax risk management framework to ensure that DWS Group's position, with respect to tax matters, remains robust. The tax function, which is independent of the business divisions, is responsible for defining the tax risk appetite as well as the tax risk management and control standards. It also independently oversees and challenges the businesses' and management and acquiring of tax risks.

The third line of defence is our internal audit function which is accountable for providing independent and objective assurance on the effectiveness of how the business divisions and the tax function interact with respect to tax risk management.

Preventing infringements

We have in place controls and other governance mechanisms to ensure, in all material aspects, that we comply with applicable tax laws, file accurate tax returns, and pay the amount of tax due.

Tax evasion is illegal and goes against our culture, values and beliefs. Applicable policies strictly prohibit aiding or abetting it. We advocate the adoption of robust laws and regulations to combat financial crime, including tax evasion, and do not endorse actions that seek to undermine tax reporting of financial account information under applicable legislation, such as the Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA). These requirements are also intended to prevent us from committing or facilitating - intentionally or negligently - criminal offences.

Compensation Report

Executive Board Compensation

Compensation Governance

DWS Management GmbH is the General Partner of the DWS KGaA. As such, it is responsible for the management of the business of the DWS KGaA. The Shareholders' Meeting of the General Partner is responsible for the compensation strategy of the Executive Board of DWS Management GmbH as well as for determining their level and structure of compensation. The variable compensation of each Executive Board member is concluded by the Shareholders' Meeting of the General Partner based on a proposal from the Joint Committee of DWS KGaA. The Joint Committee currently consists of two members delegated by the Shareholders' Meeting of the General Partner (two members of the Management Board of Deutsche Bank) and two external members delegated by the shareholder representatives on the Supervisory Board.

Executive Board members with responsibility for the Investment, Coverage and Product business have, in addition to their service contracts with DWS Management GmbH, an additional service contract with a subsidiary of the Group. The Shareholders' Meeting of the General Partner is solely responsible for the compensation policy and individual compensation relating to DWS Management GmbH. Accordingly, the Executive Board compensation report focuses on the compensation policy and the system applicable to the Executive Board members in their role as Executive Board members of DWS Management GmbH. However and for reasons of transparency, the total compensation of the Executive Board members include both the compensation received from DWS Management GmbH as well as from subsidiaries of the Group consolidated in the Group financial statements.

Compensation System

The Executive Board of DWS Management GmbH is responsible for the steering and oversight of the entire the Group and contributes to the long-term success of the Group. The Executive Board therefore requires an appropriate compensation system to support sustainable corporate development in line with the shareholders interest. The results and successes within the comparative environment are also taken into account.

When structuring the compensation system and determining individual compensation, various factors have been taken into account:

DWS Group Strategy: The strategy of the Group forms the basis for the definition of the objectives. The degree of achievement of these objectives determines the level of compensation.

Sustainability: Long-term objectives and performance parameters as well as variable compensation granted on a deferral basis guarantee sustainable work on further success and business development.

Shareholder Value: Clearly defined key financials directly linked to the performance of the Group are the basis of the defined compensation and therefore ensure a close link between the interest of both the shareholders and the Executive Board members.

Compliance: The structure of the system and the determination of the individual compensation comply with all statutory and regulatory requirements.

Motivation: Ambitious and motivating individual objectives and appropriate consideration of the responsibilities and duties of the individual and of the Executive Board as a whole support a successful and dynamic environment.

Customary and competitiveness: When designing the structure, a compensation package is offered that is competitive and in line with the peer environment which means in particular international Asset Managers comparable in terms of assets under management and number of employees as well as listed companies in Germany comparable in terms of market capitalization.

Following the requirements of the German Remuneration Ordinance of Institutions (Institutsvergütungsverordnung - InstVV) the members of the Executive Board have been identified as Deutsche Bank Group Material Risk Takers (InstVV MRTs) and as AIFMD/UCITS V Material Risk Takers (AIFMD/UCITS V MRTs) following their responsibilities for the management companies in the Group subject to the EU Directives on Alternative Investment Fund Managers (AIFMD) and Undertakings for Collective Investment in Transferable Securities V (UCITS V). Remuneration provisions stipulated in these regimes have been considered when passing resolutions on the structure and determination of compensation.

Compensation Structure

The compensation system consists of non-performance related (fixed) and performance-related (variable) components.

Non-performance related component

The fixed compensation comprises a base salary, contributions to a pension plan and additional benefits.

The base salary reflects both, the scope of the responsibility of the position as well as the relevant market conditions. It amounts to € 2,400,000 per year for the Chairman of the Executive Board and between € 950,000 and € 1,250,000 per year for the other Executive Board members. It is paid in twelve equal monthly instalments.

Furthermore, all Executive Board Members are entitled to additional benefits. They consist of contributions to insurance policies, participation in medical check-ups and – for Executive Board members based in Germany – a company car option on the basis of the applicable Company Car Policy of Deutsche Bank Group. The availability and individual utilization of these additional benefits may vary by location and individual circumstances.

In addition, the Executive Board members receive an annual contribution to a defined contribution pension plan. Every year and for full-time employment, an amount of € 90,000 – based on a fiscal year – is paid into the Pension Plan (annual contribution). The annual contribution is invested in selected investment funds. Furthermore, an additional risk contribution of € 10,000 is provided annually to cover premature pension cases. The sum of the market values of the investments form the pension amount available to be paid as pension benefit in case of a pension event (age limit, disability or death). Executive Board members outside Germany receive a pension allowance up to a maximum amount of € 90,000 – based on a fiscal year - instead of the pension plan commitment.

Performance-related component

The entire variable compensation (VC) is performance-related.

The variable performance-related compensation is linked to previously defined and agreed quantitative and qualitative objectives. The objectives are established at the beginning of a financial year by the Shareholders´ Meeting of the General Partner as starting point of the annual objective setting process. At year end, the level of achievement of each objective is determined based on the assessment of financial figures and/or other assessment criteria.

The following performance parameters play a key role in measuring performance:

- the individual contribution of each Executive Board member,
- the results of the relevant business unit,
- the business development of the Group,
- and the business development of Deutsche Bank Group.

The performance-related compensation consists of the following two components:

Short-Term Award (STA)
The performance criteria of the STA consist of collective and individual objectives. These can be short-term objectives related to the year as well as interim targets for actually long-term oriented objectives.

Collective Objectives
Due to regulatory requirements, the overall performance of Deutsche Bank Group must also be taken into account when determining the variable compensation. For this reason, collective objectives are linked to the Deutsche Bank Group strategy and performance. In accordance with this strategy, four performance metrics constituting important indicators for the capital, risk, cost and return profile of Deutsche Bank form the reference value for the Deutsche Bank Group component of the STA:

- **Common Equity Tier 1 (CET 1) capital ratio (fully loaded):** The Common Equity Tier 1 Ratio of Deutsche Bank in relation to risk-weighted assets.
- **Leverage ratio:** Deutsche Bank’s Tier 1 capital as a percentage of its total leverage exposure pursuant in line with CRR/CRD IV.
- **Adjusted costs:** Total noninterest expenses, excluding restructuring and severance, litigation, impairment of goodwill and other intangibles of Deutsche Bank.

- **Post-tax return on tangible equity (RoTE):** Net income (or loss) attributable to Deutsche Bank shareholders as a percentage of average intangible shareholders' equity. The latter is the shareholders' equity on Deutsche Bank's balance sheet, excluding goodwill and other intangible assets.

The four objectives above are equally weighted at 25% of the target figure for the Deutsche Bank Group component of the STA. The Deutsche Bank Group component constitutes a portion of 10% of the total variable compensation.

Individual Objectives

In addition, the STA rewards the achievement of individual objectives. These objectives are concluded by the Shareholders' Meeting of the General Partner as part of the annual objective setting process for the respective financial year. The objectives are designed to contribute to the overall strategy of the Group but also focus on the respective area of responsibility of each Executive Board member. Corresponding assessment criteria are set for all individual objectives to enable the Joint Committee to prepare proposals and the Shareholders' Meeting of the General Partner to finally resolve the achievement level of each objective.

Since 2019, the Balanced Scorecard has been integrated in the compensation system of the individual component of the STA by determining the achievement level for a portion of the individual component of the STA taking into account the results of specified key performance indicators. The Balanced Scorecard allows for the operationalization of strategic objectives by transforming the latter into measurable targets, while simultaneously creating an overview of priorities across the Group. The Balanced Scorecard contains key financial metrics as well as (non-financial) key performance indicators. In order to link the Balanced Scorecard to the compensation of the Executive Board members, the Shareholders' Meeting of the General Partner resolved that the individual component of the STA comprising the key performance indicator will be accounted for in the performance evaluation of the Executive Board members with a ratio of 60%.

The sum of the individual objectives and the Balanced Scorecard amounts to 50% of the target figure of the total variable compensation.

Long-Term Award (LTA)

The LTA consists of the DWS Group component linked to the achievement of long-term collective objectives. In accordance with the strategy of the Group, four selected performance measures constituting important indicators for the performance, cash generation capacity and the growth of the business and brand of DWS form the reference value for the DWS Group component for the financial year 2020:

- Adjusted Cost-Income ratio (CIR)
- Net flows Assets under Management (AuM)
- Dividend payout ratio
- Environment Social and Governance (ESG) footprint

Detailed information on the Key Performance Indicators and the successes in the area of ESG can be found in the chapter 'Operating and Financial Review – DWS Performance' and in the chapter 'Operating and Financial Review – Overview of 2020'.

Each of the above four objectives is weighted at a fixed percentage of the target figure for the Group component. This target figure amounts to 40% of the total variable compensation.

Maximum Compensation

The total compensation of an Executive Board member is subject to additional caps. Due to regulatory requirements, the variable compensation is capped at 200% of the fixed compensation. In addition, the Shareholders' Meeting of the General Partner set a cap of € 9.85 million for the overall total compensation for the 2020 financial year.

The allocation of the objectives to each component and the weighting is set out below.

Components & Reference Sizes			Objectives & Weighting	
Short-Term Award (STA)	DB Group Component	10%	CET1 ratio	25%
			Leverage ratio	25%
			Adjusted non-interest expenses	25%
			Post-tax return on tangible equity (RoTE)	25%
	DWS Individual Component	50%	Balanced Scorecard	60%
			Individual objectives in line with overarching objectives for DWS	40%
Long-Term Award (LTA)	DWS Group Component	40%	Adjusted Cost-Income-Ratio	50%
			Net flows Assets under Management	30%
			Dividend payout ratio	10%
			Environment Social and Governance (ESG) footprint	10%

Long-Term Incentive and Sustainability

According to InstVV, the relevant remuneration provision stated in AIFMD/UCITS V and in line with the Deutsche Bank Group policies for InstVV regulated staff, at least 60% of the total variable compensation for the Executive Board members must be granted on a deferred basis. Not less than half of this deferred portion must comprise equity-based compensation components, while the remaining portion might be granted as deferred cash compensation. Both compensation components must be deferred over a multi-year period which, for the equity-based compensation components, must be followed by a retention period. During the period until payments, the compensation portions awarded on a deferred basis may be forfeited. At least half of the non-deferred portion must also consist of equity-based compensation components and only the remaining portion may be paid out directly in cash. Of the total variable compensation, no more than a maximum of 20% may be paid out in cash immediately, while at least 80% are paid at a later date.

Overview on Award Types

Award Type	Description	Deferral Period	Retention Period	Proportion
Cash VC	Upfront cash proportion	N/A	N/A	50% of the upfront VC
DWS Equity Upfront Award (DWS EUA)	Upfront equity proportion (cash settled): The value of the EUA is linked to DWS's share price	N/A	12 months	50% of the upfront VC
DWS Restricted Incentive Award (DWS RIA)	Non-equity based portion (deferred cash compensation) *The Executive Board members can also elect to link all or part of the value of the RIA to selected DWS investment fund(s), in which case the Awards will be granted under the "DWS Employee Investment Plan - Elected EIP Award"*	Pro rata vesting over five years	N/A	50% of deferred VC
DWS Restricted Equity Award (DWS REA)	Deferred equity portion (cash settled): The value of the REA is linked to DWS's share price over the vesting and retention period	Pro rata vesting over five years	12 months	50% of deferred VC

The DWS Restricted Incentive Awards as well as the DWS Restricted Equity Awards vest in equal tranches over a period of five years. Each tranche of the DWS Equity Award is subject to an additional retention period of one year after vesting. During the deferral and retention period, the value of the Restricted Equity Awards is linked to the DWS share price and is therefore tied to the sustained performance of the Group. Specific forfeiture provisions apply for DWS Restricted Incentive Awards and DWS Restricted Equity Awards during the deferral and retention period.

One-off IPO related awards were granted as DWS Performance Share Unit-Award (PSU-Award) under the DWS Equity Plan. The DWS Equity Plan is a phantom share plan representing a contingent right to receive a cash payment by referencing to the value of DWS Shares during a specified period of time. The award and the number of units are subject to the achievement of pre-defined targets (Average Net flows and Adjusted CIR (Cost Income Ratio). The Awards vest in equal tranches over a determined period of time and each Tranche is subject to an additional retention period of one year after vesting.

Forfeiture Conditions / Clawback Provisions

As some of the compensation components are deferred or spread out over several years (Restricted Incentive Awards and Restricted Equity Awards) certain forfeiture conditions are applicable until vesting or the end of the retention periods, in order to create a long-term incentive. Awards may be fully or partially forfeited, for example, due to individual misconduct (including a breach of regulations) or termination for cause, and also due to a negative Group result or individual negative contributions to results. In addition, the Awards will be forfeited completely if minimum requirements for the core capital ratio or for the capital adequacy ratio of the Group are not met during defined periods.

In addition, Deutsche Bank Group performance conditions[58] apply to the awards following the InstVV MRT status of the members of the Executive Board. Furthermore based on the InstVV regulation so-called "clawback provisions" are to be agreed with the InstVV MRTs. Contrary to the forfeiture conditions, this clause allows the Shareholders' Meeting of the General Partner to reclaim already paid out variable compensation components in response to specific individual negative contributions to results made by the Executive Board member. The clawback clauses have been agreed with the Executive Board members in their service contracts.

Other Benefits upon Early Termination

The Executive Board members are in principle entitled to receive a severance payment upon early termination of their appointment at the initiative of the Shareholders´ Meeting of the General Partner, provided the Shareholders´ Meeting of the General Partner is not entitled to revoke the appointment or give notice under the contractual agreement for cause. The circumstances of the early termination of the appointment and the length of service on the Executive Board are to be taken into account when determining the amount of the severance payment. The severance payment, as a rule, is two annual compensation amounts and is limited to the claims to compensation for the remaining term of the contract. The calculation of the severance payment is based on the annual compensation for the previous financial year and on the expected annual compensation for the current financial year, if applicable. The severance payment is determined in accordance with the statutory and regulatory requirements, in particular with the provisions of the InstVV.

[58] For further information on the DB Group performance conditions please refer to DB Group Annual Report.

Miscellaneous

Deutsche Bank Group provides a Directors' and Officer´s Liability Insurance (D&O insurance) to the Executive Board members.

Executive Board Compensation for the 2020 Financial Year

Compensation in accordance with the German Corporate Governance Codex (GCGC)

In the 2020 financial year, the compensation for the members of the Executive Board for the performance of their duties for and on behalf of the Group and its subsidiaries in accordance with the requirements of Section 4.2.5 paragraph 3 of the GCGC in the version dated February 7, 2017 is provided below. This comprises the benefits granted for the year under review including the fringe benefits and pension service costs, and including the minimum, target and maximum achievable compensation for variable compensation components. Compensation granted in the additional service contracts are shown in the respective footnotes of the members of the Executive Board. In addition, the disbursals of fixed and variable compensation (broken down by Cash portion, DWS Equity Upfront Awards and DWS Restricted Incentive Awards) in respectively for the year under review, broken down into the relevant reference years are reported. Disbursals from the additional service contracts are shown in the respective footnotes of the members of the Executive Board; they relate to the period in which the person affected was a member of the Executive Board.

As part of the measurement taken in the context of the COVID-19 crisis, the members of the Global Management Committee Deutsche Bank Group to which Dr Woehrmann belongs to, agreed to forgo the amount of one month´s base salary. This waiver leads to the effect that Dr Woehrmann's maximum achievable compensation base on the applicable compensation structures in the amount of € 7,200,000 is actually not achievable for regulatory reasons in the 2020 financial year. The actually achievable maximum compensation for him in the 2020 financial year is limited to € 6,600,000.

The following table provides the compensation granted for the 2020 and 2019 financial years according to GCGC 2017:

						Dr Asoka Woehrmann[1]
				2020		2019
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	2,200,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Fringe benefits	6,364	6,364	6,364	6,364	9,237	9,237
Total	**2,206,364**	**2,406,364**	**2,406,364**	**2,406,364**	**2,409,237**	**2,409,237**
Variable compensation	3,831,768	3,600,000	0	4,800,000	4,122,000	3,600,000
Thereof:						
Cash	574,765	720,000	0	960,000	618,300	720,000
DWS Equity Upfront Award	574,765	720,000	0	960,000	618,300	720,000
DWS Restricted Incentive Award	1,341,119	1,080,000	0	1,440,000	1,442,700	1,080,000
DWS Restricted Equity Award	1,341,119	1,080,000	0	1,440,000	1,442,700	1,080,000
Total	**3,831,768**	**3,600,000**	**0**	**4,800,000**	**4,122,000**	**3,600,000**
Pension service costs	104,072	104,072	104,072	104,072	100,510	100,510
Total compensation (GCGC)	**6,142,204**	**6,110,436**	**2,510,436**	**7,310,436**	**6,631,747**	**6,109,747**
Total compensation[2]	**6,031,768**	**6,000,000**	**2,400,000**	**7,200,000**	**6,522,000**	**6,000,000**

[1] For targets set in context of the IPO, Dr Woehrmann was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
[2] Without fringe benefits and pension service costs.

						Manfred Bauer[1]
				2020		2019
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	190,000	190,000	190,000	190,000	0	0
Fringe benefits	1,200	1,200	1,200	1,200	0	0
Total	**191,200**	**191,200**	**191,200**	**191,200**	**0**	**0**
Variable compensation	102,438	100,000	0	150,000	0	0
Thereof:					0	0
Cash	20,488	20,000	0	30,000	0	0
DWS Equity Upfront Award	20,488	20,000	0	30,000	0	0
DWS Restricted Incentive Award	30,731	30,000	0	45,000	0	0
DWS Restricted Equity Award	30,731	30,000	0	45,000	0	0
Total	**102,438**	**100,000**	**0**	**150,000**	**0**	**0**
Pension service costs	21,269	21,269	21,269	21,269	0	0
Total compensation (GCGC)	**314,907**	**312,469**	**212,469**	**362,469**	**0**	**0**
Total compensation[2]	**292,438**	**290,000**	**190,000**	**340,000**	**0**	**0**

1 Member since July 1, 2020. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Bauer received a total compensation (GCGC) of € 467,919.
2 Without fringe benefits and pension service costs.

						Mark Cullen[1]
				2020		2019
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Fringe benefits	97,187	97,187	97,187	97,187	93,239	93,239
Total	**1,347,187**	**1,347,187**	**1,347,187**	**1,347,187**	**1,343,239**	**1,343,239**
Variable compensation	1,688,539	1,550,000	0	2,325,000	1,767,000	1,550,000
Thereof:						
Cash	337,707	310,000	0	465,000	353,400	310,000
DWS Equity Upfront Award	337,708	310,000	0	465,000	353,400	310,000
DWS Restricted Incentive Award	506,562	465,000	0	697,500	530,100	465,000
DWS Restricted Equity Award	506,562	465,000	0	697,500	530,100	465,000
Total	**1,688,539**	**1,550,000**	**0**	**2,325,000**	**1,767,000**	**1,550,000**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**3,035,726**	**2,897,187**	**1,347,187**	**3,672,187**	**3,110,239**	**2,893,239**
Total compensation[2]	**2,938,539**	**2,800,000**	**1,250,000**	**3,575,000**	**3,017,000**	**2,800,000**

1 For targets set in context of the IPO, Mr Cullen was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
2 Without fringe benefits and pension service costs.

						Dirk Goergen[1]
				2020		2019
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	430,000	430,000	430,000	430,000	380,000	380,000
Fringe benefits	1	1	1	1	48	48
Total	**430,001**	**430,001**	**430,001**	**430,001**	**380,048**	**380,048**
Variable compensation	358,489	340,000	0	520,000	257,000	200,000
Thereof:						
Cash	71,697	68,000	0	104,000	51,400	40,000
DWS Equity Upfront Award	71,698	68,000	0	104,000	51,400	40,000
DWS Restricted Incentive Award	107,547	102,000	0	156,000	77,100	60,000
DWS Restricted Equity Award	107,547	102,000	0	156,000	77,100	60,000
Total	**358,489**	**340,000**	**0**	**520,000**	**257,000**	**200,000**
Pension service costs	42,734	42,734	42,734	42,734	40,204	40,204
Total compensation (GCGC)	**831,224**	**812,735**	**472,735**	**992,735**	**677,252**	**620,252**
Total compensation[2]	**788,489**	**770,000**	**430,000**	**950,000**	**637,000**	**580,000**

1 The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Goergen received a total compensation (GCGC) of € 1,221,145 (2019: € 1,011,260). For targets set in context of the IPO, Mr Goergen was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
2 Without fringe benefits and pension service costs.

	Stefan Kreuzkamp[1]					
	2020				2019	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	500,000	500,000	500,000	500,000	500,000	500,000
Fringe benefits	4	4	4	4	2,675	2,675
Total	**500,004**	**500,004**	**500,004**	**500,004**	**502,675**	**502,675**
Variable compensation	647,066	700,000	0	1,100,000	752,500	700,000
Thereof:						
Cash	129,413	140,000	0	220,000	150,500	140,000
DWS Equity Upfront Award	129,413	140,000	0	220,000	150,500	140,000
DWS Restricted Incentive Award	194,120	210,000	0	330,000	225,750	210,000
DWS Restricted Equity Award	194,120	210,000	0	330,000	225,750	210,000
Total	**647,066**	**700,000**	**0**	**1,100,000**	**752,500**	**700,000**
Pension service costs	42,378	42,378	42,378	42,378	40,204	40,204
Total compensation (GCGC)	**1,189,448**	**1,242,382**	**542,382**	**1,642,382**	**1,295,379**	**1,242,879**
Total compensation[2]	**1,147,066**	**1,200,000**	**500,000**	**1,600,000**	**1,252,500**	**1,200,000**

[1] The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kreuzkamp received a total compensation (GCGC) of € 1,691,128 (2019: € 1,886,173). For targets set in context of the IPO, Mr Kreuzkamp was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
[2] Without fringe benefits and pension service costs.

	Claire Peel[1]					
	2020				2019	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	1,075,000	1,075,000	1,075,000	1,075,000	950,000	950,000
Fringe benefits	112,538	112,538	112,538	112,538	92,874	92,874
Total	**1,187,538**	**1,187,538**	**1,187,538**	**1,187,538**	**1,042,874**	**1,042,874**
Variable compensation	737,347	650,000	0	1,000,000	675,000	500,000
Thereof:						
Cash	147,469	130,000	0	200,000	135,000	100,000
DWS Equity Upfront Award	147,470	130,000	0	200,000	135,000	100,000
DWS Restricted Incentive Award	221,204	195,000	0	300,000	202,500	150,000
DWS Restricted Equity Award	221,204	195,000	0	300,000	202,500	150,000
Total	**737,347**	**650,000**	**0**	**1,000,000**	**675,000**	**500,000**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**1,924,885**	**1,837,538**	**1,187,538**	**2,187,538**	**1,717,874**	**1,542,874**
Total compensation[2]	**1,812,347**	**1,725,000**	**1,075,000**	**2,075,000**	**1,625,000**	**1,450,000**

[1] For targets set in context of the IPO, Ms Peel was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
[2] Without fringe benefits and pension service costs.

	Pierre Cherki[1]					
	2020				2019	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	250,000	250,000	250,000	250,000	500,000	500,000
Fringe benefits	121,609	121,609	121,609	121,609	75,632	75,632
Total	**371,609**	**371,609**	**371,609**	**371,609**	**575,632**	**575,632**
Variable compensation	344,351	350,000	0	550,000	747,511	700,000
Thereof:						
Cash	68,870	70,000	0	110,000	149,502	140,000
DWS Equity Upfront Award	68,871	70,000	0	110,000	149,502	140,000
DWS Restricted Incentive Award	103,305	105,000	0	165,000	224,253	210,000
DWS Restricted Equity Award	103,305	105,000	0	165,000	224,253	210,000
Total	**344,351**	**350,000**	**0**	**550,000**	**747,511**	**700,000**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**715,960**	**721,609**	**371,609**	**921,609**	**1,323,143**	**1,275,632**
Total compensation[2]	**594,351**	**600,000**	**250,000**	**800,000**	**1,247,511**	**1,200,000**

[1] Member until June 9, 2020 / contract termination on June 30, 2020. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD. In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Cherki received a total compensation (GCGC) of € 391,659 (for conversion purposes from EUR into USD the year-end exchange rate of 1.2232 applies) (2019: € 1,822,442 by applying the year-end exchange rate for 2019 of 1.1219). For targets set in context of the IPO, Mr Cherki was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
[2] Without fringe benefits and pension service costs.

	Robert Kendall[1]					
				2020		2019
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	200,000	200,000	200,000	200,000	400,000	400,000
Fringe benefits	102,712	102,712	102,712	102,712	76,976	76,976
Total	**302,712**	**302,712**	**302,712**	**302,712**	**476,976**	**476,976**
Variable compensation	245,965	250,000	0	350,000	520,175	500,000
Thereof:						
Cash	49,192	50,000	0	70,000	104,035	100,000
DWS Equity Upfront Award	49,193	50,000	0	70,000	104,035	100,000
DWS Restricted Incentive Award	73,790	75,000	0	105,000	156,053	150,000
DWS Restricted Equity Award	73,790	75,000	0	105,000	156,053	150,000
Total	**245,965**	**250,000**	**0**	**350,000**	**520,175**	**500,000**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**548,677**	**552,712**	**302,712**	**652,712**	**997,151**	**976,976**
Total compensation[2]	**445,965**	**450,000**	**200,000**	**550,000**	**920,175**	**900,000**

[1] Member until June 9, 2020 / contract termination on June 30, 2020. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD. In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kendall received a total compensation (GCGC) of € 468,249 (for conversion purposes from EUR into USD the year-end exchange rate of 1.2232 applies) (2019: € 1,340,100 by applying the year-end exchange rate for 2019 of 1.1219). For targets set in context of the IPO, Mr Kendall was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
[2] Without fringe benefits and pension service costs.

	Nikolaus von Tippelskirch[1]					
				2020		2019
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	950,000	950,000	950,000	950,000	950,000	950,000
Fringe benefits	3,401	3,401	3,401	3,401	11,956	11,956
Total	**953,401**	**953,401**	**953,401**	**953,401**	**961,956**	**961,956**
Variable compensation	487,190	500,000	0	800,000	540,000	500,000
Thereof:						
Cash	97,438	100,000	0	160,000	108,000	100,000
DWS Equity Upfront Award	97,438	100,000	0	160,000	108,000	100,000
DWS Restricted Incentive Award	146,157	150,000	0	240,000	162,000	150,000
DWS Restricted Equity Award	146,157	150,000	0	240,000	162,000	150,000
Total	**487,190**	**500,000**	**0**	**800,000**	**540,000**	**500,000**
Pension service costs	102,651	102,651	102,651	102,651	100,510	100,510
Total compensation (GCGC)	**1,543,242**	**1,556,052**	**1,056,052**	**1,856,052**	**1,602,466**	**1,562,466**
Total compensation[2]	**1,437,190**	**1,450,000**	**950,000**	**1,750,000**	**1,490,000**	**1,450,000**

[1] Member until June 9, 2020 / contract termination on December 31, 2020. For targets set in context of the IPO, Mr von Tippelskirch was granted a one-off award under the DWS Equity Plan (PSU-Award) – as described in this chapter under 'Long-Term Incentive and Sustainability' – in the amount of € 1,000,000 in 2019.
[2] Without fringe benefits and pension service costs.

In summary, within the scope of DWS Management GmbH contracts, the members of the Executive Board were granted compensation including fringe benefits and pension service costs in the amount of € 16,246,273 (2019: € 17,355,251). Within the scope of other service contracts with subsidiaries of the Group, the members of the Executive Board were granted compensation including fringe benefits and pension service costs in the amount of € 4,240,100 (2019: € 6,059,975). For targets set in the context of the IPO, the members of the Executive Board were also granted the one-off IPO related award under the DWS Equity Plan (PSU-Award) as described in this chapter under 'Long-Term Incentive and Sustainability' in the amount of totalling € 8,000,000 in 2019.

The following tables provide the compensation disbursals in the 2020 and 2019 financial years according to GCGC 2017:

	Dr Asoka Woehrmann[1]		Manfred Bauer[2]		Mark Cullen	
in €	2020	2019	2020	2019	2020	2019
Fixed compensation	2,200,000	2,400,000	190,000	0	1,250,000	1,250,000
Fringe benefits	6,364	9,237	1,200	0	97,187	93,239
Total	**2,206,364**	**2,409,237**	**191,200**	**0**	**1,347,187**	**1,343,239**
Variable compensation	790,990	618,300	20,488	0	378,318	353,400
Thereof:	0	0	0	0	0	0
2020 Cash portion	574,765	618,300	20,488	0	337,707	353,400
2019 DWS Equity Upfront Award for 2018	180,945	0	0	0	33,985	0
2019 DWS Restricted Incentive Award for 2018	35,280	0	0	0	6,626	0
Total	**790,990**	**618,300**	**20,488**	**0**	**378,318**	**353,400**
Pension service costs	104,072	100,510	21,269	0	0	0
Total compensation (GCGC)	**3,101,426**	**3,128,047**	**232,957**	**0**	**1,725,505**	**1,696,639**

1 In 2020, against the backdrop of the escalating pandemic, Dr Woehrmann in his function as CEO elected to forgo one month of his base salary.
2 Member since July 1, 2020. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Bauer received a total compensation (GCGC) of € 348,705.

	Dirk Goergen[3]		Stefan Kreuzkamp[4]		Claire Peel	
in €	2020	2019	2020	2019	2020	2019
Fixed compensation	430,000	380,000	500,000	500,000	1,075,000	950,000
Fringe benefits	1	48	4	2,675	112,538	92,874
Total	**430,001**	**380,048**	**500,004**	**502,675**	**1,187,538**	**1,042,874**
Variable compensation	76,937	51,400	312,819	150,500	316,779	135,000
Thereof:	0	0	0	0	0	0
2020 Cash portion	71,697	51,400	129,413	150,500	147,469	135,000
2019 DWS Equity Upfront Award for 2018	4,385	0	153,481	0	141,685	0
2019 DWS Restricted Incentive Award for 2018	855	0	29,925	0	27,625	0
Total	**76,937**	**51,400**	**312,819**	**150,500**	**316,779**	**135,000**
Pension service costs	42,734	40,204	42,378	40,204	0	0
Total compensation (GCGC)	**549,672**	**471,652**	**855,201**	**693,379**	**1,504,317**	**1,177,874**

3 The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Goergen received a total compensation (GCGC) of € 819,318 (2019: € 708,788).
4 The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kreuzkamp received a total compensation (GCGC) of € 1.291.079 (2019: € 1,027,213).

	Pierre Cherki[5]		Robert Kendall[6]		Nikolaus von Tippelskirch[7]	
in €	2020	2019	2020	2019	2020	2019
Fixed compensation	250,000	500,000	200,000	400,000	950,000	950,000
Fringe benefits	121,609	75,632	102,712	76,976	3,401	11,956
Total	**371,609**	**575,632**	**302,712**	**476,976**	**953,401**	**961,956**
Variable compensation	252,275	149,502	172,535	104,035	228,442	108,000
Thereof:	0	0	0	0	0	0
2020 Cash portion	68,870	149,502	49,192	104,035	97,438	108,000
2019 DWS Equity Upfront Award for 2018	153,480	0	103,218	0	109,629	0
2019 DWS Restricted Incentive Award for 2018	29,925	0	20,125	0	21,375	0
Total	**252,275**	**149,502**	**172,535**	**104,035**	**228,442**	**108,000**
Pension service costs	0	0	0	0	102,651	100,510
Total compensation (GCGC)	**623,884**	**725,134**	**475,247**	**581,011**	**1,284,494**	**1,170,466**

5 Member until June 9, 2020 / contract termination on June 30, 2020. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD. In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Cherki received a total compensation (GCGC) of € 731,671 (for conversion purposes from EUR into USD the year-end exchange rate of 1.2232 applies) (2019: € 1,037,645 by applying the year-end exchange rate for 2019 of 1.1219).
6 Member until June 9, 2020 / contract termination on June 30, 2020. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD. In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kendall received a total compensation (GCGC) of € 707,711 (for conversion purposes from EUR into USD the year-end exchange rate of 1.2232 applies) (2019: € 808,573 by applying the year-end exchange rate for 2019 of 1.1219).
7 Member until June 9, 2020 / contract termination on December 31, 2020.

With respect to deferred awards from previous years disbursed in the year under review, the respective DWS Group and Deutsche Bank Group performance conditions were met.

In summary, within the scope of DWS Management GmbH contracts, the members of the Executive Board received compensation disbursals in the amount of € 10,352,704 (2019: € 9,644,202). Within the scope of other service contracts with subsidiaries of the Group, the members of the Executive Board received compensation disbursals in the amount of € 3,898,482 (2019: € 3,582,219).

Other Benefits upon early termination

In 2020, three Executive Board Members left the Company. Pierre Cherki, Robert Kendall and Nikolaus von Tippelskirch left with effect from June 9, 2020. The respective Executive Board service contracts of Pierre Cherki and Robert Kendall were terminated by mutual agreement effective June 30, 2020. The Executive Board service contract of Nikolaus von Tippelskirch was terminated by mutual agreement with effect as of December 31, 2020. On the basis of the termination agreements with DWS Management GmbH, termination benefits in the amount of € 1,800,299 were agreed.

Compensation in accordance with the German Accounting Standard No. 17 (GAS 17)

In accordance with the requirements of the GAS 17, the members of the Executive Board collectively received in the 2020 financial year compensation totalling € 17,146,126 (2019: € 27,063,572). Of that, € 4,990,577 (2019: € 14,239,191) was for equity-based components.

Amendment of the compensation system for the Executive Board as of January 1, 2021

Against the background of new regulatory requirements according to the act transposing the second European Shareholder Rights Directive into German law (ARUG II) and the new German Corporate Governance Codex (GCGC 2020), the compensation system for the Executive Board was thoroughly reviewed and further developed. The changes to the compensation system are to become effective as of January 1, 2021, for all current members of the Executive Board and will be submitted for approval to the Annual Shareholders’ Meeting on June 9, 2021, in accordance with Section 120 a (1) of the German Stock Corporation Act (AktG). A comprehensive explanation of the amendments to the compensation system for the Executive Board will be published with the invitation to the 2021 Annual Shareholders’ Meeting.

Compensation for Supervisory Board Members

The compensation for members of the Supervisory Board is set forth in the Articles of Association of DWS KGaA. Any amendment of the Articles of Association requires a resolution of the General Meeting of DWS KGaA.

The members of the Supervisory Board receive a fixed annual compensation (“Supervisory Board Compensation”). The annual base compensation amounts to € 85,000 for each member, the Chairperson of the Supervisory Board receives twice that amount and the Deputy Chairperson one and a half times that amount.

Members and the Chairpersons of the Committees of the Supervisory Board are paid an additional fixed annual compensation as follows:

in €	Chairperson	Member
Audit & Risk Committee	40,000	20,000
Nomination Committee	20,000	15,000
Remuneration Committee	20,000	15,000

The Supervisory Board Compensation is disbursed within the first three months of the following year.

In case of a change in the composition of the Supervisory Board during the year, the compensation for the financial year will be paid on a pro rata basis, rounded up / down to full months.

The current Supervisory Board Compensation was determined in 2018, prior to the IPO of DWS KGaA, with the support of an independent external remuneration advisor. It takes into account the tasks, scope of activities and time commitment of the members of the Supervisory Board and is based on a horizontal peer group comparison. The peer group was composed of a cluster of German listed companies with similar footprint, market cap and structure.

The Supervisory Board Compensation shall be regularly reviewed with the help of independent external experts. If the Managing Directors of the General Partner and the Supervisory Board see reason for change, they will submit a modified compensation system and a proposal for a corresponding amendment of the Articles of Association of DWS KGaA to the General Meeting. In any case, the compensation for the Supervisory Board, including the underlying compensation system, will be presented to the General Meeting for its approval ("Billigung") every four years. In case of a potential conflict of interest on the part of individual Managing Directors or members of the Supervisory Board with regard to the compensation system for the Supervisory Board, such conflict will be treated in accordance with the existing policies and procedures.

Designing the Supervisory Board Compensation as a pure fixed compensation without performance-related elements strengthens the Supervisory Board's independence and provides for a meaningful counterweight to the strategy-aligned compensation system for the Executive Board, which includes both fixed and variable components. The Supervisory Board compensation thus contributes to the implementation of DWS KGaA's corporate strategy and promotes its long-term development.

DWS KGaA reimburses the members of the Supervisory Board for the cash expenses they incur in the performance of their office, including any value added tax (VAT) on their compensation and reimbursements of expenses. Furthermore, any employer contributions to social security schemes that may be applicable under foreign law to the performance of their work on the Supervisory Board shall be paid for each member of the Supervisory Board affected. Finally, the Chairman of the Supervisory Board will be reimbursed appropriately for travel expenses incurred in performing representative tasks due to his role.

In the interest of DWS KGaA, the members of the Supervisory Board will be included in an appropriate amount, with a deductible, in any financial liability insurance policy held by the company. In the financial year 2020, Deutsche Bank Group provided a Directors' and Officer´s Liability Insurance (D&O insurance) to the members of the Supervisory Board.

Individual members of the Supervisory Board received the following compensation for the financial year 2020 (excluding value added tax):

Name	Compensation for fiscal year 2020 in €	Compensation for fiscal year 2019 in €
Karl von Rohr[1]	–	–
Ute Wolf	167,500	167,500
Stephan Accorsini	105,000	105,000
Annabelle Bexiga	100,000	55,833
Aldo Cardoso	120,000	120,000
Minoru Kimura[2]	–	–
Bernd Leukert[1]	–	–
Angela Meurer	85,000	85,000
Richard I. Morris, Jr.	120,000	103,333
Hiroshi Ozeki[2]	–	–
Erwin Stengele	100,000	100,000
Margret Suckale	120,000	120,000
Said Zanjani	100,000	100,000

1 Deutsche Bank Group shareholder representatives on the Supervisory Board have waived their Supervisory Board Compensation in line with Deutsche Bank Group policies and procedures.
2 In addition, two independent shareholders' representatives on the Supervisory Board have waived their Supervisory Board Compensation in line with applicable policies and procedures.

DWS KGaA does not provide members of the Supervisory Board with benefits after they have left the Supervisory Board.

Compensation for Joint Committee Members

The compensation for members of the Joint Committee is set forth in the Articles of Association of DWS KGaA. The members of the Joint Committee receive a fixed annual remuneration of € 20,000 and the Chairman of € 40,000.

The compensation is disbursed within the first three months of the following year.

In case of a change in the composition of the Joint Committee during the year, the compensation for the financial year will be paid on a pro rata basis, rounded up / down to full months.

DWS KGaA reimburses the members of the Joint Committee for the cash expenses they incur in the performance of their office, including any value added tax (VAT) on their compensation and reimbursements of expenses. Furthermore, any employer contributions to social security schemes that may be applicable under foreign law to the performance of their work on the Joint Committee shall be paid for each member of the Joint Committee affected. Finally, the Chairman of the Joint Committee will reimbursed appropriately for travel expenses incurred in performing representative tasks due to his role.

In the interest of DWS KGaA, the members of the Joint Committee will be included in an appropriate amount, with a deductible, in any financial liability insurance policy held by the company. In the financial year 2020, Deutsche Bank Group provided a Directors' and Officer´s Liability Insurance (D&O insurance) to the members of the Joint Committee.

Individual members of the Joint Committee received the following compensation for the financial year 2020 (excluding value added tax):

Name	Compensation for fiscal year 2020 in €	Compensation for fiscal year 2019 in €
Karl von Rohr[1]	–	–
Minoru Kimura[2]	–	–
James von Moltke[1]	–	–
Ute Wolf	20,000	20,000
Hiroshi Ozeki[2]	–	–

[1] Deutsche Bank Group executives, delegated by the shareholders' meeting of the General Partner to the Joint Committee, have waived their compensation in line with Deutsche Bank Group policies and procedures.
[2] In addition, two members of the Joint Committee, delegated by the shareholders' representatives on the Supervisory Board from their midst, have waived their compensation in line with applicable policies and procedures.

2

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Income

in € m.	Notes	2020	2019
Management fees income		3,200	3,189
Management fees expense		1,067	1,053
Net management fees	6	**2,134**	**2,136**
Performance and transaction fee income		109	213
Performance and transaction fee expense		19	8
Net performance and transaction fees	6	**90**	**205**
Net commissions and fees from asset management	6	**2,223**	**2,341**
Interest and similar income[1]		16	31
Interest expense		21	19
Net interest income		**(5)**	**12**
Net gains (losses) on financial assets/liabilities at fair value through profit or loss[2]		(89)	128
Net income (loss) from equity method investments	14	63	42
Provision for credit losses		2	0
Other income (loss)[2]		47	(134)
Total net interest and non-interest income		**2,237**	**2,389**
Compensation and benefits[3]	8,23	732	826
General and administrative expenses	7,17	742	831
Impairment of goodwill and other intangible assets	15	0	0
Total non-interest expenses		**1,474**	**1,657**
Profit (loss) before tax		**762**	**732**
Income tax expense	24	204	219
Net income (loss)		**558**	**512**
Attributable to:			
Non-controlling interests		2	1
DWS shareholders		556	511

1 Interest and similar income includes € 7 million and € 16 million for 2020 and 2019, respectively, calculated based on effective interest method.
2 Net gains (losses) in financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € (48) million on derivatives (€ (29) million for 2019) and valuation adjustments of € (30) million for 2020 (€ 141 million for 2019) on guaranteed funds. Other income (loss) includes € 30 million for 2020 (€ (141) million for the 2019) valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
3 Includes restructuring costs of € 15 million for 2020 (€ 29 million for 2019).

Consolidated Statement of Comprehensive Income

in € m.	2020	2019
Net income (loss) recognised in the income statement	**558**	**512**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement gains (losses) related to defined benefit plans, before tax	9	(41)
Total income tax expense (benefit) related to items that will not be reclassified to profit or loss	3	(14)
Items that are or may be reclassified to profit or loss		
Financial assets mandatory at fair value through other comprehensive income		
Unrealized net gains (losses) arising during the period, before tax	3	0
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0
Equity method investments		
Net gains (losses) arising during the period	(1)	0
Foreign currency translation		
Unrealized net gains (losses) arising during the period, before tax	(305)	98
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0
Total income tax expense (benefit) related to items that are or may be reclassified to profit or loss	1	0
Other comprehensive income (loss), net of tax	**(299)**	**71**
Total comprehensive income (loss), net of tax	**259**	**583**
Attributable to:		
Non-controlling interests	2	1
DWS shareholders	257	582

Earnings per Common Share

	Notes	2020	2019
Earnings per common share:			
Basic	9	€ 2.78	€ 2.56
Diluted	9	€ 2.78	€ 2.56
Number of common shares (in million)	22	200	200

Consolidated Balance Sheet

in € m.	Notes	Dec 31, 2020	Dec 31, 2019
ASSETS			
Cash and bank balances	13	2,189	2,086
Financial assets at fair value through profit or loss	10,12		
Trading assets		1,297	1,422
Positive market values from derivative financial instruments		0	2
Non-trading financial assets mandatory at fair value through profit or loss		1,131	1,452
Investment contract assets mandatory at fair value through profit or loss		526	544
Total financial assets at fair value through profit or loss	10,12	2,954	3,419
Financial assets at fair value through other comprehensive income	11,12	198	0
Equity method investments	14	304	276
Loans at amortized cost	13	4	3
Property and equipment	16	29	28
Right-of-use assets	17	115	130
Goodwill and other intangible assets	15	3,550	3,781
Assets held for sale	18	0	8
Other assets	13,19	887	1,079
Assets for current tax	24	76	18
Deferred tax assets	24	142	124
Total assets		**10,448**	**10,952**
LIABILITIES AND EQUITY			
Financial liabilities at fair value through profit or loss	10,12		
Trading liabilities		18	9
Negative market values from derivative financial instruments		158	110
Investment contract liabilities designated at fair value through profit or loss		526	544
Total financial liabilities at fair value through profit or loss	10,12	702	663
Other short-term borrowings	13	72	83
Lease liabilities	17	130	140
Liabilities held for sale	18	0	2
Other liabilities	13,19	2,498	2,874
Provisions	20	17	15
Liabilities for current tax	24	61	102
Deferred tax liabilities	24	205	220
Long-term debt	13	0	0
Total liabilities		**3,685**	**4,100**
Common shares, no par value, nominal value of € 1.00	22	200	200
Additional paid-in capital		3,459	3,480
Retained earnings		3,051	2,823
Accumulated other comprehensive income (loss), net of tax		23	327
Total shareholders’ equity		**6,732**	**6,830**
Non-controlling interests		30	23
Total equity		**6,762**	**6,852**
Total liabilities and equity		**10,448**	**10,952**

Consolidated Changes in Equity

									Shareholders' Equity	Non-controlling interest	Total equity
					Accumulated other comprehensive income, net of tax[1]						
					Unrealized net gains (losses)						
in € m.	Common Stock	Additional paid in capital	Share awards	Retained earnings	On financial assets mandatory at fair value through other comprehensive income, net of tax	From equity method investments	Foreign currency translation net of tax	Total	Total		
Balance as of January 1, 2019	**200**	**3,358**	**114**	**2,612**	**0**	**19**	**210**	**229**	**6,514**	**20**	**6,534**
Total comprehensive income (loss), net of tax	0	0	0	511	0	(0)	98	98	609	1	610
Remeasurement gains (losses) related to defined benefit plans, net of tax	0	0	0	(27)	0	0	0	0	(27)	(0)	(27)
Cash dividends paid	0	0	0	274	0	0	0	0	274	0	274
Net change in share awards in the reporting period, net of tax	0	0	8	0	0	0	0	0	8	0	8
Other	0	0	0	0	0	0	0	0	0	2	2
Balance as of December 31, 2019	**200**	**3,358**	**122**	**2,823**	**0**	**19**	**308**	**327**	**6,830**	**23**	**6,852**
Balance as of January 1, 2020	**200**	**3,358**	**122**	**2,823**	**0**	**19**	**308**	**327**	**6,830**	**23**	**6,852**
Total comprehensive income (loss), net of tax	0	0	0	556	2	(1)	(305)	(305)	251	2	253
Remeasurement gains (losses) related to defined benefit plans, net of tax	0	0	0	6	0	0	0	0	6	0	6
Cash dividends paid	0	0	0	334	0	0	0	0	334	0	334
Net change in share awards in the reporting period, net of tax	0	0	(21)	0	0	0	0	0	(21)	(0)	(21)
Other	0	0	0	0	0	0	0	0	0	5	5
Balance as of December 31, 2020	**200**	**3,358**	**101**	**3,051**	**2**	**18**	**2**	**23**	**6,732**	**30**	**6,762**

[1] Excluding remeasurement gains (losses) related to defined benefit plans, net of tax.

Consolidated Statement of Cash Flows

Cash flows are classified into operating activities, investing activities and financing activities with regard to the activities of the Group. The Group's cash flow statement presented below is prepared using the indirect method for cash flows from operating activities.

Cash Flows from Operating Activities

Operating activities cover mainly the commission and fee cash flows from customers as well as compensation and benefits and general and administrative expenses. In addition, operating activities include cash flows from other operating assets and liabilities on own account, which are excluded from investing and financing activities. Cash flows relating to trading assets and liabilities and derivative financial instruments are also reported net in a separate item under operating activities. Cash flows on taxes, interest and received dividends are included in operating activities. Cash flows for paid dividends are allocated to financing activities, as these are related to equity.

Cash Flows from Investing Activities

Investing activities contain mainly cash flows resulting from purchase, sale and maturities of non-trading financial assets, financial assets mandatory at fair value through other comprehensive income, tangible and intangible assets. Non-trading financial assets include mainly government bonds, investments in money market funds and activities in co- and seed investments. Financial assets mandatory at fair value through other comprehensive income comprise government bonds. In addition, cash flows related to equity method investments are shown under investing activities.

Cash Flows from Financing Activities

Financing activities show cash flows from transactions related to equity and other borrowings including long term debt and other short-term borrowings. The principal payments of the lease liabilities are also allocated to financing activities, while the interest payments for lease liabilities are included in interest paid in operating activities.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances on demand.

in € m.	2020	2019
Cash flows from operating activities:		
Net income (loss)	**558**	**512**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Restructuring activities	15	29
(Gain) loss on sale of financial assets from investing activity	(4)	(17)
Deferred taxes, net	(18)	(25)
Impairment, depreciation, other amortization and (accretion)	69	73
Share of net loss (income) from equity method investments	(63)	(42)
Other non-cash movements	6	(3)
Income (loss) adjusted for non-cash charges, credits and other items	**565**	**527**
Adjustments for net change in operating assets and liabilities:		
Interest-earning time deposits with banks	(33)	25
Other assets	137	302
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(18)	32
Other liabilities	(386)	(275)
Trading assets and liabilities, pos. and neg. market values from derivative financial instruments, net[1]	182	(173)
Other, net	(64)	(3)
Net cash provided by (used in) operating activities	**383**	**436**
Thereof: Net cash provided by (used in) operating activities of guaranteed funds	(9)	(20)
Cash flows from investing activities:		
Proceeds from sale and maturities of:		
Non-trading financial assets mandatory at fair value through profit or loss[2]	1,800	1,239
Property and equipment	3	2
Disposals of intangible assets	1	0
Purchase of:		
Non-trading financial assets mandatory at fair value through profit or loss[3]	(1,517)	(1,485)
Financial assets mandatory at fair value through other comprehensive income	(196)[4]	0
Equity method investments	0	(12)
Property and equipment	(10)	(27)
Additional intangible assets	(24)	(23)
Dividends received from equity method investments	21	21
Loans at amortized cost made to other parties	(1)	(1)
Net cash provided by (used in) investing activities	**78**	**(285)**
Cash flows from financing activities:		
Cash dividends paid to DWS shareholders	(334)	(274)
Repayment of other borrowings	(15)	(34)
Repayment of lease liabilities (principal)	(16)	(27)
Net change in non-controlling interests	7	2
Net cash provided by (used in) financing activities	**(357)**	**(333)**
Net effect of exchange rate changes on cash and cash equivalents	**(31)**	**(18)**
Net increase (decrease) in cash and cash equivalents	**72**	**(201)**
Cash and cash equivalents at beginning of period	1,987	2,186
Net increase (decrease) in cash and cash equivalents	72	(201)
Cash and cash equivalents at end of period	**2,060**	**1,987**

[1] The item mainly comprises trading assets from the consolidated guaranteed funds.
[2] The inflows result mainly from maturity of government bonds and disposals of money market funds as well as of seed investments.
[3] The outflows contain mainly investments in government bonds, money market funds and seed investments.
[4] The outflows of € 196 million pertains to the acquisition of the long term German sub-sovereign bonds.

in € m.	2020	2019
Supplemental cash flow information:		
Net cash provided by (used in) operating activities includes		
Income taxes paid (received), net	324	313
Interest paid	21	19
Interest received	8	20
Dividends received	8	11
Cash and cash equivalents comprise		
Cash and bank balances (excluding time deposits)[1]	2,060	1,987
Total cash and cash equivalents	**2,060**	**1,987**

[1] The balance sheet item cash and bank balances of € 2,189 million (December 31, 2019: € 2,086 million) comprises time deposits of € 129 million (December 31, 2019: € 99 million), bank balances on demand of € 2,060 million (December 31, 2019: € 1,987 million) and cash of € 0 million (December 31, 2019: € 0 million). The cash flow statement shows only cash and bank balances on demand.

Notes to the Consolidated Financial Statements

01 – Basis of Preparation

DWS Group GmbH & Co. KGaA ("DWS KGaA" or the "Parent") has its registered seat in Frankfurt am Main, Germany and its business address at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main. DWS KGaA is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 111128. The company is a partnership limited by shares incorporated in Germany and governed by German law.

DB Beteiligungs-Holding GmbH, has its registered seat in Frankfurt am Main, Germany, is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504 and is the parent company of DWS KGaA holding a 79.49% share of DWS KGaA. The remaining shares are held by external investors. The ultimate parent company of DWS KGaA is Deutsche Bank AG, Frankfurt am Main, Germany, registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 30000. The consolidated financial statements of Deutsche Bank AG in accordance with IFRS can be viewed on the Investor Relations website of Deutsche Bank AG (https://www.db.com/ir).

DWS KGaA together with all entities in which DWS KGaA has a controlling financial interest is a global asset manager covering a diverse offering that spans traditional active and passive strategies as well as alternatives and bespoke solutions with a global footprint and a scaled presence in key markets.

The Group's management has a reasonable expectation that DWS KGaA and the Group have adequate resources to continue in operating existence for the foreseeable future. Accordingly, the Group's annual consolidated financial statements have been prepared on a going concern basis.

02 – Significant Accounting Policies and Estimates

Basis of Accounting

The accompanying consolidated financial statements of DWS Group GmbH & Co. KGaA, Frankfurt (Frankfurt Regional Court, HRB 111128), as of December 31, 2020, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and in compliance with Section 315a German Commercial Code and were approved by the Executive Board on March 5, 2021.

The consolidated financial statements include DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the "Group/DWS Group") are stated in euro, the presentation currency of the Group except when otherwise indicated and are rounded to the nearest million. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. "N/A" is read as not applicable.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). The Group's application of IFRS results in no differences between IFRS as issued by the IASB and IFRS as endorsed by the EU.

Disclosures about the nature and the extent of risks arising from financial instruments as required by IFRS 7 "Financial Instruments: disclosures" are set forth in the Risk Report section of the Summarized Management Report and are an integrated part of the consolidated financial statements. These audited disclosures are identified by bracketing in the margins of the Risk Report.

Principles of Consolidation and Critical Accounting Estimates

In preparing the accompanying consolidated financial statements, the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements" have been applied.

The financial information in the Consolidated Financial Statements includes the parent company, DWS Group GmbH & Co. KGaA, together with its consolidated subsidiaries, including certain structured entities presented as a single economic unit. The individual financial statements of the companies included in the consolidation are drawn up on the same accounting date, December 31, 2020, as that of DWS Group GmbH & Co. KGaA.

In addition, management have made judgments and estimates that affects the application of the Group's accounting policy and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized prospectively.

The following accounting policies are important to the presentation of the Group's reported amounts of income, expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date and require the Group's management's most subjective or complex judgments and the use of assumptions, often as a result of the need to estimate the effects of matters that are inherently uncertain and susceptible to change. Management bases its estimates and assumptions on historical experience, where applicable and other factors believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Management cannot offer any assurance that the actual results will be consistent with these estimates and assumptions, and these critical accounting estimates or assumptions could change from period to period, or could involve estimates where management could have reasonably used another estimate in the relevant accounting period. The most critical accounting policies, which reflect significant management estimates to determine amounts in the Consolidated Financial Statements, are as follows:

- the impairment of associates (see 'Associates' below)
- the determination of fair value (see 'Financial Assets and Liabilities, Financial Instruments' below)
- the impairment of goodwill and other intangibles (see 'Goodwill and Other Intangible Assets' below)
- the accounting for legal and regulatory contingencies (see 'Provisions' below)
- the accounting for revenues under IFRS 15 “Revenue from Contracts with Customers” (see 'Net Commissions and Fees from Asset Management' below)
- the accounting for leases under IFRS 16 “Leases” (see 'Leases' below)

Subsidiaries

The Group's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity.

When assessing whether to consolidate an entity, the Group evaluates a range of control factors, namely:

- the purpose and design of the entity
- the relevant activities and how these are determined
- whether the Group's rights result in the ability to direct the relevant activities
- whether the Group has exposure or rights to variable returns
- whether the Group has the ability to use its power to affect the amount of its returns

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities.

Potential voting rights that are deemed to be substantive are also considered when assessing control. Likewise, the Group also assesses existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities or its exposure to the variability of returns is different from that of other investors.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

The Group reassesses the consolidation status at least at every quarterly reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors, require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation.

All intercompany transactions, balances and unrealized gains on transactions between the Group companies are eliminated.

Consistent accounting policies are applied throughout the Group for the purposes of consolidation. Issuance of a subsidiary's stock to third parties are treated as non-controlling interests. Profit or loss attributable to non-controlling interests are reported separately in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.

At the date that control of a subsidiary is lost, the Group a) derecognizes the assets (including attributable goodwill) and liabilities of the subsidiary at their carrying amounts, b) derecognizes the carrying amount of any non-controlling interests in the former subsidiary, c) recognizes the fair value of the consideration received and any distribution of the shares of the subsidiary, d) recognizes any investment retained in the former subsidiary at its fair value and e) recognizes any resulting difference of the above items as a gain or loss in the income statement. Any amounts recognized in prior periods in other comprehensive income in relation to that subsidiary would be reclassified to the Consolidated Statement of Income or transferred directly to retained earnings if required by other IFRSs.

Associates

An associate is an entity in which the Group has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence. Among the other factors that are considered in determining whether the Group has significant influence are representation on the board of directors (Supervisory Board in the case of German stock corporations) and material intercompany transactions. The existence of these factors could require the application of the equity method of accounting for a particular investment even though the Group's investment is less than 20% of the voting stock.

Investments in associates are accounted for under the equity method of accounting. The Group's share of the results of associates is adjusted to conform to the accounting policies of the Group. The Group's share in the associate's profits and losses resulting from intercompany sales is eliminated on consolidation.

If the Group previously held an equity interest in an entity (for example, as available for sale) and subsequently gained significant influence, the previously held equity interest is re-measured to fair value and any gain or loss is recognized in the Consolidated Statement of Income. Any amounts previously recognized in other comprehensive income associated with the equity interest would be reclassified to the Consolidated Statement of Income at the date the Group gains significant influence, as if the Group had disposed of the previously held equity interest.

Under the equity method of accounting, the Group's investments in associates and jointly controlled entities are initially recorded at cost including any directly related transaction costs incurred in acquiring the associate, and subsequently increased (or decreased) to reflect both the Group's pro-rata share of the post-acquisition net income (or loss) of the associate or jointly controlled entity and other movements included directly in the equity of the associate or jointly controlled entity. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included in the carrying value of the investment (net of any accumulated impairment loss). As goodwill is not reported separately it is not specifically tested for impairment. Rather, the entire equity method investment is tested for impairment at each balance sheet date.

If there is objective evidence of impairment, an impairment test is performed by comparing the investment's recoverable amount, which is the higher of its value in use and fair value less costs to sell, with its carrying amount. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount.

At the date that the Group ceases to have significant influence over the associate or jointly controlled entity the Group recognizes a gain or loss on the disposal of the equity method investment equal to the difference between the sum of the fair value of any retained investment and the proceeds from disposing of the associate and the carrying amount of the investment. Amounts recognized in prior periods in other comprehensive income in relation to the associate are accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

Critical Accounting Estimates - As the assessment of whether there is objective evidence of impairment may require significant management judgment and the estimates for impairment could change from period to period based on future events that may or may not occur, the Group considers this to be a critical accounting estimate.

Foreign Currency Translation

The consolidated financial statements are prepared in euro, which is the presentation currency of the Group. Various entities within the Group use a different functional currency, being the currency of the primary economic environment in which the entity operates.

An entity records foreign currency income, expenses, gains and losses in its functional currency using the rates prevailing at the dates of recognition.

Monetary assets and liabilities denominated in currencies other than the entity's functional currency are translated at the period end closing rate. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the consolidated statement of income as net gains (losses) on financial assets/liabilities at fair value through profit or loss in order to align the translation amounts with those recognized from foreign currency related transactions (derivatives) which economically hedge these monetary assets and liabilities.

Nonmonetary items that are measured at historical cost are translated using the historical exchange rate at the date of the transaction. Translation differences on nonmonetary items which are held at fair value through profit or loss are recognized in the profit or loss. Translation differences on available for sale nonmonetary items (equity securities) are included in other comprehensive income and recognized in the consolidated statement of income when the nonmonetary item is sold as part of the overall gain or loss on sale of the item.

For purposes of translation into presentation currency, assets, liabilities and equity of foreign operations are translated at the period end closing rate and items of income and expense are translated into euros at the rates prevailing on the dates of the transactions, or average rates of exchange where these approximate actual rates. The exchange differences arising on the translation of a foreign operation are included in other comprehensive income. For foreign operations that are subsidiaries, the amount of exchange differences attributable to any non-controlling interests is recognized in non-controlling interests.

Currency Translation Adjustments (CTA) reflected in equity are the result of legal entities held by parent companies with a different functional currency.

Composition of the Group

There are no material changes in the composition and the expected future revenue streams of the Group compared to the period ending December 31, 2019.

For the composition of structured entities please refer to note 26 'Information on Subsidiaries and Shareholdings'.

Net Commissions and Fees from Asset Management

At the Group, IFRS 15 applies in particular to the fees and charges reported under 'Net commissions and fees from asset management' in the Group's consolidated statement of income. The income arises in connection with services that are directly related to the Group's ordinary business activities (asset management business) and hence fall within the scope of IFRS 15.

The Group applies the IFRS 15 five-step business model to determine revenue recognition. After a contract with a customer has been identified in the first step, the performance obligation – or a series of distinct performance obligations – to the customer is identified in the second step. The Group must examine whether the service is capable of being distinct and is actually distinct within the context of the contract. A promised service is distinct if the customer can benefit from the service either on its own or together with other resources that are readily available to the customer, and the promise to transfer the service to the customer is separately identifiable from other promises in the contract. The amount of income is measured on the basis of the contractually agreed transaction price for the performance obligation defined in the contract. Income is not recognized in profit and loss until the identified performance obligation has been satisfied.

Management Fees and Performance Fees

The Group is a global asset manager offering traditional active and passive strategies as well as alternative and bespoke solutions for its customers. The Group earns management fees and performance fees with different products carrying different fee rates arising from trust and other fiduciary activities that result in segregated holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and others.

Management fees are charged as a percentage of AuM and are received on a monthly or quarterly basis. Other recurring fees include ongoing fees for products not captured in an asset class mix such as, for example, custody fees for client accounts. Performance fees are received primarily for fund management services based on the fund's performance relative to a benchmark / target return or the realized appreciation of the fund's investments. Variable performance fees based on specific contractual terms and fees from transaction related contracts are further components of the performance and transaction fees.

The terms and conditions of management fees and performance fees are governed in the asset management agreement. Asset management services that give rise to the management fee and performance fees constitute a single performance obligation under IFRS 15 and are considered together for revenue recognition purposes. The management and performance fee are variable consideration such that at each reporting date the Group estimates the fee amount to which the entity will be entitled in exchange for transferring the promised services to the customer. This includes consideration of the following constraints in the estimation on the fee amount:

- The AuM in the case of the management fee; and
- The fund's performance relative to a benchmark / target return or the realized appreciation of the fund's investments in the case of the performance fee

Management fees and performance fees are recognized when it is highly probable that a significant reversal in the cumulative amount of the transaction price would not occur. The Group updates its estimate of the transaction price for the management and performance fee at each reporting date. The benefits arising from the asset management services are simultaneously received and consumed by the customer over time. The Group recognizes revenue over time by measuring the progress towards complete satisfaction subject to the removal of any uncertainty whether it is highly probable that a significant reversal in the cumulative amount of revenue recognized would occur or not. For the management fee component including other recurring fees this is the end of the monthly or quarterly service period. For the performance fee and fees from securities lending transactions this is when based on the contractual provisions any uncertainty from the performance-related nature of the fee component has been fully removed.

The asset management fee is often structured as so-called "all-in fee" such that it includes compensation for example for fund related services such as administrative services and fund audit services. The Group remains the primary obligor to provide the services. In this case the revenue and expenses are reported gross as commission and fee income and general and administrative expenses respectively.

For expenses incurred in relation to businesses where revenue is driven on a commission basis, and for which income is reported as that commission income in the consolidated financial statements, such expenses are presented on a net basis. For example, net management fees consist of gross management fees and other-related fees, including administrative service fees, net of distribution fees paid. The total level of management fees depends on the client and product mix. Subsequently all expenses that are incurred on a transaction basis and are directly incurred and incremental to the generation of fee income are presented in net commissions and fees from asset management in the Group's consolidated financial statements.

Distribution Fees

Revenue and expenses from the distribution of fund units arise from "front-end load" fees and "distribution" fees. The associated revenue and expenses are reported gross as commission and fee income and commission and fee expense respectively. However, in certain distribution agreements the Group does not own the contractual obligation to perform the first time distribution service to the end-investor. Instead, a third party agent enters directly into a contractual agreement with the end-investor to perform the distribution service. In this case, the Group does not report any revenue and associated expense in commission and fee income and commission and fee expense respectively.

The gross management fee and performance fee income and expense are disclosed in note 6 'Net Commissions and Fees from Asset Management' to the Group's consolidated financial statements. This includes income and associated expense where the Group contractually owns the performance obligation (principal) in relation to the service that gives rise to the revenue and associated expense. In contrast, it does not include situations where the Group does not contractually own the performance obligation (agent).

Critical Accounting Estimates - The performance fee is material with a broad range of possible outcomes and although the Group has entered into similar contracts, that experience is of little predictive value in determining the future performance of the product. As this may require significant management judgment the Group considers this to be a critical accounting estimate.

Financial Assets and Liabilities, Financial Instruments

IAS 32 “Financial Instruments: presentation” defines financial instruments as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, i.e. any contract representing contractual rights or obligations to pay or receive cash or other financial assets.

Derivative instruments are financial assets or liabilities that derive their value from an underlying, which require little or no initial investment and which are settled at a future date. The Group does not apply hedge accounting.

Financial assets and liabilities are recognized in the financial statements in accordance with the provisions of IFRS 9 as adopted by the European Union.

IFRS 9 Classification and Measurement

IFRS 9 “Financial Instruments” sets out requirements for recognizing and measuring financial instruments. A financial instrument is any contract that gives rise to both a financial asset of one entity and financial liability or equity instrument of another entity.

IFRS 9 requires the classification of financial assets to be determined based on both the business model used for managing the financial assets and contractual cash flow characteristics of the financial assets. The classification and measurement of financial liabilities will continue to follow IAS 39 “Financial Instruments: recognition and measurement”.

Financial assets and financial liabilities are recognized in the Group’s consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial Assets

Non-derivative financial assets (debt or equity instruments) are classified in accounting categories in the financial statements that determine their accounting treatment and their subsequent measurement method. These financial assets are classified in one of the following three categories:
- Financial assets at fair value through profit or loss
- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income

Business Model

There are three business models defined under IFRS 9 for financial assets:
- hold to collect –financial assets held with the objective to collect contractual cash flows.
- hold to collect and sell – financial assets held with the objective of both collecting contractual cash flows and selling financial assets
- other – financial assets held with trading intent or that do not meet criteria of either “hold to collect” or “hold to collect and sell”

For “hold to collect” instruments the primary objective is to collect the nominal value of the receivable and any interest payable on these instruments, they are measured at amortized cost.

The Group applies the business model “hold to collect and sell” for instruments where the primary objective is to both collect contractual cash flows and sell financial assets, the assigned debt instruments are measured at fair value through other comprehensive income. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of income. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

The remaining Group’s assets under IFRS 9 mainly comprises of consolidated funds under IFRS 10, co-investments and seed investment as well instruments to further diversify our liquidity and funding capabilities and these assets are considered as “other business model” measured at fair value through profit and loss.

Solely Payments of Principal and Interest (SPPI)

If a financial asset is held in either “hold to collect” or a “hold to collect and sell” business model, then an assessment to determine whether contractual cash flows are solely payments of principal and interest on the principle amount outstanding at initial recognition is required to determine the classification.

Contractual cash flows, that are SPPI on the principal amount outstanding, are consistent with a basic lending arrangement. Interest is considered for the time value of the money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for the other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding the financial assets for a particular period of time; and a profit margin that is consistent with a basic lending arrangement.

Financial Liabilities

Except for financial liabilities at fair value through profit or loss, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities include long-term and short-term debt issued which are initially measured at fair value, which is the consideration received, net of transaction costs incurred.

Certain financial liabilities are designated at fair value through profit or loss using the fair value option. To be designated at fair value through profit or loss, such financial liabilities and its designation at fair value option must eliminate or significantly reduce a measurement or recognition inconsistency.

The distinction between debt instruments and equity instruments is based on an analysis of the economic substance or contractual arrangements.

A financial liability is a debt instrument if it includes a contractual obligation:
- to return cash, other financial assets or a variable number of equity instruments to an entity; or
- to exchange financial assets and financial liabilities with another entity under potentially unfavourable conditions.

An equity instrument is a non-repayable financial instrument that provides a discretionary return which highlights a residual interest in a company after deduction of all financial liabilities and which is not qualified as debt instrument.

Impairment

The impairment requirements of IFRS 9 apply to all financial assets and off balance sheet commitments.

The determination of impairment losses and allowance are based on an expected credit loss model, where provisions are taken upon initial recognition of the financial asset, based on expectations of potential credit losses at the time of initial recognition.

IFRS 9 introduces a three stage approach to impairment for financial assets that are performing at the date of origination or purchase. IFRS 9 impairment requirements applies to all financial assets measured at amortized cost and measured at fair value through other comprehensive income (FVOCI) not classified and measured at fair value through profit and loss (FVTPL). The expected credit loss model (ECL) is applicable to DWS Group. The approach is summarized as follows:

- Stage 1: The Group recognizes a credit loss allowance at an amount equal to twelve-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within twelve months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Group recognizes a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. The assessment of significant increase in credit risk is based on measuring changes in counterparty probability of default (PD) or if contractual payments are 30 days past due. This requires the computation of expected credit losses (ECL) based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to twelve months in stage 1.

- Stage 3: The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100%, via the recoverable cash flows for the asset, for those financial assets that are credit-impaired. The Group’s definition of default is aligned with the regulatory definition.

Determination of Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an arm’s length transaction between market participants at the measurement date. The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Critical Accounting Estimates – The Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument's complexity.

In reaching estimates of fair value management judgment needs to be exercised. The areas requiring significant management judgment are identified, documented and reported to senior management as part of the valuation control process and the standard monthly reporting cycle. The specialist model validation and valuation control groups focus attention on the areas of subjectivity and judgment.

The level of management judgment required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. Similarly, there is little subjectivity or judgment required for instruments valued using valuation models which are standard across the industry and where all parameter inputs are quoted in active markets.

Where no market data is available for a particular instrument then pricing inputs are determined by assessing other relevant sources of information such as historical data, fundamental analysis of the economics of the transaction and proxy information from similar transactions, and making appropriate adjustments to reflect the actual instrument being valued and current market conditions. Where different valuation techniques indicate a range of possible fair values for an instrument then management has to decide what point within the range of estimates appropriately represents the fair value. Further, some valuation adjustments may require the exercise of management judgment to achieve fair value.

Under IFRS, the financial assets and liabilities carried at fair value are required to be disclosed according to the inputs to the valuation method that are used to determine their fair value. Specifically, segmentation is required between those valued using quoted market prices in an active market (level 1), valuation techniques based on observable parameters (level 2) and valuation techniques using significant unobservable parameters (level 3). Management judgment is required in determining the category to which certain instruments should be allocated. This specifically arises when the valuation is determined by a number of parameters, some of which are observable and others are not. Further, the classification of an instrument can change over time to reflect changes in market liquidity and therefore price transparency.

The Group provides a sensitivity analysis of the impact upon the level 3 financial instruments of using a reasonably possible alternative for the unobservable parameter. The determination of reasonably possible alternatives requires significant management judgment.

Goodwill and Other Intangible Assets

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the aggregate of the cost of an acquisition and any non-controlling interests in the acquiree over the fair value of the identifiable net assets acquired at the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Any non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets (this is determined for each business combination).

Goodwill on the acquisition of subsidiaries is capitalized and reviewed for impairment annually or more frequently if there are indications that impairment may have occurred.

If goodwill has been capitalized and an operation is disposed of, the attributable goodwill is included in the carrying amount of the operation when determining the gain or loss on its disposal.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets that have a finite useful life are stated at cost less any accumulated amortization and accumulated impairment losses. Customer-related intangible assets that have a finite useful life are amortized over periods of between 1 and 20 years on a straight-line basis based on their expected useful life. These assets are tested for impairment and their useful lives reaffirmed at least annually.

Certain intangible assets have an indefinite useful life and hence are not amortized, but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that impairment may have occurred.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Capitalized costs are amortized using the straight-line method over the asset's useful life which is deemed to be either three, five or ten years. Eligible costs include external direct costs for materials and services, as well as payroll and payroll-related costs for employees directly associated with an internal-use software project. Overhead costs, as well as costs incurred during the research phase or after software is ready for use, are expensed as incurred. Capitalized software costs are tested for impairment either annually if still under development or when there is an indication of impairment once the software is in use.

Critical Accounting Estimates – The determination of the recoverable amount in the impairment assessment of non-financial assets requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions. Since these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical.

Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted and measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party (for example, because the obligation is covered by an insurance policy), an asset is recognized if it is virtually certain that reimbursement will be received.

Critical Accounting Estimates – The use of estimates is important in determining provisions for potential losses that may arise from litigation and regulatory proceedings. The Group estimates and provides for potential losses that may arise out of litigation and regulatory proceedings to the extent that such losses are probable and can be estimated, in accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”. Significant judgment is required in making these estimates and the Group’s final liabilities may ultimately be materially different.

Contingencies in respect of legal matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group’s final liability may ultimately be materially different. The Group’s total liability in respect of litigation, arbitration and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case, the Group’s experience and the experience of others in similar cases, and the opinions and views of legal counsel. Predicting the outcome of the Group’s litigation matters is inherently difficult, particularly in cases in which claimants seek substantial or indeterminate damages.

Income Taxes

The Group recognizes the current and deferred tax consequences of transactions that have been included in the consolidated financial statements using the provisions of the respective jurisdictions’ tax laws. Current and deferred taxes are recognized in profit or loss except to the extent that the tax relates to items that are recognized directly in equity or other comprehensive income in which case the related tax is recognized directly in either equity or other comprehensive income accordingly.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset when (1) they arise from the same tax reporting entity or tax group of reporting entities, (2) the legally enforceable right to offset exists and (3) they are intended to be settled net or realized simultaneously.

Deferred tax assets and liabilities are offset when the legally enforceable right to offset current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same tax reporting entity or tax group of reporting entities.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, branches and associates and interests in joint ventures except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future. Deferred income tax assets are provided on deductible temporary differences arising from such investments only to the extent that it is probable that the differences will reverse in the foreseeable future and sufficient taxable income will be available against which those temporary differences can be utilized.

Deferred tax related to fair value re-measurement of financial instruments, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognized in the statement of income once the underlying transaction or event to which the deferred tax relates is recognized in the statement of income.

Non-Controlling Interests

Non-controlling interests are shown in the consolidated balance sheet as a separate component of equity, which is distinct from the Group's shareholders' equity. The net income attributable to non-controlling interests is separately disclosed on the face of the consolidated statement of income. Changes in the ownership interest in subsidiaries which do not result in a change of control are treated as transactions between equity holders and are reported in additional paid-in capital (APIC) within equity.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. These contracts will mainly relate to office buildings and other leases for vehicles.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to an annual impairment review.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption for short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Critical Accounting Estimates – The determination of the right-of-use assets requires estimates on the interest rate implicit in the lease, and if this rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate, necessitating management to make subjective judgments and assumptions. Since these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical.

Employee Benefits

Share-Based Compensation Plans

In DWS Group there are two main categories of share-based compensation plans, which are described below:

DWS Share-Based Plans (cash-settled)

The Group made grants of share-based compensation under the DWS Equity Plan. This plan represents a contingent right to receive a cash payment by referencing to the value of DWS shares during a specified time period.

In September 2018, IPO related Awards were granted to selected employees within the Group. Both Awards (DWS Equity Plan and DWS Stock Appreciation Rights (SAR) Plan) are considered as share-based cash-settled awards.

All employees who are offered DWS Equity Plan Awards are subject to performance condition and forfeiture provision which need to be met for each tranche to be capable of settlement. In case such performance conditions are not met, the tranche will lapse.

Employees who are offered DWS SAR Plan Awards are also subject to specific performance and forfeiture provisions, as applicable under the SAR Plan.

Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate, or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but non-substantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

The principal inputs for the fair value of the awards are the market value on reporting date, discounted for any dividends foregone over the holding periods of the award, and adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and number of employees eligible for early retirement.

The liabilities incurred are re-measured at the end of each reporting period until settlement with recognizing any gains and losses in profit and loss.

DB Equity Plan (equity-settled)

The Group employees continue to participate in the DB Equity Plan under the rules established for Deutsche Bank Group as applicable.

Share-based payment transactions where Deutsche Bank AG as parent company grants Deutsche Bank AG shares to the employees of the Group are classified as equity-settled transactions reflected in the equity in the consolidated financial statements of the Group as Deutsche Bank AG has the obligation to settle the shares.

The substance of the Deutsche Bank’s share award programs is that Deutsche Bank AG makes a capital contribution to the Group, which correspondingly makes a share-based payment to its employees in exchange for services. Compensation cost related to the grant of parent company awards to employees of the Group are recognized in the consolidated financial statements as compensation expense with a corresponding credit to equity. The compensation expense based on the fair value at grant date of the awards (and adjusted for expected forfeitures) is amortized over the requisite substantial service period of the award.

For share awards, the fair value is the quoted market price of the share reduced by the present value of the expected dividends from Deutsche Bank AG that will not be received by the employee and adjusted for the effect, if any, of restrictions beyond the vesting date. In case an award is modified such that its fair value immediately after modification exceeds its fair value immediately prior to modification, a re-measurement takes place and the resulting increase in fair value is recognized as additional compensation expense in the consolidated financials of the Group.

Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but non-substantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

If there are recharge arrangements in place to compensate Deutsche Bank AG for the cost of acquiring the shares to settle its obligation, the Group recognizes a corresponding liability that is accrued over the respective service/vesting period.

From the perspective of the Group, the recharge forms part of the determination of the net capital contribution received in respect of the share-based payment transaction. As the Group recognizes a capital contribution as part of the accounting for the share-based payment transaction, the Group recognizes its reimbursement of the contribution to DB Group Services Ltd. (as administrator of the DB Group wide award process) as an adjustment of that capital contribution. The Group therefore recognizes a recharge liability with a corresponding debit in equity.

The liabilities incurred are re-measured at the end of each reporting period until settlement, recognizing any gains and losses in equity.

Pension Benefits

The Group provides a number of pension plans. In addition to defined contribution plans, there are retirement benefit plans accounted for as defined benefit plans. The assets of all the Group’s defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of salary and are expensed based on employee services rendered, generally in the year of contribution.

All retirement benefit plans accounted for as defined benefit plans are valued using the projected unit-credit method to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations which include assumptions about demographics, salary increases and interest and inflation rates. Actuarial gains and losses are recognized in other comprehensive income and presented in equity in the period in which they occur. The majority of the Group’s benefit plans is funded.

Other Post-Employment Benefits

In addition, the Group maintains unfunded contributory post-employment medical plans for a number of current and retired employees who are mainly located in the United States. These plans pay stated percentages of eligible medical and dental expenses of retirees after a stated deductible has been met. DB Group funds these plans on a cash basis as benefits are due and re-charges these amounts to the Group. Analogous to retirement benefit plans these plans are valued using the projected unit-credit method. The Group only pays for participation in these plans.

Refer to note 23 ‘Employee Benefits’ for further information on the accounting for pension benefits and other post-employment benefits.

Termination Benefits

Termination benefits arise when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits as a liability and an expense if the Group is demonstrably committed to a detailed formal plan without realistic possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due in more than twelve months after the end of the reporting period are discounted to their present value. The discount rate is determined by reference to market yields on high-quality corporate bonds.

Changes on estimates and their underlying assumptions

In particular, the following changes were made for the reporting period based on past experience:

Change in estimate of the service period for certain compensation awards

As a result of recent developments and historical experience, during the second quarter of 2020 the Group has changed its estimate of the service period for certain compensation awards granted to employees to recognize compensation expense over the respective vesting periods in which the related employee services are rendered. As a result of the change in estimate, the Group's net award liability reduced by € 21 million.

Change in estimate of key financial assumptions applied to the Group's pension obligations

The discount rate and inflation rate assumptions in the Eurozone are key drivers to the Group's pension obligations. In 2020 a review was conducted on the methodology to set these assumptions and various refinements were implemented during the year. The combined effect of these refinements, reflected in other comprehensive income, reduced the Group's overall pension obligations in the Eurozone at December 31, 2020 by € 21 million relative to the approach adopted at December 31, 2019.

Statement of Cash Flows

The Group's assignment of cash flows to the operating, investing or financing category depends on the business model ("management approach"). For the Group the primary operating activity is to serve a range of traditional and alternative investment capabilities to institutional and retail clients worldwide with the aim to become a leading ESG asset manager.

The amounts shown in the consolidated statement of cash flows do not precisely match the movements in the consolidated balance sheet from one period to the next as they exclude non-cash items such as movements due to foreign exchange translation and movements due to changes in the group of consolidated companies.

The movements in balances carried at fair value through profit or loss shown in operating cash flows represent all changes impacting the carrying value. This includes the impact of market movements and cash inflows and outflows.

Non-Participating Investment Contracts

These contracts do not contain significant insurance risk or discretionary participation features and therefore are not considered under IFRS 4 "Insurance contracts". These are measured and reported consistently with other financial liabilities, which are classified as financial liabilities at fair value through profit or loss.

All of the Group's investment contracts are unit-linked. These contract liabilities are determined using current unit prices multiplied by the number of units attributed to the contract holders as of the balance sheet date.

Financial assets arising from these investment contracts, as well as financial liabilities arising from these investment contracts, are measured at fair value with changes in value recognised in profit or loss.

03 – Recently Adopted and New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2019.

The Group has adopted the amendment to IFRS 3 "Business combinations" and the Amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"" effective January 1, 2020. Effective June 1, 2020 the Group adopted the amendment to IFRS 16 "Leases".

IFRS 3 "Business combinations"

On January 1, 2020, the Group adopted amendments to IFRS 3 "Business Combinations". These amendments clarify the determination of whether an acquisition made is of a business or a group of assets. The amended definition of a business emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. The adoption of the amendments did not have an impact on the Group's consolidated financial statements.

Amendment to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors”

On January 1, 2020, the Group adopted amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors”. The amendments align the definition of ‘material’ across the standards and clarify certain aspects of the definition. The new definition states that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The adoption of the amendments did not have an impact on the Group’s consolidated financial statements.

IFRS 16 “Leases”

On June 1, 2020, the Group adopted amendments to IFRS 16 “Leases” that include COVID-19-Related Rent Concessions to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The adoption of the amendments did not have a material impact on the Group’s consolidated financial statements.

New Accounting Pronouncements

The following accounting pronouncements were not effective as of December 31, 2020 and therefore have not been applied in 2020.

Interest Rate Benchmark Reform (Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures” and IFRS 16 “Leases”)

In August 2020, the IASB issued amendments to IFRS 9, “Financial Instruments”, IAS 39, “Financial Instruments: Recognition and Measurement“, IFRS 7, “Financial Instruments: Disclosures” and IFRS 16, “Leases” as Phase 2 of their project addressing the potential effects from the reform of the Interbank Offered Rate (IBOR) on financial reporting. The amendments in Phase 2 deal with replacement issues, therefore, they address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced. This includes modification of financial assets, financial liabilities and lease liabilities as well as specific hedge accounting requirements. The amendments introduce a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is introduced for lessee accounting applying IFRS 16.

The amendments also require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. The amendments will be effective for annual periods beginning on or after January 1, 2021 with early adoption permitted. The amendments will not have a material impact on the Group’s consolidated financial statements.

IFRS 3 “Business combinations”

In May 2020, the IASB issued amendments to IFRS 3 “Business combinations”. The amendments update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendments will not have a material impact on the Group’s consolidated financial statements. These amendments have not yet been endorsed by the EU.

IAS 37 “Provisions, contingent liabilities and contingent assets”

In May 2020, the IASB issued amendments to IAS 37, “Provisions, contingent liabilities and contingent assets” to clarify what costs an entity considers in assessing whether a contract is onerous. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendments will not have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

IAS 16 "Property, plant and equipment"

In May 2020, the IASB issued amendments to IAS 16 "Property, plant and equipment". The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendments will not have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

Classification of Liabilities as Current or Non-current (amendments to IAS 1 "Presentation of Financial Statements")

In January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current". They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments also clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments will be effective for annual periods beginning on or after January 1, 2023 with early adoption permitted. The amendments will not have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

Improvements to IFRS 2018-2020 Cycles

In May 2020, the IASB issued amendments to multiple IFRS standards, which resulted from the IASB's annual improvement project for the 2018-2020 cycles. This comprises amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to IFRS 1 "Presentation of Financial Statements - First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IFRS 16 "Leases" and IAS 41 "Agriculture". The amendments to IFRS 9 clarify which fees an entity includes when it applies the 10 per cent test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments will be effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendments will not have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

04 – Acquisitions and Dispositions

Business Combinations

In the period January 1, 2020 to December 31, 2020 there were no acquisitions accounted for as business combinations.

Acquisitions

In the period January 1, 2020 to December 31, 2020, DWS Group did not engage in any material acquisition.

Dispositions

In the period January 1, 2020 to December 31, 2020 DWS Group did not dispose any affiliates or business. For further information please refer to note 18 'Non-Current Assets and Disposal Groups Held for Sale'.

05 – Business Segment and Related Information

The Group’s segmental reporting has been prepared in accordance with the management approach, which requires presentation of segments on the basis of the internal management report of the entity that are regularly reviewed by the Chief Operating Decision Maker (CODM).

The term CODM identifies a function, not necessarily a manager with a specific title. Although an entity cannot have more than one CODM, the CODM can be a group of persons. Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the CODM to discuss operating activities, financial results, forecasts, or plans for the segment. The term ‘segment manager’ also identifies a function, not necessary a single manager with a specific title.

The Group - based on this management approach - operates a single business segment for reporting and controlling purposes.

The Executive Board will be responsible as CODM for reviewing and monitoring the results of the Group and making strategic decisions around asset allocation and resources. The segment manager is the Executive Board.

The Group’s operating activity is managed using one globally integrated investment group targeting the same client segments, distribution channels and asset classes. There is one centrally managed sales force servicing all of the business units/products and negotiating prices with clients and the Group is using largely shared infrastructure and support services (such as marketing, product strategy, product development and finance).

The Executive Board extends to the steering and oversight of the entire Group such as strategy, planning, major personnel decisions, organisation, risk management and compliance systems.

Subsequently, the Executive Board sets strategy for the Group and its individual parts including the one centrally managed sales force and the largely shared infrastructure and support services. Although revenues will be monitored by the different asset classes - i.e. Traditional (Active/Passive) and Alternatives, all other direct and allocated costs, along with assets and liabilities, but also full-time employee and capital ratios will be analysed and monitored on an aggregated basis.

The following table presents total net interest and non-interest income by geographic area - based on the management approach of the Group:

in € m.	2020	2019
Germany	989	1,045
Europe (excluding Germany), Middle East and Africa	631	725
Americas	483	504
Asia/Pacific	134	115
Total net interest and non-interest income	**2,237**	**2,389**

Notes to the Consolidated Income Statement

06 – Net Commissions and Fees from Asset Management

Management fees are recognised as and when the service is performed and are charged largely as a percentage of AuM and are generally received on a monthly or quarterly basis. They mainly relate to gross fund management fees received and gross expenses mainly relate to distribution fees paid.

Performance fees are recognised based on the fund's performance relative to a benchmark/target return or the realized appreciation of the fund's investments. Variable performance fees based on specific contractual terms and fees from transaction related contracts (such as for real estate transactions for alternative funds) are further components of the performance and transaction fees.

The split of net commissions and fees from asset management by product and type is as follows:

in € m.	2020	2019
Management fees:		
Management fee income	3,200	3,189
Management fee expense	1,067	1,053
Net management fees	**2,134**	**2,136**
Thereof:		
Active Equity	658	676
Active Multi Asset	187	182
Active SQI[1]	187	183
Active Fixed Income	288	290
Active Cash	30	25
Passive	300	287
Alternatives	464	475
Other[2]	20	17
Performance and transaction fees:		
Performance and transaction fee income	109	213
Performance and transaction fee expense	19	8
Net performance and transaction fees	**90**	**205**
Thereof:		
Alternatives	56	94
Active and Other	34	110
Total net commissions and fees from asset management	**2,223**	**2,341**

[1] SQI stands for Systematic & Quantitative Investments.
[2] Other recurring fees include ongoing fees for products not captured in a product mix, for example, custody fees for client accounts.

As of December 31, 2020, there were unsatisfied performance obligations with an expected original maturity of more than one year of € 66 million with a time band of seven years from 2022 to 2028 from alternative funds. The decrease of the unsatisfied performance obligations compared to December 31, 2019 (€ 75 million with a time band of seven years from 2021 to 2027) was mainly driven by a change in the fund model. Likewise, this affected timing of when fund assets would be sold and therefore when performance fees would be generated.

The split of total commission and fee income from asset management by geography as booked in regions is as follows:

in € m.	2020	2019
Commission and fee income from asset management:		
Germany	1,410	1,364
Europe (excluding Germany), Middle East and Africa	1,239	1,361
Americas	608	621
Asia/Pacific	53	56
Total commission and fee income from asset management	**3,309**	**3,401**
Commission and fee expense from asset management	**1,086**	**1,060**
Net commissions and fees from asset management	**2,223**	**2,341**

07 – General and Administrative Expenses

in € m.	2020	2019[1]
Information technology	115	121
Professional services	55	43
Market data & research services	67	81
Occupancy, furniture and equipment expenses	51	64
Banking services and outsourced operations	203	216
Marketing expenses	21	28
Travel expenses	7	24
Charges from Deutsche Bank Group[2]	149	173
Other expenses	74	82
Total general and administrative expenses	**742**	**831**

[1] Prior year numbers have been restated to reflect the shift of a) telecommunication cost from market data & research services to information technology € 2 million, b) building and insurance premiums and maintenance cost for motor vehicles from occupancy, furniture and equipment expenses to other expenses € 2 million and c) other professional services outsourced from professional services to banking services and outsourced operations € 4 million.
[2] Thereof € 106 million related to infrastructure charges from DB Group for the year 2020 (€ 129 million for the year 2019) and € 43 million related to DWS functions in DB entities for the year 2020 (€ 44 million for the year 2019). Prior year numbers have been restated by € 6 million from DWS functions in DB entities to infrastructure charges from DB Group.

08 – Restructuring

The Group has defined and implemented measures as part of our cost efficiency plan and thereby is targeting to transform DWS into a leaner and more agile organization.

Restructuring expense is comprised of termination benefits, additional expenses covering the acceleration of deferred compensation awards not yet amortized due to the discontinuation of employment and contract termination costs related to real estate.

in € m.	2020	2019
Restructuring – staff related	15	29
Thereof:		
Termination benefits	8	23
Retention acceleration	7	6
Social security	0	0
Restructuring – non-staff related	0	0
Total net restructuring charges	**15**	**29**

09 – Earnings per Common Share

Basic earnings per common share are computed by dividing net income (loss) attributable to DWS shareholders by the average number of common shares outstanding during the year. The average number of common shares outstanding is defined as the average number of common shares issued.

Diluted earnings per common share assumes the conversion into common shares of outstanding securities or other contracts to issue common stock. The Group does not have any dilution impact on earnings per common share as of December 31, 2020 and December 31, 2019 respectively.

Computation of basic and diluted earnings per common share

in € m. (unless stated differently)	2020	2019
Net income (loss) attributable to DWS shareholders – numerator for basic earnings per common share	556	511
Net income (loss) attributable to DWS shareholders after assumed conversions – numerator for diluted earnings per common share	556	511
Number of common shares (in million)	200	200
Weighted-average shares outstanding - denominator for basic earnings per common share (in million)	200	200
Adjusted weighted-average shares after assumed conversions - denominator for diluted earnings per common share (in million)	200	200

Earnings per common share

	2020	2019
Basic earnings per common share	€ 2.78	€ 2.56
Diluted earnings per common share	€ 2.78	€ 2.56

Notes to the Consolidated Balance Sheet

10 – Financial Assets/Liabilities at Fair Value through Profit or Loss

in € m.	Dec 31, 2020	Dec 31, 2019
Financial assets classified as held for trading:		
Trading assets	1,297	1,422
Thereof:		
Held by consolidated guaranteed mutual funds	1,094	1,305
Positive market values from derivative financial instruments	0	2
Total financial assets classified as held for trading	**1,297**	**1,423**
Non-trading financial assets mandatory at fair value through profit or loss	1,131	1,452
Investment contract assets mandatory at fair value through profit or loss	526	544
Total financial assets mandatory at fair value through profit or loss	**1,657**	**1,996**
Total financial assets at fair value through profit or loss	**2,954**	**3,419**
Financial liabilities classified as held for trading:		
Trading liabilities	18	9
Negative market values from derivative financial instruments	158	110
Total financial liabilities classified as held for trading	**176**	**119**
Financial liabilities designated at fair value through profit or loss:		
Investment contract liabilities designated at fair value through profit or loss	526	544
Total financial liabilities designated at fair value through profit or loss	**526**	**544**
Total financial liabilities at fair value through profit or loss	**702**	**663**

Trading assets mainly comprise the consolidated guaranteed mutual funds excluding cash and bank balances. The funds' assets belong to investors and are consolidated under IFRS 10 even though DWS is not an investor. The Group reports the corresponding liabilities (including cash and bank balances) as financial liabilities held at fair value in the position 'Payables from guaranteed and other consolidated funds' under financial instruments carried at fair value (see note 12 'Financial Instruments carried at Fair Value'). The consolidated guaranteed mutual funds decreased by € 211 million, mainly driven by liquidation of one fund (€ 157 million), mark-to-market valuation losses (€ 30 million) and net disposals (€ 25 million). This was partially offset by a net increase of seed investments (€ 86 million).

The non-trading financial assets mandatory at fair value through profit or loss include co-investments and seed investments, corporate cash invested into money market funds, and government bonds mainly held for regulatory purposes. The non-trading financial assets mandatory at fair value through profit or loss decreased by € 321 million primarily driven by a reduction of corporate cash invested into money market funds (€ 266 million as of December 31, 2020, € 518 million as of December 31, 2019) and a decrease of government bonds (€ 404 million as of December 31, 2020, € 443 million as of December 31, 2019).

The investment contract assets are matched by the respective liabilities at fair value through profit or loss (€ 526 million as of December 31, 2020, € 544 million as of December 31, 2019). The decrease is mainly driven by net redemptions and maturities of € 24 million and offset by positive performance of € 6 million within the related investment funds. This net movement for the year is reflected in both investment contract assets and liabilities.

The negative market values from derivative financial instruments mainly include the change in fair value of guaranteed contracts which do not qualify as a financial guarantee (€ 155 million as of December 31, 2020, € 108 million as of December 31, 2019).

Further details of the financial assets/liabilities carried at fair value including a breakdown into classes of financial instruments are shown in note 12 'Financial Instruments carried at Fair Value'. All classes are reflected at fair value/implied fair value in the consolidated financial statements.

11 – Financial Assets at Fair Value through Other Comprehensive Income

in € m.	Dec 31, 2020	Dec 31, 2019
Financial assets at fair value through other comprehensive income:		
Debt instruments:		
German sub-sovereign bonds	198	0
Total financial assets at fair value through other comprehensive income	**198**	**0**

During the second quarter of 2020, the Group acquired long term German sub-sovereign bonds of € 196 million in order to manage the interest-rate exposure resulting from guaranteed retirement products. The carrying value as of December 31, 2020 was € 198 million. The amortised cost value as of December 31, 2020 was € 195 million.

12 – Financial Instruments carried at Fair Value

Overview

The Group classifies its financial assets and liabilities carried at fair value into the following categories:

- trading assets and trading liabilities, measured at fair value through profit or loss
- positive market value from derivative financial instruments, measured at fair value through profit or loss
- non-trading financial assets mandatory at fair value through profit or loss,
- investment contract assets mandatory at fair value through profit or loss,
- debt instruments mandatory at fair value through other comprehensive income,
- negative market value from derivative financial instruments, measured at fair value through profit or loss
- investment contract liabilities, designated at fair value through profit or loss, and
- payables from guaranteed and other consolidated funds, measured at amortized cost

Appropriate classification of financial assets and liabilities at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

Financial instruments classified at fair value through profit or loss are recognised or derecognised on trade date, which is the date on which the Group commits to purchase or sell the asset or issue or repurchase the financial liability.

Payables from guaranteed and other consolidated funds are shown in other liabilities in the balance sheet. The valuation basis of the other liabilities reflected at amortized cost is the fair value of the respective assets. The Group reflects these liabilities with their implied fair value.

Fair Value Hierarchy

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy as follows:

Level 1 - Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's inventory.

These include: government bonds and equity instruments and derivatives traded on active, liquid exchanges.

Level 2 - Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

These include: mainly trading assets in guaranteed funds and their corresponding payables from guaranteed and other consolidated funds, investment contract assets mandatory at fair value through profit or loss and the investment contract liabilities designated at fair value through profit or loss as well as seed investments and German sub-sovereign bonds.

Level 3 - Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

These mainly include co-investments.

The following table shows the fair values for each class of financial assets and financial liabilities at fair value, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of its fair value.

The carrying value of the investments in the table equals the fair value of these investments.

				Dec 31, 2020
				Fair value
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt instruments	30	99	0	129
Investment funds	0	1,080	0	1,080
Equity instruments	88	0	0	88
Total trading assets	**118**	**1,179**	**0**	**1,297**
Positive market values from derivative financial instruments	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt instruments	404	0	15	418
Investment funds	9	303	394	706
Equity instruments	0	0	7	7
Total non-trading financial assets mandatory at fair value through profit or loss	**413**	**303**	**415**	**1,131**
Investment contract assets mandatory at fair value through profit or loss:				
Investment funds	0	526	0	526
Financial assets at fair value through other comprehensive income				
Debt instruments	0	198	0	198
Total financial assets held at fair value	**531**	**2,206**	**415**	**3,152**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt instruments	0	0	0	0
Investment funds	18	0	0	18
Equity instruments	0	0	0	0
Total trading liabilities	**18**	**0**	**0**	**18**
Negative market values from derivative financial instruments	1	2	155	158
Investment contract liabilities designated at fair value through profit or loss	0	526	0	526
Payables from guaranteed and other consolidated funds	0	1,170	0	1,170
Total financial liabilities held at fair value	**19**	**1,698**	**155**	**1,872**

				Dec 31, 2019
				Fair value
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt instruments	8	58	0	67
Investment funds	0	1,251	0	1,252
Equity instruments	103	0	0	103
Total trading assets	**112**	**1,310**	**0**	**1,422**
Positive market values from derivatives	0	2	0	2
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt instruments	443	0	16	459
Investment funds	2	580	403	984
Equity instruments	0	0	8	8
Total non-trading financial assets mandatory at fair value through profit or loss	**446**	**580**	**427**	**1,452**
Investment contract assets mandatory at fair value through profit or loss:				
Investment funds	0	544	0	544
Financial assets at fair value through other comprehensive income				
Debt instruments	0	0	0	0
Total financial assets held at fair value	**557**	**2,435**	**427**	**3,419**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt instruments	0	0	0	0
Equity instruments	9	0	0	9
Total trading liabilities	**9**	**0**	**0**	**9**
Negative market values from derivative financial instruments	1	2	108	110
Investment contract liabilities designated at fair value through profit or loss	0	544	0	544
Payables from guaranteed and other consolidated funds	0	1,356	0	1,356
Total financial liabilities held at fair value	**10**	**1,901**	**108**	**2,019**

Valuation Methods and Controls

The valuation methods and controls of the Group are noted below. All valuations are performed on a recurring basis.

Prices quoted in active markets – The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Valuation techniques using observable market data – The Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Valuation techniques used for financial instruments include modelling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

For some financial instruments a rate or other parameter, rather than a price is quoted. Where this is the case then the market rate or parameter is used as an input to a valuation model to determine fair value. For some instruments, modelling techniques follow industry standard models, for example, discounted cash flow analysis and standard option pricing models. These models are dependent upon estimated future cash flows, discount factors and volatility levels.

Frequently, valuation models require multiple parameter inputs. Where possible, parameter inputs are based on observable data or are derived from the prices of relevant instruments traded in active markets. Where observable data is not available for parameter inputs, then other market information is considered. For example, indicative broker quotes and consensus pricing information are used to support parameter inputs where they are available.

Valuation techniques using unobservable market data - Where no observable information is available to support parameter inputs then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

Significant unobservable inputs and valuation adjustments are subject to regular reviews. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation control group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Validation and control - The Group has an established valuation control framework which governs internal control standards, methodologies, and procedures over the valuation process. The Principal Valuation Control Council (PVCC) is a key forum for the Group to review the completeness control results and ensure that all fair value assets and liabilities have been subject to the appropriate valuation control process. In addition, the PVCC ensures review and appropriateness of various detailed aspects of the controls such as Independent Price Verification classification, testing thresholds and market data approvals.

DB Group has an independent specialised valuation control group within its Risk function which governs and develops the valuation control framework and manages the valuation control processes which covers the valuation of financial instruments across all levels of the fair value hierarchy. The mandate of this specialist function includes the performance of the independent valuation control process for all businesses including DWS Group, the continued development of valuation control methodologies and techniques, as well as devising and governing the formal valuation control policy framework. A key focus of this independent valuation control group is directed to areas where management judgment forms part of the valuation process, including regular review of significant unobservable inputs and valuation adjustments mentioned above. The PVCC oversees the valuation control processes performed by DB Group's specialist valuation function on behalf of the Group.

Results of the valuation control process are collected and analysed as part of a standard monthly reporting cycle. Variances outside of pre-set and approved tolerance levels are escalated both within the Finance function and Senior Business Management for review, resolution and, if required, adjustment. This process is summarised in the Valuation Control Report, and reviewed by the PVCC.

For instruments where fair value is determined from valuation models, the assumptions and techniques used within the models are independently validated by DB Group's independent specialist model validation group.

Valuation Techniques

The following are explanations of the valuation techniques used in establishing the fair value of the different classes and types of financial instruments that the Group trades.

Trading assets and Payables from guaranteed and other consolidated funds

Guaranteed Funds – the assets are reflected under trading assets and valuation follows the valuation prepared by the consolidated guaranteed fund and includes relevant IFRS adjustments if applicable. The liabilities are reflected under payables from guaranteed and other consolidated funds and the valuation of the implied fair value is based on the valuation of the respective assets.

Derivatives

The Group manages guaranteed retirement accounts which provide a full or partial notional guarantee at maturity. This guarantee is not considered as a financial guarantee but as a derivative. Depending on the account, guarantee level and on the maturity of the account, all accounts are invested in a combination of dedicated government bond funds with fixed duration and dedicated equity and balanced target funds. The valuation of accounts is dependent on the valuation of the underlying target funds. The fair value for the accounts shortfall is calculated with option pricing models using Monte-Carlo simulations including the behavioural risk of the client.

Non-trading financial assets mandatory at fair value through profit or loss

Where there are no recent transactions then fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments. Where close proxies are not available then fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow models using current market rates for credit, interest, liquidity and other risks. For equity instruments and investment funds modelling techniques may also include those based on earnings multiples.

Investment contract assets mandatory at fair value through profit or loss and investment contract liabilities designated at fair value through profit or loss

Assets reflected under Financial Assets mandatory at fair value through profit or loss which are matched to the investment contract liabilities designated at fair value through profit or loss are owned by the Group. The investment contract obliges the Group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined by the fair value of the underlying assets based on the published fund price.

Financial assets at fair value through other comprehensive income

The valuation of the bond is based on observed market prices as well as broker quotes.

Transfers

Transfers between levels 1 and 2 take place when there is a change in the inputs that is relevant to categorization in the fair value hierarchy.

Where applicable, transfers between levels 1, 2 and 3 are assumed to take place at the beginning of the year.

There were no transfers between level 1 and 2 in 2020 and in 2019 respectively.

Level 3 Transfers

There were transfers into level 3 in the amount of € 1 million during the year ending December 31, 2020 (€ 0 million for the year ending December 31, 2019).

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing Significant Unobservable Parameters (Level 3)

Financial assets/liabilities at fair value categorised in this level of the fair value hierarchy are valued based on one or more unobservable parameters.

Non-trading financial assets mandatory at fair value through profit or loss include unlisted equity instruments where there is no close proxy and the market is illiquid.

Reconciliation of financial instruments classified in Level 3

in € m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains (losses)	Purchases	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
									Dec 31, 2020
Financial assets held at fair value:									
Non-trading financial assets mandatory at fair value through profit or loss:									
Debt Instruments	16	0	(1)	0	0	0	0	0	15
Investment Funds	403	(1)	(28)	35	16	0	1	0	394
Equity Instruments	8	1	(4)	1	0	0	0	0	7
Total non-trading financial assets mandatory at fair value through profit or loss	**427**	**0**	**(32)[1]**	**36**	**16**	**0**	**3**	**(1)**	**415**
Total financial assets held at fair value	**427**	**0**	**(32)**	**36**	**16**	**0**	**1**	**0**	**415**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	108	0	47	0	0	0	0	0	155
Other financial liabilities at fair value	0	0	0	0	0	0	0	0	0
Total financial liabilities held at fair value	**108**	**0**	**47**	**0**	**0**	**0**	**0**	**0**	**155**

[1] Total gains (losses) of € (32) million includes net losses from foreign currency translation adjustments in the amount of € (20) million.

in € m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains (losses)	Purchases	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
									Dec 31, 2019
Financial assets held at fair value:									
Non-trading financial assets mandatory at fair value through profit or loss:									
Debt Instruments	0	0	(0)	16	0	0	0	0	16
Investment Funds	332	(11)	24	78	20	0	0	0	403
Equity Instruments	5	0	(1)	4	0	0	0	0	8
Total non-trading financial assets mandatory at fair value through profit or loss	**337**	**(11)**	**22[1]**	**98**	**20**	**0**	**0**	**0**	**427**
Total financial assets held at fair value	**337**	**(11)**	**22**	**98**	**20**	**0**	**0**	**0**	**427**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	79	0	29	0	0	0	0	0	108
Other financial liabilities at fair value	0	0	0	0	0	0	0	0	0
Total financial liabilities held at fair value	**79**	**0**	**29**	**0**	**0**	**0**	**0**	**0**	**108**

[1] Total gains (losses) of € 22 million includes net gains from foreign currency translation adjustments in the amount of € 15 million.

Sensitivity Analysis of Unobservable Parameters

The value of level 3 financial instruments is dependent on unobservable parameter inputs from a range of reasonably possible alternatives. Appropriate levels for these unobservable input parameters are selected to ensure consistency with prevailing market evidence. Where the Group has marked the financial instruments using parameter values drawn from the extremes of the range of reasonably possible alternatives, then as of December 31, 2020 it could have increased fair value by as much as € 15 million or decreased fair value by as much as € 50 million. As of December 31, 2019 it could have increased fair value by as much as € 2 million or decreased fair value by as much as € 35 million.

The changes in sensitivities from December 31, 2019 to December 31, 2020 show an increase to the negative fair value movement from using reasonable possible alternatives by € 15 million mainly driven by market movements including updates to the cancellation rate.

The sensitivity calculation aligns to the approach used to assess valuation uncertainty for prudent valuation purposes. Prudent valuation is a mechanism for quantifying valuation uncertainty and assessing an exit price with a 90% certainty. Under EU regulation, the additional valuation adjustments (AVAs) would be applied as a deduction from Tier 1 capital (CET1).

The Group has limited potential impact from the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable parameters.

	Dec 31, 2020		Dec 31, 2019	
in € m.	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt instruments	1	1	0	0
Investment funds	0	35	1	33
Equity instruments	1	2	0	1
Negative market values from derivative financial instruments:				
Other derivatives	13	13	1	1
Total	**15**	**50**	**2**	**35**

Quantitative Information about the Sensitivity of Significant Unobservable Inputs

The range of values shown below represents the highest and lowest inputs used to value the exposures within Level 3.

As of December 31, 2020 (December 31, 2019 respectively) the fair value of the non-trading financial assets mandatory through profit or loss under IFRS 9 “Financial Instruments” are based on the net asset value of the underlying asset.

For other derivatives, the range for the cancellation rate is mainly driven by the different distribution channels and product types. The methodology to determine the input for the cancellation rates parameter was refined to more appropriately reflect emerging trends. This had a positive P&L impact of € 21 million at December 31, 2020.

Financial instruments classified in Level 3 and quantitative information about unobservable inputs

						Dec 31, 2020
	Fair value					
in € m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Non-trading financial assets mandatory at fair value through profit or loss:	415	0				
Debt instruments	15	0	Intex model	Credit Spread	1%	8%
				Recovery rate	75%	75%
				Default rate	1%	1%
				Pre-payment rate	15%	15%
Investment funds	389	0	Market approach	Price per net asset value	100%	100%
	5	0	Intex model	Credit Spread	9%	11%
				Recovery rate	75%	75%
				Default rate	1%	1%
				Pre-payment rate	15%	15%
Equity instruments	7	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**415**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	155	Option pricing model	Cancellation rate	1%	15%
Total market values from derivative financial instruments	**0**	**155**				

in € m. (unless stated otherwise)	Fair value Assets	Fair value Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	Dec 31, 2019
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Non-trading financial assets mandatory at fair value through profit or loss:	427	0				
Debt instruments	16	0	Intex model	Credit Spread	1%	8%
				Recovery rate	60%	60%
				Default rate	3%	3%
				Pre-payment rate	24%	24%
Investment funds	398	0	Market approach	Price per net asset value	100%	100%
	5	0	Intex model	Credit Spread	13%	13%
				Recovery rate	60%	60%
				Default rate	1%	1%
				Pre-payment rate	24%	24%
Equity instruments	8	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**427**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	108	Option pricing model	Cancellation rate	0%	15%
Total market values from derivative financial instruments	**0**	**108**				

Unrealised Gains or Losses on Level 3 Instruments held or in Issue at the Reporting Date

The unrealised gains or losses on level 3 instruments are not due solely to unobservable parameters. Many of the parameter inputs to the valuation of instruments in this level of the hierarchy are observable and the gain or loss is partly due to movements in these observable parameters over the period.

in € m.	2020	2019
Financial assets held at fair value:		
Non-trading financial assets mandatory at fair value through profit or loss :		
Debt Instruments	0	(0)
Investment Funds	(8)	16
Equity Instruments	(4)	(1)
Total non-trading financial assets mandatory at fair value through profit or loss	(12)	15
Total financial assets held at fair value	**(12)**	**15**
Financial liabilities held at fair value:		
Negative market values from derivative financial instruments	(47)	(29)
Total financial liabilities held at fair value	**(47)**	**(29)**
Total	**(59)**	**(14)**

13 – Fair Value of Financial Instruments not carried at Fair Value

The Group classifies its financial assets and liabilities not carried at fair value into the following categories: cash and bank balances, loans, assets held for sale, other financial assets, other short-term borrowing, liabilities held for sale and other financial liabilities. Appropriate classification of financial assets and liabilities not carried at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

The valuation techniques used to establish fair value for the Group's financial instruments which are not carried at fair value in the balance sheet and their respective IFRS fair value hierarchy categorization are consistent with those outlined in note 12 'Financial Instruments carried at Fair Value'.

The fair value of the assets held for sale and liabilities held for sale is slightly higher than the carrying value. The fair value and the respective IFRS fair value hierarchy were not disclosed separately as they are not material for the Group. The Group has not disclosed the fair value and their respective IFRS fair value hierarchy of the remaining financial assets and financial liabilities not measured at fair value because their carrying values are a reasonable approximation of fair value.

Carrying value of financial instruments not carried at fair value on the balance sheet[1]

in € m.	Dec 31, 2020	Dec 31, 2019
Financial assets:		
Cash and bank balances	2,189	2,086
Loans	4	3
Assets held for sale	0	8
Other financial assets	827	1,020
Financial liabilities:		
Other short-term borrowings	72	83
Liabilities held for sale	0	2
Other financial liabilities	1,147	1,333
Long-term debt	0	0

[1] The table has been changed from prior year because the carrying value is a reasonable approximation of fair value.

14 – Equity Method Investments

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting.

The Group holds interests in six (2019: six) associates and no (2019: none) joint arrangement. One associate is considered to be significant for DWS Group, based on its net income and total assets.

Significant Investments

Investment	Principal place of business	Nature of relationship	Ownership percentage
Harvest Fund Management Co., Ltd.	Shanghai, China	Strategic investment	30%

Significant influence is defined under IAS 28 "Investments in Associates and Joint Ventures" by holding percentage and representation on the board of directors.

The 2020 financial information is based on 2020 IFRS unaudited financial statements of Harvest Fund Management Co., Ltd., the 2019 financial information has been updated with the 2019 audited IFRS financial statements as provided by Harvest Fund Management Co., Ltd.

Summarised financial information on Harvest Fund Management Co., Ltd.

in € m.	2020	2019
Total net revenues	823	606
Net Income	226	146
Other comprehensive income (loss)	(2)	2
Total comprehensive income	**224**	**148**

in € m.	Dec 31, 2020	Dec 31, 2019
Current assets	1,072	883
Non-current assets	731	720
Total assets	1,803	1,603
Current liabilities	643	652
Non-current liabilities	262	165
Total liabilities	905	817
Non-controlling interest	23	21
Net assets of the equity method investee	**875**	**765**

Reconciliation of total net assets to the Group's carrying amount

in € m. (unless stated otherwise)	Dec 31, 2020	Dec 31, 2019
Net assets of the equity method investee	875	765
Group's ownership percentage on the investee's equity	30%	30%
Group's share of net assets	262	230
Goodwill	16	17
Intangible assets	14	14
Other adjustments	(2)	0
Carrying amount	**290**	**261**

Net Income from Equity Method Investment

The Group's total net income from equity method investments is € 63 million in 2020 (2019: € 42 million). There is no impairment loss in 2020 and 2019.

The share in net income from Harvest Fund Management Co., Ltd. alone was € 63 million in 2020 (2019: € 43 million).

Dividend income from investments is recognised upon the receipt of proceeds from the investee company. During the year, the Group received cash dividends from Harvest Fund Management Co., Ltd. amounting to € 21 million (2019: € 21 million). In addition, the Group has reflected an extraordinary dividend receivable of € 6 million since the dividend amount has been declared and reported as dividend payable following approval by shareholders of Harvest Fund Management Co., Ltd.

Aggregated financial information on the Group's share in associates and joint arrangements that are individually immaterial

in € m.	Dec 31, 2020	Dec 31, 2019
Carrying amount of all associates that are individually immaterial to the Group	14	15
Aggregated amount of the Group's share of profit (loss) from continuing operations	(0)	(0)
Aggregated amount of the Group's share of post-tax profit (loss) from discontinued operations	0	0
Aggregated amount of the Group's share of other comprehensive income	(1)	0
Aggregated amount of the Group's share of total comprehensive income	**(1)**	**(0)**

15 – Goodwill and Other Intangible Assets

Goodwill

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the period ended December 31, 2020 and December 31, 2019, are shown.

in € m.	
Balance as of January 1, 2019	**2,843**
Disposals	0
Exchange rate changes	38
Balance as of December 31, 2019	**2,881**
Gross amount of goodwill	2,881
Accumulated impairment losses	0
Balance as of January 1, 2020	**2,881**
Disposals	0
Exchange rate changes	(142)
Balance as of December 31, 2020	**2,739**
Gross amount of goodwill	2,739
Accumulated impairment losses	0

As of December 31, 2020, changes relate to foreign exchange rate impacts of € (142) million (December 31, 2019: € 38 million) and a disposal of € 0.4 million as of December 31, 2020 (December 31, 2019: € 0 million). The disposal related to the agreement to sell the Group's Hedge Fund UCITS business, by way of an asset sale, to an external buyer, pursuant to an asset purchase agreement signed on June 13, 2019 which was completed on January 11, 2020 (please refer to note 18 'Non-Current Assets and Disposal Groups Held for Sale').

Goodwill Impairment Test

Goodwill and intangible assets are tested for impairment purposes on cash-generating unit (CGU) level. The Group has one CGU for the purpose of impairment testing of goodwill and intangible assets as the Group is managed as a single business segment on asset management for controlling and reporting purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU. During 2020 and 2019 respectively the Group did not acquire goodwill in a business combination.

Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of the goodwill with the carrying amount. In addition, in accordance with IAS 36 "Impairment of assets", the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of the Group's fair value less costs of disposal and its value in use.

The annual goodwill impairment test conducted in 2020 and 2019 respectively, did not result in an impairment loss on the Group's goodwill since the recoverable amount of the CGU was higher than the respective carrying amount.

A review of the Group's strategy, political or global risks for the Asset Management industry such as a return of the European sovereign debt crisis, uncertainties regarding the implementation of already adopted regulation as well as a slowdown of GDP growth may negatively impact the performance forecasts and thus, could result in an impairment of goodwill in the future.

Carrying Amount

The carrying amount for the CGU is determined on the basis of the Group's equity.

Recoverable Amount

The Group determines the recoverable amount on the basis of value in use and employs the discounted cash-flow method (DCF) which reflects the specifics of the Asset Management business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to the shareholders after fulfilling the respective regulatory capital requirements.

The DCF uses earnings projections based on five-year strategic plans, which are discounted to their present value. Estimating future earnings involves judgment and the consideration of past and current performance as well as expected capital retention requirements / contributions in line with the business plan, market expectations and commercial, legal or regulatory requirements.

Earnings projections beyond the initial five-year period are adjusted to derive a sustainable level. In case of a going concern, the cash flow to equity is assumed to increase by or converge towards a constant long-term growth rate of up to 3.1% in 2020 and 1.3% in 2019. This is based on the revenue forecast as well as expectations for the development of gross domestic product and inflation, and is captured in the terminal value. The rate was reduced by 1.5% for 2019 and is comparably low compared to analysts' views and reflects a conservative approach.

Key Assumptions and Sensitivities

Key Assumptions: The DCF value of a CGU is sensitive to the earnings projections, to the discount rate (cost of equity) applied and to the long-term growth rate. The discount rates applied have been determined based on the capital asset pricing model and comprise a risk-free interest rate, a market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factors are determined using external sources of information. CGU-specific beta factors are determined based on a respective group of peer companies. Variations in all of these components might impact the discount rates. The Group use a discount rate (after tax) of 9.8% in 2020 (2019: 9.6%).

Management determined the values for the key assumptions based on a combination of internal and external analysis. Estimates for efficiency and the cost reduction program are based on progress made to date and scheduled future projects and initiatives

Key Management Assumptions are:

- Deliver strong investment product performance
- Expand product suite in growth areas (e.g. alternatives, multi assets, passive, ESG investment schemes) while consolidating non-core strategies
- Consistent net flows leveraging market share leadership in Germany and the rest of Europe, while expanding coverage in Asia-Pacific and focused growth in the Americas
- Diversification of intermediary coverage towards high growth channels and deployment of digital solutions to serve new channels
- Further efficiency through improved core operating processes, platform optimization and product rationalization
- Anticipation of further headwinds in the asset management industry as a result of the changing regulatory environment

Uncertainty associated with key assumptions and potential events/circumstances that could have a negative effect:

- Challenging market environment and volatility unfavourable to our investment strategies
- Unfavourable margin development and adverse competition levels in key markets and products beyond expected levels
- Business/execution risks, e.g., under achievement of net flow targets from market uncertainty, loss of high quality client facing employees, unfavourable investment performance, lower than expected efficiency gains
- Uncertainty around regulation and its potential implications not yet anticipated

Sensitivities: In order to test the resilience of the recoverable amount, key assumptions used in the DCF model (for example, the discount rate and the earnings projections) are sensitized. Management believes that no reasonable changes in key assumptions could cause an impairment loss.

Other Intangible Assets

Changes in Other Intangible Assets

	Purchased intangible assets							Internally generated intangible assets	Total other intangible assets
	Unamortized			Amortized				Amortized	
in € m.	Retail Investment Management Agreements	Other	Total unamortized purchased intangible assets	Customer-related intangible assets	Contract-based intangible assets	Software and other	Total amortized purchased intangible assets	Software	
Cost of acquisition/manufacture:									
Balance as of January 1, 2019	**1,010**	**0**	**1,010**	**111**	**20**	**88**	**220**	**200**	**1,430**
Additions	0	0	0	0	0	0	0	23	23
Disposals	0	0	0	0	0	0	0	0	0
Exchange rate changes	20	0	20	2	0	0	2	4	26
Balance as of December 31, 2019	**1,030**	**0**	**1,031**	**114**	**20**	**88**	**222**	**226**	**1,479**
Additions	0	0	0	0	0	0	0	24	24
Disposals	0	0	0	0	0	0	0	2	2
Exchange rate changes	(85)	(0)	(85)	(9)	0	1	(9)	(5)	(99)
Balance as of December 31, 2020	**945**	**0**	**945**	**104**	**20**	**89**	**213**	**242**	**1,401**
Accumulated amortization and impairment:									
Balance as of January 1, 2019	**255**	**0**	**255**	**108**	**20**	**88**	**216**	**53**	**524**
Amortization for the year	0	0	0	3	0	0	3	40	44
Disposals	0	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0	3	3
Exchange rate changes	5	0	5	2	0	0	2	1	8
Balance as of December 31, 2019	**260**	**0**	**260**	**113**	**20**	**88**	**222**	**97**	**579**
Amortization for the year	0	0	0	0	0	0	0	43	43
Disposals	0	0	0	0	0	0	0	1	1
Impairment losses	0	0	0	0	0	0	0	1	1
Exchange rate changes	(22)	(0)	(22)	(9)	0	1	(9)	(3)	(33)
Balance as of December 31, 2020	**239**	**0**	**239**	**104**	**20**	**89**	**213**	**137**	**590**
Carrying amount:									
As of January 1, 2019	**755**	**0**	**755**	**3**	**0**	**0**	**4**	**147**	**906**
As of December 31, 2019	**770**	**0**	**771**	**0**	**0**	**0**	**0**	**129**	**900**
As of December 31, 2020	**706**	**0**	**706**	**0**	**0**	**0**	**0**	**105**	**811**

As of December 31, 2020, there was an impairment loss on internally generated software amounting to € 1 million (December 31, 2019: impairment loss of € 3 million) reflected under general and administrative expenses in the consolidated statement of income which is mainly due to the decommissioning and disinvestment of applications that the Group no longer uses.

Definite life intangibles are reviewed annually for indicators of impairment. If any indicators exists, further assessment is made of whether the carrying value may be impaired.

Amortizing Intangible Assets

In 2020, amortizing other intangible assets decreased by a net € 24 million, mainly from the internally generated intangible assets.

The total amortization of intangibles amounting to € 43 million is reflected under general and administrative expenses in the consolidated Statement of Income.

Other intangible assets with finite useful lives are generally amortized over their useful lives on a straight-line basis.

Useful life of other amortized intangible assets by asset class

	Useful life in years
Internally generated intangible assets:	
Software	up to 10
Purchased intangible assets:	
Customer-related intangible assets	up to 20
Contract-based intangible assets	up to 8
Other	up to 80

Unamortized Intangible Assets

Within this asset class, the Group recognizes certain contract-based intangible assets, which are deemed to have an indefinite useful life.

The asset class comprises the below detailed investment management agreements related to retail mutual funds. Due to the specific nature of these intangible assets, market prices are ordinarily not observable and, therefore, the Group values such assets based on the income approach, using a post-tax DCF methodology.

The Group reviews the useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for these assets. If they do not, the change in the useful life assessment from indefinite to finite life will be accounted for as a change in an accounting estimate in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors”.

Indefinite life intangibles are reviewed for impairment annually in the fourth quarter or more frequently if there are indications that the carrying value may be impaired. If any indicators exists, further assessment is made to determine if the carrying value may be impaired.

Retail investment management agreements – These assets, amounting to € 706 million, relate to the Group’s U.S. retail mutual fund business. Retail investment management agreements are contracts that give DWS Group the exclusive right to manage a variety of mutual funds for a specified period. Since these contracts have a long history of renewal at minimal cost, these agreements are not expected to have a foreseeable limit on the contract period. Therefore, the rights to manage the associated assets under management are expected to generate cash flows for an indefinite period of time. This intangible asset was recorded at fair value based upon a valuation provided by a third party at the date of acquisition of Zurich Scudder Investments, Inc. in 2002.

The recoverable amount was calculated as fair value less costs of disposal using the multi-period excess earnings method and the fair value measurement was categorized as Level 3 in the fair value hierarchy and is essentially flat compared to the carrying amount. The key assumptions in determining the fair value less costs of disposal include the asset mix, the flows forecast, the effective fee rate and discount rate as well as the terminal value growth rate. The discount rate (cost of equity) applied in the calculation was 10.3% in 2020 (9.8% in 2019). The terminal value growth rate applied for 2020 is 4.1% (for 2019 4.1%). The review of valuation for the years 2020 and 2019 neither resulted in any impairment nor a reversal of prior impairments.

16 – Property and Equipment

in € m.	Properties	Furniture and equipment	Leasehold improvements	Construction in progress	Total
Cost of acquisition:					
Balance as of January 1, 2019	**0**	**17**	**49**	**0**	**66**
Additions	8	0	0	26	35
Disposals	0	0	2	0	2
Transfers in (out)	(8)	0	27	(27)	(8)
Exchange rate changes	0	0	1	0	1
Balance as of December 31, 2019	**0**	**17**	**74**	**0**	**92**
Balance as of January 1, 2020	**0**	**17**	**74**	**0**	**92**
Additions	0	2	8	0	10
Disposals	0	1	3	0	4
Transfers in (out)	0	3	(3)	(0)	0
Exchange rate changes	0	(0)	(6)	(0)	(6)
Balance as of December 31, 2020	**0**	**20**	**70**	**0**	**91**
Accumulated depreciation and impairment:					
Balance as of January 1, 2019	**0**	**14**	**48**	**0**	**61**
Depreciation	0	1	1	0	3
Disposals	0	0	2	0	2
Transfers in (out)	0	0	0	0	0
Exchange rate changes	0	0	1	0	1
Balance as of December 31, 2019	**0**	**15**	**48**	**0**	**63**
Balance as of January 1, 2020	**0**	**15**	**48**	**0**	**63**
Depreciation	0	2	3	0	5
Disposals	0	1	1	0	2
Transfers in (out)	0	0	(0)	0	0
Exchange rate changes	0	(0)	(4)	0	(4)
Balance as of December 31, 2020	**0**	**15**	**46**	**0**	**62**
Carrying amount:					
As of December 31, 2019	**0**	**2**	**26**	**0**	**28**
As of December 31, 2020	**0**	**5**	**24**	**0**	**29**

During 2019, one building had come onto the balance sheet in Germany following the exercise of a put option by third party investors. This was subsequently transferred from Property and Equipment to Assets Held for Sale (please refer to note 18 ‘Non-Current Assets and Disposal Groups Held for Sale’).

Furniture and equipment will consist primarily of IT equipment and furniture within the Group premises.

Leasehold improvements consist primarily of fixtures and fittings and the cost of any structural improvements to leased properties.

Construction in progress will represent expenditure incurred during the course of an asset’s construction which has been capitalised. These will then be transferred to the respective asset class once construction has been completed.

There are no items of property and equipment subject to restrictions on title or which have been pledged as security against liabilities. There are no commitments for the acquisition of property and equipment as at December 31, 2020.

All classes of property, plant and equipment are initially recognised on the balance sheet at cost. Subsequent measurement follows as cost less depreciation and any accumulated impairment losses. Depreciation occurs on a straight line basis over the asset’s useful economic life. As at December 31, 2020 and December 31, 2019 there were no impairments of Property and Equipment.

Useful life of property and equipment by asset class

	Useful life in years
Furniture and equipment	7 to 10 years
Leasehold improvements	shorter of 10 years or the remaining lease term

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. Impairment losses are recognised in the Consolidated Statement of Income.

17 – Leases

Leases as Lessee

Right-of-use assets

in € m.	Properties	Other	Total right-of-use assets
Cost value:			
Balance as of January 1, 2019	**118**	**0**	**119**
Additions	83	0	83
Disposals	56	0	56
Exchange rate changes	3	0	3
Balance as of December 31, 2019	**148**	**1**	**149**
Balance as of January 1, 2020	**148**	**1**	**149**
Additions	15	0	15
Disposals	6	0	6
Exchange rate changes	(7)	0	(7)
Balance as of December 31, 2020	**150**	**1**	**150**
Accumulated depreciation and impairment:			
Balance as of January 1, 2019	**0**	**0**	**0**
Depreciation	23	0	23
Disposals	4	0	4
Impairment losses	0	0	0
Exchange rate changes	(0)	0	(0)
Balance as of December 31, 2019	**19**	**0**	**19**
Balance as of January 1, 2020	**19**	**0**	**19**
Depreciation	18	0	18
Disposals	3	0	3
Impairment losses	1	0	1
Exchange rate changes	(1)	0	(1)
Balance as of December 31, 2020	**34**	**0**	**35**
Carrying amount:			
Balance as of December 31, 2019	**130**	**0**	**130**
Balance as of December 31, 2020	**115**	**0**	**115**

The Group's right-of-use assets consist primarily of premises leased under long-term rental agreements. Some lease contracts include options to extend the lease by a defined amount of time, price adjustment clauses and escalation clauses in line with general office rental market conditions. The lease agreements do not include any clauses that impose any restriction on Group's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements and do not include any residual value guarantees.

The right-of-use assets are depreciated on a straight-line basis until the end of the useful life of the asset or the end of the lease term and are reviewed at the end of each reporting period to determine if there is any impairment.

During 2020, two premises in the United Kingdom and Germany were mothballed. Due to national lockdowns and regional restrictions on work/travel, these offices hadn’t been at peak utilisation during the year. This is expected to continue for the duration of the leases on these premises into 2021. The Group has therefore recognised an impairment of € 1 million on the corresponding right-of-use assets for these locations in 2020. There was no impairment of right-of-use assets in 2019.

The additions and disposals during the year mainly reflect office movements in Asia-Pacific and Americas as part of the Group’s location strategy.

Amounts recognised in profit or loss

Leases under IFRS 16

in € m.	2020	2019
Interest expense on lease liabilities	2	5
Income from sub-leasing right-of-use assets presented in other income	0	0
Expenses relating to short-term leases	0	3

The Group does not have expenses relating to short-term leases under the recognition exemption for 2020 (2019: € 3 million). Amounts recognised in 2019 were shown within general and administrative expenses. These contracts had expired in 2019 and were not extended. The Group has no low-value assets where the exemption under IFRS 16 can be applied.

Amounts recognised in statement of cash flows

The total cash outflow for leases was € 18 million for 2020 (2019: € 35 million) and represented mainly expenditures made for real estate rentals. Of the total amount, payments of € 16 million (2019: € 27 million) were made for the principal portion of lease liabilities, payments of € 2 million (2019: € 5 million) were made for the interest portion. In addition, there were no payments for leases not reflected on the balance sheet (2019: € 3 million).

Extension options and leases not yet commenced but committed

Most property leases contain extension options exercisable by the Group by providing prior written notice to the landlord before the end of the lease. This notice period ranges from 18 months to 90 days before the end of the non-cancellable contract period. In certain rare instances, leases will renew automatically unless prior written notice is provided.

Where practical, the Group will seek to include extension options in its leases for operational flexibility.

All options are exercisable by the Group and not the lessors. At commencement date, the Group assess whether it is reasonably certain to exercise any extension options. If so, these are included in the initial measurement of associated lease liabilities.

The following table shows the future cash outflows to which the Group as a lessee is potentially exposed that are not reflected in the measurement of the lease liabilities.

in € m.	Dec 31, 2020	Dec 31, 2019
Future cash outflows not reflected in lease liabilities:		
Not later than one year	0	1
Later than one year and not later than five years	10	12
Later than five years	123	150
Total future cash outflows not reflected in lease liabilities	**134**	**163**

Leases as Lessor

Finance lease

The Group reflects finance lease contracts within loans at amortized costs. As at December 31, 2020 there was one contract in the US with a net investment of € 2.6 million (2019: € 0 million). During 2020, the Group reflected rental income in the amount of

€ 0 million (2019: € 11 million) shown within general and administrative expenses. The rental income reflected in 2019 related to another contract in the US which expired as of December 31, 2019 and was not extended.

18 – Non-Current Assets and Disposal Groups Held for Sale

The Group had reached an agreement to sell its Hedge Fund UCITS business, by way of an asset sale, to an external buyer, pursuant to an asset purchase agreement signed on June 13, 2019. The business in scope of the transaction relates to two Luxembourg domiciled SICAV vehicles (DB Platinum and DB Platinum IV) with six hedge fund UCITS sub-funds and approximately € 2 billion of AuM. Upon completion of the sale of this business, the management company (DWS Investment S.A.) ceased to be responsible for managing the DB Platinum and DB Platinum IV SICAV's but continues to carry out all its other activities. The transaction received regulatory approval on November 19, 2019 and was completed on January 11, 2020. The valuation of the business did not result in the recognition of a loss.

The Group entered into an agreement to sell a building in Germany included in a consolidated fund. On January 3, 2020 a shareholder resolution was provided to the new owner with effective date of February 6, 2020. Closing was completed on March 27, 2020. The valuation of the property did not result in the recognition of a loss.

in € m.	Dec 31, 2020	Dec 31, 2019
Property and equipment, net	0	8
Total assets held for sale	**0**	**8**
Long-term debt	0	2
Total liabilities held for sale	**0**	**2**

19 – Other Assets and Other Liabilities

in € m.	Dec 31, 2020	Dec 31, 2019
Other assets:		
Other financial assets		
Receivables from brokerage and securities	239	307
Receivables from commissions/fees	195	217
Remaining other financial assets	393	497
Total other financial assets	**827**	**1,020**
Other non-financial assets		
Other tax receivables	11	11
Remaining other non-financial assets	49	48
Total other non-financial assets	**59**	**59**
Total other assets	**887**	**1,079**
Other liabilities:		
Other financial liabilities		
Payables from brokerage and securities	271	266
Payables from commissions/fees	138	179
Payables from performance related payments	233	258
Remaining other financial liabilities	505	631
Payables from guaranteed and other consolidated funds[1]	1,170	1,356
Total other financial liabilities	**2,318**	**2,689**
Other non-financial liabilities		
Other tax payables	23	13
Remaining other non-financial liabilities	157	171
Total other non-financial liabilities	**180**	**184**
Total other liabilities	**2,498**	**2,874**

[1] Payables from consolidated guaranteed funds and other consolidated funds carried at amortized cost and reflected with their implied fair value of the respective trading assets through profit or loss (please refer to note 12 'Financial Instruments carried at Fair Value').

As of December 31, 2020, the Group's balance of receivables from commission and fee income was € 195 million (€ 217 million as of December 31, 2019). As of December 31, 2020, the Group's balance of liabilities associated with commission and fee income was € 138 million (€ 179 million as of December 31, 2019). The Group has no contract liabilities as of December 31, 2020 and as of December 31, 2019 respectively which arise from the Group's obligation to provide future services to a customer for which it has received consideration from the customer prior to completion of the services. The balances of receivables and liabilities do not vary significantly from period to period reflecting the fact that they predominately relate to recurring service contracts with service periods of less than one year such as monthly and quarterly asset management services. Customer payment in exchange for services provided are generally subject to performance by the Group over the specific service period such that the Group's right to payment arises at the end of the service period when its performance obligations are fully completed.

20 – Provisions

Movements by class of provision

in € m.	Operational risk	Civil litigations	Restructuring - staff related	Other	Total
Balance as of January 1, 2019	**7**	**5**	**2**	**28**	**42**
New provisions	2	1	33	5	40
Amounts used	1	3	20	22	46
Unused amounts reversed	4	2	10	4	20
Effects from exchange rate fluctuations/unwind of discount	0	0	(2)	0	(1)
Balance as of December 31, 2019	**4**	**1**	**3**	**6**	**15**
New provisions	8	0	8	6	22
Amounts used	3	1	11	5	19
Unused amounts reversed	0	1	0	0	1
Effects from exchange rate fluctuations/unwind of discount	0	(0)	(0)	(0)	(0)
Balance as of December 31, 2020	**9**	**0**	**1**	**7**	**17**

Provisions are recognized when there is a present obligation as a result of a past event and when there is a probable outflow of resources whose amount can be reliably estimated. Provisions are recognized at the probable settlement value. The probable amount required to settle noncurrent provisions is discounted if the effect of discounting is material. In this case, the provision is recognized at present. The provisions recognized by the Group are considered short-term nature with the expectation of usage over the next year.

Classes of Provisions

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The definition used for the purposes of determining operational provisions differs from the risk management definition, as it excludes risk of loss resulting from civil litigations or regulatory enforcement matters. For risk management purposes, operational risk includes legal risk, as payments to customers, counterparties and regulatory bodies in civil litigations or regulatory enforcement matters constitute loss events for operational shortcomings, but excludes business and reputational risk.

Civil litigation provisions arise out of current or potential claims or proceedings alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may result in demands from customers, counterparties or other parties in civil litigations.

Restructuring provisions arise out of restructuring activities. The Group aims to enhance its long-term competitiveness through reductions in costs, duplication and complexity in the years ahead. For details see note 8 'Restructuring'.

Other provisions include several specific items arising from a variety of different circumstances and provisions for regulatory enforcement. In December 2019 the provision for the right to tender on a closed-end fund in the amount of € 19 million was partly used and released.

Provisions and Contingent Liabilities

The Group recognises a provision for potential loss only when there is a present obligation arising from a past event that is probable to result in an economic outflow that can be reliably estimated. Where a reliable estimate cannot be made for such an obligation, no provision is recognised and the obligation is deemed a contingent liability. Contingent liabilities also include possible obligations for which the possibility of future economic outflow is more than remote but less than probable. Where a provision has been taken for a particular claim, no contingent liability is recorded; for matters or sets of matters consisting of more than one claim, however, provisions may be recorded for some claims, and contingent liabilities (or neither a provision nor a contingent liability) may be recorded for others.

The Group operates in a legal and regulatory environment that exposes it to risk of litigation and regulatory enforcement. As a result, the Group may be involved in litigation, arbitration and regulatory proceedings and investigations. Where that is the case, in determining for which of these matters the possibility of a loss is probable, or less than probable but more than remote, and then estimating the possible loss for those claims, the Group takes into consideration a number of factors, including but not limited to the nature of the claim and its underlying facts, the procedural posture and litigation history of each case, rulings by the courts or tribunals, the Group's experience and the experience of others in similar cases (to the extent this is known to the Group), prior settlement discussions, settlements by others in similar cases (to the extent this is known to the Group), available indemnities and the opinions and views of legal counsel and other experts.

The provisions the Group has recognised for civil litigation as of December 31, 2020 are set forth in the table above. For some matters for which the Group believes an outflow of funds is probable, no provisions were recognised as the Group could not reliably estimate the amount of the potential outflow.

For the matters for which a reliable estimate can be made, the Group currently estimates that, as of December 31, 2020, there were no material contingent liabilities (i.e., the aggregate future loss of which the possibility is more than remote but less than probable) in relation to litigation or arbitration proceedings, or regulatory investigations in which the Group is involved.

This estimated possible loss, as well as any provisions taken, is based upon currently available information and is subject to significant judgment and a variety of assumptions, variables and known and unknown uncertainties. These uncertainties may include inaccuracies in or incompleteness of the information available to the Group, particularly at the preliminary stages of matters, and assumptions by the Group as to future rulings of courts or other tribunals or the likely actions or positions taken by regulators or adversaries may prove incorrect. Moreover, estimates of possible loss for these matters are often not amenable to the use of statistical or other quantitative analytical tools frequently used in making judgments and estimates, and are subject to even greater degrees of uncertainty than in many other areas where the Group must exercise judgment and make estimates. The estimated possible loss, as well as any provisions taken, can be and often are substantially less than the amount initially requested by regulators or adversaries or the maximum potential loss that could be incurred were the matters to result in a final adjudication adverse to the Group. Moreover, in certain regions in which the Group operates, an adversary may not be required to set forth the amount it is seeking, and where it is, the amount may not be subject to the same requirements that generally apply to pleading factual allegations or legal claims.

The matters for which the Group determines that the possibility of a future loss is more than remote will change from time to time, as will the matters as to which a reliable estimate can be made and the estimated possible loss for such matters. Actual results may prove to be significantly higher or lower than the estimate of possible loss in those matters where such an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the likelihood of loss was remote. In particular, the estimated aggregate possible loss does not represent the Group's potential maximum loss exposure for those matters.

The Group may settle litigation or regulatory proceedings or investigations prior to a final judgment or determination of liability. It may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes it has valid defences to liability. It may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where it does not believe that it is legally compelled to do so.

Current Individual Proceedings

By the nature of our business, the Group is involved in litigation and arbitration proceedings and regulatory investigations, but none of such proceedings is currently expected to have a significant impact on the Group's financials.

21 – Contractual Obligations and Commitments

Contractual obligations result from purchase obligations which include future payments mainly for technology services and asset management services.

Commitments cover contingent receivables and contingent liabilities. The Group had no contingent receivables to report as at December 31, 2020, and December 31, 2019. Contingent liabilities mainly relate to unfunded commitments given to funds, for which the Group acts as an investor.

The following table presents the contractual obligations and commitments by maturity buckets:

					Dec 31, 2020
					Payment due by period
in € m.	< 1 year	1–3 years	3–5 years	> 5 years	Total
Purchase obligations	33	53	210	21	317
Contingent liabilities	128	0	0	0	128

					Dec 31, 2019
					Payment due by period
in € m.	< 1 year	1–3 years	3–5 years	> 5 years	Total
Purchase obligations	23	48	67	45	182
Contingent liabilities	119	0	0	0	119

Purchase obligations increased by € 135 million compared to December 31, 2019 primarily due to the renegotiation of a contract extension for using an asset management service platform. DWS successfully negotiated a significant discount by extending the contract term.

Contingent liabilities increased by € 9 million to € 128 million in 2020 due to unfunded commitments for co-investments.

22 – Equity

Common Shares

The company’s share capital consists of common shares issued in registered form without par value. As of December 31, 2020 the share capital of the company amounts to € 200 million and is divided into up to 200,000,000 ordinary bearer shares. Under German law, each share represents an equal stake in the subscribed capital. Therefore, each share has a nominal value of € 1.00, derived by dividing the total amount of share capital by the number of shares.

Number of shares	
Common shares as at December 31, 2019	**200,000,000**
Changes	-
Common shares as at December 31, 2020	**200,000,000**

There are no issued ordinary shares that have not been fully paid.

Authorized Capital

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 40 million through the issuance of new shares against cash payment or contribution in kind (“Authorized Capital 2018/I”). The General Partner is further authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 60 million through the issuance of new shares against cash payment (“Authorized Capital 2018/II”). Further details are governed by Section 4 of the Articles of Association.

Authorized capital	General Description	Expiration date
€ 40,000,000	Authorized Capital 2018 / I	January 31, 2023
€ 60,000,000	Authorized Capital 2018 / II	January 31, 2023

Conditional Capital

The General Partner is authorized to issue, once or more than once, on or before May 31, 2024 bonds with warrants and/or convertible bonds with a fixed maturity not exceeding 20 years or with a perpetual maturity, and to grant option rights to the holders of bonds with warrants and conversion rights (in conjunction with a conversion obligation if applicable) to the holders of convertible bonds in respect of new shares in the company, subject to the terms and conditions governing the bonds with warrants or convertible bonds. The total nominal amount of the bonds with warrants and convertible bonds may not exceed a total value of € 600 million. Option and conversion rights may only be issued in respect of company shares nominally representing up to € 20 million of the share capital. For this purpose share capital may be increased by up to € 20 million by issuing up to 20,000,000 new no par value bearer shares (conditional capital). Further details are governed by Section 4 of the Articles of Association.

Conditional capital	General Description	Expiration date
€ 20,000,000	Conditional Capital 2019 / I	May 31, 2024

Dividends

The following table presents the amount of dividend proposed for the year ended December 31, 2020:

	2020 (proposed)	2019
Cash dividend (in € m.)	362	334
Cash dividend per common share (in €)	1.81	1.67

The Executive Board and Supervisory Board will recommend a dividend payment of € 1.81 per share for the financial year 2020 at the Annual General Meeting on June 9, 2021.

Additional Notes

23 – Employee Benefits

Share-Based Compensation Plans

There are two categories of share-based compensation plans, which are described below: DWS Share-Based Plans (cash-settled) and the DB Equity Plan (equity settled).

DWS Share-Based Plans (cash-settled)

The Group made grants of share-based compensation under the DWS Equity Plan. This plan represents a contingent right to receive a cash payment by referencing to the value of DWS shares during a specified time period.

In September 2018 one-off IPO related awards under the **DWS Stock Appreciation Rights (SAR) Plan** were granted to all DWS employees. A limited number of DWS senior managers were granted a one-off IPO related Performance Share Unit (PSU) under the **DWS Equity Plan** instead. For members of the Executive Board, one-off IPO related awards under the DWS Equity Plan were granted in January 2019.

The DWS SAR Plan represents a contingent right to receive a cash payment equal to any appreciation (or gain) in the value of a set number of notional DWS shares over a fixed period of time. This award does not provide any entitlement to receive DWS shares, voting rights or associated dividends.

The DWS Equity Plan is a phantom share plan representing a contingent right to receive a cash payment by referencing to the value of DWS shares during a specified period of time.

The award recipient for any share-based compensation plan is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of any share-based compensation plan are forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period (or the end of the retention period for Upfront Awards). Vesting usually continues after termination of employment in cases such as redundancy or retirement.

The following table outlines the basic terms of the DWS share-based plans:

Grant year(s)	Award Type	Vesting schedule	Eligibility
2019-2020 DWS Equity Plan	Annual Awards	1/3: 12 months[2] 1/3: 24 months[2] 1/3: 36 months[2]	Select employees as annual performance-based compensation
	Annual Awards (Senior Management)	1/5: 12 months[2] 1/5: 24 months[2] 1/5: 36 months[2] 1/5: 48 months[2] 1/5: 60 months[2]	Members of the Executive Board
	Annual Award - Upfront	Vesting immediately at grant	Regulated employees
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Performance Share Unit (PSU) Award (one-off IPO related award granted in 2019)[1]	1/3: March 2022[2] 1/3: March 2023[2] 1/3: March 2024[2]	Members of the Executive Board
2018 DWS Equity Plan	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Performance Share Unit (PSU) Award (one-off IPO related award)[1]	1/3: March 2022[2] 1/3: March 2023[2] 1/3: March 2024[2]	Select Senior Managers
2018 DWS SAR Plan	SAR Award (one-off IPO related award)	For non-MRTs: June 1, 2021[4] For MRTs: March 1, 2023[2]	all DWS employees[3]

1 The award and the number of units is subject to the achievement of pre-defined targets (Average Net flows (NNA)2019-2020 and FY 2020 Adjusted CIR (Cost Income Ratio) measured December 2020
2 Depending on their individual regulatory status, a 6 months retention period (AIFMD/UCITS MRTs) or a 12-months retention period (InstVV MRTs) applies after vesting
3 Unless the employee received PSU Award
4 In 2020, two Early Exercise windows were offered to non-MRTs leading to accelerated vesting and exercise upon acceptance. For outstanding awards, a 4-year exercise period applies following vesting/retention period.

The following table sets out the movements in share award units:

	DWS Equity Plan		DWS SAR Plan			
	2020	2019	2020		2019	
Share Units (in thousands)	Number of Awards	Number of Awards	Number of Awards	Weighted-average exercise price	Number of Awards	Weighted-average exercise price
Outstanding at beginning of year	2,035	1,248	2,061	€ 24.65	2,192	€ 24.65
Granted	804	1,003	0	€ 0.00	0	€ 0.00
Released or exercised	(368)	(186)	(759)	€ 31.95	0	€ 0.00
Forfeited	(54)	(42)	(78)	€ 24.65	(110)	€ 24.65
Expired	0	0	0	€ 0.00	0	€ 0.00
Other movements[1]	5	11	15	€ 24.65	(21)	€ 24.65
Outstanding at end of year	2,422	2,035	1,239	€ 24.65	2,061	€ 24.65
Of which, exercisable	0	0	0	€ 0.00	0	€ 0.00

1 Comparative value for prior year 2019 within DWS SAR Plan has been amended based on updated information

The following table sets out key information regarding awards granted, released and remaining in the year:

	2020			2019		
	Weighted average fair value per award granted in year	Weighted average share price at exercise / release in year	Weighted average remaining contractual life in years	Weighted average fair value per award granted in the year	Weighted average share price at exercise / release in year	Weighted average remaining contractual life in years
DWS Equity Plan	€ 29.07	€ 34.88	2	€ 20.97	€ 26.33	3
DWS SAR Plan	0	€ 31.95	5	0	0	6

As of December 31, 2020, the fair value of share-based awards made in 2020 and prior periods was approximately € 83 million (as of December 31, 2019: € 59 million).

The fair value of the DWS SAR Plan awards have been measured using the Black-Scholes formula. The liabilities incurred are re-measured at the end of each reporting period until settlement. The principal inputs being the market value on reporting date, discounted for any dividends foregone over the holding periods of the award, and adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving DB Group and number of employees eligible for early retirement. The inputs used in the measurement of the fair values at grant date and measurement date of the DWS SAR Plan awards were as follows:

	Measurement date Dec 31, 2020	Measurement date Dec 31, 2019
	SAR	SAR
Units (in thousands)	1,239	2,061
Fair value (weighted average)	€ 10.68	€ 8.19
Share price	€ 34.80	€ 31.70
Exercise price	€ 24.65	€ 24.65
Expected volatility (weighted-average) in %	33	34
Expected life (weighted-average) in years	5	6
Expected dividends (% of income)	65	65

Given the limited years of DWS share price volatility and the absence of implied volatility actively traded in the market, the expected volatility of the DWS share price has been based on an evaluation of the historical volatility for a comparable peer group over the preceding 5-year period.

During the year, DWS offered eligible employees to exercise their SAR Award as part of two distinct Early Exercise Offers. SAR Awards which were not exercised continue to be subject to the terms and conditions of the DWS SAR Plan Rules, including forfeiture provisions.

In addition, the PSU Award has performance conditions which will determine the nominal amount which can ultimately vest under the award. These performance conditions are linked to the Group strategy, specifically with regards to the target for net inflows and the adjusted cost income ratio. Based on the outcome of the performance conditions tested following the end of full year 2020, it was confirmed that 100% of the units originally granted remain subject to continued vesting.

DB Equity Plan (equity-settled)

The Group employees continue to participate in the DB Equity Plan under the rules established for Deutsche Bank Group as applicable.

DB Group made grants of share-based compensation under the DB Equity Plan. This plan represents a contingent right to receive Deutsche Bank AG common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the DB Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

The following table sets forth the basic terms of these share plans of DB Group.

Grant year(s)	Deutsche Bank Equity Plan	Vesting schedule	Eligibility
2019-2020	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Select employees as annual performance-based compensation (CB/IB/CRU)[2]
	Annual Award	1/3: 12 months[1] 1/3: 24 months[1] 1/3: 36 months[1]	Select employees as annual performance-based compensation (CB/IB/CRU)2
	Annual Award	1/5: 12 months[1] 1/5: 24 months[1] 1/5: 36 months[1] 1/5: 48 months[1] 1/5: 60 months[1]	Select employees as annual performance-based compensation (Senior Management)
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
2017-2018	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[1]	Members of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Key Retention Plan (KRP) [4]	1/2: 50 months[3] 1/2: 62 months[3]	Material Risk Takers (MRTs)
		Or cliff vesting after 43 months	Non-Material Risk Takers (non-MRTs)
2016	Key Position Award (KPA)[5]	Cliff-vesting after 4 years[3]	Select employees as annual retention

1 For InstVV-regulated employees (and Senior Management) a further retention period of twelve months applies (six months for awards granted from 2017 -2018).
2 For grant year 2019 divisions were called CIB, for grant year 2020 CIB is split into CB/IB/CRU.
3 Share delivery takes place after a further retention period of twelve months.
4 Equity-based awards granted under this plan in January 2017 were subject to an additional share price condition and were forfeited as a result of this condition not being met.
5 A predefined proportion of the individual's KPA was subject to an additional share price condition and was forfeited as a result of this condition not being met.

In addition, the Group participates in a broad-based employee share ownership plan offered by DB Group and known as the Global Share Purchase Plan (GSPP). The rules are the same as those established for DB Group. The GSPP offers employees in specific countries the opportunity to purchase Deutsche Bank shares in monthly instalments over one year. At the end of the purchase cycle, the acquired stock is matched in a ratio of one to one up to a maximum of ten free shares, provided that the employee remains at Deutsche Bank Group for another year. In total, 508 Group staff from 9 countries enrolled in the twelfth cycle that began in November 2020.

The following table sets out the movements in share award units, including grants under the cash plan variant of the DB Equity Plan:

	2020	2019
Share Units (in thousands)	Number of Awards	Number of Awards
Outstanding at beginning of year	9,231	11,376
Granted	6	407
Released or exercised	(2,106)	(2,635)
Forfeited	(5,216)	(239)
Expired	0	0
Other movements	1	322
Outstanding at end of year	1,916	9,231
Of which, exercisable	0	0

The DB Equity Plan includes awards with share price hurdles under both the Key Position Award and the Key Retention Plan. The share price hurdle condition for both plans was measured during 2020 and was not met. As a result approximately 5.2 million share units were forfeited. In accordance with IFRS 2 the forfeiture due to a market performance condition did not result in a reversal to the recorded expense.

The following table sets out key information regarding awards granted, released and remaining in the year:

	2020			2019		
	Weighted average fair value per award granted in year	Weighted average share price at exercise / release in year	Weighted average remaining contractual life in years	Weighted average fair value per award granted in the year	Weighted average share price at exercise / release in year	Weighted average remaining contractual life in years
DB Equity Plan	€ 8.10	€ 7.83	2	€ 6.83	€ 7.65	2

As of December 31, 2020, the grant volume of outstanding share awards was approximately € 21 million (December 31, 2019: € 96 million).

In addition, approximately 0.2 million shares were issued to plan participants in March 2020 following the vesting of DB Equity Plan awards granted in prior years.

Post-Employment Benefit Plans

Nature of Plans

The Group participates in a number of post-employment benefit plans on behalf of its employees. These plans are sponsored either by the Group directly or by other entities of DB Group and include both defined contribution plans and defined benefit plans. These plans are accounted for based on the nature and substance of the plan. Generally, for defined benefit plans the value of a participant's accrued benefit is based on each employee's remuneration and length of service; contributions to defined contribution plans are typically based on a percentage of each employee's remuneration. The remainder of this note focuses predominantly on the Group's defined benefit plans.

The defined benefit plans are described on a geographical basis, reflecting differences in the nature and risks of benefits, as well as in the respective regulatory environments. In particular, the requirements set by local regulators can vary significantly and broadly determine the design and financing of the benefit plans. Key information is also shown based on participant status, which provides an indication of the maturity of the Group's obligations.

				Dec 31, 2020
in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	247	29	4	280
Participants in deferred status	134	3	0	137
Participants in payment status	100	2	0	102
Total defined benefit obligation	**481**	**34**	**4**	**519**
Fair value of plan assets	**415**	**36**	**1**	**452**
Funding ratio (in %)	**86**	**106**	**25**	**87**

				Dec 31, 2019
in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	247	26	5	278
Participants in deferred status	119	3	0	122
Participants in payment status	87	3	0	90
Total defined benefit obligation	**453**	**32**	**5**	**490**
Fair value of plan assets	**369**	**33**	**1**	**403**
Funding ratio (in %)	**81**	**103**	**20**	**82**

The majority of the Group's defined benefit plan obligations relate to Germany. Outside of Germany, the largest obligations relate to Switzerland and Luxembourg. In Germany, post-employment benefits are usually agreed on a collective basis with respective employee workers councils. The Group's main pension plans are governed by boards of trustees, fiduciaries or their equivalent.

Post-employment benefits can form an important part of an employee's total remuneration. The Group follows the approach that their design shall be attractive to employees in the respective market, but sustainable over the longer term. At the same time, the

Group tries to limit its risks related to provision of such benefits. Consequently the Group has moved to offer defined contribution plans in many locations over recent years.

Historically, pension plans were typically based on final pay prior to retirement. These types of benefits still form a significant part of the pension obligations for participants in deferred and payment status. Currently, in Germany, Switzerland and Luxembourg, the main defined benefit pension plans for active staff are cash account type plans where the Group credits an annual amount to individuals' accounts based on an employee's current salary. Dependent on the plan rules, the accounts increase either at a fixed interest rate or participate in market movements of certain underlying investments to limit the associated investment risk. Sometimes, in particular in Germany, there is a guaranteed benefit amount within the plan rules, e.g. payment of at least the amounts contributed. Upon retirement, beneficiaries may usually opt for a lump sum or for conversion of the accumulated account balance into an annuity. This conversion is often based on market conditions and mortality assumptions at retirement.

The following amounts of expected benefit payments by the Group in respect of defined benefit plans include benefits attributable to employees' past and estimated future service, and include both amounts paid from external pension trusts and paid directly by the Group in respect of unfunded plans.

in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Actual benefit payments 2020	8	1	1	10
Benefits expected to be paid 2021	11	2	0	13
Benefits expected to be paid 2022	11	2	0	13
Benefits expected to be paid 2023	12	2	0	14
Benefits expected to be paid 2024	12	2	0	14
Benefits expected to be paid 2025	13	2	0	15
Benefits expected to be paid 2026-2030	88	9	4	101
Weighted average duration of defined benefit obligation (in years)	14	15	8	14

Multi-Employer Plans

Mainly in the United Kingdom (UK) and the US, some employees participate in defined benefit plans sponsored by another entity within the wider Deutsche Bank Group, for example retirement benefit plans in the UK as well as post-employment medical plans in the US. Generally the risk associated to the plan is within the sponsoring entity while the Group entities are obliged to pay for costs incurred for their respective employees within the sponsoring entity.

In Germany, the Group is a member of the BVV Versicherungsverein des Bankgewerbes a.G. (BVV) together with other financial institutions. The BVV, pension provider for Germany's financial industry, offers retirement benefits to eligible employees in Germany as a complement to post-employment benefit commitments of the Group. Both employers and employees contribute on a regular basis to the BVV. The BVV provides annuities of a fixed amount to individuals on retirement and increases these fixed amounts if surplus assets arise within the plan. Under legislation in Germany, the employer is ultimately liable for providing the benefits to its employees. An increase in benefits may also arise due to additional obligations to retirees for the effects of inflation. BVV is a multi-employer defined benefit plan. In line with industry practice, the Group accounts for these benefits as a defined contribution plan since insufficient information is available to identify assets and liabilities relating to the Group's current and former employees because the BVV does not fully allocate plan assets to beneficiaries or to member companies. According to the BVV's most recent disclosures, there is no current deficit in the plan that may affect the amount of future Group contributions. Furthermore, any plan surplus emerging in the future will be distributed to the plan members, hence it cannot reduce future Group contributions.

Governance and Risk

Oversight for the Group's pension plans is performed by the Risk and Control Committee (RCC), as mandated by the Executive Board in November 2019 to oversee its pension and related risks on a global basis. This committee meets monthly and is supported by a Pension Working Group which was established in the 4th quarter of 2019. The RCC is mandated to take oversight with regards to guidelines for funding, asset allocation, actuarial assumption setting and risk management. In this regard, risk management includes the management and control of risks for the Group related to market developments (e.g. interest rate, credit spread, price inflation), asset investment, regulatory or legislative requirements, as well as monitoring demographic changes (e.g. longevity). While exercising this oversight the Group leverages DB Group's pension oversight and operative control mechanism implemented, in particular during and after acquisitions or changes in the external environment (e.g. legislation, taxation), topics such as the general plan design or potential plan amendments are considered. To the extent that pension plans are funded, the assets held mitigate some of the liability risks, but introduce investment risk.

In key pension countries, the Group's largest post-employment benefit plan risk exposures relate to potential changes in credit spreads, interest rates, price inflation and longevity, although these have been partially mitigated through the investment strategy adopted.

Overall, the Group is seeking to minimize the impact of pensions on its financial position from market movements, subject to balancing the trade-offs involved in financing post-employment benefits, regulatory capital and constraints from local funding or accounting requirements. DB Group measures pension risk exposures on a regular basis using specific metrics developed for this purpose. This process covers DB Group overall, which includes the Group's exposures. The Group has reviewed the annual plan obligations for 2020.

Funding

In 2019 the Group has reviewed DB Group's funding principle and introduced updated funding principles. Various external pension trusts are maintained to fund the majority of the Group's defined benefit plan obligations. The Group's funding principle, is to maintain coverage of the defined benefit obligation by plan assets within a range of 80% to 100% of the obligation, subject to meeting any local statutory requirements. The Group has also determined that certain plans should remain unfunded, although their funding approach is subject to periodic review, e.g. when local regulations or practices change. Obligations for any unfunded plans are accrued on the balance sheet as necessary.

For most of the externally funded defined benefit plans there are local minimum funding requirements, however, the Group can decide on any additional plan contributions based on Group's funding principles noted earlier. In most countries the Group expects to receive an economic benefit from any plan surpluses of plan assets compared to defined benefit obligations, typically by way of reduced future contributions. Given the broadly fully funded position and the investment strategy adopted in the Group's key funded defined benefit plans, any minimum funding requirements that may apply are not expected to place the Group under any material adverse cash strain in the short term. With reference to DB Group's funding principle, the Group considers not re-claiming benefits paid from the Group's assets as an equivalent to making cash contributions into the external pension trusts during the year.

Actuarial Methodology and Assumptions

December 31 is the measurement date for all plans. All plans are valued by independent qualified actuaries using the projected unit credit method. DWS Group has reviewed DB Group policy which provides guidance to local actuaries to ensure consistency globally on setting actuarial assumptions and considers these assumptions to be appropriate.

The key actuarial assumptions applied in determining the defined benefit obligations at December 31 are presented below in the form of weighted averages.

			Dec 31, 2020			Dec 31, 2019
	Germany	EMEA (excl. Germany & UK)	APAC	Germany	EMEA (excl. Germany & UK)	APAC
Discount rate (in %)	0.66	0.28	1.38	1.02	0.54	0.91
Rate of price inflation (in %)	1.25	1.05	1.60	1.35	1.14	1.60
Rate of nominal increase in future compensation levels (in %)	1.75	1.50	3.66	1.85	1.58	3.63
Rate of nominal increase for pensions in payment (in %)	1.15	0.43	0.0	1.25	0.47	0.0
Assumed life expectancy at age 65:						
For a male aged 65 at measurement date	21.2	21.7	N/A	21.1	21.6	N/A
For a female aged 65 at measurement date	23.5	23.8	N/A	23.4	23.7	N/A
For a male aged 45 at measurement date	22.5	23.4	N/A	22.4	23.3	N/A
For a female aged 45 at measurement date	24.6	25.4	N/A	24.5	25.3	N/A
Mortality tables applied	modified Richttafeln Heubeck 2018G	Country specific tables	N/A	modified Richttafeln Heubeck 2018G	Country specific tables	N/A

In 2019, DWS Group changed its rounding principles such that for all significant financial assumptions, the derived annual rate will be rounded up or down to the nearest 0.01%.

For DWS Group’s most significant plans in the key countries, the discount rate used at each measurement date is set based on a high quality corporate bond yield curve – derived based on bond universe information sourced from reputable third-party index and data providers and rating agencies – reflecting the timing, amount and currency of the future expected benefit payments for the respective plan.

The price inflation assumptions in the Eurozone are set with reference to market measures of inflation based on inflation swap rates in those markets at each measurement date. For other countries, the price inflation assumptions are typically based on long term forecasts by Consensus Economics Inc.

The discount rate and inflation rate assumptions in the Eurozone are key drivers to the Group’s pension obligations. During 2020, a review was conducted on the methodology to set these assumptions and various refinements were implemented over the year. The combined effect of these refinements, reflected in Other Comprehensive Income, reduced the Group’s overall pension obligations at December 31, 2020 in the Eurozone by around €21m relative to the approach adopted at December 31, 2019.

The assumptions for the increases in future compensation levels and for increases to pension payments are developed separately for each plan, where relevant. Each is set based on the price inflation assumption and reflecting DWS Group’s reward structure or policies in each market, as well as relevant local statutory and plan-specific requirements.

Among other assumptions, mortality assumptions can be significant in measuring DWS Group’s obligations under its defined benefit plans. These assumptions have been set in accordance with current best estimate in the respective countries. Future potential improvements in longevity have been considered and included where appropriate.

In 2019 the Group decided to apply Deutsche Bank specific mortality assumptions used to determine the defined benefit obligation for its defined benefit pension plans in Germany. In this context -based on actuarial calculations for the DB specific population- the bank adjusted the mortality expectations from the so far used “Richttafeln Heubeck 2018G” to the DB specific mortality experience of employees and pensioners. This change in actuarial assumptions led to an actuarial loss of € 2.7 million before taxes as of December 31, 2019 and is reported in the Consolidated Statement of Comprehensive Income in the line item re-measurement gains (losses).

Reconciliation in Movement of Liabilities and Assets – Impact on Financial Statements

				2020
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total
Change in the present value of the defined benefit obligation:				
Balance, beginning of year	**453**	**32**	**5**	**490**
Defined benefit cost recognized in profit or loss				
Current service cost	13	2	1	16
Interest cost	5	0	0	5
Past service cost and gain or loss arising from settlements	1	0	0	1
Defined benefit cost recognized in other comprehensive income				
Actuarial gain or loss arising from changes in financial assumptions	22	1	0	23
Actuarial gain or loss arising from changes in demographic assumptions	(6)	0	0	(6)
Actuarial gain or loss arising from experience	(2)	(1)	0	(3)
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Benefits paid	(8)	(1)	(1)	(10)
Payments in respect to settlements	0	0	0	0
Acquisitions/divestitures	0	0	0	0
Exchange rate changes	0	0	0	0
Other[1]	3	0	0	3
Balance, end of year	**481**	**34**	**5**	**520**
thereof:				
Unfunded	0	1	3	4
Funded	481	33	2	**516**
Change in fair value of plan assets:				
Balance, beginning of year	**369**	**33**	**1**	**403**
Defined benefit cost recognized in profit or loss				
Interest income	4	0	0	4
Defined benefit cost recognized in other comprehensive income				
Return from plan assets less interest income	23	2	0	25
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Contributions by the employer	24	1	0	25
Benefits paid[2]	(8)	(1)	0	(9)
Payments in respect to settlements	0	0	0	0
Acquisitions/divestitures	0	0	0	0
Exchange rate changes	0	0	0	0
Other[1]	3	0	0	3
Plan administration costs	0	0	0	0
Balance, end of year	**415**	**36**	**1**	**452**
Funded status, end of year	**(66)**	**2**	**(4)**	**(68)**
Change in irrecoverable surplus (asset ceiling):				
Balance, beginning of year	**0**	**(2)**	**0**	**(2)**
Interest cost	0	0	0	0
Changes in irrecoverable surplus	0	(1)	0	(1)
Exchange rate changes	0	0	0	0
Balance, end of year	**0**	**(3)**	**0**	**(3)**
Net asset (liability) recognized	**(66)**	**(1)**	**(4)**	**(71)[3]**

1 Transfers between other subsidiaries of DB Group
2 For funded plans only
3 Thereof € 1 million recognized in other assets and € 72 million in other liabilities

				2019
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total
Change in the present value of the defined benefit obligation:				
Balance, beginning of year	**397**	**27**	**5**	**429**
Defined benefit cost recognized in profit or loss				
Current service cost	13	1	1	15
Interest cost	6	0	0	6
Past Service Cost and gain or loss arising from settlements	1	0	0	1
Defined benefit cost recognized in other comprehensive income				
Actuarial gain or loss arising from changes in financial assumptions	36	2	0	38
Actuarial gain or loss arising from changes in demographic assumptions	3	0	0	3
Actuarial gain or loss arising from experience	1	0	0	1
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Benefits paid	(7)	0	(1)	(8)
Payments in respect to settlements	0	0	0	0
Acquisitions/Divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	3	0	0	3
Balance, end of year	**453**	**32**	**5**	**490**
thereof:				
Unfunded	0	1	4	5
Funded	453	31	1	485
Change in fair value of plan assets:				
Balance, beginning of year	**331**	**25**	**1**	**357**
Defined benefit cost recognized in profit or loss				
Interest income	5	0	0	5
Defined benefit cost recognized in other comprehensive income				
Return from plan assets less interest income	0	2	0	2
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Contributions by the employer	36	5	0	41
Benefits paid[2]	(7)	(1)	0	(8)
Payments in respect to settlements	0	0	0	0
Acquisitions/Divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	4	0	0	4
Plan administration costs	0	0	0	0
Balance, end of year	**369**	**33**	**1**	**403**
Funded status, end of year	**(84)**	**1**	**(4)**	**(87)**
Change in irrecoverable surplus (asset ceiling):				
Balance, beginning of year	**0**	**(1)**	**0**	**(1)**
Interest cost	0	0	0	0
Changes in irrecoverable surplus	0	(1)	0	(1)
Exchange rate changes	0	0	0	0
Balance, end of year	**0**	**(2)**	**0**	**(2)**
Net asset (liability) recognized	**(84)**	**(1)**	**(4)**	**(89)[3]**

1 Transfers between other subsidiaries of DB Group
2 For funded plans only
3 Thereof € 2 million recognized in other assets and € 91 million in other liabilities

Investment Strategy

DWS Group participates in DB Group's overall investment strategy. The investment objective is to protect against adverse impacts of changes in the funding position of its defined benefit pension plans on key financial metrics, with a primary focus on immunizing the plans' IFRS funded status, while taking into account the plans' impact on other metrics, such as regulatory capital and local profit or loss accounts. The Group reverted to the IFRS driven investment strategy in 2019. Investment managers manage pension assets in line with investment mandates or guidelines as agreed with the pension plans' trustees and investment committees.

To achieve the primary objective of immunizing the IFRS funded status of key defined benefit plans, a liability driven investment (LDI) approach is applied. Risks from mismatches between fluctuations in the present value of the defined benefit obligations and plan assets due to capital market movements are minimized, subject to balancing relevant trade-offs. This is achieved by allocating plan assets closely to the market risk factor exposures of the pension liability to interest rates, credit spreads and inflation. Thereby, plan assets broadly reflect the underlying risk profile and currency of the pension obligations.

Where the desired hedging level for these risks cannot be achieved with physical instruments (i.e. corporate and government bonds), derivatives are employed. Derivative overlays mainly include interest rate, inflation swaps and credit default swaps. Other instruments are also used, such as interest rate futures and options. In practice, a completely hedged approach is impractical because of insufficient market depth for ultra-long-term corporate bonds, as well as liquidity and cost considerations. Therefore, plan assets contain further asset categories to create long-term return enhancement and diversification benefits such as equity, real estate, high yield bonds or emerging markets bonds.

Plan Asset Allocation to Key Asset Classes

The following table shows the asset allocation of DWS Group's funded defined benefit plans to key asset classes, i.e. exposures include physical securities in discretely managed portfolios and underlying asset allocations of any commingled funds used to invest plan assets.

Asset amounts in the following table include both "quoted" (i.e. level 1 assets in accordance with IFRS 13 "Fair Value Measurement" – amounts invested in markets where the fair value can be determined directly from prices which are quoted in active, liquid markets) and "other" (i.e. level 2 and 3 assets in accordance with IFRS 13) assets.

				Dec 31, 2020				Dec 31, 2019
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total	Germany	EMEA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	12	1	1	14	11	1	1	13
Equity instruments[1]	38	1	0	39	35	1	0	36
Investment-grade bonds[2]								
Government	95	5	0	100	81	5	0	86
Non-government bonds	173	8	0	181	155	8	0	163
Non-investment-grade bonds								
Government	4	1	0	5	5	0	0	5
Non-government bonds	10	0	0	10	11	0	0	11
Structured products	0	0	0	0	0	0	0	0
Alternatives								
Real estate	17	4	0	21	13	3	0	16
Commodities	1	0	0	1	0	0	0	0
Private equity	0	1	0	1	0	1	0	1
Other[3]	58	15	0	73	62	14	0	76
Derivatives (market value)								
Interest rate	1	0	0	1	(9)	0	0	(9)
Credit	5	0	0	5	4	0	0	4
Inflation	0	0	0	0	1	0	0	1
Foreign exchange	1	0	0	1	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total fair value of plan assets	**415**	**36**	**1**	**452**	**369**	**33**	**1**	**403**

1 Allocation of equity exposure is broadly in line with the typical index in the respective market, e.g. the equity portfolio's benchmark of the UK retirement benefit plans is the MSCI All Countries World index
2 Investment-grade means BBB and above. Average credit rating exposure for DWS Group's main plans is around A
3 Amongst others this position contains commingled funds which could not be segregated into the other asset categories.

The following table sets out DWS Group's funded defined benefit plan assets only invested in "quoted" assets, i.e. level 1 assets in accordance with IFRS 13.

				Dec 31, 2020				Dec 31, 2019
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total	Germany	EMEA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	9	1	0	10	11	1	0	12
Equity instruments[1]	32	1	0	33	30	1	0	31
Investment-grade bonds[2]								
Government	38	3	0	41	37	2	0	39
Non-government bonds	0	0	0	0	0	0	0	0
Non-investment-grade bonds								
Government	0	0	0	0	0	0	0	0
Non-government bonds	0	0	0	0	0	0	0	0
Structured products	0	0	0	0	0	0	0	0
Alternatives								
Real estate	0	0	0	0	0	0	0	0
Commodities	0	0	0	0	0	0	0	0
Private equity	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Derivatives (market value)								
Interest rate	0	0	0	0	0	0	0	0
Inflation	0	0	0	0	0	0	0	0
Total fair value of quoted plan assets	**79**	**5**	**0**	**84**	**78**	**4**	**0**	**82**

[1] Allocation of equity exposure is broadly in line with the typical index in the respective market, e.g. the equity portfolio's benchmark of the UK retirement benefit plans is the MSCI All Countries World Index
[2] Investment-grade means BBB and above. Average credit rating exposure for the DWS Group's main plans is around A

The following tables show the asset allocation of the "quoted" and other defined benefit plan assets by key geography in which they are invested.

							Dec 31, 2020
in € m. (unless stated otherwise)	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	0	0	4	9	1	1	15
Equity instruments	9	1	10	8	10	1	39
Government bonds (investment-grade and above)	33	0	2	36	8	21	100
Government bonds (non-investment-grade)	0	0	0	0	1	4	5
Non-government bonds (investment-grade and above)	14	8	61	86	11	0	180
Non-government bonds (non-investment-grade)	0	0	0	10	0	0	10
Structured products	0	0	0	0	0	0	0
Subtotal	**56**	**9**	**77**	**149**	**31**	**27**	**349**
Share (in %)	16	3	22	42	9	8	100
Other asset categories							103
Fair value of plan assets							**452**

							Dec 31, 2019
in € m. (unless stated otherwise)	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	0	0	2	9	1	1	13
Equity instruments	7	1	10	8	8	2	36
Government bonds (investment-grade and above)	26	0	4	28	9	19	86
Government bonds (non-investment-grade)	0	0	0	0	0	5	5
Non-government bonds (investment-grade and above)	14	11	52	79	7	0	163
Non-government bonds (non-investment-grade)	0	0	0	11	0	0	11
Structured products	0	0	0	0	0	0	0
Subtotal	**47**	**12**	**68**	**135**	**25**	**27**	**314**
Share (in %)	0	4	22	43	8	9	100
Other asset categories							89
Fair value of plan assets							**403**

Plan assets include derivative transactions with other DB Group entities with a market value of positive € 6 million and negative € 9 million at December 31, 2020 and December 31, 2019, respectively. There is neither a material amount of securities issued by DWS Group nor other claims against DWS Group assets included in the fair value of plan assets. The plan assets do not include any real estate which is used by DWS Group.

In addition, DWS Group estimates and allows for uncertain income tax positions which may have an impact on DWS Group’s plan assets. Significant judgment is required in making these estimates and DWS Group’s final liabilities may ultimately be materially different.

Key Risk Sensitivities

DWS Group’s defined benefit obligations are sensitive to changes in capital market conditions and actuarial assumptions. Sensitivities to capital market movements and key assumption changes are presented in the following table. Each market risk factor or assumption is changed in isolation. Sensitivities of the defined benefit obligations are approximated using geometric extrapolation methods based on plan durations for the respective assumption. Duration is a risk measure that indicates the broad sensitivity of the obligations to a change in an underlying assumption and provides a reasonable approximation for small to moderate changes in those assumptions.

For example, the interest rate duration is derived from the change in the defined benefit obligation to a change in the interest rate based on information provided by the local actuaries of the respective plans. The resulting duration is used to estimate the remeasurement liability loss or gain from changes in the interest rate. For other assumptions, a similar approach is used to derive the respective sensitivity results.

For defined benefit pension plans, changes in capital market conditions will impact the plan obligations via actuarial assumptions – mainly interest rate and price inflation rate – as well as the plan assets. Where DWS Group applies a LDI approach, the overall exposure to changes is reduced. Consequently, to aid understanding of DWS Group’s risk exposures related to key capital market movements, the net impact of the change in the defined benefit obligations and plan assets due to a change of the related market risk factor or underlying actuarial assumption is shown; for sensitivities to changes in actuarial assumptions that do not impact the plan assets, only the impact on the defined benefit obligations is shown.

Asset-related sensitivities are derived for major plans which are applicable to DWS Group by using risk sensitivity factors determined by DB Group’s Market Risk Management function. These sensitivities are calculated based on information provided by the plans’ investment managers and extrapolated linearly to reflect the approximate change of the plan assets’ market value in case of a change in the underlying risk factor.

The sensitivities illustrate plausible variations over time in capital market movements and key actuarial assumptions. DWS Group is not in a position to provide a view on the likelihood of these capital market or assumption changes. While these sensitivities illustrate the overall impact on the funded status of the changes shown, the significance of the impact and the range of reasonable possible alternative assumptions may differ between the different plans that comprise the aggregated results. Even though plan assets and plan obligations are sensitive to similar risk factors, actual changes in plan assets and obligations may not fully offset each other due to imperfect correlations between market risk factors and actuarial assumptions. Caution should be used when extrapolating these sensitivities due to non-linear effects that changes in capital market conditions and key actuarial assumptions may have on the overall funded status. Any management actions that may be taken to mitigate the inherent risks in the post-employment defined benefit plans are not reflected in these sensitivities.

			Dec 31, 2020			Dec 31, 2019
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Germany	EMEA (excl. Germany & UK)	APAC
Interest rate (–50 bp):						
(Increase) in DBO	(33)	(3)	0	(34)	(2)	0
Interest rate (+50 bp):						
Decrease in DBO	31	2	0	31	2	0
Rate of price inflation (–50 bp):[1]						
Decrease in DBO	5	0	0	4	0	0
Rate of price inflation (+50 bp):[1]						
(Increase) in DBO	(5)	0	0	(4)	0	0
Rate of real increase in future compensation levels (–50 bp):						
Decrease in DBO, net impact on funded status	1	0	0	0	0	0
Rate of real increase in future compensation levels (+50 bp):						
(Increase) in DBO, net impact on funded status	(1)	0	0	0	0	0
Longevity improvements by 10%:[2]						
(Increase) in DBO, net impact on funded status	(6)	0	0	(6)	0	0

[1] Incorporates sensitivity to changes in nominal increase for pensions in payment to the extent linked to the price inflation assumption
[2] Estimated to be equivalent to an increase of around 1 year in overall life expectancy

Expected Cash Flows

The following table shows expected cash flows for post-employment benefits in 2020, including contributions to DWS Group's external pension trusts in respect of funded plans, direct payment to beneficiaries in respect of unfunded plans, as well as contributions to defined contribution plans.

	2021
in € m.	Total
Expected contributions to	
Group internal defined benefit plan assets	15
Defined benefit plan assets sponsored by another company of Deutsche Bank Group	1
BVV	4
Other defined contribution plans	17
Expected benefit payments for unfunded defined benefit plans	0
Expected total cash flow related to post-employment benefits	**37**

Expense of Employee Benefits

The following table presents a breakdown of specific expenses according to the requirements of IAS 19 “Employee Benefits” and IFRS 2 “Share-based payment” respectively.

in € m.	2020	2019
Expenses for defined benefit plans:		
Service cost	17	16
Net interest cost (income)	1	1
Total expenses defined benefit plans	**18**	**17**
Expenses for defined contribution plans:		
BVV	3	4
Other defined contribution plans	17	17
Total expenses for defined contribution plans	**20**	**21**
Total expenses for post-employment benefit plans	**38**	**38**
Employer contributions to mandatory German social security pension plan	13	14
Expenses for share-based payments, equity settled	11	16
Expenses for share-based payments, cash settled	30	43
Expenses for cash retention plans	29	42
Expenses for severance payments	9	12

24 – Income Taxes

Income tax expense in 2020 was € 204 million (2019: € 219 million). The effective tax rate of 26.8% (2019: 30.0%) was mainly impacted by tax-free income on equity method investments and taxes for prior years, partly offset by non-deductible expenses.

in € m.	2020	2019
Current tax expense (benefit):		
Tax expense (benefit) for current year	231	230
Adjustments for prior years	(9)	14
Total current tax expense (benefit)	**222**	**244**
Deferred tax expense (benefit):		
Origination and reversal of temporary differences, unused tax losses and tax credits	(17)	(9)
Effect of changes in tax law and/or tax rate	2	(3)
Adjustments for prior years	(3)	(13)
Total deferred tax expense (benefit)	**(18)**	**(25)**
Total income tax expense (benefit)	**204**	**219**

Total current tax expense includes benefits from previously unrecognized tax losses which reduced the current tax expense by € 3 million in 2020.

In 2020 the total deferred tax benefit was reduced by € 4 million due to expenses arising from write-downs of deferred tax assets partially offset by benefits from previously unrecognized tax losses and deductible temporary differences. In 2019 these effects reduced the deferred tax benefit by € 6 million.

Difference between applying German statutory (domestic) income tax rate and actual income tax expense (benefit)

in € m.	2020	2019
Expected tax expense (benefit) at domestic income tax rate of 31.9% (31.9% for 2019)	**243**	**234**
Foreign rate differential	(31)	(26)
Tax-exempt gains on securities and other income	0	(4)
Loss (income) on equity method investments	(11)	(8)
Non-deductible expenses	6	6
Changes in recognition and measurement of deferred tax assets[1]	1	6
Effect of changes in tax law and/or tax rate	2	(3)
Effect related to share-based payments	0	6
Other[1]	(6)	8
Actual income tax expense (benefit)	**204**	**219**

[1] Current and deferred tax expense (benefit) relating to prior years are mainly reflected in the line items “Changes in recognition and measurement of deferred tax assets” and “Other”.

The domestic income tax rate including corporate tax, solidarity surcharge, and trade tax used for calculating deferred tax assets and liabilities was 31.9% for 2020 and 2019.

Income taxes charged or credited to equity (Other comprehensive income/Additional paid-in capital)

in € m.	2020	2019
Actuarial gains/losses related to defined benefit plans	(3)	14
Financial assets mandatory at fair value through other comprehensive income:		
Unrealized net gains/losses arising during the period	(1)	0
Realized net gains/losses arising during the period (reclassified to profit or loss)	0	0
Other equity movement:		
Unrealized net gains/losses arising during the period	0	0
Realized net gains/losses arising during the period (reclassified to profit or loss)	0	0
Income taxes (charged) credited to other comprehensive income	**(4)**	**14**
Other income taxes (charged) credited to equity	**0**	**2**

Major components of the Group’s gross deferred tax assets and liabilities

in € m.	Dec 31, 2020	Dec 31, 2019
Deferred tax assets:		
Unused tax losses	0	3
Deductible temporary differences:		
Employee benefits, including equity settled share based payments	103	104
Trading activities, including derivatives	78	50
Leases	35	37
Intangible assets	6	6
Accrued interest expense	2	4
Other assets	12	7
Total deferred tax assets pre offsetting	**236**	**211**
Deferred tax liabilities:		
Taxable temporary differences:		
Employee benefits, including equity settled share based payments	6	5
Trading activities, including derivatives	65	59
Leases	32	35
Intangible assets	181	195
Fair value OCI (IFRS 9)	1	0
Other assets	14	13
Total deferred tax liabilities pre offsetting	**299**	**307**

Deferred tax assets and liabilities, after offsetting

in € m.	Dec 31, 2020	Dec 31, 2019
Presented as deferred tax assets	142	124
Presented as deferred tax liabilities	205	220
Net deferred tax liabilities	**63**	**96**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense (benefit).

This is due to deferred taxes that are booked directly to equity and the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro.

Items for which no deferred tax assets were recognized[1]

in € m.	Dec 31, 2020	Dec 31, 2019
Not expiring	(179)	(172)
Expiring in subsequent period	0	(1)
Expiring after subsequent period	(22)	(14)
Unused tax losses	**(201)**	**(187)**

[1] Amounts in the table refer to unused tax losses for federal income tax purposes.

Deferred tax assets were not recognized on these items because it is not probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

As of December 31, 2020 DWS Group recognized deferred tax assets of € 7 million (2019: € 7 million), that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period. This is based on management's assessment that it is probable that the respective entities will have taxable profits against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Generally, in determining the amounts of deferred tax assets to be recognized, management uses historical profitability information and, if relevant, forecasted operating results, based upon approved business plans, including a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

As of December 31, 2020, DWS Group had temporary differences associated with the Group's parent company's investments in subsidiaries, branches and associates and interests in joint ventures of € 111 million (2019: € 121 million), in respect of which no deferred tax liabilities were recognized.

25 – Related Party Transactions

Related parties are considered as a person or entity who has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group's related parties include:

- Key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members,
- Deutsche Bank AG and its subsidiaries including DB Beteiligungs-Holding GmbH, joint ventures, associates and their respective subsidiaries, and
- Post-employment benefit plans for the benefit of DWS KGaA and its related party entities employees.

Transactions with Related Party Persons

Related party persons are key management personnel who have directly or indirectly authority and responsibility for planning, directing and controlling the activities of DWS Group as well as their close family members. DWS Group considers the members of the Executive Board and the Supervisory Board to constitute key management personnel.

As of December 31, 2020, transactions with related party persons were loans and commitments of € 6 million and deposits of € 2 million. As of December 31, 2019, transactions with key management personnel were loans and commitments of € 6 million and deposits of € 3 million.

The following table shows the key management personnel compensation paid by DWS KGaA.

in € m.	2020	2019
Short-term employee benefits	14	15
Post-employment benefits	0	0
Other long-term benefits	3	6
Termination benefits	3	0
Share-based payment	10	13
Total key management compensation expense	**30**	**34**

Transactions with Related Party Entities

Transactions between DWS KGaA and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between DWS Group and Deutsche Bank Group entities, including its associates and joint ventures and their respective subsidiaries also qualify as related party transactions.

Transactions with Deutsche Bank AG and other Deutsche Bank Group entities are presented in the below table:

				2020
in € m.	Net interest and non-interest income	Non-interest expenses	Assets	Liabilities
DB AG [1]	(242)	94	634	301
Other DB Group entities	(43)	100	90	107

				2019
in € m.	Net interest and non-interest income	Non-interest expenses	Assets	Liabilities
DB AG [2]	(102)	129	776	403
Other DB Group entities [2]	(183)	86	116	116

[1] In 2020, Deutsche Postbank AG and DB PFK AG were merged into DB AG.
[2] 2019 balances are restated to include in DB AG the transactions with DB AG branches which were shown under other DB Group entities previously.

The decrease in assets with related parties is mainly related to decreased bank balances and other receivables. The decreased bank balances with DB AG are mainly driven by cash management initiatives and settlements of payables.

On November 23, 2020, DWS KGaA paid a dividend of € 265 million for the fiscal year 2019 to DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG. On June 10, 2019, DWS KGaA paid a dividend of € 218 million for the fiscal year 2018 to DB Beteiligungs-Holding GmbH.

DWS Group has no transactions as of December 31, 2020 and December 31, 2019 respectively with joint ventures and associates of DB Group.

Transactions with Related Party Pension Plans

Under IFRS, certain post-employment benefit plans are considered related parties. The Group has business relationships with a number of its pension plans pursuant to which it provides financial services to these plans, including investment management services. The Group's pension funds may hold or trade DB AG and its related parties' shares or securities.

in €	Dec 31, 2020	Dec 31, 2019
Other assets	1	0
Fees paid from plan assets to asset managers of the Group	1	1
Market value of derivatives with a counterparty of the Group	6	(9)
Notional amount of derivatives with a counterparty of the Group	568	358

26 – Information on Subsidiaries and Shareholdings

Composition of the Group

DWS Group GmbH & Co. KGaA is the direct or indirect holding company for the Group’s subsidiaries.

The Group consists of 76 consolidated entities, thereof 50 subsidiaries and 26 consolidated structured entities.

46 of the entities controlled by the Group are directly or indirectly held by the Group at 100% of the ownership interests (share of capital). Third parties also hold ownership interest in 30 of the consolidated entities (non-controlling interest). As of December 31, 2020 the non-controlling interests are neither individually nor cumulatively material to the Group.

Shareholdings

The following tables show the shareholdings of DWS Group pursuant to Section 313 (2) of the German Commercial Code (HGB).

Subsidiaries

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
1	DWS Group GmbH & Co. KGaA	Frankfurt		
2	DB Commodity Services LLC	Wilmington		100.0
3	DB Immobilienfonds 5 Wieland KG	Frankfurt		93.6
4	DB Vita S.A.	Luxembourg		75.0
5	DBRE Global Real Estate Management IA, Ltd. (in voluntary liquidation)	George Town		100.0
6	DBRE Global Real Estate Management IB, Ltd.	George Town		100.0
7	DBX Advisors LLC	Wilmington		100.0
8	DBX Strategic Advisors LLC	Wilmington		100.0
9	Deutsche Alternative Asset Management (UK) Limited	London		100.0
10	Deutsche Capital Partners China Limited	George Town		100.0
11	Deutsche Cayman Ltd.	George Town		100.0
12	Deutsche Grundbesitz Beteiligungsgesellschaft mbH i.L.	Eschborn		100.0
13	Deutsche Grundbesitz-Anlagegesellschaft mit beschränkter Haftung	Frankfurt		99.8
14	DI Deutsche Immobilien Treuhandgesellschaft mbH	Frankfurt		100.0
15	DWS Alternatives France	Paris		100.0
16	DWS Alternatives Global Limited	London		100.0
17	DWS Alternatives GmbH	Frankfurt		100.0
18	DWS Asset Management (Korea) Company Limited	Seoul		100.0
19	DWS Beteiligungs GmbH	Frankfurt		98.9
20	DWS CH AG	Zurich		100.0
21	DWS Distributors, Inc.	Wilmington		100.0
22	DWS Far Eastern Investments Limited	Taipei		60.0
23	DWS Group Services UK Limited	London		100.0
24	DWS Grundbesitz GmbH	Frankfurt		99.9
25	DWS International GmbH	Frankfurt		100.0
26	DWS Investment GmbH	Frankfurt		100.0
27	DWS Investment Management Americas, Inc.	Wilmington		100.0
28	DWS Investment S.A.	Luxembourg		100.0
29	DWS Investments Australia Limited	Sydney		100.0
30	DWS Investments Hong Kong Limited	Hong Kong		100.0
31	DWS Investments Japan Limited	Tokyo		100.0
32	DWS Investments Shanghai Limited	Shanghai		100.0
33	DWS Investments Singapore Limited	Singapore		100.0
34	DWS Investments UK Limited	London		100.0
35	DWS Real Estate GmbH	Frankfurt		89.9
36	DWS Service Company	Wilmington		100.0
37	DWS Trust Company	Concord		100.0
38	DWS USA Corporation	Wilmington		100.0
39	Elizabethan Holdings Limited	George Town		100.0
40	Elizabethan Management Limited	George Town		100.0
41	European Value Added I (Alternate G.P.) LLP	London		100.0
42	Leonardo III Initial GP Limited	London		100.0
43	RoPro U.S. Holding, Inc.	Wilmington		100.0
44	RREEF America L.L.C.	Wilmington		100.0
45	RREEF European Value Added I (G.P.) Limited	London		100.0
46	RREEF Fund Holding Co.	George Town		100.0
47	RREEF Management L.L.C.	Wilmington		100.0
48	Treuinvest Service GmbH	Frankfurt		100.0
49	WEPLA Beteiligungsgesellschaft mbH	Frankfurt		100.0
50	Whale Holdings S.à r.l., en liquidation volontaire	Luxembourg		100.0

Consolidated Structured Entities

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
51	DB Immobilienfonds 2 KG i.L.	Frankfurt		74.0
52	DB Immobilienfonds 4 KG i.L.	Frankfurt		0.2
53	DB Impact Investment (GP) Limited	London		100.0
54	db PBC	Luxembourg	1	
55	DB PWM	Luxembourg	1	
56	DBRE Global Real Estate Management US IB, L.L.C.	Wilmington		100.0
57	DBX ETF Trust	Wilmington	1	
58	DWS Access S.A.	Luxembourg	1	
59	DWS FlexPension	Luxembourg	1	
60	DWS Garant	Luxembourg	1	
61	DWS Invest	Luxembourg	1	
62	DWS Invest (IE) ICAV	Dublin		
63	DWS World Protect 90	Luxembourg		
64	DWS Zeitwert Protect	Luxembourg		
65	Dynamic Infrastructure Securities Fund LP	Wilmington		
66	G.O. IB-US Management, L.L.C.	Wilmington		100.0
67	PEIF II SLP Feeder, L.P.	Edinburgh		0.7
68	PEIF III SLP Feeder GP, S.à r.l.	Senningerberg		
69	PEIF III SLP Feeder, SCSp	Senningerberg	2	54.0
70	PES Carry and Employee Co-Investment Feeder SCSp	Luxembourg	2	1.3
71	PES Carry and Employee Co-Investment GP S.à r.l.	Luxembourg		
72	Property Debt Fund S.C.Sp. SICAV-RAIF	Luxembourg		
73	RREEF DCH, L.L.C.	Wilmington		100.0
74	Vermögensfondmandat Flexible (80% teilgeschützt)	Luxembourg		
75	Xtrackers (IE) Public Limited Company	Dublin	1	
76	Xtrackers ETC Public Limited Company	Dublin		

Companies Accounted for at Equity

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
77	Arabesque AI Ltd	London		24.9
78	Deutscher Pensionsfonds Aktiengesellschaft	Bonn		25.1
79	G.O. IB-SIV Feeder, L.L.C.	Wilmington		15.7
80	Harvest Fund Management Co., Ltd.	Shanghai		30.0
81	Neo Strategic Holding Limited	Abu Dhabi		15.0
82	P.F.A.B. Passage Frankfurter Allee Betriebsgesellschaft mbH	Berlin		22.2

Other Companies where the Holding Exceeds 20%

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
83	Asia Core Real Estate Fund SCA SICAV-RAIF	Luxembourg	3	30.0
84	DB Fund (Mauritius) Limited	Ebène CyberCity	5	100.0
85	DB Real Estate Global Opportunities IB (Offshore), L.P.	Camana Bay	3	34.3
86	Deutsches Institut für Altersvorsorge GmbH	Frankfurt	4	22.0

Other Companies with status as shareholder with unlimited liability pursuant to Section 313 (2) Number 6 HGB

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
87	DEBEKO Immobilien GmbH & Co Grundbesitz OHG	Eschborn	2	0.1
88	RREEF European Value Added Fund I L.P.	London	2	0.0

Footnotes:
1 Only specified assets and related liabilities (silos) of this entity were consolidated.
2 Status as shareholder with unlimited liability pursuant to Section 313 (2) Number 6 HGB.
3 Classified as structured entity not to be accounted for at equity under IFRS (please refer to note 27 ‘Structured Entities’).
4 No significant influence; classified as non-trading financial assets mandatory at fair value through profit or loss.
5 Structured entity in liquidation

Significant Restrictions to Access or Use the Group’s Assets

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group.

The following restrictions impact the Group’s ability to use assets:

- The assets of consolidated structured entities, which mainly consist of guaranteed funds, are held for the benefit of the parties that have bought the shares issued by these entities.
- Investment contract related financial assets held to back unit linked contracts offered by DB Vita S.A. (the Group’s specialist for unit-linked products).

	Dec 31, 2020		Dec 31, 2019	
in € m.	Total assets	Restricted assets	Total assets	Restricted assets
Interest earning deposits with banks	1,963	47	1,901	62
Financial assets at fair value through profit or loss	2,954	1,845	3,419	1,984
Financial assets at fair value through other comprehensive income	198	0	0	0
Loans at amortized cost	4	0	3	0
Other	5,329	7	5,629	38
Total	**10,448**	**1,899**	**10,952**	**2,084**

The table above excludes assets that are not encumbered at an individual entity level but which may be subject to restrictions in terms of their transferability within the Group. Regulatory and central bank requirements or corporate laws may restrict the Group's ability to transfer assets to or from other entities within the Group in certain jurisdictions. Referring to this the US Federal Reserve Board required certain commitments with respect to the DWS Group operations in the US that are grouped under DWS USA Corporation (DWS IHC) in accordance with Regulation YY. That includes restrictions on capital distributions that could arise from non-compliance by DWS IHC with applicable regulatory requirements. Capital distribution restrictions would also be imposed on DWS IHC in an event that Deutsche Bank's IHC (DB IHC) became subject to such restrictions.

27 – Structured Entities

Nature, Purpose and Extent of the Group’s Interests in Structured Entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentration of credit or other risks (tranches).

As part of its business, the Group is responsible for the set up and management of various entities that are used to manage portfolios of assets on behalf of its clients. These entities are classified as structured entities. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt or equity securities that are collateralised by and/or indexed to the assets held by the structured entities.

Guaranteed Funds

The Group manages guaranteed funds, which provide a full or partial notional guarantee at a date specific in the respective guaranteed contract (guarantee date). These funds are consolidated by the Group under IFRS 10 “Consolidated Financial Statements” due to the fact it has power (being the asset manager), is exposed to variable returns (specifically via the guarantee) and can use its power to affect those returns. In general, the Group has no stake in these funds. Since investors can return their fund shares on a daily basis and receive back the market value of their shares, the interests of the investors do not qualify as equity and the Group recognizes a liability at amortized cost within other liabilities which reflects the implied fair value based on the assets held as trading assets measured at fair value through profit or loss. The assets held by the consolidated structured entity are classified as trading assets in the balance sheet.

The Group is exposed to a fall in value of the underlying fund or account below the guaranteed amount at the respective guarantee date. The guaranteed product portfolios are managed using constant proportion portfolio insurance (CPPI) strategies and techniques, which use a rule based exposure allocation mechanism into highly rated assets and riskier assets, depending on market levels. The risk for the Group as guarantor is that it has to compensate the funds if the market values of such products at their respective guarantee dates are lower than the guaranteed levels (please refer to the ‘Risk Report – Financial Risk’).

Seed Investments

Seed investments are deployed to build marketable track records for new products initiated by the Group. Seed investments are made to establish necessary funding for a new fund. Over time, seed investments are withdrawn as the funds grow and/or clients make investments in the funds. Seeded products typically comprise shares of mutual funds, exchange traded funds (ETFs) or equity interests in other types of commingled vehicles. The underlying exposure is comprised of varying asset types (typically fixed income or equity securities with active primary and secondary markets). The duration of deployed seed capital is typically up to three years. The Group consolidates these structured entities typically when setting up as the Group has the ability to exercise its power in order to affect any variable returns. The Group deconsolidate those funds when losing the power to control in order to affect any variable returns that the Group is exposed to through its involvement with the entity (please refer note 2 ‘Significant Accounting Policies and Critical Accounting Estimates’).

The Group executes an economic risk position offset program to minimize the profit/loss volatility of the seed investment portfolio (please refer to the ‘Risk Report – Financial Risk’).

Co-Investments

The Group has direct investments in co-investments primarily in structured entities that invest in a variety of asset classes, including (but not limited to), equities, fixed income, commodities and other alternative asset classes which may include real estate, infrastructure, private equity and hedge funds. Investments are made to ensure an alignment of interest with the management of the respective funds. Co-investment capital is subject to investment market movements. The diversity of the investment portfolio across investment classes (real estate, infrastructure and private equity) and geographies, plus the long term nature of these investments (five to ten years in most cases) provides portfolio diversification against material negative fair value (please refer to ‘Risk Report – Financial Risk’ within this report).

Consolidated Structured Entities

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that the structured entities are controlled by the Group, as discussed in note 2 ‘Significant Accounting Policies and

Critical Accounting Estimates'. The most significant judgment in assessing whether the Group has control of a structured entity is the determination whether the Group exercises its power as a principal rather than as an agent in respect of the fund it manages. The fund manager typically has power through investment management and other agreements. In assessing whether the Group is an agent or a principal, it considers a number of factors, including the scope of its decision-making activities, rights held by the investors and others and its exposure to variable returns including remuneration. The Group does not consolidate funds where it is deemed to be an agent or when a third party investor has the ability to direct the activities of the fund. The size and maximum exposure at risk is the net asset value of the consolidated structured entities.

The Group has the following consolidated structured entities.

in € m.	Dec 31, 2020	Dec 31, 2019
Assets:		
Guaranteed funds	1,110	1,354
Seed investments	232	146
Co-investments	2	2
Total assets	**1,344**	**1,502**
Liabilities:		
Guaranteed funds	1,109	1,345
Seed investments	65	19
Co-investments	1	0
Total liabilities	**1,175**	**1,364**
Net income (loss) attributable to DWS shareholders:		
Guaranteed funds	(2)	0
Seed investments	6	7
Co-investments	0	0
Total net income (loss) attributable to DWS shareholders	**5**	**7**

Unconsolidated Structured Entities

These are structured entities which are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

Interests in Unconsolidated Structured Entities

The Group's interests in unconsolidated structured entities refer to contractual involvement that exposes the Group to variability of returns from the performance of the structured entities. Examples of interests in unconsolidated structured entities include debt, investment funds or equity investments (seed capital, co-investments and cash invested in money market funds), receivables from asset management fees (shown in other assets) and certain derivative instruments in which the Group is absorbing variability of returns from the structured entities.

Below is a description of the Group's interest in unconsolidated structured entities by type:

Securitization

The Group set up structured note vehicles with the primary objective to realize investment returns by investing in the debt of US infrastructure companies. The debt securitization assets held are classified as non-trading financial assets mandatory at fair value through profit or loss.

Funds

The Group sets up and manages various structured entities to accommodate client requirements to hold investments in specific assets. Those assets including seed and co-investments are classified as non-trading financial assets mandatory at fair value through profit and loss as the Group's business model assessment under IFRS 9 "Financial Instruments" resulted in "other business model".

Where we have an institutional mandate which is structured as a fund (e.g. German "Spezialfonds") these have been considered as structured entities.

The Group does not consolidate funds when the Group is deemed agent or when another third party investor has the ability to direct the activities of the fund.

Income Derived from Involvement with Structured Entities

The Group earns management fees and, occasionally, performance-based fees for its investment management service in relation to funds. The majority of the net commission and fees from asset management activities and most of the net gains (losses) on financial assets/liabilities at fair value through profit or loss relates to structured entities.

Maximum Exposure to Unconsolidated Structured Entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entities. The maximum exposure for financial assets designated at fair value through profit and loss, loans and other assets is reflected by their carrying value in the consolidated balance sheet. The maximum exposure for derivatives under IFRS 12 “Disclosure of Interests in Other Entities”, as interpreted by the Group, is reflected by the notional amounts of € 5,877 million as of December 31, 2020 (December 31, 2019 € 6,664 million). Such amounts or their development do not reflect the economic risks faced by DWS Group because they do not take into account the effects of collateral or economic hedges nor the probability of such losses being incurred. Off-balance sheet commitments (unfunded commitments to funds) are reflected with their outstanding committed amount at reporting date. The total maximum exposure is calculated by adding total assets, total off-balance sheet exposure and notional amounts of derivatives.

The following table shows, by type of structured entity, the carrying amounts of the Group’s interests recognized in the consolidated financial statement and the maximum exposure. The decrease in non-trading financial assets mandatory at fair value through profit or loss is mainly driven by a reduction of corporate cash invested into money market funds.

Carrying amounts and maximum exposure relating to the Group’s interests

			Dec 31, 2020
in € m.	Securitizations	Funds	Total
Assets:			
Cash and bank balances	0	0	0
Financial assets at fair value through profit or loss:			
Non-trading financial assets mandatory at fair value through profit or loss	19	676	696
Investment contract assets mandatory at fair value through profit or loss	0	526	526
Total financial assets at fair value through profit or loss	19	1,202	1,222
Other assets	0	157	157
Total assets	**19**	**1,359**	**1,378**
Liabilities:			
Financial liabilities at fair value through profit or loss:			
Negative market values from derivative financial instruments	0	1	1
Total financial liabilities at fair value through profit or loss	0	1	1
Total liabilities	**0**	**1**	**1**
Notional amount of derivatives	**0**	**5,877**	**5,877**
Off-balance sheet exposure	**0**	**128**	**128**
Maximum exposure	**19**	**7,364**	**7,383**

			Dec 31, 2019
in € m.	Securitizations	Funds	Total
Assets:			
Cash and bank balances	0	14	14
Total financial assets at fair value through profit or loss:			
Non-trading financial assets mandatory at fair value through profit or loss	24	922	946
Investment contract assets mandatory at fair value through profit or loss	0	544	544
Total financial assets at fair value through profit or loss	24	1,466	1,490
Other assets	0	238	238
Total assets	**24**	**1,718**	**1,742**
Liabilities:			
Financial liabilities at fair value through profit or loss:			
Negative market values from derivative financial instruments	0	1	1
Total financial liabilities at fair value through profit or loss	0	1	1
Total liabilities	**0**	**1**	**1**
Notional amount of derivatives	**0**	**6,664**	**6,664**
Off-balance sheet exposure	**0**	**119**	**119**
Maximum exposure	**24**	**8,500**	**8,525**

Financial Support

During 2020 and 2019 respectively, the Group did not provide non-contractual support to unconsolidated structured entities.

Sponsored Unconsolidated Structured Entities where the Group has no Interest as of December 31, 2020 and December 31, 2019

The Group considers itself a sponsor of a structured entity when it is exposed to litigation risk from its involvement with a structured entity in which the Group does not have an interest. During the year, the Group did not sponsor any unconsolidated structured entity.

28 – Events after the Reporting Period

After December 31, 2020, there were no reportable events of particular significance for the net assets, financial position and results of operations of the Group.

29 – Supplementary Information

Staff Costs

in € m.	2020	2019
Staff costs:		
Wages and salaries	608	687
Social security costs	108	110
thereof: those relating to pensions	37	37
Total staff costs	**716**	**797**

Staff

As of December 31, 2020 the effective staff employed (full-time equivalent) was 3,321 (December 31, 2019: 3,361). Part-time staff is included in these figures proportionately.

The average number of effective staff employed (full-time equivalent) in 2020 was 3,327 (2019: 3,437). An average 1,733 (2019: 1,825) staff members worked outside Germany.

Executive Board and Supervisory Board Remuneration

The total compensation of the Executive Board (in accordance with the German Accounting Standard No. 17) was € 17,146,126 for the year ended December 31, 2020 (2019: € 27,063,572), thereof € 4,990,577 (2019: € 14,239,191) for equity-based components.

Provisions for pension obligations to former members of the Executive Board amounted to € 564,987 at December 31, 2020 (2019: € 488,005).

The members of the Supervisory Board receive fixed annual compensation according to the provisions of the Articles of Association. The annual base compensation amounts to € 85,000 for each Supervisory Board member. The Supervisory Board Chairman receives twice that amount and the Deputy Chairperson one and a half times that amount. Members and chairs of the committees of the Supervisory Board are paid additional fixed annual compensation. The compensation determined is disbursed to each Supervisory Board member within the first three months of the following year. In case of a change in Supervisory Board membership during the year, compensation for the financial year will be paid on a pro rata basis, rounded up/down to full months. The members of the Supervisory Board received for the financial year 2020 a total remuneration of € 1,017,500 (excluding value added tax; 2019: € 956,666), which will be paid out in the first quarter of 2021. Deutsche Bank Group shareholder representatives and two independent shareholder representatives on the Supervisory Board have waived their Supervisory Board Compensation in line with applicable policies and procedures.

Principal Accountant Fees and Services

Breakdown of the fees charged by the Group's auditor:

Fee category in € m	2020	2019
Audit fees	4	4
thereof to KPMG AG	2	2
Audit-related fees	1	1
thereof to KPMG AG	0	1
Tax-related fees	2	1
thereof to KPMG AG	1	1
All other fees	0	0
thereof to KPMG AG	0	0
Total fees	**7**	**6**

The audit fees include fees for auditing the annual financial statements and the consolidated financial statements of DWS KGaA and various audits of the annual financial statements of subsidiaries. The fees for audit-related services include fees for other certification services required by law or statutory regulations and fees for voluntary certification services, such as voluntary audits for internal management purposes and the issue of audit certificates. The fees for tax consultancy services include fees for support services in connection with the preparation and review of tax returns and for tax consultancy services to assess and comply with tax regulations.

Confirmations

Responsibility Statement by the Executive Board

The Executive Board of DWS Group GmbH & Co. KGaA, Frankfurt, is responsible for preparing the consolidated financial statements and the summarized management report of the Group.

The Group’s consolidated financial statements for 2020 were prepared according to the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB), London, and have been endorsed by the European Union. The Group’s application of IFRS results in no differences between IFRS as issued by the IASB and IFRS as endorsed by the EU.

The Group has established effective internal control and steering systems in order to ensure that our summarized management report and consolidated financial statements comply with applicable accounting rules and to ensure proper corporate reporting.

The risk management system set up is designed such that the Executive Board can identify material risks early on and take appropriate defensive measures as necessary. The reliability and effectiveness of the internal control and risk management system are continually audited throughout the Group by our internal audit department.

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the summarized management report includes a fair review of the development and performance of the business and the position of the Group and DWS Group GmbH & Co. KGaA, together with a description of the principal opportunities and risks associated with the expected development of the Group and DWS Group GmbH & Co. KGaA.

Frankfurt am Main, March 5, 2021

Dr Asoka Woehrmann

Claire Peel

Manfred Bauer

Mark Cullen

Dirk Goergen

Stefan Kreuzkamp

Independent Auditor's Report

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

To DWS Group GmbH & Co. KGaA, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Summarized Management Report

Opinions

We have audited the consolidated financial statements of DWS Group GmbH & Co. KGaA and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2020 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the summarized management report of DWS Group GmbH & Co. KGaA for the financial year from January 1, 2020 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of those components of the summarized management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the financial year from January 1, 2020 to December 31, 2020, and

– the accompanying summarized management report as a whole provides an appropriate view of the Group's position. In all material respects, this summarized management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the summarized management report does not cover the content of those components of the summarized management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the summarized management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the summarized management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Summarized Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the summarized management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2020 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Please refer to note 2 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of goodwill can be found under note 15 and information on the economic development of the asset management industry is presented in the section "Operating and Financial Review" in the summarized management report.

THE FINANCIAL STATEMENT RISK

As of December 31, 2020, goodwill amounted to EUR 2,739 million and, at 26% of total assets, accounts for a substantial share of assets.

Goodwill is tested for impairment annually at the level of the single operating segment. For this purpose, the carrying amount is compared with the recoverable amount of the business segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and the value in use of the business segment. The effective date for the impairment test is October 1, 2020.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. These include the expected business and earnings development of the business segment for the next five years, the assumed long-term growth rates and the discount rate used.

Competition in the asset management industry continued to intensify in financial year 2020. Future business prospects continue to be negatively affected in particular by the continued compression of margins globally and rising costs of market entry. Nevertheless, DWS Group GmbH & Co. KGaA did not identify any need for impairment as a result of the impairment test carried out.

There is the risk for the consolidated financial statements that impairment existing as of the reporting date was not identified due to improper determination of the parameters relevant for the evaluation. This includes the risk that improper application of the factors used to identify a single business segment led to an existing need to recognize impairment losses not being identified. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

We assessed the proper application of the factors used to identify the individual business segment, in particular with regard to the management and reporting structures of the Group, the structure of the variable remuneration components of all the members of the Executive Board as well as a peer group analysis of other listed asset managers. We also assessed, with the help of our valuation specialists, the appropriateness of the significant assumptions and the calculation method used by the Company. To this end, we discussed the expected development of business and earnings as well as the assumed long-term growth rates with those responsible for planning. In addition, we reconciled this information with other internally available forecasts, e.g. the budget prepared by the Executive Board and approved by the Supervisory Board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

Further, we satisfied ourselves of the quality of the Company's forecasts to date by comparing the budgets from previous financial years with the results actually achieved and by analyzing deviations. Since even minor changes to the discount rate can have a material effect on the results of the impairment test, we compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

We verified the computational accuracy of the valuation model used by the Company.

In order to take account of the existing forecast uncertainty and the earlier deadline selected for impairment testing, we examined the effects of possible changes in the discount rate, the earnings trend and the long-term growth rate on the recoverable amount (sensitivity analysis), by calculating alternative scenarios and comparing them with the values stated by the Company.

Furthermore, we scrutinized the final analysis of the measurement results made by the Company, including the assessment of the relation between the recoverable amount and the carrying amount of equity and the market capitalization.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate.

OUR OBSERVATIONS

The calculation method used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied. The Company's assumptions and parameters used for measurement are appropriately derived overall. The factors used to identify a single business segment were applied appropriately. The related disclosures in the notes are appropriate.

Impairment testing of the "Scudder" intangible asset

Please refer to note 2 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of other intangible assets can be found under note 15 and information on the economic development of the asset management industry is presented in the section "Operating and Financial Review" in the summarized management report.

THE FINANCIAL STATEMENT RISK

As of December 31, 2020, other intangible assets of EUR 706 million consist of contractual agreements granting temporary exclusive rights to manage American mutual funds. In the course of the acquisition of Zurich Scudder Investments, Inc. concluded in 2002, this intangible asset was first recognized in the consolidated financial statements of Deutsche Bank AG. These contractual arrangements can be extended without significant costs and, moreover, have a long history of extensions. The Company therefore recognized an intangible asset with an indefinite useful life.

The "Scudder" intangible asset is tested for impairment annually. For this purpose, the carrying amount is compared with the recoverable amount of the contractually agreed exclusive rights. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the contractually agreed exclusive rights. Goodwill was tested for impairment as of September 30, 2020.

The impairment test of the "Scudder" intangible asset is complex and is based on a number of assumptions that require judgment. These include the asset mix, the expected net changes in cash flows of the managed mutual funds, the effective fee rate, the assumed long-term growth rates and the discount rate used.

As a result of the impairment test performed, the Company did not identify any impairment. However, the Company's sensitivity calculations showed that, among other things, a reasonably possible negative development in the expected net changes in cash flows of the managed mutual funds or the effective fee rate would result in a writedown to the resulting recoverable amount.

There is the risk for the consolidated financial statements that an impairment existing at the reporting date was not identified because the valuation method was not implemented appropriately and in accordance with the applicable valuation principles and the assumptions and parameters underlying the valuation were not appropriately derived. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

We obtained an understanding of the Company's process for deriving assumptions requiring judgment, identifying indications of impairment and determining recoverable amounts based on explanations provided by accounting staff.

With the help of our valuation specialists, we assessed, among other things, the appropriateness of the Company's calculation method. To this end, we discussed the assumed long-term growth rates with those responsible for planning and assessed the consistency of the assumptions with external market assessments.

Further, we satisfied ourselves of the quality of the Company's forecasts to date by comparing the budgets from previous financial years with the results actually achieved and by analyzing deviations. We compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take into account the existing forecasting uncertainty and the earlier date for the impairment test, we examined the effects of possible changes in expected net changes in cash flows of the managed mutual funds, the effective fee rate and the assumed long-term growth rates, or the discount rate used, on the recoverable amount by calculating alternative scenarios and comparing them with the Company's figures (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on the recoverability of the "Scudder" intangible assets are appropriate.

OUR OBSERVATIONS
The calculation method underlying the impairment test of the "Scudder" intangible assets is appropriate and consistent with the accounting policies to be applied. The Company's assumptions and parameters on which the valuation is based are generally appropriate. The related disclosures in the notes are appropriate.

Other Information

Management respectively the supervisory board are responsible for the other information. The other information comprises the following components of the summarized management report, whose content was not audited:

- the integrated non-financial group statement, whose disclosures are marked as unaudited, and
- the corporate governance statement pursuant to sections 289f and 315d HGB, to which reference is made in the summarized management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the audited consolidated financial statements, the summarized management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the summarized management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the consolidated financial statements, with the summarized management report information audited for content or our knowledge obtained in the audit, or
– otherwise appears to be materially misstated.

In accordance with our engagement, we have performed a separate assurance engagement on the integrated non-financial group statement in the summarized management report. With regard to the nature, scope and results of this assurance engagement, we refer to our assurance opinion dated March 8, 2021.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Summarized Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the summarized management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the summarized management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the summarized management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Summarized Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the summarized management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the summarized management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this summarized management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the summarized management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

– Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the summarized management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

– Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the summarized management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the summarized management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

– Evaluate the consistency of the summarized management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by management in the summarized management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Summarized Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the summarized management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, file „ESEF DWS KAP.zip" (SHA256-Hashwert: 4515179697b1cddecd1a81371ca5e1bae8c411ba95f4dcf3121bd80da9ebbb04) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the summarized management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the summarized management report contained in the above mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying summarized management report for the financial year from January 1, 2020 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and the Summarized Management Report" above.

We conducted our assurance work on the reproduction of the consolidated financial statements and the summarized management report contained in the above mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised)]. Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the summarized management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited summarized management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited summarized management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machinereadable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were engaged as group auditors by the chairperson of the Audit & Risk Committee in a letter dated October 8, 2020, subject to the condition precedent of our election at the subsequent Annual General Meeting. We were subsequently elected as group auditors by the Annual General Meeting on November 18, 2020. We have audited DWS Group GmbH & Co. KGaA since its initial public offering in financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

Services performed by us in addition to the group audit are listed in the notes to the consolidated financial statements under Note 28 “Supplementary Information”.

German Public Auditor Responsible for the Engagement

The German public auditor responsible for the engagement is Ulrich Kuppler.

Frankfurt am Main, March 8, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Kuppler
Wirtschaftsprüfer
[German Public Auditor]

Lehmann
Wirtschaftsprüfer
[German Public Auditor]

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

Limited Assurance Report of the Independent Auditor regarding the integrated non-financial group statement

We have performed an independent limited assurance engagement on the integrated non-financial group statement of DWS Group GmbH & Co. KGaA, Frankfurt am Main (further „DWS“ or “Company”) according to § 315b of the German Commercial Code (HGB) for the period from January 1 to December 31, 2020.

Management’s Responsibility

The legal representatives of the company are responsible for the preparation of the integrated non-financial group statement 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 integrated non-financial group statement and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the integrated non-financial group statement that is free of – intended or unintended – material misstatements.

Practitioner’s Responsibility

It is our responsibility to express a conclusion on the integrated non-financial group statement based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement 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. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the integrated non-financial group statement of the Company for the period from January 1 to December 31, 2020 has not been 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. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor’s own judgement.

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

– Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for DWS Group GmbH & Co. KGaA

– A risk analysis, including a media research, to identify relevant information on DWS Group GmbH & Co. KGaA’s sustainability performance in the reporting period

– Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and anti-corruption and bribery as well as on further reported matters

– Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures

– Inspection of selected internal and external documents

– Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites

– Assessment of the overall presentation of the disclosures

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement. It is our responsibility to express a conclusion on the integrated non-financial group statement based on our work performed within a limited assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and 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).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the integrated non-financial group statement of DWS Group GmbH & Co. KGaA for the period from January 1 to December 31, 2020 is not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use/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 as described above was 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 the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 8, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Laue Wirtschaftsprüfer [German Public Auditor]	ppa. Meldau

3

Corporate Governance Statement

Corporate Governance Statement

All information presented in this Corporate Governance Statement pursuant to Sections 289f, 315d of the German Commercial Code is shown as of March 2, 2021.

Corporate Bodies

Overview of the Corporate Bodies of DWS

[GRI 102-18]

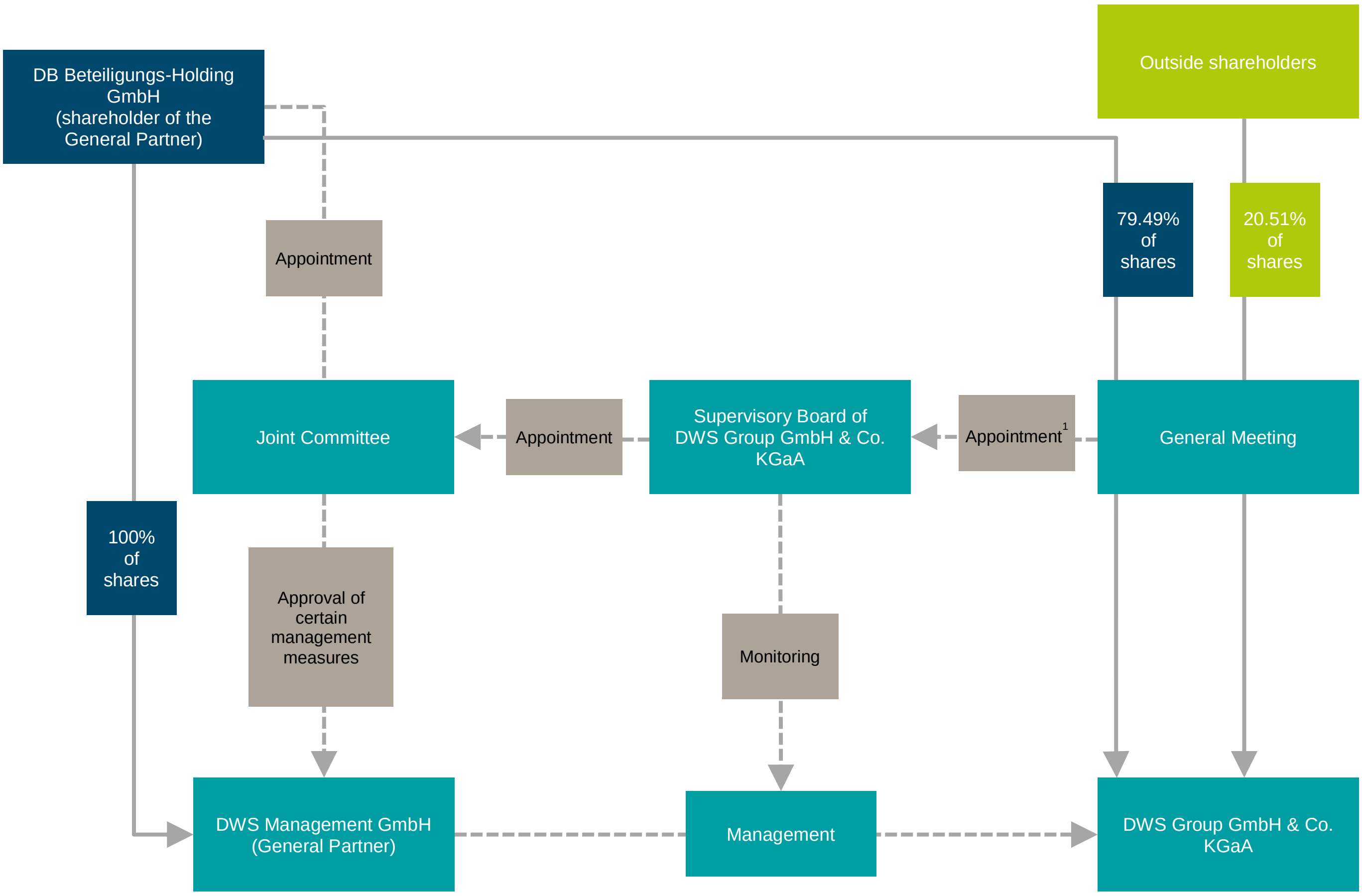
DWS KGaA is a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with a German-law limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) as its general partner. The company is governed by its Articles of Association and the general provisions of German corporate law, particularly the German Stock Corporation Act (AktG) and the German Commercial Code (HGB).

A KGaA is a hybrid legal form under German corporate law, which has elements of both a limited partnership and a stock corporation (Aktiengesellschaft – AG). Like a stock corporation, the share capital of a KGaA is held by its shareholders. Like a limited partnership, the KGaA is managed by a general partner which is subject to unlimited liability vis-à-vis third parties.

DWS KGaA's sole general partner, DWS Management GmbH (General Partner), is a wholly-owned subsidiary of DB Beteiligungs-Holding GmbH, which is 100% owned by Deutsche Bank AG.

DWS KGaA's corporate bodies are its General Partner, acting through its Managing Directors (Geschäftsführer) who collectively are referred to as the Executive Board of DWS KGaA, its Supervisory Board, and the General Meeting of DWS KGaA's shareholders. In addition, DWS KGaA has a Joint Committee that consists of members of the Supervisory Board as well as delegates appointed by the shareholders' meeting of the General Partner.

The Corporate Bodies of DWS are illustrated as follows:



[1] Right of outside shareholders to appoint supervisory board members does not extend to employee representatives.

General Partner

The General Partner has the sole responsibility for the management of DWS KGaA, including all management measures. The General Partner is acting through its Managing Directors (Geschäftsführer), who collectively are referred to as the Executive Board of DWS KGaA. The Executive Board manages the day-to-day business and represents DWS KGaA vis-à-vis third parties. Any reference to Executive Board in this report refers to the collective Managing Directors of the General Partner.

The Managing Directors of the General Partner are appointed and dismissed by resolution of the shareholders' meeting of the General Partner, which also has the authority to appoint one of them as the chairman, i.e. the CEO.

Certain measures by the General Partner, acting through the Executive Board, require approval from the shareholders' meeting of the General Partner (e.g. the preparation of the annual financial plan of DWS Group, group reorganizations and related contracts, joint ventures, the acquisition and disposal of participations if the transaction value exceeds a certain threshold).

In addition, certain measures undertaken by the General Partner in the course of its management of DWS KGaA require the prior approval of the Joint Committee.

Supervisory Board

The Supervisory Board advises and monitors the General Partner, acting through the Executive Board, in its management of the company. Except for the employee representatives, the members of the Supervisory Board are elected by the shareholders of DWS KGaA at the General Meeting. Shares held by the General Partner or its affiliated companies are not entitled to vote for the election or removal of the members of the Supervisory Board.

In general, the authority and scope for influence of the Supervisory Board of a KGaA is limited as compared to a Supervisory Board of a stock corporation. In particular, the Supervisory Board is not entitled to appoint and dismiss the Managing Directors of the general partner. Additionally, the Supervisory Board does not determine the remuneration for the Managing Directors of the general partner and the underlying remuneration system. Further, the Supervisory Board may not subject the management measures of the general partner to its consent, or issue rules of procedure for the general partner.

Joint Committee

Besides the Supervisory Board and the General Partner (acting through the Executive Board), DWS KGaA has established a Joint Committee as an additional corporate body. The Joint Committee consists of two members delegated by the shareholders' meeting of the General Partner and two members delegated by the shareholders' representatives on the Supervisory Board. The shareholders' meeting of the General Partner appoints one of its delegates as the Chairman of the Joint Committee; the Chairman has a casting vote with regard to decisions taken by the Joint Committee.

The Joint Committee has approval rights with regard to certain measures undertaken by the General Partner (e.g. group reorganizations and related contracts; the acquisition and disposal of real estate or participations if the transaction value exceeds a certain threshold). The Joint Committee also possesses a right of proposal with respect to the ratification of acts of management of the General Partner and with respect to the determination of the variable compensation of the Managing Directors of the General Partner. Nonetheless, these matters are legally subject to decisions of the shareholders' meeting of the General Partner. Therefore, the proposals of the Joint Committee are not legally binding and the shareholders' meeting of the General Partner remains independent in its right to decide on these matters. The Joint Committee reports in text form to the General Meeting on its activities. The report for the reporting year can be found under 'Report of the Joint Committee'.

General Meeting

The General Meeting is the resolution body of the shareholders of DWS KGaA. Shareholders can exercise their voting rights at the General Meeting themselves, by proxy via a representative of their choice, or by a company-nominated proxy acting on their instructions. Among other matters, the General Meeting approves the annual financial statements of the company. The internal procedure of the General Meeting of a KGaA corresponds to that of the general meeting of a stock corporation.

Certain material matters requiring a resolution of the General Meeting also require the consent of the General Partner (which does not have a voting right in the General Meeting as it does not hold shares in DWS KGaA), such as amendments to the Articles of Association, dissolution of the company, mergers, a change in the legal form of DWS KGaA, enterprise agreements (Unternehmensverträge, such as domination agreements or profit and loss transfer agreements) and other fundamental changes as well as the approval of the annual financial statements. The General Partner therefore has a de facto veto right on these matters.

The members of the Supervisory Board – with the exception of the employee representatives – are elected by the General Meeting.

Managing Directors of the General Partner (Executive Board)

The General Partner fulfils its task of managing DWS KGaA through its Managing Directors (Geschäftsführer), who are collectively referred to as the Executive Board. The Managing Directors are appointed and dismissed by resolution of the shareholders' meeting of the General Partner. Pursuant to the Articles of Association of the General Partner, the General Partner shall have at least two Managing Directors. The General Partner shall be represented either jointly by two Managing Directors or by a Managing Director acting jointly with an authorized representative (Prokurist). The shareholders' meeting may, pursuant to the Articles of Association of the General Partner, vest Managing Directors with the authority to represent the General Partner solely. Furthermore, Managing Directors are exempted from the restrictions of entering into a legal transaction in the name of the principal with himself in his own name or as an agent of a third party pursuant to Section 181 2nd alternative German Civil Code (BGB).

The Managing Directors, i.e. the members of the Executive Board, manage the business activities of DWS Management GmbH and – with regard to the position of DWS Management GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA in accordance with the law, the respective Articles of Association, the Terms of Reference and, subject to statutory and regulatory restrictions, the instructions of the shareholders' meeting. The business activities are managed with the objective of creating sustainable value in the interests of the company, thus taking into account the needs and requirements of the shareholders, the employees, and the other groups affiliated with the company (stakeholders). The business allocation plan

(Geschäftsverteilungsplan) of the Executive Board assigns each member specific areas of functional responsibility. The Executive Board is nevertheless jointly responsible for managing the General Partner and DWS KGaA.

The Executive Board steers DWS KGaA and its subsidiaries based on uniform policies and generally controls the entities of DWS Group within the limits of applicable laws. The Executive Board is responsible for ensuring the proper business organisation of the DWS Group, which includes appropriate and efficient risk management as well as compliance with legal regulations and internal policies (Compliance), and takes the necessary measures to ensure that the adequate internal guidelines are developed and implemented. The full Executive Board resolves on appointments of first-level executives, in particular on the appointment of the global key function holders employed by DWS KGaA, and of Management Board members of its subsidiaries as well as their branch offices. In appointing employees to management functions in DWS Group, the Executive Board takes diversity into account. It strives, in particular, to achieve an appropriate representation of women and ensures that the employees in management functions have the knowledge and skills required for the proper performance of tasks and the necessary experience. Furthermore, in the context of succession management, the Executive Board has implemented a series of sophisticated leadership and board readiness assessments to identify and develop management talent for enhanced leadership responsibilities. The discipline applied to succession management in line with best practices has resulted in long-term succession plans.

The Executive Board works closely together with the Supervisory Board in a cooperative relationship of trust and for the benefit of the company. The Executive Board reports to the Supervisory Board at a minimum within the scope prescribed by law or administrative guidelines, in particular on all issues with relevance for DWS Group concerning strategy, the intended business policy, planning, business development, risk situation, risk management, staff and leadership team developments, reputation and compliance.

For the members of the Executive Board, the age limit is reached, in general, when a member reaches the retirement age according to the rules of the German statutory pension insurance scheme. The standard retirement age is regularly reached at the age of 67.

The following table shows the Managing Directors in 2020. The table includes their year of birth, the date on which they were appointed, the date of their departure or the year their appointment is scheduled to end as well as their position on the Executive Board.

Name	Year of birth	First appointment	Appointment until	Position
Dr Asoka Woehrmann	1965	October 2018	October 2021	Chief Executive Officer (CEO) and Head of CEO Division
Claire Peel	1974	March 2018	March 2024	Chief Financial Officer (CFO) and Head of CFO Division
Manfred Bauer	1969	July 2020	July 2024	Head of Product Division
Mark Cullen	1955	December 2018	December 2021	Chief Operating Officer (COO) and Head of COO Division
Dirk Goergen	1981	December 2018	December 2021	Head of Client Coverage Division
Stefan Kreuzkamp	1966	March 2018	March 2024	Chief Investment Officer (CIO) and Head of Investment Division
Pierre Cherki	1966	March 2018	June 2020	Co-Head, Investment Group
Robert Kendall	1974	March 2018	June 2020	Co-Head, Global Coverage Group
Nikolaus von Tippelskirch	1971	March 2018	June 2020	Chief Control Officer (CCO)

In the following, information is provided on the current members of the Executive Board. The information includes the current positions and area of responsibility according to the current Business Allocation Plan for the Executive Board. Also specified are the other board mandates or directorships within and outside of DWS Group as well as all memberships in legally prescribed supervisory boards or other comparable domestic or foreign supervisory bodies of commercial enterprises. The members of the Executive Board have generally undertaken not to assume chairmanships of supervisory boards of companies outside DWS Group.

Current Members of the Executive Board

[GRI 102-26; 102-32]

In the first half of 2020, DWS changed its organization and leadership team to become leaner with now six globally integrated divisions led by six Managing Directors. Pierre Cherki, Robert Kendall and Nikolaus von Tippelskirch stepped down as Managing Directors of the General Partner, effective at the end of June 9, 2020. Manfred Bauer joined as Managing Director of the General Partner and Head of the newly established Product Division, effective July 1, 2020.

The areas of responsibilities of the current Managing Directors are as follows:

Dr Asoka Woehrmann – Dr Woehrmann is the CEO and Chairman of the Executive Board. The Head of Audit, the Head of Human Resources, the Head of Communications, the Head of Group Strategy and the Regional Head for APAC report to Dr Woehrmann. Following the leadership changes in 2020, Dr Woehrmann also assumed the responsibilities for Brand & Marketing. Additionally, Dr Woehrmann is responsible for setting the overall DWS Group Sustainability and ESG Strategy and has the overall responsibility for DWS Group's positioning in relation to climate-related risks and opportunities. Nevertheless, the commitment to embed sustainability criteria in DWS Group's corporate DNA and put it at its core is shared across the Executive Board.

Dr Woehrmann chairs the Supervisory Boards of the DWS Group entities DWS Investment GmbH (since 2018) and DWS Grundbesitz GmbH (since July 9, 2020).

Dr Woehrmann does not have any external directorships subject to disclosure.

Claire Peel – Ms Peel is the Chief Financial Officer and Head of the CFO Division. Her responsibilities include Group Finance, Financial Accounting, Strategic Financial Planning, Tax, Capital and Liquidity Management and Investor Relations. Following the leadership changes in 2020, Ms Peel is now also responsible for Risk Management and the EMEA region. Further, the CFO is responsible for DWS Group's climate-related disclosures, including information according to the recommendations of the "Task Force on Climate-related Financial Disclosures" (TCFD).

Ms Peel serves as a member of the Supervisory Board of the DWS Group entity DWS Investment S.A.

Ms Peel does not have any external directorships subject to disclosure.

Manfred Bauer – Mr Bauer as the Head of the new Product Division is responsible the product value chain along its entire life-cycle, including product strategy and innovation, structuring and product management.

Mr Bauer is the speaker of the Management Board of DWS Investment GmbH and a member of the Management Board of DWS Beteiligungs GmbH. Further, Mr Bauer serves as a member of the Supervisory Board of DWS Alternatives GmbH and a member of the Supervisory Board of DWS Investment S.A.

Mr Bauer does not have any external directorships subject to disclosure.

Mark Cullen – Mr Cullen, the Chief Operating Officer and Head of the COO Division, is responsible for Information Technology, Operations and Corporate Services. In 2020, after the leadership changes, Legal, Compliance, Anti Financial Crime and Data Protection as well as the role as Regional Head of the Americas were added to his areas of responsibility.

Mr Cullen is a member of the Management Board of Harvest Fund Management Co. Limited, in which DWS KGaA holds an indirect 30% stake through its subsidiary DWS Investments Singapore Limited.

Dirk Goergen – Mr Goergen is the Head of the Global Client Coverage Group, responsible for Sales Management and Sales Strategy, now consolidating all global distribution teams and activities.

Mr Goergen is a member of the Management Board of DWS Investment GmbH and the Management Board of DWS Beteiligungs GmbH. In addition, he serves as the Chairman of the Supervisory Board of DWS Alternatives GmbH (since June 9, 2020).

Mr Goergen is also a member of the Board of Directors of Neo Strategic Holding Limited, Abu Dhabi, United Arab Emirates, in which DWS KGaA owns a 15% stake.

Stefan Kreuzkamp – Mr Kreuzkamp remains the Global Chief Investment Officer and heads the Investment Division. In this role he runs the Chief Investment Office oversees all portfolio management activities, including Active and Passive and, following the leadership changes in 2020, Alternatives strategies. Further, Mr Kreuzkamp is responsible for trading oversight.

Mr Kreuzkamp serves as a Management Board member of the DWS Group entities DWS Investment GmbH and DWS Beteiligungs GmbH. In addition, he is a member of the Supervisory Board of DWS Investment S.A.

Mr Kreuzkamp does not have any external directorships subject to disclosure.

Former Members of the Executive Board

Pierre Cherki – as the Co-Head of the Investment Group, Mr Cherki was responsible for the Alternatives Business, including Real Estate and Infrastructure portfolio management activities. Mr Cherki also served in executive and management roles on several DWS Group entities. He was an executive member of the Board of Directors of DWS USA Corporation. Further, he was a manager of RREEF America LLC and RREEF Management LLC and a director at RREEF Fund Holding Co. Additionally, he chaired the Supervisory Boards of DWS Grundbesitz GmbH and DWS Alternatives GmbH. Outside of DWS Group, but within the Asset Management segment of Deutsche Bank Group, Mr Cherki served as non-executive member on the Board of Directors of Greenwood Properties Corp.

Robert Kendall – Mr Kendall, the former Co-Head of the Global Coverage Group, was responsible for sales management and sales oversight for the Americas. He was also the Regional Head of the Americas and the Chief Executive Officer of DWS USA Corporation. Mr Kendall did not have any external directorships subject to disclosure.

Nikolaus von Tippelskirch – In his role as Chief Control Officer Mr von Tippelskirch was responsible for Legal, Compliance, Anti-Financial Crime, Risk and Data Protection. He also served as a non-executive member of the Board of Directors of DWS USA Corporation and was the Chairman of the Supervisory Board of DWS Investment S. A. Mr von Tippelskirch did not have any external directorships subject to disclosure.

Supervisory Board of DWS

[GRI 102-22; 102-23; 102-24; 102-26]

The Supervisory Board monitors and advises the General Partner in its task of managing DWS KGaA and its subsidiaries. Between meetings, the Chairman of the Supervisory Board, and, to the extent relating to the responsibilities of the respective Supervisory Board committees, the Chairpersons of the Supervisory Board committees, maintain contact with the General Partner on a regular basis as far as this is necessary for the proper performance of their supervisory duties. The Chairman of the Supervisory Board, and – within their respective functional responsibility – the chairpersons of the Supervisory Board committees, are informed without delay by the General Partner about important events of material significance for the assessment of the situation and the development as well as for the management of DWS Group. The Chairman of the Supervisory Board then notifies the Supervisory Board in the appropriate way and, if necessary, convenes an extraordinary Supervisory Board meeting; this applies respectively to the Chairpersons of the Supervisory Board committees with regard to the respective committees.

The Chairman of the Supervisory Board plays a crucial role in the proper functioning of the Supervisory Board and has a leadership role in this. He shall ensure the Supervisory Board's effective overall functioning and a cooperative relationship of trust between the members of the Supervisory Board and the General Partner's Executive Board.

In 2020, a total of 18 meetings of the Supervisory Board and its committees took place. The Supervisory Board meets regularly without the Executive Board.

In the fourth quarter of 2020 the Supervisory Board performed a review of the efficiency of its activities. It conducted a questionnaire-based self-assessment, which was complemented by interviews with selected Supervisory Board members, including the Chairman and the two new Supervisory Board members who were appointed after the last self-assessment in 2019. The review process was supported by an external advisor who designed the questionnaire and conducted the interviews, using a previously agreed interview guide. Both the questionnaire and the interview guide considered additional committee responsibilities and included a self-assessment of the knowledge, skills and experience of the Supervisory Board members. The individual feedback provided was consolidated in a report, which included a comparison with previous year's assessment results and with other Supervisory Boards where appropriate. The report was submitted – along with action items recommended by the Nomination Committee – to the Supervisory Board for its discussion and the adoption of measures.

Members of the Supervisory Board

The Supervisory Board is composed of eight shareholders' representatives and four employee representatives, as it is currently subject to the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz), which requires that one third of the Supervisory Board members are employee representatives. The eight members representing the shareholders are appointed by the General Meeting of DWS KGaA, the four employee representatives are to be elected by the employees pursuant to the provisions of the One-Third Employee Participation Act (Drittelbeteiligungsgesetz).

The current four employee representatives were appointed by the responsible court on May 29, 2018. The employee representatives appointed by the court will remain on the Supervisory Board until employee elections to the Supervisory Board in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz) have been conducted.

Since Ms Sylvie Matherat stepped down from her position as member of the Supervisory Board effective July 10, 2019, the composition of the Supervisory Board had been incomplete. When Mr Hiroshi Ozeki stepped down from his office, effective at the end of April 10, 2020, a second position on the Supervisory Board became vacant. On July 21, 2020, Mr Bernd Leukert was appointed by the court as shareholders' representative, succeeding Ms Matherat, until the end of the DWS Annual General Meeting on November 18, 2020. At this meeting Mr Leukert was proposed for election as shareholders' representative to the shareholders and was elected as shareholders' representative.

In addition, Mr Minoru Kimura was appointed by the court as shareholders' representative as the successor for Mr Ozeki's position on the Supervisory Board, effective on August 10, 2020. He was subsequently proposed to and elected by the Annual General Meeting 2020.

The following table shows the members of the Supervisory Board through 2020, their year of birth, the date on which they were first elected or appointed, the date on which they departed or the year in which their term is scheduled to end, their position on the Supervisory Board, their principal occupation and supervisory board positions as well as directorships at other companies.

Name	Year of birth	First elected From	Until	Position on the Supervisory Board	Principal occupation[2]	Other supervisory board positions and directorships[2]
Karl von Rohr	1965	2018	2023	Chairman and shareholder representative	Deputy Chairman of the Management Board of Deutsche Bank AG	Deputy Chairman of the Management Board of Deutsche Bank AG, Chairman of the Supervisory Board of DB Privat- und Firmenkundenbank AG (until May 15, 2020)
Ute Wolf	1968	2018	2023	Deputy Chairperson and shareholder representative	Chief Financial Officer of Evonik Industries AG	Member of the Management Board of Evonik Industries AG; Member of the Supervisory Board of Evonik Nutrition & Care GmbH; Member of the Supervisory Board of Evonik Performance Materials GmbH; Member of the Supervisory Board of Evonik Resource Efficiency GmbH; Member of the Supervisory Board of Klöckner & Co. SE; Member of the Supervisory Board of Pensionskasse Degussa VVaG
Stephan Accorsini	1969	2018		Employee representative appointed by court[1]	First Deputy Chairman of the Workers' Council of DWS Investment Group	None
Annabelle Bexiga	1962	Jun 5, 2019	2023	Shareholders' representative	Founder and Principal, self-employed at Bay Harbour Consulting	Non-Executive Director of StoneX Group Inc. (since February 27, 2020); Non-Executive Director of Triton International Limited (since July 1, 2020)
Aldo Cardoso	1956	2018	2023	Shareholders' representative	Chairman of the Board of Bureau Veritas	Chairman of the Board of Bureau Veritas; Director of Imerys SA; Director of Worldline SA; Director of Ontex Group NV
Minoru Kimura	1967	Aug 10, 2020	2023	Shareholders' representative	Executive Officer of Nippon Life Insurance Company and Regional CEO for the Americas and Europe	Non-Executive Director of Nippon Life Global Investors Europe Plc; Non-Executive Director of Nippon Life Schroders Asset Management Europe Limited; Non-Executive Director of Nippon Life Insurance Company of America; Non-Executive Director of Nippon Life Global Investors Americas, Inc; Non-Executive Director of Nippon Life Global Investors Singapore Limited (until September 4, 2020)
Bernd Leukert	1967	Jul 21, 2020	2023	Shareholders' representative	Chief Technology, Data and Innovation Officer and member of the Management Board of Deutsche Bank AG	Member of the Management Board of Deutsche Bank AG, Member of the Supervisory Board of Bertelsmann SE & Co. KGaA, Member of the Supervisory Board of Bertelsmann Management SE
Angela Meurer	1962	2018		Employee representative appointed by court[1]	Chairwoman of the representative body for disabled employees of Deutsche Bank AG	None
Richard I. Morris, Jr.	1949	2018	2023	Shareholders' representative	Advisor to TA Associates Management LP	Non-Executive Director of Merian Global Investors Limited (until June 30, 2020)
Erwin Stengele	1969	2018		Employee representative appointed by court[1]	Second Deputy Chairman of the Workers' Council of DWS Investment Group	None
Margret Suckale	1956	2018	2023	Shareholders' representative	Former member of the Management Board of BASF SE	Member of the Supervisory Board of Deutsche Telekom AG; Member of the Supervisory Board of HeidelbergCement AG; Member of the Supervisory Board of Infineon Technologies AG (since February 20, 2020)
Said Zanjani	1958	2018		Employee representative appointed by court[1]	Chairman of the Workers' Council of DWS Investment Group	None
Former members:						
Hiroshi Ozeki	1964	2018	Apr 10, 2020	Shareholders' representative	Managing Executive Officer, Regional CEO for the Americas and Europe, Adviser (Global Business Planning Department and Global Insurance Business Department) of Nippon Life Insurance Company	Managing Executive Officer of Nippon Life Insurance Company; Director of Nippon Life Schroders Asset Management Europe Limited; Director of Nippon Life Insurance Company of America; Director of Nippon Life Global Investors Americas, Inc.; Non-Executive Director of Nippon Life Global Investors Europe Plc

[1] Appointed by the court until the end of the next elections of employee representatives to the Supervisory Board in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz).
[2] For Supervisory Board members departed in 2020, information is based on the date of election or appointment, for all other members on the Supervisory Board information is as at December 31, 2020.

Objectives for the composition of the Supervisory Board, profile of requirements and status of implementation

Objectives for the composition of the Supervisory Board

In accordance with German law, the members of the Supervisory Board must be reliable, must have the expertise required to perform their control function and to assess and monitor the businesses the company operates, and must commit sufficient time to the performance of their tasks. The Supervisory Board established objectives for its composition and adopted a profile of requirements for the Supervisory Board collectively as described below in its meeting on January 29, 2019. At its meeting on December 11, 2020, the Supervisory Board resolved to determine that a minimum of 5 shareholders' representatives shall be independent from the company and its Executive Board, and a minimum of 5 shareholders' representatives shall be independent from the controlling shareholder.

The Supervisory Board shall be composed in such a way that its members as a whole possess the knowledge, abilities and expert experience to properly complete its tasks. The members of the Supervisory Board collectively and the members of its Audit and Risk Committee must be familiar with the financial industry in general and more specifically with the asset management industry. The composition of the Supervisory Board shall ensure the Board's qualified control of and advice to the Executive Board taking into account that DWS Group is an internationally operating, broadly positioned asset manager. The members of the Supervisory Board should preserve the public reputation of DWS Group and, in particular, attention should be placed on the integrity, personality, willingness to perform, professionalism and independence of the individuals proposed for election. The objective is for the Supervisory Board collectively to have all of the knowledge and experience considered to be essential, while taking into account the business activities of DWS Group. The current members of the Supervisory Board fulfil these objectives.

In addition, the Supervisory Board shall have what it considers to be an adequate number of independent members from the group of shareholders' representatives, thereby taking into account the shareholder structure. A Supervisory Board member is considered independent if he or she is independent from the company, its Executive Board and from the controlling shareholder. The Supervisory Board has determined that at least five of the shareholders' representatives shall be independent. Currently, the Supervisory Board has six independent shareholders' representatives: Ms Annabelle Bexiga, Mr Aldo Cardoso, Mr Minoru Kimura, Mr Richard I. Morris, Jr., Ms Margret Suckale and Ms Ute Wolf.

Mr von Rohr and Mr Leukert are members of the management board of Deutsche Bank AG. Deutsche Bank AG is the sole shareholder of DB Beteiligungs-Holding GmbH, which is of the majority shareholder of DWS KGaA. They are, therefore, not considered independent from the controlling shareholder and thus not as independent as defined in Section C.6 of the German Corporate Governance Code. However, they are considered independent from the company and the Executive Board as they have no personal or business relationship with the company or its Executive Board that may cause a substantial structural and not merely temporary – conflict of interest. They are therefore considered independent for the purposes of Section C.7 of the German Corporate Governance Code. The members of the Supervisory Board may not exercise functions on a management body of or perform advisory duties at major competitors. Important and not just temporary conflicts of interest with respect to a member of the Supervisory Board shall lead to a termination of the mandate. As described in the Report of the Supervisory Board, none of the Supervisory Board members had any conflicts of interests in the reporting year.

There is a regular maximum age limit of 75. In exceptional cases, a Supervisory Board member can be elected or appointed for a period that extends no longer than until the end of the fourth Ordinary General Meeting that takes place after he/she has turned the age of 75. The regular length of each individual Supervisory Board membership is not to exceed 15 years. The age limit and the limit on the length of Supervisory Board membership are met by all current Supervisory Board members.

The Supervisory Board shall not comprise more than two former Managing Directors of the General Partner. Currently, there is no former Managing Director of the General Partner on the Supervisory Board.

The Supervisory Board respects diversity when proposing members for appointment to the Supervisory Board. In light of the international operations of DWS Group, care should be taken that the Supervisory Board has an appropriate number of members with long-term international experience. As per today, the professional careers or private lives of four members of the Supervisory Board are centred outside Germany. Furthermore, all of the shareholders' representatives on the Supervisory Board have several years of international experience from their current or former activities as management board members or a comparable executive function of corporations or organizations with international operations. In these two ways, the Supervisory Board believes the international activities of DWS are sufficiently taken into account. The objective is to retain the currently existing international profile.

For the election proposals of shareholders' representatives to the General Meeting of DWS KGaA, the Supervisory Board takes into account the recommendations of the Nomination Committee. In reviewing potential candidates for a new election or subsequent appointments to Supervisory Board positions, qualified women shall be included in the selection process and shall be appropriately considered in the election proposals. In accordance with Section 111 (5) of the German Stock Corporation Act, the Supervisory Board determined a target for the percentage of female members on the Supervisory Board of at least 30% of the members by January 29, 2024. Currently, four Supervisory Board members are women. This reflects a share of around 33.34% of all members and more than 30% of the shareholders' representatives. It should be taken into account that the Supervisory Board can only influence the composition of the Supervisory Board through its election proposals to the General Meeting.

The Supervisory Board profile of requirements includes, in particular, the knowledge, skills and professional expertise that are collectively required to perform the tasks of the Supervisory Board of DWS, taking into account the suitability and properness requirements of the European Banking Authority and the standards which are required under applicable laws (collective qualifications). The Supervisory Board as a whole shall have an understanding of the fields of expertise specified below that is appropriate for the size and complexity of DWS. This does not mean that each Supervisory Board member must have expertise in each of the fields listed below. Rather, the expertise contributed individually by each of the Supervisory Board members combined shall ensure that all fields of expertise are covered by the Supervisory Board as a whole.

The fields of expertise include, in particular:

- Supervisory Experience: Preferably, experience as a member in a supervisory capacity on dual-tiered board structures, and as such, performing a monitoring role over the management body.
- Asset Management: Clear understanding of fiduciary responsibilities, fund management and prudent investment processes of a bank-owned asset manager.
- Experience with client handling, financial markets and jurisdictional expertise with due consideration to be given to US representation.
- Technology, digitalisation, artificial intelligence and operational excellence.
- Financial expertise: At least one member of the Supervisory Board must have experience in the field of accounting or audit pursuant to Section 100 (5) of the German Stock Corporation Act (AktG). It would be advantageous to have that experience gained within asset management with some knowledge of credit and liquidity management. At least one independent member, who can serve as the chairperson of the audit and risk committee, shall have specific knowledge and experience in applying accounting principles and internal control procedures.
- Risk management and controls which includes promoting a culture of individual accountability, knowledge and experience of risk governance and applicable control environment.
- Compensation and compensation systems as well as succession management.
- Corporate and social responsibility, including reporting.
- Strategic planning, business and risk strategies as well as their implementation.
- Governance and corporate culture.
- ESG and Sustainability: Expert knowledge of ESG standards and best practices and their implementation.

In addition, each member of the Supervisory Board should be able to weigh the short- and long-term benefits and risks of financial decisions (business judgement). He or she should act in accordance with stated values and principles and should encourage an environment of openness and challenge. Each member of the Supervisory Board should be able to build productive partnerships with key constituents including fellow Supervisory and Executive Board members. Furthermore, each member of the Supervisory Board should be free from structural conflict of interests and should not engage in any business activities that conflict, directly or indirectly, with regulated activities of DWS. The members of the Supervisory Board shall also have sufficient time to carry out their respective responsibilities taking into account all personal and professional commitments. Members of the Supervisory Board may not hold more than the allowed number of Supervisory Board mandates in accordance with the applicable legal requirements. The current members of the Supervisory Board fulfil these requirements.

Standing Committees of the Supervisory Board

The Supervisory Board has established the following three standing committees. The committees work closely together and, to the extent required, coordinate their activities with each other and with the Chairman of the Supervisory Board and consult each other on an ad-hoc basis. To increase efficiency and enhance the exchange of information, committees can also hold joint meetings.

The committee chairpersons report regularly to the Supervisory Board on the work of the committees. The Report of the Supervisory Board in the Annual Report 2020 provides information on the work of the committees over the reporting year.

Audit and Risk Committee

The Audit and Risk Committee consists of three members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees. The committee is chaired by a representative of the shareholders. The Chairperson of the committee is elected by the Supervisory Board.

The Audit and Risk Committee generally supports the Supervisory Board in its monitoring activities, in particular, in monitoring the effectiveness of the risk management system, the auditing of the financial statements, especially with regard to the auditor's independence and the additional services provided by the auditor as well as the Executive Board's prompt remediation – through suitable measures – of any deficiencies that might be identified by the auditor and internal control functions based on internal and external audits, in particular any such deficiencies that might relate to any weaknesses that might be found in risk controls, non-compliance with policies, laws and regulatory requirements.

The committee is entitled to inspect all business documentation of DWS KGaA. The committee is also entitled to obtain, through its Chairperson, information in connection with its tasks from the auditor, the Executive Board, the Head of Group Audit and – with the prior consent of the Executive Board – senior managers reporting directly to the Executive Board.

The committee pre-reviews the annual and consolidated financial statements and management reports including the integrated non-financial group statement, as they are prepared. The committee discusses the audit reports with the auditor. The committee also prepares the decisions of the Supervisory Board on the proposal for a resolution to be submitted to the General Meeting with regard to the establishment of the annual financial statements and the approval of the consolidated financial statements as well as the resolution proposal on the appropriation of distributable profit and submits corresponding recommendations to the Supervisory Board. It discusses important changes to the audit and accounting methods.
The committee discusses the half-year financial reports and the report on the limited review of the quarterly financial statements with the Executive Board and the auditor. The committee also supports the Supervisory Board in monitoring the financial reporting process and can submit recommendations or suggestions to the Supervisory Board on ensuring the integrity of the financial reporting process.

The committee submits proposals to the Supervisory Board for the appointment of the auditor, which shall include at least two candidates when tendering the auditor mandate and complies with the requirements of Article 16 (2) Regulation (EU) No. 537/2014 to the extent applicable and it prepares the proposal of the Supervisory Board to the General Meeting for the election of the auditor. The committee advises the Supervisory Board on issuing, terminating and continuing the audit mandate to the auditor and submits proposals to the Supervisory Board for the auditor's remuneration. The committee supports the Supervisory Board in monitoring the independence, quality, qualification and efficiency of the auditor as well as the rotation of the members of the audit team. Mandates for non-audit-related services given to the auditor or to companies to which the auditor is related in legal, economic or personnel terms need the prior consent of the Audit and Risk Committee.

The committee is appointed by the Supervisory Board to resolve on reserved matters in relation to material Related Party Transactions pursuant to section 111b of the German Stock Corporation Act (AktG). In this context, the Audit and Risk Committee is supported by the Related Party Transaction Council, which issues the Related Party Approval Report to the committee if required. The committee arranges to be informed regularly about the work performed by Internal Audit, the effectiveness of the internal audit system and in particular about the focal areas of its auditing activity and on the results of its audits. It is responsible, in particular, for receiving and handling the quarterly, annual and ad-hoc reports provided by Internal Audit. The Executive Board informs the committee about special audits, substantial complaints and other exceptional measures at DWS KGaA and its subsidiaries on the part of German and foreign regulatory authorities.

The committee regularly obtains reports on the receipt and handling of complaints from employees and its subsidiaries, from shareholders of DWS KGaA and from third parties. In particular complaints concerning accounting, internal accounting controls, auditing and other financial reporting matters must be submitted to the committee without undue delay.

Reports concerning compliance matters are presented in the meetings of the committee on a regular basis. The committee Chairperson is entitled, in addition to the Chairperson of the Supervisory Board, to obtain information directly from the Head of Compliance. The committee is responsible for taking receipt of and handling the report by the Head of Compliance on the appropriateness and effectiveness of the principles, methods and procedures in accordance with Article 22 (2) lit. c) of Delegated Regulation (EU) No. 2017/565 (Compliance Report). The Compliance Report is issued at least once a year, i.e. within a 12 months period.

The committee advises the Supervisory Board in addition on the overall risk appetite and risk strategy on a consolidated basis, and monitors the implementation of the stated risk appetite and risk strategy on a consolidated basis by senior management. The committee monitors material aspects of the rating and valuation processes. The committee receives reports from the Executive Board, which are appropriate to monitor whether the conditions in the client business are in line with the business model and risk structure of DWS KGaA. If this is not the case, the committee requests proposals from the Executive Board on how the conditions in the client business could be structured to align them with the business model and risk structure of DWS KGaA. The committee also monitors the implementation of such proposals. In addition the committee reviews whether the incentives set by the compensation system take into account the risk, capital and liquidity structure of DWS KGaA as well as the likelihood and maturity of earnings. This is without prejudice to the tasks of the Remuneration Committee. The committee determines the nature, scope, format and frequency of the information which the General Partner is required to submit on strategy and risks.

The Audit and Risk Committee held eight meetings in 2020.

The current members of the Audit and Risk Committee are Ms Ute Wolf (Chairperson), Mr Stephan Accorsini, Mr Aldo Cardoso, and Mr Richard I. Morris, Jr.

Nomination Committee

The Nomination Committee consists of the Chairman of the Supervisory Board as well as two further members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees.

The composition of the Nomination Committee follows Section 25d (11) of the German Banking Act (KWG), which stipulates that the Nomination Committee shall take on additional tasks that shall not be performed solely by the shareholders' representatives on the Supervisory Board. However, it is ensured that the candidate recommendations for the election proposals to the general meeting are prepared exclusively by the committee's shareholder representatives. The committee is chaired by a member of the Supervisory Board representing shareholders.

The shareholders' representatives on the Nomination Committee prepare the Supervisory Board's proposals for the election or appointment of new shareholders' representatives to the Supervisory Board. In this context, they take into account the statutory requirements, guidelines from supervisory authorities and criteria specified by the Supervisory Board for its composition as well as the balance and diversity of the knowledge, skills and experience of all members of the Supervisory Board, prepare a job description with a candidate profile, and state the time commitment associated with the tasks.

The committee is responsible for drawing up an objective to promote the representation of the under-represented gender on the Supervisory Board as well as a strategy for achieving this and the regular assessment of the structure, size, composition and performance of the Supervisory Board and making recommendations to the Supervisory Board regarding this. The Nomination Committee supports the Supervisory Board in the regular assessment of the knowledge, skills and experience of the individual members of the Supervisory Board as well as of the body collectively, and in reviewing the principles of the Executive Board for selecting and appointing persons to the upper management levels and the recommendations made to the Executive Board in this respect.

The Nomination Committee held one meeting in 2020.

The current members of the Nomination Committee are Mr Karl von Rohr (Chairperson), Mr Richard I. Morris, Jr., Ms Margret Suckale and Mr Said Zanjani.

Remuneration Committee

The Remuneration Committee consists of three members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees.

The committee should include a sufficient number of independent Supervisory Board members. At least one member of the committee must have sufficient expertise and professional experience in the field of risk management and risk controlling, in particular with regard to mechanisms used to align the compensation systems to DWS KGaA's overall risk propensity and strategy and its capital base. The committee is chaired by a Chairperson who shall be a member of the Supervisory Board representing shareholders.

The Remuneration Committee monitors the appropriate structure of the compensation systems for the employees and, in particular, the appropriate structure of the compensation for the Head of Compliance and for the employees who have a material influence on the overall risk profile of DWS KGaA and its subsidiaries (DWS Group). The effects of the compensation systems on risk, capital and liquidity management shall be assessed and it shall be ensured that the compensation systems and the group-wide compensation strategy – in consideration of the corporate culture – are aligned to achieving the objectives set out in the business and risk strategies of DWS Group.

In addition, the committee supports the Supervisory Board in monitoring the process to identify Group Risk Takers in accordance with Section 27 (2) sentence 1 of the Regulation on Remuneration in Financial Institutions (InstVV) and in this context checks the appropriate structure of the compensation systems for the relevant employees.

The committee supports the Supervisory Board in monitoring whether the internal controls and other relevant areas are properly implemented in the structuring of the compensation systems. It also supports the Supervisory Board in producing the proposals for resolutions on the structuring of variable and fixed compensation in accordance with Section 25a (5) sentence 6 of the German Banking Act (KWG) and for the approval of the remuneration system pursuant to Section 120a (1) of the German Stock Corporation Act (AktG).

The committee coordinates its work with the Audit and Risk Committee and works closely with it as required in order to properly perform its tasks.

The committee is authorized to obtain, via its Chairperson, information relating to the committee tasks from the head of the internal audit department and from the heads of the organizational units responsible for structuring the compensation systems. The Executive Board must be informed of this. In addition, the Committee Chairperson is kept up-to-date by the Compensation Officer on his work and ensures close coordination of the monitoring activities as well as the submission of the Compensation Officer's informative reports on the appropriateness and structure of the compensation system.

The Remuneration Committee held two meetings in 2020.

The current members of the Remuneration Committee are Ms Margret Suckale (Chairperson), Ms Annabelle Bexiga, Mr Aldo Cardoso and Mr Erwin Stengele.

Joint Committee of DWS

DWS KGaA has a Joint Committee as an additional corporate body. If the Joint Committee has met, it shall report to the General Meeting on its activities. The Joint Committee consists of two members delegated by the shareholders' meeting of the General Partner, and of two members delegated by the shareholders' representatives on the Supervisory Board from their midst. The shareholders' meeting of the General Partner appoints one of its delegates as Chairperson of the Joint Committee. The Chairperson has a casting vote with regard to decisions taken in the Joint Committee.

The shareholders' meeting of the General Partner and the Supervisory Board may at any time dismiss and replace the members they delegated. The period of office of the members of the Joint Committee is limited to a maximum of five years; for the members delegated by the Supervisory Board it ends no later than their respective term of office as a member of the Supervisory Board.

The following table shows the members of the Joint Committee through 2020, their year of birth, the date when they were first delegated to the Joint Committee and the year in which their term is scheduled to end, their position on the Joint Committee, their principal occupation and supervisory board positions as well as directorships at other companies.

		Appointed				
Name	Year of birth	From	Until	Position on the Joint Committee	Principal occupation	Supervisory board positions and directorships
Karl von Rohr	1965	2018	2023	Delegated by the shareholders' meeting of the General Partner	Deputy Chairman of the Management Board of Deutsche Bank AG	Deputy Chairman of the Management Board of Deutsche Bank AG, Chairman of the Supervisory Board of DB Privat- und Firmenkundenbank AG (until May 15, 2020)
Minoru Kimura	1967	Aug 10, 2020	2023	Delegated by the shareholders' representatives on the Supervisory Board	Executive Officer of Nippon Life Insurance Company and Regional CEO for the Americas and Europe	Non-Executive Director of Nippon Life Global Investors Europe Plc; Non-Executive Director of Nippon Life Schroders Asset Management Europe Limited; Non-Executive Director of Nippon Life Insurance Company of America; Non-Executive Director of Nippon Life Global Investors Americas, Inc; Non-Executive Director of Nippon Life Global Investors Singapore Limited (until September 4, 2020)
James von Moltke	1969	2018	2023	Delegated by the shareholders' meeting of the General Partner	Member of the Management Board of Deutsche Bank AG and Chief Financial Officer	Member of the Management Board of Deutsche Bank AG, Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G. (until June 26, 2020), Member of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V. (until June 26, 2020)
Ute Wolf	1968	2018	2023	Delegated by the shareholders' representatives on the Supervisory Board	Chief Financial Officer of Evonik Industries AG	Member of the Management Board of Evonik Industries AG; Member of the Supervisory Board of Evonik Nutrition & Care GmbH; Member of the Supervisory Board of Evonik Performance Materials GmbH; Member of the Supervisory Board of Evonik Resource Efficiency GmbH; Member of the Supervisory Board of Klöckner & Co. SE; Member of the Supervisory Board of Pensionskasse Degussa VVaG
Former members:						
Hiroshi Ozeki	1964	2018	Apr 10, 2020	Delegated by the shareholders' representatives on the Supervisory Board	Managing Executive Officer, Regional CEO for the Americas and Europe, Adviser (Global Business Planning Department and Global Insurance Business Department) of Nippon Life Insurance Company	Managing Executive Officer of Nippon Life Insurance Company; Director of Nippon Life Schroders Asset Management Europe Limited; Director of Nippon Life Insurance Company of America; Director of Nippon Life Global Investors Americas, Inc.; Non-Executive Director of Nippon Life Global Investors Europe Plc

ESG Advisory Board

In November 2020, we have established an advisory body to further advance our holistic group-wide sustainability strategy. The new ESG Advisory Board consists of six recognized international sustainability experts from diverse disciplines who will actively advise the CEO and the Executive Board and will work closely with the Group Sustainability Office (GSO) on the acceleration of our Sustainability Strategy.

The new ESG Advisory Board members includes:

- **Georg Kell**, Co-Chair: as Founding Executive Director of the UN Global Compact, the world's largest and most important initiative for sustainable business management, Georg Kell is also Chairman of Arabesque, the parent company of the two DWS partners Arabesque AI and Arabesque S-Ray, in which DWS holds minority stakes.
- **Roelfien Kuijpers**, Co-Chair: in addition to her dual roles as Global ESG Client Officer and Head of Client Coverage UK, Ireland and Nordics for DWS, Roelfien is also a Board Member of the Institutional Investor Group on Climate Change.
- **Peter Damgaard-Jensen** is Chairman of the Institutional Investor Group on Climate Change (IIGCC), the main European investor body focused on climate change. He represents the sustainability arena in the very relevant pension fund sector, namely as the former CEO of the Danish Pension Fund PKA, one of the largest pension funds in Denmark.
- **Marie Haga** serves as Associate Vice President of the International Fund for Agricultural Development (IFAD). In her former role as Executive Director of the Global Crop Diversity Trust, Marie has gained international recognition in the field of biodiversity and food security. She has also served as a Member of Parliament in Norway and held three ministerial positions.
- **Ioannis Ioannou** is a Professor of Strategy and Entrepreneurship at London Business School. He is an impactful and often cited academic in the fields of Corporate Sustainability, ESG integration and Responsible Business. He serves on the Advisory Board of Ethical Corporation - Reuters Events and is a member of the World Economic Forum Experts Network.
- **Lisa P. Jackson** is Vice President of Environment, Policy and Social Initiatives at Apple Inc. Leading the environmental, education policy and product accessibility strategy at Apple, she has a long track record of active engagement in all areas of ESG, having previously served as Head of the US Environmental Protection Agency appointed by former President Barack Obama.

Share Plans

For information on our employee share programs, please refer to the additional note 23 ‘Employee Benefits’ to the Consolidated Financial Statements.

Related Party Transactions

For information requirement regarding Related Party Transactions please refer to note 25 ‘Related Party Transactions’ to the Consolidated Financial Statements.

Audit Committee Financial Expert

The Supervisory Board has elected Ms Ute Wolf as the Chairperson of its Audit and Risk Committee. Ms Ute Wolf has the required expert knowledge in financial accounting and auditing pursuant to Sections 107 (4), 100 (5) of the German Stock Corporation Act (AktG) as well as Section 25d (9) of the German Banking Act (KWG).

Values and Leadership Principles of DWS Group

Code of Conduct

DWS Group adheres to a Code of Conduct which describes the values and minimum standards for ethical business conduct that we expect all of our employees to follow. These values and standards govern employee interactions with our clients, competitors, business partners, government and regulatory authorities, and shareholders, as well as with other employees. The Code of Conduct is established by Deutsche Bank Group. Our Executive Board has adopted these DB Group values and beliefs and implemented DWS Group values in supplement. In addition, the Code of Business Conduct forms the cornerstone of DWS Group policies, which provide guidance on compliance with applicable laws and regulations.

The current versions of the Code of Conduct is available from Deutsche Bank's website:
https://www.db.com/ir/en/download/Code_of_Business_Conduct_and_Ethics_for_Deutsche_Bank_Group.pdf

Principle Accountant Fees and Services

For information regarding DWS Group's principle accountant fees and services please refer to note 29 'Supplementary Information' to the Consolidated Financial Statements.

Compliance with the German Corporate Governance Code

Declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) (Declaration of Conformity 2020)

The Managing Directors of DWS Management GmbH, representing the general partner of DWS Group GmbH & Co. KGaA, and the Supervisory Board of DWS Group GmbH & Co. KGaA submit the following declaration pursuant to Section 161 of the German Stock Corporation Act (AktG):

The last Declaration of Conformity was issued on December 12, 2019. Since then and under consideration of the specific characteristics of a partnership limited by shares as outlined in Section I below, DWS Group GmbH & Co. KGaA (DWS KGaA) has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated February 7, 2017, as published in the Federal Gazette on April 24, 2017, subject to the deviations as disclosed in Section II.

On December 16, 2019, the „Government Commission on the German Corporate Governance Code" submitted a new version of the German Corporate Governance Code, which came into effect with its publication by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger) on March 20, 2020. Under consideration of the specific characteristics of DWS KGaA's legal form as outlined in Section I below DWS KGaA complies with the applicable recommendations of this new version and will continue to comply with them in the future, whereas as of now the deviations as disclosed in Section III apply.

Section I: Specific characteristics of the legal form of a partnership limited by shares

– Taking into account the specific features of the legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktien or KGaA) several recommendations of the German Corporate Governance Code (GCGC) can only be applied in a modified way. The GCGC is geared towards the governance structure typical for a German stock corporation (Aktiengesellschaft or AG) and does not consider specific characteristics of a KGaA.

- In the legal form of a KGaA, the tasks and duties performed by the management board of an AG are undertaken by the general partners, who are determined in the articles of association of the KGaA and not by the supervisory board. The sole general partner of DWS KGaA is DWS Management GmbH (DWSM GmbH), who has the sole responsibility for the management of DWS KGaA, including all day-to-day management measures and representation of the company vis-à-vis third parties. The Managing Directors of DWSM GmbH jointly manage the business activities of DWSM GmbH and – with regard to the position of DWSM GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA.

  The Supervisory Board of DWS KGaA has no authority to appoint and dismiss the Managing Directors of the General Partner, preside over associated contractual arrangements or determine the remuneration system and the fixed and variable compensation of the Managing Directors. Such decisions are taken by the shareholders' meeting of the General Partner. Certain management measures by the General Partner require prior approval from the shareholders' meeting of the General Partner.

- In addition to the corporate bodies regulated by German law, the legal form of the KGaA allows for the establishment of additional governance bodies. DWS KGaA has put this in use and has set up the Joint Committee as an additional corporate body. Certain management measures require the approval from the Joint Committee as set forth in the Articles of Association of DWS KGaA. Accordingly, DWSM GmbH may only take such measures with the consent of the Joint Committee. The Joint Committee also possesses a right of proposal with respect to the ratification of acts of management of the Managing Directors of DWSM GmbH and with respect to the determination of their variable compensation. Nonetheless, these proposals are legally not binding for the shareholders' meeting of DWSM GmbH. The Joint Committee reports to the general meeting of DWS KGaA on its activities.

- The authority and scope for influence of the supervisory board of a KGaA is limited as compared to the supervisory board of a stock corporation. In addition to the specifics above, the supervisory board of DWS KGaA as a mere supervisory and advisory body is not entitled to subject the management measures to its consent, or issue rules of procedure for DWSM GmbH. Such rights are reserved to the shareholders' meeting of DWSM GmbH which can take these measures for the Managing Directors of DWSM GmbH.

- The general meeting of the shareholders of a KGaA has in principle the same rights and responsibilities as the general meeting of a German stock corporation. In particular this includes the ratification of the acts of management of the general partner and the supervisory board, the election of shareholders' representatives to the supervisory board, the voting on the appropriation of profits and the appointment of the external financial auditor. As defined by German law, the general meeting of a KGaA also approves the annual financial statements, which in the case of an AG is typically performed by the supervisory board and only subject to approval of the general meeting in exceptional cases if the management board and supervisory board decide that the general meeting shall approve, or the supervisory board refuses its approval. Certain material matters requiring a resolution of the general meeting, such as the approval of the annual financial statements but also measures aiming at structural changes such as mergers, a change in the legal form of the company or the conclusion of enterprise agreements, also require the consent of the general partner.

Section II: Deviations – Code in the version dated February 7, 2017:

- Relating to No. 5.3.3, according to which the supervisory board shall form a nomination committee composed exclusively of shareholder representatives. Section 25d (11) of the German Banking Act stipulates that the nomination committee of the supervisory board must take on additional tasks that should be performed not solely by the shareholder representatives on the supervisory board. Against this background, the Nomination Committee of the Supervisory Board of DWS KGaA also comprises employee representatives. However, it will be ensured that the candidate recommendations for the election proposals to the general meeting will be prepared exclusively by the committee's shareholder representatives.

- Relating to No. 4.2.3 (2) sentence 6, according to which the amount of compensation for management board members shall be capped, both overall and with regard to variable compensation components. The existing employment contracts (in conjunction with equity plan conditions) of the members of the Managing Directors of DWSM GmbH do provide for a limit (cap) in the awarding of total compensation and their variable compensation components. In this context, however, some hold the view that such limits would have to apply not only to the granting and awarding of the compensation components but also to their later payout. Although DWS KGaA does not consider this view to be convincing, we state merely as a precautionary measure that a limit (cap) has not been set for the payout amount of deferred equity-based compensation and that therefore DWS KGaA deviates from the recommendation in No. 4.2.3 (2) sentence 6 according to this interpretation.

Section III: Deviations – Code in the version dated December 16, 2019:

- Relating to recommendation C.4 of the Code, whereby a supervisory board member who is not a member of any management board of a listed company shall not accept more than five supervisory board mandates at non-group listed companies or comparable functions, with an appointment as chair of a supervisory board being counted twice. One member of the Supervisory Board of DWS KGaA, Mr Aldo Cardoso, currently holds five mandates in supervisory bodies of listed companies and in one case he chairs the respective board. Whether the number of mandates held by a member of a supervisory board seems appropriate should in the opinion of DWS KGaA, however, be assessed more appropriately on a case-by-case basis than with a rigid upper limit. The individual workload expected for a member of a supervisory board as a result of the total number of mandates held does not necessarily increase in proportion to their number. Moreover, Mr Cardoso has declared to the Supervisory Board of DWS KGaA that he has sufficient time to perform the duties associated to his position as a member of this body with the required due regularity and care. The Supervisory Board has determined that all members have sufficient time to exercise their mandate at DWS KGaA taking into account all personal and professional commitments.

- Relating to recommendation D.5 of the Code, according to which the supervisory board shall form a nomination committee composed exclusively of shareholder representatives. Section 25d (11) of the German Banking Act stipulates that the nomination committee of the supervisory board must take on additional tasks that should be performed not solely by the shareholder representatives on the supervisory board. Against this background, the Nomination Committee of the Supervisory Board of DWS KGaA also comprises employee representatives. However, it will be ensured that the candidate recommendations for the election proposals to the general meeting will be prepared exclusively by the committee’s shareholder representatives.

- Relating to recommendation G.1, first bullet, which recommends that the remuneration system for the management board shall – inter alia – define how the target total remuneration is determined for each management board member, and the amount that the total remuneration must not exceed (maximum remuneration). The remuneration system defines a maximum remuneration, but this maximum remuneration currently does not include the service cost for the contributions to the company pension of the Managing Directors of DWSM GmbH. For the future, it is envisaged to comply with the recommendation also in this regard.

- Relating to recommendation G.10, sentence 2, whereby granted long-term variable remuneration components shall be accessible to management board members only after a period of four years. In accordance with the Remuneration Regulation for Institutions (Institutsvergütungsverordnung), the granted long-term variable amounts vest in annual tranches over a retention period of five years. If the tranches represent share-based remuneration elements, they are subject to an additional holding period of one year after they become due. The Managing Directors of DWSM GmbH can thus dispose of an initial small partial amount of the long-term grant amounts after one year and, taking into account the retention period and the holding period after six years, the last partial amount.

Frankfurt am Main, in December 2020

The Managing Directors of DWS Management GmbH	The Supervisory Board of DWS Group GmbH & Co. KGaA

Statement on the Suggestions of the German Corporate Governance Code

DWS KGaA complies with the suggestions of the Code in the version dated December 16, 2019, with the following exceptions:

- Our whistleblowing arrangements are not external facing to all third parties (although the arrangements are available to contractors). For instance we do not include details of how to access the Integrity Hotline on our website. However, if we receive a Whistleblowing notification from an external third party, we will log this as a whistleblowing matter if it contains an allegation of misconduct against a DWS Group staff member.

Targets for the Proportion of Women in Management Positions / Gender Quota

As of the date of this Corporate Governance Statement, the percentage of women on our Supervisory Board is 33%. On January 29, 2019, the Supervisory Board set a target for the percentage of women on our Supervisory Board of at least 30% of the members by January 29, 2024.

Our Executive Board includes one woman as of the date of this Corporate Governance Statement. A target for the percentage of women on the Executive Board of our General Partner is legally not required and has not been set so far.

On January 31, 2019, the Executive Board set targets for the percentage of women at 26% for the first management level and 29% for the second management level, to be reached December 31, 2021. When the decision was made, the percentage of women at the first management level was 23% and 26% at the second management level.

The population of the first management level comprises of senior managers who report directly to the Executive Board and managers with comparable responsibilities. The population of the second management level comprises senior managers who report to the first management level.

Implementing German Gender Quota Legislation at DWS Group

In %, unless stated otherwise	Target for Dec 31, 2021	Status as of Dec 31, 2020	Status as of Dec 31, 2019
Women on the Supervisory Board of DWS KGaA	30%	33%	36%
First management level below the Executive Board	26%	27%	22%
Second level below the Executive Board	29%	28%	27%

Note: Supervisory Board set the target for January 29, 2024

In accordance with our fundamental diversity concept, we also take into account the knowledge and skills required for the proper performance of tasks and the necessary experience of the employees in the composition of the two levels below management.

Diversity Concept

As a global company, the DWS Group is committed to creating a culture that embraces the diversity of its employees, customers. As a global organisation, 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. We also aim at giving equal opportunities to employees who work both full-time and part time. This year the percentage of employees globally who work part time stood at 8.8% (2019: 11.8%).

We are convinced that diversity and inclusion, for example, stimulate innovation and help to make more balanced decisions, and thus play a decisive role in the success of the DWS Group.

The Supervisory Board and Executive Board want to and should also serve as a role model for the DWS Group with regard to diversity and inclusion. In line with our above mentioned conviction, a diverse composition of the committees also helps the Supervisory Board and the Executive Board to be able to properly perform the tasks and duties incumbent upon them under the law, the Articles of Association and the rules of procedure.

Diversity Concept for the Supervisory Board

The Supervisory Board is to be composed in such a way that its members, as a whole, possess the expertise, skills and professional experience required to effectively monitor and advise the Executive Board in its management and observance of the relevant supervisory regulations.

In light of the international operations of DWS, care shall be taken, in particular, that the Supervisory Board has an appropriate number of members with many years of international experience.

Also in light of the legal requirements to be observed, the Supervisory Board shall be composed of at least 30% women (by January 29, 2024).

There is an age limit of 75, in principle, for members of the Supervisory Board and the maximum length of each individual Supervisory Board membership shall generally not exceed 15 years.

Implementation

It should be taken into account that the Supervisory Board can only influence the composition of the Supervisory Board through its proposals to the General Meeting for the election of the shareholder representatives.

Based on a proposal of the Nomination Committee, a profile of requirements was issued for the Supervisory Board. The profiles summarize the knowledge, abilities and experience required to properly complete the tasks of the Supervisory Board (collective suitability).

For the election proposals to the General Meeting, the Supervisory Board takes into account the objective to which the Supervisory Board shall be composed of at least 30% women (by January 29, 2024).

Results achieved in the 2020 financial year

At the end of the financial year, eight men and four women (33.34%) were members of the Supervisory Board.

The age structure is diverse, ranging from 51 to 71 years of age at the end of the financial year.

At the end of the financial year, the length of experience as member of the Supervisory Board of DWS Group GmbH & Co. KGaA, which was constituted first in 2018, ranged from under one year to around 3 years. Two of the 12 members joined the Supervisory Board in the 2020 financial year. The length of experience in comparable governance bodies was between three and seventeen years.

In accordance with our objectives specified above, all of the shareholder representatives on the Supervisory Board have several years of international experience from their current or former activities as management board members or a comparable executive function of corporations or organizations with international operations.

The diverse range of the members’ educational and professional backgrounds includes banking, business administration, science, law, and information technology.

DWS transparently reports on Supervisory Board diversity, in addition to the information presented above, in this Corporate Governance Statement in the section ‘Corporate Bodies - Supervisory Board of DWS’.

Diversity Concept for the Executive Board

Through the composition of the Executive Board, it is to be ensured that its members have, at all times, the required knowledge, skills and experience necessary to properly perform their tasks. Accordingly, when selecting members for the Executive Board, care is to be taken that they collectively have sufficient expertise and diversity within the meaning of our objectives specified above.

As a rule, a member of the Executive Board should not have exceeded the age limit of 67 years, applicable in Germany, for the regular retirement pension on the expiry date of their appointment.

Implementation

The implementation of the Diversity Concept takes places in the course of selecting new members for the Executive Board of DWS Management GmbH which are appointed by the sole shareholder.

As part of the succession management, a series of sophisticated leadership and board readiness assessments to identify and develop management talent for enhanced leadership responsibilities have been implemented. The discipline applied to succession management in line with best practices has resulted in long-term succession plans.

Results achieved in the 2020 financial year

At the end of the financial year, the Executive Board was composed of five men and one woman.

The age structure is diverse, ranging from 39 to 65 years of age at the end of the financial year.

The length of experience as member of the Executive Board of DWS, which was first established in March 2018 ranged from less than one to below three years. The length of experience in comparable management bodies ranged between three and around eleven years.

Also with our strategy in mind of being a leading Asset Manager with headquarter in Germany and operating globally, four of the six Executive Board members, as of the end of the financial year, have a German background. Other members come from Australia and England.

However, the ethnic diversity of the Executive Board does not currently reflect the full diversity of the markets where we do business or the diversity of our employees.

The diverse range of the members' educational and professional backgrounds includes banking, business administration, social sciences.

DWS transparently reports on Executive Board diversity, in addition to the information presented above, in this Corporate Governance Statement in the section 'Corporate Bodies – Managing Directors of the General Partner (Executive Board)'.

GRI Index

[GRI 102-54; GRI 102-55]

Our Annual Report 2020 provides comprehensive disclosure of our material topics for our financial and non-financial performance. Disclosures included in the table below were selected based on the GRI core requirements and on a materiality analysis conducted in 2020. Please refer to the chapter 'Responsibility around our Fiduciary Value Chain - Materiality Assessment for 2020' for further information.

In order to give a better overview, the Annual Report 2020 has been prepared partially in accordance with the GRI Standards – option core. Information can either be found in the referenced pages in the report or directly in this table.

Disclosure		Annual Report	Remarks / Omissions
ORGANISATION PROFILE			
102-1	Name of the organisation	DWS Group GmbH & Co. KGaA	
102-2	Activities, brands, products and services	Summarized Management Report – Introduction to DWS Group Summarized Management Report – Sustainability Strategy – Company-wide Strategy	
102-3	Location of headquarters	Frankfurt/Main, Germany	
102-4	Location of operations	Summarized Management Report – Introduction to DWS Group	
102-5	Ownership and legal form	Summarized Management Report – Introduction to DWS Group	
102-6	Markets served	Summarized Management Report – Introduction to DWS Group	
102-7	Scale of the organisation	Summarized Management Report – Introduction to DWS Group	
102-8	Information on employees and other workers	DWS Human Capital	Partially reported: Legal restrictions and data availability prevent a disclosure of external employees by gender.
102-9	Supply chain	Summarized Management Report – Introduction to DWS Group	
102-10	Significant changes to the organisation and its supply chain	N/A	
102-11	Precautionary principle or approach	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for our Clients and Responsible Investing – ESG Product Design	
102-12	External initiatives	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
102-13	Membership of associations	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
102-14	Statement from senior decision-maker	Letter from the Chairman of The Executive Board	

Disclosure		Annual Report	Remarks / Omissions
102-15	Key impacts, risks, and opportunities	Responsibility around our Fiduciary Value Chain – Materiality Assessment for 2020 Summarized Management Report – Opportunities and Risks Summarized Management Report – Our Strategy – Sustainability Strategy – Company-wide Sustainability Strategy	
102-16	Values, principles, standards, and norms of behaviour	Summarized Management Report – Introduction to DWS Group – Corporate Profile Summarized Management Report – Our Strategy – Sustainability Strategy – Sustainability Roadmap	
102-17	Mechanisms for advice and concerns about ethics	Compliance and Control – Business Ethics	
102-18	Governance structure	Summarized Management Report – Our Strategy - Sustainability Strategy – Sustainability Roadmap Corporate Governance Statement – Corporate Bodies – Overview of the Governance Bodies	
102-20	Executive-level responsibility for economic, environmental, and social topics	Summarized Management Report – Our Strategy – Sustainability Strategy – Sustainability Roadmap	
102-21	Consulting stakeholders on economic, environmental, and social topics	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement – Supervisory Board	
102-23	Chair of the highest governance body	Corporate Governance Statement – Supervisory Board	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement – Supervisory Board	
102-25	Conflicts of interest	Compliance and Control – Anti-Financial Crime – Preventing Fraud, Bribery and Corruption	
102-26	Role of the highest governance body in setting purpose, values, and strategy	Corporate Governance Statement – Supervisory Board	
102-29	Identifying and managing economic, environmental, and social topics	Responsibility around our Fiduciary Value Chain – Materiality Assessment for 2020	
102-31	Review of economic, environmental, and social topics	Responsibility around our Fiduciary Value Chain – Materiality Assessment for 2020 Summarized Management Report – Our Strategy – Sustainability Strategy – Sustainability Roadmap	
102-32	Highest governance body's role in sustainability reporting	Corporate Governance Statement – Executive Board	
102-35	Remuneration policies	Responsibility around our Fiduciary Value Chain – Employees and Workplace – Remuneration Strategy	

Disclosure		Annual Report	Remarks / Omissions
102-40	List of stakeholder groups	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
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 26% as of December 2020. According to local jurisdiction the percentage of employees covered by collective bargaining agreements ranges from 39% to 100% in Austria, France, Luxembourg, Spain and the Netherlands.	
102-42	Identifying and selecting stakeholders	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
102-43	Approach to stakeholder engagement	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
102-44	Key topics and concerns raised	Responsibility around our Fiduciary Value Chain – Materiality Assessment for 2020 Responsibility around our Fiduciary Value Chain – Stakeholder Management	
REPORTING PRINCIPLES			
102-45	Entities included in the consolidated financial statements	Summarized Management Report – About this Report – Data and Presentation	
102-46	Defining report content and topic boundaries	Summarized Management Report – About this Report – Content and Structure Summarized Management Report – About this Report – Data and Presentation Responsibility around our Fiduciary Value Chain – Stakeholder Management Responsibility around our Fiduciary Value Chain – Materiality Assessment for 2020	
102-47	List of material topics	Responsibility around our Fiduciary Value Chain – Materiality Assessment for 2020	
102-48	Restatement of information	N/A	
102-49	Changes in reporting	Summarized Management Report – About this Report	
102-50	Reporting period	Summarized Management Report – About this Report	
102-51	Date of most recent report	Annual Report and Sustainability Report 2019 was issued by DWS on March 20, 2020.This is the first combined Annual Report.	
102-52	Reporting cycle	Summarized Management Report – About this Report	
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.	
102-55	GRI content index	Our GRI content index is part of this combined Annual Report.	

Disclosure		Annual Report	Remarks / Omissions
102-56	External assurance	Summarized Management Report – About this Report – External Audit and Evaluation	
TOPIC-SPECIFIC STANDARD DISCLOSURES			
ECONOMIC			
COMPANY PERFORMANCE			
103-1	Explanation of the material topic and its boundary	Summarized Management Report – Introduction to DWS Group – Corporate Profile	
103-2	The management approach and its components	Summarized Management Report – Introduction to DWS Group – Corporate Profile Summarized Management Report – Our Strategy – Sustainability Strategy – Company-wide Strategy Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – ESG Product Design	
103-3	Evaluation of the management approach	Summarized Management Report – Introduction to DWS Group – Corporate Profile Summarized Management Report – Our Strategy – Sustainability Strategy – Company-wide Strategy Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – ESG Product Design	
201-1	Direct economic value generated and distributed	Summarized Management Report – Operating and Financial Review – DWS Performance	
CLIENT EXPERIENCE			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – ESG Product Design	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for	

Disclosure		Annual Report	Remarks / Omissions
		Clients and Responsible Investing – ESG Product Design	
CORPORATE GOVERNANCE AND BOARD GOVERNANCE			
103-1	Explanation of the material topic and its boundary	Corporate Governance Statement – Corporate Bodies – Overview of the Governance Bodies	
103-2	The management approach and its components	Corporate Governance Statement – Corporate Bodies – Overview of the Governance Bodies Corporate Governance Statement – Corporate Bodies – Executive Board	
103-3	Evaluation of the management approach	Corporate Governance Statement – Corporate Bodies – Overview of the Governance Bodies	
ESG REGULATORY COMPLIANCE			
103-1	Explanation of the material topic and its boundary	Compliance and Control – Public Policy and Regulation – ESG Regulatory Compliance	
103-2	The management approach and its components	Compliance and Control – Public Policy and Regulation – ESG Regulatory Compliance	
103-3	Evaluation of the management approach	Compliance and Control – Public Policy and Regulation – ESG Regulatory Compliance	
419-1	Socioeconomic compliance	Compliance and Control – Public Policy and Regulation – ESG Regulatory Compliance	
SUSTAINABLE FINANCE AND RESPONSIBLE INVESTING			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain - Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products	
203-1	Infrastructure investments and services supported	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Alternatives	
203-2	Significant indirect economic impacts	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Sustainable Investment Funds and their Contribution to SDGs	

Disclosure		Annual Report	Remarks / Omissions
ANTI-FINANCIAL CRIME			
103-1	Explanation of the material topic and its boundary	Compliance and Control – Compliance and Control in DWS Group	
103-2	The management approach and its components	Compliance and Control – Anti-Financial Crime – Preventing Fraud, Bribery and Corruption	
103-3	Evaluation of the management approach	Compliance and Control – Anti-Financial Crime – Preventing Fraud, Bribery and Corruption	
205-2	Communication and training about anti-corruption policies and procedures	Compliance and Control – Anti-Financial Crime – Preventing Fraud, Bribery and Corruption	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Compliance and Control – Anti-Competitive Behaviour	
ESG PRODUCT DESIGN			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – ESG Product Design	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – ESG Product Design	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Client Experience Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – ESG Product Design	
COMPLIANCE AND RISK MANAGEMENT			
103-1	Explanation of the material topic and its boundary	Compliance and Control Report Risk Report	
103-2	The management approach and its components	Risk report – Risk Management Introduction Risk report – Risk Governance Framework	
103-3	Evaluation of the management approach	Risk report - Risk Governance Framework – Risk Appetite and Capacity Risk report - Risk Governance Framework – Risk Measurement and Monitoring	

Disclosure		Annual Report	Remarks / Omissions
SUSTAINABILITY STRATEGY			
103-1	Explanation of the material topic and its boundary	Summarized Management Report – Our Strategy – Sustainability Strategy	
103-2	The management approach and its components	Summarized Management Report – Our Strategy – Sustainability Strategy	
103-3	Evaluation of the management approach	Summarized Management Report – Our Strategy – Sustainability Strategy	
FIDUCIARY DUTY			
103-1	Explanation of the material topic and its boundary	Risk report – Fiduciary Risk Responsibility around our fiduciary value chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Fiduciary Responsibility	
103-2	The management approach and its components	Risk report – Fiduciary Risk Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Fiduciary Responsibility	
103-3	Evaluation of the management approach	Risk report – Fiduciary Risk Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Fiduciary Responsibility	
TAX POLICY			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Tax Policy	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Tax Policy	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Tax Policy	
207-1	Approach to tax	Responsibility around our Fiduciary Value Chain – Tax Policy	
BUSINESS ETHICS			
103-1	Explanation of the material topic and its boundary	Compliance and Control – Business Ethics	
103-2	The management approach and its components	Compliance and Control – Business Ethics	
103-3	Evaluation of the management approach	Compliance and Control – Business Ethics	
BUSINESS CONTINUITY			
103-1	Explanation of the material topic and its boundary	Risk Report – Business Continuity and Crisis Management	

Disclosure		Annual Report	Remarks / Omissions
103-2	The management approach and its components	Risk Report – Business Continuity and Crisis Management	
103-3	Evaluation of the management approach	Risk Report – Business Continuity and Crisis Management	
STAKEHOLDER MANAGEMENT			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Stakeholder Management	
ENVIRONMENT			
CLIMATE CHANGE			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Our Impact on Climate Change	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Our Impact on Climate Change	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Our Impact on Climate Change	
201-2	Financial implications and other risks and opportunities due to climate change	Responsibility around our Fiduciary Value Chain – Our Impact on Climate Change	
305-5	Reduction of GHG emissions	Responsibility around our Fiduciary Value Chain – Our Impact on Climate Change	
SOCIAL			
HEALTH AND WELLBEING			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Health and Wellbeing	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Health and Wellbeing	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Health and Wellbeing	
403-6	Promotion of worker health	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Health and Wellbeing	
DIVERSITY AND EQUAL OPPORTUNITIES			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Diversity and Equal Opportunities	

Disclosure		Annual Report	Remarks / Omissions
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Diversity and Equal Opportunities	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Diversity and Equal Opportunities	
405-1	Diversity of governance bodies and board members	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Diversity and Equal Opportunities	
HUMAN RIGHTS			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Human Rights and Norm Assessment in the Investment Process	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Human Rights and Norm Assessment in the Investment Process	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Human Rights and Norm Assessment in the Investment Process	
412-3	Significant investment agreements or contracts that include human rights clauses or that underwent human rights screening	Responsibility around our Fiduciary Value Chain – Sustainable Finance, ESG Products for Clients and Responsible Investing – Responsible Investing and ESG Products – Human Rights and Norm Assessment in the Investment Process	
EMPLOYEES AND WORKPLACE			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Employees and Workplace	
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Employees and Workplace	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – People Strategy and Attractive Employer – Employees and Workplace	
SOCIAL ENGAGEMENT			
103-1	Explanation of the material topic and its boundary	Responsibility around our Fiduciary Value Chain – Social Engagement	

Disclosure		Annual Report	Remarks / Omissions
103-2	The management approach and its components	Responsibility around our Fiduciary Value Chain – Social Engagement	
103-3	Evaluation of the management approach	Responsibility around our Fiduciary Value Chain – Social Engagement	
413-1	Operations with local community engagement, impact, assessments, and development programs	Responsibility around our Fiduciary Value Chain – Social Engagement	
DATA PROTECTION & CLIENT PRIVACY			
103-1	Explanation of the material topic and its boundary	Compliance and Control – Data Protection and Client Privacy	
103-2	The management approach and its components	Compliance and Control – Data Protection and Client Privacy	
103-3	Evaluation of the management approach	Compliance and Control – Data Protection and Client Privacy	
418-1	Substantiated complaints concerning breaches of client privacy and losses of client data	Compliance and Control – Data Protection and Client Privacy	

Stakeholder Management

Name	Type of engagement	Events / developments 2020
Academic engagement		
EBS University	Contributor	A DWS employee is one of the teachers for a Sustainable & Responsible Investments study programs
University of Hamburg	Sponsor / donation	Involved in discussion of research pipeline and upcoming topics as well as follow-up on potential research topic
University of Maastricht	Informal partnership	Guest lecture with students
Goethe-University Frankfurt	Guest lecturer	A DWS-employee delivers guest-lectures on Corporate Governance.
Napier University of Edinburgh	Guest lecturer	A DWS-employee delivers guest-lectures on Corporate Governance.
Corporate Governance		
Berufsverband der Investment Professionals (DVFA) - Corporate Governance & Stewardship Commission and Sustainable Investment Commission	Member	DWS remains an active supporter of the DVFA and DWS-staff was invited to several conferences and round tables to contribute incl. the 3rd DVFA Governance & Stewardship Conference as well as the DVFA Asset Management Forum in Autumn 2020. Furthermore, a DWS-employee is an active member of the Governance & Stewardship Commission in in this capacity co-organized the annual Governance & Stewardship Conference as well as an expert round table presenting the DVFA- Stewardship Guidelines in February 2020. Additionally, DWS remains an active promoter and co-initiator of the DVFA-Corporate Governance Scorecard. Several DWS speaker were invited to the 9. DVFA Asset Management Forum in October 2020.
Bundesverband Investment und Asset Management (BVI) - Corporate Governance and Compliance working groups	Member	Member of the Working Group reviewing annually the Guidelines on German AGMs, participated in numerous consultations on several national and European legislative initiatives.
Corporate Governance Roundtable by Harvard Law School	Member	Invited to the Roundtable in March 2020, signed contract for permanent membership in December 2019 and maintained membership status in 2020
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
UK The Investment Association (IA)	Member	A DWS-employee was elected as member to the IA's Stewardship & Governance Committee in October 2020 (committee-members are elected for terms of three years). Continuation of participation in Sustainable and Responsible Investments Committee and Climate Change Working Group
2020 Modern Governance 100	Recipient	A DWS-employee was recognized for his efforts and achievements by being awarded as 2020 Modern Governance 100-recipient.
Corporate responsibility & sustainable finance		
Sustainable Finance Committee of the Federal Government	Member	DWS CIO for Responsible Investments appointed as member of the Sustainable Finance Committee of the Federal Government.
Dansif	Member	DWS became a member of Dansif in September 2019.
Global Impact Investing Network (GIIN)[1]	Member	DWS provided input to GIIN working groups and initiatives
Insurance Development Forum (IDF)	Member	DWS provided input to IDF's Investment Working Group
Investor letter to index providers to exclude manufacturers of controversial weapons from mainstream indices	Signatory	Maintained signatory status and engaged with companies identified as manufacturers of controversial weapons most notably nuclear weapons and depleted uranium.
Pension for Purpose	Member	Distributed DWS ESG research to members of this network.
Principles for Responsible Investment (PRI)	Signatory	DWS employee was asked to become chair of the PRI's first securitized products advisory committee. A DWS employee became a member of the sub-sovereign advisory committee. A DWS employee participated in a PRI event on ESG in Strategic Asset Allocation in October 2020. DWS's Chief ESG client officer stood for election to PRI's board, but was not elected
Spanish Sustainable Investment and Finance Association (SpainSIF)	Member	
UN Global Compact (UNGC)[1]	Member	Hosted a DWS ESG Talks (BrightTalk format) with Georg Kell as founding member of the UNGC
Climate		
Carbon Disclosure Project (CDP)	Signatory	Joined as signatory to an initiative in September 2020 to address more than 1,800 companies and require them to commit to the Science Based Targets

Name	Type of engagement	Events / developments 2020
Ceres Investor Network on Climate Risk and Sustainability	Member	Joined the Investor Water Hub working group in Q4 2019. Presented DWS's Water Risk research paper to the working group.
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 2020 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) which aims to incorporate physical climate risk into infrastructure investment decisions. DWS is contributing to the Valuation working group.
EU Energy Efficiency Financial Institutions Group (EEFIG)	Founder and Steering Committee Member	A DWS employee led the steering committee in writing a letter to the EU Energy Commissioner, with recommendations for the EU Renovation Wave strategy. DWS was invited to give a keynote speech during EU Sustainable Energy Week.
Global Investor Statement on Climate Change	Signatory	Renewal in 2020, 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 2020
Green Climate Fund (GCF)[1]	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	DWS ESG Client Officer, and Head of Nordics/UK/Ireland Client Coverage Division, elected to IIGCC board in November 2019. DWS was invited to co-chair a working group aiming to define Paris Alignment for real estate. DWS experts contributed to Paris alignment working groups on Strategic Asset Allocation, Sovereign Bonds and equities/corporate bonds. DWS gave input to IIGCC policy working group and signed the IIGCC letter on Paris aligned accounting.
Investing in a Just Transition	Signatory	DWS joined the PRI working group on a Just Transition
Net Zero Asset Manager Alliance	Signatory	DWS joined the founding signatory group as the only German asset manager
Power for All	Signatory	
Taskforce on Climate related Financial Disclosure (TCFD)	Supporter	
Social Commitments		
Diversity Project	Partnership and Sponsorship	Partnership with the purpose to increase DWS female talent in senior leadership roles, building greater inclusivity across all dimensions of Diversity, and creating culture change across the Industry as a whole.
New Financial	Member	DWS is member of a think tank and forum launched in 2014 with the view to rethinking how Diversity and Inclusion can be improved in capital markets in Europe, and to look at rebuilding trust and improving industry culture.
Diversity pillar	Leader	DWS is leading the Diversity pillar with CFOs of leading Asset Managers, hosted by Ernst & Young
Foundsfrauen initiative	Sponsorship	A business network for women in Asset Management and Finance.
Diversity & Inclusion Working Group of the US Institute	Member	A think tank for leading Investment Management firms.
Level20	Financial Supporter	A not for profit organization dedicated to improving gender diversity in the European private equity industry.
Non-Governmental Organisations (NGOs)		
WWF	Stakeholder	DWS provided input to WWF's sustainable finance asset manager review
MarketForces	Stakeholder	Joint dialogue with Deutsche Bank on controversial companies in South East Asia
ShareAction	Stakeholder	Contributed to 2020 publication “Voting matters”
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. Participate on Real Estate and Infrastructure advisory committees.
Urban Land Institute Greenprint Center for Building Performance	Founding Member	Submit data on Building Performance
UNEP FI*	Member	Participate in real estate working group

Name	Type of engagement	Events / developments 2020
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. Annual update on progress in DWS Group Combined Report
Transparency & Reporting		
International Integrated Reporting Council (IIRC)	Partner	DWS employees as guest speaker at IIRC conference
Operating Principles for Impact Management	Signatory	Signed in 2019. Published DWS Disclosure Statement based on the Principles
Schmalenbach Gesellschaft für Betriebswirtschaft - working group Integrated Reporting	Member	A DWS employee is a permanent member in the working group

DWS Human Capital

[GRI 102-8]

Our Workforce - Type and Region

Employees by region (FTE)

	Dec 31, 2020	Dec 31, 2019	% change
APAC	285	295	(3)%
EMEA excl. Germany	600	619	(3)%
Germany	1,601	1,601	(0)%
Americas	834	846	(1)%
Grand Total	**3,321**	**3,361**	**(1)%**

Note: 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

Contingent workers by region (FTE)

	Dec 31, 2020	Dec 31, 2019	% change
APAC	3	5	(40)%
EMEA excl. Germany	301	263	14%
Germany	344	207	66%
Americas	142	138	3%
Grand Total	**790**	**613**	**29%**

Note: All workers having a temporary contract with DB vendor companies and who are not paid via DB payroll system

Full-time employees by region

	Dec 31, 2020	Dec 31, 2019	% change
APAC	284	293	(3)%
EMEA excl. Germany	556	574	(3)%
Germany	1,435	1,426	1%
Americas	831	841	(1)%
Grand Total	**3,106**	**3,134**	**(1)%**

Part-time employees by region

	Dec 31, 2020	Dec 31, 2019	% change
APAC	2	9	(78)%
EMEA excl. Germany	60	70	(14)%
Germany	232	322	(28)%
Americas	5	19	(74)%
Grand Total	**299**	**420**	**(29)%**

Extended Workforce

The employee numbers stated above are based on the scope of DWS Group. There are also employees within the Deutsche Bank AG group of companies who are not within the scope of DWS Group but provide services for DWS and are aligned to DWS on a segment reporting basis (“Extended Workforce”). As at December 31, 2020 the Extended Workforce included 604 FTE, making the total combined FTE of DWS Group and the Extended Workforce: 3,925.

Human Capital Metrics

Diversity

Percentage of employees per employee category by gender

FTE	Managing Director	Director	Vice President	Assistant Vice President	Associate and below	Total
Female	20%	25%	31%	39%	57%	38%
Male	80%	75%	69%	61%	43%	62%
Total in %	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Total Number of FTE	**185**	**590**	**937**	**718**	**891**	**3321**

Percentage of employees per employee category by age group

FTE	Managing Director	Director	Vice President	Assistant Vice President	Associate and below	Total
Under 30	0%	0%	0%	6%	28%	9%
30-50	48%	63%	70%	74%	49%	63%
50+ years	52%	37%	30%	20%	22%	28%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Note: DWS confirms it does not employ anyone between the ages of 0-14 years (children).

Implementing German Gender Quota Legislation at DWS Group

The percentage of women on the Supervisory Board stood at 33% at the end of 2020 (2019: 36%), above the statutory requirement of 30% for listed and co-determined German companies under gender quota legislation.

As of year-end 2020, 27% of the executive positions at the first management level below the Executive Board were held by female executive women (2019: 21.5%). At the second level below the Executive Board, this percentage stood at 28.2% (2019: 26.8%). In accordance with legal requirements in Germany, DWS set targets for December 31, 2021, of 26% and 29%, respectively.

Female Percentage	Target for Dec 31, 2021	Status as of Dec 31, 2020	Status as of Dec 31, 2019
Supervisory Board of DWS KGaA	30%	33%	36%
First management level below the Executive Board	26%	27%	22%
Second level below the Executive Board	29%	28%	27%

Note: Supervisory Board set the target for January 29, 2024.

Percentage of employees reporting a disability

	2020	2019
Germany	2.80%	3.10%
United States	3.10%	3.60%
Total (for Germany and the United States based on their respective headcounts)	**2.90%**	**3.30%**

Note: Disability data is not commonly obtained in other DWS locations due to legal and other reasons. However, given Germany and the US represent nearly three quarters (73%) of the global employee headcount we do not anticipate it would materially change the % if we obtained disability data from the other locations. US disability numbers may be marginally understated given any new joiners with disability since July 2019 are not included, due to HR system transition.

NB. All of the remaining data below is inclusive of the extended workforce.

Productivity, Costs, Sourcing Performance and Turnover

Productivity

	2020	2019
EBIT per Employee (in Thousand EUR):	200	187
Human capital Return on Investment (ROI):	108%	90%

Note: EBIT is calculated as Profit before Tax / FTE

Workforce Costs

	2020	2019
Total Workforce Costs (in € m.):	792,2	875,2

Note: Total Workforce Costs are calculated as Total Compensation & Benefits plus External Workforce Costs, Business Consultancy & Other Outsourced Operations

Talent Sourcing Performance

	2020	2019
Time to fill vacant positions (job creation to start date):	113	101
Time to fill vacant critical business positions (Managing Directors only):	73	40
Positions filled internally (internally from within DB Group):	38%	34%
Critical positions filled internally (MD roles filled internally from within DB Group):	20%	75%

Turnover

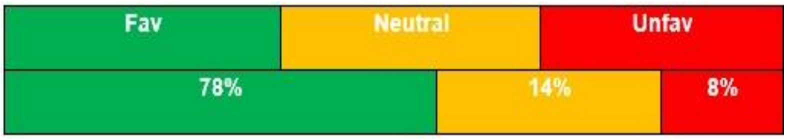
	2020	2019
Turnover:	7.80%	11.50%

Leadership and Training

Leadership

The ‘Empowering and Effective Managers’ index is part of the annual DWS people survey and measures the effectiveness of direct managers in areas such as performance recognition, development, ethics, integrity and consistent action

Empowering and Effective Managers
- 2020 score



Favourable score +7% versus 2019

Total Training and Development Costs

	2020	2019
Total expenses for training and development (in € m.):	1,2	2,1

Training on Compliance and Ethics

DWS maintains an annual mandatory Regulatory Training curriculum, which is a robust and risk-based training program designed to mitigate Compliance, Anti-Financial Crime (AFC) and other applicable non-financial risks DWS faces.

It addresses a variety of topics and risks, including those covered in the Code of Conduct. To ensure ongoing employee awareness of the conduct and ethics expected, the course content of various mandatory training modules are based on the Code’s principles and/or consistently include references to the Code. The mandatory Regulatory Training curriculum applies to all employees of DWS.

Given the vast majority of staff (93%) completed the Code of Conduct training in 2018 & 2019, in 2020 the focus was on other Compliance training modules. For example, below is the 83% of DWS staff who in 2020 completed the course ‘Compliance – the Essentials of Managing our Conflicts of Interest’. Many staff who have not yet completed this course have completed other mandatory training modules as part of the Regulatory Training Curriculum.

	2020	2019
Percentage of employees who have completed training on compliance and ethics at 31 Dec 2020	83%	93%

Employee Incident Management

Grievances

DWS strives for high standards of workplace conduct and management of employment processes in relation to the hiring, management and organization of our employees.

DWS maintains clear and consistent processes in relation to handling employee complaints, including regular review of grievance cases at senior management levels to ensure we uphold our values and provide a diverse, inclusive and productive working environment. We do not regard employee complaints as a zero sum game, indeed we actively encourage a 'speak up culture', and to that extent we accept that the number of grievance cases may fluctuate over time, although we use our best endeavours to create an optimal working environment for all employees.

The numbers below reflect formal complaints filed and not necessarily whether the complaint was upheld, partially or otherwise.

Grievance cases – formally recorded employee complaints	2020	2019
Workplace conduct	4	3
Employment Processes	1	3
Other	–	3
Total	**5**	**9**

NB. Grievance case data for Germany is not included due to local arrangements and data protection requirements.

Disciplinary Actions

DWS maintains clear and consistent processes to manage situations where employee conduct may not meet the high standards expected of the organization. There are a range of internally governed disciplinary actions DWS may take depending on the circumstances and local country regulations. The type of actions may include formal verbal warnings, written or final written warnings or more serious outcomes that may include compensation impacts and/or termination.

The numbers below reflect those cases considered internally by DWS to warrant a formal disciplinary action in accordance with internally validated governance standards. As can be seen by calculating the % of cases to total employee numbers, the overall number of cases is very low, well less than 1%, highlighting our strong culture of integrity and ethical standards.

Internal Disciplinary Actions	2020	2019
Number	10	18
As a % of total employees	0.25%	0.50%

Note: One additional case is pending outcome and may or may not result in a disciplinary action

Safety Incidents: Disclaimer

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.

Glossary

Term	Meaning
AATIF	Africa Agriculture and Trade Investment Fund
AFC	Anti-Financial Crime
AG	German stock corporation (Aktiengesellschaft)
AGM	Annual General Meeting
AIFMD	Alternative Investment Fund Managers Directive
AIGCC	Asia Investor Group on Climate Change
AIirc	Artificial Intelligence
AktG	German Stock Corporation Act (Aktiengesetz)
AM	Asset Management
APAC	Asia-Pacific
APIC	Additional Paid-in Capital
APM	Alternative Performance Measures
ARUG II	Act for implementing the Second EU Shareholder's Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie)
AuM	Assets under management
AVAs	Additional valuation adjustments
B2B	Business-to-Business
B2C	Business-to-Client
BaFin	The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BBP	Better Buildings Partnership
BCM	Business Continuity Management
BCP	Business Continuity Plan
BGB	German Civil Code
BoJ	Bank of Japan
BoP	Beginning of period
BREEAM	Building Research Establishment Environmental Assessment Methodology
BrightTALK	Technology media company that provides professional webinar hosting for a variety of industries
BSCO	Business Selection and Conflicts Office
BVI	German Investment Fund Association (Bundesverband Investment und Asset Management)
BVV	BVV Versicherungsverein des Bankgewerbes a.G.
CAPEX	Capital Expenditure
CCAR	Comprehensive Capital Analysis and Review
CCD	Client Coverage Division
CCO	Chief Control Officer
CCRI	Coalition for Climate Resilient Investments
CDP	Carbon Disclosure Project
CEEF	Clean Energy and Environment Fund
CEO	Chief Executive Officer
CERES	Coalition for Environmentally Responsible Economies
CESGA	Certified ESG Analyst
CET 1	Common Equity Tier 1
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIC	Capital Investment Committee
CIO	Chief Investment Officer
CIR	Cost-income ratio
CISO	Chief Information Security Officer
CLO	Collateralized Loan Obligation
CODM	Chief Operating Decision Maker
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien)
COO	Chief Operating Officer
COVID-19	Corona Virus Disease 2019
CPI	Climate Policy Initiative's
CREF	China Renewable Energy Fund
CRI	Committee for Responsible Investments
CRR	Capital Requirements Regulation

Term	Meaning
CRR/CRD IV	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirement Directive IV - CRD IV)
CRS	Common Reporting Standard
CSR	Corporate Social Responsibility
CTA	Currency Translation Adjustments
CTRR	Climate- and Transition Risk and Opportunity Rating
DAC6	EU's mandatory tax disclosure directive
DAX	German Stock Index (Deutscher Aktienindex)
DB Group	Deutsche Bank AG and its subsidiaries
DCC	DWS Compensation Committee
DCF	discounted cash-flow method
DIP	Digital Investment Platform
DNA	Desoxyribo Nucleic Acid - carrier of the genetic information of humans and almost all other organisms
DOL	Department of labor
DR	Disaster Recovery
DVFA	German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.)
DWS Group	DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the Group / DWS Group)
DWS IHC	DWS Intermediate Holding Company
DWS KGaA	DWS Group GmbH & Co. KGaA
DWSM GmbH	DWS Management GmbH
ECB	European Central Bank
ECL	Expected Credit Loss
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
EIEC	DWS Employee Inclusion and Engagement Council
EINs	Employee Inclusion Networks
EIP	Employee Investment Plan
EKPI	ESG Key Performance Indicators
EMEA	Europe, Middle East and Africa
EMP	ESG Methodology Panel
EONIA	Euro Overnight Index Average rate
EPCs	Energy Performance Certificates
ESG	Environment, Social and Governance
ESMA	European Securities and Markets Authority
ESMS	Environmental and Social Management System
ETC	Exchange Traded Commodities
ETF	Exchange traded funds
EU	European Union
EUA	DWS Equity Upfront Award
EUR	Euro
EuroSIF	Europe-based national Sustainable Investment Fora
EY	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft
FATCA	Foreign Account Tax Compliance Act
FMPs	Financial Market Participants
FRC	Financial Reporting Council
FTE	Full-time equivalent
FTSE4GOOD	The FTSE4Good Index Series is a series of ESG equity indexes that include companies with positive ESG reputations
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit and loss
FX	Foreign exchange
GAAP	Generally Accepted Accounting Principles
GAS	German Accounting Standards
GBP	Great Britain Pound
GCF	Green Climate Fund
GCGC	German Corporate Governance Code
GDP	Gross Domestic Product
GDPR	EU General Data Protection Regulation

Term	Meaning
GGPs	Global Governance Principles
GHG	Green House Gas
GIIN	Global Impact Investing Network
GLT	Global Leadership Team
GmbH	German company with limited liability (Gesellschaft mit beschränkter Haftung)
GMF III	Global Microfinance Funds III
GOGLA	Global Off-Grid Lighting Association
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GSC	Group Sustainability Council
GSIA	Global Sustainable Investment Association
GSO	Group Sustainability Office
GSPP	Global Share Purchase Plan
GVC	Group component of Variable Compensation
Harvest	Harvest Fund Management Co., Ltd.
HGB	German Commercial Code (Handelsgesetzbuch)
HR	Human Resources
HRB	Number in the German Commercial Register in section B; incorporated companies are covered in section B of the register
IA	The Investment Association (UK)
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
IC	Investment Committee
ICA	Internal Capital Adequacy Ratio
ICGN	International Corporate Governance Network
IDF	Insurance Development Forum
IDW	German Institute of Public Auditors (Institut der Wirtschaftsprüfer)
IEG	International Environment Group Limited
IFAD	International Fund for Agricultural Development
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IIGCC	Institutional Investors Group on Climate Change
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
InstVV	German Remuneration Ordinance of Institutions (Institutsvergütungsverordnung)
IPO	Initial Public Offering
IRC	DWS Integrity Review Committee
ISAE	International Standard on Assurance Engagements
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
ISS-ESG	Institutional Shareholder Services ESG
IT	Information Technology
KGaA	German partnership limited by shares (Kommanditgesellschaft auf Aktien)
KPI	Key Performance Indicator
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft
KWG	German Banking Act (Kreditwesengesetz)
KYC	Know Your Client
LBMA	London Bullion Market Association
LEED	Leadership in Energy and Environmental Design
LGBTQI	Lesbian, gay, bisexual, transgender, questioning, intersex
LoD	Line of Defence
LRA	Liquid Real Assets
LTA	Long-Term Award
LTECL	Lifetime expected credit losses
LTPD	Lifetime probability of default
MDF	Microcredit Development Fund
MESGS	Minimum ESG investment standards
MiFID	Markets in Financial Instruments Directive
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
MORM	Model Risk Management

Term	Meaning
MRTs	Material Risk Takers
MSCI	Morgan Stanley Capital International
N/A	Not applicable
N/M	Not meaningful (in the management report)
NAV	Net asset value
NFR	Non-financial risk
NGO	Non-governmental Organization
NPA	New Product Approval
NYC Climate Week	New York City Climate Week
OECD	Organisation for Economic Co-operation and Development
OpCo	Global Operating Council
ORMF	Operational Risk Framework
P&L	Profit or loss
PAI	Principal Adverse Impacts
PBOC	People's Bank of China
PBT	Profit before tax
PD	Probability of Default
PDF	Portable Document Format
PEIF	Pan-European Insurance Forum
PEPP	Pandemic Emergency Purchase Program
PMs	Project Managers
PRI	Principles for Responsible Investment
PSU	Performance Share Units
PVCC	Principal Valuation Control Council
PWG	DWS Pensions Working Group
QPAM	Qualified professional asset manager
RCC	Risk and Control Committee
RCF	Revolving Credit Facility
RCP	Risk and Capital Profile
REA	DWS Restricted Equity Award
RFR	Risk-free rate
RI	Responsible Investment
RIA	DWS Restricted Incentive Award
ROI	Return on investment
RoTE	Return on tangible equity
RRC	Reputational Risk Committee
RREEF	DWS Rosenberg Real Estate Equity Funds
RTS	Regulatory Technical Standards
RWA	Risk weighted assets
S&P	Standard & Poors
SAR	Stock Appreciation Rights
SASB	Sustainability Accounting Standards Board
SBT	Science Based Targets
SCC	EU Standard Contractual Clauses
SDAX	The German SDAX is a stock market index composed of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalization
SDG	Sustainable Development Goal (overview of SDGs: https://sustainabledevelopment.un.org/sdgs)
SEC	Securities and Exchange Commission
SFDR	Sustainable Finance Disclosure Regulation
SI	Sustainable Investments
SIC	Strategic Investment Committee
SICAV	Société d'investissement à Capital Variable (Investment company with variable capital)
SIF	Sustainable Insurance Forum
SNLP	Stressed Net Liquidity Position
SOC-1 report	Service Organisation Control 1 report
SpainSIF	Spanish Sustainable Investment and Finance Association
SPPI	Solely payments of principal and interest
SPR	Systematic Product Review
SPTF	Social Performance Task Force
SQI	Systematic & quantitative investments
SRD II	Shareholders' Rights Directive II

Term	Meaning
SRI	Sustainable and Responsible Investment
STA	Short-Term Award
TCFD	Task Force on Climate-related Financial Disclosures
TELOS	German rating agency
TPNW	Treaty on the Prohibition of Nuclear Weapons
UCITS	Undertakings for Collective Investment in Transferable Securities
UK	United Kingdom
UKSIF	UK Sustainable Investment and Finance Association
UN	United Nations
UNEP FI	UN Environment Programme
UNGC	United Nations Global Compact
US	United States of America
USD	United States Dollar
USSIF	US Forum for Sustainable and Responsible Investment
VAT	Value Added Tax
VC	Variable Compensation
Wirecard	Wirecard AG
WKN	Securities identification number (Wertpapierkennnummer)
WROS	Water Risk and Opportunity Score
Xetra	Xetra is an all-electronic trading system operated by Frankfurter Wertpapierbörse
Xtrackers	Exchange-traded funds offered by DWS

Imprint

[GRI 102-53]

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Cautionary statement regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.
By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks as described in this report.

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