



# 2024

TCFD Entity Report

DWS Investments UK Limited



# Introduction

DWS Investments UK Limited (the Firm) is authorised and regulated by the FCA to conduct portfolio management and investment advisory services, as well as distribution services for the entire set of products in Passive Xtrackers, Active and Alternatives.

The Firm is the delegated portfolio manager for the Luxembourg and Irish Exchange Traded Fund (ETF) platforms, certain segregated mandates and CROCI fund range. Graph 1 depicts this delegation structure.

The Firm is a subsidiary of DWS Group GmbH & Co. KGaA (the Group) and as such is subject to the general processes, frameworks and policies of the Group relating to climate risk and other sustainability matters as reflected in the Group’s [Sustainability Statement](#). This includes Group climate-related targets.

In addition, due to the Firm’s AuM being predominantly passive related, there is limited scope to apply discretionary investment decisions (including those relating to climate risks and opportunities) at the level of ongoing portfolio management.

Based on the FCA TCFD rules the TCFD products in scope relate to Xtrackers<sup>1</sup> ETFs, Passive Mandates and CROCI funds. The total AuM for these in scope products was £197 bn as at 31 December 2024. Table 1 provides a breakdown of AuM by product.

Throughout the report, metrics and other data points are stated for the full year 2024 and / or as at 31 December 2024. The descriptions of governance, strategy and risk management where applicable will reflect changes during 2025 to provide the most up to date view of the Firm’s activities.

Graph 1: DWS Investments UK Limited relationship with DWS Group

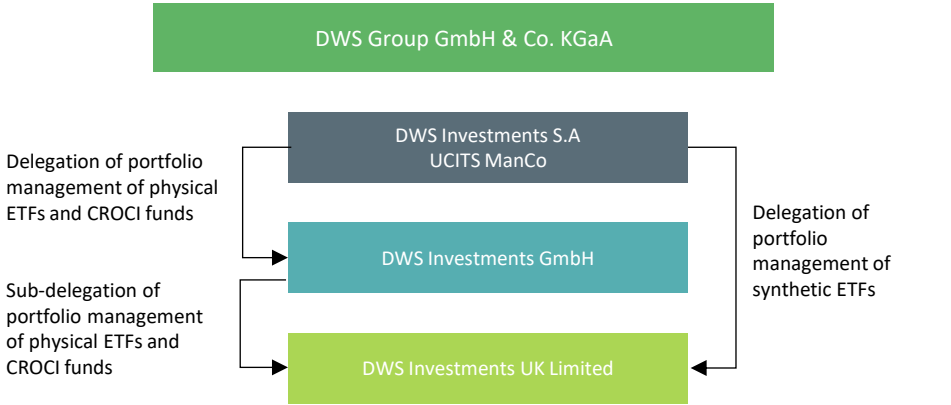


Table 1: TCFD in-scope business breakdown by product AuM

Product	AuM 31 December 2024	
	EUR bn	GBP bn
Xtrackers ETFs	228	188
Passive Mandates	10	8
CROCI Funds	1	1
DWS Investments UK Limited	239	197

Note: €10 bn / £8 bn Exchange Traded Commodities excluded from this report because they are not considered an in-scope TCFD product under FCA rules.

<sup>1</sup> Exchange Traded Funds offered within the Passive business of DWS

# Compliance statement

On behalf of DWS Investments UK Limited I confirm that the disclosures in this report comply with the requirements set out in section 2.2 of the **DISCLOSURE OF CLIMATE-RELATED FINANCIAL INFORMATION (ASSET MANAGER AND ASSET OWNER) INSTRUMENT 2021** <https://www.fca.org.uk/publication/policy/ps21-24.pdf>

A handwritten signature in blue ink that reads "Andrew Levy". The signature is written in a cursive, flowing style.

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Andrew Levy, CFO, Director DWS Investments UK Limited





# Governance

# Governance

TCFD			
A. Describe the board’s oversight of climate-related risks and opportunities			
DWS Group Annual Report 2024 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group   UK
	<div>Sustainability Statement - Governance (p.40)</div> <div>- Sustainability Statement - Governance - Executive Board - Composition - Knowledge and Skills(p.40)</div> <div>- Sustainability Statement - Governance - Executive Board - Tasks and information provision (p.41)</div> <div>- Sustainability Statement - Governance - Group Sustainability Committee - Composition (p.42)</div> <div>- Sustainability Statement - Governance - Group Sustainability Committee - Task and information provision (p.42)</div>	<div>The Executive Board and Group Sustainability Committee oversee climate-related opportunities and risks and cover the Firm as part of group wide sustainability governance.</div>	<div>None</div>

## Governance A. UK supplementary disclosures

### Board oversight

In response to the FCA TCFD rules the DWS Investments UK Limited Board (the Board) enhanced its governance processes in relation to sustainability and climate matters.

Climate topics are embedded into the remit of the Board, as documented in its Terms of Reference. The Board has delegated specific responsibilities to the Board Risk Committee (BRC) to support its management of climate-related risks and opportunities as described on the next page.

Since February 2023, the risk management function reports sustainability risk metrics to the BRC and Board on a quarterly basis to enable monitoring.

### Relationship with DWS Group

DWS Group has assigned climate responsibilities to each division and mandated legal entities with specific responsibilities. The Management Company in Luxembourg is responsible for setting the investment guidelines of the portfolio management activities that the Board oversees on a delegated basis (or sub-delegated basis via DWS Investment GmbH). The climate mandate of the Board is limited to monitoring and reviewing Group targets, and due to its primary role as delegated portfolio manager it does not have direct powers to influence the Group targets, nor can it set UK targets.

To ensure the Board is informed of Group climate-related topics the Group Sustainability Committee (GSC) provide meeting papers and minutes to the UK COO to share with the Board and BRC. This periodically includes details of Group targets and progress towards achieving them.

# Governance

The Firm relies upon the strategy and decision making of the Executive Board, GSC and business divisions. The GSC acts as the senior decision-making body for sustainability-related matters at Group level, unless decision making falls within the area of competence of the Executive Board or the Firm.

## **DWS Investments UK Limited**

- The Board has collective responsibility for the management and performance of the entity
- The Chair is responsible for setting the board agenda which focuses on strategy, performance, culture & conduct, accountability and risk management
- The Chair has been tasked with ensuring sustainability matters, including climate, will have adequate time in the regular agenda
- The COO receives materials from the GSC and will ensure that group climate-related issues are shared with the Board
- The Chief Risk Officer (CRO) attends the Board meetings and provides updates on relevant sustainability risk metrics

## **Board Risk Committee**

The Board has delegated specific responsibilities as described in its Terms of reference including:

Developing proposed risk appetite levels and metrics to monitor

Escalating key issues and risks to the Board

Meeting monthly and providing quarterly updates to the Board

# Governance

TCFD			
B. Describe management’s role in assessing and managing climate-related risks and opportunities.			
DWS Group Annual Report 2024 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group   UK
	<ul style="list-style-type: none"><li>- Sustainability Statement - Governance (p.40)</li><li>- Sustainability Statement - Governance - Executive Board - Composition - Knowledge and Skills(p.40)</li><li>- Sustainability Statement - Governance - Executive Board - Compensation (p.41)</li><li>- Sustainability Statement - Governance - Supervisory Board - Knowledge and Skills (p.43)</li><li>- Sustainability Statement - Governance - Supervisory Board - Compensation (p.44)</li><li>- Annual Report - Compensation Report (p.190)</li><li>- Self-assessment of Supervisory Board: Annual Report - Compensation Report - Compensation for Supervisory Board Members (p.212)</li></ul>	The Executive Board and Group Sustainability Committee oversee climate-related opportunities and risks and cover the Firm as part of group wide sustainability governance.	None

## Governance B. UK supplementary disclosures

### UK Divisional Management Responsibilities

Where the Firm has specific incremental responsibilities not covered in the Group report these are explained below.

UK COO established the oversight responsibilities of the UK Board and its sub-committees and forums.

UK CFO is responsible for signing the Compliance Statement within this report. In addition, the Head of Finance Sustainability is based in the UK and oversees UK TCFD reporting.

UK CRO is responsible for incorporating the DWS strategic risk objectives from DWS Group Risk Appetite Statement into the Firm’s risk appetite statement, including those related to sustainability risk. The CRO is also responsible for incorporating sustainability risk metrics if and when feasible and relevant to the Firm and report them to the BRC and Board. The UK CRO is a member of the BRC.

### Climate competence

In line with Group Suitability guidelines the Board and BRC annually self-assess ongoing suitability individually and collectively including their knowledge of climate, environmental, social and governance risks and knowledge of regulation, principles and frameworks for Environmental, Social and Corporate Governance.

The Board receive updates on TCFD, DWS Group Sustainability Statement and the FCA TCFD rules.



# Strategy



# Strategy

TCFD			
A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.			
DWS Group Annual Report 2024 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group   UK
	<ul style="list-style-type: none"><li>- Annual Report - Risk Report - Sustainability Risk and Adverse Impacts to the Environment and Society (p.27)</li><li>- Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks (p.78)</li></ul>	Identification of risks is performed on a global basis. All risks identified are to some extent relevant to the Firm. There are no other material climate-related risks specific to the Firm.	None

## Strategy A. UK supplementary disclosures

In the context of portfolio management of Passive products, the most relevant risk at the portfolio level is market risk. For example, for European Xtrackers products, the market price of underlying investments may be negatively impacted as a result of physical damage caused by climate change or measures to transition to a low-carbon economy. Another example of the market price of underlying investments being negatively impacted would be aspects linked to their own adverse impact to the environment, which could trigger regulatory fines or litigation related to violation of norm standards or other related factors.

Further details on how climate-related risks and opportunities are incorporated into the Xtrackers ETF business can be found under Strategy recommendation B.

# Strategy

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B. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning.

AM 1: Asset managers should describe how climate-related risks and opportunities are factored into relevant products or investment strategies

AM 2: Asset managers should also describe how each product or investment strategy might be affected by the transition to a lower carbon economy

DWS Group Annual Report  
2024 cross reference

Group content and page reference

- Sustainability Statement - ESRS 2 - Strategy, Business Model and Value Chain (p.48)
- Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to addressing climate change (p.78)
- Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks - Implications for our strategy and business model (p.79)
- Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.82)
- Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our products (p.88)
- Sustainability Statement - General Information -Sustainability in Our Product Suite and Investment Approach (p.62)
- Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.87)
- Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks - Climate Scenario Analysis (p.80)

Rationale for cross reference

- DWS’s overarching sustainability strategy includes three strategic priorities. These priorities are global and therefore are included in the Firm’s activities.
- The incorporation of climate risks and opportunities into the investment process and within products is aligned to the global businesses. The predominant business type of the Firm is passive. An example of climate change considerations within this business is provided on the next page.
- DWS’ NZAM commitment is overseen and executed at Group level. No targets or specific requirements have been assigned to DWS’s legal entity boards including the Firm.

Material deviations Group | UK

- None
- None
- None

# Strategy

## Strategy B. UK supplementary disclosures

### **Incorporating climate-related risks and opportunities in the Xtrackers ETF business**

In the European Xtrackers ETF business (which forms most of the AuM in scope for this report), given the constraints of tracking a publicly available index, there is limited scope to apply discretionary investment decisions at the level of ongoing portfolio management. In addition, due to market demand for broad-market portfolio building blocks, a number of European Xtrackers ETFs track indices which do not consider climate-related risks and opportunities in their construction.

With reference to the TCFD recommendations, for European Xtrackers products, we factor climate-related risks and opportunities into relevant products or investment strategies at the product design stage. This includes developing products or providing recommendations for the modification of existing products to track ESG and/or low carbon screened versions of indices, which may deliver changes to the carbon intensity of portfolios. It also involves launching new ESG and net zero compliant products after working with index providers to incorporate new datasets in their index construction.

DWS maintains an index provider engagement process which establishes a strategic framework for DWS to engage on sustainability considerations with providers of indices for its Xtrackers business.

The European Xtrackers products may be subject to market risks in connection with sustainability risks, for example physical damage caused by climate change or measures to transition to a low-carbon economy. These risks can have a negative impact on the market price of underlying investments.

Over the course of 2024, the Xtrackers business continued to increase the number of European-domiciled ETFs which promote environmental or social characteristics with the launch of nine new

ETF sub-funds disclosing under Article 8 SFDR. This expansion of the product range included additions to the Xtrackers target maturity corporate bond range where the respective indices incorporate ESG exclusion criteria covering, amongst others, issuers breaching certain revenue thresholds certain in oil & gas and thermal coal activities.

It remains a target of the business to increase the number of European Xtrackers ETFs which promote environmental or social characteristics and disclose as Article 8 or 9 under the SFDR.

### **Incorporating climate-related risks and opportunities in the CROCI fund business**

CROCI (Cash Return On Capital Invested), is an investment platform based on a DWS proprietary valuation and company research process. CROCI funds are fully invested in equities, based on systematic / rules-based, but highly active strategies. The CROCI company analysis process routinely incorporates material financial risks to investors in a company, including those stemming from climate – the aim is to provide an all-round economic valuation of the entire company, including off-balance sheet items.

Those CROCI funds which are managed on a delegated basis in the UK, report according to Article 8 SFDR and therefore follow the DWS minimum criteria on such funds. As per the fund prospectus valid throughout the year 2024, this included a restriction on purchasing any companies with an excessive climate and transition risk profile (i.e. a DWS Climate and Transition Risk Assessment of "F") at the quarterly portfolio recomposition of these systematic strategies.

# Strategy

TCFD

C. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

DWS Group Annual Report 2024 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group   UK
	<div>- Sustainability Statement - Environmental Information</div> <div>- Climate Change - Strategy - Our approach to identifying and measuring climate-related risks - Implications for our strategy and business model (p.79)</div> <div>- Sustainability Statement - Environmental Information</div> <div>- Climate Change - Strategy - Our approach to identifying and measuring climate-related risks - Climate Scenario Analysis (p.80)</div>	The overall methodology used for portfolio scenario analysis is the same at Group and UK level. The UK approach has been adapted to align more closely with the scenarios included in the FCA rules: 1.5°C orderly, 1.5°C disorderly, 3°C “hothouse world”	UK scenario selection is more closely aligned to FCA rules. Due to different scenarios and different AuM scope the results for UK and Group are not directly comparable.

## Strategy C. UK supplementary disclosures

### Approach to climate scenario analysis

This scenario analysis uses scenarios of 1.5°C orderly, 1.5°C disorderly, and 3°C NDC (National Determined Contributions)<sup>1</sup>. 1.5°C orderly scenario assumes immediate action to reduce emissions in line with the Paris Agreement, while climate policies in 1.5°C disorderly scenario are delayed at the beginning and then shift intensively to meet the target. 3°C NDC scenario only considers current policies and pledged but not yet implemented regulatory measures. The models are built on various narratives, with assumptions about different trajectories and interactions of government regulation, energy systems, land use and climate systems. The assumptions also include impacts on business operations, physical properties as well as the consequences on the wider economy.

Climate-related risks and opportunities are classified into two types: transition risks and opportunities, and physical risks. The assessment of transition risks and opportunities involves analysing an individual company’s financial impact from policy changes for a greener economy. Such changes can result in increased costs and new business opportunities. We will refer to these as “policy risks” and “technology opportunities”, respectively. Climate change can also lead to acute and chronic physical climate effects that pose threats to properties and business operations – such effects are referred to as “physical risks”.

The potential financial impacts on our investments from policy risks, technological opportunities, and physical risks are evaluated in our scenario analysis. The scope of the analysis is based on our listed equities and corporate bonds investment holdings. Sovereign and supranational assets are therefore not included in the analysis.

The MSCI CVaR model incorporates relevant regional, sectoral, and company-specific factors, as well as climate pathway assumptions tailored to assumed temperature increases. The inherent complexity of climate systems and their impact on micro- and macroeconomics introduce a substantial degree of uncertainty in determining the implications for our investees’ financial valuations. Additionally, the response of investees to policy shifts and physical climate change is not entirely predictable and not part of the modelling. The analysis should be regarded as guidance and a tool for relative value analysis on how climate change might impact sectors, regions, or asset classes under certain assumptions, rather than as an exact prediction of valuations of individual investments or portfolios. We recognise that there are critiques on the limitations and assumptions of climate scenario modelling practices in financial services. For instance, climate scenarios may not reflect many of the most severe impacts we can expect such as tipping points. We will continue to monitor the development of climate scenario methodologies.

<sup>1</sup>This is an alternative to the “hothouse world” scenario which is not available in MSCI. The estimated physical risks would be slightly lower than in the “hothouse world” scenario, but still well above the Paris target.



# Strategy

## Transitional risks and opportunities—by sectors and regions

The heatmaps below depict Climate Value-at-Risk of sectors in different regions. The colour of each cell indicates the value in the corresponding range (scale on the right side). The first two heatmaps demonstrate transitional risks and opportunities under orderly and disorderly transitions with an outcome of 1.5°C temperature increase. Late and divergent policies in the disorderly scenario result in more costs for companies across sectors and regions. Carbon-intensive sectors are more exposed to policy risks stemming from higher carbon emissions and rising carbon prices. Compared with the energy sector, the heatmap suggests that the utility and material sector is less likely to be impacted as the estimated technology opportunities are more significant which partly compensate the downside risks. Under the 3°C scenario where current and planned policies are very limited, financial impacts to companies are marginal.

Table 3: Transitional risks and opportunities – by sectors and regions

1.5°C orderly	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Sub total (by region)	Value at risk (%)
Asia Pacific													0%
Europe (including UK)													-25%
Middle East/Africa													-50%
North America													-75%
South/Central/Latin America													-100%
Sub total (by sector)													
1.5°C disorderly	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Sub total (by region)	Value at risk (%)
Asia Pacific													0%
Europe (including UK)													-25%
Middle East/Africa													-50%
North America													-75%
South/Central/Latin America													-100%
Sub total (by sector)													
3°C NDC	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Sub total (by region)	Value at risk (%)
Asia Pacific													0%
Europe (including UK)													-25%
Middle East/Africa													-50%
North America													-75%
South/Central/Latin America													-100%
Sub total (by sector)													

Source BRS Aladdin, MSCI Climate VaR, DWS analytics/calculations, data as of 30 December 2024. MSCI provides Climate VaR for over 8,000 companies and continuously improves its coverage. Around 80% of total exposure of DWS Investments UK Limited are covered by MSCI.

# Strategy

## Physical risks—by sectors and regions

Physical risks are closely related to the level of global warming and geographical location. As shown in the below heatmaps, the impacts from extreme climate events become slightly more material when temperature rise increases from 1.5°C to 3°C. APAC and South/Central/Latin America can be more exposed to physical risks in comparison with other areas. Among all acute and chronic climate hazards identified in the model, extreme heat and coastal flooding could pose the greatest physical risks to our investee companies, particularly in the energy and utility sector.

Table 4: Physical risks – by sectors and regions

1.5°C orderly	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Sub total (by region)	Value at Risk (%)
Asia Pacific													0%
Europe (including UK)													-25%
Middle East/Africa													-50%
North America													-75%
South/Central/Latin America													-100%
Sub total (by sector)													
3°C NDC	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Sub total (by region)	Value at Risk (%)
Asia Pacific													0%
Europe (including UK)													-25%
Middle East/Africa													-50%
North America													-75%
South/Central/Latin America													-100%
Sub total (by sector)													

## How the Results from Our 2024 Climate Scenario Analysis Influenced Our Strategy

To identify and evaluate the potential risks and opportunities related to climate change in our portfolios, we perform the climate scenario analysis on a yearly basis. The scenario analysis results have been presented to internal stakeholders and the GSC for consideration in the business and the product strategy.



# Risk management

# Risk management

TCFD

A. Describe the organisation’s process for identifying and assessing climate-related risks.

AM 1: Asset managers should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers’ ability to assess climate-related risks.

AM 2: Asset managers should also describe how they identify and assess material climate-related risks for each product or investment strategy. This might include a description of the resources and tools used in the process.

DWS Group Annual Report  
2024 cross reference

Group content and page reference

- Sustainability Statement - General Information - Materiality Assessment (p.55)
- Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks (p.78)
- Annual Report - Risk Report - Risk Framework - Risk Management - Sustainability Risk and Adverse Impacts to the Environment and Society (p.27)
- Sustainability Statement - General Information - Sustainability in Our Product Suite and Investment Approach - Our Investment Approach - ESG in traditional asset classes (p.64)
- Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.82)
- Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks (p.78)
- Sustainability Statement - General Information - Sustainability in Our Product Suite and Investment Approach - Our Investment Approach - ESG in traditional asset classes (p.64)
- Annual Report - Risk Report - Fiduciary Investment Risk - Fiduciary Investment Risk in Traditional Asset Classes (p.33)

Rationale for cross reference

DWS Group operates a global risk management framework across all regions and business divisions including the Firm.

Engagement and voting activity is performed centrally through the Corporate Governance Center.

The overall methodology used for portfolio scenario analysis is the same at Group and UK level. The UK approach has been adapted to align more closely with the scenarios included in the FCA rules: 1.5°C orderly, 1.5°C disorderly, 3°C “hothouse world”.

Material deviations Group | UK

See details below in relation to portfolio climate scenario analysis.

None

1.5°C disorderly scenario used for UK compared to 2.0°C orderly scenario used for Group. UK scenario selection is more closely aligned to FCA rules. Due to different scenarios and different AuM scope the results for UK and Group are not directly comparable.



# Risk management

TCFD

B. Describe the organisation’s processes for managing climate-related risks.

AM: Asset managers should describe how they manage material climate-related risks for each product or investment strategy.

DWS Group Annual Report  
2024 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group   UK
<div>- Sustainability Statement - General Information - Material Impacts, Risk and Opportunities and Their Interaction with Strategy and Business Model (p.51)</div> <div>- Sustainability Statement - General Information - Material Impacts, Risk and Opportunities and Their Interaction with Strategy and Business Model (p.55)</div> <div>-Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks (p.78)</div> <div>- Annual Report - Risk Report - Risk Framework - Risk Management - Sustainability Risk and Adverse Impacts to the Environment and Society (p.27)</div> <div>-Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring climate-related risks (p.78)</div> <div>- Sustainability Statement - General Information - Sustainability in Our Product Suite and Investment Approach - Our Product Suite (p.62)</div> <div>- Sustainability Statement - General Information - Sustainability in Our Product Suite and Investment Approach - Our Investment Approach - ESG in traditional asset classes (p.64)</div> <div>- Annual Report - Risk Report - Fiduciary Investment Risk - Fiduciary Investment Risk in Traditional Asset Classes (p.33)</div>	<div>The risk management framework for DWS operates globally. While the focus of this report is on risks at portfolio level a cross reference has been provided for corporate risk management to enable understanding of how risks to DWS Group as a corporate are managed.</div> <div>The materiality assessment enables DWS to identify material risks, opportunities and impacts including climate and covers all DWS legal entities</div> <div>The management of climate risks and opportunities in the investment process is aligned to the global businesses. The predominant asset class of the Firm is Passive.</div>	<div>None</div> <div>None</div>

# Risk management

## Risk Management B. UK supplementary disclosures

### **Risk management in the Xtrackers ETF business**

In the European Xtrackers ETF business the climate risk management processes are primarily focused on periodically reviewing the sustainability risk profiles of a European Xtrackers product. The outcome of such processes being a potential review of the appropriateness of the underlying reference index and/or appropriateness of offering products which replicate specific investment exposures.

To identify and assess the climate risk profile of a portfolio, the Climate Transition Risk assessment as well as a Norm Controversy assessment (including climate related controversies) are considered by risk management in combination with gross and risk-adjusted exposure information.

The established process includes, amongst other considerations, the measurement of a Climate and Transition Risk Assessment (CTR) exposure, including risk-contribution based metrics, monitoring against individual fund risk appetite and reporting to relevant stakeholders. Furthermore, on a regular basis, risk management holds review meetings with relevant stakeholders including representatives of the Investment and Product teams where observations are discussed and, where necessary, recommendations are made related to any suggested changes in the product design of Xtrackers products. This may include actions such as subsequent engagement with index providers concerning enhancing sustainability characteristics of relevant tracked indices.

# Risk management

TCFD

C. Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation’s overall risk management.

DWS Group Annual Report  
2024 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group   UK
-Sustainability Statement - Environmental Information - Climate Change - Strategy - Our approach to identifying and measuring Climate-related risks (p.78) - Annual Report - Risk Report - Risk Framework - Risk Management - Sustainability Risk and Adverse Impacts to the Environment and Society (p.27)	The integration of climate risk into the risk management framework is performed on a global basis and embedded within global risk management processes, covering the Firm.	None



# Metrics and targets



# Metrics and targets

TCFD

A. Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.

AM: Asset managers should describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, asset managers should also describe how these metrics have changed over time. Where appropriate, asset managers should provide metrics considered in investment decisions and monitoring.

C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

DWS Group Annual Report 2024 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group   UK
	A and C:-Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.87) - Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Own Operations (p.91,94, 95) -Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.87) - Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Own Operations (p.91,94, 95)	Metrics and targets in place at Group level cover global activities including the Firm.	None
	AM: Information not provided in Group report	Investment / fiduciary risk management is overseen at a global level and is applicable to the Firm.	None

## Metrics and targets A. and B. UK supplementary disclosures

### Metrics in the UK

The Firm monitors UK specific metrics on a quarterly basis since 2023. These metrics cover changes in greenhouse gas emissions (scope 1 + 2), exposure to coal sectors as well as non-financial risk related metrics.

The first two metrics refer to assets in scope for NZAM. The scope of these metrics includes funds where the Firm is the delegated portfolio manager, and it excludes mandates as they are out of NZAM scope.

These metrics are subject to change, as the Group and the Firm evolve their climate-related objectives.

Targets in the UK

As explained in the Introduction (p. 1) and Governance chapter (p. 4) the Firm has not set specific UK targets in relation to climate-related risks and opportunities. This reflects the role of the Firm, the nature of the business and the overarching targets defined at Group level.

# Metrics and targets

TCFD

B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

- AM 1: Asset managers should provide the weighted average carbon intensity, where data are available or can be reasonably estimated, for each product or investment strategy. In addition, asset managers should provide other metrics they believe are useful for decision making along with a description of the methodology used.
- AM 2: Asset managers should also consider providing other carbon footprinting metrics they believe are useful for decision-making.

DWS Group Annual Report 2024 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group   UK
	B. -Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.87) - Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Own Operations (p.91,94, 95)	Firm corporate emissions are not in scope for this report, so a cross reference to DWS Group corporate emissions is provided for transparency.	None
	AM 1: -Sustainability Statement - Environmental Information - Climate Change - Climate Change Considerations in Our Downstream Value Chain - Climate Change considerations in our investments (p.87)	The Portfolio Net Zero initiative operates at global level and has not assigned specific targets or responsibilities to legal entities including the Firm.	None
	AM 2: N/A - We no longer provide SBTi and TPI calculations under CSRD.	The methodology used to determine SBTi and TPI portfolio alignment is consistent between Group and UK. The results of the UK-specific SBTi and TPI alignment analysis are included in this section.	None

# Metrics and targets

## Metrics and targets B. UK supplementary disclosures

Table 5: Product Report metrics aggregated at Firm level

Metric	Definition	2023 result (Corporates)	2024 result (Corporates)	2023 result (Sovereigns)	2024 result (Sovereigns)
Scope 1 and 2 GHG emissions	Scope 1 and 2 GHG emissions associated with a portfolio expressed in tonnes CO2e	8,649,356	8,653,900	4,531,252	5,280,885
Scope 3 GHG emissions	Scope 3 GHG emissions associated with a portfolio expressed in tonnes CO2e	61,798,195	64,3276,908	Not Available	2,481,723
Carbon footprint <sup>1</sup>	Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO2e / € m invested	62	38	180	158
Weighted average carbon intensity (WACI)	Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO2e / € m revenue (corporates) and tonnes CO2e / € bn GDP (sovereigns)	109	95	272	210

### Metric context, assumptions and limitations

99.6% of the Firm's in-scope AuM of € 239 bn consists of listed equity, bonds and money market instruments which are in scope for the metrics defined above.

For corporate issuers, the data is calculated according to the TCFD Implementation Guidance for asset managers 2021. The absolute emissions and carbon intensity metrics for listed equities and corporate bonds are sourced from ESG Engine<sup>1</sup> which takes emissions data directly from MSCI. The financed emissions are computed according to the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF) and accepted by the GHG Protocol.

The formula allocates companies emissions and carbon footprint to the Firm according to the Firm's share in the company's Enterprise Value including Cash (EVIC). The financed emissions are computed according to the TCFD-recognized carbon intensity metric based on the volume of carbon emissions per million euros of revenue (carbon efficiency of a portfolio), expressed in tonnes CO2e/€M revenue.

For sovereign bonds and money market instruments the data is taken from MSCI Allocated financial emissions were calculated according to the Firm's share of the sovereign PPP adjusted GDP. The financed emissions were computed according to the TCFD-recognized carbon intensity metric based on the volume of carbon emissions per billion euros of PPP adjusted GDP, expressed in tonnes CO2e/€bn GDP.

For 97.1% of the Firm's in-scope AuM, the data was available. This covered company exposure was used as the current portfolio value in formulas for carbon footprint and weighted average carbon intensity. For corporate issuers, 87% of calculated emissions were reported. The remaining data and data for sovereign issuers is a MSCI estimation.

<sup>1</sup> The ESG Engine is a proprietary tool developed by DWS for ESG analysis. It generates essential assessments that serve as the foundation for DWS's ESG investment strategies and integration efforts. The ESG Engine gathers data from multiple sources, including top commercial ESG vendors. For more information, please see the DWS Annual Report 2024.