

Ad Item 7:

Joint report of the General Partner of DWS Group GmbH & Co. KGaA, Frankfurt am Main, and the management of DWS International GmbH, Frankfurt am Main, on the amendment to the domination and profit pooling agreement

Preamble

DWS Group GmbH & Co. KGaA (formerly trading as Deutsche Asset Management Holding SE) and DWS International GmbH (formerly trading as Deutsche Asset Management International GmbH, hereinafter also referred to as the "Subsidiary") entered into a domination and profit pooling agreement on May 4, 2017 that entered into force after its approval by the extraordinary General Meeting of DWS Group GmbH & Co. KGaA and the shareholder meeting of DWS International GmbH in 2017 by means of entry into the commercial register of the Subsidiary.

On August 21, 2020, DWS Group GmbH & Co. KGaA and DWS International GmbH entered into an agreement amending the aforementioned agreement in order to bring it into line with the new version of Article 28(3) of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) that entered into force in June 2019. The new version of Article 28(3) CRR lays down new requirements in relation to the eligibility of capital instruments to qualify as Common Equity Tier 1 capital (CET 1) in cases where profit and loss transfer agreements are in place. Specifically, in this context point (d) of Article 28(3) CRR requires that in preparing the annual financial statements, the subsidiary has discretion to decrease the amount of distributions by allocating a part or all of its profits to its own reserves before making any payment to its parent undertaking. In addition, point (f) of Article 28(3) CRR now requires that the profit and loss transfer agreement is subject to a notice period according to which the agreement can be terminated only by the end of an accounting year, with such termination taking effect no earlier than the beginning of the following accounting year. The current version of the enterprise agreement provides for this only in the case of termination subject to a notice period, while termination for good cause is possible at any time with immediate effect. The amendment agreement reflects the new requirements of the CRR by stipulating that termination for good cause is likewise only possible as of the end of a fiscal year, subject to a notice period of one calendar day. Accordingly, the termination does not take effect until after the beginning of the new fiscal year.

As well as bringing the domination and profit pooling agreement into line with these new requirements of Article 28(3) CRR, the amendment agreement also provides for various editorial amendments, including, in particular, to reflect the fact that both companies have since been renamed.

In order to be valid, the amendment agreement requires the consent of the shareholder meeting of DWS International GmbH, which was granted on August 24, 2020, the consent of the General Meeting of DWS Group GmbH & Co. KGaA, and entry into the commercial register of DWS International GmbH. Accordingly, the amendment agreement stipulates that it will only enter into force subject to the respective consents and the above entry into the commercial register. The Joint Committee of DWS Group GmbH & Co. KGaA consented to the amendment agreement also on August 24, 2020 pursuant to § 17 (1) b) of the articles of association of DWS Group GmbH & Co. KGaA.

The General Partner of DWS Group GmbH & Co. KGaA and the management of DWS International GmbH provide the following report on the agreement in accordance with § 295 (1), sentence 2 and § 293a (1) German Stock Corporation Act (*Aktiengesetz*), in which they explain and justify the amendment to the enterprise agreement. Since all shares of DWS International GmbH are held by DWS Group GmbH & Co. KGaA, it is not necessary to have the amendment agreement examined by an expert auditor in accordance with § 295 (1) sentence 2 and § 293b Stock Corporation Act, or to determine adequate compensation in accordance with § 304 Stock Corporation Act or a settlement in accordance with § 305 Stock Corporation Act.

1. Explanation and justification of the amendment to the enterprise agreement

The new version of Article 28(3) of Regulation (EU) No 575/2013 (Capital Requirements Regulation, "CRR") that entered into force in June 2019 lays down new requirements in relation to the eligibility of capital instruments to qualify as Common Equity Tier 1 capital (CET 1) in cases where profit and loss transfer agreements are in place. In 2017, DWS Group GmbH & Co. KGaA (then still trading as Deutsche Asset Management Holding SE) and DWS International GmbH (then still trading as Deutsche Asset Management International GmbH) (hereinafter also the "Parties") entered into a domination and profit pooling agreement that was entered into the commercial register for the registered office of DWS International GmbH on May 8, 2017. The amendment agreement provides for an alignment of the existing domination and profit pooling agreement with the requirements of the new version of Article 28(3) CRR, and also for several editorial amendments, in particular to update the names of the Parties that have since been changed. Going forward, in preparing its annual financial statements DWS International GmbH is to have discretion to decrease the amount of distributions by allocating a part or all of its profits to its own reserves before making any payment to DWS Group GmbH & Co. KGaA. The amendment agreement also provides for an amendment of the provisions on termination so that the agreement can only be terminated for good cause (similarly to termination in observance of a notice period) as of the end of a fiscal year, with termination taking effect from the beginning of the following fiscal year. According to the legal situation still in force at the time of writing this report, § 297 (1) of the Stock Corporation Act applies, which stipulates that an enterprise agreement may be terminated at any time (i.e. also during the fiscal year) without notice if there is good cause. However, the applicability of this provision in the case of a transfer of own funds under the German Banking Act is to be excluded by the Act Implementing Directives (EU) 2019/878 and (EU) 2019/879 to reduce Risks and enhance Proportionality in the Banking Sector (Risk Reduction Act). The law is currently in the government draft stage; it is expected to be passed in the near future. Once the Risk Reduction Act comes into force, the new contractual termination provision will take full effect, so that termination during the year will no longer be possible, even if there is good cause.

Bringing the agreement into line with the requirements of the new version of Article 28(3) CRR is necessary in order for the shares of DWS International GmbH to continue to qualify as Common Equity Tier 1 capital of DWS International GmbH under the new legal requirements.

2. Detailed presentation of the amended agreement and the amendments

a) Management (§ 1)

In accordance with § 1 of the domination and profit pooling agreement, DWS International GmbH puts the management of its business under the control of DWS Group GmbH & Co. KGaA. Consequently, DWS Group GmbH & Co. KGaA is authorized to issue instructions to the management of DWS International GmbH in respect of managing its business. DWS International GmbH undertakes to follow the instructions of DWS Group GmbH & Co. KGaA. The managing directors of DWS International GmbH remain responsible for managing and representing that company. In issuing its instructions, DWS Group GmbH & Co. KGaA will consider the sole responsibility of the management of DWS International GmbH in accordance with the German Banking Act (*Kreditwesengesetz*). In the version of the agreement applicable to date, DWS Group GmbH & Co. KGaA thus undertook not to issue any instructions that, when followed, would cause DWS International GmbH or its governing bodies to violate any obligations imposed on it or them by law. This provision remains unaffected by the amendment agreement.

DWS International GmbH furthermore undertook to treat all of its customers' information and data as strictly confidential. This confidentiality must also be maintained under the domination and profit pooling agreement. Consequently, DWS Group GmbH & Co. KGaA will not issue any instructions to DWS International GmbH that would result in a breach of this confidentiality obligation. This provision also remains unaffected by the amendment agreement.

Finally, § 1 stipulates that DWS Group GmbH & Co. KGaA cannot instruct the management of DWS International GmbH to amend, maintain or terminate the domination and profit pooling agreement. This provision also remains unaffected by the amendment agreement.

b) Profit transfer (§ 2)

Under § 2 of the domination and profit pooling agreement, DWS International GmbH undertakes to transfer its entire profit to the tax group parent for the term of the agreement. With respect to the extent of profit transfer, § 301 Stock Corporation Act, as amended from time to time, applies *mutatis mutandis* in addition to and having priority over § 4 of the domination and profit pooling agreement (in this regard, please see lit. d) below). This provision remains unaffected by the amendment agreement.

c) Loss absorption (§ 3)

In accordance with § 3 of the domination and profit pooling agreement, DWS Group GmbH & Co. KGaA is required during the term of the agreement to absorb the losses of DWS International GmbH in accordance with § 302 Stock Corporation Act, as amended from time to time. This provision remains unaffected by the amendment agreement.

d) Recognition of reserves (§ 4)

In accordance with § 4 of the domination and profit pooling agreement, DWS International GmbH may transfer amounts from its net income for the year to revenue reserves (§ 272 (3) German Commercial Code (*Handelsgesetzbuch*)), with the exception of the

legal reserve, to the extent that this is permitted under the Commercial Code and economically justified in accordance with prudent business judgment. The previous version stipulated that such transfer to revenue reserves could only be made with the consent of DWS Group GmbH & Co. KGaA. The amendment agreement removes this consent requirement. The consent requirement is removed due to the provisions of Article 28(3) of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR), which were amended in June 2019. The new version of Article 28(3) CRR lays down more stringent requirements in relation to the eligibility of capital instruments to qualify as Common Equity Tier 1 capital (CET 1) in cases where profit and loss transfer agreements are in place. Specifically, in this context point (d) of Article 28(3) CRR requires that in preparing the annual financial statements, the subsidiary has discretion to decrease the amount of distributions by allocating a part or all of its profits to its own reserves before making any payment to its parent undertaking. Consequently, removing the consent requirement is necessary so that the shares of DWS International GmbH can continue to qualify as Common Equity Tier 1 capital of DWS International GmbH under the new legal requirements.

e) Entry into force, term and termination (§ 5)

§ 5 of the domination and profit pooling agreement contains provisions governing the entry into force, term and termination of the domination and profit pooling agreement. In accordance with this, the consent of the shareholder meeting of DWS International GmbH and the General Meeting of DWS Group GmbH & Co. KGaA as well as entry into the commercial register of DWS International GmbH was required in order for the domination and profit pooling agreement to be valid when originally entered into. The amendment agreement governs the entry into force of the contractual amendments in the same way.

Pursuant to § 5.3, the domination and profit pooling agreement is entered into for an indefinite term of at least five full years (minimum term). The agreement can be terminated – in writing and subject to a six-month notice period – for the first time at the end of the minimum term and thereafter at the end of a given fiscal year.

In accordance with the current version of the domination and profit pooling agreement, it may be terminated at any time with immediate effect if there is good cause to do so. Good cause is deemed to exist in particular if the tax group parent sells or contributes the tax group subsidiary, or the tax group parent or tax group subsidiary is subject to a merger, spin-off or liquidation. Going forward, the amendment agreement now stipulates that termination for good cause is only possible subject to a notice period of one calendar day with effect at the end of a fiscal year. The reason for this amendment is point (f) of Article 28(3) CRR, which now stipulates that in order for the shares of DWS International GmbH to qualify as Common Equity Tier 1 capital of DWS International GmbH, the profit pooling agreement can be terminated only at the end of a fiscal year, in other words with such termination taking effect no earlier than the beginning of the following fiscal year. In addition, according to the current legal situation, § 297 (1) Stock Corporation Act still applies, which provides for a termination right at any time for good cause. However, according to the German Risk Reduction Act, which is expected to come into force in the near future, the provision of § 297 (1) of the Stock Corporation Act will no longer be applicable in case of a provision of equity capital under the German Banking Act.

f) Severability clause (§ 6)

§ 6 of the domination and profit pooling agreement contains a standard "severability clause", which stipulates that any contractual omissions or cases in which the agreement or its individual provisions are void, invalid or unenforceable do not affect the validity and enforceability of the remaining provisions, and that the respective provisions or omissions will be replaced with a valid and enforceable provision that most closely reflects the legal and economic intention of the Parties had they considered the relevant point. This provision remains unaffected by the amendment agreement. § 3 of the amendment agreement contains a corresponding severability clause in relation to itself.

Frankfurt am Main, August 2020

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