2023

TCFD Entity Report

DWS Investments UK Limited

DWS

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 Climate Report. 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[1] ETFs, Passive Mandates and CROCI funds. The total AuM for these in scope products was £147 bn as at 31 December 2023. Table 1 provides a breakdown of AuM by product.

Throughout the report, metrics and other data points are stated for the full year 2023 and / or as at 31 December 2023. The descriptions of governance, strategy and risk management where applicable will reflect changes during 2024 to provide the most up to date view of the Firm's activities.

Graph 1: DWS Investments UK Limited relationship with DWS Group

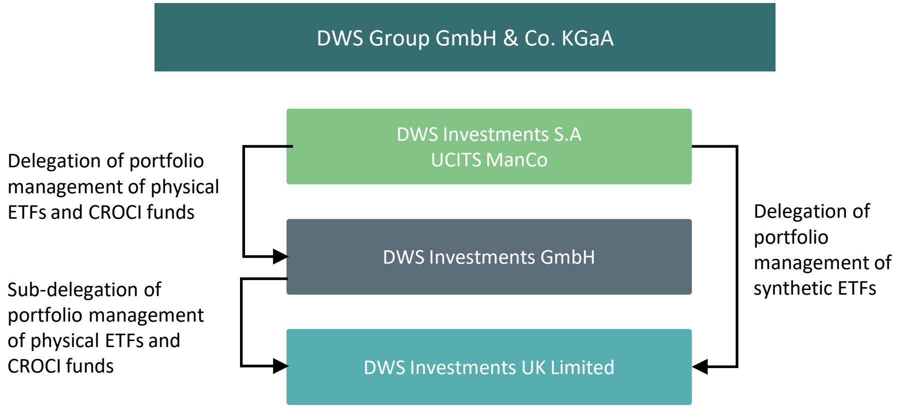

Table 1: TCFD in-scope business breakdown by product AuM

	AuM 31 December 2023	
Product	**EUR bn**	**GBP bn**
Xtrackers ETFs	162	140
Passive Mandates	6	5
CROCI Funds	2	2
DWS Investments UK Limited	**170**	**147**

Note: £7 bn Exchange Traded Commodities excluded from this report because they are not considered an in-scope TCFD product under FCA rules.

[1] 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

Andrew Levy

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 2023 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group | UK
	Climate Report – Governance – Introduction (p.216) — Description of Executive Board oversight of climate-related risks and opportunities within DWS Group. — Description of Group Sustainability Committee who are mandated by Executive Board to implement sustainability strategy	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 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

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B. Describe management's role in assessing and managing climate-related risks and opportunities.

DWS Group Annual Report 2023 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group | UK
	Climate Report – Governance – Divisional sustainability governance (p. 217-218) Climate Report – Governance – Climate Competence (p. 218) Supervisory and Executive Boards self-assessments Climate Report – Governance – Compensation (p. 218) Annual variable compensation linkage with achievement of sustainability including climate-related indicators Annual Report – Compensation Report - Executive Board Compensation (p. 144-165)	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 Climate Report 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 2023 cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group | UK
	Annual Report – Risk Report - Sustainability Risk and Adverse Impacts to the Environment and Society (p. 49) Climate Report - Strategy - How We Identify Climate Risks and Selected climate-related risks table (p. 221)	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

TCFD

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 2023 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group | UK
B. Annual Report - Our Strategy and Our Market - Sustainability (p. 9) Climate Report - Strategy - Introduction (p. 220) Climate Report - Strategy - Our Approach to Measuring Climate-Related Risks (p. 222)	DWS's overarching sustainability strategy includes three strategic priorities. These priorities are global and therefore are included in the Firm's activities.	None
AM 1. Climate Report - Strategy - How we incorporate climate change within our investment process - Passive (p. 226) Climate Report - Strategy - How we incorporate climate change within our products - Passive (p.227-228)	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.	None
AM2. Climate Report - Strategy - Our Progress towards Portfolio Net Zero (p.231)	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.	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 2023, the Xtrackers business continued to increase the number of European-domiciled ETFs which promote environmental or social characteristics with the launch of 26 new ETF sub-funds reporting under Article 8 SFDR. This expansion of the product range included additions to ranges of Climate Transition and Paris-Aligned ETFs, in line with the relevant EU Climate Benchmark Delegated Regulation as part of the EU Sustainable Finance Action Plan to promote investment in companies with lower CO2 emissions. The Climate Transition ETF range tracks indices which, amongst other criteria, target a 30% reduction in carbon intensity versus the corresponding broad market index, while the Paris-Aligned ETF range's indices target a 50% reduction. Both ranges' indices also incorporate a seven per cent year-on-year reduction in carbon intensity.

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, this includes 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

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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 2023cross reference	Group content and page reference	Rationale for cross reference	Material deviations Group | UK
	Climate Report - Strategy - Our Approach to Measuring Climate-Related Risks (p.222)	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"	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.

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)[1]. 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".

Climate scenario analysis is not meant to predict future losses or returns of investments given its numerous assumptions and the complexity of the climate system. Moreover, it does not fully consider investees undisclosed actions or future responses to policy changes and climate events. In 2023, MSCI released a major enhancement for the climate transition risk model resulting in an overall increase of transition scenario risks across their universe of constituents; the model change had a pronounced impact on the estimated technological opportunities (i.e., the potential upside), while the impact on expected policy risks was limited. The analysis should be regarded as guidance and a tool for relative value analysis on how climate change might impact sectors, regions, or asset classes under certain assumptions, rather than as an exact prediction of valuations of individual investments or portfolios. It is recognised 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. The development of climate scenario methodologies will continue to be monitored.

[1]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)													

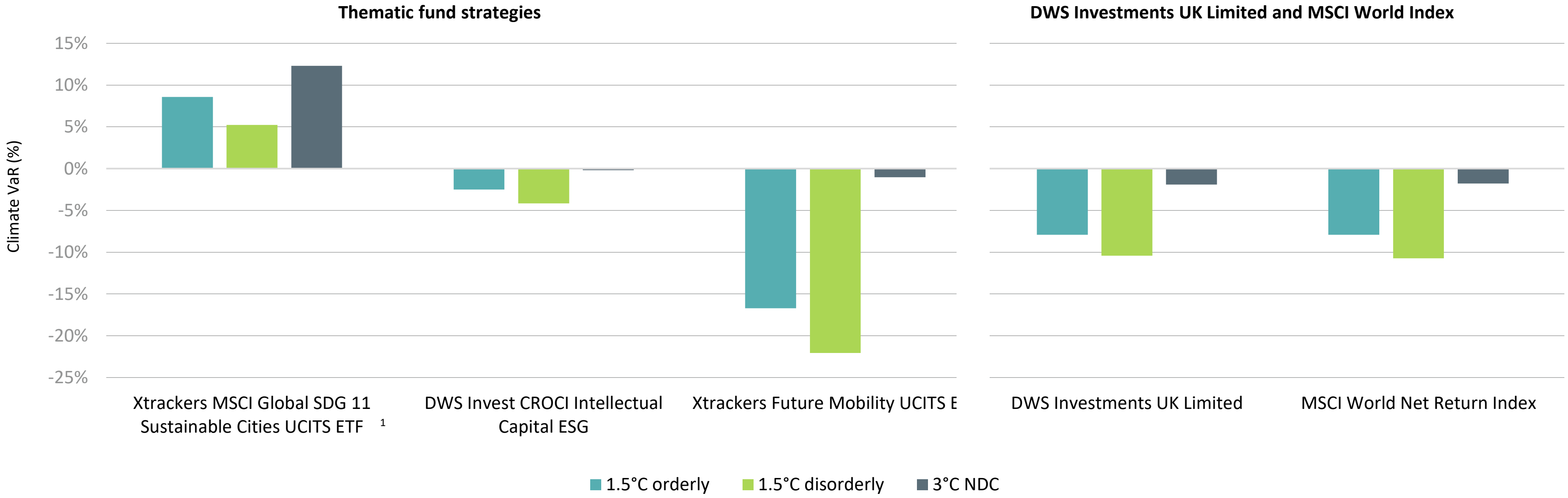
Source BRS Aladdin, MSCI Climate VaR, DWS analytics/calculations, data as of 31 December 2023. MSCI provides Climate VaR for over 10,000 companies and continuously improves its coverage. Around 85% of total exposure of DWS Investments UK Limited are covered by MSCI.

Strategy

Transitional risks and opportunities–selected strategies

In the below chart, three thematic fund strategies were selected with a focus on ESG or innovation and compared with the aggregated portfolio holdings of DWS Investments UK Limited and a representative equity market index (MSCI World index). The transitional risks and opportunities of selected strategies implies that certain themes or companies might benefit from stricter regulations as a result of early adopters to policy changes. The 1.5°C disorderly scenario assumes uncoordinated and substantial policy intervention in a later stage. With this assumption, the estimation by MSCI tend to present higher transitional risks across assets compared to the other less-extreme scenarios. Given the numerous assumptions and complexity of the model, the results should not be used to predict losses or returns, but rather to further understand potential climate-related risks.

Graph 3: Climate VaR of Transitional risks and opportunities – selected strategies



Source BRS Aladdin, MSCI Climate VaR, DWS analytics/calculations, data as of 31 December 2023
[1] Inclusion of an additional fund launched in December 2022

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. Companies in utilities and energy sectors, especially those where production facilities are located along the coasts, are more likely to suffer from acute events, such as tropical cyclones.

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)													

Source BRS Aladdin, MSCI Climate VaR, DWS analytics/calculations, data as of 31 December 2023.

How the Results from Our 2023 Climate Scenario Analysis Influenced Our Strategy

The 2023 Climate Scenario Analysis of DWS Group was presented to internal stakeholders and the Group Sustainability Committee (GSC) for consideration in the update of the product strategy. Furthermore, the Climate Value-at-Risk results from a 1.5°C Policy Risk scenario constitutes one component of our proprietary Climate Transition Risk Assessment. This assessment severs as one of the references for portfolio manager of active products and is factored into the product filters as a basis for exclusion criteria for those products which apply such criteria.

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 2023 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group | UK
A. Climate Report - Strategy - How We Identify Climate Risks (p.221) Climate Report - Strategy - Our Approach to Measuring Climate-Related Risks (p.222) Annual Report - Risk Report - Sustainability Risk and Adverse Impacts to the Environment and Society (p.49)	DWS Group operates a global risk management framework across all regions and business divisions including the Firm.	See details below in relation to portfolio climate scenario analysis.
AM 1. Annual Report - Our Investment Approach - Stewardship (p.32-33) Climate Report - Strategy - Active Ownership (p.228-230)	Engagement and voting activity is performed centrally through the Corporate Governance Center.	None
AM 2. Climate Report - Strategy - Our Approach to Measuring Climate-Related Risks (p.222) Annual Report – Risk Report – Fiduciary Investment Risk in Traditional Asset Classes (p.55)	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".	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 2023 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group | UK
B. Annual Report - Risk Report - Sustainability Risk and Adverse Impacts to the Environment and Society (p.49) Climate Report - Risk Management (p.235-236) Annual Report - About this report – Materiality Assessment (p.2-4)	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. The materiality assessment enables DWS to identify material risks, opportunities and impacts including climate and covers all DWS legal entities	None
AM. Annual Report – Risk Report - Fiduciary Investment Risk in Traditional Asset Classes (p.55-56) Climate Report - Strategy - How We Incorporate Climate Change Considerations in Our Investment Process (p.225-226) Climate Report - Strategy - How We Incorporate Climate Change Considerations within Our Products (p.227-228) Climate Report - Risk Management (p.235-236)	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.	None

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 2023 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group | UK
Annual Report - Risk Report - Sustainability Risk and Adverse Impacts to the Environment and Society (p.49) Climate Report - Risk Management (p.235-236)	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 2023 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group | UK
A. and C. Climate Report - Metrics and Targets - Tables: Business metrics, Corporate emissions metrics, Portfolio emissions metrics (p.238-239)	Metrics and targets in place at Group level cover global activities including the Firm.	None
AM: Climate Report - Metrics and Targets - Fiduciary Sustainability Risk related Metrics for Liquid Asset Classes (p.240) Climate Report - Metrics and Targets - Asset Management Supplemental Metrics (p.240-241)	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 started monitoring UK specific metrics on a quarterly basis in 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 Climate Report 2023 cross reference

Group content and page reference	Rationale for cross reference	Material deviations Group | UK
B. Climate Report - Metrics and Targets - Table: Corporate emissions metrics (p.239)	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: Climate Report - Metrics and Targets - Table: Portfolio emissions metrics (p.239)	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: Climate Report - Metrics and Targets - Asset Management Supplemental Metrics (p.240-241)	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	2022 result (Corporates)	2023 result (Corporates)	2022 result (Sovereigns)	2023 result (Sovereigns)
Scope 1 and 2 GHG emissions	Scope 1 and 2 GHG emissions associated with a portfolio expressed in tonnes CO2e	8,551,114	8,649,356	3,694,844	4,531,252
Scope 3 GHG emissions	Scope 3 GHG emissions associated with a portfolio expressed in tonnes CO2e	47,981,310	61,798,195	na	na
Carbon footprint[1]	Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO2e / € m invested	79	62	218	180
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)	167	109	280	272

Metric context, assumptions and limitations

100% of the Firm's AuM of € 170 bn consists of listed equity and corporate and sovereign bonds which are in scope for the metrics defined above.

For listed equity and corporate bonds, the data is calculated according to the TCFD Implementation Guidance for asset managers 2021. The total absolute emissions and carbon intensity metrics for listed equities and corporate bonds are sourced from ESG Engine[2] 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 three alternative measures according to PCAF were calculated: allocated carbon emissions, carbon footprint and carbon intensity using EDGAR data and PPP adjusted GDP from year 2022. 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 98.7% of the Firm's AuM, the data was available either in EDGAR or MSCI. This covered company exposure was used as current portfolio value in formulas for carbon footprint and weighted average carbon intensity.

[1] Carbon footprint metrics for 2022 have been restated to align to the UK TCFD calculation methodology.

[2] The ESG Engine is DWS's proprietary ESG tool. The ESG Engine produces key assessments, which are the basis for DWS ESG investment strategies and for ESG integration activities. The ESG Engine collects data from various sources including leading commercial ESG vendors. For further details please refer to the DWS Annual Report 2023.

Metrics and targets

Portfolio coverage of companies with Science-Based Targets (SBTs)

248 Xtrackers, CROCI and other equity and bond funds with a total AuM of € 170 bn are in scope for the Firm. SBT status is available on €143 bn AuM as cash and sovereign bonds are out of scope of the analysis due to these assets not having a net zero methodology. DWS analyses the proportion of these portfolios which include companies with Science Based Targets or commitments to develop such targets. Data on status of companies' SBTs is included within the DWS ESG Engine. The in-scope UK portfolios are significantly different from the portfolios that were included in the DWS Group Climate Report 2023 so the results are not directly comparable with this report.

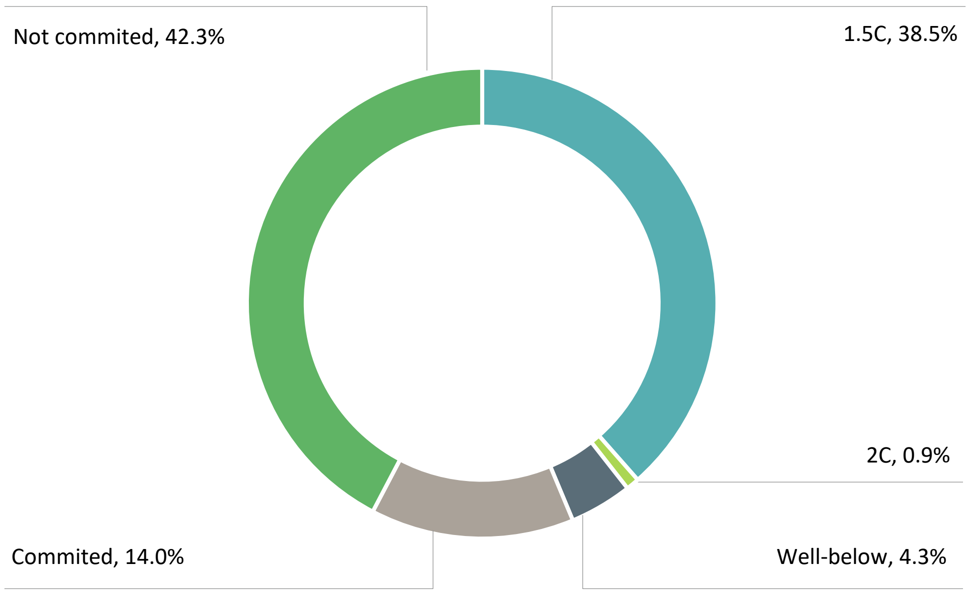
As of 2023, 58.7% of in-scope liquid assets[1] had committed to develop or had an approved SBT. The UK TCFD analysis of SBTi portfolio coverage includes assets held in equities and corporate bonds in funds and mandates in the Firm.

Investee engagement efforts (as explained in the DWS Group Climate Report 2023) includes encouraging more companies to set SBTs.

The SBTi portfolio coverage analysis is different from DWS's interim net zero target framework, which includes equities, corporate bonds, and liquid real assets.

Also note that DWS's net zero target framework includes many direct real estate and infrastructure investments, primarily in mutual funds, but also in selected individually managed institutional accounts. The net zero target framework excludes legal entities in geographic locations that have known regulatory requirements regarding any change to investment processes, including approval from independent fund boards.

Graph 4: SBTi Coverage Analysis for DWS Investments UK Limited
(€143 bn breakdown)



Source: DWS, SBTI 2023. Holding as of 31 December 2023

[1] Equity and bonds in active or passive funds and mandates, including liquid real assets

Metrics and targets

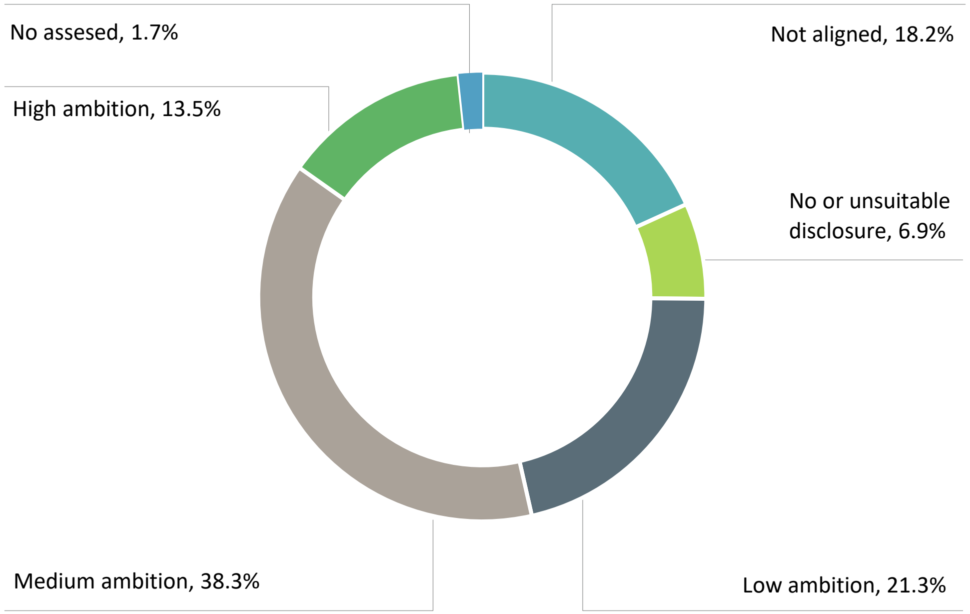
Forward looking benchmark: Transition Pathway Initiative (TPI) Sectoral Decarbonisation Benchmarks

The in-scope UK portfolios are a small subset of the portfolios that were included in the DWS Group Annual Report 2023, so the results are not directly comparable with this report.

TPI assessed companies in our in-scope UK portfolios of equities and corporate bonds representing €17.3 bn AuM or 10% of the in-scope AuM.

As TPI's analysis of companies and sectors expands, this will cover more of our portfolio over time. Within these holdings, 13.5% of the investments are in companies with an emissions trajectory that has a strong climate ambition, 38.3% medium ambition, 21.3% low ambition with 26.8% not aligned, not assessed or had unsuitable disclosures.

Graph 5: TPI Analysis for UK TCFD report



Source: DWS, TPI 2023. Holding as of 31 December 2023

Note: Based on TPI classification, high ambition scenario includes companies aligned with TPI scenarios: 1.5 degrees in electricity, oil & gas, diversified mining, cement, steel, shipping, and aviation plus below 2 degrees scenario in paper and aluminium and 2 degrees (high efficiency) in the automotive sector. Medium ambition includes below 2 degrees in electricity, oil & gas, diversified mining, cement, steel, shipping, and aviation plus 2 degrees in paper al aluminium and 2 degrees (shift improve) in the automotive sector. Low ambition includes National Pledges in electricity, oil & gas, diversified mining, cement, and steel plus International pledges in aviation and shipping and Paris Pledges in automotive, paper and aluminium.